



# Honoring our Legacy, Embracing our Future

2025 Sustainability Report





#### **ABOUT THE REPORT**

The Armed Forces and Police Mutual Benefit Association Inc. (AFPMBAI), with its 60 years of exemplary service to the military and uniformed personnel (MUP), has recently adopted (on second release) the documentation of its sustainability initiatives. Though it may be said that the Association is in its natal stages in the field of sustainability reporting, this does not alter the indubitable inference that the Association breathes sustainability, the Association exists solely to BE sustainable for the members and their families, and that the Association will always ground its existence in sustainability.

This report highlights the Association's commitment to its Economic, Environmental, Social, and Governance (EESG) initiatives laid in its sustainability framework. It outlines the Association's EESG performance for the year and a nod to a commitment to adhere to the United Nations Sustainable Development Goals (UN-SDG), the Global Reporting Initiative (GRI) standards—the world's most widely used framework for sustainability reporting and the Sustainability Accounting Standards Board (SASB). Further, this report complies with the evaluation instruments of the Asean Corporate Governance Scorecard (ACGS) that measure transparency, disclosures, and board oversight in the Association's sustainability initiatives.

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# corporate MISSION

Inspired by its commitment to a strategy focused on its Vision to be the leader in customer intimacy and the most effective form of mutual benefit associations, the AFPMBAI is committed to the continual monitoring and evaluation of its relevance to its members and other stakeholders. Such aims and strategies focus on nurturing Good Governance and member centricity and a Digital Transformation.

The Association is dedicated to a steadfast focus on members' financial stability and well-being. Deliver affordable and accessible products and services that create a meaningful and greater impact.

## GOOD GOVERNANCE

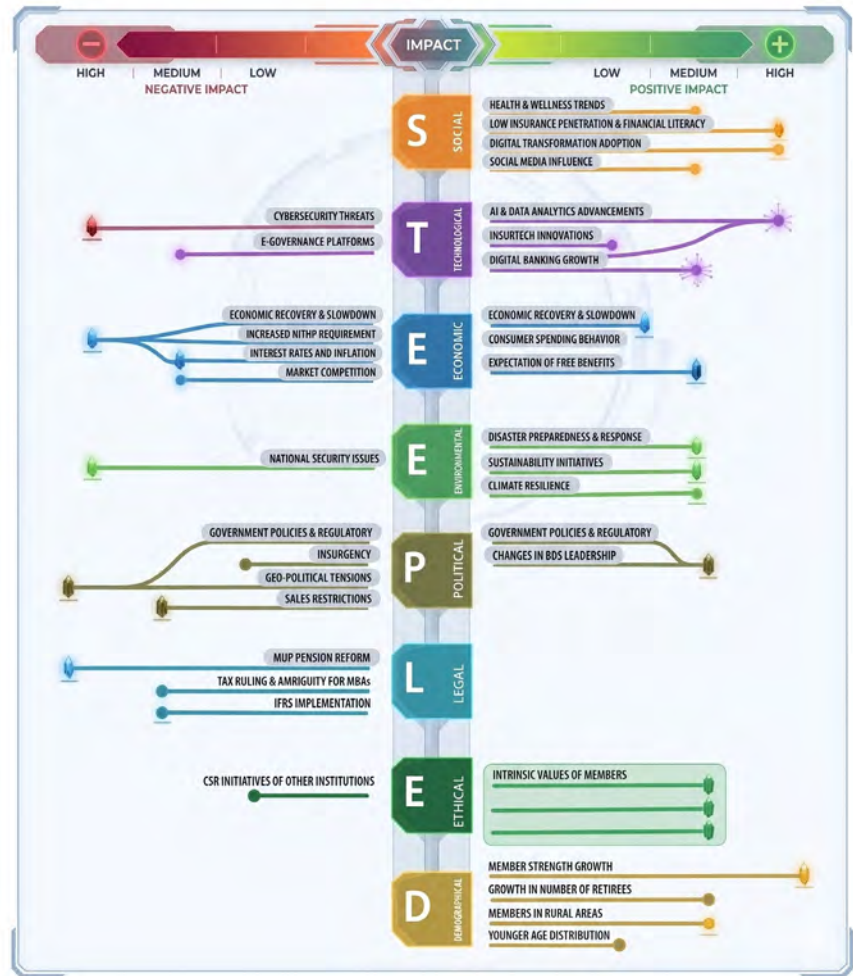
The Association recognizes the importance of sound governance in generating trust, openness, transparency, and accountability across its entire portfolio of business. It has good governance frameworks being implemented to ensure that the organization is operationally guided by integrity with best practices in mind, interests that reflect members' and stakeholders' interests, as well as the culture of efficiency and innovation, giving a corporate social responsibility program, and ensuring financial sustainability. Placing good governance at the forefront, as well as the association's primary tactics, such as proactive pursuit of more revenue, successful cost management, and efficient use of investments, directly contribute to the realization of its long-term mission and vision. This approach not only secures financial sustainability but also fosters the AFPMBAI's engagement with members and stakeholders.

## Member Centricity

The Association prioritizes the unique needs and preferences of its members and their families. It delivers consistently and promptly innovative products and services, and complete benefits. Not only is it serious about reaching short-term targets, but this commitment also includes a long-term expansion and retention strategy. The Association strives to develop long-lasting membership engagement, contentment, and delight by consistently aligning its offerings and dedicated channels with the specific requirements and expectations of its valued members. Moreover, the AFPMBAI is devoted to continuously enhancing customer service and providing innovative solutions that elevate members' experience.

## Digital Transformation

The Association is adapting and putting in to improve its operational capabilities. A major pillar of a corporate strategy is transformation. Critical infrastructure, advanced technology solutions, and talent development are key aspects of this initiative. It leverages existing solutions and technologies to offer products and services closer to the members and the Association. Also, the Association's operations and workflows through an effective strategy, and the use of information technologies will better support the members. Moreover, the Association is also adopting a technology-centered Human Capital Strategy with robust mechanisms for feedback. This



holistic strategy is attempting to guarantee the successful and seamless implementation of the digital transformation initiatives, complementing AFPMBAI's own focus on good governance and member-centricity. Meanwhile, there was a reaffirmation of the Governance Charter by the Board on 5 September 2024.

## THE SUSTAINABILITY STRATEGY

As AFPMBAI celebrates its 60th anniversary, it stands at a pivotal intersection of tradition and transformation. Over six decades, the Association has evolved from a provider of security into a cornerstone of the military and uniformed services' way of life. This milestone serves as the foundation for a bold strategic horizon that by 2028, AFPMBAI will be the industry standard among mutual benefit associations, preferred and trusted by Military and Uniformed Personnel, their families, and other stakeholders.

The Association's commitment to sustainability is driven by a unique strategic hierarchy that places Customer Intimacy at the apex. AFPMBAI trusts that true institutional resilience is not found in standardized processes alone, but in a deep, empathetic understanding of the sacrifices made by its members and their families. While it relentlessly pursues operational excellence to ensure the efficiency of its insurance and financial solutions and services, it is this Member-First intimacy that ensures that its

social impact remains profound and personal. This legacy is further secured through a rigorous adherence to Good Governance, viewing ethical stewardship as a sacred trust that protects the collective capital of those who protect the nation. In embracing the future, its focus on Digital Transformation acts as a force multiplier—leveraging technology not just for modernization, but to bridge the gap between service and security, ensuring that its members have a seamless, paperless, and reliable partner regardless of where they are deployed.

Finally, AFPMBAI recognizes that its strength is inextricably linked to the health of the institutions its members serve. Through targeted CSR and health-directed initiatives, it invests in the holistic well-being of the various branches of service. By supporting the physical and institutional vitality of its member communities, the Association ensures a sustainable ecosystem where the defenders of the country can thrive.

As AFPMBAI honors sixty years of service, it moves forward with the clarity that its greatest legacy is the enduring peace of mind it provides to those who serve today and the generations who will follow.

## Factors Affecting Long-Term Sustainability

For AFPMBAI to ensure its long-term sustainability, it must achieve a delicate balancing act as strategy. The organization has a highly

# the AFPMBAI DIMENSIONS OF SUSTAINABILITY

favorable demographic base and a clear path forward through digital transformation. However, financial sustainability is heavily threatened by the economic realities of its members. If inflation and MUP Pension Reforms reduce the disposable income of uniformed personnel, AFPMBAI's traditional business model may stall, regardless of how many new recruits join the service. The Association will likely need to pivot toward offering more affordable, micro-insurance products or financial restructuring services to help members navigate the tightening economic environment, while simultaneously fortifying its cybersecurity infrastructure. The AFPMBAI Strategic Management Office (SMO) presented a STEEPLED graph to map these factors to address future gaps to sustainability.

## Positive Factors

The highest positive impact on the chart is "Member Strength Growth." Coupled with a "Younger Age Distribution" and "Growth in Number of Retirees," AFPMBAI has a highly sustainable, multi-generational captive market. Younger members provide a long-term base for premium collection, while retirees offer opportunities for wealth management and pension-related products.

"Low Insurance Penetration & Financial Literacy" is marked as a high positive impact. While a societal challenge, for AFPMBAI, this represents a vast opportunity to educate its members and introduce tailored financial products to a market that still has significant room for coverage.

Digital Transformation Adoption (Social) and AI & Data Analytics Advancements (Technological) are high positive drivers. Leveraging these allows for streamlined operations, reduce administrative costs, and provide faster, more accessible services to members regardless of location.

## Negative Factors

The "MUP Pension Reform" (Military and Uniformed Personnel) is positioned as a looming threat. Changes to this pension system directly affect the retirement security and current financial planning of AFPMBAI's core demographic.

Additionally, "Tax Ruling & Ambiguity for MBAs" and "IFRS Implementation" threaten to increase compliance costs and complicate financial reporting.

Factors like "Increased NTHP (Net Take Home Pay) Requirement," is a high negative. When inflation rises and strict NTHP rules are enforced, uniformed personnel have less disposable income to allocate toward voluntary insurance premiums or loan repayments, and pose a threat to AFPMBAI's revenue streams.

While technology is a driver, cybersecurity is identified as a high negative impact. As AFPMBAI digitizes its services for military and police personnel, breaches could lead to catastrophic losses and irreversible reputational damage. National Security Issues, Geo-Political Tensions, and "Insurgency" represent high environmental and political risks. These factors directly correlate with the occupational hazards of Members, and may lead to spikes in claims and payouts.

As more and more companies lean towards sustainable practices into their operations and regard its role in developing responsible corporate actions, the need to underscore the dimensions of sustainability is of the essence.

Within these dimensions, attention to economic, environmental, social, and governance considerations above and beyond legal and regulatory compliance was largely treated with importance through the magnanimous gesture of the Board of Trustees. Corporate Social Responsibility (CSR) for one, is being carried out by the Association for altruistic reasons as it is considered good business to espouse the triple bottom line of valuing not just in the aspect of revenue generation, but likewise mindful of its social and environmental impact for which it conducts business at. Together with the stakeholders, the aim is to contribute to the creation of a society where the members can pursue a stable life, nurture their families, as they perform their mandate for public safety and security, and in the process, preserve the Association's impact on the environment and society, in general.

The AFPMBAI, through the Board of Trustees, Management, and employees recognizes the value of sustainability and responsible business practices as a standing commitment for the benefit of its stakeholders. To this end, the Association follows the established globally recognized standards of reporting under the principles of economic, environmental, social, and governance sustainability.

Beyond the purpose of transparency, this framework is likewise designed to help assess the non-financial performance of the Association across different dimensions of sustainability, particularly, environment, economic, and social aspects to optimize business operations, improve competitiveness, and aim for long-term success.

## Governance

The institution of good corporate governance on all aspects of the business, through disclosure of strategic and operational objectives and the impact of a wide range of sustainability issues will ensure that the Association is addressing sustainability challenges in an ethical and responsible manner. These likewise form part of the Association's commitment to GRI Standards.



## Economic

Aside from the financial condition of the company, the economic dimension

focuses more on the company's impact on the economic conditions of its stakeholders, as well as the local, national, and global economic systems.

Economic disclosures relate to how the Association directly increases the pool of resources that flow in the local and national economy.

## Environment

Environmental dimension refers to the impact on living and non-living natural systems, including land, air, water, and ecosystems.



These disclosures relate to the Association's management of natural resources needed for the business, as well as minimize its negative impact on the environment, including biodiversity.

## Social

The social dimension refers to the company's internal and external impact on the social systems within which it operates.



Disclosures on social topics, including cultural issues, relate to how the Association manages its relationship with its stakeholders, such as employees, customers, suppliers, communities, the public, and the government, as well as access to quality products and services, responsible business practices in marketing, customer privacy, and data security.

In order to accurately grasp issues that society is facing which would impact its members and other stakeholders, the AFPMBAI monitors social issues, including current health and safety requirements, based on inputs from:

- Stakeholders (members, business partners, the environment, society in general, employees, and agencies);
- The international frameworks, regulatory standards, and the goals of the frameworks;
- Diverse risks surrounding society;
- Prevalent, diversified/large-scale accidents and/or disasters;
- Innovative products and services solutions for the aging membership and their dependents;
- The economy in general (inflationary, gross national/development products, national economic development concerns).

Monitoring these fall under the purview of the Risk Management Office where they report movements and shifts on a monthly basis to the Board. This ensures that the Association's corporate activities are well within risk tolerance and limits and comply with expressed guidelines and exact full transparency in the process.

# remarks of the CHAIRPERSON

To the Armed Forces and Police Mutual Benefit Association (AFPMBAI) trustees, management and staff, the men and women of the Military and Uniformed Personnel, Management (MUP), and other stakeholders — my warmest greetings!

When we published the AFPMBAI 2025 Annual Report, it was easy for observers to be immediately attracted to the headlines. Our robust double-digit asset growth, record-breaking revenue, and rapid expansion in member services were easily readable. These are all signs that our operating excellence is truly noteworthy.

However, as we take pleasure in publishing our 2025 Sustainability Report today, I want to divert your attention from the headlines to the more subtle lines of the report.

Last year, we saved a substantial amount from underused budgets. Though this may be seen as a matter of fiscal discipline by our auditors, it is best viewed through sustainability lenses; this is a discipline in stewardship of the Association's resources. When we maximize operational efficiency, we minimize wastage. We're spending less and improving, and this highlights that financial efficiency is a strong foundation of institutional sustainability.



*To honor that sacrifice, we need to build an institution that survives us all — a legacy, one that safeguards our planet, elevates our Members, and functions with unrivaled integrity.*

Second, we examine our evolution in terms of governance. We did far more than make it an administrative convenience; we made hybrid formats permanent for our Annual General Meetings and board operations. We strengthened our social equity and inclusivity, making it as simple as with our governance for a member deployed in a remote outpost in Mindanao to participate in our governance as our colleagues stationed here in Metro Manila. In addition, 2025 saw a greater number of meetings by the Board through a series of executive sessions that prioritized threshing pertinent matters that affect the Association's sustainability initiatives to serve its members holistically.

Third, we have a permanent, systemic leap forward for how we approach community resilience. Last year, the general membership voted to amend our Articles of Incorporation to include donations under our Corporate Social Responsibility (CSR) initiatives. It wasn't just a paperwork update. It raised the profile of our social impact from being an optional exercise to a core corporate requirement. In our handovers, whether it is about our donations of electric vehicles and the construction of water refilling stations for our joint special operations task forces, we're nodding towards the shift toward greener logistics and self-sustaining infrastructure options.

For AFPMBAI, sustainability is not a corporate byline; it is a core part of our mission. We exist to deliver security and peace of mind for the men and women who put their lives on the line for our country. To honor that sacrifice, we need to build an institution that survives

us all — a legacy one that safeguards our planet, elevates our communities, and functions with unrivaled integrity.

I invite you to read this 2025 Sustainability Report not simply as a summary of our recent efforts, but as a roadmap of the resilient Association we are creating for our next generation of uniformed warriors.

*Mabuhay ang AFPMBAI!*

*Mabuhay ang MUP at ang mga bagong bayani ng ating panahon!*

*Mabuhay ang ating bayang minamahal!*

**GEN ROMEO S BRAWNER JR**  
Chairperson, AFPMBAI Board of Trustees  
Chief, Armed Forces of the Philippines



For more than six decades, we at the AFPMBAI, have been safeguarding and protecting our Members and looking after their future financial prospects that lie ahead. You — our valiant military and uniformed personnel, put your lives in the service of the safety of our nation. To ably define sustainability, thus, by our concerted actions through the years, may be an understatement as it is quite straightforward. We are and will continue to be strong, resilient, and ready to sustain the Association’s ever-growing membership for their benefit and that of their families, for the generations to come.

Our theme this year— “Honoring Our Legacy, Embracing Our Future” - portrays our development of a sustainable future which prioritizes a strong economic, environment, social, and governance (EESG) approach that’s woven into the fiber of our operations. It can be said that sustainability is not a modern initiative for a mutual benefit association such as ours; it’s an extension of our mission. Let me go through the pillars and how we fared for the year.

#### **Empowering Our Greatest Asset: Our Members and Communities.**

The “Social” pillar of our sustainability framework is AFPMBAI’s beating heart. Over the past year, we’ve expanded our financial literacy programs to provide uniformed personnel with resources to make choices about their families’ futures. We are also

committed and willing to make good on that commitment through our Corporate Social Responsibility (CSR): from the upgrade of medical facilities on military bases to the giving of grants to educate dependents and immediate relief in natural disasters, we have reinvested resources into our communities.

#### **Operational Resilience and Environmental Stewardship.**

So as to better serve you and do it faster, we have fast-tracked our digital transformation. As we moved to digital platforms and streamlined our branch operations, we drastically lowered our paper usage and carbon footprint — while making our services more accessible to members deployed in remote settings. We are looking into our operational processes to get us greener environmentally, aligning our corporate practices with the national vision for a greener Philippines.

#### **Uncompromising Governance.**

Trust is our institution’s currency. We keep our governance, risk management, and compliance frameworks robust. By committing to the highest values of transparency and ethical leadership, we ensure all contributions entrusted can be made with integrity and that this capital will yield long-term, sustainable returns.

From a horizon standpoint, the environmental and societal issues facing our world will undoubtedly require joint effort. Nevertheless, the resilience of the uniformed service we represent made me whole-hearted on the confidence that we are poised to adapt and to thrive.

To our Board of Trustees, for their visionary guidance, our committed employees who have pushed our sustainability commitments to life, and most importantly, to our members, I would like to express my deepest gratitude. Your bravery encourages us to forge an association as unwavering and lasting as your Republic service.

*Isang Panatag Na Buhay sa ating lahat!*

**RADM DORVIN JOSE L LEGASPI PN (RET)**

President and Chief Executive Officer

Armed Forces and Police Mutual Benefit Association Incorporated

*Trust is our institution's currency. By committing to the highest values of transparency and ethical leadership, we assure our Members that their contributions are managed efficiently.*

# the sustainability DEVELOPMENT GOALS



The UN Sustainable Development Goals (UN-SDGs) are a shared global blueprint adopted by 193 countries to end extreme poverty, reduce inequalities, and protect the planet by 2030.

They balance economic, social, and environmental sustainability to ensure “peace and prosperity for people and the planet” Among the urgent environmental issues facing humanity today, there is no denying that climate change still, is one of the most urgent environmental issues we are currently dealing with.

The SDGs do recognize the urgency of combatting climate change, as they detail the urgency of the need to mitigate the impacts of climate change.

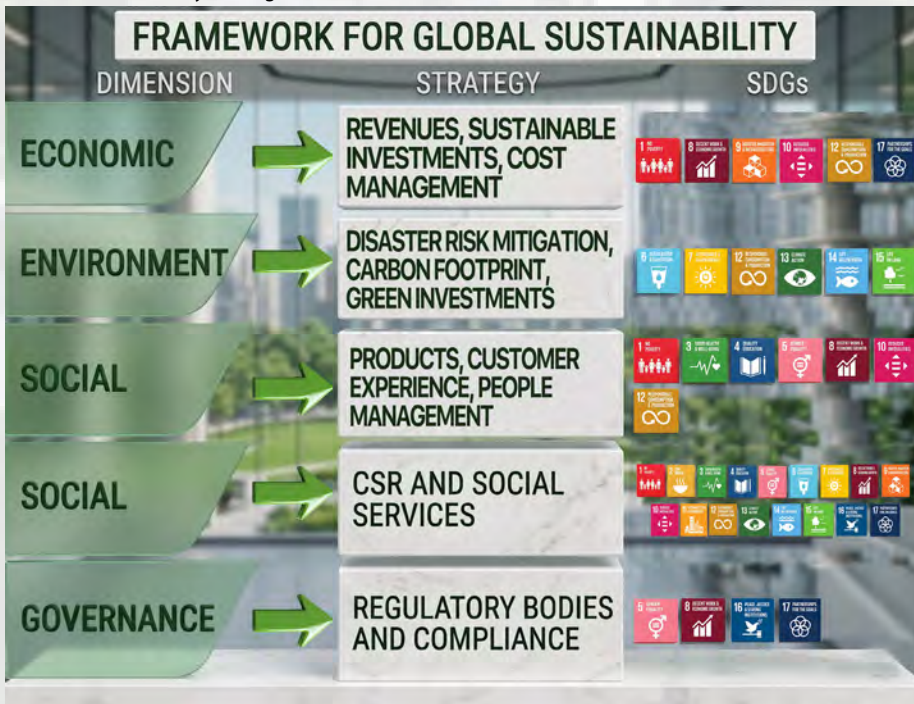
Relatedly, the insurance industry is an important actor in the fight on climate change and as such is very much involved in the risk and financial protection mechanisms for both individual and business clients faced with risks related to climate change risks. Moreover, climate change and its risks mean that, beyond the boundaries of insurance companies, they are not exempt.

Aligned with the goals of SDG-13, many measures can be taken by insurance companies at the same time that they operate under the United Nations International Financial Services System from carbon footprint reduction, investment in renewable assets and low-carbon energy sources, and inclusion of climate risk considerations in its

underwriting and investment strategy.

In 2025, the Securities and Exchange Commission (SEC) proposed the adoption of the UN-SDGs for both Large and Nonlisted Entities. This stands noted as it is a major step that will support decarbonization of the country as well as attracting ESG (Environmental, Social and Governance)-driven investors to the local market. Additional standards introduced were the PFRS S1 and PFRS S2. PFRS S1 that focuses on the general requirements regarding sustainability-related financial disclosures.

The parallelism between the Association’s sustainability framework and the call of the UN and the SEC to incorporate SDG initiatives into the corporate strategies are highly evident as the present framework while adding an extra layer of GRI standards thus making it compliant as it is dynamic.



**ECONOMIC SUSTAINABILITY**

- FINANCIAL RESILIENCE
- INNOVATION AND GROWTH
- SUSTAINABLE INVESTMENTS
- RISK MANAGEMENT

The AFPMBAI submits to prudent management of its funds and transparency, enabling the efficient financial management that sustains the Association—its members and their families.

**ENVIRONMENT SUSTAINABILITY**

- CLIMATE CHANGE ACTION
- RESOURCE EFFICIENCY
- BIODIVERSITY PROTECTION
- CARBON FOOTPRINT REDUCTION

These disclosures relate to the Association’s management of natural resources needed for the business and its efforts to minimize its negative impact on the environment.

**SOCIAL SUSTAINABILITY - PEOPLE AND CUSTOMERS**

- EQUITY AND INCLUSION
- COMMUNITY ENGAGEMENT
- HEALTH AND SAFETY
- EDUCATION AND EMPOWERMENT

The Association believes that empowering the workforce defines the mandate of selfless services in all aspects of the corporate operations rippling through the products and service brand for its customers.

**SOCIAL SUSTAINABILITY - CSR**

- MEANINGFUL SOCIAL SERVICES
- REGIONAL EMPOWERMENT
- FINANCIAL LITERACY AND WELLNESS
- CORPORATE IMAGE AND BRANDING

The Association commits to continuously strengthen its social services programs, enhancing its initiatives to be relevant, responsive as they are significant in its support for the welfare of the MUP and their families.

**GOVERNANCE SUSTAINABILITY**

- ETHICAL LEADERSHIP
- TRANSPARENCY / ACCOUNTABILITY
- REGULATORY COMPLIANCE

The Association implements measurable and achievable targets for performance enhancement, aiming to prevent performance and process losses while striving to elevate quality standards for its operations, onboard with its regulatory compliances.

# the board committees

## AND THE SUSTAINABILITY MANDATE

At the AFPMBAI, sustainability is not treated as a peripheral project; it is a core philosophy woven directly into the fabric of the organization's corporate governance. Achieving true long-term impact requires a synchronized effort across the highest levels of leadership. While the full Board of Trustees, has the Chairperson Gen Romeo S Brawner Jr, manning the reins and steering the Association's course, the actual mechanics of its sustainability and CSR initiatives are driven by a collaborative ecosystem of four specialized Board Committees.

The journey begins with the Social Services Program Committee (SSPC) working closely with the Governance Committee, as the architects of the overarching EESG plans and programs. By explicitly embedding "Long-Term Sustainability" and "Social Responsibility" into the strategic perspectives as non-negotiable principles. The SSPC oversees the formal Sustainability Framework while the Governance Committee ensures that high-level strategic decisions consistently comply with the outlined commitments to sustainability as catalysts for the common good.

SSPC likewise translates the Board's CSR philosophy into tangible action. As the driving force behind community impact, the SSPC directs the execution of all CSR initiatives. The committee establishes the policies for the Social Services Program and meticulously evaluates outreach efforts across health, education, and general welfare initiatives. By prioritizing projects specifically based on their sustainability, measurable impact, and cost-effectiveness, the SSPC cascades the directives through its technical working group, the Social Services Office (SSO) and together with the AFPMBAI Management, ensures that the sustainability guidelines are complied with by all divisions and departments. SSO likewise documents adherence to the EESG framework, in compliance with the preparation of the annual Sustainability Report. These initiatives strengthen the service commitment while reinforcing the Association's long-term brand image, reputation and equity.

Protecting these advancements and ensuring the Association's endurance is the mandate of the Risk Oversight and Related Party Transaction Committee (RORPTC). Because true sustainability inherently involves navigating future uncertainties, this committee steers the Enterprise Risk Management (ERM) framework as enforced by the Risk Management Office under the Association's Risk Officer. By identifying, monitoring, and mitigating vulnerabilities that could threaten the company's viability, the RORPTC plays a critical role in tracking exposures related to broader environmental and social pillars, ensuring that operations remain resilient against emerging risks.

Finally, rigorous accountability, falls under the purview of the Audit Committee.

While traditionally associated with financial

trust. It safeguards the integrity of internal controls and validates the non-financial disclosures presented in the annual Sustainability Report. By ensuring strict compliance with the regulatory governance standards set by the Insurance Commission, the Audit Committee verifies that the Association's commitments match its actions.

The above committees are the ultimate steward of long-term value, responsible for integrating the Association's EESG risks and opportunities into the core business strategy. Their primary role includes shaping corporate purpose, establishing measurable sustainability targets, and ensuring transparent, compliant reporting to stakeholders. Together, these four committees form a governance lifecycle. They work in concert to ensure that AFPMBAI's commitment to sustainability remains robust and deeply integrated into its overall mission.

### COMMITTEE MEMBERSHIP



**COMMO LUZVIMINDA A CAMACHO PN (RET)**  
**Chairperson**, Risk Oversight and Related Party Transaction Committee (RORPTC)  
**Vice Chairperson**, Audit Committee  
**Member**, Governance Committee



**MGEN WILBUR C MAMAWAG PA (RET)**  
**Vice Chairperson**, Board of Trustees  
**Chairperson**, Governance Committee  
**Vice Chairperson**, RORPTC  
**Member**, Audit Committee



**COL ALEXANDER F TUPRIO PA (RET)**  
**Chairperson**, Audit Committee  
**Vice Chairperson**, Governance Committee  
**Member**, Risk Oversight and Related Party Transaction Committee (RORPTC)



**VADM EDGAR LYBAÑEZ PCG**  
**Chairperson**, Social Services Program Committee (SSPC)



**RADM DORVIN JOSE L LEGASPI PN (RET)**  
**President and CEO**, AFPMBAI  
**Member**, Governance Committee  
**Member**, SSPC



**LTGEN ROMMEL P POLDAN PAF**  
**Member**, Governance Committee



**LTGEN ARISTOTLE D GONZALES PAF**  
**Member**, RORPTC



**PMGEN WILSON JOSEPH F LOPEZ PNP**  
**Vice Chairperson**, SSPC  
**Member**, Audit Committee



**F/CSUPT MANUEL M MANUEL BFP**  
**Member**, RORPTC



**MGEN EDWIN E AMADAR PN (M)**  
**Member**, Audit Committee



**MGEN EFREN F MORADOS PA**  
**Member**, SSPC



**FCMS FELICIANO M LAZO (INF) PA**  
**Member**, SSPC



**ATTY JONAS B CALLEJA**  
**Resource Person - Governance Committee**  
**Resource Person - Audit Committee**

# reportorial

## FRAMEWORK AND CLIMATE RISK STATEMENT

### Reportorial Framework

To best determine the Association's adherence to globally accepted standards material to its dimensions of sustainability, it adopts apart from the UN-SDGs, the Global Reporting Initiative (GRI) Standards for Sustainable Impact.

The GRI Standards are a modular system of interconnected standards. Set up over 25 years ago, GRI has developed the most widely used sustainability reporting standard, adopted by more than 14,000 organizations around the world.

They allow organizations to publicly report the impacts of their activities in a structured way that is transparent to stakeholders and other interested parties. dimension of sustainability focuses on integrating long-term financial stability with value creation. It goes beyond standard profitability to ensure that underwriting practices, investment strategies, and corporate operations can withstand systemic risks while actively fostering a resilient global economy.

How the Association distills and makes use of the GRI Standards is a two-pronged approach. One is to gauge the exposure of the Association with its partners, (investments, third parties for related transactions, and other partners material to the stakeholders) and how they hold against the GRI Standards of sustainable impacts of their corporate practices. The second approach is to gauge the Association's own sustainability impacts that are relevant to the corresponding GRI standards applicable to its nature of business and industry type.

Disclosure of the Association's environmental and social sustainability initiatives that are consistent with GRI Standards is not just about demonstrating how well it is managing the right environmental and societal issues. The standards are very transparent, comprehensive and specific and will guide as well as give the stakeholders greater clarity on how the sustainability strategy is managed by the Association in making performance better measured all along the way and relatedly, be able to manage greater risks better.

Finally, more than a compliance, GRI Standards as per the SEC, is to be adopted mandatorily by Philippine corporations by 2026.

To date, more than 40 stock exchanges worldwide also require companies to adopt the GRI Standards for sustainability reporting. Other international sustainability standards such as ISSB disclosures are also aligned with the GRI Standards.

What this further translates to, is the fact that as more and more companies become compliant by regulation, the adoption of the same standards by their partners become non-negotiable especially when skimming against competitors.

And for this, the AFPMBAI sits at the cusp, among other stalwarts of sustainability, adopting and embracing the set standards.

### AFPMBAI Climate Risk Statement

AFPMBAI treats climate change as a material financial and fiduciary risk — not a peripheral environmental concern. For an Association whose members are the nation's first responders, climate risk is uniquely doubled: the members who act to safeguard the communities, while the same hazards threaten the homes that collateralize its loans, the branches that disburse benefits, and the investment portfolio that funds claims.

For AFPMBAI, climate resilience and member protection are the same obligation. It therefore commits to managing climate risk with the same rigor, capital discipline, and transparency we apply to its solvency.

**Governance.** The Board of Trustees holds ultimate accountability for climate resilience and formally reviews climate-related risks and integration strategies at least annually, with oversight exercised through the Risk Oversight and Related Party Transaction Committee (RORPTC). The President and CEO and Management are accountable for embedding climate metrics into annual strategy, underwriting, investment, and capital allocation. Climate risk is integrated into the Enterprise Risk Management framework and Risk Appetite Framework (Board Resolution No. 90, s. 2022), not maintained as a separate exercise.

### Strategy and Material Exposures

#### What AFPMBAI will manage:

**Elevated mortality and morbidity** among uniformed personnel during rescue and relief operations, and post-disaster surges in vector- and water-borne illnesses.

**Physical risk to collateral** — those secured by the Real Estate loans where collateralized property are in coastal, flood-plain, and high-hazard zones.

**Operational continuity** — Identify and mitigate risks on branches and extension offices' presence in insurgency-risk zones, and disaster and typhoon belt areas, against claim obligations.

**Transition risk** — exposure of fixed-income portfolios to carbon-intensive assets that may face repricing or stranding as Philippine and global regulation tightens, alongside the compliance obligations of phased mandatory sustainability reporting.

**Climate opportunity** — green and resilient lending (renewable-energy and disaster-resilient home designs) and sustainability-linked investments that strengthen both member welfare and long-term returns.

**Risk management.** Climate hazards are assessed through the risk register and monthly RORPTC reporting, with regional exposures mapped across the five operational areas using authoritative national sources (PAGASA, NDRRMC, HazardHunter, and the Insurance Commission's ESG guidance). Climate risk is treated as an enterprise-level driver that cascades into credit, underwriting, investment, and business-continuity risk, and managed through the Credit Risk Management Framework, ESRM-aligned BCP, and the disciplined adoption of PFRS 9.

#### Metrics, Targets, and Accountability.

Not letting ambition outrun measurement. AFPMBAI commits to dated, owned, and independently verifiable milestones through the following initiatives:

- Complete a full Scope 1 and Scope 2 greenhouse-gas baseline, with interim figures disclosed annually until the inventory is finalized by 2027;
- Quantify weather-driven Value-at-Risk / Probable Maximum Loss on the REML portfolio and operational network;
- Issue green REML lending guidelines and embed climate and ESG criteria into investment due diligence;
- Publish a year-on-year climate commitments dashboard showing target, baseline, current status, and deadline; and
- Pursue independent assurance of AFPMBAI's climate and sustainability metrics.

#### The COMMITMENT

The Social Services and Program Committee of the Board through its technical working group, will report progress and updates through the

metrics it will cascade, to gauge where commitments may be lagging at, and to reflect the Association's sincere adherence to the Sustainability Framework. Protecting members from the financial consequences of a changing climate is not an addition to the mandate — it is THE mandate, sustained for the next generation of those who serve.



# materiality

## SCOPE OF THE REPORT

### THE SUSTAINABILITY COMMITMENTS BY 2030

The Association has just recently begun exploring its sustainability thresholds and exposure and has continuously committed itself to improving its sustainability standards and framework.

For the Association's Sustainability Commitment matrix, the notable compliances at the onset, with evidences tied to the Board reports for 2025, assure that materiality topics are tackled and discussed on a multi-stakeholder tier—from the employees, to Management, the Board Committees and the main Board itself, leading as far as the community of members through the Annual General Assembly.

The EESG-Driven CSR (SSPC's OUTSTANDING rating, 148% of financial-literacy targets, the Articles of Incorporation amendment enabling CSR donations) illustrate the commitments that are already being delivered.

Items where the foundation has been laid are on climate/risk items that lean on the RORPTC's ERM transition, the BCP monitoring, Risk Officer designation and Credit Risk Framework. Of note however, are the 18-branch/42-office mapping, weather VaR/PML, and a GHG baseline which will be completed by 2027.

Scope 1 & 2 emissions, vendor human-rights/anti-child-labor and supply-chain sustainability clauses, green REML loan guidelines, and a formal materiality methodology already have governance scaffolding, but will require metrics upgrading as they are committed.

### Environmental: Mitigating Risk and Restoring Ecosystems

In the environmental sphere, the Association faces the dual challenge of protecting physical assets and responding to natural disasters.

Through its focus on Climate Resilience and Physical Risks, AFPMBAI proactively mitigates threats to its physical branches and member collateral, such as housing loans in disaster-prone regions.

Simultaneously, it closely monitors elevated insurance claim volumes resulting from climate-induced hazards that inevitably affect first responders, utilizing Risk-Based BCP and ESRM Frameworks.

### Governance: Unwavering Transparency and Security

Underpinning these economic, environmental, and social efforts is a strict governance architecture. AFPMBAI ensures absolute Regulatory Compliance and Transparency by closely adhering to the mandated reporting standards of the Insurance Commission, the Securities and Exchange Commission (SEC), and the ASEAN Corporate Governance Scorecard (ACGS), alongside PFRS S1/S2 evaluation

parameters.

As operational workflows increasingly shift toward remote, paperless, and cloud-based systems, the Association places a premium on Cybersecurity and Data Privacy. It rigorously secures its modern infrastructure and e-governance platforms against catastrophic digital breaches to protect sensitive member data and systemic stability.

Finally, AFPMBAI institutionalizes Anti-Corruption and Ethical Leadership. By continuously training its personnel and leadership in counter-terrorism financing (CTF), anti-money laundering (AML), and ethical asset management, the Association retains the absolute trust of its stakeholders, ensuring that its operations remain as honorable as the uniformed personnel it serves.

### The Materiality Risk Matrix

The matrix categorizes risks by plotting Likelihood / Probability against their Inherent Impact / Severity. This serves as basis for AFPMBAI Board and Management's immediate and critical management focus. This graphic table presents the Materiality Topics, organized according to global and industry practices for the financial and insurance sectors.

### Risk Distribution Summary

**Critical Risks (Red Zone):** Issues that pose the highest existential threat to the organization and demand executive-level intervention and extensive contingency planning.

- Regulatory Compliance & Transparency
- Cybersecurity & Data Privacy
- Anti-Corruption & Ethical Leadership (AML/CTF)
- Financial Resilience (Solvency)
- Indirect Economic Impacts (Lending Credit Risk)

**High/Moderate Risks (Orange/Yellow Zones):** Significant operational risks that require regular monitoring, defined controls, and dedicated resources.

- Climate Resilience & Physical Risks (Underwriting and RSSC locations)

- Social Protection and Claims (KIA/ WIA)
- Sustainable / Responsible Investments
- Workforce Engagement / Burnout Management
- Talent Upskilling, Succession Planning

**Low Risks (Green Zone):** Managed risks that are acceptable and require only periodic review.

- Operational Energy & Carbon Efficiency
- Water & Effluent Resource Stewardship
- Nature-Based Solutions & Carbon Sinks
- Diversity, Equity, and Fair Labor Practices

### Added Notes On the AFPMBAI Commitments

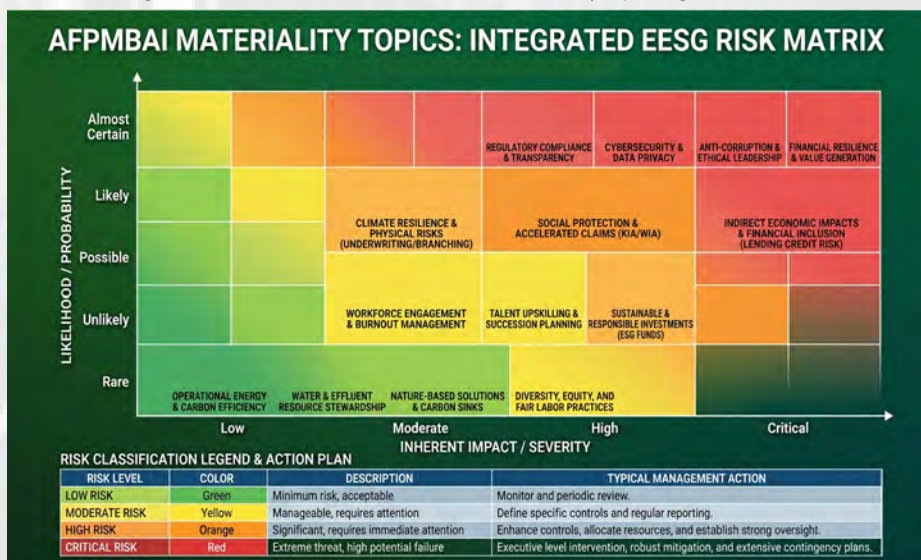
The five clusters map cleanly onto AFPMBAI's mission (insurance, lifetime financial security, social services) and its actual risk and value drivers. These are key guides that will sustain the Association's quest to achieve its commitments.

