



CORPORATE GOVERNANCE MANUAL

Serviamus Mutual Benefit Association, Inc.
(Serviamus MBA)

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CORPORATE GOVERNANCE MANUAL

Table of Contents

- PART 1 INTRODUCTION4**
 - Institutional Background4
 - Vision and Mission5
 - Organizational Structure5
 - Overview of Programs 5-6
 - Commitment to Good Corporate Governance6
 - Objectives of the Manual6
 - Definition of Terms6

- Part II. GOVERNANCE STRUCTURE7**
 - 1. The Board of Trustees
 - Composition of the Board7
 - Qualifications of the Board7
 - Disqualifications of the Board.....8
 - General Responsibility8
 - Specific Duties and Responsibilities9
 - Vacancy in the Board10
 - Performance Evaluation11
 - The Board of Trustees11
 - 2. The Independent Trustees..... 11
 - 3. e Officers of the Board..... 11-12
 - 4. Board Advisors.....13
 - 5. The Board Committees.....13
 - 5.1. Audit Committee.....13
 - 5.2. Remuneration Committee.....14
 - 5.3. Treasury Committee.....15
 - 5.4. Product Development Committee.....16
 - 5.5. IT Steering Committee.....16
 - 5.6. Nomination & Election Committee.....17
 - 6. The Board Meetings.....18
 - 7. Corporate Governance Rules and Principles..... 19
 - 8. Remuneration of the Members of the Board and Officers..... .20

CORPORATE GOVERNANCE MANUAL

9. The Management..... 20-21

10. The External Auditor.....22

11. The Internal Auditor23

Part III. MEMBERS.....24

Duties and Responsibilities of the Members.....24

Rights of the Members24

Rights to information of the Members24

Notice of Membership Meeting25

Annual General Membership Meeting25

Part IV. STAKEHOLDERS25

Members.....25

Employees26

Partner Agents26

Regulatory Bodies27

Suppliers/Contractors27

Community Operations28

Environmental Sustainability28

Part V. Disclosure and Transparency.....28

Part VI. Communication, Training and Monitoring Processes.....29

CORPORATE GOVERNANCE MANUAL

PART I: INTRODUCTION

1.1. INSTITUTIONAL BACKGROUND

For more than two decades, the Diocese of Iligan has been actively addressing the malnutrition problem in its area of jurisdiction. However, a deeper realization has evolved from years of experience; that to be able to effectively combat this problem, poverty, the root cause of malnutrition, should relevantly respond to another approach or a methodology must be adopted. Thus, credit scheme came into being. The loaning project further grew with the support from Food Transition Strategy (FTS) of the Catholic Relief Services (CRS) through the implementation of the Small Enterprise Development Program. This aimed to be established at the Diocesan level, a credit program which has potential of sustainability and impact, at the same time, support viable and sustainable income generating projects at the barangay level which served as continuing source of income for the supported families. The Small Enterprise Development Program (SEDP) continued providing loan assistance to individual micro-entrepreneur. Two years later, problems cropped up one after another as repayment rate dropped significantly and more clients were incurring arrears and bad debts. Nevertheless, the program was determined to move ahead.

It was during this time that Catholic Relief Services (CRS) was vent on the instruction of the Grameen Banking technology for all its partners. Given all the opportunities and commitment/enthusiasm of all the staff, Grameen Bank replication was fully implemented on June 1997. As the program geared towards growth in terms of outreach and quality, it also transformed from being church-based to Non-Government Organization (NGO). On the 19th of October 1998, **SERVIAMUS FOUNDATION INC. (SFI)** legally entered into mainstream of development institutions.

As SFI continued to provide loan assistance, they also provided financial assistance in times of loss (death of member and dependents) thru Mutual Aid Fund (MAF). The members pay a weekly contribution of five pesos and receive maximum of Five Thousand Pesos (PhP5,000) as financial assistance. In 2007, the management and Board decided that MAF must be enhanced by providing bigger benefits and bigger premium to its members. The Enhanced Mutual Aid Fund (EMAF) program gives a beneficial impact to the members as well as to the community, yet the risk became higher because the premium and benefits did not undergo actuarial study. Last 2013, the SFI Board of Trustees and management decided to create a Mutual Benefit Association. It was registered in Securities and Exchange Commission (SEC) last May 24, 2013 and got a license from the Insurance Commission last January 27, 2014 with the License No. **2013-32-O**.

