



USWAG MUTUAL BENEFIT ASSOCIATION INC.

CORPORATE GOVERNANCE MANUAL

Kalibo, Aklan

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CHAPTER 1

Introduction

The USWAG Mutual Benefit Association Inc. (USWAG MBA) is a non-stock not-for-profit organization owned and managed by its members. This Corporate Governance Manual enshrines good corporate governance in the association and its management.

1.1. Objectives

This manual is aimed at institutionalizing principles of good corporate governance within USWAG MBA in order to enhance the accountability of its Board of Trustees and Management Team. The association believes that good corporate governance is a necessary component of sound strategic business management, and commits to undertake every effort necessary to create awareness of good corporate governance principles particularly within the context of important decisions and activities. The responsibility to protect policyholders' interests demands that the insurers have in place good governance systems and practices for solvency maintenance, sound long term investment policy, and assumption of underwriting risks on a prudential basis.

1.2. Brief History

USWAG MBA provides affordable insurance products and services to low income families. Organized in 2019, USWAG MBA is a sister organization of the USWAG DEVELOPMENT FOUNDATION, INC. (A Microfinance NGO), whose client-beneficiaries and staff constitute USWAG MBA's primary members. USWAG MBA traces its creation to USWAG DEVELOPMENT FOUNDATION, INC. (A Microfinance NGO), for which it provides various products and services for the latter's microinsurance program. USWAG MBA's initial fund was sourced from a donation from USWAG DEVELOPMENT FOUNDATION, INC. (A Microfinance NGO), which likewise has since been contributing its community presence and center collection infrastructures to USWAG MBA's field operations. USWAG MBA was registered with the Securities and Exchange Commission (SEC) in September 2019, and was given a license to operate as a mutual benefit association by the Insurance Commission (IC) in July 2022. It is a non-stock not-for-profit organization owned and managed by its members.

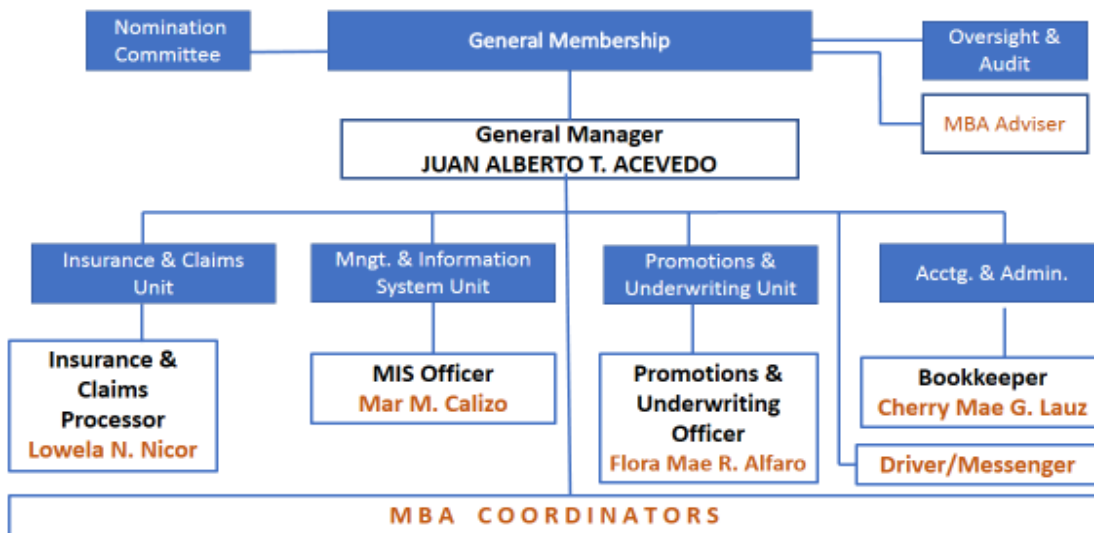
1.3. Vision, Mission and Core Values

USWAG MBA envisions a *“No low-income family will face a bleak future without a helping hand to tide through life's challenges because they cannot afford or have no access to comprehensive risk protection coverage.”*

USWAG MBA's mission is *“To provide affordable comprehensive risk protection coverage to low income families to complementation, networking and product enhancement for their secured, empowered and stable future.”*

USWAG MBA's core values – *Competence, Humane, Resourceful, Disciplined, Integrity, Mapagkakatiwalaan, Loyal and Committed.*

1.4. Organizational Structure



1.5. Products and Services.

USWAG MBA currently offers three (3) main products, the Basic Life Insurance Plan (BLIP), Basic Life Upgrade Plan (BLIP Upgrade) and the Credit Life Insurance (CLI), this in partnership with the RIMANSI Mutual Solutions Agency, Inc. (RMSI)

1.5.1. Basic Life Insurance Plan (BLIP) & Basic Life Upgrade Plan (BLIP Upgrade).

BLIP and BLIP Upgrade are provided to all client-beneficiaries and staff members of USWAG DEVELOPMENT FOUNDATION, INC. (A Microfinance NGO). Qualified for membership are those between ages 18 and 60 years. Membership applicants are required to present their birth certificate or their marriage contract as well as birth certificates of unmarried legitimate children below 21 years old and, if not married and without dependent children, marriage contract of dependent parents (above 60 years old). Members contribute PhP20 weekly. USWAG MBA processes benefit claims using a 1-3-5-day target.

1.5.2. Credit Life Insurance (CLI).

CLI is an insurance coverage offered to USWAG MBA individual borrowers for an amount equal to their loan granted.

1.5.3. RMSI CARE

In partnership with RMSI, is an insurance coverage for periods when an insured is unable to work owing to hospital confinement. For Php250 a year, it provides Php200 a day during hospitalization, to a maximum total of 15 days a year.

1.5.4. Dakila Plan.

This product, made available together with Rimansi Mutual Insurance Agency, Inc., is a life insurance and accidental Death & Dismemberment for regular members (18 yrs. old to 65 yrs. old) for Php550 for a year.

1.6. Commitment to Good Corporate Governance.

USWAG MBA's Board of Trustees and the Management Team commit themselves to the principles of transparency and accountability in decision-making and management, ethical and responsible operations, and equitable treatment of stakeholders, and to related best practices contained in the present Manual, and acknowledge that the same serves as guide in the attainment of the association goals. USWAG MBA is also committed to promoting transparency, accountability and greater participation by its shareholders. Thus, the code of good governance shall also be shared to the association's value chain and members.

1.7. Definition of Terms

1.7.1. Corporate Governance – the framework of rules, systems, and processes in the association that governs the performance by the Board of Trustees and Management Team of their duties and responsibilities to its members and society at large.

1.7.2. Board of Trustees – the governing body elected by association members that exercises the corporate powers of an organization, conducts all its business, and controls its properties.

1.7.3. Management Team – the body given the authority by the Board of Trustees to efficiently and effectively implement the policies it has laid down in the operation of the association.

1.7.4. Independent Trustee – a Trustee who is independent of the Management Team and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with exercise of independent judgment in carrying out responsibilities as a Board member.

1.7.5. General Manager – a person given responsibility for all the phases of the association's day to day business operations, subject to the policies and guidelines set by the Board of Trustees.

1.7.6. Internal Audit – is an audit function that, although operating independently from other units and reporting directly to the Board of Trustees' Audit Committee, resides within the organization. It is responsible for performing audits (both

financial and nonfinancial) within a wide range of areas of the business. Internal audit looks at major risks facing the business and actions to manage these effectively, and helps in achieving its objectives.

1.7.7. External Audit – a function performed by an independent body which resides outside of the organization it is auditing. It is focused on financial accounts or risks associated with finance and are nominated by the organization through a bidding process. The main responsibility of external audit is to perform the annual statutory audit of financial accounts, providing an opinion on whether these are a true and fair reflection of the company's financial position. As part of this, external auditors examine and evaluate internal controls put in place to manage risks which could affect financial accounts and determine if these controls are working as intended.

CHAPTER 2

Governance Structure and Policies

2.1. Board of Trustees.

The Board of Trustees is formally assigned the responsibility in USWAG MBA's bylaws for "government, control, and general management of the affairs, funds and property of the association." All its members must provide active fiduciary oversight of finances, physical assets, and long range plans to ensure the organization's abiding vitality. In order to meet that responsibility, they must have active representatives in the different Board of Trustees committees. They are expected to attend all Board meetings, participate in discussions, and vote at such meetings.

2.1.1. Composition and Election of the Board of Trustees.

USWAG MBA has a seven-person Board of Trustees composed of five (5) member-representatives from its various areas of coverage, and two (2) independent members. The member-representatives to the Board are elected annually from among and by the MBA Coordinators, who are themselves elected by USWAG MBA members covered by each USWAG Development Foundation, Inc. (A Microfinance NGO) branch office. With the exception of the independent members, the members of the Board elect from among themselves USWAG MBA's President, Vice President, Secretary, Treasurer and Member.

2.1.2. Appointment of Independent Party.

USWAG MBA Nomination & Election Committee shall appoint Independent Party of examiners which duty is to count and validate votes during Annual General Meeting. Multiple Board Seats Members of the Board of Trustees shall exercise due discretion in accepting and holding board positions in other organizations, to ensure that in holding such other positions their capacity to diligently and efficiently perform the duties and responsibilities as part of USWAG MBA's Board of Trustees Board of Trustees is not compromised. The USWAG MBA Board of Trustees may allow its member-trustees to hold up to a maximum of five (5) full-time and two (2) part-time board positions in other organizations.

2.1.3. Qualifications for the Board of Trustees.

Except in the case of its two (2) independent members, the following are the minimum qualifications for election as a member of the USWAG MBA BoT:

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

- c) Must be an active MBA Coordinator for at least one (1) year at the time of nomination as a Board of Trustee member, and whose term is not expiring on the date of the election;
- d) Must be a recognized active client-beneficiary for at least five (5) years of USWAG Development Foundation, Inc. (A Microfinance NGO);
- e) Has consistently performed very satisfactorily as member of USWAG MBA's partner institution, with 100 percent repayment rate and at least 90 percent attendance in center meeting;
- f) Has ongoing business or businesses funded by loan from USWAG Development Foundation, Inc. (A Microfinance NGO);
- g) Has no conflict of interest or is not engaged in any business or activity similar to or in competition with the business of or services offered by USWAG;
- h) Has no pending administrative, civil, or criminal case; and,
- i) Willing to perform the functions of a trustee without any remuneration.