Climate/physical risk is genuinely material, not borrowed. For the Association whose members are geographically dispersed across the branches and extension offices nationwide, and whose REML availments are secured by physical property, the climate, VaR/PML, and "mortgaged properties in high physical-risk zones" topics are core financial-risk issues — this is double materiality in the truest sense.

The commitments and corresponding materiality topics fit AFPMBAI's regulatory direction of travel. IC Circular Letter No. 2020-71 (Revised Code of Corporate Governance for IC Regulated Companies) — which the board report already cites in its onboarding curriculum.

Furthermore, a bill, Senate Bill No. 2765, seeks to enact the ESG Reporting Act, which will require all corporations – both stock and non-stock – to submit a sustainability report.

As a non-stock, non-profit MBA, AFPMBAI is largely ahead of its contemporaries with its sustainability reporting standard and initiatives.



# materiality

## SUSTAINABILITY COMMITMENTS BY 2030

### AFPMBAI Sustainability Commitments – Materiality Matrix

Mapping of proposed EESG focus areas, core metrics and targets (Sustainability Commitments) against evidence and enabling actions reported in the AFPMBAI 2025 Board Report ("Honoring our Legacy, Embracing our Future").

Focus Area (Material Topic Cluster)	Core Metric / Material Topic	Proposed Target (per Sustainability Commitments)	2025 Board Report Linkage / Evidence	Board Report Reference	Maturity vs. Report
Financial Sustainability from the Effects of Climate Change	Include physical and transition risk mitigating initiatives in the Risk Register; assign and map appetite and tolerances to each	100% physical and transition risk mapping across the Association's 18 branches and 42 extension offices and update business continuity protocols to reflect calamity-related risks by 2027	RORPTC reported on the Risk Management Framework & Culture, Risk Appetite, Risk Management Structure and Key Risks & Mitigation Strategies; transitioned AFPMBAI toward a proactive, integrated Enterprise Risk Management (ERM) posture; Institutional Resilience & Leadership monitored Business Continuity Plan (BCP) initiatives and infrastructure modernization. Board approved the 2025 Top Risk Assessment, Credit Risk Management Framework and Designation of Risk Officer.	p.4-5 (RORPTC report); p.9-10 (RORPTC); p.7 (Board accomplishments)	Enabling foundation in place; branch/extension-office mapping & BCP update still to be completed.
	Reduce Scope 1 & Scope 2 GHG emissions from operations	Reduce Scope 1 & 2 emissions by 15% by 2030 via energy efficiency (fuel, power, water) and waste management protocols in all AFPMBAI branches nationwide from the baseline of the figures (utilization and spend) from 2024.	ESG awareness built at Board level via the CEP session "ESG Strategy: A Boardroom Topic" (ICD); SSPC posted top-tier performance in Health and Sustainability Initiatives. No emissions baseline or energy-efficiency metric yet disclosed in the report.	p.6, p.11 (CEP – ESG Strategy); p.11 (SSPC sustainability)	Early / aspirational – baseline and tracking not yet established
	Determine Value at Risk (VaR) and Probable Maximum Loss (PML) from weather-related events	Include VaR/PML disclosures for catastrophic weather events (relative to Branch Operations) by 2027 and report attainments year-on-year beginning 2028, monitoring its placement in accordance with the risk appetite and limits as set forth by the Association.	RORPTC actively monitored the Enterprise Risk Profile and Investment-related risks; Risk Officer designated, Credit Risk Management Framework reviewed. Weather-specific VaR/PML disclosure not yet reported.	p.9-10 (RORPTC); p.7 (Designation of Risk Officer)	Risk infrastructure in place; weather-event VaR/PML disclosure pending
Investments	Percentage of portfolio in ESG or green instruments	Allocate 10% of total Strategic Asset Allocation (SAA) to green or social bonds by 2030, applying Negative Screening (thermal coal & high-carbon energy, gambling & vice, predatory/unregulated finance, severe environmental degradation) and Positive Screening (green & blue bonds, resilient infrastructure & real estate, financial inclusion & capacity building, governance leaders)	Investment Committee delivered the CY 2025 Strategic Asset Allocation, evaluation of accredited banks & investment limits, and investment-office levels of authority & risk limits; Board approved the Investment Policy Framework aligned to Insurance Commission standards. RORPTC reviewed investment-related risks. Screens provide the basis for embedding ESG criteria into the existing SAA process.	p.10 (Investment Committee); p.7 (Investment Policy Framework); p.9 (RORPTC)	Strong policy & SAA platform exists; ESG screening criteria to be formally integrated
Real Estate	Mortgage properties in high physical-risk zones	By 2027, achieve 100% geographic risk mapping of the Association's legacy and active loan portfolios against National Disaster heat maps. This data-driven approach aligns the asset allocation with strict climate-risk protocols, ensuring long-term stability in a changing environment from its present baseline from 2025.	Investment Committee processed 4 Real Estate Mortgage Loan applications and set Levels of Authority for Investments and Real Estate; members ratified Total Approved Real Estate Housing and Mortgage Loans; BCP / disaster-risk monitoring handled by RORPTC. Physical-risk heat-map overlay of the portfolio not yet reported.	p.10 (ICOM – 4 REML applications); p.7 (Levels of Authority); p.3 (AGM ratification)	Portfolio governance in place; geospatial risk mapping to be added
	Support transition of members to renewable / clean energy and green designs in their REML loan purposes	Include guidelines that incentivize and/or motivate members to invest in renewable energy sources within their loan purpose by 2027	Board approved New and Enhanced Products and Services and a New Table of Organization, providing the channel to introduce green-loan features; no green-design loan guideline reported yet.	p.7 (New & Enhanced Products and Services); p.11 (product enhancement)	Product channel exists; green-loan guidelines not yet developed
Socio-Economic Impact	Human Rights	Secure commitments from vendors against engaging in child labor, exuding compliance in data privacy of members, and fair labor in its own workforce included by 2027.	Audit Committee initiated a review of compliance with the Code of Conduct and Ethics and strengthened compliance oversight; Confidentiality Policy approved by the Board. Vendor human-rights / anti-child-labor commitments not yet reported.	p.9 (AudCom – Code of Conduct & Ethics review); p.7 (Confidentiality Policy)	Ethics framework exists; acts of vendors, human-rights and data privacy clauses to be added
	Gender-Inclusive Initiatives	Roll out two (2) initiatives targeted at the empowerment of women members by 2027, incrementally increasing by 50% year on year reaching at least six (6) initiatives for the year by 2030.	Board advanced gender diversity; election of Commo Luzviminda A. Camacho PN (Ret) as Independent Trustee (the Association's continued efforts to encourage female representation) she chairs the RORPTC. Gender diversity is a stated ongoing Board objective communicated to Major Service Commands and Service Bureaus.	p.6 (Member Satisfaction / diversity); p.8 (Board Independence & Diversity); p.10 (RORPTC chair)	Demonstrated at Board level; member-facing women's programs to follow
	Responsive Product Development	Launch an additional suite of inclusive, purpose-driven products designed to directly address the essential needs of our members by 2028. By 2030, success will be measured through consistent, year-over-year growth in product adoption, ensuring these solutions reach those who need them most.	Membership Committee facilitated development/enhancement of four products incl. a new Group Insurance Product bundled with MBI (Protek) and Group Credit Redemption/Sales Redemption rates; the Malaysian Insurance (MICO) non-life partnership generated P338,993.73 gross premiums (vs P250,000 target); 2,624 new associate members via MBI (Protek). Board approved the Malaysian partnership and New & Enhanced Products and Services.	p.11 (MEMCOM – 4 products, MICO, Protek); p.7 (Malayan partnership; New & Enhanced Products)	Actively delivered in 2025 – strong alignment
Stakeholder Engagement	Employee Engagement and Empowerment Initiatives	100% of employee-engagement initiatives (training & succession) executed, baselined from 2024, from 2027; +50% employees completing Learning Academy modules by 2027 (2026 baseline) leading to 50% annual continuous-education commitment from 2028; reduce occupational-stress-driven turnover by 10% in 2027 (2025 climate-survey baseline); craft Talent Upskilling & Succession and DEI / fair-labor strategies (structural issues 89.6%, workload 80.1%) by 2027	Board performance assessment confirms oversight of succession-planning systems and recruitment & development of the executive team; Governance Committee reviewed Employee Benefits and the Continuing Education Program; Learning & Growth perspective of the Balanced Scorecard targets human capital and institutional capability; Control Function Heads' competency development monitored by RORPTC. The named Organization Climate Survey scores are not yet reproduced in the report.	p.13, p.21 (BOT performance – succession/executive team); p.8 (GovCom – Employee Benefits, CEP); p.12 (Learning & Growth); p.10 (RORPTC)	Governance & L&G foundation in place; climate-survey-linked targets to be operationalized
	Supply Chain Management	By 2027, mandate strict adherence to human rights (child labor) and operational integrity across the entire value chain. This includes the absolute prohibition of child labor, the enforcement of fair labor practices within the Association's workforce, assurances from that of the vendors, and uncompromising compliance with data privacy standards to protect members' information, baselined from commitments and communications from 2024.	Members ratified Notices of Award/Approval to conduct projects and Contracts/Subscriptions/Agreements; Audit Committee oversaw procurement of an Audit Management System. Vendor-level sustainability alignment not yet reported.	p.3 (AGM – Notices of Award, Contracts); p.9 (AudCom – procurement oversight)	Procurement governance exists; sustainability clauses for vendors pending
	EESG-Driven CSR Initiatives	100% execution of programmed CSR initiatives centered on Financial Literacy, with a 10% increase in reach and penetration baselined from the 2024 target	SSPC earned an OUTSTANDING rating, managing ProPaled Flagship CSR and PARHMEDIC initiatives and financial-education programs reaching 148% of key financial-literacy targets. Membership ran 14 Financial Literacy & Membership Caravans and 7,000+ information drives. Articles of Incorporation amended to allow donations pursuant to CSR; Board approved the CSR Budget for CY 2026.	p.11 (SSPC – CSR, 148% literacy); p.11 (MEMCOM – caravans/drives); p.4 (Adl amendment); p.7 (CSR Budget 2026)	Actively delivered & exceeding targets – strong alignment
Sustainability Report	CSR Impact Survey	100% annual roll-out of the CSR Impact Survey with a net satisfaction rating ≥90%, margin of error ≤2% and accuracy ≥98%, beginning 2027	SSPC cited the positive member rating captured in the annual CSR Impact Survey as a driver of its OUTSTANDING rating, confirming the survey instrument is already in use.	p.11 (SSPC – annual CSR Impact Survey)	Instrument operational; statistical thresholds to be formalized
	Sustainability Report	Report year-to-date results and assess alignment with EESG frameworks toward target achievement, beginning 2028	Board-level ESG capability built through "ESG Strategy: A Boardroom Topic" (ICD); RORPTC framed its work around long-term organizational sustainability; SSPC drove sustainability initiatives. A standalone sustainability report is not yet produced.	p.6 (CEP – ESG Strategy); p.4 (RORPTC – sustainability); p.11 (SSPC)	Capability building underway; first report targeted 2028
	Materiality Disclosures	Identify mechanisms to determine how materiality of topics was arrived at, plus plans and action points to respond to the disclosures, by 2028	Governance Committee strengthened governance reporting and the Annual Corporate Governance Report; RORPTC integrated ERM and risk-appetite practices that underpin topic prioritization. A formal materiality-assessment methodology (this matrix) is the next step.	p.8 (GovCom – ACGR); p.4-5, p.9 (RORPTC – ERM/risk appetite)	Governance basis in place; formal materiality methodology to be built (2028)

# the economic DIMENSION



The Association's economic dimension of sustainability gives emphasis on integrating long-term financial stability with value creation. It goes beyond standard profitability to ensure that underwriting practices, investment strategies, and corporate operations can withstand systemic risks while actively fostering a resilient global economy. At the AFPMBAI, the need for a distinct economic dimension fuels the mission for it to be the industry standard among mutual benefit associations preferred and trusted by Military and Uniformed Personnel, their families, and other stakeholders. When evaluating the Economic dimension of sustainability for the Association, the focus must bridge long-term financial solvency with the direct economic empowerment of its members. The economic dimension of sustainability does not operate in a vacuum; it is intrinsically linked to social and human dimensions, meaning that economic initiatives must simultaneously support human development to be truly sustainable.

## KEY DRIVERS OF THE ECONOMIC DIMENSION

The penultimate driver is long-term financial sustainability where the Association maintains

## AFPMBAI ECONOMIC SUSTAINABILITY: KEY PERFORMANCE FINDINGS

SUSTAINABILITY METRIC	KEY FINDING	ECONOMIC SUSTAINABILITY IMPACT
VALUE GENERATION	NET INCOME GROWTH: <b>45% CAGR</b> Increased from Php 1.41B to Php 2.99B	Demonstrates exceptional operational efficiency and increasing profitability from core business.
STAKEHOLDER WEALTH CREATION	MEMBER'S EQUITY: <b>+16% CAGR</b> Php 18.59 BILLION Reached in 2025	Confirms generated wealth is being responsibly compounded for members' long-term benefit.
FINANCIAL PRUDENCE (GOVERNANCE)	RISK-BASED CAPITAL (RBC) RATIO: <b>246%</b> Highly secure capital base	Provides a robust buffer against economic shocks and ensures long-term operational stability.
OPERATIONAL EFFICIENCY	RETURN ON EQUITY (ROE): <b>16.10%</b> Achieved a 5.94 point gain since 2023	Shows management effectively extracts significant value from capital invested by members.

### HIGHLIGHTS

robust capital reserves, liquidity, and solvency to honor future claims and consistently distribute member dividends. affordable, other insurance products or financial restructuring services to help members navigate the tightening economic environment, while simultaneously fortifying its cybersecurity infrastructure. Based on the financial performance data of the Association for

2025, AFPMBAI has demonstrated growth and resilience through a three-year map.

Under financial highlights, strong value generation and market expansion exhibits strong capabilities in generating wealth. Revenues grew at a Compound Annual Growth Rate (CAGR) of 16%, culminating in Php 10.00 Billion in 2025. More impressively, Net Income experienced a massive 45% CAGR, jumping from Php 1.41 Billion in 2023 to Php 2.93 Billion in 2025. This indicates that revenue growth is not only scaling but is doing so with increasing operational efficiency and margin expansion.

Total Assets growth was at a 13% CAGR, reaching Php 54.34 Billion. This aggressive asset expansion provides the organization with a stronger capital base to reinvest in its operations, explore new financial products, and buffer against macroeconomic shocks.

As economic sustainability is deeply intertwined with the social mandate of enriching its members, the Association reported strong growth especially in its fund balance. The consistent 16% CAGR growth in Member's Equity highlights that the wealth generated is successfully retained and compounded for the members' long-term benefit.

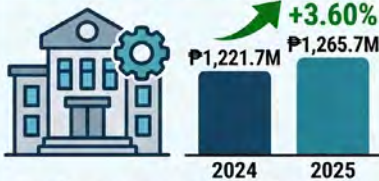
With a 19% CAGR, the distribution of dividends (from Php 0.19 Billion to Php 0.27 Billion) shows a direct, tangible economic return to the policyholders. This touches on the social aspect of EESG by ensuring that economic gains directly improve the financial well-being of the uniformed personnel and their families.

For its Legal Reserves and Premiums, the steady growth in Legal Reserves (9% CAGR to Php 23.00 Billion) alongside a stable 3% CAGR in Total Insurance Premiums Written ensures that the Association is responsibly provisioning for future claims. As certified by the Insurance Commission, the risk-based capital ratio saw a +52 percentage point increase from previous years, stabilizing at a highly secure 246% in 2025. This figure is well above standard regulatory minimums, proving that the Association is safe as it is highly stable.

### HIGHLIGHTS

#### OPERATING EXPENSES (IN PHP)

##### General & Admin Expenses

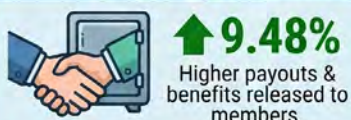


Excellent cost control; overhead grew slower than revenue.

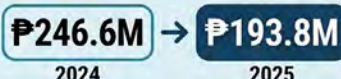
##### Total Underwriting Expenses



##### Claims Expense



##### Commission Expense



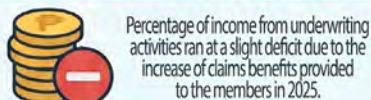
#### TAXATION (IN PHP)



**Key Insight Text:** Massive spike driven directly by the surge in taxable investment profits.

#### FINANCIAL HIGHLIGHTS (IN PHP)

##### Net Underwriting Income



##### Other Income (Investments)



**Insight:** The main growth engine, fueled by a ₱2.27B gain in investment properties.

##### Net Income



**Insight:** Stellar bottom-line growth despite underwriting margin squeezes.

### HIGHLIGHTS

# the economic DIMENSION



For its expenditure side, the Association in 2025, revealed a strategic pivot where exceptional investment returns more than offset the pressures in core insurance operations. This financial trajectory clearly maps to global sustainability and reporting frameworks.

### Financial Highlights

AFPMBAL experienced stellar bottom-line growth in 2025, heavily fueled by its investment portfolio rather than traditional underwriting.

The Association recorded a phenomenal +69.72% increase in Net Income, jumping from ₱1,726.6M in 2024 to ₱2,930.5M in 2025.

This profit surge was directly driven by "Other Income," which skyrocketed by +107.04% to reach ₱2,616.1M. A key insight notes that this was primarily fueled by a massive ₱2.27B gain in investment properties.

Conversely, the core insurance operations faced challenges. Net Underwriting Income flipped from a positive ₱41.3M in 2024 to a deficit of (₱94.3M) in 2025. This squeeze was caused by rising claims from members, which outpaced premium intake.

Under operational efficiency and value distribution, despite the underwriting deficit, AFPMBAL demonstrated strong internal cost controls while continuing to distribute significant value to its stakeholders.

In 2025, the Association likewise controlled its overhead with its General & Admin Expenses growing by only +3.60% (reaching ₱1,265.7M). This indicates excellent cost control, as overhead grew at a much slower pace than total revenue.

Claims Expense increased by +9.48%, rising from ₱2,519.5M to ₱2,758.3M. This represents higher direct benefits and payouts released to the members.

Commission Expenses dropped significantly by -21.41% (down to ₱193.8M), pointing to a strategic reduction in agent and broker commissions. Total underwriting expenses overall saw a modest rise of +3.24%.

Noticeably, there was a spike recorded in taxation, which is normal given the gains that the Association had. The massive gains in taxable investment profits directly resulted in a +73.75% spike in taxes paid to the government, surging from ₱469.5M to ₱815.7M.

### Alignment with GRI Standards

The data presented acts as a direct input for sustainability reporting, aligning perfectly with the GRI economic indicators.

**GRI 201: Economic Performance:** The entire dashboard is a snapshot of the organization's economic footprint. Specifically, it maps to GRI 201-1: Direct economic value generated and distributed.

Under direct economic value generated, results are measured through the revenues obtained, which in this context are represented by the

surging Net Income (₱2,930.5M) and the highly profitable Other/Investment Income (₱2,616.1M).

The economic value component captures how the generated wealth is shared with stakeholders. For AFPMBAL in 2025, this includes operational expenses like G&A (₱1,265.7M), payouts to the community of members via claims (₱2,758.3M), and mandatory payments to the government via taxation (₱815.7M).

The Association's performance illustrates a highly effective balance between commercial acumen and social responsibility. While rising member claims placed a squeeze on core insurance margins, this very metric underscores the association's successful delivery on its foundational promise: providing a vital financial safety net for uniformed personnel and their families.

To offset these operational pressures, the Association expertly capitalized on its investment properties, driving exceptional bottom-line growth and proving its financial adaptability. Ultimately, through disciplined cost management, significant tax contributions to the national government, and elevated benefit payouts, the Association not only fortified its own institutional stability but also generated profound, sustainable economic value in strict alignment with both UN SDGs and GRI reporting standards.

Aligning the financial and economic dimensions of a mutual benefit life insurance provider with the GRI requires focusing primarily on the GRI 200: Economic Standards series.

For an organization dedicated to the welfare of military and uniformed personnel, economic reporting goes beyond traditional profit margins; it is fundamentally about the value generated for members, the security of their investments.

Ultimately, the economic dimension of the organization is a continuous loop: member trust fuels the institution, and the institution's financial stewardship fortifies the community, creating a sustainable cycle of security and care.

Though it can be seen and as this report has previously touched on, there will always be

Through disciplined cost management, significant tax contributions to the national government, and elevated benefit payouts, the Association not only fortified its own institutional stability but also generated profound, sustainable economic value in strict alignment with both UN-SDGs and GRI reporting standards.



a tendency where the dimensions and their initiatives as related to the Association's activities are concerned. In the same vein, the use of the GRI and the UN-SDGs will show mostly where the initiatives intersect and how it becomes applicable to multiple dimensions.

In the context of the Governance dimension, it can be posited that none of the Association's financial value can be sustained without an unyielding foundation of integrity. Because the institution manages the collective future of a specialized demographic, financial governance under GRI 205 (Anti-corruption) becomes a core pillar of its economic story. It can be said that through continuous, transparent training on ethical fund management and anti-corruption procedures, leadership and staff ensure that every peso contributed is fiercely protected.

GRI Standard	Business Dimension	Practical Application
GRI 201: Economic Performance	Value Generation & Distribution	Tracks premiums collected versus claims, benefits paid, and direct CSR investments deployed to military camps.
GRI 203: Indirect Economic Impacts	Long-Term Member Empowerment	Measures the broader impact of financial literacy programs and access to wealth-building tools for uniformed personnel.
GRI 205: Anti-Corruption	Governance & Financial Integrity	Validates the transparent, ethical management of member contributions and institutional funds.
FS7: Sector Disclosures (Financial)	Product Purpose & Inclusion	Highlights specialized insurance and loan products designed specifically for the unique risks of the armed forces.

# the economic DIMENSION



## FINANCIAL PERFORMANCE ALIGNMENTS WITH UN-SDGs

Based on the financial performance of the Association for 2025, its economic sustainability demonstrates a strong overall positive trajectory. The metrics highlight significant growth in profitability alongside solid capitalization, despite slight fluctuations in liquidity and risk-based capital.

The Association's ability to generate value from its assets and equity has shown remarkable improvement, particularly in the most recent year, reflecting enhanced operational efficiency.

For Return on Assets, the performance showed a steady increase, moving from 3.31% in 2023 to 3.51% in 2024, followed by a substantial jump to 5.51% in 2025. This represents a total increase of 2.20 percentage points over the three-year period. The sharp acceleration in 2025 suggests that the association became highly efficient at converting its asset base into net income. This points toward either improved cost management, higher-yielding investments, or optimized asset utilization.

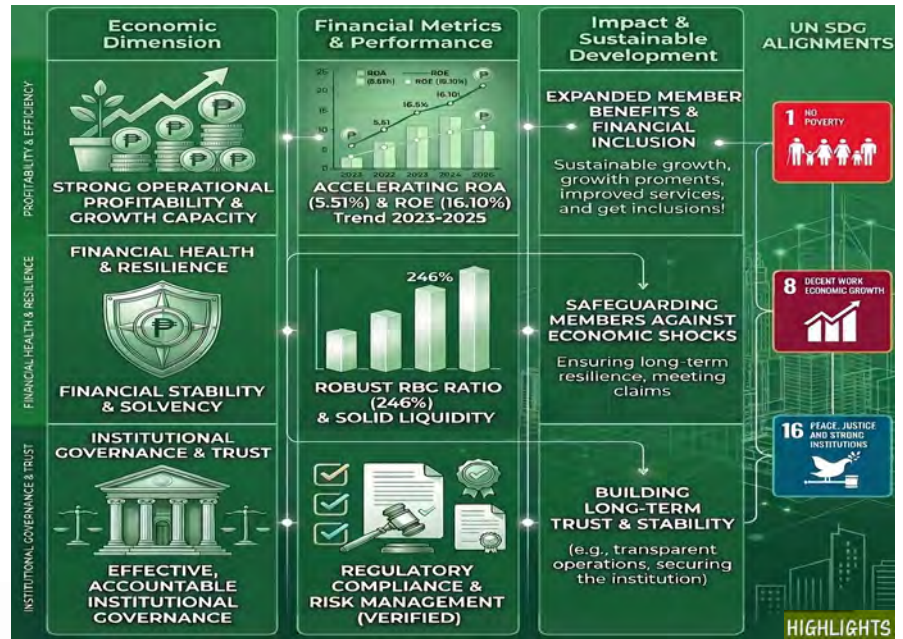
Mirroring the ROA, the ROE grew from 10.17% in 2023 to 10.79% in 2024, culminating in a significant peak of 16.10% in 2025. This translates to a massive 5.94 percentage point increase from the 2023 baseline. An ROE crossing the 16% threshold is exceptionally strong for financial institutions, indicating that AFPMBAI is generating substantial returns on the equity invested by its members. This reflects excellent financial stewardship and value creation.

The financial metrics highlighted align closely with several UN-SDGs. The focus is on how institutional financial health translates into long-term societal resilience, economic stability, and strong governance.

**SDG 8: Decent Work and Economic Growth, Target 8.10 (Financial Inclusion and Capacity):** The dramatic upward trajectory of the Return on Assets (ROA) to 5.51% and Return on Equity (ROE) to 16.10% in 2025 demonstrates a highly efficient, scaling, and economically viable institution. A financially healthy mutual benefit association expands its capacity to provide sustainable, long-term credit, insurance, and financial services to its unique membership base, ensuring they are well-supported throughout their careers and retirement.

**SDG 1: No Poverty & Economic Resilience, Target 1.5 (Building Resilience to Shocks):** The robust Risk-Based Capital (RBC) Ratio of 246% of the Association as verified by the Insurance Commission and a stable Liquidity Ratio of 5.25% mean that the Association possesses an exceptional buffer to absorb risks and fulfill member claims instantly. This financial strength directly safeguards policyholders and their families against sudden economic shocks, severe illness, or loss of income, preserving their financial security.

**SDG 16: Peace, Justice, and Strong Institutions, Target 16.6 (Effective, Accountable, and Transparent Institutions):** Regulatory compliance and financial health are key pillars of strong



institutional governance. Maintaining an RBC ratio well above regulatory minimums and showcasing audited, verified growth metrics reflect transparency and sound risk management practices.

### Financial Health and Risk Management

Despite the drop from 2024 to 2025, the end result is still a net increase of +52 percentage



points over the 2023 figure. More importantly, an RBC ratio of 246% is highly robust. It signifies that AFPMBAI holds capital well in excess of the standard regulatory requirements needed to absorb potential operational, credit, and investment risks, ensuring long-term solvency and security for its policyholders. With the above summary of the financial performance of the Association, it goes without saying that the Association continues to remain stable as it is sustainable in the management of its resources.

The economic dimension of AFPMBAI's sustainability is highly resilient and growing. The data paints a picture of an organization that has rapidly optimized its profitability—evidenced by the surging ROA and ROE in 2025—while maintaining adequate liquidity to manage daily operations. Furthermore, it possesses a strong capital buffer against unforeseen risks. The slight correction in the RBC ratio in 2025 does not detract from the company's overall financial strength, as the ratio remains comfortably high. This robust financial standing positions AFPMBAI very well to sustain its operations and continue

delivering on its mutual benefit mandate to its members over the long term.

### Sustainable Progress Through Ethical Lending Solutions

The Association offers a suite of loan facilities designed to support the financial wellness and specific needs of the MUP members. These loan products are part of the strategic asset allocation comprising 32% of the investible fund. For 2025, overall interest income achieved an impressive milestone, growing by P1.09 Billion or 63.96% over the analyzed timeline. This indicates an expanding loan portfolio, higher loan availment rates, or optimized pricing structures that successfully maximize loan returns.

### Loan Products Aligned with the UN-SDGs

Aligning the AFPMBAI loan products with the UN-SDGs elevates the corporate messaging from standard financial metrics to impactful, value-driven member welfare. By mapping the loan portfolio to the UN-SDGs, the Association can clearly demonstrate how providing credit to MUP goes beyond profitability to actively foster economic resilience, social equity, and community development.

**SDG 1: Target 1.4** of this goal emphasizes ensuring that all men and women have equal rights to economic resources and access to financial services. By providing accessible, low-interest credit, the Association protects the MUP from predatory lending practices.

**SDG 4: Target 4.3** aims to ensure equal access for all women and men to affordable and quality technical, vocational, and tertiary education. The Members' Educational Assistance Loans (MEDAL) directly support this MUP and their dependents, ensuring challenges do not interrupt a child's schooling or a member's own continuing education.

**SDG 8: Target 8.3** Providing capital for members through the various multi-purpose loans to prepare for post-retirement ventures promotes inclusive economic activities.

# the economic DIMENSION



**SDG 11: Target 11.1** explicitly aims to ensure access for all to adequate, safe, and affordable housing. By facilitating property acquisition or home improvements, the association is directly contributing to the establishment of secure, stable, and sustainable living environments for the families of those who serve the country through the AFPMBAI Real Estate Mortgage and Housing Loans.

**SDG 13: Climate Action (and SDG 1: Target 13.1)** focuses on strengthening resilience and adaptive capacity to climate-related hazards and natural disasters. In a highly typhoon-prone region, rapid-deployment calamity loans serve as a critical financial safety net. They empower members to immediately rebuild homes, replace essential assets, and recover rapidly from environmental shocks.



## INVESTMENT SUSTAINABILITY

An important aspect in the Association's Economic dimension is its mindful investment strategies that is tied to a tolerable risk appetite that is conservative, with a stark emphasis on safeguarding the Members' contributions and a vista for sustainable returns on investment.

While the growth rate of total interest income has slightly cooled compared to the 5-year average, the aggressive 14.31% expansion in total assets suggests that AFPMBAI effectively captured new capital during this period.

The Association is actively reinvesting across its portfolio, prioritizing a larger asset base to secure future yields.

### Segment Breakdown & Analysis

Managed Funds significantly outpaced all other categories, acting as the primary driver of high-yield growth for the year. The expansion by an impressive 107.02%, maintained an upward trajectory well above its already high 5-year average of 96.75%.

For income growth the figures skyrocketed by 189.86%, massively outperforming its historical average of 5.46%. The above indicates a highly successful allocation strategy into Managed Funds, yielding exponential income returns on a rapidly doubling asset base.

For Financial Instruments, the investment has a stable core with equity volatility. Financial Instruments remain the cornerstone of the portfolio, demonstrating steady asset accumulation but mixed income results across its sub-categories. This prompted assets to grow by 12.30% (on par with the 12.19% average), while overall income growth softened to 10.51% (below the 18.24% average).

For Fixed Income, results show it to be the reliable engine, with assets growing by 13.04% and income growing proportionately by 13.57%.

For Equities, a major strategic pivot was utilized. While income plummeted by -39.11%, the asset

base surged by an aggressive 57.88% (compared to a mere 0.91% historical average). The AFPMBAI acquired equities during this period, positioning for long-term capital appreciation rather than immediate dividend/interest yield.

Time deposits showed a sluggish asset growth of 5.72% and a contraction in income growth by -7.96%. This likely reflects a deliberate shift away from low-yield cash equivalents.

For Real Estate, the segment showed signs of significant revitalization and acquisition. For 2025, an asset growth soaring by 27.87%, nearly tripled its five-year average of 9.85%. This performance likewise reversed historical negative trends, posting a positive 5.55% growth (compared to the -1.24% historical average contraction).

Moreover, the segment experienced a slight contraction in the asset base of -1.35%, but still managed to eke out a 4.64% increase in income, indicating efficient yield management and healthy repayment rates.

As the Association heavily invested in physical real estate assets in 2024-2025. The positive shift in income growth suggests that these properties are beginning to generate better returns or rental yields.

For the Lending segment, the performance continues to provide stable, predictable returns, showing high efficiency in income generation relative to asset growth.

For 2025, asset growth for the lending segment was conservative at 6.38%, but it successfully generated an outsized income growth of 12.31%. Complementing the lending segment are the insurance loans which drove its performance with a 7.65% asset expansion and a solid 13.38% increase in income.

At the onset, the investment portfolio of the Association for 2025 indicates a strong and accelerating expansion of the total asset base, alongside stable growth in interest income. The overall health of the portfolio is highly positive and in keeping with its objectives.

### Metrics Based On Financial Ratios

As the economic dimension intends to be detailed, including a three-year CAGR analysis, ROA/ROE trajectory, investment segment breakdowns (managed funds, fixed income, real estate, lending), and loan product SDG mapping are essential.

Return On Equity (ROE) is the measure used to gauge how the Association's investment with it will efficiently generate profit using shareholders' equity.

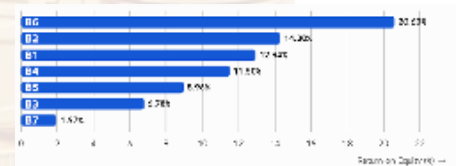
Some highlights to the ROE of the Association's TD/SSA investments show that B6 leads the group because its core business generates exceptionally high-interest yields compared to traditional corporate lending.

Two of the engaged entities deliver strong, double-digit returns driven by their massive scale, operational efficiency, and diversified fee-based income streams as the country's top universal banks.

Remaining as a stark outlier at 1.97%, a bank partner however, reflects its long-standing, ultra-conservative business model of parking depositor funds in highly liquid, low-risk assets rather than actively pushing for loan growth. This is likewise translated to ensuring that projection set at the time will be reached and achieved in consideration of the targets it had set.

### Capital Adequacy Ratio (CAR)

Among the universal giants, B3 continues to



boast the thickest capital buffer at 16.80%, giving it massive headroom to absorb potential losses or fund rapid expansion. Thrift and specialized lenders like B6 and B7 on the other hand, hold unusually large capital reserves relative to their risk profiles, prioritizing deep financial stability over aggressive leverage.

# the economic DIMENSION



## AFPMBAI FIXED INCOME INVESTMENT EXPOSURE AND SUSTAINABILITY ALIGNMENTS

<b>A</b> Traditional Bank Offering	Traditional Operation - General ESG Disclosures	
<b>B</b> Real Estate Developer	Entity-Level ESG Integrated - Good Decision 2025	
<b>C</b> Thematic Bond - Explicit Sustainability Bond	Ring-Fenced Green & Social Compliant - Top 2025 Decision	
<b>D</b> Traditional Bank Offering	Traditional Operation - Corporate ESG Commitments	
<b>E</b> Oil Refining & Traditional Operator	Fossil Fuel Focus - Neutral/Poor ESG decision in 2025	
<b>F</b> Power Utility - Transition Focused	Entity on Transition Path - Good Decision 2025	
<b>G</b> Thematic Bond - Explicit ASEAN Sustainability Bond	ASEAN Standards Compliant - Direct Thematic Investment - Top 2025 Decision	
<b>H</b> Traditional Bank Offering	Traditional Operation - Corporate ESG Reporting	
<b>I</b> Traditional Bank Offering	Traditional Operation - Internal ESG Framework	
<b>J</b> Thematic Bond - Innovative Sustainability-Linked Bond (SLB)	SBTi Verified Targets - Innovative SLB Structure - Proactive Decision 2025	
<b>K</b> Real Estate Developer	ESG-Integrated Industry Leader - Good Decision 2025	
<b>L</b> Infrastructure Company	Direct operational SDG alignment - Significant development impact - Good 2025 Decision	
<b>M</b> Real Estate Developer	High ESG Performance - Regional Development Focused - Good Decision 2025	
<b>N</b> Thematic Bond - Explicit ASEAN Sustainability Bond	ASEAN Standards Compliant - Direct Thematic Investment - Top 2025 Decision	

Note: Vendor and institutional identities in this document have been anonymized by the publisher in order to protect confidentiality and proprietary relationships.

### Fixed Income Investments

For 2025, the Association has allocated 35.89% of its investible funds to Fixed Income. The investment exposure comprises the Philippines' largest universal banks, dominant real estate conglomerates, and critical infrastructure and energy entities. From the initial assessment, these entities possess massive balance sheets, deep liquidity, and strong backing from top local conglomerates. From the sustainability angle for the Association, default risk across these specific names is historically very low, making them safe havens for capital preservation and fixed-income generation.

The officially labeled ASEAN Sustainability Bonds and Sustainability-Linked Bonds are exceptionally sustainable. They are strictly ring-fenced, externally audited, and directly aligned with SDG 7 (Clean Energy), SDG 9 (Infrastructure), and SDG 11 (Sustainable Cities). They are legally bound to deliver environmental or social outcomes.

Considered as "transitioner" companies, 29% of the companies invested with, represent the "real economy" transition. While their standard bonds aren't perfectly green, investing with these funds the physical transition of the Philippine grid (renewables) and urban infrastructure (disaster resilience, EV integration), making them a sustainable option for investment.

Standard bank bonds are considered as "tolerable" risk exposure but to which offer a few to none in terms of sustainability guarantees. Capital

placed here essentially funds business-as-usual operations, including fossil fuel expansion, making them poor choices for a strict ESG mandate. However their return on capital ratio and financially sound foundations responds to the other dimensions under financial sustainability.

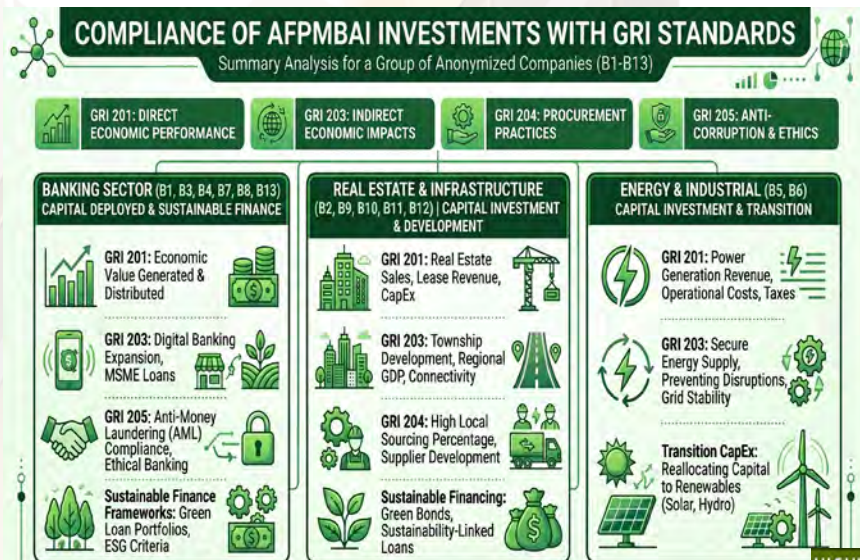
screening and sustainable lending). While all companies invested with report on direct financial performance, their compliance strategies split clearly based on how they generate, manage, or deploy capital.