At this time, SFI and Serviamus MBA, Inc. is committed to its mission and its true concern for the poor family. The program continues to grow and continuing serving the poor people through micro-financing and micro-insurance program.

CORPORATE GOVERNANCE MANUAL

1.2.Serviamus MBA Inc. VISION AND MISSION STATEMENT:

VISION

The preferred choice insurance provider in Mindanao

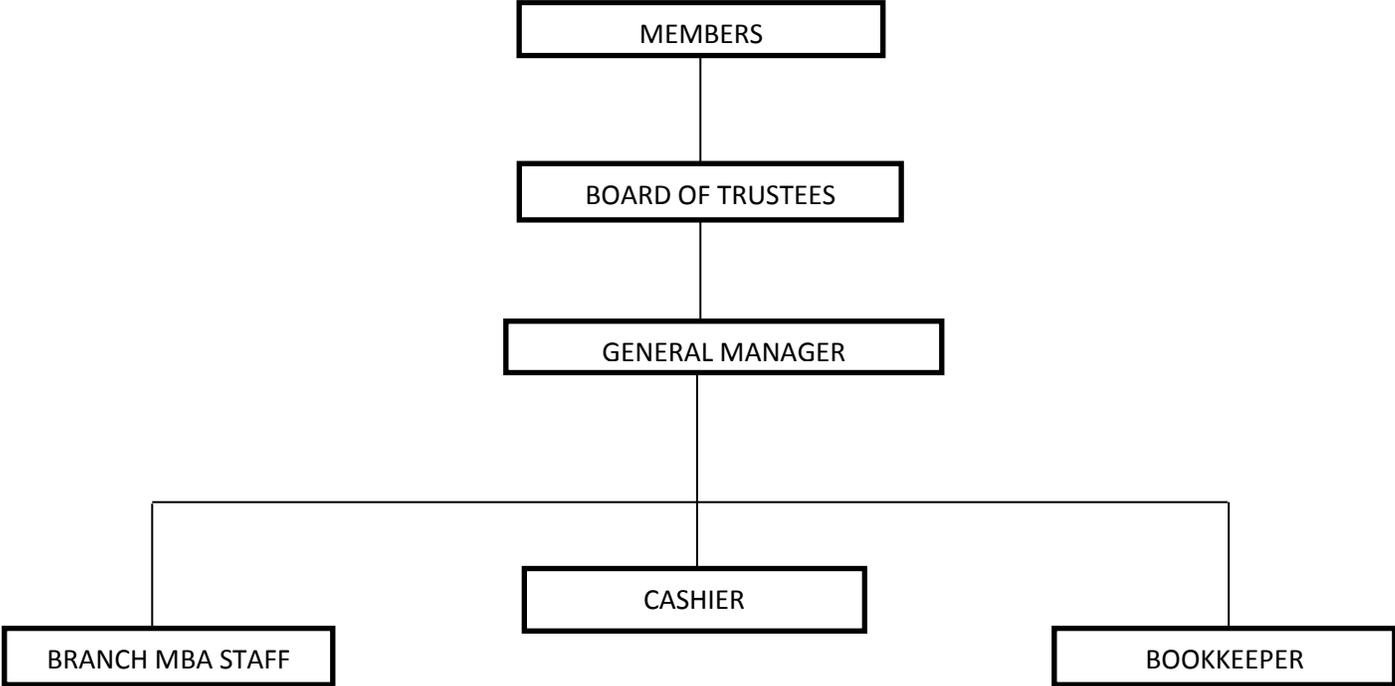
MISSION:

We provide accessibility to affordable protection and security to people specially the poor and a partner in uplifting the quality of life in the communities we serve.

GOALS/PURPOSE/OBJECTIVES:

To extent financial assistance to its members, spouse, children, and parents in form of death benefits, total and permanent disability, sickness benefits, retirement savings and loan redemption.