2.1.4. Disqualification from the Board of Trustees.

No person convicted by final judgment of an offense that is punishable by imprisonment for a period exceeding six (6) years, or of a violation of the Corporation Code of the Philippines committed within six (6) years prior to the date of her or his election or appointment, shall qualify as a Board of Trustee officer. In addition, a person whose membership has been terminated due to various reasons or has resigned membership with USWAG MBA or its partner organization shall also be disqualified from being a Board of Trustee officer. Those provided for under existing laws, rules, and regulations shall likewise be adopted with regard to the permanent and temporary disqualification of Trustees in as far as they are applicable to USWAG MBA.

2.1.5. Term of Office.

Of the seven (7) Trustees elected by the active members, and in accordance with Section 5, Article 2 of USWAG MBA's Constitution and Bylaws, the first three (3) trustees elected with the highest number of votes will serve for a period of two (2) years and the last two (2) trustees will serve for one (1) year and are subject for reelection of at most two (2) terms. The Independent Trustees will serve for a term of two (2) years, and shall have the right to re-elected only for another two (2) year term after which they shall be considered not eligible for re-election, unless the Trustee has undergone a "cooling-off" period, the Trustee concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as Independent Trustee in the Association. Following the cooling-off period, the Trustee concerned may be re-elected for another period of five (5) consecutive years. After that, the Trustee shall be perpetually barred from reelection as Independent Trustee in the Association.

2.1.6. General Responsibility.

Compliance with the principles of sound corporate governance instituted in this Manual shall be the paramount responsibility of, and shall start with the Board of Trustees. The Board of Trustees shall exercise the corporate powers and conduct and manage USWAG MBA's programs and services according to such principles, and shall be responsible for fostering the association's long-term success. A Trustee's office is one of trust and confidence. As such, Trustees shall act in a manner characterized by transparency, accountability, and fairness.

2.1.7. Specific Duties and Responsibilities.

The Board of Trustees shall perform the following duties and responsibilities:

- a) Articulate a corporate culture and ensure that this is lived, as well as set standards of appropriate behavior by prescribing corporate values and a code of ethics and conduct to be imbibed by the Trustees, officers, and employees of USWAG MBA.
- b) Set high moral tone and deep social responsibility;
- c) Perform approval and annual review of the organization's vision and mission statements;
- d) Formulate and review the association's strategic directions as reflected in its medium and long term plans, and approve its annual budget in accordance with agreed corporate strategy;
- e) Set up appropriate systems and mechanisms for reporting, performance monitoring, and evaluation of plans, policies, and strategies;
- f) Install a system for properly managing risks;
- g) Develop a list of matters that it has reserved for itself to decide on, that is, all issues and concerns that should be brought up to the Board for its disposal and with the understanding that all other matters outside of those identified will be, unless otherwise specified, left to management to address;
- h) Appoint a General Manager who is motivated, principled, competent, and a professional to assume operational responsibility of USWAG MBA, and, at the same time, put in place an effective succession plan for the General Manager, members of the Board, and key executive positions so that continuity is ensured;
- i) Through an annual governance retreat, conduct an assessment of USWAG MBA performance in relation to its set targets in the preceding year, review the performance and approval of remuneration of the General Manager and other key officers of the association, and develop an annual agenda for the following year.
- j) Keep authority within the power of the institution as prescribed in its charter and existing laws, rules, and regulations; and,
- k) Maintain the highest standards of integrity, fairness, transparency, and accountability.

- 1) The Trustee's decision-making practices shall be based on all the relevant information and factors inferred in every Board meeting. The Trustees shall be well-informed on the matters of the meeting, and shall receive all materials thereto at least seven (7) days prior the meeting.

2.1.8. Internal Control and Responsibilities.

USWAG MBA's control environment is composed of the:

- 1) Board of Trustees, which ensures that the association is properly and effectively managed and supervised;
- 2) Management Team, which actively manages and operates the association in a sound and prudent manner;
- 3) Organizational and procedural controls supported by effective management information and risk management reporting systems; and
- 4) Independent audit mechanisms in monitoring the adequacy and effectiveness of the organization's governance, operations, and information systems, including the reliability and integrity of its financial and operational information, effectiveness and efficiency of its operations, safeguarding of assets, and compliance with relevant laws, rules, regulations, and contracts. The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:
 - a) Definition of the duties and responsibilities of the General Manager who is ultimately accountable for the USWAG MBA's organizational and operational controls;
 - b) Selection of person who possesses the ability, integrity, and expertise essential for the position of General Manager;
 - c) Evaluation of proposed senior management appointments;
 - d) Selection and appointment of qualified and competent management officers; and,
 - e) Review of the association's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.

2.1.9. Disclosure of RPTs and Other Conflict of Interest.

Members of the Board of Trustees and Management Team shall be required to disclose to USWAG MBA relationships or interests which could constitute Related Party Transactions (RPTs) and possible conflict of interest in the future given their functions within the association. As used in this Corporate Governance Manual, a Related Party Transaction or RPT shall refer to any business deal, agreement, or arrangement involving the association as participant, and in which related parties have a financial interest. Related parties, as cited here, shall include the following:

- 1) Board of Trustee members of USWAG MBA;

- 2) USWAG MBA's General Manager and its key employees, including anyone who directly reports to the USWAG MBA Board of Trustees;
- 3) Spouses or any relative, within the fourth degree of consanguinity or affinity or by legal adoption, of persons identified in (1) and (2);
- 4) Any organization in which individuals mentioned in numbers (1), (2) and (3) above have a controlling or influential interest; and,
- 5) Any person whose judgment and/or decisions could be influenced as a result of a relationship between or involving themselves and any of the persons mentioned above.

Disclosure of RPTs by Board of Trustees and Management Team members shall follow the following processes and general guidelines:

a. Upon being elected to the Board of Trustees, trustees shall fill out and submit to the Secretary a form (Declaration of Material Personal Interests/Conflict of Interest) detailing their material personal interests in relation to USWAG MBA. USWAG MBA's Management Team shall do the same upon their appointment or hiring. Each Board of Trustees and Management Team member shall be required to regularly update the form and to report to the Secretary changes in the status of such interests during the term of office. At the minimum, the said form shall contain/indicate the following sets of information:

- 1) Nature and extent of the interest (if it is possible to cite, including the amount/value of said interest);
- 2) If applicable, the date upon which interest arose; and,
- 3) How the interest relates, or may relate, to the affairs, business, or operations of USWAG MBA.

b. The Board Secretary shall maintain a register of Board of Trustees and Management Committee members' material personal interests consisting of collated forms outlined in section above and written records of changes in the status of the declared material personal interests/conflict of interest. For disclosure purposes, the Board Secretary shall report on the register's status and any changes in the disclosed information during Board of Trustees meetings.

2.1.10. Vacancy in the Board.

If a vacancy occurring in the Board of Trustees, by reason of death, incapacity, except expiration of term, removal or resignation of any of its members, will result in the Board not being able to meet quorum requirements during its meetings, said vacancy may be filled up through a special election. Said election shall be bound by the same set of procedures provided in the association's election guidelines. The elected Trustee in such case shall serve only for the unexpired term of the predecessor. If the vacancy will not compromise the Board of Trustee's ability to achieve quorum or perform its functions, the association

shall wait for the next regular elections for Board members to fill it up. Vacancies with regard to the membership of any elective committee of the Board of Trustees shall be filled up following the same rules outlined above for the Board.

2.2. Independent Trustees.

The Independent Trustee is a person who has no business, relationship, or other position with USWAG MBA or its partner organization which could, or could reasonably be perceived to, materially interfere with the exercise of the independent judgment in carrying out responsibilities as member of the Board of Trustees. The following shall be disqualified for election as independent trustee of USWAG MBA:

- 1) An officer and/or employee of USWAG MBA, or its partner organization and related interests, during the past three (3) years from the date of election;
- 2) A trustee, director, or officer of any related institution;
- 3) A relative within the fourth degree of consanguinity or affinity, legitimate or common-law, of any trustee or officer;
- 4) A nominee or representative of any trustee or group of members; and,
- 5) A professional adviser, consultant, agent, and/or counsel retained by USWAG MBA, either in his or her personal capacity.

The Board of Trustees shall identify and nominate individuals for election as Independent Trustees in line with its succession planning. Nomination for Independent Trustees shall be done in conjunction with the selection of candidates for and election of the Board of Trustees' regular members. All elected Independent Trustees of the USWAG MBA Board of Trustees shall have a term of two (2) years, and may be re-elected for another two year term. Within such, he or she shall be required to attend the association's orientation and continuing education program, including but not limited to sessions on the Anti-Money Laundering Act (AML) and the USWAG MBA Board Governance Seminar.

2.3. Board Committees.

The USWAG MBA Board of Trustees shall constitute committees in aid of good corporate governance. All committee chairpersons shall be Board members, but no Board of Trustees member shall be chairperson of more than one (1) committee. Within ten (10) days from their creation, the committee shall elect from among its members, a chairperson, vice-chairperson, and secretary. All committee members shall serve a term of one (1) year.

2.3.1. Governance Committee.

The Committee shall be composed of at least three (3) members of the Board of Trustees, one of whom, must be independent board. The main responsibility of which is to focus on all matters connected with the Board policies concerning Trustees nomination, training performance evaluation and remuneration. The Governance Committee reviews and evaluates the qualifications of all persons

nominated to the Board of Trustees and other appointments that require Board's approval, and assesses the effectiveness of the Board's processes and procedures in the election or replacement of trustees. It shall establish a formal and transparent procedure for developing all policies including remuneration of Trustees, officers, and management staff. The Governance committee is hereby vested sole authority to conduct 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 whose decision shall be final. The members of the Governance Committee shall serve for two (2) years, or co-terminus with the Board of Trustees. The Committee may deputize such personnel of the head office of the USWAG Mutual Benefit Association Inc. which it may deem necessary to enable it to perform its function. The members of the Committee shall not be entitled to salary nor to any form of financial remuneration. No member elected as a member of the Governance Committee shall be eligible for election for any position during his term of office even if he/she resigns or is removed from office for any reason.