To do this effectively, this report segments the investments from financial institutions, fuel, and infrastructure companies. Looking at financial investments firstly, (A, C, D, G, H, and M), these institutions, identified as the engines of capital deployment, we find economic compliance being deeply intertwined with systemic risk management and sustainable finance.

Under **GRI 201 (Economic Performance)**, they measure their Direct Economic Value Generated and Distributed (EVG&D) by tracking interest income, operating costs, deposits, and dividend payouts. But a bank's true impact extends far beyond its balance sheet. Through **GRI 203 (Indirect Economic Impacts)**, these institutions focus heavily on expanding digital banking to unbanked populations and providing micro-finance, MSME, and agricultural loans that serve as lifelines for local economies.

Because trust is the bedrock of the financial system, **GRI 205 (Anti-Corruption)** is a critical mandate. Compliance here is absolute, requiring 100% reporting on Anti-Money Laundering (AML) training, Counter-Terrorism Financing (CTF) protocols, and rigorous Know-Your-Customer (KYC) audits to which all entities are compliant with. Furthermore, the major banks in this group proactively screen their portfolios in alignment with Central Bank sustainability frameworks, proudly disclosing billions allocated to their "Sustainable/Green Asset Portfolios" to fund renewable energy, green buildings, and energy-efficient technologies.

For the real estate and infrastructure entities,



### COMPLIANCE WITH GRI STANDARDS

Gauging the Association's exposure with its investment partners, the focus shifts entirely to the GRI 200 (Economic) Series and financial sector specific disclosures (such as product portfolio

investments by developers and operators in this sector (B, I, J, K, and L). show how the Association's exposure revolve around the sector's massive capital expenditures that permanently alter and uplift the regional landscape. Their economic

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performance (GRI 201) is defined by real estate sales and lease revenues, alongside the wealth distributed to contractors and the taxes paid to municipalities. The indirect impacts of this sector (GRI 203) are visibly transformative: whenever a new township is built or a sprawling expressway network is paved, it acts as a catalyst—driving regional GDP, creating commercial hubs, and increasing surrounding property values.

To build these monuments of progress, these companies lean heavily on their local communities. GRI 204 (Procurement Practices) compliance is exceptionally high, with reports often showing that over 90% of construction materials and labor are sourced domestically, aggressively stimulating the local supply chain. To ensure this development is responsible, industry leaders track the economic impact of their Green Bonds and Sustainability-Linked Loans, proving that the capital raised is strictly allocated to eco-efficient, future-proof projects.

Next, is to consolidate the capital consumed and generated from the Energy & Industrial Powering sector. This massive economic engine is the Energy and Industrial sector (E, F). In this space, capital is simultaneously consumed and generated on a massive scale, defined by heavy capital reinvestment, resource security, and the urgent demands of the energy transition.

Their baseline economic performance (GRI 201) highlights revenues from power generation and fuel sales, balanced against staggering operational costs, taxes, and royalties paid to local government units. However, their indirect economic impact (GRI 203) is perhaps the most foundational of all: providing the reliable, cost-effective power necessary to fuel industrial growth and prevent the catastrophic economic losses that stem from power instability.

The entities likewise meticulously measure the shifting ratio of their CapEx, charting the strategic pivot away from legacy fossil-fuel assets and toward sustainable renewable energy projects—such as solar, hydro, and geothermal—ensuring the long-term economic and environmental viability of the entire ecosystem.

From the standpoint of the Association, we see a challenge to reconcile capital exposures



of the investment partners with that of the UN-SDGs, stemming from a fundamental crossing of purpose: the UN-SDGs represent global, macroeconomic targets for planetary survival, while GRI standards are microeconomic, voluntary (or regulatory) frameworks designed for corporate impact accounting.

*This financial resilience guarantees that the core “social” function of the Association—providing reliable life insurance, financial security, and mutual benefit payouts to uniformed personnel—is safe, regardless of macroeconomic volatility.*



While the Association sees compliance of the investment entities with the GRI Standards, the picture changes altogether when they are aligned under the UN-SDGs.

To best resolve this, the Association lays out its EESG guidelines to present its criteria used by its partners for its GRI Standard compliance, towards concrete SDG targets. These guidelines will bridge how these entities’ approach adds to sustainable development outcomes. For the purpose of this study, two distinct comparisons are provided to thresh the entities’ compliances to the standards.

### Economic Dimension Aspects In The Ratios

The Association’s ratios speak of its financial strength and continued efficient management of the members’ funds basing on a three-year performance.

Under its ROA, the steady increase from 3.31% in 2023 to 5.51% in 2025 indicates that AFPMBAI is becoming highly efficient at utilizing its assets to generate profit.

For its ROE, the significant growth from 10.17% in 2023 to 16.10% in 2025 demonstrates strong and expanding returns on the equity invested.

Robust profitability ensures the association remains economically viable over the long term. It generates the necessary capital to fund future growth, enhance member benefits, and support broader corporate social responsibility initiatives, aligning perfectly with the goal of sustaining profitability while caring for its members.

As evidence of its compliance, the Risk-Based Capital (RBC) Ratio (246%) and stable Liquidity Ratio (5.25%) serve as direct quantitative evidence for this SASB disclosure. By maintaining capital far above regulatory minimums, AFPMBAI proves it is actively mitigating systemic risk.

This financial resilience guarantees that the core “social” function of the Association—providing reliable life insurance, financial security, and mutual benefit payouts to uniformed personnel—is safe, regardless of macroeconomic volatility.

By reinvesting profits back into the military camps and units it serves, AFPMBAI strengthens its relationship with its captive market, reducing churn, improving member satisfaction, and driving long-term revenue stability.

Overall, the Association leverages its robust Systemic Risk Management—evidenced by a 246% RBC ratio and high profitability (16.10% ROE)—to strategically invest in Social Capital.

By channeling financial surpluses into targeted CSR initiatives, member welfare programs, and environmental advocacies, the Association directly enhances its enterprise value, ensuring sustained member loyalty and long-term operational resilience.

# the environmental DIMENSION



## ENVIRONMENTAL STEWARDSHIP AT THE HOMEFRONT

As the AFPMBAI transitions to adopting global standards in sustainability reporting, it casts the GRI Standard and UN-SDG lens on its corporate exposure to benchmark on sustainability adherence in relation to the Environment dimension. As an illustration, the Association moves in to closely look at its investments whether it deals with green and blue entities, or whether the companies invested on, are within the dimensions of sustainability—all of which align with the Association's stated goals. Under its manifold set of guidelines, the Association hinges its sustainability initiatives on economic, environmental, social, and governance

## Milestones in Operational Efficiency

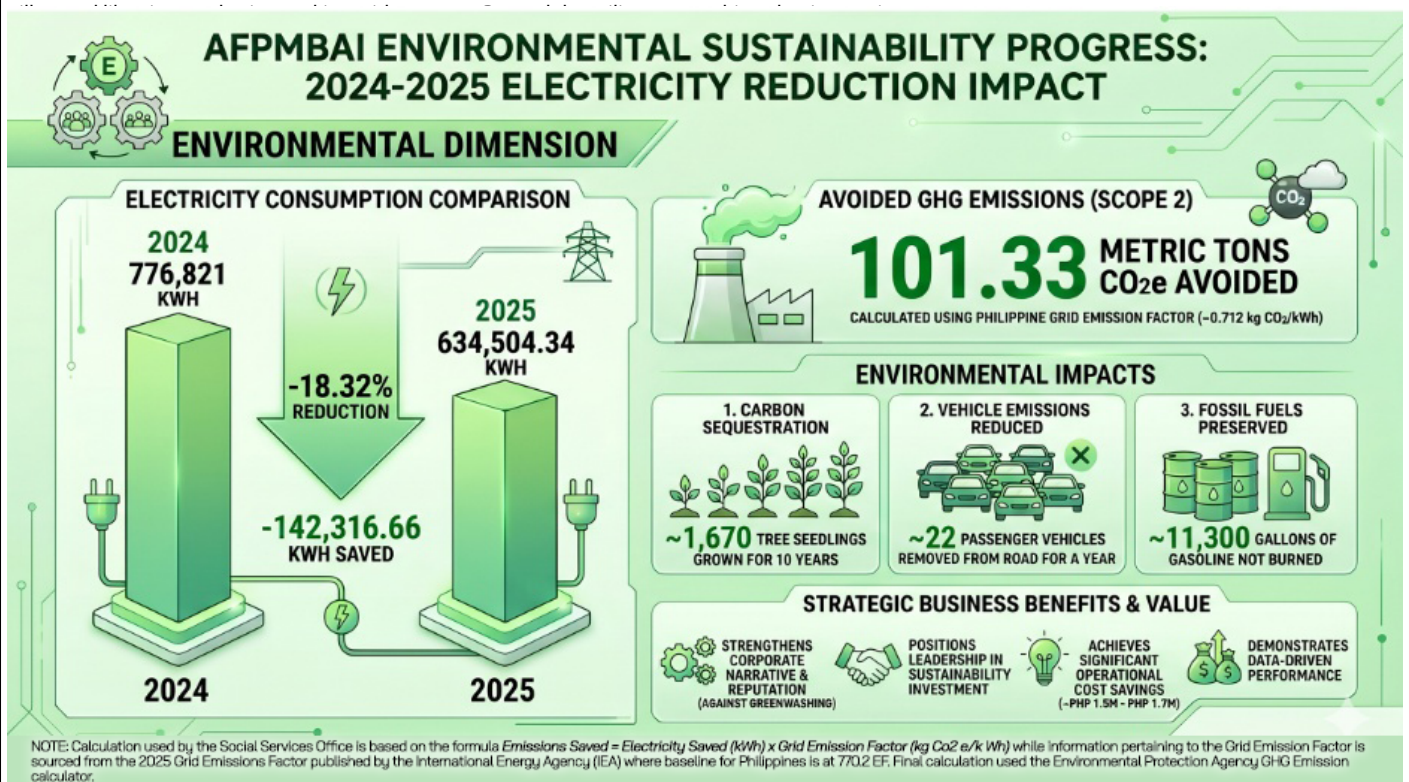
In 2024, the AFPMBAI's baseline electricity consumption stood at 776,821 kWh. Through targeted operational improvements, strategic resource management, and a collective commitment to conservation across the organization, it successfully drove our consumption down to 634,504.34 kWh by the close of 2025. This translates to a massive savings of 142,316.66 kWh—a remarkable 18.32% year-over-year reduction. In the landscape of corporate sustainability, this strongly signals moving rapidly from intention to impactful action. The calculations were made using the Greenhouse Gas Equivalencies by the United States Environmental Protection Agency (EPA

energy reduction directly translates to 101.33 Metric Tons of CO<sub>2</sub>e avoided (Scope 2 emissions) and further translated to:

- Carbon absorbed by 1,670 tree seedlings grown for 10 years.
- Emissions from 22 passenger vehicles removed from the road for a year.
- 1,300 gallons of gasoline conserved.

This data serves as ironclad proof that the Association's internal operational discipline directly mirrors the Association's external environmental advocacies.

It fortifies its corporate narrative with verifiable data that the Association practices.



similarly attuned entities that have responsible and sustainable management in their strategies. resulted in a Total Reduction of 1,850,122.30 UNITS, equating to a remarkable 18.3% efficiency gain. This drop validates the organization's energy-saving initiatives and represents a significant step in minimizing its environmental footprint and operational costs.

## Utility Management Efficiency Review

The AFPMBAI has achieved exceptional results in managing its utility consumption for 2025, significantly advancing its sustainability goals. More than highlighting a strong performance, the Association achieved targeted reduction and a validated operational efficiency. The management approach was effective, yielding double-digit efficiency improvements across both tracked utility categories thereby contributing to the Triple Bottomline (People-Planet-Profit). occurred in electricity consumption.

a profound, tangible impact on our planet. In the context of **Scope 2** Greenhouse Gas Emissions, and utilizing the Philippine power grid's average emission factor, AFPMBAI successfully prevented approximately 101.33 metric tons of carbon dioxide equivalent (CO<sub>2</sub>e) from entering the atmosphere.

As part of the initiatives, the replacement of dated, more energy-consuming equipment was prioritized. Installation of inverter-type air conditioning units for one, improved energy efficiency and significantly reduce electricity consumption. Inverter technology allows the system to adjust compressor speed based on cooling demand, resulting in lower power usage, reduced operational costs, and improved temperature control compared to conventional air conditioning units. Utilizing the Philippine Grid Emission Factor (~0.712 kg CO<sub>2</sub>/kWh), this energy reduction directly translates to 101.33

Furthermore, this translates to an estimated operational cost savings of PhP 1.5M to PhP 1.7M financially, proving that sustainable operations centered on the environmental dimension are also fundamentally economically sound.

## UN Sustainable Development Goals (SDGs)

The results of the reduction in power usage aligns with the UN-SDGs:

### SDG 7 (Affordable and Clean Energy):

Specifically Target 7.3, which focuses on doubling the global rate of improvement in energy efficiency.

### SDG 12 (Responsible Consumption and Production):

encouraging companies to adopt sustainable practices and integrate sustainability information into their reporting cycles.

**SDG 13 (Climate Action):** Direct climate change mitigation avoidance of 101.33 metric tons of greenhouse gas emissions.



AFPMBAI's power conservation initiatives strongly align with the Global Reporting Initiative (GRI) framework, showcasing a transparent and data-driven approach to managing its environmental impact.

By meticulously monitoring its internal utility data, AFPMBAI fulfills GRI 302-1 (establishing a clear and accurate baseline of its operational power usage. Building upon this foundation, the organization demonstrates tangible progress under GRI 302-4 (Reduction of energy consumption) by successfully executing efficiency strategies that yielded a rigorously documented reduction of 142,316.66 kWh.

Furthermore, this operational efficiency directly translates into measurable climate action. By tracking the carbon footprint associated with its purchased electricity, AFPMBAI accurately accounts for its GRI 305-2. Because of the significant drop in power consumption, the organization can confidently report a proportional decrease in its environmental impact under GRI 305-5 (Reduction of GHG emissions), proving that its targeted electricity savings successfully mitigate its overall corporate carbon footprint.

## AFPMBAI CLIMATE FRAMEWORK

AFPMBAI CLIMATE RESILIENCE				
GOVERNANCE & LEADERSHIP	CLIMATE RISK ASSESSMENT	RESPONSIBLE INVESTMENTS	OPERATIONAL RESILIENCE	MEMBER PROTECTION & DISASTER RESPONSE
<ul style="list-style-type: none"> <li>Board Oversight</li> <li>Management Integration</li> <li>Climate Task Force</li> </ul>	<ul style="list-style-type: none"> <li>Physical Risks (Typhoons, Floods)</li> <li>Transition Risks (Policy Shifts, Market Changes)</li> <li>Scenario Analysis</li> </ul>	<ul style="list-style-type: none"> <li>Positive Screening (Green Bonds, Renewable Energy)</li> <li>Negative Screening (High-Polluting Industries)</li> <li>Sustainable Asset Management</li> </ul>	<ul style="list-style-type: none"> <li>Business Continuity Plans</li> <li>Energy-Efficient Facilities</li> <li>Reduced Carbon Footprint</li> </ul>	<ul style="list-style-type: none"> <li>Health &amp; Life Insurance</li> <li>Rapid Disaster Response</li> <li>Calamity Loans</li> <li>Member Welfare Programs</li> </ul>

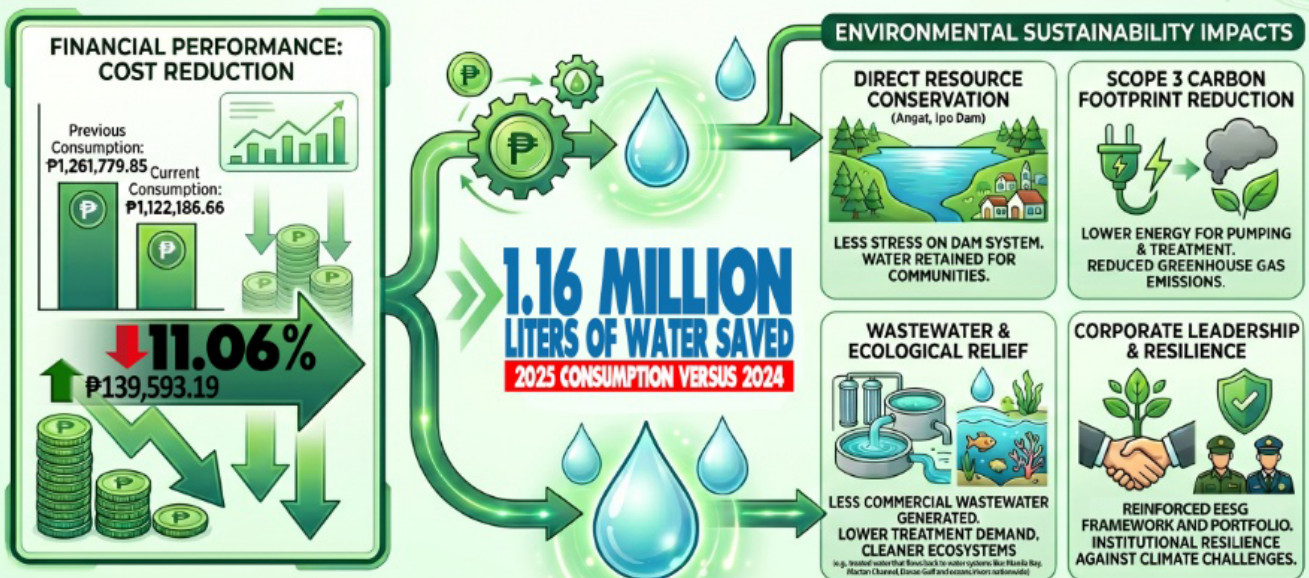
(ie., promptly identifying and repairing leaks in faucets, pipes, and sanitary fixtures), unnecessary water loss was greatly minimized.

Translating the conservation effort results, a million liters of water left unwasted at the

reducing consumption, AFPMBAI indirectly lowers the greenhouse gas emissions associated with water treatment facilities/companies' energy-intensive utility operations.

By preventing **1.16 million** liters of water from

## AFPMBAI WATER CONSERVATION IMPACT: FINANCIAL SAVINGS TO ENVIRONMENTAL SUSTAINABILITY



NOTE: Calculation used by the Social Services Office is based on the average basic charge at around ₱52.86 per cubic meter. Factoring in the highest tier basic charge, the Environmental Charge (20%), Sewerage Charge (20% for connected commercial entities), the Foreign Currency Differential Adjustment (FCDA), Maintenance Service Charge (MSC), and government taxes (12% VAT + Franchise Taxes), the effective all-in commercial rate typically averages between ₱110.00 to ₱130.00 per cubic meter. The aggregate amount will be lower once the Association adopts the reporting protocol standards by 2027.

### Sustaining Water Resources

For 2025, the Association's undeniable feat of saving roughly 1.16 million liters of water in a single period is a massive operational efficiency that yields profound environmental benefits.

Through the efforts of the Administration Division where it actively implemented measures to reduce water consumption through, routine inspections and maintenance of water fixtures

reserves, means that the Association directly built institutional resilience against dry spells and El Niño phenomena, ensuring that more water remains available for surrounding residential communities.

The next important gauge is the 3 Carbon Emissions rating: Water is heavy and requires massive amounts of electrical energy to pump, chemically treat, and distribute across the grid. By

being consumed, AFPMBAI simultaneously prevents 1.16 million liters of commercial wastewater from needing energy-intensive treatment or risking eventual discharge into the water ecosystems (i.e., Manila Bay, Gulfs of Davao and even that of Mactan, among others) nationwide.

The initiative began with a critical analysis of AFPMBAI's operational water costs. From a purely



By dramatically lowering consumption, the AFPMBAI reduced the embedded carbon emissions—a critical factor in Scope 3 carbon footprint reduction, actively decreasing the greenhouse gas (GHG) emissions.



distinct environmental benefits that result from this water volume. Crucially, this water volume is not just an abstraction. The 1.16 million liters of water the organization did not draw remained in its source. This directly translates to direct resource conservation in the vital Angat and Ipo Dam systems that Metro Manila depends on. By reducing its commercial demand, AFPMBAI is actively mitigating the water-stress challenges facing the region. The direct consequence is water retained for community consumption, reinforcing regional water security and supporting the localized ecosystem.

Furthermore, a significant secondary benefit of water efficiency is its positive impact on the carbon footprint. Water management is an energy-intensive process. Every liter of water requires massive electrical power to treat and distribute. By dramatically lowering its consumption, AFPMBAI is reducing the embedded carbon emissions associated with

In addition, the Association’s commitment to transparent sustainability reporting by aligning its conservation initiatives with established GRI standards.

The impact of the water saving initiatives of the Association shows its adherence to **GRI 303-1**, by proactively managing its interactions with water as a shared resource, specifically through actions that alleviate stress on the critical Angat and Ipo dam systems. The organization further fulfills **GRI 303-5** requirements by rigorously tracking its water consumption, resulting in the documented conservation of 1.16 million liters of water compared to the previous year.

Additionally, these conservation efforts extend into emissions management under **GRI 305-3**, as the organization accounts for the reduction in “**Other indirect (Scope 3) GHG emissions**” achieved by lowering the energy demand typically required for large-scale water pumping and treatment processes.

By optimizing resource usage and creating localized resilience, the association is building true institutional resilience against climate challenges. This project proves that sustainable operations are not just good for the planet; they are essential for future-proofing the institution.

## UN-SDG AND GRI STANDARD ALIGNMENT

WASTEWATER & ECOLOGICAL RELIEF (UN SDG 14: Life Below Water)	
Initiative Focus	Strategic Outcome & Reporting
Water Conserved	Achieved a conservation total of 1.16 Million Liters Saved.
Wastewater & Effluent Volume	Reduced generated wastewater and lower effluent volume
Infrastructure Impact	Decreased burden on existing wastewater treatment facilities; lower treatment demand
Local Marine Protection	Mitigated risk of polluted runoff; cleaner streets and drainage Actively prevents marine pollution in Manila Bay. <b>Direct protection of local marine biodiversity.</b> Ensures strict compliance with UN SDG 14.
CORPORATE LEADERSHIP & INSTITUTIONAL RESILIENCE (GRI 303 Compliance)	
Initiative Focus	Strategic Outcome & Reporting
Strategy & Performance	Transformed a standard cost-reduction goal into a demonstrable <b>environmental achievement.</b> Significantly strengthened the EESG (Economic, Environmental, Social, and Governance) portfolio.
Data Tracking & Reporting	Rigorous data tracking and transparent reporting. Alignment with <b>GRI 303: Water &amp; Effluents</b> standards. Accurate measuring of reduced withdrawal and consumption.
Leadership & Future Resilience	Demonstrates proactive sustainability leadership; moves beyond basic compliance. Builds true institutional resilience against climate challenges.



LIFE BELOW WATER



WATER AND EFFLUENTS

economic standpoint, the cost-reduction strategy yielded exceptional results. A comparison of water consumption billing periods reveals a previous cost of ₱1,261,779.85 has been reduced to a current expenditure of ₱1,122,186.66. This represents a remarkable total financial saving of ₱139,593.19, translating to an 11.06% reduction in water-related operational costs.

While this financial saving is a significant win for the Association’s bottom line, its true value lies in how the organization chose to interpret and leverage it.

### Translating Financial Value into Environmental Volume

Rather than viewing this solely as money saved, AFPMBAI recognized it as the economic value of a critical resource not consumed. To understand the environmental translation, the institution converted this financial saving into its volumetric equivalent in water.

The conservation success goes beyond resource retention. The data details a cascade of four

that energy usage. This is a critical factor in **Scope 3 carbon footprint reduction**, actively decreasing the greenhouse gas emissions linked to the utility’s operations on the institution’s behalf. Water efficiency is climate efficiency.

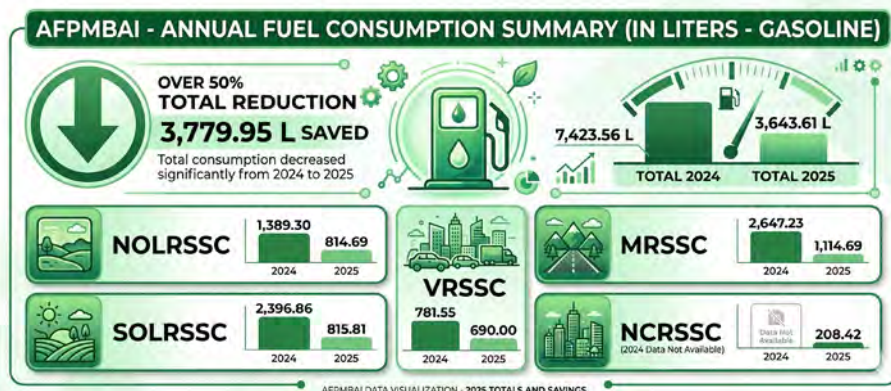
The water story does not end at consumption. Less water used means less commercial wastewater generated. This reduction leads to lower treatment demand on existing wastewater facilities, preventing potential systems overload. Ultimately, this mitigates pollution and supports cleaner ecosystems, by reducing the burden of wastewater runoff, thus directly protecting regional biodiversity.

This initiative is a powerful demonstration of corporate leadership and resilience. By successfully transforming a standard cost-reduction goal into a demonstrable environmental achievement, AFPMBAI significantly strengthens its CSR and EESG dimensions. It moves the institution beyond compliance and into proactive sustainability leadership.

The impact of the water saving initiatives of the AFPMBAI shows its adherence to GRI 303-1, by proactively managing its interactions with water as a shared resource, The organization further fulfills GRI 303-5 requirements by rigorously tracking and documenting its consumption. Additionally, these conservation efforts extend into emissions management under GRI 305-3, as the organization accounts for the reduction in “Other indirect (Scope 3) GHG emissions” -- achieved by lowering the energy demand required for water pumping and treatment processes.



# the environmental DIMENSION



In 2025, the AFPMBAI reduced its measured gasoline consumption across its regional service centers from 7,423.56 liters in 2024 to 3,643.61 liters in 2025 — a year-on-year reduction of 3,779.95 liters, or 50.9%. This represents more than half of direct fuel use in a single reporting cycle and constitutes one of the most material environmental achievements available for disclosure in the Association’s sustainability reporting.

Converted using the U.S. Environmental Protection Agency’s standard combustion factor for motor gasoline (8.887 kg CO<sub>2</sub> per gallon, ≈ 2.348 kg CO<sub>2</sub> per liter), the fuel avoided translates to approximately 8.88 metric tons of CO<sub>2</sub>e in avoided direct (Scope 1) greenhouse-gas emissions. Total Scope 1 emissions from gasoline fell from roughly 17.43 t CO<sub>2</sub>e to 8.55 t CO<sub>2</sub>e.

Four of the five service centers reporting a 2024 baseline cut consumption, led by SOLRSS (–66.0%) and MRSS (–57.9%). This document quantifies those reductions, expresses them in environmental terms, and maps the result against the United Nations Sustainable Development Goals (SDGs), the GRI Standards (notably GRI 302: Energy and GRI 305: Emissions), and the SASB / ISSB disclosure architecture — providing audit-ready narrative for the Environmental dimension.

### Environmental Impact Quantification

The headline reduction is converted below into the environmental units used in formal sustainability disclosure. These figures form the quantitative backbone of the Association’s environmental narrative.

To make the ~8.88 t CO<sub>2</sub>e avoided tangible, EPA equivalency factors translate the saving into:

Metric	2024 → 2025	Avoided / Saved
Gasoline consumed (L)	7,423.56 → 3,643.61	3,779.95 L
Scope 1 emissions (t CO <sub>2</sub> e)	17.43 → 8.55	≈8.88 t CO <sub>2</sub> e
Direct energy (GJ, LHV)	253.9 → 124.6	≈129.3 GJ
Gasoline (US gallons)	1,961 → 963	≈998.6 gal

- the annual emissions of roughly 1.9 passenger vehicles taken off the road for a full year (EPA: 4.6 t CO<sub>2</sub>/vehicle/year);
- the carbon sequestered by about 147 tree seedlings grown for ten years, or roughly 10.5 acres of U.S. forest in one year;
- approximately 3,780 liters of gasoline never burned — eliminating not only CO<sub>2</sub> but

associated tailpipe pollutants (NO<sub>x</sub>, particulate matter, volatile organic compounds) that affect local air quality.

Because gasoline combustion is a Scope 1 (direct) emission source, these reductions are fully attributable to AFPMBAI’s own operational control. Unlike Scope 2 or Scope 3 reductions, they require no allocation assumptions and are the most defensible category of emissions to claim under both GRI and SASB.

UN-SDGs	Relevant Target	AFPMBAI contribution
13 — Climate Action	13.2 Integrate climate measures into policies and operations	8.88 t CO <sub>2</sub> e of direct emissions avoided through a 50.9% cut in operational fuel use, evidencing climate action embedded in day-to-day operations.
12 — Responsible Consumption & Production	12.2 Sustainable management and efficient use of natural resources	Nearly halved a non-renewable resource (gasoline), reducing consumption of ~3,780 L and the upstream extraction it represents.
7 — Affordable & Clean Energy	7.3 Double the rate of improvement in energy efficiency	129.3 GJ of direct energy demand eliminated via efficiency, more than halving the energy intensity of operations year on year.
11 — Sustainable Cities & Communities	11.6 Reduce the adverse per-capita environmental impact of cities	Lower gasoline combustion reduces local air pollutants (NO <sub>x</sub> , PM, VOCs) around service centers, benefiting surrounding communities.

GRI disclosure	Requirement	AFPMBAI reportable content
GRI 302-1	Energy consumption within the organization (fuel, in joules)	Direct gasoline energy: ≈253.9 GJ (2024) → 124.6 GJ (2025); non-renewable fuel type: gasoline.
GRI 302-4	Reduction of energy consumption from efficiency initiatives	≈129.3 GJ reduction (50.9%) from operational efficiency; baseline year 2024.
GRI 305-1	Direct (Scope 1) GHG emissions	Scope 1 gasoline emissions: 17.43 t CO <sub>2</sub> e (2024) → 8.55 t CO <sub>2</sub> e (2025), 100-yr GWP.
GRI 305-5	Reduction of GHG emissions from initiatives	≈8.88 t CO <sub>2</sub> e avoided as a direct result of fuel-efficiency measures; gases included: CO <sub>2</sub> ; base year 2024.

SASB / ISSB consideration	AFPMBAI position	AFPMBAI reportable content
Measurement basis	Gross global Scope 1 emissions quantified in t CO <sub>2</sub> e (100-yr GWP), per SASB / GHG Protocol convention: 8.55 t CO <sub>2</sub> e for 2025.	Direct gasoline energy: ≈253.9 GJ (2024) → 124.6 GJ (2025); non-renewable fuel type: gasoline.
Industry materiality (Asset Mgmt / Insurance)	Scope 1 fuel emissions are not an industry-designated material metric for the financial sector; the Association discloses voluntarily as good practice.	≈129.3 GJ reduction (50.9%) from operational efficiency; baseline year 2024.
ISSB / IFRS S2 relevance	Operational emissions and their reduction support entity-level climate-risk disclosure and transition-readiness narratives expected by investors and regulators.	Scope 1 gasoline emissions: 17.43 t CO <sub>2</sub> e (2024) → 8.55 t CO <sub>2</sub> e (2025), 100-yr GWP.
Decision-useful trend	A 50.9% year-on-year reduction is a clear, quantified, comparable signal of operational efficiency and climate management.	≈8.88 t CO <sub>2</sub> e avoided as a direct result of fuel-efficiency measures; gases included: CO <sub>2</sub> ; base year 2024.

AFPMBAI exists to safeguard the long-term financial security of the MUP and their families. Stewardship of the future is therefore not peripheral to the Association’s mission — it is

its essence. Extending that fiduciary mindset to the natural environment is a logical and credible expression of the same long-horizon responsibility the Association already owes its members.

### Alignment with the UN Sustainable Development Goals

The fuel-reduction result advances several SDGs. The Association’s direct emissions reductions are most strongly connected to SDG 13 (Climate Action) and SDG 12 (Responsible Consumption and Production), with supporting contributions to SDGs 7 and 11.

### Alignment with SASB / ISSB Standards

Under the SASB Standards (now maintained by the IFRS Foundation alongside the ISSB), greenhouse-gas emissions are reported in metric tons of CO<sub>2</sub>e using 100-year GWP values, consistent with the methodology used here. As a mutual benefit / insurance institution, AFPMBAI does not fall within the heavy-emitting industries for which SASB designates Scope 1 emissions as a financially material, industry-specific topic; its material SASB topics are financial in

nature. Nonetheless, the Association’s operational emissions are directly relevant to ISSB-aligned, enterprise-wide climate disclosure (IFRS S2), and reporting them demonstrates disclosure maturity beyond the strict industry baseline.

With this, the Association can credibly embark with its operational decarbonization leading to 2030. Fewer liters of fuel reflect smarter mobility — optimized field routing, consolidated travel, fleet right-sizing, and the substitution of physical trips with digital member servicing. Each of these levers simultaneously lowers cost and emissions, demonstrating that environmental performance and financial performance move in the same direction.

Looking forward, the 2025 result establishes a new, lower baseline against which future performance will be judged. The strategic opportunity is to institutionalize the gains —

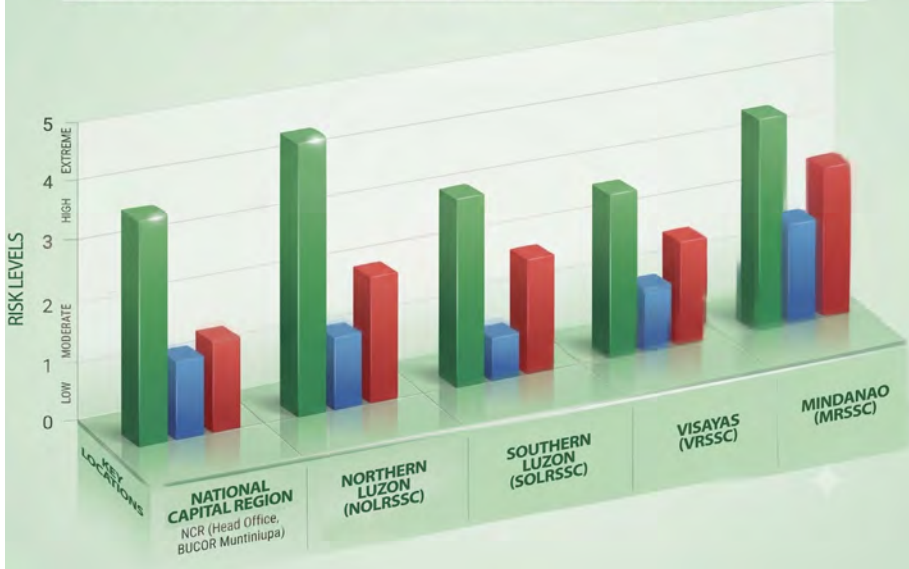
converting a strong single-year reduction into a durable downward trend consistent with annual measurement across all centers (including a clean NCRSSC baseline).

# the environmental DIMENSION



## REGIONAL RISK & SECURITY ASSESSMENT

NATURAL DISASTER    INSURGENCY & TERRORISM    CRIME & URBAN SECURITY



### APPROACH TO ENVIRONMENTAL RISKS

As the Association is mandated to manage the life insurance, housing loans, and large investment portfolios specifically for the MUP, emphasis on its environmental dimension initiatives require a thorough look into the impacts and risks it monitors closely as these present a dual threat to institutional sustainability.

As part of its Business Continuity Process (BCP), the AFPMBAI is fully aware and cognizant of the threats that environmental-related hazards pose. With its risk protocols in place, it continuously identifies and monitors these threats that may directly or indirectly impact the sustainability of the Association.

These are categorized into Physical Risks (the direct damage from climate events) and Transition Risks (the financial impacts of shifting to a low-carbon economy). To arrive at the Association's initial regional risk assessment, items were first baselined from data obtained from online publications and sources such as: Philippine Country Security Report, HazardHunter, PAG-ASA, NDRMMC Disaster Map, Statista, and the CrisisWatch database.

#### Elevated Mortality and Morbidity

The MUP serves as the country's primary first responders during natural disasters (typhoons, floods, landslides). As climate change increases the frequency and intensity of these events in the Philippines, these personnel face significantly higher occupational hazards.

Furthermore, post-disaster conditions often trigger spikes in vector-borne and waterborne diseases (e.g., dengue, leptospirosis), which can lead to a sustained surge in health and life insurance claims.

#### Devaluation of Collateral

The Association manages a substantial portfolio of housing and real estate loans. Properties situated in high-risk zones—such as coastal areas, flood plains, or steep terrain—are vulnerable to direct physical damage risking potential loan payment defaults.

#### Operational Disruption



With branches and operations spanning the archipelago, severe weather events threaten the association's physical infrastructure. Service interruptions during or immediately following a disaster can delay critical operations, such as the processing of emergency salary loans or death claims, exactly when members need liquidity the most.

#### Transition Risks

Transition risks emerge from the regulatory,

market, and reputational shifts required to adapt to a sustainable economy. By adhering to these parameters, the Association is able to provide a stable foundation for the long-term delivery of member benefits and the protection of stakeholder interests, ensuring its investment and operational conduct remains within strictly defined safety margins.

Through the Risk Management Office's risk register, and monthly RORPTC reporting, active monitoring and mitigation of potential risks such as factors that lead to collateral devaluation, claims exposure, regulatory penalties from non-compliance up to gaps to investment returns such as those that may be stranded brought about by environmental hazards and disasters.

#### Environment and Credit Risk

In view of economic shifts and market volatility, AFPMBAI remains unwavering in prioritizing capital preservation and institutional solvency. A cornerstone of the 2025 strategy is the Association's disciplined transition toward the adoption of PFRS 9, which enhances its ability to recognize and provision for potential credit risks well before they materialize. Parallel to this transition, the Association has significantly strengthened its Credit and Investment Frameworks, institutionalizing more rigorous vetting processes and portfolio monitoring through its Credit Risk Management Framework that looks at potential risks arising from loan defaults especially during calamity-related incidents affecting the members.

Under the Association's Credit Risk Management Framework as mandated by the Board for immediate implementation, the 6th pillar of the framework establishes a "Holistic & Integrated View," noting that credit risk does not exist in a vacuum. It is interconnected with the AFPMBAI ERM and cascades directly into the credit risk pipeline, ensuring disaster response is coordinated across all business units.

As part of the Association's commitment to continuous improvement, a comprehensive gaps analysis will be presented for the succeeding year to document variances between the new standards and existing internal policies. The gap analysis presents the perfect operational window to formally integrate specific environmental risk variables (e.g., geographic calamity scoring, specific disaster forbearance triggers) into the finalized credit manuals.