1.3.Organizational Structure



1.4.OVERVIEW OF PROGRAMS:

Serviamus MBA, Inc. provides life insurance coverage to its recognized members and their legal dependents in accordance with the schedule of benefits agreed upon by the Board of Trustees (BOT), the General Assembly, and with the written approval of the Insurance Commission. It has the following products:

- 1.1. Basic Life Insurance Program with disability and health benefits.
- 1.2. Refund of member’s savings or Equity value

CORPORATE GOVERNANCE MANUAL

1.5. Commitment to Corporate Good Governance:

The Board of Trustee and Management (Officers and Staff) of SFI and Serviamus MBA, Inc. hereby commit themselves to the principles and best practices contained in this Manual, and acknowledge that the same may guide the attainment of our corporate goals.

1.6. Objectives of the Manual

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

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

1.7. Definition of Terms

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

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

Board of Trustees – refers to the governing body of the association who comes from the members.

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

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

General Manager – refers to a person who is appointed to head the overall operation of the association.

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

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

CORPORATE GOVERNANCE MANUAL

PART II. GOVERNANCE STRUCTURE

2.1. The Board of Trustees

The Board of Trustees is the governing body of the Association. A trustee's office is 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 are primarily responsible for approving and overseeing the implementation of the Associations policies and procedures, action plans corporate governance and corporate values. They are also responsible in overseeing the performance of senior management towards attainment of the Association's short and long-term strategic objectives.

2.1.1. Composition of the Board

The Board of Trustees of SERVIAMUS Mutual Benefit Association Inc. shall consist of nine (9) members namely the following: seven (7) trustees shall be elected by the active members with existing loans funded by the Serviamus Foundation, Inc.; two (2) independent trustees, to be elected by the active members with existing loans funded by the Serviamus Foundation, Inc.

2.1.2. Qualification of the Board.

The trustees to be elected must be of legal age, recognized active beneficiary member of Serviamus Foundation, Inc. or any of its affiliates, has consistently performed very satisfactorily for at least three (3) years in his/her membership and has ongoing businesses funded by loan from Serviamus Foundation, Inc. or any of its affiliates and is willing to perform the functions of a trustee without any remuneration.

The following are the minimum qualifications to be elected as a member of the Board:

- a. Must be eighteen (18) to 65 years old;
- b. Must possess leadership skills and competence necessary to execute the duties of a Trustee;
- c. Has consistently performed very satisfactorily as member of SERVIAMUS-MBAI affiliated institutions with 100% repayment rate and at least 90% attendance rate in the center meeting for at least three (3) years;
- d. Has no conflict of interest or is not engaged in any business or activity similar to or in a competition with the business of or services offered by SMBAI Or any of its affiliates.
- e. Has no pending administrative, civil or criminal case; and
- f. Willing to perform the functions of a trustee without any remuneration.

An officer or an employee of SMBAI or any of its affiliates may also be elected as a member of the Board of Trustees provided that, she/he served the SMBAI or any of its affiliates as an officer or an employee for at least three (3) years; and is also willing to perform functions of a trustee without any remuneration.

CORPORATE GOVERNANCE MANUAL

2.1.3. Disqualification of the Board

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

2.1.4. Duties, Functions and Responsibilities of the Board

2.1.4.1. General Responsibility

Unless otherwise provided by the law, the corporate powers of Serviamus Mutual Benefit Association, Inc. (SMBAI) shall be exercised, all business conducted and all properties of the corporation controlled and held by the Board of Trustees subject to approval of the majority of its members.

2.1.4.2. Powers, Duties and Functions

Without prejudice to such powers as may be granted by law, the Board of Trustees shall have the following powers:

- a. From time to time to promulgate rules and regulations consistent with these by-laws, and to review, revise, or amend the same when it deems necessary for the management of the association's business and affairs.
- b. To purchase, receive, take or otherwise acquire for and in the name of Serviamus MBAI 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 funds of SERVIAMUS MBAI in other corporations or for purposes other than those for which the association was 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 SERVIAMUS MBAI;
- e. To establish pension, retirement, bonus, or other types of incentives or compensation plans for the members, employees, including officers and Trustees of SERVIAMUS MBAI;

CORPORATE GOVERNANCE MANUAL

- f. To prosecute, maintain, defend, compromise, submit arbitration or abandon any lawsuit in which SERVIAMUS MBAI or its officers are either plaintiffs or defendants in connection with the affairs of SERVIAMUS MBAI;
- g. To implement these by-laws and to act on any other matter not covered by these By-laws provided such matter does not require the approval or consent of the members of SERVIAMUS MBAI under the Corporation Code;
- h. To appoint and dismiss any employee of SERVIAMUS MBAI whether regular, probationary, casual, or contractual, fix or adjust their salaries and all other personnel movements;
- i. To delegate any of its powers or function to an executive committee or to any officer of SERVIAMUS MBAI to any standing or special committee or to any officer or agent and to appoint any person to be an agent of SERVIAMUS MBAI;
- j. To approve all contracts for construction and major repairs or maintenance work, and other contracts involving significant amounts; and
- k. To approve all contracts involving the sale of non-current assets.