2.3.2. Oversight and Audit Committee.

The Committee shall be composed of at least three (3) members of the Board of Trustees, one of who, must be independent board of good standing preferably with accounting and finance experiences. The Committee provides oversight of the institution's internal and external auditors. The committee shall be responsible for setting-up of internal audit department, and the appointment of the internal auditors as well as of independent external auditors. The Committee shall monitor and evaluate the adequacy and effectiveness of the internal control system of the association. The Committee shall meet at least quarterly at the head office of the USWAG Mutual Benefit Association, Inc. the members of the Committee shall not be entitles to salary nor any form of financial remuneration. The members of the Oversight and Audit Committee shall serve for two (2) years.

2.3.3. Executive Committee.

There shall be an Executive Committee of the Board of Trustees which shall consist of not less than three (3) and not more than five (5) to be chosen by the Board of Trustees from among themselves to monitor the operations and finances of USWAG Mutual Benefit Association Inc.; to ensure that decisions of the Board are executed by management; and, where urgent circumstances require, to act for and in behalf of the Board on such matters subject to such guidelines and limitations duly approved by the Board. The concurrence of at least a majority of the members of the Executive Committee shall be necessary to make an Executive Committee decision valid. All business transactions by the Executive Committee shall be subject to confirmation by the Board of Trustees at its next scheduled meeting. The President, the Vice-President and the immediate past president, if still a member of the Board of Trustees, shall be ex-officio members of the

Executive Committee. The other members of the Executive Committee. The other members of the executive Committee shall be chosen among its active board members. The Executive Committee shall meet as frequently as necessary, but not more than twice a month. The other committees meet immediately before a regular and/or special meeting of the Board, except as may be otherwise authorized by the Board of Trustees.

2.3.4. Other Committees.

By a majority vote of all its members, the Board of Trustees may form such other committees as may be deemed necessary for the operation of USWAG MBA.

2.4. The Officers of the Board of Trustees.

- 2.4.1.** The President shall be the chief executive officer of the association, preside in all meetings of the members of the association, execute all resolutions of the Board of Trustees, and be responsible for directing and overseeing the activities of the association. He/she shall submit to the Board of Trustees, as soon as possible after the close of each fiscal year and to the members during the annual meeting, a complete report on the activities and operations of USWAG MBA during the fiscal year under his/her term.
- 2.4.2.** The Vice President shall exercise all powers and perform all the duties of the President during the absence or incapacity of the latter. He/she shall also perform such duties as may be assigned to him/her from time to time by the Board.
- 2.4.3.** The Secretary shall give or issue all required notices and keep the minutes of all meetings of the members and of the Board of Trustees in a book kept for this purpose. He or she will act as the Board's Corporate Secretary whose primary role is to keep the seal of the association and affix such seal to any paper or instrument requiring the same. He or she have the custody of the members' register and the correspondence files of the association, and perform all such other duties and work as the Board may from time to time assign to her.
- 2.4.4.** The Treasurer shall be in charge of the funds, receipts, and disbursements of the association. He/she shall keep all monies and other valuables of USWAG MBA in such banks as the Board of Trustees may designate, keep and have charge of books of accounts, and perform such other duties and functions as may be assigned to her from time to time by the Board. He/She shall pose a bond in such amounts as may be fixed by the Board.

2.5. Board of Advisors.

USWAG MBA shall form a Board of Advisors, the composition of which shall be determined by the Board of Trustees of the association by appointment and based on required policy-area competencies. The Board of Advisors shall have the general function of providing timely and relevant advises and support to the Board of Trustees on both financial and programmatic concerns. The Board of Trustees may recommend additional and more specific roles for the Board of Advisers from time to time, which shall be subject to discussion and adoption by the latter's incumbent members. The Board of Advisors may decide on its own rules and procedures, including the frequency of its meetings, and shall inform the Board of Trustees President and General Manager of any such agreements.

2.6. General Manager and Management Team.

The overall responsibility for the day-to-day operations of USWAG MBA shall rest on the General Manager. As head of the Management Team, the General Manager shall provide general directions, supervision, management, and administrative control on all the operating units subject to such limitations as maybe set forth by the Board of Trustees or by the General Assembly. The General Manager shall have the following tasks and responsibilities:

- 1) Formulate plans, programs, and projects for the approval of the Board and for ratification by the General Assembly;
- 2) Implement the association's duly approved plans and programs, and any other directive or instructions from the Board;
- 3) Submit to the Board monthly reports on the status of USWAG MBA's operations vis-à-vis its targets, and recommend policy or operational changes, if necessary;
- 4) Represent the association in any agreement, contract, business dealings, and in any other official business transactions as maybe authorized by the Board;
- 5) Serve as Compliance Officer, who shall ensure the association's adherence to all administrative and other requirements of regulatory bodies and to guidelines on corporate governance outlined in this Corporate Governance Manual, determine violations of existing laws, rules, and regulations and with the provisions of this manual and recommend appropriate sanctions or penalties for further review and approval by the Board, and identify, monitor, and control compliance risks;
- 6) Perform such other functions as may be prescribed in the association's by-laws or authorized by the General Assembly.

2.7. Internal Auditor.

USWAG MBA's Internal Auditor shall provide independent and objective evaluation of the associations financial and operational business activities, including its corporate governance and/or operational efficiencies. She/he shall report directly to the Board of Trustees. The roles and responsibilities of Internal Auditor are as follows:

- 1) Evaluate and provide recommendations to help ensure that the association's risk management, control, and governance systems are functioning as intended and will enable the organization's objectives and goals to be met;
- 2) Report identified risk management issues and internal controls deficiencies to the Board's Audit Committee and provide recommendations for improving the association's operations, towards both efficient and effective performance;
- 3) Evaluate information security and associated risk exposures;
- 4) Evaluate regulatory compliance program with consultation from Legal Counsel;
- 5) Evaluate the organization's readiness in case of business interruption;
- 6) Maintain open communication with management and the Audit Committee;
- 7) Team with other internal and external resources as appropriate;
- 8) Engage in continuous education and staff development; and,
- 9) Provide support to the association's anti-fraud programs.

2.8. External Auditor.

The External Auditor is independent of USWAG MBA and reports to the association's Board of Trustees. Final selection of the External Auditor shall be subject to the decision of the USWAG MBA members in an Annual General Meeting, upon recommendation by the Board of Trustees. She/he shall provide experienced opinion on the truthfulness of USWAG MBA's financial statements and performs tests to monitor the systems in place. USWAG MBA shall comply with the following rules in the selection of external auditors:

- 1) Only external auditors accredited by the Insurance Commission and included in the top ten (10) of its list of accredited auditing firms shall be engaged;
- 2) The external auditor shall be changed or the lead and concurring partner shall be rotated every five (5) years or earlier;
- 3) No external auditor or member of the audit team shall be engaged if s/he or any member of her immediate family had or has committed to acquire any direct or indirect financial interest in the association;
- 4) The external auditor and the members of the audit team shall not have any claim with the association;
- 5) External auditor is not currently engaged nor was engaged during the preceding year in providing these services to the association: (1) internal audit functions; (2) information systems design, implementation, and assessment; and, (3) other services which could affect his or her independence; and,
- 6) The external auditor, auditor-in-charge, and audit team members shall adhere to the highest standards of professional conduct and shall carry out their services in accordance with relevant ethical and technical standards, such as the Generally Accepted Auditing Standards (GAAS) and Code of Professional Ethics for Certified Public Accountants.

2.9. Board Meetings.

Apart from taking part in USWAG MBA's activities and in the work of its Board of Trustees' committees, Board meetings constitute one of the main mechanism by which Trustees could be actively engaged in governance of the association. All members of the Board of Trustees shall be required to attend and participate in the Board's regular and special meetings. The initial organizational of 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.

2.9.1. Frequency of Meetings.

Regular meetings of USWAG MBA's Board of Trustees shall meet regularly once every three months at the main office of USWAG Mutual Benefit Association Inc. unless otherwise previously agreed upon by the members of the Board of Trustees. A special or emergency meeting of the Board of Trustees may be called by the President or the Secretary upon request of a majority of the incumbent members of the Board and at least five day notice to all of its members. Notice of any meeting of the Board shall be in writing.

2.9.2. Participation in Meetings through Electronic Devices.

All members of the Board of Trustees shall be allowed to take part and vote during meetings of the Board using electronic devices or platforms, including audio and video conferencing. Trustees who opt for such modes shall be considered in full attendance during said meetings and shall be counted for the purpose of establishing a quorum. Trustees attending a Board of Trustees' meeting electronically shall notify the President and Secretary at least one (1) day before the scheduled meeting to allow the General Manager and support staff to make all necessary preparations for the meeting. The Board of Trustees' secretary shall check with concerned Trustees and ensure that they received notices, agenda, minutes of previous meetings, resolutions, and other documents for the meeting. The Board of Trustees shall ensure that all its members and all USWAG MBA support staff would receive appropriate training on effective processes and strategies in running Board meetings involving the use of electronic devices and platforms, as part of its continuing education program.

2.9.3. Notices and Agenda of Board Meetings.

Notices of regular and special meetings of the Board of Trustees, including other relevant papers and/or documents, shall be posted in USWAG MBA's website and sent to all Board members at least five (5) days before such meetings. Calls/resolution for special Board meetings shall be forwarded initially to the Board of Trustees Secretary. Notices of Board meetings, whether regular or special, shall include these information and materials/documents:

- a) Date, time, and place of the meeting;

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

In setting and finalizing the agenda for the Board of Trustees meetings during the year, the President, Secretary, and General Manager shall ensure that the following items are scheduled and given adequate attention:

- a) Orientation and briefing of new Trustees regarding their roles, and the approved processes or procedures of the Board of Trustees;
- b) Moving forward with identified next steps or action points from the Board of Trustees' strategic planning meeting or session;
- c) Review and approval of the association's annual reports;
- d) Performance assessments or consideration of USWAG MBA's quarterly reports on the association's performance, including reports on the activities of the different committees;
- e) Review and consideration of results and findings from evaluation of the Board's performance.