#### Environmental and Social Risks in Regional Branches and Offices

AFPMBAI operates across a diverse archipelago where risk is not uniform but regionalized. The Northern and Southern Luzon sectors act as the primary buffer against typhoon-driven operational paralysis. Because these regions bear the brunt of the Pacific's meteorological disturbances, the risk here is less about if a disruption occurs, but the duration in which said branches can still carry out its services. Mindanao, on another note, requires a dual-

# the environmental DIMENSION



track BCP strategy. While the physical security of personnel is bolstered by the presence of armed forces, the association must navigate the “cascading effect” of disasters; an earthquake or flood in these regions often intersects with zones of local insurgency, complicating recovery logistics and emergency access.

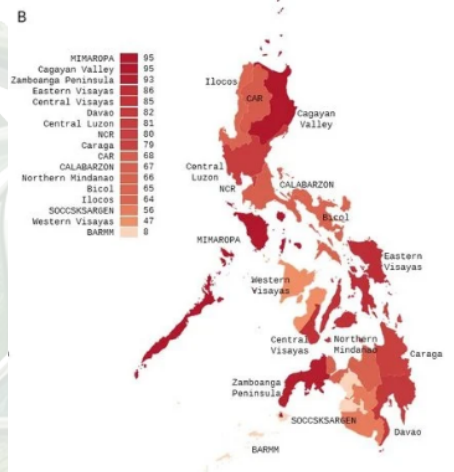
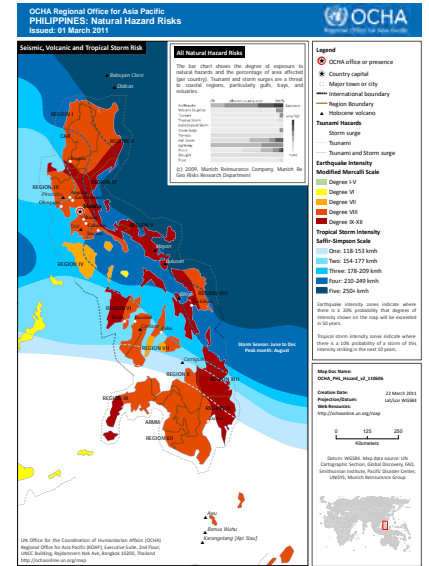
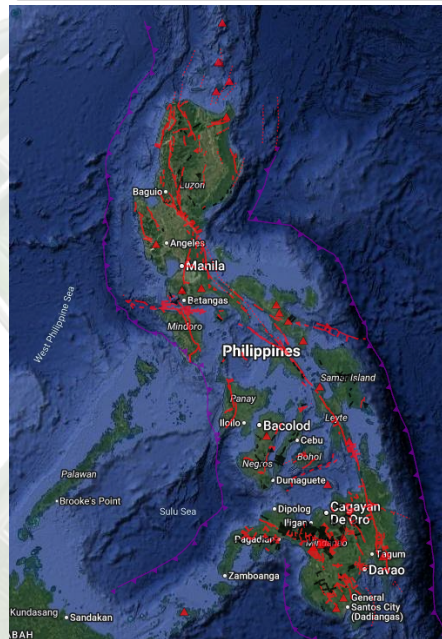
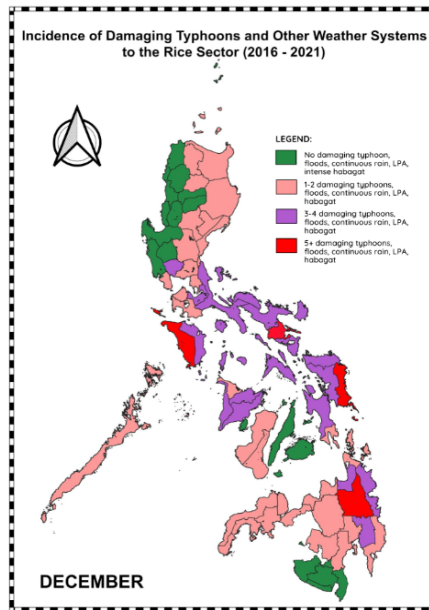
To embed environmental, security, and crime risk monitoring directly into the Association, its 18 Branches and 42 Extension Offices were evaluated by their actual geographical layout across the five official regional sales and service centers: NCRSSC, NOLRSSC, SOLRSSC, VRSSC, and MRSSC.

Because AFPMBAI centers are specifically nested inside or right next to military and police camps (e.g., Camp Aguinaldo, Camp Henry Allen, SOLCOM, VISCOM), their physical security profiles differ drastically from traditional civilian corporate offices.

While some of the Association’s offices are co-located within camps, a significant shield against standard urban criminality and localized civil unrest, is established. However, if a base is placed on high-level security lockdown, AFPMBAI operations effectively cease despite the internal safety of the staff. The continuity narrative in its BCP therefore included a shift from “site-specific security” to “remote operational agility.”

On the aspect of natural disasters in the Philippines that increases in both frequency and intensity, the risk analysis shows that the Association’s reliance on physical document processing and cash-based services in high-risk zones (such as Eastern Samar or the Bicol Peninsula) is a primary vulnerability.

The Regional Risk and Security Assessment table shows the vulnerabilities in each of the regional centers and are material in the BCP context. In the area of its database management, cloud-based member services and remote disbursement capabilities is identified as a prioritized fundamental survival requirement.



Ranging from localized insurgency in the Caraga region or parts of the Sulu Archipelago to cyber-fraud targeting members, the Association’s personnel are not just financial officers; in the field, they are the front line of the BCP.

Empowering these personnel with decentralized decision-making authority during emergencies is the missing link between a static plan and a resilient organization.

To mitigate these potential risks that may contribute to the failure of the Association’s regional offices in executing their mandate and service commitments, the BCP has outlined the levels in which they are to operate under said assumptions and barriers.

Through the Association’s BCP, its regional offices are equipped best to manage such situations.

Moving forward, AFPMBAI’s risk management process must evolve from passive monitoring to proactive integration for potential alerts for the BCP’s “Trigger-Response” cycle.

### AFPMBAI CREDIT RISK MANAGEMENT FRAMEWORK: CALAMITY-RESPONSE CLAUSES & DISASTER-TRIGGERED FORBEARANCE GUIDELINES

STRATEGIC ALIGNMENT FOR ENVIRONMENTAL DISASTERS.

Section / Line	Components and Actions
1. CALAMITY ACTIVATION & PORTFOLIO TRIAGE CLAUSES	<ul style="list-style-type: none"> <li><b>Geographic Triggers:</b> State-of-Calamity declarations mapped against Heat Maps</li> <li><b>Proactive Qualitative Triggers:</b> Assess borrower vulnerability before payment defaults</li> <li><b>ECL Stage Migration:</b> Move accounts to Stage 2: UNDERPERFORMING; update Lifetime ECL provisioning</li> </ul>
2. DISASTER-TRIGGERED FORBEARANCE GUIDELINES	<ul style="list-style-type: none"> <li><b>Targeted Moratoriums:</b> Temporary suspension of Automatic Salary Deduction &amp; Post-Dated Checks collection</li> <li><b>Term Extensions:</b> Restructure loan by extending tenure, recalibrate Capacity to Pay</li> <li><b>Penalty Waivers:</b> Freeze late fees &amp; default penalties for capital preservation</li> <li><b>Interest Rate Provisions:</b> Strategic adjustments to Fixed-rate policy require Board approval</li> </ul>
3. COLLATERAL VALUATION & SAFEGUARD CLAUSES	<ul style="list-style-type: none"> <li><b>Mandatory Collateral Re-assessment:</b> Trigger Periodic Re-appraisal Policy for Real Estate Loans in affected zones</li> <li><b>LTV Monitoring:</b> Recalibrate Strict LTV Enforcement; identify value drops due to damage</li> <li><b>Redemption &amp; Insurance Claims:</b> Expedite processing, utilize insurance as a primary recovery layer</li> </ul>
4. CRISIS GOVERNANCE & ROLES (THREE LINES MODEL)	<ul style="list-style-type: none"> <li><b>Execution (1st Line):</b> Top Management initiates procedures; Business Units monitor financial health</li> <li><b>Methodology &amp; Reporting (2nd Line):</b> Risk Officer recalculates ECL, reports aggregate risk profile to RORPTC</li> <li><b>Final Authority:</b> Board of Trustees (BOT) approves material policies, Risk Appetite, &amp; Significant Facilities</li> </ul>



## THE ENVIRONMENTAL FACTOR IN INVESTMENTS

AFPMBAI maintains its strong support to sustainability endeavors with high priority on investments in Sustainability-linked Bonds where proceeds will be used to support EESG projects/initiatives. For 2025, total Sustainable investments in Corporate Bonds and Equities amounted to P1.91Bn issued by respected companies in real estate, banks, utilities, power/energy. Said investments were part of the approved plans and programs of the company, where AFPMBAI commits to support in nation building and better future for the next generation, while providing the company with a steady investment return.

### Investment Engagements and UN-SDG Alignments

In the chart below, seven partner banks where the Association had TD/SSA investments were analyzed based on each of their potential environmental impacts and alignments. The penultimate goal is to gauge whether present physical and transitional risk factors affect their financial and economic dimensions of sustainability in managing the funds that the Association invests with them.

Bank One (B1) fares exceptionally well against sustainability risks due to a highly structured

capacity. Bank Two (B2), as one of the largest lender, faces the highest theoretical exposure to legacy, carbon-heavy industries. However, they mitigate this via a strict exclusionary list and aggressive climate transition financing. B2 requires high-emitting corporate borrowers to present credible transition plans toward greener operations before renewing large credit lines, effectively insulating the bank from “stranded asset” risks (like funding a coal plant that gets regulated out of existence).

For Bank Three (B3), often considered the industry pioneer in ESG risk management, was also among the first to fully integrate an environmental and social management system that meticulously screens every corporate loan against an exclusion list.

As all areas have to be meticulously considered, the Association’s investment under “vulnerability risks” are based largely on specific sectors they lend to, and partly due to their current processes of building their data architecture needed to fully stress-test against climate change. First on the vulnerability segment is Bank Four (B4) which has significant exposure to the agricultural sector and provincial infrastructure. This makes their portfolio highly sensitive to physical climate risks (e.g., an El Niño drought or a super typhoon wiping out crop yields, and may

aforementioned.

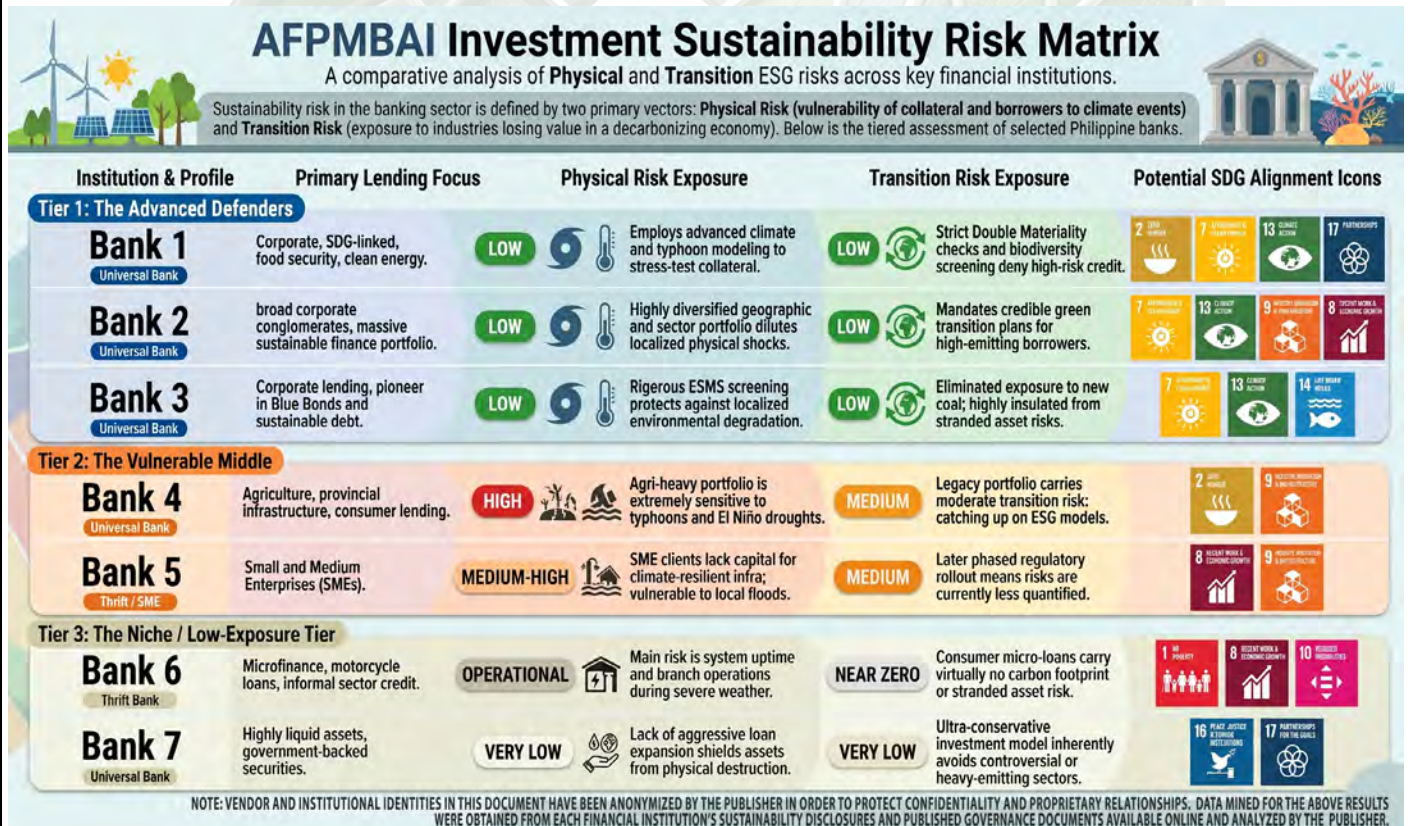
Because B5 focuses on SMEs, its borrowers generally lack the capital to invest in climate-resilient infrastructure. If a localized flood hits a commercial district, B5’s SME clients are far more likely to default than a massive conglomerate with diversified assets. As a mid-tier bank, B5 falls under a later phase of the BSP’s mandatory climate disclosure rollout, giving them time to catch up, but leaving their current portfolio more exposed to unquantified environmental shocks.

Distinctive of the first four institutions, Banks Six and Seven’s (B6 and B7) sustainability risk is less about “financed emissions” and more about basic operational survival. The primary lending products of B6 are in micro-credit loans and have a very low carbon footprint, meaning their transition risk is near zero.

B7 on the other hand, fares extremely well against sustainability risks simply by avoiding risk altogether.

Though this may appear to be conducive, it may also be read as a conservative or a risk-averse stance that poses other considerations moving forward.

Investing with a risk-averse institutions is



ESRM framework updated in 2025. B1 explicitly models physical climate risks—mapping out how typhoons, droughts, and sea-level rise could destroy a borrower’s infrastructure and repayment

lead to risks of loan defaults). While B4 complies with BSP baseline requirements, their risk management relies heavily on reactive measures like crop insurance rather than the predictive climate modeling used by the first three banks

generally not sustainable for long-term wealth growth. Their reluctance to take any risk typically leads to lower returns that may ultimately erode an investor’s purchasing power. On a positive note, risk-averse institutions focus on government

# the environmental DIMENSION



bonds, and riskless securities which means they are immune to severe market volatility.

## GOING GREEN: AN INTROSPECT

The Association's commitment to securing the future of its members extends beyond financial well-being; it encompasses the preservation and restoration of the environment in which the members' communities thrive. This year, the Association expanded its environmental stewardship footprint by championing Nature-based Solutions (NbS) designed to enhance local biodiversity, build climate resilience, and actively contribute to global carbon sequestration efforts.

Recognizing that environmental protection is a

(SOLRSSC) along with other stakeholders.

Demonstrating its commitment to environmental protection and community engagement, the 19th Infantry (Commando) Battalion, 8th Infantry Division, Philippine Army, participated in a mangrove planting event at Barangay Benaticlan, Laoang, Northern Samar spearheaded by the Visayas Regional Sales and Service Center (VRSSC), in close coordination with the Local Government Unit of Laoang and the Barangay Local Government Unit.

Various stakeholders joined the effort, including the 74th Infantry Battalion, Bureau of Fire Protection - Laoang, 2nd Northern Samar Police

Mangroves are widely recognized as critical "Blue Carbon" ecosystems, capable of storing up to ten times more carbon per hectare than terrestrial forests. Beyond their profound capacity for carbon sequestration, these mangroves will serve as crucial ecological infrastructure—acting as natural storm barriers to protect coastal communities from storm surges and coastal erosion, while acting as nurseries to sustain local marine life in support of SDG 14: Life Below Water.

Together, these initiatives represent a tangible step in the Association's broader Climate Action agenda (SDG 13). More importantly, these living ecosystems mitigate the secondary impacts of climate change by reinforcing community resilience against extreme weather events.

By integrating environmental advocacy with the operational readiness of the Philippine Army, the Coast Guard, AFPMBAI is fostering a culture of holistic stewardship.

Over their mature lifetimes, assuming they grow undisturbed, the trees planted at Quezon Province will remove roughly 480 metric tons of CO2 from the atmosphere — equivalent to the emissions of driving a standard passenger car for



shared duty, the Southern Luzon Regional Sales and Service Center (SOLRSSC) leveraged its strong partnerships with the uniformed services to execute targeted reforestation programs.

In a heartwarming display of community spirit, the 4th Forward Service Support Unit (4FSSU) spearheaded a joint tree planting activity at Sitio Ibayo, Brgy. Ibabang Palale, Tayabas City, Quezon. The event was a collaborative effort with 2nd Installation Management Battalion, local government units (LGUs), and the AFPMBAI Southern Luzon Sales and Service Center



Mobile Force Company (2NSPMFC), Bureau of Jail Management and Penology - Laoang, Philippine Coast Guard, 801st Ready Reserve Infantry Battalion, 801st Community Defense Center (CDC), RCDG, and the Northern Samar Masonic Lodge No. 211 (NSML 211).

A total of 600 mangrove seedlings were planted by the participants, highlighting a collective commitment to strengthen coastal protection, enhance biodiversity, and promote environmental awareness through community-driven action.

This terrestrial reforestation effort directly supports the restoration of local watersheds, improves soil stability, and provides vital habitats for local wildlife, aligning closely with the United Nations Sustainable Development Goals (SDGs) 13 and 14: Life On Land and Life Below Water.

From the upland watersheds to our vital coastlines, the Association also extended its reach to the marine ecosystems of Siargao, Surigao. In coordination with the Philippine Coast Guard, the MRSSC team planted mangrove saplings.



over 1.2 million miles.

The mangrove propagules planted at Surigao and Northern Samar will absorb a total of 7.38 metric tons (approx. 12.3 kg/tree/year) and an estimate 180 metric tons (over a 25-year mangrove growth life). Even as the mangroves mature, they store the majority of their carbon in their complex underwater root systems and the waterlogged soil beneath them.

These collaborative planting activities are not merely CSR events; they are long-term investments that ensure the environment is safeguarded for generations to come.



**F**or AFPMBAI, the social dimension is not a new concept—it is the foundational purpose of the organization. However, to effectively tell this story to stakeholders, the Association’s daily activities must be translated into a compelling, measurable narrative of impact.

**SOCIAL PROTECTION FRONTLINE**

The true measure of success here is found in the speed and reliability of relief. Claims settlement ratios and average processing times are not just administrative targets; they represent how quickly capital reaches a grieving family after a Killed-in-Action (KIA) or Wounded-in-Action (WIA) incident, preventing them from falling into poverty. Furthermore, the narrative expands into financial inclusion. By tracking the adoption rates of endowment plans and the reach of financial literacy programs, the organization can demonstrate how it actively transforms immediate income into intergenerational wealth and long-term economic mobility for its members.

**Targeted Community Intervention**

While the core business provides the foundation, direct community engagement remains a highly visible and vital chapter of the EESG story. However, the focus has shifted from tracking how much money was spent to measuring the actual human impact of those investments.

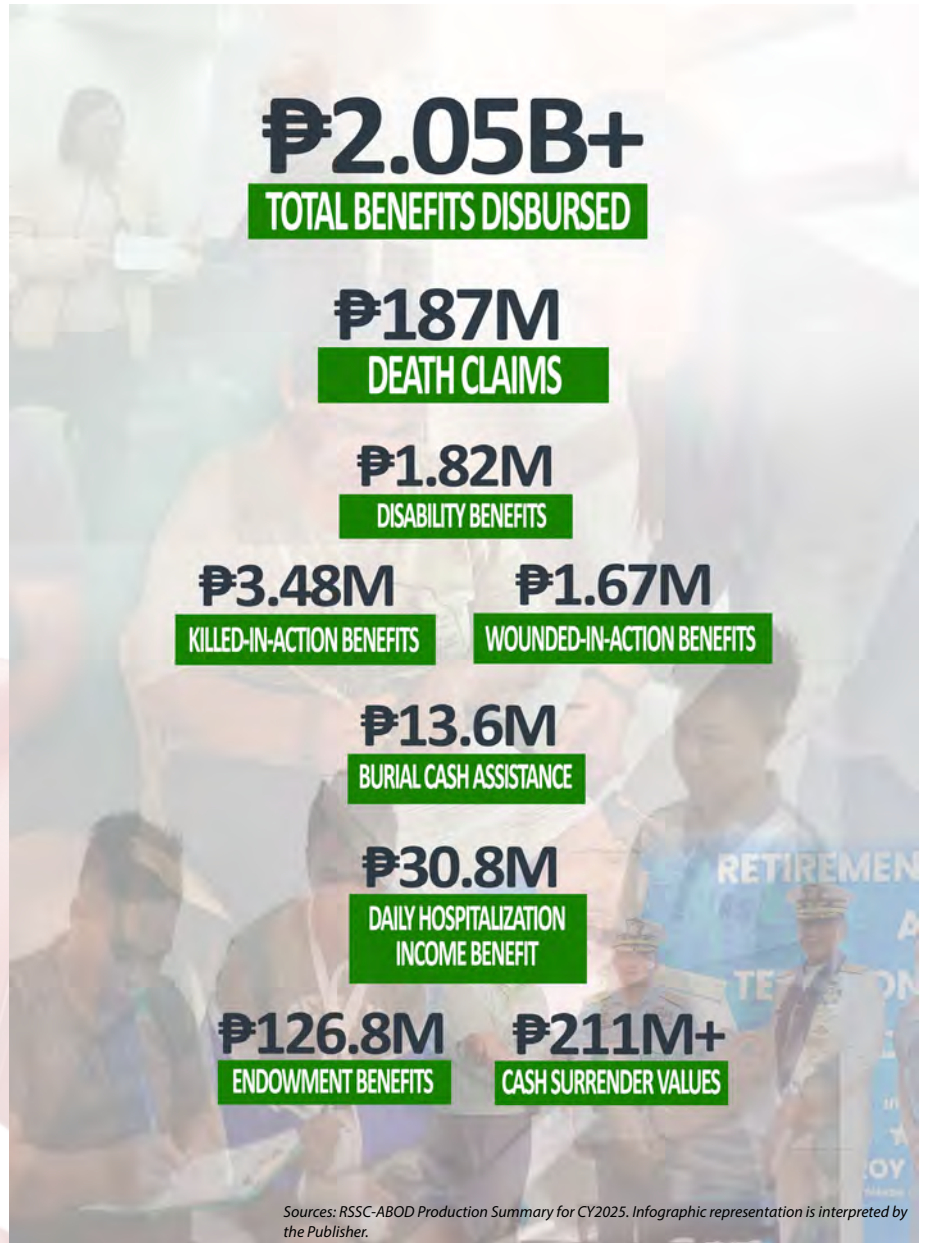
Advanced organizations take this a step further by calculating the Social Return on Investment (SROI), providing a concrete number that represents the broader social value generated by every peso spent on community welfare.

**Cultivating an Internal Culture of Care**

Finally, the narrative must turn inward. An organization cannot claim to be a champion of social sustainability if its own workforce is neglected. Regulators and stakeholders heavily scrutinize how a company treats its people.

This chapter is told through metrics that reflect workplace health and equity. High employee retention rates and strong diversity and inclusion figures demonstrate a fair and supportive environment. Moreover, tracking the average training hours per employee—specifically for culture-building programs centered on “Malasakit” (deep empathy and concern)—proves that the association is actively investing in the mental well-being and professional growth of the very people tasked with serving the MUP.

By weaving these four elements together, the organization moves away from a disjointed list of good deeds. Instead, it presents a unified, data-backed narrative showing that every policy issued, every investment made, and every employee trained is a deliberate step toward a more secure and empowered society.



The way the Association hinges its strategies around its Social dimension is highly specialized: building a resilient, supported, and empowered community. It focuses on ensuring the lifelong health, welfare, and morale of the MUP and their families through relevant products, services and meaningful social services, while simultaneously cultivating a healthy internal environment for the employees delivering those services.

**COMMITMENT TO MEMBERS**

In the context of an EESG framework, the Association occupies a unique position. For most companies, the “Social” dimension is a secondary initiative (like most of its CSR initiatives). But for a mutual benefit association such as the AFPMBAI, the core business operations are intrinsically social.

**Claims Releasing**

In times of need, whether an MUP is Wounded-in-Action (WIA) or Killed-in-Action (KIA), the rapid disbursement of claims is not just an administrative service-level agreement—it is a social safety net. Prompt claims prevent surviving dependents from falling below the poverty line during a sudden loss of income, ensuring continuous access to basic needs like food and housing.

**Life Insurance Products**

Basic Life Insurance (The Baseline S-Metric): By providing mandatory or highly accessible life insurance to uniformed personnel—a demographic that faces inherent occupational hazards—AFPMBAI effectively subsidizes the social cost of risk that the government and society would otherwise have to bear.

# the social DIMENSION



Beyond basic protection, the social dimension requires financial institutions to actively improve the long-term economic mobility of their members. Products like the 10-Year Endowment Plan or Saver's Protection Plus act as forced-savings mechanisms. For MUPs, these products build intergenerational wealth, turning regular income into substantial, reliable payouts for retirement or major life milestones.

### Living Benefits (Dividends):

Distributing annual dividends on participating policies directly injects liquidity back into the MUP community, rewarding them for long-term participation and boosting their immediate economic power. In sustainability and EESG frameworks, the social dimension focuses on an organization's impact on people, community well-being, and labor relations. For a mutual benefit association serving military and uniformed personnel (MUP), this pillar is deeply rooted in providing financial security, health resilience, and peace of mind to those in high-risk professions.

In 2025, AFPMBAI provided a critical safety net through:

- Death Claims: ₱187M
- Burial Cash Assistance: ₱13.6M
- Killed-in-Action (KIA) Benefits: ₱3.48M

These funds offer immediate dignity, relief, and continuity to grieving families, ensuring that the dependents of those who made the ultimate sacrifice are not left financially vulnerable.

### Health, Care, & Operational Resilience

Uniformed service comes with inherent physical dangers. AFPMBAI directly cushioned the impact of medical emergencies and operational injuries through:

- Daily Hospitalization Income Benefit: ₱30.8 million (offsetting lost income during illness)
- Wounded-in-Action (WIA) Benefits: ₱1.67 million

- Disability Benefits: ₱1.82 million

By funding recovery and compensating for physical impairments, these benefits champion the health, safety, and rehabilitation of active personnel.

### Long-Term Financial Well-Being & Life-Cycle Milestones

Sustainability for the Association is not all about surviving emergencies; it is also about thriving over time. The largest share of the 2025 disbursements focused on wealth accumulation, retirement readiness, and savings returns:

- Matured Policies: ₱1.45 billion
- Cash Surrender Values: ₱211 million+
- Endowment Benefits: ₱126.8 million

These payouts represent the realization of long-term financial goals, providing members with the capital needed for housing, education, or a comfortable retirement after years of service.

### Alignment with AFPMBAI's Social Sustainability Initiatives

The ₱2.05B+ total disbursement in 2025 is not just an operational expense; it is a direct measurement of the Association's social sustainability impact.

AFPMBAI fulfills a vital social mandate by ensuring affordable, comprehensive institutional coverage, keeping vulnerable sectors financially secure. The Association, by injecting millions into bereavement and medical aid, stabilizes the families of the MUP, preventing generational poverty and promoting local economic continuity during trying times.

The Hospitalization Benefit enhances morale among the ranks. It satisfies a crucial component of the "Social" framework: ensuring a supportive, secure ecosystem that honors the risks inherent to the workforce. These disbursements directly

advance UN Sustainable Development Goal 1 (No Poverty) by providing safety nets, SDG 3 (Good Health and Well-being) via hospitalization and disability relief, and SDG 8 (Decent Work and Economic Growth) by protecting members in hazardous roles.

### Alignment with Global Reporting Initiative (GRI) Standards

**GRI 201: Economic Performance** addresses the topic of economic performance and includes the economic value generated and distributed (EVG&D) by an organization. The disbursement represents direct economic value distributed. Total benefits can include regular

*AFPMBAI fulfills a vital social mandate by providing affordable, comprehensive institutional coverage, keeping vulnerable sectors (members) financially secure.*

*By injecting millions into bereavement and medical aid, the Association stabilizes the families of the MUP, preventing generational poverty and promoting local economic continuity during trying times.*



contributions to insurance, pensions, and other employee support.

**GRI 401: Employment Disclosure** this covers the life insurance, hospitalization (₱30.8M), and disability coverage (₱1.82M) represent core occupational benefits that enhance the overall employment package and social security of the armed forces and police.

**GRI 403: Occupational Health and Safety** aligns to the Daily Hospitalization Income Benefit, alongside targeted compensations like Wounded-in-Action Benefits, and demonstrates a clear structural commitment to mitigating the financial impacts of occupational hazards and promoting the health recovery of members.

### Alignment with Sustainability Accounting Standards Board (SASB)

By paying out targeted claims like Burial Cash Assistance (₱13.6M) and Killed-in-Action Benefits (₱3.48M), AFPMBAI provides essential, affordable financial products tailored to an underserved and highly exposed demographic, directly managing social capital risks.





Product Line	Production
ADDITIONAL INSURANCE	32,118
MBAI-PROTEK	7,573
<b>TOTAL</b>	<b>39,691</b>

**PROTECTING THE PROTECTORS**

The above table highlights a strong performance in both mandatory and voluntary insurance products, which fundamentally strengthens the Social dimension of the EESG mandate to protect those who protect the country.

The mandatory MBAI-PROTEK coverage guarantees a critical baseline of security, evidenced by its exceptionally high conversion rates of 97% by account number and 94% by amount. This ensures that the vast majority of targeted personnel are covered under essential, non-negotiable protection.

More notably, the substantial production of the optional, Personal Insurance Products (PIP) at 32,118 applications, demonstrates a proactive behavioral shift. This significant voluntary uptake of PIPs strongly indicates a growing culture of financial literacy and wealth management among military and uniformed personnel (MUP), moving beyond basic coverage towards proactive financial planning. By electing to secure these additional safety nets, members are actively reducing their families' vulnerability to financial shocks, thereby fostering long-term resilience, dignity, and stability within the MUP community.

**Alignment with Global Sustainability Frameworks**

**SDG 1: No Poverty**

The combination of PROTEK and PIP establishes a vital financial safety net that prevents families from descending into poverty following unexpected life events, severe injury, or loss of life.

**SDG 3: Good Health and Well-being**

The total of 25,646 in-force policies provides significant peace of mind, alleviating financial anxiety and allowing members to focus on their demanding roles while knowing their personal risks are mitigated.

**SDG 8: Decent Work and Economic Growth**

By offering specialized protection that matches the high-risk nature of their occupations, these products ensure that uniformed personnel receive fair and decent labor protections.

**SDG 10: Reduced Inequalities**

Facilitating access to both basic and enhanced financial products promotes financial inclusion, leveling the playing field for public servants who may otherwise lack access to comprehensive risk management tools.

**GRI Standards Alignment**

The successful penetration of PIPs, representing an in-force amount of 30.50, directly aligns with the GRI Sector Standards for financial services regarding policies and outcomes for accessing financial products. This demonstrates effective financial inclusion for vulnerable populations.

**GRI 413 (Local Communities)**

The widespread adoption of these policies positively impacts local military communities by ensuring that dependents and extended

families remain financially independent, thereby reducing the strain on communal or state resources. The solid conversion rates—particularly the 80% amount conversion for voluntary PIPs—indicate that pricing policies and marketing practices are transparent and effectively communicated. This ensures members fully understand the long-term value of their commitments before purchasing.

Members who enrolled in the MBAI-PROTEK program and likewise availed additional (optional) insurance products not only provided protection against unforeseen financial hardships but also added layers of security for their dependents against occupational hazards unique to the MUP, ensuring long-term financial stability and sustainability.

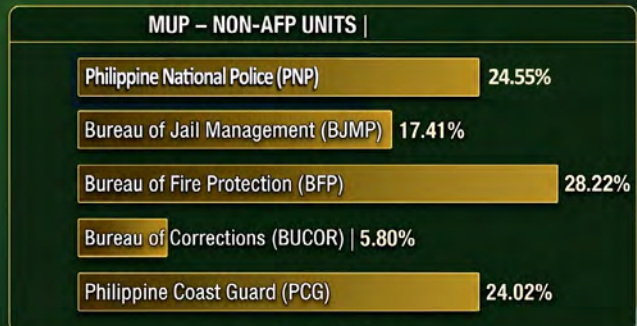
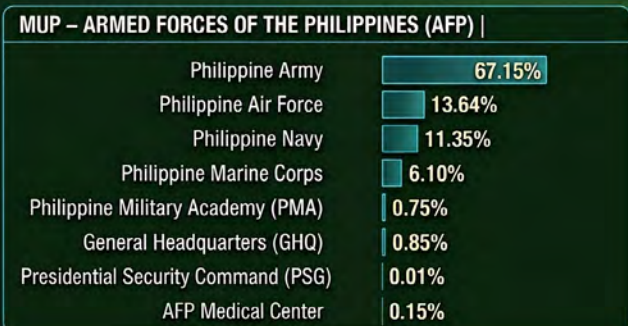


**GRI 401: Employment**

Addresses benefits provided to full-time but not provided to part-time employees, highlighting the life, health, and disability coverage established through MBAI-PROTEK.

**AFPMBAI MEMBERSHIP (MUP) | 2025**

Detailed Breakdown of Uniformed Personnel by Service Unit



\*Percentages are of total AFP personnel

\*Percentages are of total Non-AFP personnel

Data based on current official records and projections for 2025 membership.



**GRI G4 Financial Services Sector**

Specifically addresses product portfolio impact, reflecting how the design and delivery of financial products create specific social benefits for vulnerable or high-risk demographics.

**SASB Alignments**

**Transparent Information & Fair Advice to Customers (FN-IN-270a)**

Under the SASB Insurance Sector Standard, the high retention and conversion rates underscore that members are receiving clear, fair, and actionable advice regarding their product choices.

The distinct segmentation between the mandatory PROTEK and the voluntary PIP offerings allows customers to make informed decisions tailored to their unique financial landscapes.

**Systemic Risk Management**

From a societal risk perspective, leaving a nation's security forces financially exposed poses a systemic threat.

By maintaining a high volume of in-force policies, the association actively mitigates this risk, ensuring that the critical workforce driving national security remains economically stable and protected against catastrophic financial loss.

**HOMES AS LIFELONG INVESTMENTS**

Providing access to secure, affordable housing through the AFPMBAI Real Estate Mortgage Loan program is one of the most direct ways to build the "Social" dimension of an EESG (Economic, Environmental, Social, and Governance) framework. For military and uniformed personnel (MUP), homeownership goes beyond a financial transaction; it represents family stability, dignity, and long-term wealth creation for those who dedicate their lives to public service.

When structuring sustainability and corporate affairs reports, mapping this program to global frameworks transforms it from a standard financial product into a measurable pillar of social responsibility.

In an EESG context, the "Social" dimension evaluates how the Association manages relationships with its workforce, members, and the communities it serves.

The specialized housing and mortgage loan programs strengthen this dimension by addressing specific vulnerabilities within the MUP community.

The Association's real estate programs provide a trusted, accessible pathway to asset ownership, protecting personnel from predatory lending and helping them build intergenerational wealth. By helping members secure housing during their active years, the program ensures they do not face housing insecurity upon retirement.

**ALIGNMENT TO SUSTAINABILITY STANDARDS**

To effectively report on this initiative, the mortgage program directly drives progress in these specific UN-SDGs:

**SDG 11: Sustainable Cities and Communities**

(Target 11.1): By providing capital for home purchases or construction, the program ensures access to adequate, safe, and affordable housing and basic services for members.

**SDG 1: No Poverty (Target 1.4)**

Real estate is a primary vehicle for escaping poverty. The loan program ensures that members have equal rights to economic resources, ownership, and control over property.

**SDG 8: Decent Work and Economic Growth (Target 8.10)**

The program strengthens the capacity of domestic financial institutions to encourage and expand financial services for all.

**SDG 10: Reduced Inequalities**

By offering tailored, accessible rates, the program reduces economic friction for lower-ranking personnel who might struggle to secure housing loans through traditional commercial banks.

**GRI Standards Alignment**

**GRI 203-1: Infrastructure investments and services supported and GRI 413: Local Communities**

Highlights operations with local community engagement. Providing localized housing finance enables community development and stability.

**SASB Alignments**

Operating as a consumer finance entity, the social impact of lending is highly material in the real estate solutions provided by the Association. The lending component complies with the SASB standards as follows:

**Financial Inclusion & Capacity Building (Consumer Finance Sector)**

SASB requires reporting on efforts to expand access to financial services for underserved or specific demographics. You can report on

the percentage of lower-ranking personnel successfully onboarded into the mortgage program.

**Access and Affordability (Mortgage Finance Sector)**

SASB tracks how lenders manage the affordability of their products. Highlighting competitive interest rates, flexible payment terms, and financial literacy initiatives tied to the loan process directly satisfies this metric.

**ROOT ENGAGEMENT**

At the core of the Association lies a profound social mandate: to secure the welfare and future of the men and women, the internal stakeholders who deliver the granularity of the AFPMBAI service brand to the members.

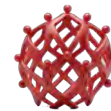
As the Association's mutual benefit model is built entirely on trust, shared resilience, and a deep understanding of the unique vulnerabilities faced by members and their families, the AFPMBAI Social Dimension narrative is woven through four interconnected priorities: cultivating a purpose-driven workforce, listening intimately to its members, designing responsive financial solutions, and extending a safety net through dedicated social services.

Together, these elements ensure that the institution's growth is intrinsically linked to the holistic well-being of the communities it serves.

**CULTIVATING A PURPOSE-DRIVEN WORKFORCE**

Sustainability begins from within. AFPMBAI recognizes that to effectively care for the nation's protectors, it must first empower the people behind the service. The Association's employee engagement initiatives are designed to foster a culture of empathy, continuous learning, and operational excellence. By investing in the professional development, health, and well-being of its employees, AFPMBAI cultivates a motivated workforce that deeply internalizes the organizational mission. This internal stability reduces turnover, drives operational efficiency,





and ensures that every member interaction is handled with the utmost competence and compassion.