2.1.4.3.Term of Office:

The elected members of the Board of Trustees shall serve beginning immediately following their election for a term of three (3) years until their successors shall have been elected. Provided, that no member shall serve as member of the Board of Trustees for more than two (2) consecutive terms.

2.1.4.4.Specific Duties and Responsibilities:

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

- a. Devote time and attention necessary to properly discharge his duties and responsibilities. He/She should attend and actively participate in Board and committee meetings, request and review meeting materials, asks questions and request explanation;
- b. Ensure that the Association complies with all the relevant law, regulations and endeavor to adopt best business practices;

CORPORATE GOVERNANCE MANUAL

- c. Ensure fair treatment and judgment to policyholders and employees;
- d. Conduct fair business transactions with the Association and to ensure that personal interest does not compromise his/her impartiality and does not bias Board decisions. He/She should address and fully disclosed to the Board any conflicts of interest that may arise and should not participate in the decision making that can involves his/her personal interest;
- e. Ensure and observe confidentiality of non-public information acquired by the reason of his/her position as Trustee; and
- f. Ensure that enough and appropriate controls are place to ascertain soundness, effectiveness and adequacy of the Association's control environment.

2.1.4.5. 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 and safeguarding of assets and compliance with laws, rules, regulations and contracts.

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

2.1.4.6. Disclosure of Third Party Transactions and other Conflict of Interest

Members of the Board ensures proper disclosure of all approved of all approved third party 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.

2.1.4.7. Vacancy in the Board

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

CORPORATE GOVERNANCE MANUAL

2.1.4.8. Performance Evaluation:

The Board of Trustees conducts an annual evaluation of its performance through self-assessment by the individual Trustees of their respective individual performance and peer assessment.

2.2. The Independent Trustees:

The independent trustees shall be elected by the majority of its members upon the nomination of the Nomination Committee of the Board of Trustees. Notwithstanding the foregoing, for the duration that the Association is under a conservatorship of the Insurance Commissioner, the independent trustees shall be appointed by, and shall serve at the pleasure of the Insurance Commission.

The independent trustees are deemed members of Serviamus Foundation, Inc., and shall pay the usual membership dues. They have the same obligations, rights and privileges as regular members in good standing.

2.3. The officers of the Board

2.3.1. **President** – The President shall be the Chief Executive Officer of the association 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/his term;
- e.) To represent SERVIAMUS MBAI in all functions and proceedings;
- f.) To appoint, remove, suspend or discipline employees of SERVIAMUS MBAI prescribe their duties and determine their salaries subject to confirmation by the Board of Trustees;
- g.) To execute in behalf of SERVIAMUS MBAI all contracts, agreements and other instruments affecting the interest of SERVIAMUS MBAI which may require approval of the Board of Trustees unless otherwise directed by the Board; and
- h.) To perform such other duties as are incident to his office or are entrusted to him by the Board of Trustees.

CORPORATE GOVERNANCE MANUAL

2.3.2. 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.

2.3.3. Secretary – The Secretary shall have the following specific powers and duties:

- a.) To give all notices required by these 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;
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; and
- d.) Also, to perform all such other duties and work as the Board of Trustees may from time to time assign to her/him.