2.9.4. Quorum Requirements.

A quorum for any Board meeting shall be at least two-thirds (2/3) of its members. Where there is no quorum, the Board may still decide to go on with the meeting and discuss items set in the agenda, provided that no voting and/or action on the identified decision points shall be taken during said meeting. Provided further that the Board President, Secretary, and the association's General Manager, shall ensure that key points from the ensuing discussion related to such decision points or proposed resolutions are properly documented and sent to all Board members as part of the minutes of meeting, and that final decision or voting by the Board on the proposals will be included in the agenda of the body's next meeting.

2.9.5. Attendance Policy

Policy Board of Trustees' members are expected to attend all Board meetings. A member who will not be able to attend a Board meeting is required to notify the President in advance. The Board of Trustees shall review cases of three (3) consecutive absences, or of total attendance for the year in danger of falling below 75% of total Board meetings, by any of its members to assess validity of reasons given, secure a commitment from said member to improve, and/or impose a sanction. Results of such reviews, including summary reports on the attendance of members in Board meetings, shall be regularly posted in the USWAG MBA website and included in the corporate governance part of USWAG MBA's annual reports.

2.10. Orientation and Continuing Education for the Board.

Ensuring that Board of Trustees' members understand USWAG MBA, the mutual benefit industry, and the regulatory environment for small insurance providers, including relevant laws like the Anti-Money Laundering Act or AMLA, is important to the effective governance of the association. In view of this, the Board shall implement a program to orient new Trustees and support continuing education of its members. Board members shall be actively encouraged to attend orientation and learning activities.

2.10.1. Trustee Orientations.

A Trustee orientation program for new members of the Board shall be developed and regularly updated and/or enhanced to provide detailed background information on USWAG MBA's vision, mission, and products/services, its governance structure and principles, its strategy and operations, and its annual and quarterly financial performance/status. The Board President, Secretary, and USWAG MBA's General Manager, shall explore and utilize various strategies and opportunities for said orientation program with new Trustees, including but not limited to the following:

- a) Briefing on the qualifications, roles, and responsibilities of Board of Trustees' members as part of the election process for Board of Trustees members;
- b) Board of Trustees meeting/s specifically scheduled as an orientation for new Trustees, or with such orientation as part of the agenda;
- c) Dissemination of a Board of Trustees information handbook or packet that collates all relevant data, policies, and documents;
- d) Maintenance and continuous updating of a Board of Trustees webpage or portal in the USWAG MBA website with downloadable resources and learning materials; e.) Field visits or interactions with the association's members and partners.

2.10.2. Continuing Education.

The Board will design and implement a continuing education program for its members to enhance their understanding of USWAG MBA's work and enable them to remain current with issues or governance matters and concerns that could impact on its operations. The Board President and the association's General Manager shall ensure that said program is presented to the Board of Trustees for approval. It could include, but should not be limited to, the following strategies:

- a) Dissemination of reading materials and other background documents in advance of scheduled Board of Trustees meetings;
- b) Regular updates on emerging regulatory or governance matters through the USWAG MBA website and/or during Board of Trustees and committee meetings;
- c) Providing access to relevant seminars, trainings, conferences, webinars, and similar educational opportunities on Board governance;

- d) Board site visits to USWAG MBA office to meet with staff and members, and discuss improvement in operations; and,
- e) Attendance in committee meetings for more in-depth discussion on policies or issues being considered.

2.10.3. Reporting on Board of Trustees' Education.

The Board of Trustees shall monitor implementation of its orientation program for newly elected Trustees and its continuing education initiatives for all its members, and regularly report on these to the Board. It shall also conduct periodic reviews and assessments with Board members on the effectiveness of such programs, the results of which shall be included in the corporate governance section of the association's annual reports.

2.11. Code of Ethics and Conduct.

The USWAG MBA, through the General Assembly, shall adopt a Code of Ethics and Conduct for Trustees, Board of Trustees' officers, employees, and members. The Code shall lay down the behavioral standards expected from the association's Trustees and Board of Trustees' officers, employees, and members so they can better understand and meet the expectations and requirements of the organization and regulators. It shall include standards of conduct for ensuring proper discharge of duties and responsibilities, basic principles to prevent Board of Trustees, members and officers from using their positions to make profit or acquire benefits or advantage for themselves and/or related interests, guides for avoiding situations that would compromise impartiality or professional integrity, and provisions supporting the enhancement of skills, knowledge, and/or understanding of the association's operations and related activities. The Code of Ethics and Conduct should be aligned with the values of good corporate governance. A copy of the code shall be made readily available to all. Process of filing a complaint shall also be made public however the complaint and complainant should be treated with utmost confidentiality.

2.12. Remuneration of the Board.

The members of the Board of Trustees of USWAG MBA as defined in its Constitution and Bylaws shall not be entitled to any compensation or remuneration for their services rendered, except for any actual reimbursements of monitoring and transportation expenses incurred in the performance of their duties and responsibilities.

2.12.1. Transportation.

The members of the Board of Trustees of USWAG MBA shall be eligible for reimbursement of actual transportation expense which cover their mobilization, communication and meal expenses necessary to undertake their functions and duties, representations to events and activities, and to perform tasks inherent in their position.

2.13. Succession Planning.

The association recognizes the importance of succession planning for its Board of Trustees and managers to ensure continuity in its smooth operations and future growth. USWAG MBA's Board of Trustees and managers provide effective stewardship to the association, and it is thus critical that any gap in USWAG MBA's governance structure resulting from the resignation, retirement, or removal from office of the incumbent is addressed in a timely manner. Succession planning should also ensure that the people tapped to fill such vacancies possess the competencies required by the position.

2.13.1. Objectives of Succession Planning.

USWAG MBA's regular succession planning shall have these objectives:

- a) Regularly review terms and status of incumbent USWAG MBA Board members and managers, and identify positions which would require replacements or filling up within the plan's time frame;
- b) Identify USWAG MBA's key leadership vulnerabilities based on a systematic and comprehensive sustainability audit - evaluating performance vis-à-vis its plans, and develop strategies to address identified vulnerabilities;
- c) Outline the competency requirements of identified positions, assess existing competency levels of the association's pool of potential internal candidates, and recommend required training to address gaps;
- d) Review/recommend enhancements to the process for identifying the suitable candidates and filling up any vacancy in the USWAG MBA's Board and management, including possible transition arrangements with elected and appointed successors;
- e) Review and update the statement of roles, functions, and qualifications of Board of Trustees members and the job descriptions and qualifications of USWAG MBA managers in light of strategic directions/plans;
- f) Define internal and external communication strategies to inform USWAG MBA's members and partners on any agreed programmatic transition process; and
- g) Establish a Risk Management Committee which primary function is to assist USWAG MBA in assessing material risks to which it may be exposed to and to measure the effectiveness of the existing internal controls and risk mitigation procedures.

2.13.2. Responsible Persons and Planning Process.

The incumbent Board of Trustees, shall lead said succession planning by performing the following roles and/or tasks:

- a) Meet to discuss and define details of the succession planning process as provided herein, decide on the time frame for such a process, and assign roles and responsibilities;
- b) Conduct necessary preliminary audits and reviews of the association;
- c) Solicit and collate inputs from USWAG MBA members and other stakeholders towards finalizing plan and recommending policies to implement plan;
- d) Review the drafted succession plan and proposed actions to align it with USWAG MBA's plans, and recommend steps to enhance such alignment;
- e) Discuss and approve finalized/updated succession plan, including proper action on proposed policies and next steps.

2.13.3. Tracking of Plan Implementation.

The Board of Trustees shall have a standing quarterly agenda item to review USWAG MBA's progress against approved action steps and targets in the succession plan. In line with this, the General Manager shall provide quarterly reports to the Board on gains and results in terms of plan implementation.

2.13.4. Review and Updating of Plan.

The Board of Trustees shall review and update the association's succession plan annually, taking into account planning objectives and assessment of performance vis-à-vis the plan.

2.13.5. Succession Planning Disclosure.

The Board of Trustees' President and Secretary shall ensure that the following information regarding USWAG MBA's succession planning processes and actual plan itself are properly disclosed to the association's members and the public:

- a) Description of key steps or processes approved by the Board in crafting the succession plan, including specific roles and responsibilities of Board members in carrying out such processes;
- b) Key elements of approved succession plan, including the assessment of USWAG MBA's leadership context, its long-term plans for internal competency development, the agreed process for filling up vacancies in the Board of Trustees and managers' positions, and other actions for identifying potential internal and/or external candidates;
- c) Frequency by which the USWAG MBA's Board of Trustees has actually reviewed and updated approved succession plan, and results or key actions from such reviews;
- d) Status and results of succession plan's implementation, based on the reports from the General Manager. The President and Secretary shall ensure that these disclosure requirements are considered in crafting and implementing the communication strategies of the succession plan.

CHAPTER 3

Membership

3.1. Qualification for Membership.

To qualify for USWAG MBA membership, an applicant must be:

- 1) At least eighteen (18) years old not, but not more than sixty (60) years old, as of the enrolment date;
- 2) An active client-beneficiary member of USWAG MBA's partner organizations; and,
- 3) Able to meet all the requirements stated in the prescribed application form.

3.2. Duties and Responsibilities.

A member shall have the following duties and responsibilities:

- 1) Obey and comply with the bylaws, rules, and regulations that the association may promulgate from time to time;
- 2) Attend all meetings that may be called by the Board of Trustees and participate in deliberations during such meetings;
- 3) Pay membership dues and other assessments of the organization;
- 4) Participate in governance and efforts to protect association funds; and,
- 5) Continuously give suggestions or comments on how to better manage USWAG MBA.

3.3. Voting Rights of Members.

USWAG MBA respects the rights of its members to have a say in the governance and management of the association. All USWAG MBA members shall have the right to participate and vote in its annual General Assembly, including the right to elect, remove, and replace Trustees, vote on certain association acts, such as changes or amendments to the organization's bylaws and articles of incorporation, lease, exchange, transfer, mortgage, pledge or disposition of all or substantially all of the association's property and assets as provided in the Corporation Code of the Philippines, and appointment of the external auditor.

3.4. Power of Inspection.

All members shall be allowed to inspect association books and records including minutes of Board meetings and performance reports, and shall be furnished with annual reports, financial statements, without costs or restrictions.