The Association is cognizant how PEOPLE are the most vital resource of any organization, from leadership to frontline roles, it is through people that strategies are executed, services are delivered, and organizational goals are ultimately achieved. Performance, therefore, is not merely an operational concern—it is the lifeblood of the organization itself.

As both human and organizational capital, people must be purposefully managed and continuously invested in. Organizational success or failure is directly shaped by their competence, commitment, and character. Ensuring that people are enabled and motivated to perform is, in effect, ensuring the sustainability and long-term viability of the organization.

### Rewards System: Putting Premium on Performance

AFPMBAI places people and performance at the core of its values. The Association's many years of continued existence and growth stand as clear evidence that its people have consistently delivered meaningful results. As management practices continue to evolve in response to market demands and the need for long-term sustainability, AFPMBAI recognizes the importance of embedding a strong, performance-oriented mindset deeply into the organization's culture.

As AFPMBAI's people continue to deliver results, it is essential to clearly define and reinforce the drivers of motivation and performance. Employees are most effective when expectations are clear, standards are objective, and individual effort is recognized in a manner that is systematic, equitable, and aligned with organizational values. A deliberate approach to motivating and rewarding performance encourages accountability, continuous improvement, and professional growth across all levels of the Association.

Over the years, AFPMBAI has consistently recognized and rewarded employees for the organization's overall performance. However, experience has shown that in the past, rewards have largely been distributed uniformly, based on existing compensation rates rather than differentiated individual contribution. To more equitably recognize individual effort and to further strengthen a culture of accountability and excellence, there is a clear need to enhance a rewards system anchored on total performance—measured by both competence in delivering results and character in living out the Association's values.

AFPMBAI is therefore committed to a

performance-based rewards system that reinforces its culture of meritocracy. Career progression and promotions are competency-based and driven by demonstrated performance, and are accompanied by commensurate compensation and rewards packages. Salary structures are founded on formal job evaluation to ensure internal equity, role clarity, and alignment with market standards.



### Ethical Practices in People Management

The Association affirms its role as an equal opportunity employer, upholding fair and inclusive employment practices across all levels of the organization. AFPMBAI fully complies with statutory minimum wage and living wage requirements and deliberately goes beyond compliance by providing competitive compensation and comprehensive benefits packages that support employee welfare, motivation, and long-term engagement.

Through performance-based rewards, competency-driven career progression, and equitable, market-aligned compensation practices, AFPMBAI ensures that excellence is fairly recognized and rewarded. In doing so, the Association sustains a workplace culture where high performance, integrity, and shared success remain central to organizational life.

### Fostering an Inclusive and Resilient Workforce

AFPMBAI believes that workforce diversity is the cornerstone of a thriving and innovative organization.

As highlighted in the Human Resource Division summary, the organization's philosophy is grounded in the principle of bringing together employees with different backgrounds, characteristics, and perspectives. Guided by the motto, "United in Purpose. Stronger Together Always," AFPMBAI is committed to cultivating an equitable workplace that drives sustainable growth and social impact.

The succeeding items detail the social dimension of the Association's ESG initiatives, outlining its performance in talent management, diversity, and leadership, while aligning with global sustainability frameworks.

#### 1. Diversity, Equity, and Inclusion (DEI)

A diverse workforce enhances the organization's

ability to understand and serve its members effectively. AFPMBAI proudly champions gender diversity, with women making up the majority of its workforce.

- **Gender Distribution:** The organization is composed of 65% female and 35% male employees, reflecting a strong commitment to empowering women in the financial and insurance sectors.
- **Generational Diversity:** AFPMBAI maintains a multi-generational workforce, ensuring a balance of fresh perspectives and deep institutional knowledge. Millennials (Gen Y) represent the largest segment of the workforce, followed by Gen X and Gen Z.
- **Equitable Compensation:** Diversity in compensation is a strict policy at AFPMBAI. The organization ensures all employees are paid fairly and without bias. This practice not only promotes equality but fosters deep-seated trust within the workplace.

#### 2. Talent Attraction and Retention

AFPMBAI's recruitment and retention strategies are designed to build long-term relationships with its employees. The organization actively considers a wide range of candidates from various backgrounds to enrich its corporate culture.

- **Hiring & Recruitment:** During the reporting period, AFPMBAI successfully onboarded 32 new hires.
- **Retention Excellence:** The Association boasts an exceptional 99.72% Retention Rate, coupled with a remarkably low 0.28% Attrition Rate. This indicates high employee satisfaction, a supportive work environment.

#### 3. Leadership Structure and Workforce Distribution

AFPMBAI views leadership not merely as command and control, but as a source of inspiration and value creation.

The organizational structure empowers employees across all levels.

- **Management Hierarchy:** The workforce is structured efficiently with 75% in Rank and File positions, 15% as Supervisors, and 10% as Managers.
- **Gender in Leadership:**  
Managers: 47% Female, 53% Male  
Supervisors: **73% Female**, 27% Male  
Rank and File: **66% Female**, 34% Male

Added Note: Women in the Association hold a significant majority in supervisory roles and rank-and-file positions, showcasing strong internal pipelines for future senior leadership.

- **Departmental Allocation:** The workforce is strategically distributed across key functional groups:



- a. **Regional Sales and Service Centers in Luzon, Visayas and Mindanao** - (41%)
- b. **Corporate Services Group** - (32%)
- c. **Sales and Operations Group** - (19%)
- d. **Office of the President and CEO** - (8%).

**Commitment to Sustainable Human Resources: A Comprehensive Alignment**

To ensure its human capital strategies meet international standards of accountability and transparency, AFPMBAI’s HR metrics have been aligned with the UN-SDGs, GRI Standards, and the SASB.

In 2025, the Association’s internal metrics show its alignment with global sustainability benchmarks. Through the lens of the United Nations Sustainable Development Goals, the Global Reporting Initiative, and the Sustainability Accounting Standards Board for the insurance sector, a clear picture of the company’s workforce dynamics emerges.

The organization’s demographic profile reveals

a strong emphasis on leadership diversity. The company actively evaluates the ratio of female to male employees across all tiers of the organization—from executive managers and supervisors down to rank-and-file staff.

This targeted approach champions SDG Target 5.5, ensuring women’s full and effective participation in leadership roles, while seamlessly aligning with GRI and SASB standards for management diversity.

Financially, the organization is committed to equity, tracking diversity in compensation to guarantee fair pay without bias. This foundational labor practice drives Decent Work and Economic Growth (SDG 8) and further reduces inequalities (SDG 10). It is formally measured against GRI 405-2, which evaluates the ratio of basic salary and remuneration of women to men, and SASB’s HC-101-a metric for fair compensation practices.

The success of these equitable practices is perhaps most evident in the company’s exceptional stability. AFPMBAI boasts a

is reported under GRI 2-7, detailing total employee numbers by contract, region, and gender, and satisfies SASB’s General Human Capital Management Disclosures, rounding out a comprehensive and highly sustainable HR framework.

**Fortifying Talent Sustainability Through Human Capital Development**

To reflect a strategic investment in the Association’s workforce that emphasizes their health, professional development, and overall well-being, the AFPMBAI Human Resources Division (HRD) laid out its resilience-building initiatives in 2025 to actively addresses the social dimension of its EESG framework.

**Quantitative Investment**

The organization recorded a total of 6,449 training hours, strategically divided into 4,500 in-house hours and 1,949 public hours.

**Culture and Leadership**

The “Culture Camp 2025” focuses on cultivating

AFPMBAI HUMAN RESOURCE SUSTAINABILITY ALIGNMENT HIGHLIGHTS			
AFPMBAI HR Metric	UN-SDGs	GRI Standards	SASB Standards (Insurance)
Workforce Demographics (65% Female / 65% Male; Generational spread)	SDG 5: Gender Equality SDG 10: Reduced Inequalities	GRI 405-1: Diversity of Governance Bodies and Employees	FN-IN-330a.1: Employee diversity representation (gender/generation)
Leadership Diversity (Female vs. Male ratio across Managers, Supervisors, Rank & File)	SDG 5: Gender Equality (Target 5.5 – Women’s full participation in leadership)	GRI 405-1: Diversity in management and employee categories	FN-IN-330a.1: Percentage of gender representation for executives/management
Diversity in Compensation (Fair pay without bias)	SDG 8: Decent Work and Economic Growth SDG 10: Reduced Inequalities	GRI 405-2: Ratio of basic salary and remuneration of women to men	HC-101-a: Labor Practices / Fair Compensation
Employee Retention & Retention, 0.28% Attrition, 32 New Hires	SDG 8: Decent Work and Economic Growth	GRI 401: New employee hires and employee turnover	HC-101-a: Employee engagement and retention metrics
Workforce Allocation (Distribution across OP, CSG, SOG, RSSC)	SDG 8: Decent Work and Economic Growth	GRI 2-7: Employees (Total number by employment contract, region, and gender)	General Human Capital Management Disclosures

a progressive workplace, characterized by a workforce that provides equal opportunities to the female sector. It likewise highlighted a personnel composition that encompasses a wide generational spread. This commitment to inclusivity directly supports UN-SDGs 5 (Gender Equality) and 10 (Reduced Inequalities). By tracking these figures, AFPMBAI fulfills the reporting requirements for GRI 405-1, focusing on the diversity of governance bodies and employees, as well as SASB’s FN-IN-330a.1 standard regarding employee diversity representation.

Beyond general demographics, AFPMBAI places

remarkable employee retention rate of 99.72%, coupled with a negligible attrition rate of just 0.28%.

Also, the recent 32 new hires shows a healthy, growing enterprise. These engagement and turnover metrics are categorized under SDG 8, GRI 401-1, and SASB HC-101-a.

Finally, to ensure operational efficiency, AFPMBAI meticulously monitors its workforce allocation, tracking the distribution of its personnel across key divisions including OP, CSG, SOG, and RSSC.

This strategic alignment of human capital

trust and effective habits, drawing on foundational leadership principles. This is complemented by an Internal Mobility Program designed to empower employees to explore new roles and assume leadership positions from within.

**Team Building**

The inclusion of “Sports Fest ’25” highlights an active approach to fostering team cohesion, camaraderies, sportsmanship above all, and a renewed morale outside of business settings.

**Comprehensive Employee Wellness**

The organization’s wellness strategies extend



beyond basic healthcare provision to proactive health management:

**Health Literacy:** Seminars such as “Sweet Truths” on diabetes and sessions tackling stroke basics provide preventative education.

**Direct Health Interventions:** AFPMBAI administered flu and pneumococcal vaccines across different organizational tiers, including 224 flu vaccines for direct personnel, 52 for dependents, and 4 for the Board of Trustees. Additionally, 56 employees utilized free dental services.

**Dependent Care:** The extension of HMO benefits through MediCard to dependents (with

evaluates how an organization manages relationships with its workforce, societies, and political environments.

AFPMBAI’s initiatives are firmly anchored in this dimension. By prioritizing physical health (vaccines, HMO, dental care), mental and cultural well-being (Culture Camp, work-life balance), and professional growth (training hours, internal mobility), the organization mitigates human capital risks. Proactive management of these areas ensures higher retention, lower absenteeism, and improved productivity—the core tenets of sustainable corporate governance.

**Alignment With Global Standards**  
The initiatives outlined in the infographic directly

initiatives, and preventative health education are clear indicators of a strong OSH framework. **GRI 404 (Training and Education):** The tracked training hours and dedicated upskilling programs fulfill the reporting requirements for average hours of training and programs for upgrading employee skills.

**SASB for Financial and Mutual Benefit Institutions / Insurance Companies**

**Employee Health, Safety, and Wellbeing:** The diverse health interventions and flexible work policies directly satisfy metrics assessing the physical and mental well-being of the workforce. **Employee Engagement, Diversity, and Inclusion:** The high participation rate in the Climate Survey (92%) serves as a primary quantitative metric for employee engagement, reflecting a transparent and inclusive organizational culture.

**ORGANIZATION CLIMATE ASSESSMENT**

Employee engagement is a vital component of any successful organization. It has a direct impact on the performance, productivity, and well-being of employees, and consequently, on the organization’s ability to achieve its mission and objectives. Engaged employees are not just content; they are committed and driven to contribute to attaining the goals of the organization. They actively collaborate and strive for excellence and innovation. An engaged workforce becomes a driving force behind higher productivity and improved customer satisfaction.

In the purview of the Association, measuring employee engagement is not just an option, it is a strategic necessity. By way of an Organization Climate Assessment, AFPMBAI will be able to assess and evaluate employee engagement as well as its impact on the organization.

The AFPMBAI Organization Climate Assessment is anchored on the four factors that gauge engaged organization namely:

- 1) enlisting, 2) enabling, 3) energizing, and 4) empowering employees; in tandem with the seven elements of an organization namely: 1) strategy, 2) structure, 3) system, 4) skills, 5) style, 6) staff, and 7) shared values.

Measuring employee engagement in the context of the elements of an organization provides an objective view of the workforce, which will enable AFPMBAI to make data-driven decisions that will have an impact on enhanced engagement and consequently, organization and employee performance.



56 dependents enrolled across 48 employees) underscores a holistic approach to employee welfare.

correspond to established global sustainability and reporting frameworks:

**SDG Alignments**

**SDG 3 (Good Health and Well-being):**

Directly supported by the provision of flu and pneumococcal vaccines, free dental services, dependent HMO coverage, and targeted health webinars.

**SDG 4 (Quality Education):** Addressed through the substantial 6,449 training hours and internal leadership development programs like the Culture Camp.

**SDG 8 (Decent Work and Economic Growth):** Facilitated by the Internal Mobility Program, fair evaluation through output-based monitoring, and policies that promote a healthy work-life balance.

**GRI Standards Alignments**

**GRI 401 (Employment):** The focus on internal mobility, the provision of benefits extending to dependents, and flexible working conditions align with metrics evaluating employee retention and comprehensive benefits.

**GRI 403 (Occupational Health and Safety):** AFPMBAI’s vaccination drives, dental health

**Employee Climate Survey: The Commitment To Continuous Improvement**

A climate survey achieved a highly engaged response rate (noted as 92%, representing 442 out of 478 total employees), indicating a strong internal communication loop and a workforce willing to provide actionable feedback.

**Work-Life Integration**

The Association believes that teams that are motivated and empowered ripple a brand of service that benefit the members.

AFPMBAI supports working arrangements that yield several operational and personal benefits such as reduced commuting time and associated costs, shifting toward output and performance-based monitoring, and the overall promotion of workplace flexibility and employee well-being.

**Alignment with the Social Dimension and EESG Sustainability**

Within the EESG framework, the Social dimension



**Main Objectives**

1. Assess the organization with respect to employee engagement, particularly in relation to employee commitment, capability, collaboration, and continual performance improvements;
2. Identify specific factors affecting employee engagement that can be significantly improved; and
3. Decide on appropriate interventions to improve employee engagement.



**Material Findings: Results and Analyses**

The assessment evaluates the organizational climate of AFPMBAI based on a 92% response rate (442 out of 478 employees), offering high data reliability.

Using a modified McKinsey 7-5 Framework combined with Daniel Pink's and Edward Deci's motivational theories, the report reveals an exceptionally high overall employee engagement rating of 93.7%.

**Areas of Strength:**

Strategy (96.6%) and Continual Improvement (96.4%). Notably, 99.3% of employees express pride in working for AFPMBAI, and 98.2% understand how their daily tasks drive the company's long-term objectives.

**Areas for Improvement:**

Structure (89.6%) and Systems (90.5%). These lower dimensions point directly to operational bottlenecks, specifically workload pressure (80.1%) and uneven work distribution (85.3%).

**Areas Of Note**

The findings within this report serve as a baseline for the social dimension of AFPMBAI's ESG strategies, directly capturing internal labor dynamics, employee well-being, and corporate culture.

**Workplace Well-Being & Burnout Prevention**

The lowest-scoring item in the entire survey is Stakeholder Satisfaction Item 2 ("My workload can be sufficiently completed within my regular schedule" at 80.1%).

Combined with a low score on equitable work distribution (85.3%), this flags an active psychosocial risk. For an ESG strategy, this highlights a critical need to adjust resource allocation to prevent occupational stress and employee turnover.

**Human Capital Development and Succession Planning**

While staff competencies are successfully matched to jobs (98.6%), there is a notable gap in forward-looking career management. The low score on supervisor-led career development discussions (85.7%) reveals that AFPMBAI excels at training for current roles but lags in creating clear upward trajectories.

**Geographic Demographics & Operational Equity**

A disparity exists between the Head Office and Field Offices. Field Offices reported noticeably lower scores for Leadership Style (89.3%) and Stakeholder Satisfaction (88.7%). ESG benchmarks require equitable treatment across all operating segments; these gaps indicate that decentralized units feel isolated from corporate culture and supportive leadership.

**Climate Results and Global Standard Alignments**

working environment.

**SDG 4: Quality Education & Lifelong Learning (Target 4.4)** While employees recognize their personal competency matches (98.6%), the organization needs to institutionalize the long-term career development tracks requested by staff (85.7%), particularly for senior employees (>30 years tenure) who recorded lower scores in skills advancement (90.0%).

**SDG 10: Reduced Inequalities**

Mid-level Managers and Supervisors scored Structure and Systems down significantly (85.0% - 87.7%), proving they bear the brunt of operational bottlenecks while shielding rank-and-file employees.

**GRI Standard Report Context & Alignment**

**GRI 401: Employment** Measures organizational attraction, retention, and employee satisfaction. Driven by 99.3% employee pride and 95.2% overall satisfaction with staff cohesion.

**GRI 404: Training & Education** Documents regular performance reviews, upgrades to skills, and career pathways. Aligns with the 98.6% score on personal competency mapping, but exposes a deficit in career development dialogues (85.7%).

**GRI 403: Occupational Health & Safety** Specifically addresses psychosocial health factors like chronic overwork. Triggered by the 80.1% score on workload management and 85.3% on uneven task distribution.

**GRI 405: Diversity & Equal Opportunity** Assesses equity in workplace climate across gender, generation, and level. Verified high organizational alignment among Gen Z (97.0% in Shared Values), with parity in male/female responses.

**CUSTOMER EXPERIENCE: BUILDING TRUST THROUGH RESPONSIBLE CUSTOMER RELATIONS**

As a member-owned institution, AFPMBAI operates under a unique "by members, for members" governance model that transcends traditional profitability as a going business concern. Driven by its core values of Commitment, Integrity, Service, Excellence, Innovation, and Synergy, the Association prioritizes the enhancement of member benefits over bottom-line margins. Its mission is anchored on a philosophy of service where the needs of the member and their family come first.

The effectiveness of this model is evidenced by its high 91% customer satisfaction rating, reflecting a successful alignment between the Association's operations and the welfare of its stakeholders.

Regarding the fair treatment of its members, AFPMBAI ensures that every interaction is governed by the principles of Excellence and Synergy, two of the association's core values.

**SDG 8: Decent Work and Economic Growth (Target 8.5)**

The high overall commitment (93.7%) reflects a highly motivated workforce. However, addressing the systemic workload strain (80.1%) and updating archaic procedures (86.9%) is essential to ensuring a balanced and genuinely "decent"

**AFPMBAI Organization Climate Highlights**

AREAS OF STRENGTH					
ELEMENT	SCORE (%)	ELEMENT	SCORE (%)	ELEMENT	SCORE (%)
Strategy	96.60%	Continual Improvements	96.40%	Shared Values	95.70%
				Staff	95.20%
AREAS FOR IMPROVEMENT					
ELEMENT	SCORE (%)	ELEMENT	SCORE (%)	ELEMENT	SCORE (%)
Skills	93.50%	Style	92.70%	Stakeholder Satisfaction	92.30%
STRATEGIC BOTTLENECKS					
ELEMENT	SCORE (%)	ELEMENT	SCORE (%)		
Systems	90.50%	Structure	89.60%		



OTHER EMPLOYEE ENGAGEMENT AND  
COMMUNITY ACTIVITY HIGHLIGHTS

**16.7**  
UN-SDG 4, 8, 10  
GRI 404-2, 404-4  
SASB: Diversity, Equity, & Inclusion (DEI)  
48 SENIOR MANAGERS  
8 ROSE FROM RANKS  
Proportion of Senior Managers Hired From Local Community (rose from ranks)

UN-SDG: SDG 5, SDG 8  
GRI 405: Diversity and Equal Opportunity:  
Disclosures 405-1, 401-1; GRI 2: 2-7  
SASB: Human Capital Dimension,  
Gender and Diversity Metrics

**65%** FEMALE EMPLOYEES  
**35%** MALE EMPLOYEES

AGE DISTRIBUTION METRICS			
ELEMENT DESCRIPTION	ELEMENT DESCRIPTION	ELEMENT DESCRIPTION	ELEMENT DESCRIPTION
23-25 Y/O	26-30 Y/O	31-35 Y/O	36-40 Y/O
3.09%	17.53%	19.18%	19.18%
41-45 Y/O	46-50 Y/O	51-55 Y/O	56-60 Y/O
11.13%	8.87%	9.28%	11.75%

AREA	DISTRIBUTION
OP	7.84%
CSG	31.75%
SOG	19.38%
RSSC	41.03%

Total Number of Employees Broken Down By Age, Gender and Area

**ZERO** ABSENTEEISM RATIO\*  
UN-SDG: SDG 3-3,4, SDG 8  
GRI 401: Disclosures 401-3, 403  
SASB: Human Capital Dimension  
Percentage of scheduled work time employees miss due to unplanned absences

\* Absenteeism strictly measures unscheduled and unapproved absences. Scheduled time off (vacations, PTO, maternity/paternity leave, and authorized sick days) is excluded from Absenteeism Rate at Work.

**1680** SICK LEAVES FILED AND AVAILABLE  
**1501** VACATION LEAVES AVAILABLE  
**21** MATERNITY LEAVES  
**4** PATERNITY LEAVES  
UN-SDG: SDG 3-3,4, SDG 8  
GRI 401: Disclosures 401-3, 403  
SASB: Workforce Health & Safety & Employee Engagement  
Number of Mandatory Leave Compliances

Events	Date
Town Hall Meeting 2025	10-Jan-25
Valentine's Celebration	14-Feb-25
Commencement of Localized People Days	24-Feb-25
1st Mechanized Division Tree Planting Activity	17-May-25
Culture Camp Batch 1	21-Mar-25
RSSC Certification Program	Apr-25
Mother's Day - Pop Up Event	14-May-25
PMDS Batch 1	30-Jun-25
CC Batch 4 MRSSC	June 18-22, 2025
PMDS Batch 2	1-Jul-25
PMDS Batch 3	2-Jul-25
PMDS Batch 4	3-Jul-25
PMDS Batch 5	4-Jul-25
CC Batch 5 VRSSC	July 9-12, 2025
191B Samar, Mangrove Planting	7-Aug-25
CC Batch 6 NOLRSSC	August 13-16, 2025
4th Forward Service Support Unit Tree Planting	27-Aug-25
Buwan ng Wika	29-Aug-25
Sportsfest Opening	12-Sep-25
2025 Culture Camp Final Culmination	26-Sep-25
2025 60th Anniversary Celebration	26-Sep-25
AFPMBAI Sportsfest 2025 (Closing Ceremony)	24-Oct-25
2025 "Truth or Treat"	29-Oct-25
AFPMBAI Year-End Party 2026: Denim and Diamonds	December 18, 2025
Livelihood Training and Seminars 12 Areas Nationwide	January - December 2025
Salute To Talent Nationwide Search	1-Aug-25
Salute To Talent Grand Finals at Eat Bulaga TV5	7-Dec-25
Handover of Donations Nationwide x 67 areas	January - December 2025

**107** PROGRAMS CARRIED OUT  
UN-SDG 1, 3, 7, 8, 11, 13, 15  
GRI 101, 305, 301, 413  
SASB: Human Capital, RR-FM-160 a.1, RR-FM-160 a.2.4  
Activities Involving Communities



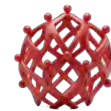
ANNUAL PHYSICAL EXAM (APE)  
AUGUST 13-15, 2025

VACCINATION  
AUGUST 27-29, 2025

THIS IS HEADED BY DENTAL OFFICER MAJOR MARK ORDOZUEVA, PA, DENT ASSISTED BY THE TRHU COORDINATION OF MR JOHN ROLAND CO.



# the social DIMENSION



Beyond meeting the sustainability requirements of the Insurance Commission, the Association maintains a grievance mechanism to ensure that member concerns are resolved with professionalism and speed.

This commitment ensures that the men and women in uniform receive equitable access to social security and financial protection, regardless of the complexities of their service environments.

In the realm of data privacy, the Association upholds the value of Integrity by strictly adhering to Republic Act No. 10173 (The Data Privacy Act of 2012) and the regulations of the National Privacy Commission (NPC). AFPMBAI treats member data as a fundamental right, implementing rigorous data minimization and protection protocols. This ensures that the sensitive information of those who serve the nation is handled with the highest degree of security and transparency, as required by Philippine law.

To enhance this digital stewardship, AFPMBAI leverages Innovation through industry-leading online communications and customer support platforms, such as Whispir for secure outbound communications and Zendesk for efficient inquiry and comment resolution.

These tools provide a centralized, audited framework for member engagement, ensuring that responses are not only timely but also handled within a secure environment. By integrating these technologies, the Association maintains a seamless and protected dialogue with its members, reinforcing the trust that is essential to its cooperative structure.

### Ethical Selling and Marketing Practices

At AFPMBAI, ethical selling and marketing practices is more than a policy; it is a reflection of the integrity that defines its members -- the military and uniformed services. The Association recognizes that its members live by a code of honor, and the organization mirrors this standard in its market conduct.

**Shared Integrity:** The Association's sales and service force operates under the principle that their conduct must be as disciplined and honorable as the members they serve. This shared value of Integrity ensures that no member is ever pressured into a product that does not serve their family's best interest.

**Product Suitability & Synergy:** Utilizing rigorous suitability assessments, AFPMBAI ensures that insurance and benefit packages are perfectly matched to the specific life stages and high-risk environments of its members. This reflects a commitment to excellence in financial advisory and a deep respect for the member's sacrifice.

**Responsible Outreach:** All marketing and communication materials undergo a strict ethical review to ensure they are free from deceptive claims. This ensures that the

Association's messaging remains a trusted source of truth for the uniformed services.

**Governance & Oversight:** A zero-tolerance policy regarding unethical inducements is strictly enforced. The Code of Conduct clearly defines the boundaries of professional interactions, supported by an anonymous whistleblowing hotline to ensure the Association remains a beacon of trust for those who protect the nation. The Association operates under the principle that a service is only successful if it genuinely addresses a member's needs. This is powered by AFPMBAI's core value on Synergy—aligning the Association's goals with the member's long-term financial health.

### Customer / Financial inclusion: Expanding Protection for Those Who Serve

For AFPMBAI, financial inclusion means ensuring that every military and uniformed personnel (MUP), regardless of rank or financial capacity, has access to reliable and affordable protection.

**CONNECT & WIN**  
Membership Update Promo

**Keep your information up to date & WIN!**  
Updating your membership details helps us serve you better and ensures you continue to receive important updates, benefits, and services.

**Just scan the QR code**

Limited AFPMBAI giveaways and monthly raffle prizes await!

As a mutual benefit association, providing basic insurance through MBAI Protek and MBAI iProtek enables broad-based coverage across its membership, extending financial security not only to members but also to their families. This approach reflects AFPMBAI's mission to provide innovative insurance solutions and opportunities for lifetime financial security,

### Responding to Real Financial Risks

AFPMBAI's programs are designed around the actual risks faced by its members, including health emergencies, loss of life, and sudden financial disruptions. In 2025, the Association extended meaningful financial support through its benefits and assistance programs.

A total of ₱30.83 Million was released under the Daily Hospitalization Income Benefit (DHIB), covering 2,287 cases, while additional assistance reached ₱49.64 Million across 2,807 cases, including Burial Cash Assistance and Killed

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in-Action (KIA) and Wounded-in-Action (WIA) benefits. Overall, AFPMBAI released over ₱2.05 Billion in benefits and assistance during the year.

In critical moments, such as incidents involving personnel who lost their lives in the line of duty, AFPMBAI ensures that financial assistance is delivered promptly to affected families. Through MBAI Protek and its Comprehensive Financial Assistance Benefit (CFAB), immediate support is extended to beneficiaries, helping them navigate the financial impact of sudden loss and reinforcing the Association's role as a dependable partner in times of need.

### Affordable, Relevant, and Accessible Products

AFPMBAI continues to design products that balance affordability with meaningful coverage. Based on the 2025 Customer Satisfaction Survey (CSAT) results, 54 percent of members recognize the affordability of insurance products, while 79 percent affirm their value for money. Products are structured to remain within members' financial capacity while delivering benefits that address immediate and long-term needs.

Features such as hospitalization support, life insurance coverage, and financial assistance benefits are designed to provide practical protection against everyday risks. Simplicity also remains a key consideration. Streamlined processes, minimal requirements, and clear benefit structures help ensure that members fully understand and utilize their coverage.

# the social DIMENSION



## Enhancing Access, Awareness, and Trust

Accessibility and understanding are central to AFPMBAI's financial inclusion efforts. Beyond making products available, the Association ensures that members are informed, confident, and able to fully benefit from the services provided.

Using its proprietary Customer Service platforms

**Customer Satisfaction Survey Program**

**HAVE YOUR SAY, GRAB A PRIZE!**

Rate your AFPMBAI experience and get a chance to win exciting gadgets!

**Prizes**

- Wireless Bluetooth Headphones / Earbuds
- Portable Wireless Bluetooth Speaker
- Large Capacity Power Bank

Help us serve you better! Scan the QR code to complete our Nationwide Customer Satisfaction Survey and enter the raffle draw.

Open to All Regular Uniformed Services and Associate Members

**PROMO DURATION: November 17, 2025 to January 31, 2026**

Visit [www.afpmbai.com.ph](http://www.afpmbai.com.ph) for more details

AFPMBAI

the Association's Marketing Division sent a total 162,028 messages to the members via "Whispir", while a total of 33,405 tickets were resolved via Zendesk. Through other platforms that members can access, the regional office teams establish rapport, continuously reaching out to the members via their information and membership drives done at the various offices, units, and camps nationwide.

Through these engagements, Product Awareness Rating increased from 75 percent in 2024 to 89 percent in 2025, reflecting a 14 percent improvement driven by intensified engagement initiatives. These include nationwide MBAI Protek roadshows, engaging nearly 7,200 members



through information drives, and Sales Clinics conducted for the Insurance Sales Force. Through these initiatives, AFPMBAI brings its services closer to members across various branches of service while addressing gaps in financial literacy. Simplified communication, direct engagement, and responsive support systems help members better understand their coverage and make informed financial decisions. These efforts not only improve access but also strengthen trust, reinforcing AFPMBAI's role as a reliable and accessible partner in financial protection.

## Strengthening Inclusion Through Partnerships and Innovation

AFPMBAI continues to expand its reach and

**MBAI CONNECT**

Ano ba ang ibig sabihin ng mga MBAI codes sa ating payslip? Saan rin pwedeng magbayad ng ating MBAI dues?

Alamin mula kay  
**Ms Kaye Co**  
Supervisor, Institution Billing & Monitoring  
BCRD, AFPMBAI

Bukas na, Biyernes, 07 March 2025  
1PM-2PM dito sa official FB page ng AFPMBAI

WATCH AND HAVE A CHANCE TO WIN P300  
CELLPHONE LOAD, KA-CONNECT!

impact through strategic partnerships and program enhancements. Collaborations with institutional partners enable broader access to protection solutions, including the introduction of complementary insurance offerings. In 2025, the Association's partnership with Malayan Insurance Company further expanded access to non-life insurance products, allowing members to avail of additional protection options at discounted rates. At the same time, ongoing improvements in service delivery, digital access, and product design support a more inclusive and responsive system for members and their families.

The Association remains committed to strengthening financial inclusion by continuously enhancing its products, expanding access, and improving member engagement. As it moves forward, AFPMBAI will continue to focus on delivering protection that is not only affordable and accessible, but also meaningful – supporting uniformed personnel and their families during active service, in times of crisis, and throughout their transition into retirement.

## Innovating for Financial Resilience (Product Development)

Guided by member feedback,

**AFPMBAI Loyalty Rewards RAFFLE PROMO**

**HAVE A CHANCE TO WIN EXCITING PRIZES!**

**MAJOR PRIZES**  
Two (2) Winners of Toyota Raize 1.2 G CVT

**MINOR PRIZES**  
Five (5) Winners of Honda ADV 160

Three (3) Winners of P100,000.00 Cash

**TO JOIN, AVAIL ANY OF THE FOLLOWING AFPMBAI PRODUCTS**

**PERMANENT INSURANCE PLAN**

- Endowment Plans (10, 15, 20 years)
- 20 Year Anticipation Endowment Plan
- Saver's Protection Plus
- Endowment at Age 54 (E-54)
- Achiever (Educational Plan)
- MBAI Secure

**INSURANCE LOAN**

- Enhanced Expedite Salary Loan
- Policy Loan
- Equity Loan
- Member's Educational Assistance Loan (MEDAL)
- Special Member's Educational Assistance Loan (Special MEDAL)
- Emergency Loan

**REAL ESTATE LOAN**

- Real Estate Mortgage Loan
- Pre-Retirement Real Estate Mortgage Loan

**CONSOLATION PRIZES**

- Four (4) Winners of P50,000.00 Cash
- Five (5) Winners of P25,000.00 Cash
- Ten (10) Winners of P10,000.00 Cash
- Fifteen (15) Winners of P5,000.00 Cash
- Twenty (20) Winners of P2,500.00 Cash

**GRAND DRAW SEPTEMBER 1, 2025**  
PROMO PERIOD: MAY 1, 2019\* TO JULY 31, 2025  
\*Retrospective from May 1, 2019

SCAN FOR MORE DETAILS

AFPMBAI's product development strategy focuses on bridging the financial protection gaps specific to uniformed personnel. The Association designs accessible, high-value insurance and investment products that account for the occupational hazards of its members—risks that traditional financial institutions often penalize or ignore. By creating tailored financial solutions, AFPMBAI drives financial inclusion and security, empowering its members to build wealth and secure their families' futures regardless of their deployment status.

AFPMBAI's marketing initiatives likewise aligns with **GRI 417 (Marketing & Labeling)**: Reflecting the Association's transparent product development and member communications.



# the social DIMENSION



## Enhancing Access, Awareness, and Trust

Accessibility and understanding are central to AFPMBAI's financial inclusion efforts. Beyond making products available, the Association ensures that members are informed, confident, and able to fully benefit from the services provided.

Product Awareness Rating increased from 75 percent in 2024 to 89 percent in 2025, reflecting a 14 percent improvement driven by intensified engagement initiatives. These include nationwide MBI Protek roadshows, nearly 7,200 information drives, and Sales Clinics conducted for the Insurance Sales Force.

Through these initiatives, AFPMBAI brings its services closer to members across various branches of service while addressing gaps in financial literacy. Simplified communication, direct engagement, and responsive support systems help members understand their coverage better and make informed financial decisions.

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As it moves forward, AFPMBAI will continue to focus on delivering protection that is not only affordable and accessible, but also meaningful – supporting uniformed personnel and their families during active service, in times of crisis, and throughout their transition into retirement.

## Customer Satisfaction and Feedback

The 2025 Customer Satisfaction Survey returns the strongest member-experience scorecard AFPMBAI has recorded in recent reporting periods. Every headline indicator rose against the 2024 H2 baseline, and the gains were broad rather than concentrated in a single segment, area, or branch of service. Read against the Association's Sustainability Framework, these are not merely marketing metrics: they are direct evidence of performance on the Social dimension, which the Framework defines as how AFPMBAI manages its relationships with members and other stakeholders and provides access to quality products and services.

Likelihood to re-engage is even higher at 93%, and overall satisfaction holds at 91% (VS/S). Taken

Under product familiarity, 89% of members are familiar with AFPMBAI products (up from 75%). Insurance availment is high at 95% (with Membership Insurance / Protek availed by 80%), and value-for-money perception is strong — 79% for insurance and 75% for loans. The top reasons members choose AFPMBAI over other institutions are fast release of loans (33%), easy/few-document application (13%), and suitability for emergency or calamity needs (13%). That last reason is significant for the Social dimension: members value AFPMBAI precisely as a safety net in emergencies and calamities, which is the social-protection role the Association exists to play.

Of the 72% who raised a complaint, 87.69% confirmed it was resolved, and 86% were satisfied with how it was handled. Responsive grievance handling is a core social-dimension behaviour — it is how the Association maintains the quality of its stakeholder relationships under stress.

This improvement reflects the Association's continued efforts to enhance service delivery and responsiveness to member needs. Contributing factors include the substantial increase in members served for benefit claims, which grew nearly 150 percent compared to 2024. In addition, policy conservation improved to 72 percent, representing a 12 percent increase from the previous year, indicating stronger member retention and sustained trust in AFPMBAI's products.

The introduction and utilization of digital support channels, such as the Zendesk customer support system and AFPMBAI Helpdesk, also contributed to improved accessibility and efficiency in addressing member inquiries, achieving a 90 percent satisfaction rating for Zendesk interactions.

Overall, the 2025 CSAT results highlight the effectiveness of ongoing initiatives in strengthening customer experience, while continuing to support AFPMBAI's strategic objective of building long-term member trust. Despite these gains, the results also underscore the need to further enhance awareness of certain programs and services, particularly digital platforms and specialized benefits, to ensure broader utilization and maximize member value.



## Strengthening Inclusion Through Partnerships and Innovation

AFPMBAI continues to expand its reach and impact through strategic partnerships and program enhancements. Collaborations with institutional partners enable broader access to protection solutions, including the introduction of complementary insurance offerings. In 2025, the Association's partnership with Malayan Insurance Company further expanded access to non-life insurance products, allowing members to avail of additional protection options at discounted rates. At the same time, ongoing improvements in service delivery, digital access, and product design support a more inclusive and responsive system for members and their families. The Association remains committed to strengthening financial inclusion by continuously

advertising map it sits firmly in the "Strong Brand Leaders" quadrant — widely seen and the first name members think of.

The channels that build this standing are revealing: caravans / information drives (58.6%) and the AFPMBAI office itself (55.6%) outperform internet and social media (44.8%).

The brand is carried by ground presence and direct human contact — a genuine asset, but also a dependency this report returns to under digitalization.





**INSURING THE PROTECTORS: A MANDATE OF SOCIAL SUSTAINABILITY**

The Association extends financial protection to a population that civilian insurers typically rate as high-risk or decline outright. Coverage responds to duty-related contingencies—killed-in-action, wounded-in-action, and disability arising from combat, rebellion, or law-enforcement operations—that fall outside ordinary commercial policies. Its membership from large services such as the Philippine Army down to small units, reservists and retirees, demonstrates breadth of inclusion rather than cherry-picking of low-risk segments.