2.3.4. Treasurer – The Treasurer shall have the following duties:

- a.) To keep full and accurate accounts/records of the receipts and disbursements of SERVIAMUS MBAI;
- b.) To take and have custody of, and be responsible for, all the funds, securities, bonds, and certificates of titles of SERVIAMUS MBAI;
- c.) To deposit in the name of SERVIAMUS MBAI 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 SERVIAMUS MBAI which may come under his/her control;
- d.) To prepare an annual statement showing the financial condition of SERVIAMUS MBAI and such other financial reports as the Board of Trustees or the President may from time to time require;
- e.) To prepare such financial reports, statements, certifications and other documents that may, from time to time, be required by government rules and regulations and to submit the same to the proper government agencies;
- f.) To pay all authorized expenses by check and effect petty cash payments in accordance with policies and procedures approved by the Board of Trustees;

CORPORATE GOVERNANCE MANUAL

- g.) To assist management in retrieval of all receivables of SERVIAMUS MBAI from whoever they may be due;
- h.) To prepare and submit to the Board of Trustees for consideration and approval the annual budget on or before its regular meeting and furnish a copy of the approved annual budget;
- i.) To ensure that all expenditures are duly authorized and are for the best interest of SERVIAMUS MBAI;
- j.) To post a bond in such amount as may be required by the Board of Trustees;
- k.) To suspend or withhold payments of accounts incurred not in accordance with the policies of the Board of Trustees or which are otherwise irregular or improperly authorized; and
- l.) To perform such other duties as may be assigned by the President, the General Manager and the Board of Trustees.

2.4. THE BOARD ADVISORS:

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

2.5. THE BOARD COMMITTEES:

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

1. Audit Committee:

The Audit Committee is composed of three (3) members chaired by an Independent Trustee. Audit Committee meets every first Monday of every month.

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

- a. Provides oversight of the institution's financial reporting policies, practices and control and internal and external audit functions;
- b. Shall be responsible for the setting up of the internal audit department and for the appointment of the internal auditor as well as the independent external auditor who shall both report directly to the audit committee. In cases of appointment or dismissal of external auditors, it is encouraged that the decision be made by independent and non-executive audit committee members;

CORPORATE GOVERNANCE MANUAL

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

2. Remuneration Committee

Remuneration Committee is composed of three (3) members chaired by an Independent Trustee. Remuneration Committee meets at least twice a year and as the need arises.

Remuneration Committee is a separate and independent body established to ensure that remuneration arrangements support the strategic aims of the association and enable recruitment, motivation and retention of personnel while complying with the requirements of regulatory and governance bodies, satisfying the expectations of the members and remaining consistent with the expectations of the wider employee population.

The remuneration committee shall be primarily responsible for the following:

- a. Provides assistance to the Board of Trustees to oversee the design and operation of the association's remuneration system and ensure the risk in remuneration strategy, policy and arrangements is adequately considered and that process are in place to control unhealthy risk-taking;

CORPORATE GOVERNANCE MANUAL

- b. Shall judge or make plans where to position the association relative to other organizations. But such comparisons shall be used with caution in view of the risk of an upward ratchet of the level of remuneration with no corresponding improvement in performance;
- c. Shall delegate responsibilities for setting up remunerations for all SERVIAMUS MBA personnel, including pension rights or any compensation payments;
- d. Shall recommend and monitor the level and structure of salaries including remuneration for senior management;
- e. Supervise and direct any special projects or investigations considered necessary;
- f. Prepare a report for Board of Trustees summarizing the work performed;
- g. Attend regular meeting of the Remuneration Committee; and
- h. Perform other tasks as the Board shall from time to time designate.

3. **Treasury Committee**

Treasury Committee is composed of three (3) members including the Board President and Treasurer. Treasury Committee meets every 3rd Friday every two months. The Treasury Committee shall review, advice and recommend approval, decision or action on financial matters, including but not limited to the following:

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

CORPORATE GOVERNANCE MANUAL

4. Product Development and Innovation Committee (PDIC)

Product and Development Committee is composed of seven (3) members including the Board President and Vice-President. PDIC meets every 1st Friday every two months. The chairperson is an independent consultant who has a deep knowledge and expertise in the field of microinsurance and product development. Two (2) members are Board of Trustees to represent the general membership and the rest from the key managers of SERVIAMUS MBA.

Product Development and Innovation Committee's functions are:

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

5. IT Steering Committee:

IT Steering Committee oversees the Information Technology related issues and initiatives. IT Steering meets every month and headed by the General Manager.

The committee shall be responsible for the following:

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

CORPORATE GOVERNANCE MANUAL

6. Nominations and Election Committees

Other committees have formed that helps the Board and the management in decision making. These committees meets once a year and as the need arises.