3.5. Right to Information.

Members shall be provided, upon request, with information about the association's governance, Board members, and partnerships made with other organizations. USWAG

MBA members shall have access to any information relating to matters for which the management is accountable. Important information such as policies and manuals shall be made available to members via the association's website. They shall also be allowed to propose items in the agenda of meetings, provided that the suggested items are valid, legitimate, and/or related to the organization's business.

3.6. Other Benefits of Members.

The USWAG MBA shall align unassigned surplus to the following:

- 1) Enhancing equity value;
- 2) Developing operating systems;
- 3) Research and development;
- 4) Member education and training;
- 5) Community development services, which may include but are not limited to scholarship assistance to deserving children of USWAG MBA members and calamity assistance; and,
- 6) Product development.

3.7. Annual General Meeting.

The Annual General Meeting (AGM) is a vital component of USWAG MBA's good corporate governance practice. It provides an opportunity for the Board of Trustees to share news, challenges, and achievements of the association, and to hear from members. The USWAG MBA Board of Trustees shall be transparent and fair during the conduct of the association's annual general meetings (AGMs).

3.7.1. Members' Right to Participate.

All USWAG MBA members shall be encouraged to attend Annual General Meetings, which should be held in places or venues easily accessible to all. They shall be given the opportunity to ask and receive answers to their questions relating to the association during such assemblies. A summary of the questions asked and answers given will be included in the minutes of the Annual General Meeting and posted in the USWAG MBA website.

3.7.2. Removal of Impediments to Participation.

Appropriate steps shall be taken to remove excessive or unnecessary costs and other administrative impediments to members' participation in meetings whether in person or by proxy. An adequate avenue shall be provided for the members to seek timely redress for breach of such rights.

3.7.3. Voting on Motions.

All USWAG MBA members attending AGMs shall be entitled to vote on all motions, resolutions, and amendments, either by show of hands or secret ballot (or poll). The Board Secretary shall make all necessary arrangements before the

meeting to ensure that counting/tabulation of votes will be done efficiently and accurately. These may include appointment of USWAG MBA staff to assist in and act as checkers/tabulators during the voting.

- a) The Board Secretary shall ensure that copies of resolutions and other supporting documents were provided or forwarded to all members for their proper consideration at least twenty one (21) days before an AGM. Assigned USWAG MBA staff shall also ensure that voting forms for the holding of poll on resolutions shall be distributed to the members upon their registration before the meeting starts.
- b) During the actual meeting, the Board of Trustees' President shall ensure that all details of the motions or resolutions are announced and explained to the body prior to the actual voting. In line with this, the President shall entertain queries or clarifications, and ensure that these are properly addressed and sufficiently discussed before the formal call for a vote.
- c) After all the preliminary steps, the President shall formally call for a vote, and shall announce the manner of voting. For all formal resolutions included in the agenda, voting shall be by poll or secret ballot. Voting by show of hands can be done for all other motions. However, upon the request of at least five (5) members, the body may compel the Board President to also call for a poll or secret ballot for such motions. At this point, the President shall also disclose and introduce to the body all USWAG MBA staff and other vote scrutinizers who were appointed to assist the Secretary in the voting and vote tabulation.
- d) If voting is by poll/secret ballot, the President, after making the formal call for a vote, shall then request all members to fill up the voting forms which have been issued to them during registration. If the poll involves proxy votes, the Board President shall first request a full disclosure of the proxy votes and tabulation forms/templates to be used in counting votes before proceeding with actual voting. Details of said disclosure may be shown in front for better appreciation by members. After all members have voted, they will place their signed ballots on a brown envelope or box marked for this purpose. After all members have dropped their ballots, the Secretary and assigned USWAG MBA staff shall then proceed to count the votes.
- e) If the voting is by show of hands, after the formal call for a vote, the President then proceeds to ask those voting for, against, and those abstaining to raise their hands, and instruct the Board Secretary and concerned USWAG MBA staff to count the votes. As with secret ballot, actual tallying of votes shall be done so that results are immediately displayed in front, in full view of all members as these are announced.
- f) The Board Secretary shall be the overall in-charge of counting of votes, and shall announce to the body the results including the total votes cast for and against each motion/resolution and the totals for those who abstained or who were not able to vote, based on the tabulation done. The Secretary

shall ensure that such results are properly reflected in the minutes of the meeting which shall then be uploaded in the USWAG MBA's website not later than the working day immediately following the AGM.

- g) After the announcement of results, the President then formally declares adoption or rejection of the motion/resolution under consideration.

3.7.4. Election of Board and Committee Members.

USWAG MBA has an established Election Rules and Guidelines that is publicly available at USWAG MBA's website. The Election Rules and Guidelines covers the,

- a) End-to-End process of Election,
- b) The Composition, Duties and Responsibilities of Nomination and Election Committee,
- c) Qualifications of candidates and
- d) The Method of Election.

The selection of candidates for the Board is subjected for screening and audit. The aspiring Board of Trustees is required to submit an application for candidacy subject to performance evaluation by the Nomination and Elections Committee. Each candidate are assessed based on their character, organizational achievements and credit risk profile. Short-listed candidates is presented to the Board of Trustees, whereby the candidates were interviewed based on their intentions and aspirations for the association. After careful review of the prospective successors, the Board will announce all eligible candidates for the Trustee position. For election of members to the Board of Trustees and committees, relevant procedures on voting and counting of votes outlined in the election guidelines drafted by the Nomination and Election Committee, duly approved by the Board of Trustees, shall apply during the AGM. The Nomination and Election Committee ensures that the elections is conducted in a neutral and transparent manner. The ballot design, voting system, election guidelines and processes are carefully discussed and explained to voters prior to the conduct of election. After the election is concluded, an election assessment is being disseminated to voters to provide feedback and appraisal rating on the conduct of election process. The result of this assessment is discussed during Nominations and Election Committee meeting to address best practices and areas of development on the election process.

3.8. Notice of Annual General Meeting.

Accurate and timely information shall be made available to USWAG MBA members prior to AGMs to enable them to make sound judgment on all matters that will be brought to their attention for consideration and/or approval. The Board Secretary will issue the notice of the annual general assembly at least twenty-eight (28) days before the date of the meeting, which will include the time, place, and proposed agenda items through

means most efficient and convenient to the members. USWAG MBA shall ensure that the notice of the AGM shall reach all its members. This shall be posted in the website and shared to all areas of the association via its coordinators.

3.8.1. Background Information on Agenda Items.

Items For each resolution or agenda item requiring members' approval, the notice of the AGM shall include background information or explanation as to the rationale for said item or why the members' approval is being sought, and all other details relevant to the members' proper consideration of the proposal.

3.8.2. Dissemination of Proposed Resolutions.

Full/accurate copies of formal resolutions being put forward for adoption by members shall be provided to them as attachments to notices of AGMs.

3.8.3. Proxy Voters' Form and Election Documents.

The Secretary shall coordinate with the Nomination and Election Committee to ensure that copies of the proxy voter's form and other required election-related documents are also sent to members with the Notice of AGMs.

CHAPTER 4

Stakeholders

4.1. Identification and Definition of Stakeholders

4.1.1. Member.

A member is a policyholder who meets the qualifying requirements and has complied with USWAG MBA's policies, and is entitled to all the rights and privileges duly set by the General Assembly. She/he shall, at all times, promote USWAG MBA's vision, principles, and welfare.

4.1.2. Board of Trustees.

The Board of Trustees is USWAG MBA's governing body and is primarily responsible for ensuring good governance, formulating the association's strategic direction, tracking its management's performance, and ensuring that appropriate systems are in place for transparency and accountability.

4.1.3. Employees.

These are individuals hired by the association to work as either full-time or part-time workers under contracts of employment duly notarized and signed, who have recognized rights and duties stated in USWAG MBA's Personnel Manual.

4.1.4. Suppliers/Contractors.

Suppliers and contractors are those individuals or organizations engaged by the association for providing services needed for its daily operations.

4.1.5. Community of Operations.

These are the immediate social groups or villages to which USWAG MBA's members belong and/or where USWAG MBA provides its services. In any business, there is a need for the support of the community where it operates. It is with this view that USWAG MBA acknowledges the communities' significant role in achieving its vision and mission particularly in helping people become less vulnerable.

4.1.6. Environment.

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

4.1.7. Partner Association.

USWAG Development Foundation, Inc. (A Microfinance NGO) the primary source of USWAG MBA's membership and which maintain good relationship with respective members. They are the fund mobilization partner of USWAG

MBA and play important roles especially in collecting premiums and contributions.

4.1.8. Regulatory Agencies.

These include agencies and bodies that provide the framework within which microfinance and mutual benefit associations should legally operate. These policies, guidelines, and circulars issued by the regulatory agencies promote fairness and increase the level of confidence of the members, implementers, and other stakeholders of microfinance and mutual benefit associations.

4.1.9. Technical Service Providers.

These are individuals or businesses that have technical expertise in planning and designing a variety of activities that can support the association.

4.2. Procurement Policy.

To ensure that engagements with suppliers and contractors will be impartial and transparent, the association will conduct a bidding process for projects. The USWAG MBA Board of Trustees shall set a minimum for contract amounts to be covered by the association's bidding processes, and shall promulgate other rules and guidelines as part of USWAG MBA's procurement policy. Among other things, such policy shall provide for a minimum of three (3) suppliers to submit their respective proposals and profiles to the association for each bidding process. Selected suppliers or contractors shall be issued contracts or memoranda of agreement which will be duly notarized and signed by USWAG MBA's principals to make the engagement binding. USWAG MBA shall appoint its General Manager, and one (1) of its independent board member to lead the bidding and selection process. All decisions and selections shall be approved by the Board of Trustees.

4.3. Review of Related Party Transactions.

USWAG MBA shall seek the assistance of its Independent Trustees to review the materials and significant Related Party Transactions RPTs to determine whether they are in the best interest of the USWAG MBA and their members.