Voluntary uptake as a measure of trust  
The four products analysed here are optional. Members are not compelled to purchase them. That more than 200,000 members have nonetheless taken at least one—and 22,231 of them (12.05%) have layered on two or more—signals a relationship of trust between the MUP and the Association. In social-pillar terms, voluntary participation at this level reflects accessible products, perceived fairness, and confidence that claims will be honored.

**Optional Insurance As An Essential Investment**

The Association’s optional insurance products bodes well into the social needs of a uniformed member’s entire life-cycle, among the essential and material needs that these respond to are as follows:

- Retirement security — products such as the E-56 (Endowment at 56), the most-held product at 57.2% of policy lines availed in 2025, builds a maturing lump sum timed to the standard MUP retirement age, cushioning the transition out of active service.
- Savings and family protection — Saver’s Protection Plus (37.8%) couples life cover with disciplined savings, strengthening household financial resilience.
- Children’s education — MBI Achiever / E18F is yet another budding product that sits well in the Financial Wellness sphere of the members. It provides guaranteed education cash benefits, directly addressing intergenerational welfare.
- Permanent legacy cover — Products such as the 20 Pay Life offers paid-up whole-of-life protection, preserving an estate for surviving dependents. Majority of the members from the Financial Institutions subscribe to this plan.

**Inclusion of women in a male-dominated sector**

Although the uniformed services are overwhelmingly male, women account for 92,066 policy lines (21.7%) in the dataset, and female members are notably active in multi-product ownership—for example, women outnumber men among multi-product holders in the AFPMBAI staff and insurance-agent jurisdictions. This points to a social mandate that reaches female personnel and the spouses and

dependents who frequently administer family finances, advancing gender-responsive protection within the sector.

**Social-Pillar Takeaway**

AFPMBAI operationalises the Social dimension of EESG by converting a centuries-old mutual-aid ethos into a measurable, voluntarily-adopted portfolio of life-cycle protection products—reaching more than 200,000 members across 46 jurisdictions, including women and dependents, in a population the commercial market under-serves.

**MEMBER SUSTAINABILITY THROUGH THE LENS OF FINANCIAL SERVICES**

The Armed Forces and Police Mutual Benefit Association, Inc. (AFPMBAI) stood at a unique crossroads of financial services and social welfare. For the uniformed personnel of the Philippines

and their families, the institution operated as much more than a traditional financial entity. In the context of loan provision, whether the products are Enhanced Salary Loans, Member’s Educational Assistance Loans (MEDAL), Policy Loans, or Emergency Loans—it set off a chain reaction that resonated far beyond simple ledger entries.

**The Necessity**

For soldiers, police officers, and firefighters, the daily reality involved unique occupational hazards, stressful deployments, and frequent relocations. Amidst these pressures, the social dimension of AFPMBAI’s lending practices became a critical safety net.

By offering transparent credit with capped, accessible interest rates, the association shielded its most vulnerable, lower-ranking enlisted members from the dangers of loan sharks and

**PROTECTING THE PROTECTORS: SUSTAINABILITY IN INSURANCE**

242,177

members representing more than half of the MUP availed the Endowment At 56 Plan

160,005

members preferred the life cover, savings, plus bonus entitlements feature of the Saver’s Protection Plus

BFP 88%  
BJMP 70%  
PNP 41%

DOMINANCE IN THE THE E-56 PLAN AVAILMENT

92,066

total number of WOMEN who availed of optional insurance products indicating a strong trust index towards the AFPMBAI

22,231

members availed MULTIPLE optional insurance products, assembling a personal safety net that covers savings, retirement, education and protection

42%

of members who availed of multiple optional insurance products were WOMEN belonging to the PNP

PA 71%  
PN 67%  
PAF 52%

TOP THREE AFP PERSONNEL WHO HAVE AVAILED OF THE SAVER’S PROTECTION PLUS PLAN

BUCOR 95%  
PCG 90%  
PMA 99.8%

DOMINANCE IN THE SAVER’S PROTECTION PLUS PLAN AVAILMENT

Sources: ITD Generation, CY2025 (December YTD) Production Summary of BCRD. Data mining, analysis and infographic representation are provided and interpreted by the Social Services Office.



predatory payday lenders. But the loans were not merely defensive; they were engines for capacity building and upward mobility. Through the MEDAL program, the Association directly funded the education of members' children, while Real Estate Mortgage Loans empowered families to lay down roots in safe, permanent housing.

This financial stability offered an intangible yet invaluable asset: peace of mind. Knowing their families were supported and secure allowed uniformed personnel to focus fully on their mandates of public safety and national defense. Furthermore, the funds from these loans frequently flowed into family-run micro-businesses, injecting life into local economies and creating secondary income streams for military and police households.

**Expanding The Collection Payment Facility**

As a recognized as one of the leading life insurance providers for the MUP and in the mutual benefit association sector in the country, the Association's institutional strengths, coupled with its value-added products and services, are key drivers of its successful business relationships with members.

Delivering the best possible service, offering efficient and seamless solutions to facilitate the timely disbursement of claims and benefits to the members as well as provide facilities for payments anytime, anywhere to the members are essential.

As part of the ongoing efforts to aid members in the ease of managing their transactions and reducing costs related to travel, AFPMBAI has partnered with commercial financial institutions such as BDO to as an additional payment facility along with existing payment methods currently available such as: Land Bank of the Philippines, GCash, Palawan Pera Padala, Palawan Pawnshop, Cebu Lhuillier, Metrobank, and Maya Bills.

The new payment and existing platform will deliver the following advantages for both the Association and the members:

- A diverse range of payment options (online, over-the-counter, debit advice) reinforces the Association's commitment to innovation and provide enhanced services to members.
- Increased convenience and safety for the members.
- Improved collection efficiency.
- The ability to monitor collections in real time
- Less cost, both ways.

This expansion of the collection payment facilities demonstrates the Association's commitment to SDG-17 under Partnerships where payment partnerships establish cross-border collaborations that are the essence of the revitalized Global

Through these the Association's commitment to delivering products with a specific, undeniable social benefit remains intact.

**CLAIMS RELEASE AS CORE SOCIAL IMPACT**

The Association's provision of claims is not merely a transactional financial obligation—it is the absolute core of its Social Dimension. For an institution serving MUP, these disbursements act as a critical social safety net, directly influencing the stability and resilience of the families who safeguard national security.

**Health and Dignity (Hospitalization & Disability)**

Benefits like daily hospital income and disability claims prevent catastrophic out-of-pocket health expenditures. For personnel injured in the line of duty, this ensures they are not plunged into debt, maintaining their dignity and quality of life during recovery.

**Economic Resilience (Policy Maturity & Dividends)**

These payouts promote financial inclusion and wealth building. For many enlisted personnel, maturing endowment plans represent their primary mechanism for forced savings, providing the capital necessary for life milestones like homeownership, starting a post-retirement business, or funding their dependents' education.

**Poverty Alleviation (Death & KIA Benefits)**

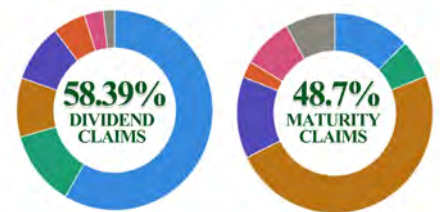
In the event of a tragedy, immediate claim disbursement mitigates the intergenerational economic shock to surviving families. It is the mechanism that keeps children in school and ensures a family is not displaced by the sudden loss of a primary breadwinner.

from financial liabilities on a ledger to social investments in a sustainability framework.

Under regulatory reporting guidelines (like SEC MC No. 04-2019), sustainability focuses on the Triple Bottom Line (Profit, Planet, People).

Unlike traditional corporations where sustainability might focus heavily on reducing a carbon footprint, the lifeblood of a mutual benefit Association is member trust.

High claim settlement rates and tangible social interventions are the strongest indicators of institutional reliability.



This trust is exactly what drives continuous membership, premium payments, and long-term institutional viability.

**Governance and Institutional Reputation**

Transparent, timely, and impactful benefit delivery reinforces both the Governance (G) and Social (S) pillars/dimensions. It solidifies the association's reputation, maintains strict regulatory compliance, and justifies continued industry leadership and governance recognitions.



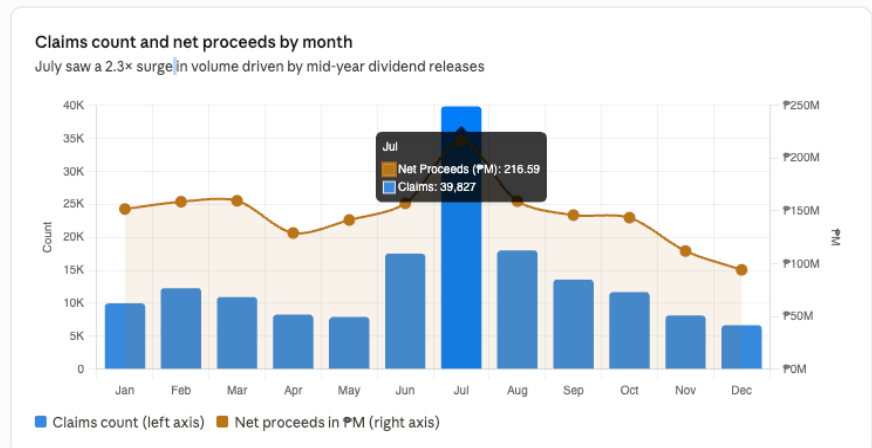
**WHAT THE FIGURES SAY**

For 2025, the Association processed a total of 164,944 Living Claim transactions for the MUP members, resulting in aggregate net proceeds disbursed of ₱1,769,295,036.92 — averaging ₱10K+ per transaction. All 164,944 records in this dataset carry an Approved and Released status, affirming that the association maintained a full approval rate on every claim reaching the disbursement stage during the reference period.

**The Sustainability Angle**

The strategic angle for sustainability is transitioning the narrative of these payouts

**01 · MONTHLY TRANSACTION VOLUME**





**Volume Versus Value: A Tale of Two Claim Types**

The most revealing insight from the 2025 claims data lies in the sharp divergence between transaction frequency and financial weight across claim types. Dividend Claims constituted the overwhelming majority of all transactions at 58.39% — or 96,318 individual claims — yet their aggregate value amounted to only ₱225.1 million, representing a modest 12.7% of total net proceeds. This is a reflection of a seemingly humble payout, consistent with the nature of periodic dividend distributions that benefit a broad base of active policyholders.

Comprising 9.54% of total transaction volume at 15,729 claims, Maturity Claims accounted for nearly half — 48.7% — of all disbursed proceeds, generating ₱861.4 million at an average of ₱54,765 per claim. This concentration of financial exposure in a relatively small number of high-value transactions underscores the significance of maturity payouts to the association’s cash flow management.

Cash Surrender Value and Termination of Benefit transactions similarly carried above-average per-claim payouts of ₱46,783 and ₱28,083, respectively, reflecting the early exit and policy termination premiums embedded in those benefit structures.

Bonus Claims occupied the middle ground — 9.38% of total volume (15,468 claims) and ₱233.6 million in proceeds — while Refund Claims and Refund Loan Claims, though moderate in count, remained below-average in individual payout, suggesting routine policy adjustments rather than major benefit events.

**Profiling The Claimants**

Among the Branch of Service (BOS) groups represented in the dataset, three uniformed corps — the Philippine Army (PA), the Philippine National Police (PNP), and the Bureau of Fire Protection (BFP) — collectively dominated claims activity, accounting for 76.55% of all transactions.

The Philippine Army led with 44,699 claims (27.10%), followed by the PNP at 42,200 (25.58%) and the BFP at 39,379 (23.87%). The Philippine Coast Guard (PCG) ranked fourth at 10,897 claims (6.61%), followed by the Bureau of Jail Management and Penology (BJMP) at 8,088 (4.90%).

The nature of claims differed meaningfully by service branch. BFP members exhibited the strongest dividend claim concentration of any BOS at 71.22%, suggesting a predominantly younger and active membership still in the accumulation phase of their policies.

In contrast, Philippine Navy (PN) members registered the highest Termination of Benefit share (15.24%) and the highest Maturity Claim proportion (15.67%) among all major BOS

groups — indicative of an older or longer-tenured policyholder base whose plans are reaching end-of-term. The PNP recorded the highest Bonus Claim proportion at 14.00%, while BUCOR stood out as an outlier, with Refund Loan Claims and Refund Claims making up 28.18% and 24.57% of its transactions respectively — a profile that may reflect a distinct membership demographic or greater policy loan utilization within the bureau.

**Plan Product Distribution**

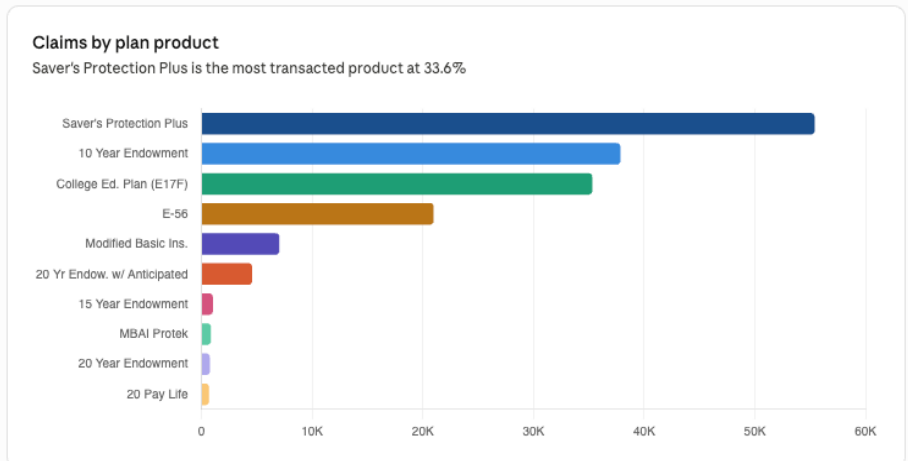
Three plan products drove the vast majority of claims activity in 2025. The Saver’s Protection Plus plan was the most transacted product, generating 55,397 claims or 33.59% of the total. It was followed by the 10 Year Endowment at 37,852 claims (22.95%) and the College Educational Plan (E17F) at 35,308 claims (21.41%). Together, these three products accounted for approximately 78% of all transactions processed during the year, reflecting their widespread adoption across the MUP membership base. The E-56 plan contributed a further 20,975 claims (12.72%), while all remaining products — Modified Basic Insurance, 20 Year Endowment variants, MBI Protek, and others — together comprised the remaining 9.74%.

**Monthly Trends: Understanding A Pattern of the Association’s Claims Releases**

Monthly claims volume across 2025 did not follow a uniform distribution. The year opened at a moderate pace, with January recording 9,988 transactions and February rising to 12,302. Activity plateaued through the first quarter before dipping in April (8,289) and May (7,918) — the quietest consecutive months of the year.

A sharp inflection point occurred in June, when volume climbed to 17,534, and then dramatically in July, which recorded 39,827 transactions — representing 24.1% of the entire year’s claims volume in a single month. This July surge was not broadly distributed across claim types. It was almost entirely driven by 33,005 Dividend Claims processed in that month alone — more than four times the monthly average for that claim type and a clear signal of AFPMBAI’s annual mid-year dividend release cycle. Net proceeds in July correspondingly peaked at ₱216.6 million.

Following this spike, volume normalized through August (18,008) and gradually tapered to its lowest point in December at 6,676 claims and ₱94.2 million in proceeds — the quietest month



**Branch Office Activities**

Geographically, claims processing was concentrated in a handful of high-volume branches.

The Camp Aguinaldo Branch stood as the single largest processing center, handling 26,105 claims — 15.83% of the national total — an unsurprising result given its proximity to the headquarters of the Armed Forces of the Philippines and multiple MUP command centers. The Cabanatuan Branch ranked second at 13,683 claims (8.30%), followed by Cebu Branch (11,181 / 6.78%), Batangas Branch (10,250 / 6.21%), and Zamboanga Branch (10,148 / 6.15%).

The top ten branches collectively processed approximately 67% of all claims, revealing a degree of geographic concentration that may warrant attention in terms of service capacity and manpower deployment at regional offices.

of the year on both metrics.

The pattern suggests that AFPMBAI’s operational throughput is significantly shaped by scheduled benefit events, particularly the mid-year dividend release, which places concentrated demand on processing infrastructure, branch staffing, and liquidity management in the third quarter.

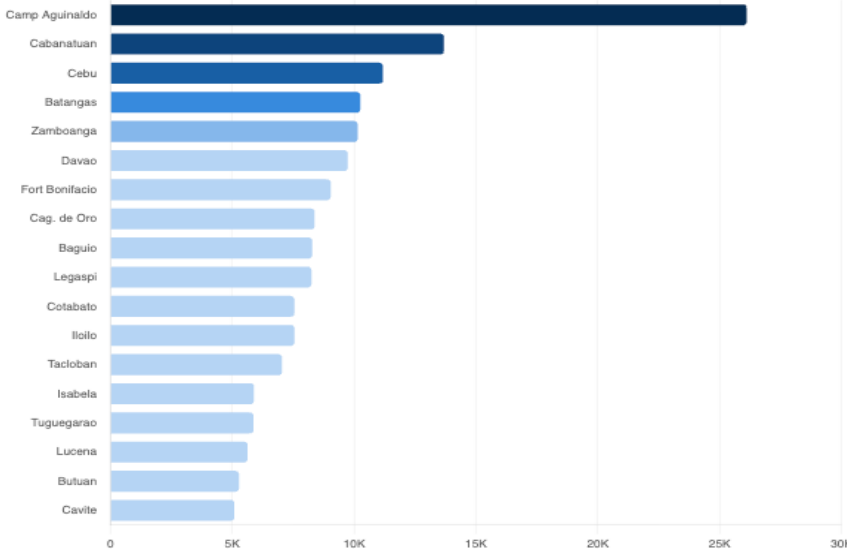
The CY2025 claims data presents a portrait of an Association with a large and active MUP membership base, a claims profile dominated by low-value but high-frequency dividend transactions, and a concentration of financial exposure in a smaller population of maturing, surrendered, or terminated policies.

The three largest BOS groups — PA, PNP, and BFP — drive the volume; a handful of flagship plan products drive the portfolio composition; and a mid-year dividend event structurally dominates the annual transaction calendar.



**Top 18 branch offices by volume**

Camp Aguinaldo Branch is the highest-volume office, handling 15.83% of all claims



and Veteran Memorial Medical Center — the Association functions as a cross-institutional financial services provider to a population whose access to commercial insurance markets is often constrained by income levels, geographic assignment, and the occupational risks associated with uniformed service.

The branch office distribution reinforces this reading. The 18 branch offices from which the top-volume data was drawn span the national geography is particularly significant from a financial inclusion standpoint: these are regions where MUP personnel are disproportionately deployed for national security and public order functions, and where access to commercial financial services is demonstrably lower than in metropolitan areas. AFPMBAI's active presence and claims delivery in these communities constitutes a form of financial inclusion.

The different claim profiles across BOS groups further illustrate how the Association is serving distinctly different membership populations, each with its own career trajectory, income structure,

These patterns collectively point to areas where AFPMBAI may focus operational planning: capacity scaling for mid-year dividend processing, targeted engagement with BOS groups showing elevated exit-type claims, and continued development of branch offices beyond the Camp Aguinaldo hub to serve the broader geographic distribution of its membership.

**Framing the Association's Performance**

The CY2025 claims data — 164,944 transactions disbursing ₱1,769,295,036.92 in net proceeds across 12 months — constitutes the most direct, quantifiable, and operationally grounded evidence of the association's Social performance during the reference year.

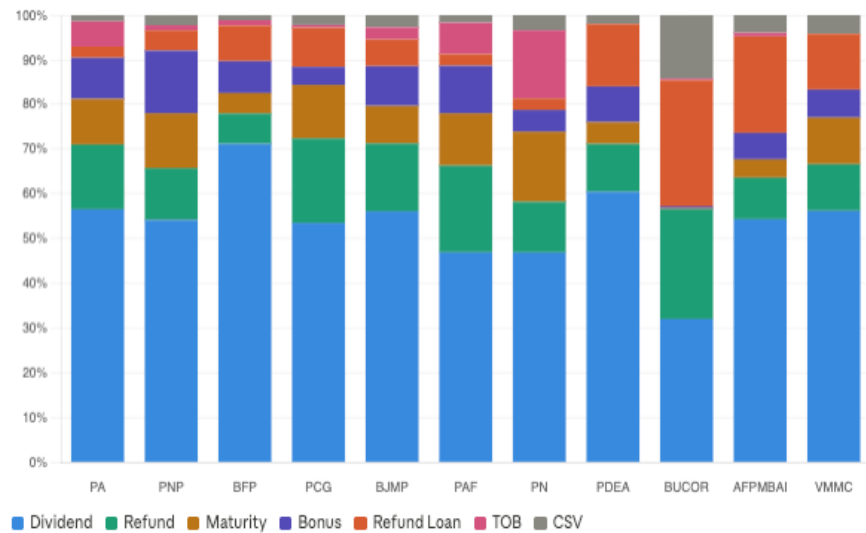
Understanding how the presented body of evidence aligns with the Social dimension of AFPMBAI's EESG framework, and how those alignments are then narrated through the disclosure architecture of the Global Reporting Initiative (GRI) Standards and the Sustainability Accounting Standards Board (SASB) framework, is the main purpose of the analysis presented in this Sustainability Report.

**What The Association Measures**

Within the EESG model as aligned with the Securities and Exchange Commission's Sustainability Reporting Guidelines — the Social dimension typically organizes itself around four thematic clusters: member and beneficiary welfare, financial inclusion and service accessibility, community and societal impact, and labor and human capital development.

**Percentage share of each claim type per BOS**

Dividend claims dominate across all BOS; PN has the highest Termination of Benefit at 15.24%



For an MBA, the first three clusters are directly legible in claims performance data; the fourth is reflected in the operational infrastructure that delivers those claims. This is well reflected in this report.

**Financial Inclusion and Service Accessibility**

The geographic and institutional breadth of AFPMBAI's 2025 claims footprint is the second major pillar of its Social performance. Serving 27 distinct BOS groups — from the Philippine Army and Philippine National Police to the Philippine Drug Enforcement Agency, Bureau of Corrections,

and benefit utilization patterns.

**Claims and GRI Standards Alignment**

GRI 2 — General Disclosures requires organizations to define their activities, stakeholders, and value chain.

The claims dataset operationalizes AFPMBAI's entire member-facing value chain: premium receipt, policy management, claims adjudication, and benefit disbursement.

The BOS groups served constitute the primary stakeholder population, and the geographic



span of branch offices defines the value chain's physical infrastructure. This data thus provides the empirical foundation for disclosures under GRI 2-6 (Activities, Value Chain), GRI 2-22 (Statement on Sustainable Development Strategy), and GRI 2-29 (Approach to Stakeholder Engagement).

**GRI 201 — Economic Performance** centers on the direct economic value generated and distributed by an organization. The ₱1,769,295,036.92 in net proceeds disbursed to MUP members constitutes direct economic value distributed to society's uniformed service community — a core GRI 201-1 metric. This figure, broken down by claim type and BOS, gives the disclosure granularity and stakeholder relevance that moves a sustainability report from generic to specific.

**GRI 203 — Indirect Economic Impacts** addresses the broader economic consequences of an organization's activities. The ₱1.769 billion disbursed into MUP household economies across 18+ branch communities generates multiplicative local economic effects — consumer spending, debt servicing, educational investment — particularly in Mindanao provinces and other areas where AFPMBAI branch presence accompanies MUP deployment. The College Educational Plan claim volume alone (35,308 transactions) represents a substantial indirect economic contribution to the educational sector and to the long-term earning potential of military families.

**GRI 413 — Local Communities** The geographic concentration of claims in Mindanao branches — Zamboanga, Davao, Cotabato, Butuan, Tacloban — positions AFPMBAI as a significant financial institution in communities that are simultaneously underserved by commercial finance and disproportionately dependent on uniformed personnel for public order and security. Disclosures under GRI 413-1 should specifically reference these communities and the volume of benefit delivery within them.

**GRI Financial Services Sector Supplement — FS13 and FS14** remain among the most directly applicable legacy indicators for financial institutions. FS13, which covers access points in low-populated or economically disadvantaged areas by type, directly maps to AFPMBAI's Mindanao and provincial branch network. FS14, addressing initiatives to improve access to financial services for the disadvantaged, is illustrated by the association's extension of insurance products to BOS groups — BUCOR, VMVC, ROTC-affiliated members — who occupy the margins of the formal financial sector.

**GRI 418 — Customer Privacy** is increasingly material for institutions processing large volumes of sensitive personal and financial data.

The 164,944 claims records — containing policy numbers, member identification, biometric-linked serial numbers, rank codes, and date of service data — constitute a significant personal data processing operation.



AFPMBAI's claims management system's integrity is thus a privacy accountability matter reportable under GRI 418-1, particularly given the national security sensitivities inherent in maintaining the financial records of Armed Forces personnel.

**SASB Standards Alignment**

AFPMBAI's operations most closely correspond to the SASB Insurance Standard (FN-IN), with secondary relevance to Asset Management and

reflecting an underwriting and claims management culture that prioritizes member benefit over institutional cost containment. This metric is directly reportable as a SASB FN-IN indicator and represents a competitive differentiator for AFPMBAI relative to commercial insurers whose claims denial rates can be materially significant.

**FN-IN Topic: Product Design** — The breadth of plan products in the 2025 claims portfolio — from the short-cycle Saver's Protection Plus to the long-horizon 10 Year and 20 Year Endowment plans, from the College Educational Plan to MBAI Protek — evidences a product design strategy that addresses multiple life-stage financial needs within the MUP community.

**FN-IN Topic: Incorporation of ESG Factors in Investment Management** — While the CY2025 claims data speaks primarily to the liability side of AFPMBAI's balance sheet, the social dimension of its investment activity is implicit in the sustainability of the fund that supports these disbursements.

**FN-IN Topic: Systemic Risk Management** — The July volume spike — 39,827 transactions or 24.1% of annual volume concentrated in a single month — raises a material systemic risk management question relevant to SASB FN-IN-550. The mid-year dividend cycle creates a predictable but extreme liquidity demand on the Association's benefit processing and disbursement infrastructure.

The most substantive empirical input AFPMBAI possesses for its sustainability disclosure — a record of **164,944** claims processed at 100% disbursement efficiency was delivered to the MUP who bear the nation's highest-risk public service obligations, and to the families who depend on them.



Custody Activities (FN-AC) in relation to the investment management of member premiums.

**FN-IN Topic: Transparent Information and Fair Advice for Customers — SASB FN-IN-270a.1** requires disclosure of total monetary losses from legal proceedings associated with customer protection. The 100% approval rate on all 164,944 processed claims — with zero records showing denied status in the released dataset — is a powerful indicator of customer protection performance. It suggests that claims reaching the disbursement stage were adjudicated in full favor of the claimant,

From the EESG Social lens, it is the most substantive empirical input AFPMBAI possesses for its sustainability disclosure — a record of 164,944 individual moments in which financial protection was delivered to the MUP who bear the nation's highest-risk public service obligations, and to the families who depend on them.

The alignments are not cosmetic. It is foundational to the case that AFPMBAI's Social performance is not an abstraction inscribed in a corporate values statement but one that speaks volumes of service it provides to the members.



**SUSTAINABLE REAL ESTATE SOLUTIONS**

A comprehensive review of the Association’s 2025 real estate loan data reveals a diverse distribution of mortgage availments across the different MUP branches. The dataset provides valuable insights into how the Association facilitates homeownership and shelter security among its members.

**MUP Distribution and Value Allocation**

Out of the entire recorded portfolio, the Philippine Army (PA) and the Philippine Air Force (PAF) represent the most active segments. The PA accounts for slightly over 21% of the total number of approved loans and nearly 25% of the portfolio’s total funded value.

The PAF closely follows, taking up 20% of the loan volume while capturing the highest share of the financial value at roughly 26%. Other major branches also show significant

remaining 5% to 6% of the loan volume.

**Cross-Analysis by Rank (Officers vs. Enlisted)**

When observing the allocation between ranks within the active-duty personnel, a distinct disparity exists between Officers and Enlisted members. Officers command the vast majority of the mortgage portfolio, representing nearly 66% of all active-duty loans. Consequently, due to higher baseline capacities to borrow, they hold an even larger majority of the portfolio’s overall value, accounting for approximately 76% of the total distributed funds.

Enlisted personnel make up the remaining 34% of the borrowers but hold only 24% of the total funded value. This rank-based divide is heavily pronounced in specific branches; for instance, in the Philippine Army and the Philippine Navy, the overwhelming majority of recorded borrowers are Officers. Conversely, the Bureau of Fire Protection exhibits an inverted trend, where Enlisted

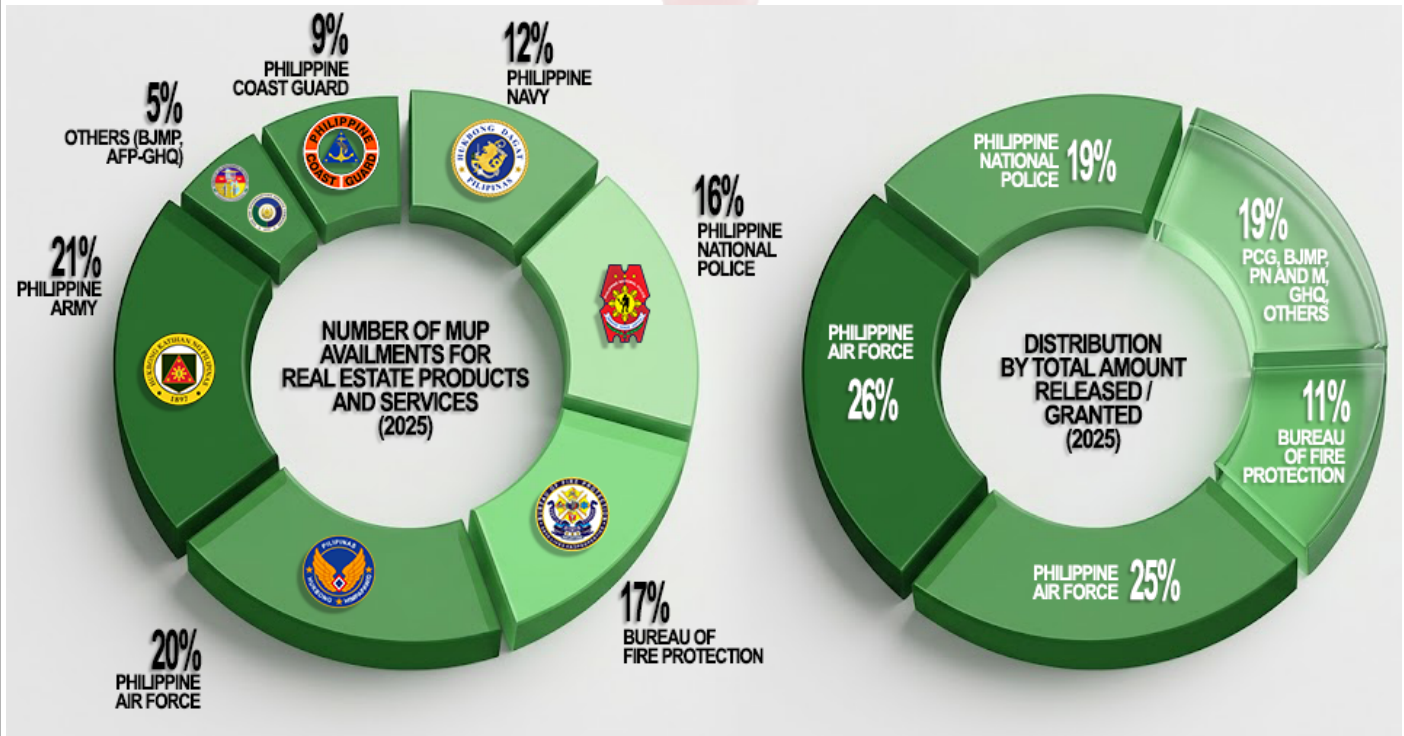
sustainability evaluates how the organization’s core operations uplift the lives of its members, their families, and the wider community. The continuous provision of these real estate loans creates several profound social impacts:

**Enhancing Shelter Security and Quality of Life**

By successfully facilitating this portfolio of real estate products and services, AFPMBAI directly secures housing for a significant cross-section of the nation’s security forces. Because 100% of these availments are channeled toward real estate, the institution is fundamentally addressing one of the most critical human needs: secure shelter. Ensuring that MUPs have a stable, comfortable environment to return to heavily contributes to familial stability and their overall psychological well-being.

**Driving Financial Inclusion and Morale**

The broad distribution of these loans—capturing diverse branches from the AFP commands to



participation but with varying financial footprints. The Bureau of Fire Protection (BFP) constitutes almost 17% of the total loan count but only takes up 11% of the overall funded value, suggesting smaller average loan sizes within this specific bureau.

The Philippine National Police (PNP) accounts for nearly 16% of the volume and over 19% of the value. The Philippine Navy (PN) and the Philippine Coast Guard (PCG) make up 12% and 9% of the total loan count, respectively. Smaller contingents, such as the Bureau of Jail Management and Penology (BJMP), the Philippine Marine Corps (PMC), and the General Headquarters (GHQ), collectively make up the

personnel represent 80% of their respective branch’s total borrowers.

**Demographic Profile**

From a gender perspective, the loan availments largely mirror the broader, historically male-dominated composition of the uniformed services. Male personnel account for approximately 78% of the total borrowers, while female personnel make up the remaining 22% of the portfolio.

**Impacts on the Social Dimension of Sustainability**

For AFPMBAI, the “Social Dimension” of

the PNP, BFP, and PCG—demonstrates a strong commitment to widespread financial inclusion.

While Enlisted personnel currently hold 24% of the portfolio’s value, capturing a full 34% of the loan volume shows that the association is actively providing vital financial lifelines to lower-ranking members who might otherwise struggle to secure housing assets through traditional commercial banks.

By acting as a reliable financial partner, AFPMBAI boosts the morale of its members, allowing them to focus on their high-risk duties with the peace of mind that their families’ needs are cared for.



**Opportunities for Gender Equity**

While the current distribution leans heavily toward male borrowers at 78%, the fact that female personnel successfully account for 22% of these major asset-building loans is a strong indicator of active female financial participation.

From a social sustainability perspective, this provides AFPMBAI with a clear baseline. The institution can utilize this data to proactively design financial literacy, homeownership, and empowerment campaigns targeted at its female and enlisted members, fostering a more inclusive and equitable environment for asset generation in the future.

**ALIGNMENT WITH GLOBAL SUSTAINABILITY STANDARDS**

**United Nations Sustainable Development Goals**

**SDG 11 (Sustainable Cities and Communities):**

By financing real estate and housing for various MUP branches, AFPMBAI directly contributes to Target 11.1, g. The diverse loan sizes accommodate both higher investments (PAF) and entry-level housing needs (BFP and smaller contingents).

**SDG 10 (Reduced Inequalities):** The deliberate inclusion of smaller contingents (BJMP, PMC, GHQ), which collectively make up ~5-6% of the loan volume, alongside major branches like the PNP (16%) and PN (12%), promotes economic inclusion. By tailoring loan products that result in accessible “₱5k average small amounts,” AFPMBAI empowers lower-income personnel within the uniformed services.

**Global Reporting Initiative (GRI) Standards**

**GRI 203 (Indirect Economic Impacts):** The portfolio demonstrates significant positive indirect economic impacts. By funding real estate, AFPMBAI stimulates local construction, community development, and the overall economic well-being of the MUP demographic.

**GRI 413 (Local Communities):** The data serves as a quantifiable metric for AFPMBAI’s community engagement. The broad distribution across all branches—from the Coast Guard (9%



volume) to the Navy (12% volume)—showcases a widespread, inclusive approach to serving the specific needs of the MUP “community.”

**Financial Services Sector Disclosures (Product Portfolio):** The detailed breakdown of loan volume versus funded value fulfills reporting requirements regarding the monetary value of products designed to deliver a specific social benefit, specifically affordable housing finance.

This demonstrates AFPMBAI’s capacity to manage credit risk while maintaining housing affordability across varying pay grades within its members.

**Sustainability Accounting Standards Board (SASB)**

**Financial Inclusion & Capacity Building (FN-MF-270a):**

Under the Mortgage Finance standard, the portfolio’s data reflects AFPMBAI’s success in reaching potentially underserved segments within the armed forces.

The high-volume, low-value metric of the BFP segment is a prime indicator of financial inclusion, ensuring that smaller loan requirements are met with the same institutional support as larger ones.

**Access & Affordability:** The variance in average loan sizes across different MUP branches



**The Means To Getting There**

To empower the members with knowledge on the value of investing in real estate and accessible homeownership program, the Association designed its real estate products and services to give the MUP a realistic path to owning a home. By offering competitive, fixed interest rates on loans up to ₱10 million, the Association bridges a financing gap that traditional commercial banks often leave open for uniformed personnel.

The social core of these loans is family security. Members are likely to perform better in high-stress frontline environments when they know their families have a secure, permanent place to live. The financial commitment here is substantial — in 2025 alone, AFPMBAI approved ₱322.15 million for Real Estate Mortgage Insurance (REMI) and ₱9.72 million for housing loans.

Attendees engaged in discussions on a variety of real estate topics, including buying and selling properties, ownership, property law, and the Association’s Real Estate Program. The forum also featured a financial literacy session and a presentation on AFPMBAI’s insurance and loan offerings.





**The Social Impacts In Lending**

Social impact does not come at the expense of financial stability; rather, it reinforces it. Women and lower-income demographics historically exhibit strong repayment behaviors when provided with fair, transparent credit.

The Association stands as one of the Philippines' most consequential mutual benefit organizations, singularly dedicated to enhancing the financial resilience of Military and Uniformed Personnel (MUP). By serving non-officers and female members, AFPMBAI expands its active borrower base within a captive, salaried market. Furthermore, reducing the financial stress of the rank-and-file directly supports the overarching mission of the AFP and PNP by minimizing distractions and improving troop morale.

This analysis, based on the 2025 data mined from the Association's Information Technology Division (ITD) and the Billing, Collections and Remedial Department (BCRD) presents a comprehensive analysis of AFPMBAI's loan portfolio performance, covering 230,208 loan records representing a total disbursed value of PHP 18.56 billion across 132,906 unique borrowers from 41 pay jurisdictions spanning all branches of the Armed Forces of the Philippines (AFP), Philippine National Police (PNP), Bureau of Fire Protection (BFP), Bureau of Jail Management and Penology (BJMP), Philippine Coast Guard (PCG), and other uniformed services.

The loan portfolio reflects AFPMBAI's dual mission: sustaining its own financial viability while fulfilling its social mandate of providing accessible, affordable, and diversified financial products to a population that sacrifices personal safety and comfort in service to the nation. This analysis further contextualizes AFPMBAI's performance against internationally recognized sustainability frameworks — the United Nations Sustainable Development Goals (UN-SDGs), the Global Reporting Initiative (GRI) Standards, and the Sustainability Accounting Standards Board (SASB) Standards — establishing a robust foundation for ESG reporting and stakeholder disclosure.