Cluster Nomination Committee

The Cluster Nomination Committee's tasks include:

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

Central Selection Committee

The Central Nomination Committee's tasks include:

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

Election Committee

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

CORPORATE GOVERNANCE MANUAL

2.6. THE BOARD MEETINGS:

2.6.1. Regular and Special meetings

The Board of Trustees are committed to attend the regular Board Meeting shall meet regularly once every three (3) months at the main office of SERVIAMUS MBI 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 at least three (3) days' notice to all members of the board. Notice of any meeting of the Board shall be in writing

2.6.2. Quorum Requirements:

A majority of the members of the Board actually in office shall constitute a quorum at meetings of the Board and no action of the Board shall be valid unless approved by majority of the incumbent members of the Board *en banc* at duly constituted meeting.

2.6.3. Orientation of New Directors

That 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 while the last meeting shall be held before the beginning of the General Assembly at which the new Board of Trustees is scheduled to be elected.

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

This is intended to familiarize the new directors on their roles and responsibilities in the Board and Committees, the organization's strategic plans, organizational structures, business activities, compliance programs, Code of Conduct and Business Ethics, and Corporate Governance Manual. All directors are also encouraged to participate in continuing education programs at the Association's expense to maintain a current and effective Board.

CORPORATE GOVERNANCE MANUAL

2.7. Corporate Governance Rules and Principles:

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

- a. Dealings of the Association with any of its trustees, officers, and their related interests shall be in the regular course of business and upon terms not less favorable to the Association than those offered to others to avoid insider abuses and unfair competitive advantage.
- b. The Board of Trustees and the created committees must be able to perform their duties with a high degree of independence; Board of Trustees, officers and employees shall not engage in any act or omission which may be considered as conducting business in an unsafe and unsound manner;
- c. Every member of the organization should promote the good reputation of the Association in dealing with members and other parties that transact business with the institution (e.g. ensuring payment of claims within the 1-3-5 day target);
- d. The Association office's facilities shall not be used in the furtherance of any criminal activity;
- e. Members of the board and senior management shall disclose material interest in transactions affecting or which may affect the Association;
- f. The board shall review all material transactions that are not done in the ordinary course of business;
- g. Board of Trustees, officers and employees shall not enter into business transactions where conflict of interest may arise;
- h. Board of Trustees, officers and employees shall not accept material benefits from someone doing business with the Association; and
- i. The board shall put in place a system for imposition of sanctions and/or penalties for violation of the code/standards

CORPORATE GOVERNANCE MANUAL

2.8. Remuneration of the Members of the Board and Officers:

a. Development Program

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

b. Allowances/Remunerations:

The members of the Board shall not receive any salary, as such trustees, but shall be entitled to gratuity, per diem and reimbursements of all necessary expenses incurred on account of attendance in committee and board meetings, however, all other entitlements, benefits and emoluments other than per diems and reimbursements of incidental expenses may be granted to the trustees by the vote of the members representing at least a majority of the membership at a regular or special membership meeting.

2.9. The Management

The management is composed of officers and executives. All principal policies and directions governing the organizations, management and operation of the Association shall be formulated and implemented by this committee, subject to Board approval when required by existing laws. The management shall report regularly to the Board at its regular Board meeting or during special meeting whenever necessary or requested by the Board, through the General Manager, on all matters concerning the Association's operation as well as significant events or occurrences affecting the Association.

The management will perform the following functions:

A. General Manager – The General Manager shall have the charge of the day to day operations of SERVIAMUS MBAI and exercise the following functions:

- a.) To supervise and manage the business affairs and activities of SERVIAMUS MBAI under the direction of the President and the Board of Trustees;
- b.) To implement the administrative and operational policies of SERVIAMUS MBAI;
- c.) To oversee the preparation of the budgets and the statements of accounts of the corporation;
- 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;

CORPORATE GOVERNANCE MANUAL

- e.) To coordinate with the different standing committees of SERVIAMUS MBAI;
- 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 SERVIAMUS MBAI;
- g.) To perform other duties and responsibilities assigned by the President and the Board of Trustees; and
- h.) To attend and render a report in the monthly meeting of the Board of Trustees.

B. 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 janitor, messenger and security/personnel;
- c.) To assist the General Manager in the supervision of the storage and disposition of supplies 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 SERVIAMUS MBAI operations and that SERVIAMUS MBAI obtains the best products/services at the most reasonable price; and
- e.) To perform such other duties as may be assigned to him by the General Manager and the Board of Trustees.