4.3.1. Responsible Committee and Focus of Review.

The Audit Committee shall be responsible for the review and approval of any material or significant RPTs or conflict of interest issues involving members of the Board and Management Team to ensure that these are conducted or resolved in the best interest of USWAG MBA and its members. Based also on further policies that it may adopt to support these provisions, the Board of Trustees may require the Audit Committee to conduct similar reviews of any impending transactions between USWAG MBA and its partner organizations. A member of the Board of Trustee who is involved in the impending transactions of Related Party, whether direct or indirectly, shall not be allowed to participate in any point

of the proceedings while the transaction is under vetting. In the event that the association or related parties enter into or participate in transactions involving possible conflict of interest or that require prior review and approval of the Audit Committee, as outlined here, the said transaction upon discovery shall immediately be referred to the committee for review. In doing any transaction review, the Audit Committee shall properly take into account the following factors or considerations:

- a. USWAG MBA's mission and resources;
- b. Terms of the proposed transaction compared with possible alternative arrangements that could be secured with other potential parties;
- c. Whether the proposed transaction or identified conflict may result in any direct/indirect excessive, undue, impermissible benefit to RPTs.

4.3.2. Access to Records and Information.

The Board Secretary shall give the Audit Committee members access to the register of material personal interests or declared conflict of interest of the Board and Management Team whenever necessary to the transaction review process. Persons with an interest in the transaction/s under review are not allowed to be present or to participate in deliberations and voting of the Audit Committee, but may be called upon to give information at appropriate points in the process.

4.3.3. Decision-Making and Reporting in Relation to the Review.

Decisions of the Audit Committee in relation to the review of RPTs outlined above shall require the approval of at least a majority of its members present and voting at a meeting called for such a purpose. The committee shall keep detailed minutes of its meetings or deliberations during the review process, which shall include as attachments all documents reviewed by its members. The committee shall also submit to the Board of Trustees a full report on its findings/recommendations which may involve and/or include the following: a) Approval or ratification of the transaction; b) Modification of the transaction's terms; c) Propose disciplinary actions; and/or, d) Suggest changes in USWAG MBA's procedures.

4.4. Anti-Corruption, Feedback and Grievance, Complainant Protection and Whistle Blower Policy.

USWAG MBA trustees, employees, suppliers, partners, and other parties must avoid giving or receiving gifts or entertainment if these may improperly influence their decisions, or may be perceived to do so, and thus compromise USWAG MBA's integrity and/or impact negatively on its operations. They must not also offer or take any form of illegal or improper payments. These rules shall be strictly enforced by the association. USWAG MBA shall encourage all its stakeholders to play their part in improving the overall effectiveness and success of the association particularly in terms of strengthening

its integrity. All stakeholders, including employees and client-beneficiaries, are free to communicate their concerns or complaints about illegal and/or unethical practices to USWAG MBA's Board of Trustees. The association shall set up a hotline for such feedback or complaints, and actively disseminate information about the mechanism. A mechanism on whistleblowing or reporting of illegal activities or misuse of financial and non-financial assets of USWAG MBA shall be governed by USWAG MBA's Whistle blowing Policy. USWAG MBA shall ensure protection to the employee (the whistleblower) who suspected illegal conduct or conduct involving misuse of USWAG MBA assets or in violation of the law, against any form of harassment, intimidation, discrimination or retaliation for making such a report of good faith. Any event of whistle blowing shall be managed by the Ethics Committee and reported immediately to the Board of Trustees for proper deliberation of involved personnel. Rights of members, employees, and other stakeholders shall not be compromised after reporting or communicating such concerns or complaints. The association shall take all proper measures to ensure that stakeholders who lodge such feedback or complaints are protected from any form of retaliation by reported parties.

4.4.1. Procedures for Handling Complaints.

The Board and the Management Team shall come out with and implement a robust set of procedures to:

- a) Encourage and enable all USWAG MBA stakeholders including its employees to provide feedback and report any serious concern about suspected illegal and unethical practices within/involving the association;
- b) Ensure formation of a Grievance Committee for any concern or question regarding working conditions, and the promulgation, definition, and/or implementation of policies about operations and employees' welfare.
- c) Ensure proper receipt, documentation, and referral of any feedback and complaint about suspected illegal or unethical activities to the Grievance Committee and other appropriate bodies of USWAG MBA (e.g., the Board of Trustees, Audit Committee, and/or Management Team).
- d) Implement measures to protect feedback-givers and complainants from any form of retaliation, including maintaining confidentiality if needed, ensuring that officials and/or personnel named in the complaint are not involved in bodies that are investigating and deciding on complaint, and imposing disciplinary action for any proven act of retaliation against the feedback-giver and/or complainant; and,
- e) Enhance the association's ability to address feedback and complaints on illegal and/or unethical practices in an effective and timely manner. This includes providing for proper corrective actions and/or improvements in existing accounting, financial, and operating policies/procedures. The Board and Management Team, with inputs from the Ethics Committee, shall periodically review the association's feedback and reporting

procedures to ensure that these are appropriate to any risk faced by USWAG MBA.

4.4.2. Review and Resolution of Grievances.

Illegal and unethical behavior filed before the association shall be reviewed and resolved by the Board of Trustees, guided by consideration for acts that are not inimical to USWAG MBA's interests and does not violate Philippine laws.

4.4.3. Assessment of Partners and Contractors.

The association shall include consideration of risks from bribery and other similar corrupt practices in its overall, on-going risk management processes. Through the Audit Committee, it shall carry out periodic reviews of USWAG MBA's partnerships and contractual arrangements based on such risk assessments. In considering and approving contracts, the association shall give preference to organizations and/or contractors with similar policies and/or procedures against corrupt and unethical acts and practices.

4.4.4. Communicating Policy on Anti-Corruption.

USWAG MBA shall ensure that its policies against corrupt and unethical practice and its procedures for handling feedbacks and complaints are continuously and effectively communicated to all employees and stakeholders. It shall work to undertake training and awareness-raising activities to ensure that association staff, partners, and contractors are aware of the potential risks, the possible impact of these illegal and unethical actions, and what they should do if they encounter such situations or practice.

4.4.5. Monitoring and Evaluation.

Implementation of policies on anti-corruption and procedures for handling feedback and complaints about illegal and unethical acts shall be monitored as part of the association's overall risk management and internal control systems. The Ethics Committee shall report regularly to the Board of Trustees with regards to such monitoring, including its assessments and recommendations on any improvements in existing provisions.

4.5. Right to Training and Development.

The Board of Trustees shall allocate funds for workshops to orient and educate its members, employees, and Trustees on this Corporate Governance Manual. Trustees shall, before assuming the position, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institution. Members of the Management Team and other employees shall likewise be encouraged to undertake applicable training on corporate good governance.

4.5.1. Training and Development Plan for Employees.

In line with such policy to encourage continuous learning among USWAG MBA staff on corporate governance and other relevant work-related topics or skills, the Board of Trustees, with assistance from the Management Team, shall prepare and adopt an annual Training and Development Plan for Employees which shall outline the following key points or areas:

- a) Assessment of individual knowledge, skills, and attitudes development requirements in line with USWAG MBA's plans, and existing staff competencies;
- b) Available opportunities for enhancing existing staff competencies (e.g., conferences, training, workshops, formal courses, etc.) in accordance with knowledge, skills, and attitudes required by USWAG MBA;
- c) Priorities for a given period in terms of which training opportunities will be accessed, how many employees are interested and would avail of opportunities, and how much resources can be allotted.

4.5.2. Staff Requests for Training.

Employees who would want to avail of training and other staff development opportunities which may not have been identified or included in the Training and Development Plan but are aligned with USWAG MBA's capacity development priorities outlined in the plan or program, could submit a written request for support to the Board. In deciding on the said request, they shall consult with the General Manager to ensure:

- a) Alignment of request with USWAG MBA's capacity development requirements;
- b) Availability of funds for proposed training;
- c) Equal opportunity for all employee in accessing USWAG MBA's support; and,
- d) Absence of staff during the training or course will not have detrimental or significant impact on the association's operations.

4.5.3. Information on Training Opportunities.

The USWAG MBA's Board of Trustees, through the association's General Manager, shall ensure that all employees receive relevant, timely, and sufficient information on USWAG MBA's Training and Staff Development Plan or Program. The General Manager shall regularly report to the Board on the status of such information dissemination as well as of the training plan/program implementation. Details on progress of such implementation shall be included in USWAG MBA's annual reports.

4.6. Customers' Welfare.

USWAG MBA's client-beneficiaries provide business for which the association is thankful. USWAG MBA is thus committed to meet their needs by providing them with affordable insurance products and treating them with fair and quality customer service. USWAG MBA also strives to develop new and innovative packages and/or services that meet the emerging needs of its client-beneficiaries. The association shall continuously and actively engage customers, and regularly update its policies and procedures to be at par with industry standards and good corporate governance practices. The association shall also strengthen its relationship with the communities where it operates by disseminating information about its products and services.

4.7. Employees Health, Safety, and Welfare Policy.

USWAG MBA shall adhere to all labor laws protecting the well-being of employees. In line with this, it shall be the association's policy to build a work environment for its staff that helps them ensure and/or enhance their safety, health, and overall welfare.

4.7.1. Initiatives and Processes.

Towards this end, the USWAG MBA Board of Trustees and the Management Team shall adopt the necessary policies and programs, allocate sufficient resources and funds, and implement relevant activities to support the following:

- a) Continuous awareness-raising and training on occupational safety and health among the staff designed to level off on the expectation that it is the responsibility of all personnel to establish and maintain a safe and healthy work environment, and enhance their individual and collective capacities to identify, report on, and react to hazards at the workplace. As part of such initiative, USWAG MBA shall endeavor to regularly disseminate information on efforts directed at employee safety, health, and welfare.
- b) Conduct of regular audits of the workplace, with guidance from experts and active involvement of USWAG MBA staff, to identify potential risks and/or hazards, suggest appropriate mitigation measures, and design plans in handling emergencies, accidents, disasters.
- c) Provision of basic health insurance to all USWAG MBA staff.
- d) Provision of other services and/or facilities, above current remuneration and benefits that directly promote employees' physical and emotional well-being.
- e) Periodic planning and performance assessments to ensure that these initiatives and policies on employee safety, health, and welfare are fully and effectively operationalized. This shall include the setting of targets, creation of relevant implementation bodies and mechanisms with staff participation, and set up of appropriate monitoring systems.

4.7.2. Reporting on Accomplishments.

Based on findings from the performance tracking and assessment system outlined above, the USWAG MBA shall integrate in its annual reports substantive information about its accomplishments and progress in terms of implementing the foregoing policy statements on employee safety, health, and welfare. The Board of Trustees, through the General Manager, shall see to it that such reports are posted in the USWAG MBA website and reported to members during meetings and other gatherings.