**Key Performance Highlights**

INDICATOR	VALUE / FINDING
Total Loan Records	230,208
Total Portfolio Value	PHP 18.56 Billion
Unique Beneficiary Borrowers	132,906
Pay Jurisdictions Served	41
Largest Sector	Philippine Army (PA) — 39.2% of records
Largest Amount Sector	Bureau of Fire Protection (BFP) — 38.1% of total value
Female Borrower Representation	18.2% of total records
Top Product	Opt. Policy Loan — 48.7% of records
Average Loan Amount	PHP 80,630 per record

The Opt. Policy Loan, which constitutes nearly half of all loan records, reflects sound credit architecture — members borrow against the accumulated value of their life insurance policies, eliminating collateral barriers while securing

**Institutional Significance**

With 41 pay jurisdictions served and PHP 18.56 billion in active loan disbursements, AFPMBAI represents one of the largest specialized financial service providers for the uniformed sector in Southeast Asia. Its operations touch virtually every branch and unit of the MUP sector. This breadth of reach positions AFPMBAI not merely as a financial intermediary but as a pillar of social protection for a population whose sacrifices underpin national peace and security.

**Portfolio Overview**

The loan portfolio captures active loan accounts across all pay jurisdictions. The portfolio demonstrates both scale and diversity, with average loan sizes and product preferences varying considerably across sectors — reflecting the different service conditions, pay grades, and financial needs of each MUP branch.

METRIC	VALUE
Total Loan Records	230,208
Total Portfolio Value	PHP 18,562,898,216
Unique Borrowers (Members)	132,906
Average Loans per Borrower	1.73
Overall Average Loan Amount	PHP 80,630
Median Loan Size Band	PHP 10,000 – 50,000
Large Loans (>PHP 100K)	44,951 records

**Product Mix Analysis**

AFPMBAI's loan products are strategically designed to address different life-stage and emergency needs of MUP members. The product distribution reveals the predominance of policy-backed lending, which minimizes credit risk while maximizing member access

PRODUCT	Records	% Count	% Amount
Opt. Policy Loan	112,104	48.7%	35.9%
Equity Loan	43,728	19.0%	4.5%
Salary Loan	27,148	11.8%	38.6%
E56 – Policy Loan	17,704	7.7%	9.3%
Medal	17,556	7.6%	7.7%
Repackaged Emergency Loan	8,516	3.7%	2.9%
Emergency Loan - Covid19	3,115	1.4%	0.9%
Other Products	337	0.1%	0.3%

repayment. The Salary Loan, while representing only 11.8% of records, accounts for 38.6% of total loan value (PHP7.17 billion), underscoring its importance as a vehicle for larger borrowings for housing, education, and capital needs. Medal Loans — a distinctive AFPMBAI product — serve as recognition-linked financial benefits for decorated service members.

The Philippine Army (PA) represents the dominant sector with the highest volume of records (90,319) and borrowers (55,660). The lower average loan size of PHP52,461 suggests these funds are highly liquid and utilized primarily for immediate household expenses, emergencies, or essential everyday needs.

The Bureau of Fire Protection (BFP) commands the highest total loan amount at over PHP 7.07 billion, making up 38.1% of the total loan value distributed. With the highest average loan size overall (PHP128,427), BFP members are likely leveraging these funds for more substantial economic activities, such as home improvement, vehicle acquisition, or funding small family businesses.

**Providing Grassroots Support**

Even auxiliary forces like the Citizen Armed Force Geographical Unit (CAFGU) are granted access to credit. Though their average loan size is the lowest at PHP14,522, it proves that AFPMBAI extends its financial services to the grassroots level, funding essential basic needs for lower-income support personnel.

**High Borrower Engagement and Reliance**

The Bureau of Jail Management and Penology (BJMP) shows the highest average loans per borrower (1.90), alongside a high average loan amount of PHP98,476. This indicates strong reliance on AFPMBAI for ongoing financial support, utilizing multiple concurrent or sequential loans to manage sustained economic activities.

**Promoting Gender Inclusivity and Financial Empowerment**

A standout insight from the table is the active participation of female personnel in accessing credit, particularly in specific branches. The Philippine Drug Enforcement Agency (PDEA) exhibits a remarkable 45.4% female representation among borrowers, coupled with a high average loan of PHP 113,444. Similarly, the BFP (31.5% female), PNP (29.2% female), and BJMP (27.9% female) show significant female engagement. By providing high-value capital to women in these sectors, AFPMBAI directly supports female economic empowerment and bridges the gender gap in financial access.

**Comprehensive Financial Inclusion**

The organization ensures that no branch is left behind, regardless of its size or strategic function. From massive defense arms like the PA and PNP

# the social DIMENSION



to specialized sectors like the PCG and Marines, down to auxiliary units, credit is accessible. This widespread inclusion boosts the overall social safety net, ensuring all members of the defense and security apparatus have a reliable financial partner.

### Addressing Sector-Specific Vulnerabilities

The data highlights an understanding of different demographic needs. For example, the Marines is predominantly male (96.3%) with a modest average loan of PHP42,382, indicating a specific demographic reliant on foundational credit access. By structuring loans that adapt to whether a branch is male-dominated (like the PA or Marines) or highly mixed (like PDEA), AFPMBAI tailors its social impact to mitigate specific financial vulnerabilities within each jurisdiction.

### Enhancing Institutional Trust and Welfare

The volume of participation—spanning tens of thousands of borrowers across all major MUP branches—demonstrates high institutional trust.

Providing reliable, accessible loans reduces the risk of personnel falling prey to predatory lending, thereby safeguarding their financial, mental, and social well-being so they can focus on their public service duties.

AFPMBAI's loan portfolio is not merely a financial ledger. It is a social contract between the Philippine State and those who bear arms in its defense and service. Every policy loan, salary advance, emergency credit, and medal-backed financing represents a tangible act of national gratitude and institutional care.

### Alignment with the UN Sustainable Development Goals

Viewed from the lens of the UN-SDGs, AFPMBAI is a direct contributor to:

- SDG 1 (No Poverty)
- SDG 3 (Good Health)
- SDG 4 (Quality Education),
- SDG 5 (Gender Equality)
- SDG 8 (Decent Work)
- SDG 10 (Reduced Inequalities), SDG 16 (Peace, Justice and Strong Institutions), and
- SDG 17 (Partnerships for the Goals).

Its institutional architecture — a government-mandated, member-owned mutual benefit system — is itself a model of sustainable finance: self-replenishing, community-rooted, and aligned with social impact-generating initiatives rather than purely profit-driven objectives.

## SUSTAINING LIVES THROUGH THE AFPMBAI LOAN PRODUCTS

**₱18.5B** | total loan portfolio consisting of an array of essential loan services provided to **132,906** AFPMBAI members in 2025 to sustain their economic needs and activities

**₱7B** | loan proceeds granted to the men and women of the Bureau of Fire Protection in 2025, translating to the Highest Value availment **90,319** members of the Philippine Army provided with loan services in 2025, comprising the highest number of applicants at 39.2%

**41,816** | total number of WOMEN availed of loans in 2025 representing 22.6% of the total portfolio in terms of loan value **76.5%** of availed loans below P100,000, illustrating how the Association provides sufficient services to address substantive needs of members without creating unmanageable debt burdens

**58,930** | lives transformed through the Members' Educational Assistance Loan (MEDAL), fueling academic pursuits and long-term sustainability

**₱689M** | total value extended to members as Emergency and Calamity Loan grants, demonstrating AFPMBAI's critical role as a reliable and dependable emergency financial responder

**31.5%** | BUREAU OF FIRE PROTECTION  
**29.2%** | PHILIPPINE NATIONAL POLICE  
**27.9%** | BUREAU OF JAIL MANAGEMENT AND PENOLOGY  
 TOP THREE MUP SEGMENT WITH THE HIGHEST DENSITY OF WOMEN LOAN GRANTEES SIGNIFYING THE STRONG SUPPORT FOR THE EMPOWERMENT OF WOMEN AND GENDER-RESPONSIVE PRODUCTS OF THE AFPMBAI FOR THE MUP

**32,736** | members availed multiple loan products from AFPMBAI, constituting an unparalleled level of trust and ease in doing business

The volume of participation—spanning the multitude of loan grants across all major MUP branches—demonstrates high institutional trust for the AFPMBAI. Providing reliable, accessible loans reduces the risk of personnel falling prey to predatory lending, thereby safeguarding their financial, mental, and social well-being to enable the MUP to focus on their public service duties.

### Alignment with GRI Standards

The GRI alignment affirms AFPMBAI's accountability to its members and the broader public by providing a structured, internationally recognized framework for economic, social, and governance disclosures.

Moving forward, the Association seeks to institutionalize sustainability reporting, expand its gender-responsive and disaster-resilient product suite, address concentration and over-indebtedness risks, and leverage digital technology to deepen financial inclusion. By doing so, AFPMBAI will not only sustain its financial viability but will emerge as a benchmark institution — proving that serving those who

serve the nation is, in itself, the definition of sustainable development in the bigger picture.





## The Social Services Program: The AFPMBAI Corporate Social Responsibility Mandate

**T**he AFPMBAI has established itself as a pivotal institutional pillar for the welfare of the MUP in the Philippines. Its Corporate Social Responsibility (CSR) framework — operationalized through the Social Services Program — reflects a deliberate, structured, and measurable commitment to the health, operational readiness, and institutional sustainability of Philippine defense and security forces.

In 2025, AFPMBAI's CSR program reached a total of 939 MUP units nationwide, with a combined PARHMEDIC/HEALTHMED allocation exceeding ₱84.89 million and Flagship Program support of approximately ₱46.30 million. Regionally, the CSR-Other Donations component delivered ₱35.23 million across six areas, with reach efficiencies ranging from 89.99% to 100% — demonstrating exceptional fiscal discipline and program execution.

This report provides a comprehensive analysis of AFPMBAI's CSR initiatives across four dimensions: (1) direct benefits to the MUP community, (2) strategic and institutional significance, (3) alignment with Philippine sustainability priorities, and (4) compliance with internationally recognized reporting frameworks — specifically the United Nations Sustainable Development Goals (UN-SDGs), the Global Reporting Initiative (GRI) Standards, and the Sustainability Accounting Standards Board (SASB) Standards.

The CSR program serves as AFPMBAI's primary mechanism for ploughing back value to members beyond traditional insurance and savings products. It operationalizes the Association's social contract with the MUP by directly funding healthcare infrastructure, medical equipment procurement, and institutional capacity building across the entire AFP organizational hierarchy — from the Philippine Army, Philippine Navy, and Philippine Air Force, to the PNP, PCG, BFP, BuCor and the BJMP, among others.

The CSR budget is structured along two primary program tracks:

**PARHMEDIC / HEALTHMED Programs:** The primary healthcare and medical assistance track targeting specific MUP hospitals, medical commands, and health service units. This constitutes the bulk of CSR allocation and accounts for 68% of total CSR spending directed toward health service improvement.

**Flagship Programs:** A complementary track providing programmatic support to national headquarters and designated units, including financial support for operational equipment improvements (32% of CSR allocation),

association-aligned institutional programs, and associate/partner beneficiary units.

The annual CSR budget is meticulously calculated by the Association's Actuarial Office, factoring in the premium contributions, member strength, as well as impact to legal reserves. The budget is distributed pro-rated is endorsed by the Social Services Program Committee for the Board's approval prior to cascading to the Board members representing the active MUP in service. For 2025, approximately ₱131.19 million was allocated to the MUP. This represents a substantial reinvestment into the MUP ecosystem, covering nine distinct command-level beneficiary groups spanning all branches of service.

### The RSSC Other Donations Program

Beyond the core PARHMEDIC/HEALTHMED and Flagship allocations, AFPMBAI's Regional Sales and Service Centers (RSSCs) facilitated targeted CSR-Other Donations that extended the program's geographic reach to all major island groups.

A total of 939 MUP units were supported for the year, which combined units served through both the main PARHMEDIC/HEALTHMED program together with the CSR-Other Donations. Southern Luzon's reach efficiency of 100.20% reflects optimized local delivery and minimal administrative overhead. The average nationwide efficiency of approximately 94.92% reflects AFPMBAI's operational excellence in CSR delivery.

### CSR: THE VITAL SUSTAINABILITY TOOL

#### Improved Access to Healthcare Services

The most quantitatively significant benefit of AFPMBAI's CSR program is the enhancement of healthcare access for MUP members and their dependents. With 68% of total CSR allocations dedicated to health service improvement, the

program directly addresses one of the most pressing welfare gaps in the MUP community — the chronic underfunding of military and police health facilities.

Key beneficiary healthcare institutions include the Army General Hospital (the largest allocation at ₱27.8M in PARHMEDIC funds plus 13.1M in Flagship support), V. Luna Medical Center AFP, the Villamor Air Base Hospital, and multiple Army, Navy, and Air Force base hospitals across the archipelago. The BJMP and PNP Health Services also receive substantial CSR support — ₱6.8M and ₱7.86M respectively — ensuring coverage across all branches of uniformed service.

These investments translate into tangible improvements in:

- Medical equipment procurement and maintenance for military and police hospitals
- Facility upgrades and infrastructure improvements in MUP health centers
- Expansion of medical services to include emergency, ambulatory, therapeutic, dental, and outpatient care
- Enhanced capacity to handle both peacetime healthcare needs and conflict-related medical emergencies

#### Operational Equipment Support for MUP Units

The remaining 32% of CSR allocations — channeled primarily through Flagship Programs — addresses the operational readiness dimension of MUP welfare. By providing financial support for the improvement of essential operational equipment, AFPMBAI effectively bridges funding gaps that may arise in the regular defense and police budgets.

This dual-track approach — healthcare (68%) and operational equipment (32%) — reflects a holistic understanding of MUP welfare: and needs. The Flagship Programs support a wide range





of units across all commands, from the OCSAFP (Office of the Chief of Staff, AFP) down to enlisted personnel barracks and specialized units like the Special Forces Regiment, Airborne.

**Geographic Equity and Nationwide Impact**

One of the most significant structural benefits of the Association's CSR program is its nationwide geographic reach.

The program does not concentrate resources in Metro Manila or central headquarters; instead, it distributes benefits across all major island groups through the RSSC network:

- Mindanao receives the highest RSSC-level CSR-Other Donations (₱7.54 million), reflecting the unique operational demands and historically underserved welfare needs of MUP personnel deployed in the southern Philippines.
- Home Office allocations (₱9.95 million at 99.47% efficiency) ensure that centrally-based command staff also benefit from the program.
- Northern Luzon (₱6.51 million) and Visayas (₱4.44 million) receive proportionate support reflecting their MUP population concentrations.

This equitable geographic distribution ensures that service members in remote postings — particularly in Mindanao and the Visayas, where operational demands are highest — receive comparable welfare benefits to their counterparts in central commands.

**Welfare-Driven Retention and Morale**

Beyond the direct material benefits, AFPMBAI's CSR program serves a critical institutional function: it signals to current and potential MUP members that the Association — and by extension, the institution — is committed to their long-term welfare. This has measurable, if indirect, impacts on:

- Recruitment appeal: prospective service members are more likely to join organizations with demonstrated welfare support systems.
- Retention rates: personnel with access to reliable healthcare and institutional support are less likely to seek separation or retirement before completing their intended careers.
- Operational morale: service members who feel cared for demonstrate higher levels of mission commitment and unit cohesion.
- Family security: MUP dependents who benefit from AFPMBAI health programs experience improved quality of life, reducing the psychological burden on service members during deployments.

**STRATEGIC SIGNIFICANCE OF THE CSR PROGRAM**

**Institutional Sustainability of AFPMBAI**  
AFPMBAI's CSR program is not merely

philanthropic — it is strategically integral to the Association's institutional sustainability. By consistently and transparently reinvesting in member welfare, AFPMBAI reinforces the trust relationship that underpins member contributions and participation in its financial products. A membership that sees tangible, measurable returns on their association membership is a loyal, growing membership.

The program's high utilization rates (averaging 94.92% nationwide) demonstrate fiscal accountability that would be compelling to any external auditor, regulator, or governance body — reinforcing AFPMBAI's credibility as both a financial institution and a social welfare organization.

**Complementing Government Health Programs**

AFPMBAI's CSR healthcare investments operate alongside — and often fill the gaps of — government-funded military and police healthcare programs. By providing supplementary funding to AFP hospitals and PNP/BJMP health services, AFPMBAI effectively multiplies the impact of public health expenditure on the MUP sector. This public-private complementarity model is increasingly recognized as best practice in civil-military welfare administration.

**Disaster Resilience and Emergency Preparedness**

The original PARHMEDIC (PANdemic Response, Hospital, Medical Equipment and Disaster Control) nomenclature reflects the program's

GRI Standard	Topic	CSR Activity Mapped	Materiality
GRI 201-1	Economic value distributed	₱166.42M total CSR disbursement	HIGH
GRI 203-1	Infrastructure investment	Hospital equipment & facility upgrades	HIGH
GRI 401-2	Employee benefits	Healthcare for 939 MUP units	HIGH
GRI 403-6	Worker health promotion	HEALTHMED Program (68% of CSR)	VERY HIGH
GRI 403-8	OHS management coverage	All branches: AFP, PNP, BJMP covered	VERY HIGH
GRI 413-1	Community engagement	Regional RSSC distribution model	HIGH
GRI 416-1	Customer health & safety	Member health service improvement	HIGH

initial orientation toward emergency and pandemic-related health challenges. Even as the program has evolved into HEALTHMED, the institutional memory of emergency preparedness remains embedded in the program architecture.

The investments in military hospital infrastructure directly enhance the AFP's medical readiness for mass casualty events, natural disasters, and public health emergencies — capabilities that benefit not only MUP personnel but dependents too.

**ALIGNMENT WITH UN SUSTAINABLE DEVELOPMENT GOALS (UN-SDGs)**

AFPMBAI's CSR program demonstrates direct or material alignment with six of the seventeen United Nations Sustainable Development Goals adopted under the 2030 Agenda for Sustainable Development. The following analysis maps CSR activities to specific SDG targets:

**SDG 3 — Good Health and Well-Being**

This goal has the highest impact among others. The allocation of 68% of total CSR resources to health service improvement directly addresses SDG 3's core objective of ensuring healthy lives and promoting well-being. These include:

- Target 3.8: Achieve universal health coverage, including financial risk protection and access to quality essential healthcare services — the program extends healthcare access to MUP members across all regions, including remote postings.
- Target 3.d: Strengthen the capacity of all countries for health security and management of health risks — investments in military hospital infrastructure directly enhance national health emergency response capacity.
- Target 3.a / 3.b: The dental and therapeutic components of HEALTHMED broaden the scope of covered health services beyond acute care.

**SDG 10 — Reduced Inequalities**

The program's geographic distribution model — prioritizing Mindanao (₱7.54M), the Home Office (₱9.95M), and Northern Luzon (₱6.51M) reduce inequalities within and among groups,

specifically:

- Target 10.2: Empower and promote the social, economic, and political inclusion of all — the program explicitly reaches remote and underserved MUP communities.
- Target 10.4: Adopt policies that progressively achieve greater equality — differentiated regional allocations reflect needs-based mechanism rather than uniform per-capita distribution.



CORPORATE SOCIAL RESPONSIBILITY BUDGET DISTRIBUTION TABLE



\* PARHMEDIC = PANdemic Response, Hospital, Medical Equipment and Disaster Control. The program name coinage is later changed to the "HEALTHMED" (Hospital, Emergency, Ambulatory, Therapeutic, Medical and Dental) Program.



Allocation:

ASCOM  
IMCOM

Allocation:

- Western Mindanao Command - NOLCOM  
- 2nd Special Forces Battalion - BRP Ramon Alcaraz (PS16)  
- OCSAFP  
- Enlisted Personnel Barracks  
- Camp Aquino Multi Purpose Hall  
- Special Forces Regiment, Airborne

Allocation:

Villamor Air Base Hospital

Allocation:

- NSSC - NFNL  
- NAVMETOC - FRG  
- NÆC - PMC (MBLT-1, AABN, SSBN)  
- NCEBDE  
- NFEM

Allocation:

- National Headquarters  
for distribution to designated units

Allocation:

- National Headquarters  
for distribution to designated units

Allocation:

- National Headquarters  
for distribution to designated units

Allocation:

- National Headquarters  
for distribution to designated units

Beneficiary:

- PMAAAI  
- Armor Division, PA

**HOW THE ASSOCIATION PLOUGHS BACK RELEVANT SOCIAL SERVICES TO MEMBERS**

939

MUP units supported by the Association's CSR / Social Services Program in 2025 (Flagship, PARHMEDIC and RSSC Other Donations)

68%

of the CSR allocations were utilized for the improvement of Health Services for the MUP

32%

of the CSR allocations were utilized for the improvement of essential operational equipment of the MUP



**REACH OF CSR-OTHER DONATIONS IN NATIONWIDE AREAS**

AREA	UTILIZATION	REACH EFFICIENCY
HOME OFFICE	₱9,947,136.30	99.47%
NCR	₱2,688,417.00	90.05%
NORTHERN LUZON	₱6,511,902.85	89.99%
SOUTHERN LUZON	₱4,105,926.24	100.20%
VISAYAS	₱4,442,311.99	96.44%
MINDANAO	₱7,537,830.23	93.36%



**ALIGNMENT WITH GRI STANDARDS (GLOBAL REPORTING INITIATIVE)**

The following matrix maps AFPMBAI's CSR program to applicable GRI Standards:

**GRI 200 Series — Economic Standards**

**GRI 201: Economic Performance**

AFPMBAI's CSR represents a significant direct economic distribution to the MUP community. Quantifiable economic value distributed includes the combined ₱166.42 million in economic value transferred from the Association to its member beneficiaries. This is consistent with GRI 201-1 (Direct economic value generated and distributed) disclosures.

**GRI 203: Indirect Economic Impacts**

The investments in military hospitals and health facilities generate significant multiplier effects — trained medical staff, upgraded equipment, and improved facilities benefit not only MUP patients but can provide spillover benefits to surrounding communities during civil emergencies. These indirect economic impacts are material to GRI 203-1 (Infrastructure investments and services supported) and GRI 203-2 (Significant indirect economic impacts).

**GRI 400 Series — Social Standards**

**GRI 401: Employment**

The CSR program supports the welfare of approximately 939 MUP units — comprising thousands of active-duty personnel and their families. While the program does not directly create employment, it materially improves employment conditions for MUP workers within the meaning of GRI 401-2 (Benefits provided to full-time employees that are not provided to temporary or part-time employees). Healthcare provision is explicitly listed as a reportable employment benefit under this standard.

**GRI 403: Occupational Health and Safety**

This is the highest-materiality GRI standard for AFPMBAI's CSR program. The PARHMEDIC/HEALTHMED framework directly addresses the occupational health and safety context of military and police service — among the highest-risk occupational categories in any economy. Relevant disclosures include:

- **GRI 403-6 (Promotion of worker health):** Healthcare investment in military and police medical facilities constitutes a direct, structured worker health promotion initiative at scale.
- **GRI 403-8 (Workers covered by an occupational health and safety management system):** The 939 MUP units covered represent a systematic, institutionalized OHS support

system for uniformed personnel.

- **GRI 403-9 / 403-10 (Work-related injuries):** Medical facility upgrades improve treatment outcomes for duty-related injuries and illness.

• **GRI 413: Local Communities**

AFPMBAI's regional CSR distribution model aligns with GRI 413-1 (Operations with local community engagement, impact assessments, and development programs). The differentiated allocation by region — reflects a community-impact-sensitive distribution methodology consistent with GRI's requirements for local community engagement and impact assessment.

• **GRI 416: Customer Health and Safety**

As a mutual benefit association, AFPMBAI's members are simultaneously customers and beneficiaries. The CSR healthcare program directly addresses GRI 416-1 (Assessment of the health and safety impacts of product and service categories) by ensuring that the Association's core product — member welfare — includes comprehensive health and safety support.

**ALIGNMENT WITH SASB STANDARDS**

For AFPMBAI, this Sustainability Report applies SASB standard for the Insurance sector standard (FN-IN), given its function and identity. The CSR programs of the Association for 2025 aligns to the

utilization across all regions — demonstrates SASB's conception of social capital as genuine, measurable value delivery to the target population rather than reputational positioning.

**Human Capital (FN-IN-330a)**

While SASB's Human Capital metrics primarily target a reporting entity's own workforce, in AFPMBAI's case the MUP membership constitutes the human capital:

- **FN-IN-330a.1** — Percentage of gender and diversity representation: The breadth of the CSR program across Army, Navy, Air Force, PNP, and BJMP — each with distinct demographic profiles — reflects inclusive human capital coverage.

**Business Model and Innovation (FN-IN-000.C)**

• Demonstrates product-service integration: By linking financial products (insurance, savings) with direct welfare services (healthcare, equipment support), AFPMBAI creates a bundled value proposition that strengthens member loyalty.

- Enables adverse selection management: Members who receive healthcare support through CSR are healthier, better-supported workforce members — reducing the frequency and severity of insurance claims and improving the Association's actuarial profile.

SASB Topic / Code	Standard Requirement	AFPMBAI CSR Response	Alignment Level
<b>Social Capital FN-IN-270a</b>	Equitable product/service access for all members	Nationwide RSSC distribution; geographic equity in allocations	<b>STRONG</b>
<b>Human Capital FN-IN-330a</b>	Workforce welfare and health investment	68% CSR for health services; 939 units covered	<b>STRONG</b>
<b>Business Model FN-IN-000.C</b>	Value-generating product-service integration	CSR as member retention and loyalty driver	<b>MODERATE</b>
<b>Systemic Risk FN-IN-550a</b>	Climate and systemic health risk exposure	Hospital infrastructure resilience; disaster preparedness	<b>MODERATE-STRONG</b>

following standards:

**Social Capital (FN-IN-270a)**

SASB's Social Capital dimension for insurance entities focuses on the accessibility and affordability of products and services to underserved populations. AFPMBAI's CSR program maps directly onto this dimension:

- **FN-IN-270a.1** — Description of policies and practices around the fair and responsible selling of insurance: AFPMBAI's mandatory CSR reinvestment demonstrates a structural commitment to returning value to all member-beneficiaries regardless of rank or location, consistent with fair-dealing principles.

The program's geographic equity model — prioritizing Mindanao (highest absolute allocation among RSSCs) and maintaining near-100%

**Systemic Risk Management (FN-IN-550a)**

The PARHMEDIC/HEALTHMED program's historical origin in pandemic response and disaster control situates AFPMBAI's CSR within the systemic risk management dimension of the SASB insurance framework:

- **FN-IN-550a.2** — Exposure to physical climate risk: Military hospital infrastructure investments improve the resilience of AFP medical facilities to climate-related disasters — a material risk given the Philippines' exposure to typhoons, floods, and earthquakes.

- **Systemic Health Risk Coverage:** By strengthening the capacity of military health facilities to respond to mass casualty events and epidemics, AFPMBAI's CSR investments reduce systemic health risk exposure for both the MUP community and the national healthcare system.



**THE GRADE PROGRAM: SUSTAINABILITY AND EMPOWERMENT FOR THE YOUTH**

The GRANTS for DEpendents (GRADE) Program was established to provide financial assistance to the dependents of the fallen MUP members who gave up their lives in line of duty, whether killed in action, or have been completely discharged due to disability while in service.

Through the GRADE program, hundreds of dependents have been given the opportunity to chart their future, armed with the educational sustenance needed to propel them to greater heights.

For 2025, the Association provided grants to 70 College and 31 High School students spanning Luzon, Visayas and Mindanao. Of the 101 students, 15 have graduated from College while 7 graduated from High School, with the rest are ongoing scholars.



Of the graduating batch this year, two grantees stood out. Trishia Dela Cruz, graduated with the Latin Honor of Magna Cum Laude at the Ateneo De Naga University with the course of BS Psychology. She likewise received the Distinction in Psychology Award for her outstanding

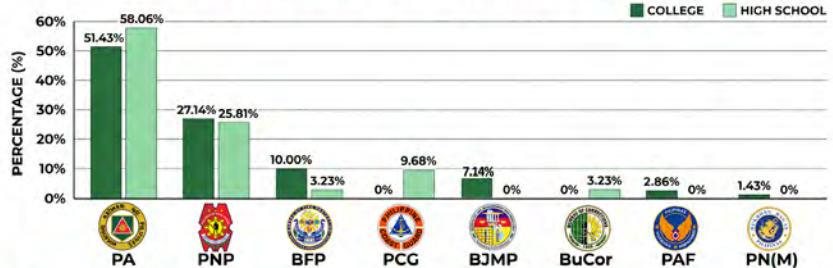
academic achievements. Trishia is the daughter of JO2 Rogelio P Dela Cruz who was killed-in-action. She is also the Association's first BJMP dependent GRADE scholar.

Amie D Roquero on the other hand, graduated with the Latin Honor of Cum Laude from the Kabankalan Catholic College in Negros Occidental. Amie is the dependent of Cpl Ervin D Roquero PA--her brother, who was killed in action.



The GRADE Program is one of the most impactful expressions of AFPMBAI's "Damayan" ethos. The sustainability factor of the GRADE program is its support to Youth development. Instead of merely paying out a finite life insurance claim, AFPMBAI uses the GRADE program to sustain the dignity, and future potential of a fallen member's family.

**GRANTS FOR DEPENDENTS (GRADE) SCHOLARS' DISTRIBUTION**



COLLEGE GRADE DATA	
PA	51.43%
PNP	27.14%
BFP	10.00%
BJMP	7.14%
PN(M)	1.43%
PAF	2.86%

HIGH SCHOOL GRADE DATA	
PA	58.06%
PNP	25.81%
BFP	3.23%
PCG	9.68%
BuCor	3.23%



November 06, 2025

Dear AFPMBAI Scholarship,

I am writing to express my heartfelt gratitude to the AFPMBAI Scholarship for being with me throughout my journey as a student. From the moment I was accepted as a scholar until the day I finally graduated with a Bachelor of Science in Psychology, your support has been a constant source of strength, motivation, and hope. Being an AFPMBAI scholar was more than just receiving financial assistance—it was a privilege and a blessing that shaped my college years in the most meaningful way. Your generosity allowed me to focus on my studies, pursue my goals, and believe in myself even during the most challenging times. Knowing that there were people who believed in me gave me the courage to keep moving forward. Every achievement, big or small, was made possible because of your unwavering support. The scholarship not only lightened my family's burden but also inspired me to strive harder and to never give up on my dreams. I am filled with gratitude for the opportunities, encouragement, and trust that AFPMBAI has given me. Now that I have reached this milestone, I carry with me the lessons, values, and inspiration that being an AFPMBAI scholar has instilled in me. Thank you for walking with me through every step of my academic journey and for being an important part of who I am today. From the bottom of my heart, thank you for believing in me and for helping me turn my dreams into reality. I will forever be proud to be an AFPMBAI scholar.

With heartfelt appreciation,

Amie D Roquero  
AFPMBAI Scholar



Other GRADE grantees who have graduated for Academic Year 2025 are as follows:

- 1) Shareena A Narrudin, RN; BS Nursing from the Unibersidad de Zamboanga.
- 2) Dale Ann De Villa, BS Criminology from Lipa City Colleges
- 3) Wilmarc Willis Perez, BS Psychology - Our Lady of Fatima University.
- 4) Mica Jane Talandron, BS-Elementary Education - Colegio De Montalban.
- 5) Icy Gem Talay, BS Medical Technology - St Paul University, Cagayan.

# the social DIMENSION



## THE LIVELIHOOD EDUCATION AND DEVELOPMENT PROGRAM

The Livelihood Entrepreneurship and Development (LEAD) program was conceptualized to enhance the MUP's knowledge and skills in livelihood and entrepreneurship opportunities that can improve their economic well-being. Part of the program is to promote financial literacy by providing practical information on budgeting, saving, investing, and managing personal finances.

As a pioneer in providing Financial Literacy to the MUP among financial institutions, the Association blazes the trail to ensure that the members get the necessary tools to make their hard-earned resources work for them as life investments.

More than the financial wellness modules, renowned and respected thought leaders as speakers in the fields of financial literacy, technical training, investment tools and SME expertise provided, the program encourages entrepreneurial thinking and inspire participants to explore income-generating activities and small business ventures.

The Training Advocacy for Dependents (TRADE) program on the other hand, aims to develop self-reliance and sustainability by equipping the MUP dependents with the tools and confidence needed to start or expand livelihood projects, from the vantage cottage-industry viewpoint. This empowers participants to potentially augment their MUP benefactors' income and contribute to long-term financial stability and growth, together as a family.

To date, the Association has conducted more than 30 TRADE Seminars nationwide, benefiting thousands of dependents of the MUP members. The livelihood training provided ranged from baking, meat processing, reflexology, handicraft production (bags, bead craft, knitting yarn toys and weaving), to soap, detergent and fabric conditioner making, among others.

For 2025, the Social Services Office carried out



12 LEAD programs and 1 TRADE activity, to 3714 MUP, exceeding its annual target by 148% and conducting the seminars at 15% more than the target number of areas.

Relating this to the Association's EESG framework,

### Financial Inclusion and Equity

Exceeding the geographic target to reach 12 areas demonstrates a commitment to inclusive growth. It ensures that valuable financial education and entrepreneurial tools are not centralized, but



The LEAD program is a flagship driver of the Social Dimension of its sustainability. It shifts AFPMBAI's social impact to a proactive stance. By investing in financial literacy and livelihood training, the association is actively building the socioeconomic resilience of its member base.

distributed to personnel and families who might otherwise lack access to institutional financial support. The metrics accomplished through the SSO proves that AFPMBAI is not just meeting its baseline CSR obligations, but scaling its social interventions to meet high community demand.



On the matter of stakeholder empowerment, by introducing participants to government and institutional support systems, AFPMBAI acts as a vital bridge, thus strengthening the broader social ecosystem of caring for its members.





**THE SOCIAL IMPACT OF MORALE AND WELFARE INITIATIVES**

In celebration of the Association’s 60th year, the SSO spearheaded, “Salute to Talent,” a nationwide singing contest for the MUP. This program was an original and groundbreaking concept crafted by the SSO to boost the image and reputation of the Association. The program series began with the auditions, eliminations and semi-final rounds with MUP representatives hailing from all over the country. The event culminating on a massive media platform (Eat Bulaga, live on TV)—is a masterclass in strategic CSR.

For an MBA serving the MUP, this event goes far beyond a simple presser event. By taking this initiative to mainstream national television, AFPMBAI generated significant social impacts and substantially elevated its EESG profile. Of the five geographical RSSC areas, Mindanao fielded the most number of participants, while the PA and the PNP were the top two fielders. After hurdling the series of competitions, Ens Diane Angeli Vergoza (PCG) emerged as the Grand Champion, followed closely by 1st Runner-Up: Sergeant Johanna Antoinette Rosita (PAF) and Irish Amoguiz Laureto (PNP) for 2nd Runner Up.

**The MUP In The Public Lens**

Often viewed strictly along the lines of authority, discipline, and high-stress security roles, Salute To Talent opened a gateway for broader understanding that bridged the MUP to the general public. Broadcasting their artistic talents on a beloved noontime show breaks down rigid stereotypes, humanizing them and fostering a stronger emotional connection and trust between the protectors and the civilians.

Understanding that sustainability is not just about ecological impact, but about sustaining the human capital, through welfare-building

initiatives, the event provided the MUP with a creative outlet significantly boosts morale, reduces operational stress, and promotes mental health—a critical sustainability metric for high-risk professions. The event likewise championed inclusivity and equal opportunity by enjoining and encouraging the MUP based on remote areas of Mindanao up to the mountainous regions of the Cordilleras to participate, rather than limiting the scope to Metro Manila, AFPMBAI democratized the opportunity to have that same chance to shine as those in the metropolitan areas, reinforcing social equity within the ranks.

Knowing how Eat Bulaga is deeply embedded in Filipino culture. Integrating the MUP into a space typically reserved for civilian entertainment bridged a societal gap, fostering a sense of national unity and shared culture.

**EESG Benefits to Reputation and Branding**

From a corporate reputation standpoint, this initiative powerfully aligns with AFPMBAI’s EESG goals, shifting its brand perception from a purely transactional financial institution to a holistic, caring partner.

**The “Social” and “Economic” Amplification**

Unprecedented Brand Visibility: Eat Bulaga provides unparalleled reach. While traditional advertising is expensive and often ignored, integrating a branded anniversary event into the show’s programming serves as high-value, organic marketing. It embeds the AFPMBAI brand directly into the daily lives of millions of Filipino households.

**Stakeholder Loyalty and Retention**

Mutual benefit associations thrive on the trust and continued membership of their base. By investing deeply in an event that celebrates the members themselves—and offering life-changing economic rewards (prize money) and exposure—AFPMBAI proves that it reinvests its financial success back into the community it serves.

**The Angle On Governance: Demonstrating Transparent Value**

Good governance involves showing stakeholders exactly how their institution supports them. A 60th-anniversary milestone celebrated this publicly signals institutional



PARTICIPANTS' DISTRIBUTION BY MUP	
PHILIPPINE ARMY	33%
PHILIPPINE NAVY   MARINE CORPS	3%
PHILIPPINE AIR FORCE	13%
PHILIPPINE NATIONAL POLICE	30%
PHILIPPINE COAST GUARD	7%
BUREAU OF FIRE PROTECTION	7%
BUREAU OF JAIL MANAGEMENT	3%
BUREAU OF CORRECTIONS	3%

PARTICIPANTS' DISTRIBUTION BY AREA		
NOLRSSC	LUZON	13%
SOLRSSC		13%
NCRSSC		23%
VRSSC	VISAYAS	13%
MRSSC	MINDANAO	37%

stability, financial health, and transparent member appreciation.

**Rippling The PR Advantage to the MUP**

By elevating the image of the MUP through Salute To Talent, the event highlighted a strategic partnership that aids their own recruitment and public relations efforts, making AFPMBAI an indispensable ally to the institutional leadership, not just the individual members.

Likewise, the strategic partnership bridged by the SSO with the show and TV network was at no cost to AFPMBAI providing airtime exposure for both the Association and the MUP contingents, including the ads that were run, making this a sustainability frontier under Partnerships and Communities.



# the governance DIMENSION



The Governance dimension of the Association is the structural backbone of sustainability. For life insurance companies, governance glides along the lines of corporate compliance; addressing fiduciary duty held to policyholders, as well as the long-term management of massive investment portfolios, and the systemic risks associated with liquidity. For the Association, governance goes further. It isn't management of these points alone that defines its governance dimension. It incorporates prudence as well as ensuring it maintains being a responsible steward of sustainable initiatives included in all its activities.

## THE BOARD AND THE OVERSIGHT FUNCTIONS

The AFPMBAI Board and its Committees detail how the highest levels of the organization manage EESG risks and opportunities. While it establishes the EESG vision and corresponding risk appetites pertaining to the Association's corporate activities, it does not execute the EESG strategy; they oversee it. Their primary role is to ensure that the company's sustainability goals align with its long-term economic viability and risk management.

### The Seat of Governance



In its 60th milestone year, the AFPMBAI Board of Trustees has structured its leadership framework to actively champion corporate sustainability. The Board's transition from a defensive compliance stance to a proactive strategy is heavily supported by structured academic credentials, technical command experience, and targeted continuous education.