C. Chief Accountant – The Chief 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 account codes;

CORPORATE GOVERNANCE MANUAL

- c.) To suspend or withhold payments of accounts incurred not in accordance with expresses policies of the Board of Trustees or which otherwise irregular or improperly authorized;
- d.) To provide 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;
- e.) To prepare and submit to the Board of Trustees a monthly financial statement of SERVIAMUS MBAI in cooperation with the Treasurer;
- f.) To prepare and submit to the Board of Trustees a quarterly and annual balance sheets of SERVIAMUS MBAI incoming and expenses statements with all necessary supporting schedules, in cooperation with the Treasurer;
- g.) 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 SERVIAMUS MBAI in meeting its obligations with the least delay; and
- h.) 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 of SERVIAMUS MBAI and to perform other duties as may be assigned by the President, the General Manager and the Board of Trustees.

2.10.The External Auditors

The Association should comply with the Insurance Commission Circular No. 29-2009 dated November 10, 2009 in the selection of external auditors. Selection of external auditor should be guided with the following:

1. Only external auditors accredited by Insurance Commission are being engaged;
2. The external auditor shall be changed or the lead and concurring partner shall be rotated every five years or earlier.
3. 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;

CORPORATE GOVERNANCE MANUAL

4. The external auditor and the members of the audit team do not have any claim with the Association;
5. The external auditor is not currently engaged nor was engaged during the preceding year in providing the following services to the Association:
 - a. *Internal audit functions;*
 - b. *Information systems design, implementation and assessment;*
 - c. *Other services which could affect his independence.*
6. The external auditor, auditor-in-charge and members of the audit team adhere to the highest standards of professional conduct and shall carry out services in accordance with relevant ethical and technical standards, such as the Generally Accepted Auditing Standards (GAAS) and the Code of Professional Ethics for certified public accountants

2.11. The Internal Auditors

The Auditor shall have the following duties and responsibilities:

- a.) To audit the books and records of SERVIAMUS MBAI from time to time for the purpose of establishing the authority and propriety of payments made and to verify to the correctness of the same to the Board of Trustees;
- b.) To audit the financial transaction and operating practices of SERVIAMUS MBAI and certify to the correctness of the annual financial reports of the Treasurer and/or Chief Accountant;
- c.) To adopt a system of pre audit and post audit of payments to review and pass upon the propriety of payments to be made or made by SERVIAMUS MBAI and withhold or suspend payment thereof when appropriate;
- d.) To check and review the utilization or disposition of consumable assets and equipment of SERVIAMUS MBAI with the view of maximizing their utilization and avoiding wastage and pilferage;
- e.) To recommend measures or changes in the financial policies, system or procedures of SERVIAMUS MBAI to maximize its income, reduce its expenditures and improve its services to its members; and
- f.) To perform other duties as may be assigned by the President, the General Manager and the Board of Trustees

CORPORATE GOVERNANCE MANUAL

PART III. MEMBERS:

1. Duties and Responsibilities of the Members

- a. Each member shall have the following duties and responsibilities:
- b. To obey and comply with the by-laws, rules and regulations that may be promulgated by the association from time to time;
- c. To attend all meetings that may be called by the Board of Trustees;
- d. To pay membership dues and other assessments of the association;
- e. To participate in the governance and to protect the fund of the association; and
- f. Continuously give suggestions and comments on how to better run the association.

2. Rights of the Members. A member shall have the following rights:

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

3. Rights of Information of the Members

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

The members shall have access to any information relating to matters for which the management is accountable. An operations update such as membership, claims settlement and other program activities conducted by the association is regularly posted in the website and there is a monthly release of operations update and corporate newspaper for the happenings and other events of the Association.

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

They shall also be allowed to propose items in the agenda of meetings, provided that the suggested item is valid, legitimate and related to the organization's business.

CORPORATE GOVERNANCE MANUAL

4. Notice of Membership Meeting

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

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

5. Annual General Membership Meeting

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

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

6. Annual General Membership Meeting

The annual meetings of the members shall be held on such time, place, and date as may be decided by the Board of Trustees on every 3rd Tuesday of June of each year. The President shall render his annual report to the members regarding the activities of the association. The election of trustees shall also be held during this regular meeting.