4.8. Diversity Policy.

USWAG MBA declares its commitment to contribute to building a more equitable and inclusive society. In line with this commitment, the association shall actively work to ensure that in its engagement with stakeholders mentioned above, in every aspect of its operations, and at all levels of the organization, there will be no discrimination on the basis of ethnicity, race, age, language, ability, sex, sexual or gender identity, sexual orientation, family status, income, and political and/or religious affiliation. The association shall make every effort to promote full participation and access of diverse individuals to its services, employment, and governance structures. Such a diversity policy shall be implemented through the following:

- a) Ensuring that all discriminatory and/or oppressive behaviors and actions are not tolerated within USWAG MBA and in its dealings with other groups;
- b) Ensuring that USWAG MBA's programs, products, and services to target communities and marginalized groups are developed and delivered in a way that is sensitive to these groups' diverse needs and power relationships;
- c) Continuing initiatives to identify and remove barriers to full participation and/or access of marginalized individuals to USWAG MBA's services;
- d) Ensuring that all of the association's communication materials always present a balanced portrayal or picture of people's diverse status and experiences. All committees of the USWAG MBA Board of Trustees, shall be required to account for their compliance to and any gains in terms of applying this policy. Such information shall be included in their reports to the Board of Trustees and shall be integrated in the corporate social responsibility or the sustainability report section of the association's annual reports.

4.9. Policy on the Environment.

As part of its value chain, USWAG MBA shall monitor all its engagements with suppliers and contractors to ensure that they practice good governance in this area and are able to protect the natural environment. USWAG MBA shall engage only those suppliers and/or contractors that meet these standards. The association declares that its business operations do not negatively affect the environment, and that it commits to do its part in promoting environmental sustainability through various initiatives within and outside its office, among its members, employees, Trustees, and other stakeholders. Such commitment shall include, but shall not be limited to, the following initiatives:

- a) Awareness-raising and education among employees, partners, and stakeholders on the association's impact on the environment, and on environment-friendly policies and practices that the association can adopt towards a healthy environment;
- b) Perform regular assessments of USWAG MBA's policies, procedures, processes, and/or systems involving its employees, Board of Trustees members, partner organizations, suppliers and contractors, communities, and other key stakeholders to ensure that these are environment-friendly and promote environmental sustainability;
- c) Adopt and implement policies to promote environmentally sustainable practices in office operations, in dealing with suppliers or contractors, and in engaging with communities, partner organizations, and other stakeholders;
- d) Regularly report to members and the public on USWAG MBA's initiatives/achievements in maintaining a value chain that is environmentally-friendly and consistent with the requirements of promoting sustainable development, through the USWAG MBA website, annual report, and other channels or media.

4.10. Partnership Policy.

USWAG MBA shall ensure fast services to partner associations, including their continued access to microinsurance benefits and other USWAG MBA products, implement approved guidelines pertaining to other microfinance institutions and related parties, conduct products orientation and related technical services to partner organizations, conduct fair business transactions, ensure that the association's interests do not conflict with those of partners, and provide incentives to partner organizations through service or management fee. USWAG MBA shall execute service agreements or management contracts with its partners defining the roles and responsibilities of the contracting parties.

4.11. Compliance with Regulatory Frameworks.

The association shall ensure full compliance with requirements, policies, circulars, memoranda, and/or guidelines issued by relevant regulatory agencies, such as the Insurance Commission (IC), Securities and Exchange Commission (SEC), Bureau of Internal Revenue (BIR), other government agencies, and local government units. As the USWAG MBA's designated Compliance Officer, the General Manager shall ensure its timely compliance to pronouncements of said agencies.

4.12. Creditor's Right.

USWAG MBA upholds its creditor's rights by honoring contracted obligations and providing information required by the amended Insurance Code of the Philippines, including, if applicable, audited financial statements, and other periodic reports that are compliant with financial reporting standards and other regulations. In line with this general commitment, the USWAG MBA Board of Trustees shall adopt appropriate policies and outline responsibilities of its officers and committees, and USWAG MBA's

managers and staffs, to ensure that the association will be able to comply with its financial obligations and safeguard its creditors' rights.

4.13. Corporate Social Responsibility or Sustainability Report.

USWAG MBA's compliance to its core operational values and policy statements vis-à-vis key stakeholders that were outlined under this chapter shall be continuously monitored by the Board of Trustees, supported by the Audit Committee. Compliance shall be reported to the association's stakeholders through a Corporate Social Responsibility or sustainability section in the USWAG MBA Annual Report. This section shall include detailed reports on the implementation of policy statements under this chapter. In reviewing and finalizing such CSR/sustainability section of USWAG MBA's Annual Report, the Board of Trustees and Audit Committee shall be guided by the following guidelines:

- a) Said section or report should endeavor to take into account and explain how it responded to key stakeholders' interests and/or expectations, beyond outlining the association's achievements across targets;
- b) Information on performance should be placed within a broader sustainability context – i.e., how USWAG MBA contributes to the improvement of the social, economic, and environmental conditions or trends relative to the sector where it operates;
- c) The report should prioritize significant or material impact of USWAG MBA across the areas/stakeholders outlined in this chapter;
- d) The section or report should present a complete and reasonable description of USWAG MBA's impact given the scope of its operations, the time frame involved for reporting, and availability of data.

CHAPTER 5

Transparency and Disclosure

5.1. General Policy on Transparency

One of the core values of corporate good governance is transparency. The Board of Trustees, together with the Management Team and other USWAG MBA employees, commit to promoting and ensuring full disclosure and transparency of the association and its accountability to all the policy statements in this Corporate Governance Manual.

5.2. Disclosure Guidelines and Processes.

The Board of Trustees commits itself at all times to complying with all disclosure requirements specifically those that involve material information, and as mandated by regulators with their prescribed standards for quality and timeliness of disclosures.

5.2.1. Information for Public Disclosure. USWAG MBA shall provide timely, comprehensive, and meaningful information to members, stakeholders, and the general public on the following:

- a) Financial position and performance of USWAG MBA including but not limited to the association's premium collections, assets, liabilities, fund balance, operating expenses, and claims of members and dependents;
- b) Related party transactions (RPTs) that were reviewed and approved by the Audit Committee, including but not limited to the following:
 1. Name of related party/ies and description of her/their relationship with party/ies within the association;
 2. Value of transaction as recorded in USWAG MBA's financial statements;
 3. Nature of transaction including significant contractual obligations.
- c) Nonfinancial aspects of the association's performance, including but not limited to policies, main risks, and/or outcomes under the following:
 1. Addressing welfare and meeting the needs of USWAG MBA's members;
 2. Environmental impact of USWAG MBA's operations, and its contribution to environmental sustainability;
 3. Continuous training/development of employees, and promotion of their health, safety, and welfare; and,
 4. Implementation of anti-corruption policy and systems for handling complaints and feedback, including details on initiatives to protect any complainant or feedback-giver from retaliation.
- d) Directorship of a Trustee to other institutions, company or organizations, prior or during the term:
 1. Prior the election, a candidate for the Trustee position shall submit a Director's Disclosure stating any material personal interests

relating to his or her affairs in another institution, company or organization, which is appropriate to avoid any conflict of interest as a prospective member of USWAG MBA's Board of Trustees, and which candidacy is subject to approval of incumbent members USWAG MBA Board of Trustees.

2. During the term. An incumbent Trustee shall submit to USWAG MBA Board of Trustees a request to approve Directorship to another institution, company or organization, which appointment shall be subject for Related Party vetting, prior his or her acceptance of the director's position to another institution, company or organization.

5.2.2. Mode of Disclosure.

USWAG MBA shall utilize different media in promoting and ensuring transparency and disclosure of information with regard to its operation and performance. These shall include, but shall not be limited to:

- a) Annual report to its members and stakeholders which shall be published and made available within 120 days after each financial year;
- b) Quarterly performance evaluation reports and/or updates to the USWAG MBA Board of Trustees and key stakeholders;
- c) Uploaded reports, documents, and materials in the USWAG MBA website;
- d) Official reports to regulatory bodies, including the association's audited financial;
- e) Presentations during conferences, training, and/or workshops attended by members of the Board of Trustees or key officers of the association.

5.2.3. Corporate Governance Statement.

Apart from the chapters on financial performance, RPTs, and the corporate responsibility/sustainability report on nonfinancial indicators, USWAG MBA's Annual Report shall include a governance chapter or Corporate Governance Statement with these details:

- a) Statement of full compliance to provisions of this Corporate Governance Manual, summarizing in a simple table or matrix form key provisions of this Manual, status of compliance, and reasons for USWAG MBA's partial and non-compliance;
- b) Composition of the Board and its committees, including members' and officers' name, biographical details date of their first election and/or appointment, and status;

- c) Information on number of meetings and activities, including trainings and related learning events, of the Board of Trustees and committees during the previous year, and attendance by Trustees and committee members;
- d) Strategic objectives set by the association for the year being reported and narrative reports of the Board and its committees on their major accomplishments in terms of discharging their set/assigned functions and responsibilities, including key findings and action points from any form of evaluation or assessments done on such achievements;
- e) Description of key risks faced by USWAG MBA, results of the Audit Committee's monitoring of the association's risk management and/or internal control systems, and the Management Team's response to the identified gaps or weaknesses; and,
- f) Report on initiatives to ensure, or status of exercise of, members' rights including their participation in Annual General Meetings, right to vote on resolutions and other acts of USWAG MBA, right to elect, access to information, and other benefits.

5.2.4. Affirmation of Financial Statements and Reports.

As part of the measures for ensuring truthfulness and fairness in presenting USWAG MBA's status and performance in its audited financial statements and the association's annual reports, the Board, through its Audit Committee, shall review and affirm via a resolution such documents before these are disclosed to the public. The Board of Trustees may come out with additional policies on transparency and disclosure of information, including revisions or amendments to policy statements outlined above. These policy statements may also be integrated or reflected in the association's Code of Ethics and Conduct.