PART IV. STAKEHOLDERS

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

A. Members

The Association exists primarily for the benefits of its member. The sustainability of the Association relies on active involvement and participation of the members on the affairs of the Association. A member is a person who meets the eligibility requirements and complies with the policies of the Association and entitles to all the rights and privileges

CORPORATE GOVERNANCE MANUAL

sets forth in the By-laws of the Association. He/she shall embody the promotion of all purposes and goals of the Association.

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

B. Employees:

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

It shall identify the training and development needs of the staff and shall assess the improvement in their outputs after the staff has gone through training and development interventions.

It is also the policy of Serviamus MBA to place employees on jobs where they can be of maximum service to the Association and at the same time enable employees to derive optimum satisfaction from their job. To this end, management must be able to match certain changes in the qualifications of employees to make full use of employee talents, open paths for employee advancement and growth, promote moral and upgrade employee relations.

Serviamus MBA is committed to maintain a healthy work environment by protecting the physical, emotional health, and well-being of all employees in the Association. Serviamus MBA is concerned about the use of alcohol, illegal drugs or controlled substances that can adversely affect an employee's work performance, efficiency, safety, and health and seriously impair the person's value. The use or possession of these substances on the job constitutes a potential danger to the welfare and safety of other employees and exposes Serviamus MBA to the risks of property loss or damage or injury to employees. This policy aims to enforce the Republic Act No, 9165 known as the Comprehensive Dangerous Act of 2002.

The Association is also committed to protect the welfare of all its employees to any grievances that they may encounter by having a close and unannounced monitoring by the top management and/or Executives to the filed when the employees can raise their issues and concerns to their immediate supervisors.

CORPORATE GOVERNANCE MANUAL

C. Partner Agents

MFI partners are the primary source of the Association's membership, and maintain good relationship to members. They are the fund mobilization partners of the MBA and play the important role especially in collecting premiums and contributions.

The association is committed to provide the following support to its partner MFI and its affiliates:

- a. Ensure fast service and continued access to micro insurance benefits and other services of the MBA.
- b. Establish and implement approve guidelines pertaining to MFI and other related parties.
- c. Conduct products and services orientation and technical services to partner organizations.
- d. Conduct fair business transactions and ensure that the interest does not conflict with the interest of MFI Partners.
- e. Provide incentives through service fee.
- f. Execute a service agreement/management contract defining the roles and responsibilities of the contracting parties.

D. Regulatory Agencies

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

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

Serviamus MBA shall appoint/designate a person who will act as a Compliance Officer to ensure compliance to the above-mentioned agencies.

E. SUPPLIERS AND 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, SERVIAMUS MBA will monitor its engagements with suppliers and contractors to make sure that they practice good governance and protect the environment. SERVIAMUS MBA will only engage suppliers/contractors that meet these standards.

To ensure that engagements with suppliers/contractors will be impartial and transparent; SERVIAMUS MBA will conduct a bidding process 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.

CORPORATE GOVERNANCE MANUAL

F. COMMUNITY OF OPERATIONS

In any business, there is a need for the support of the community where it operates. SERVIAMUS MBA acknowledged the significant role of the community in achieving our vision mission particularly in helping people become less vulnerable.

SERVIAMUS MBA will strengthen our relationship with the community by sharing information about our programs and services. The Association is engage in community development such as having medical mission and establishing community which is open to members and non-members where we operate will be observed for mutual benefit of the community and SERVIAMUS MBA as well.

G. ENVIRONMENT

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

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

PART V. DISCLOSURE AND TRANSPARENCY:

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

The Board commits at all times to comply with all disclosure requirements specifically those that will include material information as mandated by regulators within the prescribe period of time. The following material information that will be publicly made available are: financial and non-financial reports such as (and not limited to) earnings, material acquisition, related third party transactions, board remuneration, audited financial statements, Board Structure and Remunerations. The audited FS shall be publicly disclosed not later than 60 days after the financial year clearly stating that the management is responsible for its preparation, impartial presentation in accordance to the financial reporting standards of the Insurance Commission for MBAs.

CORPORATE GOVERNANCE MANUAL

PART VI. COMMUNICATION, TRAINING AND MONITORING PROCESSES

Communication Process

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

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

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

Training Process

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

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

Monitoring and Assessment

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

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

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