CHAPTER 6

Ensuring Compliance and Assessing Performance

6.1. Designation of Compliance Officer.

The Board of Trustees shall designate the General Manager, as Compliance Officer, to establish a monitoring and evaluation system and track compliance of Trustees, Management Team, and employees with this Manual. The General Manager may from time to time delegate her functions as Compliance Officer to other USWAG MBA officer in order to facilitate effective and efficient performance of these tasks. The Compliance Officer, a non-member of the Board, report annually to the Board of Trustees on the results of her monitoring on USWAG MBA's compliance to its governance manual. The monitoring of the association's compliance shall be made in coordination with the Audit Committee, and a certification of such compliance shall be issued by the Compliance Officer to be included in the association's annual report.

6.2. Handling Violations and Non-Compliance.

The responsibility of ensuring USWAG MBA's full compliance with this Manual shall rest with the Board of Trustees, Management Team, and employees, who shall all remain accountable for its implementation. The Board of Trustees shall encourage all members, employees, partners, Trustees, and other key stakeholders of USWAG MBA to give feedback and/or report to the Board any action, event, and/or circumstance which they believe could reasonably constitute a violation or non-compliance with the Corporate Governance Manual.

6.2.1. Receipt and Investigation of Complaints.

As the association's designated Compliance Officer, USWAG MBA's General Manager shall be authorized to receive such feedback, complaints, or reports regarding suspected violations and/or non-compliance, unless said violations or non-compliance involves the General Manager, in which case other members of the Board may receive the feedback or complaint. Upon receipt of feedback or complaint, the General Manager or concerned Board member shall formally acknowledge such receipt through a written form or letter within three (3) working days, copy furnishing the Board of Trustees with such acknowledgement. S/he shall then promptly investigate the reported violation or non-compliance, ensuring that a written report on the results of such investigation is submitted to the BoT within five (5) working days from the formal acknowledgement of the feedback or complaint.

6.2.2. Hearing and Review by the Board.

Upon receipt of the report from the General Manager or other concerned Board members on initial investigation of the feedback or complaint, the Board of Trustees shall immediately review the report, conduct necessary hearings or

information-gathering, and decide on proper actions which may include the imposition of appropriate disciplinary measures.

6.2.3. Penalties and Sanctions.

Trustees, officers, and employees of the association who were found to have wilfully violated the provisions of this Manual in accordance with the process outlined in the preceding sections shall, after due notice, hearing, and review by the Board, be subject to penalties and/or sanctions that may be decided upon and imposed by the Board.

6.3. Regular Performance Assessment.

Under the Securities and Exchange Commission, Corporate Code of the Philippines and as espoused by ASEAN Corporate Governance Scorecard, the Board of Trustees shall conduct a performance assessment to measure its compliance to principles on good corporate governance contained in this Corporate Governance Manual.

6.3.1. Performance Assessment Process.

In light of the demands for greater transparency and accountability from its regulatory environment, and for improved operations and better products and services among its stakeholders, USWAG MBA recognizes the value of regularly evaluating how effectively its existing governance structures and systems are performing in relation to the objectives and strategic directions that the association has set for itself. The USWAG MBA Board of Trustees thus commits itself to an annual performance assessment process to evaluate its effectiveness as a governing body, including its committees, and individual Trustees/officers. To this end, it has set the following processes for such an assessment:

- a) The Board of Trustees shall first review the objectives and design of the performance evaluation and self-assessment instruments to be used by its members and committees based on the following inputs and considerations:
 - 1) Findings from periodic or quarterly assessments of the Board with regard to implementation of plans and achievement of targets;
 - 2) Assessments of emerging demands from or challenges posed by USWAG MBA's operating environment on the work and effectivity of the Board of Trustees, and how existing governance systems have addressed these;
 - 3) Understanding and expectations of USWAG MBA members, staff, partners and the Board members themselves with regard to the assessment and what should come out of or result from it; and,
 - 4) Relevance of criteria used in past assessments, based on realities of current operations of the association.

- 5) Feedback of USWAG MBA members, staff, partners and the Board members to events, activities, products and services of USWAG MBA.
- b) Once the design and instruments for the performance assessment have been finalized, the Board may establish an ad hoc committee to help it administer the assessment tools to its members and committees, collect the accomplished forms, analyze and present results to the full Board, and facilitate a Board reflection session on the assessment results and other considerations towards coming out with a complete picture of the Board's collective performance. In lieu of the ad hoc committee, the Board may also tap the services of an external or third party facilitator to help with the aforementioned tasks.
- c) Following the reflection session with Trustees, the ad hoc committee or external facilitator shall draft the final Board performance assessment report which shall include the following information:
 - 1) Description of the process followed by the Board in conducting its annual performance assessment, including key considerations and insights at each step or stage in the process;
 - 2) Summary of results and analysis of the individual assessments using the Board of Trustees approved forms or instruments;
 - 3) Major areas of discussion, adopted resolutions and/or consensus points, and agreed actions during the Board of Trustees' reflection session; and,
 - 4) Committee's or facilitator's recommendations on how the Board's assessment process can be improved and how the USWAG MBA Board of Trustees and its committees can move forward effectively with agreed actions.
- d) The final performance assessment report shall be presented to the Board of Trustees for approval. The Board of Trustees President and the General Manager shall ensure that a copy of said report shall be uploaded and made available in the USWAG MBA website within fifteen (15) days upon approval by the Board of Trustees.
- e) The Board of Trustees' President and the association's General Manager shall see to it that action points and other recommendations in the final performance assessment report are considered during the Board's strategic planning, tackled in subsequent meetings of the Board and its committees, and actually implemented and monitored within the given time frame.

6.3.2. Roles of Audit Committee.

The primary function of Audit Committee is to report to the Board of Trustees

- 1) the state of USWAG MBA's internal control and management mechanisms,

- 2) the assessment of the association's operations and performance apart from the report prepared by the Management Team, and
- 3) to propose enhancements to the association's governance policies and systems.

The association's Audit Committee is hereby mandated to coordinate closely with the ad hoc committee or independent facilitator to ensure that its inputs are integrated and considered during the Board of Trustees' performance assessment. It is also responsible to recommend a competent and credible external auditor who shall be responsible to audit, review and prepare auditor's report on USWAG MBA's financial statement.

6.3.3. Designation of a Risk Officer.

The Board of Trustees shall designate the Compliance Officer as USWAG MBA's Risk Officer, who shall be primarily responsible for the monitoring, integration and centralized management of USWAG MBA's financial and non-financial risks by ensuring that it is identified, monitored and controlled. He/She shall be responsible for the overall risk management program of the association and to periodically report strategies of risk monitoring and implementation based on USWAG MBA's risk appetite level and risk limit structure to the Board of Trustees. All risk-taking activities of USWAG MBA shall be evaluated by the Risk Officer consistent to USWAG MBA's risk appetite and strategic direction.

CHAPTER 7

Manual Review and Updating

7.1. Access to the Manual.

This Corporate Governance Manual shall be available for inspection by any member and other stakeholder of USWAG MBA at all times. The Board and Management Team shall make sure that it is distributed to all employees and related parties, and that proper mechanisms are established by which USWAG MBA members and other stakeholders may be able to put forward their inputs, suggestions, and questions to its content.

7.2. Regular Reviews by the Board.

This Corporate Governance Manual shall be reviewed by the Compliance Officer at least annually and/or as soon as it is necessary to incorporate relevant regulatory updates and the industry's best practices. Any proposed changes or additions to the policy statements contained in the Manual as a result of said review process shall be subject to discussions, endorsement, and approval by the full USWAG MBA Board of Trustees sitting in a regular meeting.

7.2.1. Oversight Responsibility.

To facilitate its review of the policy statements contained in the Manual, the Board of Trustees may assign or designate specific committees, Board of Trustees officers, or managers to take on the responsibility of reviewing specific chapters or sections of the Manual, and propose revisions or refinements in accordance with the regular review process of the Board. Board of Trustees committees or individuals with such oversight responsibility in reviewing specific parts of the present Corporate Governance Manual shall refer their recommended changes to the Compliance Officer who will ensure that such proposals are considered by the Board of Trustees.

7.2.2. Transitory Provision.

As soon as a part or a new version of this Corporate Governance Manual is approved and adopted by the Board, any relevant previous policy statement is deemed superseded unless there is a prior Board resolution clarifying its status or effectivity, or a contract or memorandum of agreement that obligates USWAG MBA to a specific matter. If a conflict arises between the adopted provisions of this Manual and past Board of Trustees' resolutions or policy statements, the Compliance Officer shall bring such matter to the Board of Trustees' attention during its regular meeting for proper discussion and prompt action.

7.2.3. Information Dissemination.

Whenever changes to this Corporate Governance Manual are adopted by the Board, the Board President and General Manager shall ensure that revised copies

of the full Manual are made available to all members, staff, Trustees, and other key stakeholders within fifteen (15) working days from the Board of Trustees' adoption and approval. This should include an electronic copy which should be easily downloadable from the USWAG MBA website. All copies of the Manual's new version should be properly dated. The Board Secretary and the General Manager shall ensure that copies of older versions of the Corporate Governance Manual are kept on file, both in electronic and printed formats, for future reference if needed.

7.3. Maintenance of Policy Documents.

The Board Secretary, with support from the General Manager, shall ensure that all Board of Trustees' resolutions and policy statements are properly dated, kept, and referenced to relevant chapters, sections, and/or provisions of this Corporate Governance Manual. Copies of these Board of Trustees' resolutions and policy documents shall be compiled, provided with a cross-referencing guide vis-à-vis this Manual, and made part of the reference or orientation packets for Board of Trustees' members and USWAG MBA employees. Regular reviews of this Corporate Governance Manual, by the Board and its legal counsel, shall include such Board resolutions and policy statements, to help ensure that these are properly aligned with the Manual's provisions as well as with existing laws and/or applicable industry regulations and guidelines.

7.4. Review by Legal Counsel.

The Board of Trustees shall ensure that the contents of this Corporate Governance Manual are reviewed by USWAG MBA's legal counsel biennially to ensure compliance with all relevant laws and regulatory guidelines. The Board shall ask the legal counsel to share or present the results and findings from such a review during its performance assessment or regular meeting of the full Board. The Board of Trustees shall ensure that any recommendation arising from the legal reviews shall be considered and/or reflected in the regular review process.