### Board Composition and Structural Diversity

The 15-member Board of Trustees is fundamentally diverse by design, drawing strategic representation from across the core components of the Philippine military and uniformed services.

### Academic Backgrounds and Baseline Capabilities

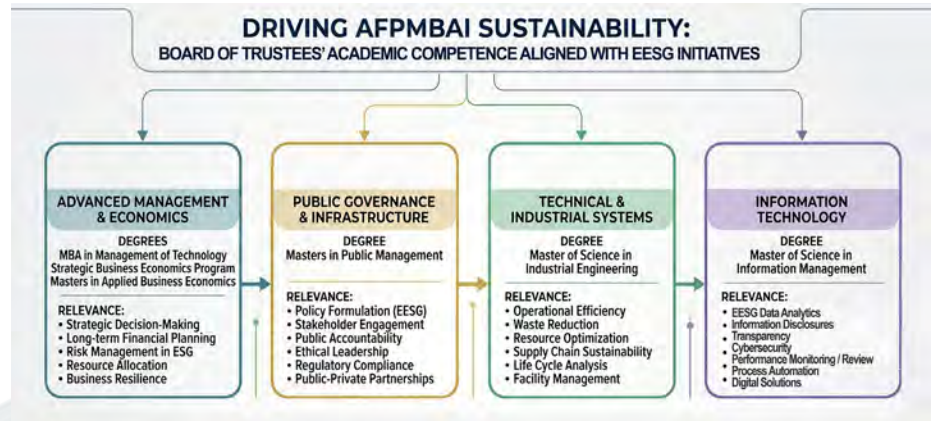
The Board's competency is centered on the foundational academic qualifications that directly support institutional governance and financial stewardship.

The present Board possess an optimal blend

of strict administrative discipline inherent to uniformed leadership, paired with sophisticated corporate governance training provided by elite civilian institutions. By maintaining a heavy emphasis on continuous education, financial

## Oversight Functions and Roles of Management

The Board reviews the company's final sustainability reports to ensure the business is avoiding "greenwashing" and complying with looming government regulations.



scrutiny, and a formalized risk-oversight culture, the board ensures that AFPMBAI's strategic vision remains both sustainable and socially responsible.

### Command Representation

The board integrates active and retired top-tier leadership from the Philippine Army (PA),

### Translating Vision to Strategy

Executives take the board's high-level mandates (e.g., "Become carbon neutral by 2030") and turn them into actionable, funded roadmaps.

### Cross-Functional Integration

The Board ensures EESG isn't just window dressing but is woven into product design, supply chain procurement, and financial forecasting.

### Management: The Engine

Managers—from the executives, supervisors, and department heads—are where the rubber meets the road.

### Culture Building

These initiatives are responsible for empowering frontline employees to buy into the changes and to toe the general lines where the Board intends the Association to be steered to.

### Data Collection

Management is responsible for tracking the granular metrics—material usage, safety incident rates, or waste management.

### Continuous Education As Key Driver

The Association's trustees undergo rigorous training like those with the Institute of Corporate Directors (ICD), including training in evaluating corporate controls, financial statement analysis, and auditing protocols. Additionally, the Board oversight is tooled to police conflicts of interest and anti-money laundering principles that assure and drive the Association's continued growth.

**NOTE:** Though integral to the Governance Dimension, board meetings held, trustee attendance, related-party transactions and materiality topics discussed are viewable at the Corporate Governance section under [Board Report](#) uploaded via the Association's website.

Philippine Navy (PN), Philippine Air Force (PAF), Philippine Coast Guard (PCG), Philippine National Police (PNP), Bureau of Fire Protection (BFP), and Bureau of Jail Management and Penology (BJMP).

### Structural Independence & Governance

To enhance objectivity, the Board includes 20% Independent Trustees (retired officers serving as civilians), who actively chair the core oversight bodies: the Governance Committee, the Audit Committee, and the RORPTC.

### Accountability

The Board holds the Association's President and CEO and executives accountable, increasingly by tying executive compensation and bonuses directly to EESG targets.

### Gender Inclusion

The board demonstrates a conscious effort toward gender diversity, highlighted by the election of Commodore Luzviminda A. Camacho PN (Ret) as Independent Trustee, who actively steers the Association's risk governance.



**THE ESG DIMENSION ON POLICY DIVIDENDS**

In standard corporate finance, dividends represent a return on investment for external capital. In the mutual model, policy dividends represent internal capital retention and direct wealth distribution. By returning surplus earnings directly to the MUP, the Association continuously injects liquidity back into its own membership base, boosting their purchasing power and local economic participation.

The Economic-Environmental footprint of the Association's dividend process lies in its origin. Policy dividends are funded by the returns on the Association's investment portfolio. To ensure environmental sustainability, the underlying assets generating that surplus (such as real estate, government securities, or infrastructure investments) must be evaluated for climate risks and green alignment. If the portfolio is sustainable, the dividends it yields are "green."

Under the Social dimension, releasing dividends serves as a vital financial safety net. In the context of Philippine social protection, mechanisms that provide supplementary income help households build risk resilience against sudden economic shocks. Dividends transform a passive insurance policy into an active wealth-building tool, democratizing financial stability across all ranks of the military and police force.

**Governance Focus: Actuarial Transparency**

Governance dictates how those dividends are calculated, declared, and distributed. A sustainable governance model requires rigorous actuarial transparency to prove the association's fiduciary duty. It ensures the surplus is distributed equitably based on policy contributions, maintaining institutional trust across the entire membership base.

At the AFPMBA, providing additional value to its members through policy dividends arising from insurance contracts with discretionary participating features leans towards transparency to its stakeholders. While policy dividends are not guaranteed, the Association has consistently declared annual dividends for members with in-force participating Permanent or Optional Insurance plans for at least three (3) years.

AFPMBAI delivers added value to its members through policy dividends generated from insurance contracts featuring discretionary participating benefits. These policy dividends serve as a tangible reward for members' continued trust and loyalty.

Although these policy dividends are not guaranteed and depend on various financial factors, the Association has demonstrated a strong track record by consistently awarding annual dividends to members who have maintained in-force participating Permanent or

Optional Insurance plans for a minimum of three (3) years. This consistent performance reflects AFPMBAI's prudent management and dedication to maximizing member benefits.

For 2025, the Association has announced the declaration of policy dividends totaling ₱287 million for CY2024. This substantial sum benefited 224,242 eligible policyholders holding participating permanent insurance plans, underscoring the Association's commitment to sharing its financial success with its members.

The distribution of these policy dividends is contingent upon approval by the Board of Trustees and is determined by the Association's overall financial performance and experience for the year, ensuring that only sustainable and responsible dividend payouts are made. Eligible policyholders may conveniently claim their declared policy dividends over-the-counter at any AFPMBAI office nationwide. This nationwide accessibility reflects AFPMBAI's effort to make the benefits of membership easily attainable, reinforcing its mission to provide valuable financial protection and returns to its members.

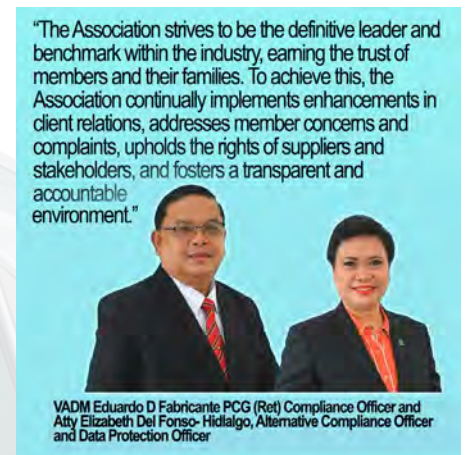
**COMPLIANCE TO REGULATORY BODIES: Report of the Compliance and Data Protection Officers**

As a mutual benefit association primarily regulated by the Insurance Commission, the Association successfully renewed its license prior to expiration under License to Operate No. 2025-07-R, valid until 31 December 2027. The Association is duly registered with the Securities and Exchange Commission as a non-stock, non-profit corporation with a perpetual term. Its registration with the Anti-Money Laundering Council is renewed and valid until 01 May 2027. Moreover, following the designation of a new Authorized Representative, the Association's registration with the Credit Information Corporation was duly updated on 20 February 2025.

In furtherance of a strong culture of compliance, the Association consistently adheres to applicable laws, rules, and regulations, as well as relevant circulars and memoranda issued by the Insurance Commission, the Securities and Exchange Commission, the Bureau of Internal Revenue, the Anti-Money Laundering Council, the National Privacy Commission, and the Credit Information Corporation. Regular monitoring of corporate and business activities is conducted to ensure that operations remain within established legal and regulatory parameters.

The AFPMBAI Board of Trustees has appointed VAdm Eduardo D Fabricante PCG (Ret), as Compliance Officer, and Atty Elizabeth A del Fonso-Hidalgo as Alternate Compliance Officer, to oversee and monitor the Association's compliance with regulatory requirements. The Compliance

Team provides regular reports to the Board of Trustees through the Governance Committee, the Audit Committee, and the Risk Oversight and Related Party Transaction Committee. In addition, with the appointment of Atty del Fonso-Hidalgo as Data Protection Officer, and the registration of the Association's data processing systems, the National Privacy Commission granted the Association a Seal of Registration (No. PIC-014-795-2025), valid until 17 November 2027. This Seal of Registration underscores the Association's commitment to safeguarding the rights of data subjects, grounded on the principles of accountability, compliance, and ethical governance.



**Data Protection Measures and Practices**

The Association uses Transparency, Legitimate Purpose, and Proportionality to manage personal information throughout its data lifecycle. This is followed in terms of Transparency where The Association needs to have clear and comprehensive privacy notices in a wide range of forms. Examples include its a Privacy Statement and Data Privacy Consent that inform members about the purposes of processing, the parties involved, and their rights as data subjects.

Under proportionality the Association as per this principle, will only collect and process members' personal data for what is relevant, adequate, and necessary to the purpose that you were said to be seeking to achieve. This perspective is in line with its mandate to protect rights of data subjects. The privacy statement of the AFPMBAI shows its commitment to prioritizing members' privacy and their data:

*"AFPMBAI is committed to protecting everyone's right to data privacy. The Association ensures that all personal and sensitive information it collects—whether currently held or to be gathered in the future—is processed, recorded, managed, organized, stored, updated, retrieved, consolidated, used, blocked, and erased strictly in accordance with the Data Privacy Act of 2012 (RA 10173), its Implementing Rules and Regulations (IRR), and relevant Circulars. These processes are guided by the core principles of Transparency,*



*Legitimate Purpose, and Proportionality. Obtaining consent is a fundamental requirement in processing a data subject's personal information. To ensure transparency, the AFPMBAI Privacy Statement is prominently displayed on the company's website and included in all forms and documents that require client information. Consent is demonstrated through the data subject's signature and explicit authorization to proceed with transactions. By submitting personal and sensitive information during applications for insurance, insurance loans, real estate loans, or any other business engagement with AFPMBAI, the individual provides consent for the collection, processing, sharing, and/or transfer of their personal data. This may involve AFPMBAI, its service providers, or third parties/entities that have legal authority or rights to access such information, including regulatory or government agencies requesting disclosure. Furthermore, consent extends to the delivery of all existing features, future enhancements, and access to other AFPMBAI products, services, facilities, and channels as deemed necessary by the organization. The data subject also agrees to hold AFPMBAI, its affiliates, subsidiaries, and third-party service providers free from any liability that may arise in connection with the consent given."*

## COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Incorporating the principles and recommendations outlined in the Revised Code of Corporate Governance into all AFPMBAI policies and initiatives marks a pivotal step in shaping and strengthening its corporate culture. This commitment to good governance is not only foundational to its operations but also instrumental in elevating its standards and practices.

The Association strives to be the definitive leader and benchmark within the industry, earning the trust of members and their families.

To achieve this, the Association continually implements enhancements in client relations, addresses member concerns and complaints, upholds the rights of suppliers and stakeholders, and fosters a transparent and accountable environment.

These improvements are firmly rooted in principles such as fair treatment of members, protection and enforcement of member rights, recognition of stakeholder roles, Board transparency and accountability, and prompt disclosure of significant information to stakeholders.

Each year, following the establishment of AFPMBAI's key strategic objectives, the Board of Trustees diligently oversees the progress and execution of all corporate plans, programs, and

activities, ensuring that business operations run smoothly and deliver tangible benefits to the membership community.

AFPMBAI's steadfast commitment to excellence in corporate governance has been consistently recognized through the conferment of the Golden Arrow Awards. The Association was awarded one (1) Golden Arrow Award for three consecutive years from 2022-2024 and further distinguished with two (2) Golden Arrow Awards

in 2025, reflecting its continuous improvement and sustained adherence to the highest standards of transparency, accountability, and ethical leadership. This prestigious recognition affirms the Association's unwavering pursuit of best governance practices and underscores its dedication to serving its members and stakeholders with integrity, professionalism, and distinction.

## GREATER DISCLOSURE AND TRANSPARENCY ON AFPMBAI OPERATIONS

The Association upholds core values such as integrity, professionalism, commitment, service, synergy, and innovation, fostering a culture of openness and responsibility. Anchored on these principles and in line with the Revised Corporation Code, SEC mandates, and Charter statements, AFPMBAI convenes its Annual General Membership Meeting (AGMM) to inform members about the organization's performance over the past year.

The AGMM empowers members to engage in the governance process by electing Board members, approving or confirming Board and Management decisions, and providing a platform to raise questions and assess the Board's collective performance.

It also serves as a venue for members to stay updated on the Association's current activities and initiatives.

The Annual Report featuring operational highlights, financial statements, governance, and sustainability reports is made accessible and published on the company website. By utilizing the web and various social media channels, we ensure that essential information is readily available to our members, right at their fingertips.

## REPORT ON MATERIAL RELATED PARTY TRANSACTIONS (RPT)

The Board Risk Oversight and Related Party Transaction Committee (RORPTC), which is made up entirely of non-executive trustees, with the majority, including both the chairperson and vice-chairperson, being independent trustees has the responsibility to examine and supervise all significant dealings with related parties such as directors, officers, their immediate family,

shareholders/members, and related interests. This process guarantees that these transactions are conducted on an arm's-length basis, avoiding conflicts of interest and safeguarding the rights of all members.

Each quarter, the Association submits to the Insurance Commission a Sworn Statement on Material Related Party Transactions, which covers DOSRI (Directors, Officers, Shareholders, and Related Interests) transactions, as well as investments in AFPSLAI, an entity with the same Board Chairman and substantial interest signed by the Compliance Officer.

Additionally, the Sworn Statement of Annual Conglomerate Structure, the Quarterly Report on Investments Made and Sold, the Enhanced Quarterly Report on Selected Financial Statistics, among others, are being validated, filed and documented promptly.

## LAYING THE FOUNDATIONS: THE CODE OF ETHICS

The AFPMBAI Integrated Code of Ethics synthesizes the core principles of the association with the specialized mandates of the newly developed policies on Whistleblowing, Anti-Graft and Corruption, and Gender and Development (GAD). Essential components and material statements of the Code are as follows:

### I. Core Philosophy: The Pillar of Service

As a mutual benefit association for the uniformed services, our ethics are rooted in the "Cornerstone of High Ethical Standards." Every Trustee, Officer, and Employee shall conduct themselves with the highest degree of professionalism, honesty, and pure concern for the welfare of our members.

### II. Integrity and Anti-Corruption

Based on the Anti-Graft and Corruption Policy Zero Tolerance: The Association maintains a zero-tolerance policy toward bribery, extortion, and the solicitation of gifts.

Conflict of Interest: Personnel must avoid any situation where personal interests interfere with their professional duties.

Affirmative Obligation: Heads from different offices have a "Duty to Report." Turning a blind eye to "Red Flags" or suspicious financial activities is considered negligence of duty.

Transparency: All financial transactions must be documented accurately to prevent "shell company" appearances or unauthorized payments.

### III. Gender Equality and Human Dignity Based on the GAD Policy

Substantive Equality: We go beyond mere formal equality to ensure that all genders have equal access to leadership, resources, and



opportunities.

**Safe Spaces:** Every employee has the right to a workplace free from misogynistic slurs, sexist language, and any form of gender-based sexual harassment (GBSH).

**Non-Discrimination:** Merit is the only basis for recruitment and promotion. We strictly prohibit the use of pregnancy tests or marital status queries to deny employment

**Gender Mainstreaming:** We commit to integrating gender perspectives into the design of our insurance products to address the unique life-cycle risks of all members.

**IV. Accountability and Whistleblowing**

Based on the Whistleblowing Policy

**The Right to Speak Up:** Every stakeholder has the duty to report unauthorized or malicious activities without fear of reprisal.

**Protection of Whistleblowers:** The Association guarantees “Extreme Confidentiality” and protection against retaliation (e.g., demotion, harassment, or negative reviews) for those reporting in good faith.

**Good Faith Reporting:** While we protect truth-tellers, we condemn malicious or false disclosures, which shall be subject to disciplinary action.

**Due Process:** All reported incidents shall be handled through the Integrity Facility, ensuring the “Right to be Heard” for both the complainant and the respondent.

**V. Professional Conduct and Decorum**

Based on the Code of Ethics and GAD Policy  
**Professionalism:** Employees must maintain a high standard of decorum in all interactions, including digital platforms and third-party partnerships.

**Confidentiality:** Personnel shall protect the privacy of member data and the sensitive details of internal investigations (COD) at all times.

**Institutional Mechanisms:** We uphold the authority of the Committee on Discipline (COD) as the guardian of our ethical workplace.

**VI. Compliance and Sanctions**

Upholding this Code is a condition of employment. Violations—ranging from acts of graft to gender-based discrimination—shall be dealt with according to the gravity of the offense, with sanctions including reprimand, suspension, demotion, or termination of employment.

Guided by its byline: “Buhay na Panatag” encompassed in the Code, the Association ensures that it remains a beacon of integrity and equality for the protectors of the nation and exacts all effort the lead to the achievement of its

set goals and targets to accomplish this.

**UPDATES TO THE WHISTLEBLOWING POLICY**

The AFPMBAI Whistleblowing Policy establishes a formal and secure “Integrity Facility” designed to encourage the reporting of unauthorized or malicious activities, such as financial fraud, legal violations, and breaches of the Code of Conduct. This policy applies to all stakeholders, including employees, members, and third-party partners, ensuring that anyone who witnesses wrongdoing has a clear and protected channel to voice their concerns. Reports are managed through a structured intake process via the Integrity Email or Hotline, followed by a rigorous screening and investigation phase conducted with the

Metric: 100% of active vendors must have a cleared KYC profile on file.

2. Detection: The Red Flag Monitoring System Based on the policy’s Annex, the Association will implement a continuous monitoring system focused on “Red Flags.” Internal Audit (IAO) and the Office of the Risk Officer/ESD will conduct quarterly audits specifically looking for “emergency” payment requests that bypass standard approvals or invoices with suspicious physical addresses.

**Managerial Duty:** Heads are required to follow the Observe-Document-Report (ODR) framework. Neglecting to report a persistent red

**ZERO-TOLERANCE PROTOCOL ACCOUNTABILITY STRUCTURE**

ROLE	RESPONSIBILITY
<b>Heads of Units</b>	Implementation of the ODR framework within their respective departments.
<b>Risk Management Office</b>	Custodian of the “Red Flag” register and the Integrity Facility.
<b>Internal Audit (IAO)</b>	Verification of financial transparency and “Know Your Counterparty” compliance.
<b>President and CEO</b>	Final approving authority for sanctions and policy revisions.

highest degree of confidentiality to maintain organizational integrity.

A cornerstone of this policy is the “Non-Retaliation Guarantee,” which provides absolute protection to whistleblowers reporting in good faith against any form of reprisal, such as demotion, harassment, or negative performance reviews. To prevent abuse, the policy requires that disclosures be based on “substantial and specific” evidence rather than mere rumors, and it strictly penalizes malicious or false reports. By institutionalizing this framework, AFPMBAI ensures a culture of accountability where the “Duty to Report” is balanced by the “Right to Protection,” ultimately safeguarding the Association’s resources and the trust of its uniformed membership.

**ANTI BRIBERY AND CORRUPTION PROGRAM**

Below are the matters incorporated in the program as implemented by the Association:

1. Prevention: The “Know Your Counterparty” (KYC) Initiative. The first line of defense is ensuring that the Association only conducts business with ethical partners.

**Action:** All new vendors and third-party intermediaries must undergo a mandatory KYC verification via the Legal Office before any contract is signed.

**Goal:** To eliminate the risk of engaging with “shell companies” or entities with high corruption risks.

flag will be classified as “Negligence of Duty.”

3. Reporting: The AFPMBAI Integrity Facility To encourage transparency, the Association provides a safe harbor for reporting irregularities. Action: Reports may be sent anytime through Integrity Hotline and Email. All reports are handled by designated Integrity Facility Officer.

**Protection:** Alignment with the Whistleblowing Policy to ensure that no employee suffers retaliation for reporting suspected graft or corruption.

**Goal:** To move the “Duty to Report” from a policy requirement to a corporate habit.

4. Education: Anti-Graft Orientation and GST Action: All employees must undergo an annual Anti-Graft and Corruption Awareness Seminar. This training will include case studies on “bribery vs. gifts” and “conflict of interest” scenarios.

5. Response: The Zero-Tolerance Protocol When a violation is confirmed, the response must be swift and consistent to maintain the “Pillar of Service.”

**Action:** Referral of valid cases to the Appropriate Investigating Office (Legal, IAO, or HRD).

**Sanctions:** Confirmed acts of graft or corruption shall result in the immediate initiation of termination proceedings and, where applicable, the filing of criminal charges under RA 3019 (Anti-Graft and Corrupt Practices Act).



**Risk Management Report**

Risk management serves as the cornerstone of AFPMBAI’s commitment to exemplary corporate governance, seamlessly aligning with its mission and strategic objectives. The Association treats resilience as a core organizational pillar, ensuring it remains a stable anchor for its members regardless of the economic climate.

By integrating a value-driven risk framework, AFPMBAI proactively cultivates the institutional agility and financial fortitude required to mitigate threats to its stability, fulfilling its fiduciary promise to the long-term security of those who serve the nation.

**Risk Management Framework and Culture**

AFPMBAI’s approach integrates a robust Enterprise Risk Management (ERM) Framework, as outlined in the Board-approved Corporate Risk Management Plan (CRMP). This structure establishes clear authorities and accountabilities, ensuring that risk intelligence is vital to the Association’s decision-making processes. The organization fosters a culture of integrity and continuous vigilance where constructive discussion and critical questioning are encouraged.

This ensures that the Association’s pursuit of strategic goals is consistently guided by disciplined prudence and a resolute commitment to capital preservation. In full alignment with the Insurance Commission, AFPMBAI manages strategic, financial, operational, and external exposures as a core component of its fiduciary thrust. This rigorous adherence to regulatory standards underscores its dedication to institutional resilience, ensuring that member benefits are protected through sound, high-quality investment and operational policies.

**Risk Appetite and Management Objectives**

Formalized through Board Resolution No. 90, Series of 2022, AFPMBAI’s Risk Appetite Framework serves as the primary mechanism for calibrating uncertainty. This policy precisely delineates the boundaries of acceptable exposure, prioritizing capital preservation and institutional solvency. By adhering to these parameters, the Association provides a stable foundation for the long-term delivery of member benefits and the protection of stakeholder interests, ensuring its investment and operational conduct remains within strictly defined safety margins.

**Risk Management Structure**

The Board of Trustees, through the Risk Oversight and Related Party Transaction Committee (RORPTC), maintains ultimate responsibility for the oversight of the enterprise risk management program. To ensure a disciplined and transparent approach to supervision, AFPMBAI utilizes an integrated framework of shared responsibility, where distinct functions work in coordination to maintain institutional integrity:

**Operational Management and Risk Ownership**

Ensures that daily operations and strategic initiatives are conducted within the Association’s defined tolerance and internal control parameters.

**Risk and Compliance Oversight**

Provides independent expertise and objectivity to ensure the stability of the organization.

**Independent Internal Assurance**

The Internal Audit provides the Board with objective assurance regarding the adequacy and effectiveness of the management and oversight functions. It validates the integrity of the entire governance structure and the effectiveness of the Association’s protection strategies.

mandate: the unwavering pursuit of financial stability and the unyielding protection of its members’ interests.

**Market and Credit Resilience**

In view of economic shifts and market volatility, AFPMBAI remains unwavering in prioritizing capital preservation and institutional solvency. A cornerstone of its 2025 strategy is the Association’s disciplined transition toward the adoption of PFRS 9, which enhances its ability to recognize and provision for potential credit risks well before they materialize. Parallel to this transition, the organization has significantly strengthened its Credit and Investment Frameworks, institutionalizing more rigorous vetting processes and portfolio monitoring.



**Risk Management Process**

AFPMBAI employs a systematic, iterative, and inclusive methodology to ensure that all risks are captured and managed effectively. The Association recognizes that continuous communication and consultation are essential to this cycle, ensuring that risk insights are shared transparently across the organization to support informed decision-making and institutional resilience.

Identification: Identifies emerging threats and vulnerabilities during the conduct of regular assessments across all business units.

**Assessment and Measurement:** Analyzes identified risks based on their potential impact and likelihood.

**Mitigation and Control:** Management implements specific control measures and containment strategies.

**Monitoring and Reporting:** Continuously tracks and evaluates risk profiles against strategic objectives through regular reports to the RORPTC and the Board, providing the required transparency for effective oversight.

**Strategic Risk Focus**

Throughout 2025, AFPMBAI navigated an increasingly dynamic landscape by employing a multi-dimensional risk management strategy. Rather than viewing risks in isolation, the Association integrated its financial, operational, and governance initiatives into a cohesive framework of resilience.

This holistic approach ensured that its growth initiatives remained firmly anchored in its core

**Operational Resilience and Service Decentralization**

AFPMBAI is reinforcing its operational resilience through a dual approach of technological modernization and structural evolution.

The Association implemented a transitional organizational structure designed to decentralize critical functions and expand its regional presence. This strategic shift mitigates the risk of operational bottlenecks and ensures that its services are more accessible and responsive to its members. Supporting this distribution is the organization’s ongoing digital transformation, including the establishment of dedicated data centers and an integrated system.

These investments ensure that as AFPMBAI moves closer to its members geographically, its data integrity remains centrally protected by enterprise-grade security and redundancy.

Together, these initiatives, bolstered by a strengthened Business Continuity Management (BCM) Program, guarantee that the Association remains agile, resilient, and capable of providing uninterrupted service in an increasingly decentralized environment.

**Regulatory and Governance Commitment**

AFPMBAI maintains a firm commitment to institutional integrity by upholding the highest standards of regulatory compliance and governance. This approach centers on a zero-tolerance policy toward non-compliance, ensuring that all policies and practices are strictly aligned with the mandates of the Insurance Commission and other governing bodies.



**CYBERSECURITY AS A KEY PILLAR OF SUSTAINABILITY**

To defend the organization’s endpoints, the ITD successfully deployed Sentinel One, establishing stringent and robust defense measures across their systems. Recognizing the need for advanced management, the division also initiated the acquisition of ManageEngine Endpoint Central Security Edition to replace their legacy Filewave system. .

**Fortifying the Digital Perimeter**

By the final quarter of 2025, the Information Technology Division (ITD) of AFPMBAI had embarked on a comprehensive digital transformation, prioritizing both cybersecurity and institutional governance to ensure long-term sustainability. The division recognized that protecting the association’s infrastructure and member data required a proactive, multi-layered approach

The physical and network infrastructure received equal attention. The ITD upgraded their network perimeter by procuring Juniper access points and switches to stabilize internal connectivity. To safeguard their most critical hardware, they equipped the data center facilities with a dedicated Fire Suppression System and CCTV Surveillance System.

Looking toward the future, the ITD mapped out vital initiatives for the first quarter of 2026. They allocated a budget to implement Multi-Factor Authentication (MFA) and Single Sign-On (SSO), aiming to simplify user access while mitigating password-related attack vectors.

Concurrently, a database encryption initiative was scheduled to secure sensitive information at rest, ensuring data confidentiality and strict regulatory compliance.

**Aligning with Institutional Governance**

These technological upgrades were not implemented in a vacuum; they were intricately aligned with AFPMBAI’s broader governance pillars. To support the Board of Trustees, the ITD developed the Intelligent Board of Trustees Record Management System (iBOT-RMS).

This platform introduced secure document management and a complete audit trail, guaranteeing unalterable logging of who accessed or modified high-level strategic files.

In the realm of operational risk management, the ITD pushed forward with the development of an Audit Management System, which stood at fifty percent completion by year-end.

By addressing legacy ledger issues in systems like Accedata and modernizing report generation, the division ensured that the financial data provided during statutory audits remained accurate and uncompromised.

Cybersecurity Initiative	Governance Target	Sustainability Contribution
Sentinel One & ManageEngine	Operational Continuity & Asset Protection	Reduces system downtime caused by malware, preventing operational backlogs.
MFA & Single Sign-On (SSO)	Access Control & Risk Mitigation	Lowers credential theft vulnerabilities while building a scalable identity framework for future mobile apps.
Database Encryption	Regulatory Compliance (e.g., Data Privacy Act)	Insulates the association against data breaches, avoiding legal penalties and preserving member trust.
ITD Restructuring (Security Head)	Human Capital & Leadership Stability	Ensures persistent, dedicated monitoring of threats rather than treating security as an ad-hoc IT task.

**Building Sustainable Resilience**

The ITD understood that true sustainability required human capital to match their software investments. To solidify their security posture, the division proposed an organizational restructuring to hire dedicated roles, including a Head of IT Infrastructure and Network Security and a Data Center Operations Specialist.

This strategic move was designed to establish formal internal ownership over technical risk management. Through these comprehensive efforts, the AFPMBAI IT Division successfully transitioned the organization away from reactive patching and toward systemic, well-governed safeguards.

By integrating robust cybersecurity tools with clear governance frameworks, the ITD ensured that the association’s digital future remained secure, resilient, and deeply sustainable.

**RESILIENT OVERSIGHT THROUGH INTERNAL AUDIT**

In 2025, the Internal Audit Office (IAO) of the AFPMBAI demonstrated resilience and a steadfast commitment to institutional oversight. Despite facing temporary resource gaps caused by untimely personnel movements, the department successfully maintained operational continuity and delivered essential audit engagements.

Its financial discipline was evident throughout the year, as all incurred expenses remained strictly within the +/- 10% approved budget threshold.

Furthermore, the IAO steadily advanced its modernization initiatives; it successfully renewed its Audit Data Analytics (ACL) subscription and progressed the procurement of an Audit Management System (AMS) to the product demonstration phase.

The department also provided extensive support to institutional oversight by submitting 21 quarterly monitoring reports and attending 12 regular Audit Committee (AudCom) meetings. However, the year was not without its operational hurdles. The IAO experienced noticeable delays in audit fieldwork, primarily due to prolonged document retrieval and the necessity of manual data cleanup. For instance, the audit team had to reestablish the PO Registry to restore data

integrity.

Audits of IT systems, specifically the application controls supporting ISF commissions, were extended owing to large data volumes and incomplete reports that required additional verification. Additionally, scope creep stretched the department’s resources when the validation of marketing raffle entries unexpectedly expanded from a planned one-year coverage to a five-year review. The timely finalization of reports and exit briefings was frequently hindered by competing priorities and late management responses from the concerned Office Primary Responsibilities (OPRs).

Compounding these issues, the lack of sufficient transition periods during staff turnovers forced some ongoing audit engagements to be restarted entirely.

**Strengthening the Governance Dimension**

Through its comprehensive activities, the IAO fundamentally reinforced the Governance pillar of the Association’s Economic, Environmental, Social, and Governance (EESG) framework. The department enhanced institutional transparency and accountability by conducting rigorous audits across critical areas, including Procurement, Records Management, and the Corporate Management Division.

By independently issuing nine reports, opinions, and comments on new policies and major projects, the IAO ensured that management decisions were continuously guided by objective evaluations. The completion of audit reports on Social Services and CSR programs provided necessary oversight, ensuring that community investments were executed transparently.

Recognizing systemic vulnerabilities during its fieldwork, the department actively advocated for advanced data governance and risk management. The IAO explicitly recommended that management strengthen document management controls to reduce the organization’s reliance on manual data cleanup. Furthermore, the department fortified internal financial safeguards by conducting spot audits on Home Office petty cash and evaluating the disposal processes for unused checks. Continuous audits of internal IT structures also played a vital role in mitigating significant operational and cybersecurity risks.



**Driving the Sustainability Mandate**

Ultimately, the IAO’s performance directly impacted the Association’s sustainability mandate by optimizing resources and mitigating systemic risks. By identifying overlapping activities, the department advocated for better inter-departmental coordination to eliminate administrative waste and streamline corporate operations.

To ensure long-term programmatic continuity, the IAO strategically recommended that the Human Resources Department (HRD) mandate minimum overlap periods for staff transitions, protecting the Association from future operational disruptions and the loss of institutional knowledge.

Through the consistent tracking of board directives and the submission of nine follow-up monitoring reports, the department ensured that identified operational bottlenecks were permanently resolved.

Finally, by providing rigorous, evidence-based oversight of the various current initiatives and assisting in external validations—such as attestations for bidding processes and PFRS 9 compliance—the IAO effectively safeguarded the Association’s reputational capital and social impact deliverables for the future.

**COVERING ALL THE BASES: THE LEGAL OFFICE INITIATIVES**

In 2025, the Legal Office of the Association delivered a sterling performance, striking a balance between protecting the Association’s financial health and upholding strong governance frameworks.

The office achieved notable success in operational support, legal advisory, regulatory amendments, and expense management, though it faced headwinds in delinquent loan collection and digitization targets due to staffing shortages and administrative dependencies.

Overall, the Legal Office continues to serve as an indispensable pillar of institutional stability, ensuring that AFPMBAI operates within legal guardrails while actively safeguarding asset recovery and member welfare.

**Performance Analysis by Key Areas**

**1. Financial Recovery and Asset Protection**

The Legal Office actively managed the recovery of delinquent accounts and the protection of the Association’s real estate assets, though real-world dependencies impacted target completion.

**Collections and Settlements**

The office generated ₱1,374,212.53 from Real Estate Housing Loan (REHL) delinquent accounts (a 4.17% settlement rate against a 10% target). More significantly, Real Estate Mortgage Loan (REML) collections brought in ₱13,082,289.28, achieving a 24.54% resolution rate against a 30% target.

**Operational Variances**

Missed percentages in loan recovery, property cancellations, and small claims filings were primarily driven by external dependencies, specifically the pending receipt of demand letter (DL) return cards, vacant lots with no recipients, and members’ financial incapacity to pay.

**Asset Reclamation**

The office excelled in extra-judicial ejectment efforts, clearing 70% of targeted foreclosed/ cancelled properties with occupants (exceeding the 30% target), heavily driven by addressing encroachment issues in Davao. Property consolidation (4 accounts ongoing) and REML foreclosures (11 new accounts endorsed) remain in motion.

AFPMBAI’s insurance, real estate, and loan ecosystems.

**Tax Exemption Tracking**

The office continues to pursue a Confirmatory Ruling for Tax Exemption with the Bureau of Internal Revenue (BIR), having submitted additional compliance documents to the BIR Legal Division on April 8, 2025.

**4. Internal Business Processes & Capability**

**Building Articles of Incorporation (AOI) Amendment:** A major milestone was achieved on November 21, 2025, with the successful amendment of the AOI regarding Corporate Social Responsibility (CSR) Donations to Members.



**Fiscal Responsibility**

The office monitored its operating expenses effectively, maintaining a variance of 7.74%, safely within the approved +/- 10% budget threshold.

**2. Operational and Member Support**

The core legal operations yielded a flawless 100% completion rate across all internal and member-driven requests:

**3. Regulatory, Policy, and Legislative Advocacy**

The team played a proactive role in safeguarding AFPMBAI’s institutional interests

**Digitization**

The digitization of legal files reached 44.53% against a 75% target. Progress was slowed by human resources turnover, though a replacement Project Engineer/Personnel was onboarded in Q3 2025.

**Professional Development**

100% of the Association’s lawyers completed their Mandatory Continuing Legal Education (MCLE) and attended the Philippine In-House Legal Summit, maintaining high technical standards within the team.

**Contribution to AFPMBAI’s Sustainability**  
Sustainability in a mutual benefit association

Legal Service Provided	Volume / Status	Performance Rate
Legal Support / Assistance Rendered	1,513 requests fulfilled	100%
Contract & Document Review	1,925 Simple / 910 Complex contracts	100%
Legal Opinions & Recommendations	110 opinions rendered	100%

from external legislative shifts:

**Legislative Monitoring**

The office monitored Senate Bill (SB) 2501 (proposing amendments to the GSIS Act regarding compulsory membership for Uniformed Personnel), which was terminated upon the adjournment of the 19th Congress. They are also actively coordinating with Senator Francis Escudero’s office regarding SB 276 (Social Benefits Trust Fund) to protect

relies on the delicate balance between financial solvency and operational resilience. The Legal Office directly strengthens financial sustainability by recovering over ₱14.4 million in delinquent REHL and REML accounts and executing strategic foreclosures and ejectments, it injects vital liquidity back into the Association.

This directly preserves the capital pool required to pay out member dividends, insurance claims, and



mutual benefits. Furthermore, pursuing the BIR tax exemption ruling safeguards the Association's long-term fund sustainability by legally minimizing tax leakages. The 100% turnaround rate on contract reviews (2,835 total contracts) prevents operational bottlenecks across other departments. It ensures that AFPMBAI's vendor engagements, partnerships, and service agreements are legally sound, preventing costly litigations that could drain resources down the road. Under the EESG framework, governance is the bedrock of trust for a mutual benefit association serving the MUP. The Legal Office is the primary custodian of this pillar.

Achieving a 100% fulfillment rate on legal opinions and contract reviews ensures strict adherence to statutory laws and insurance regulations. This systematic vetting minimizes compliance risks, shields the organization from regulatory penalties, and prevents institutional vulnerabilities.

Under structural and policy modernization, the formal amendment of the Articles of Incorporation (AOI) on November 21, 2025, demonstrates adaptive governance.

Integrating CSR donations directly into the amended AOI solidifies transparent, legally bounded mechanisms for extending social benefits to members, enhancing corporate accountability.

Actively interfacing with the Philippine Congress (e.g., monitoring SB 2501 and analyzing SB 276) highlights proactive governance. The Legal Office acts as a protective shield, ensuring that macro-level policy shifts do not adversely compromise the legal mandates or financial structures established for AFPMBAI's membership.

**SIXTY YEARS OF ENDURANCE: A SUMMARY OF THE 2025 SUSTAINABILITY ASPECTS OF THE ASSOCIATION**

As the AFPMBAI marks its 60th anniversary, its 2025 Sustainability Report — themed "Honoring Our Legacy, Embracing Our Future" — presents the Association's second sustainability disclosure, structured around the EESG dimensions and aligned with the GRI Standards, the UN Sustainable Development Goals, and the ASEAN Corporate Governance Scorecard.

Looking at the core social contract of a mutual benefit association which is to collect member premiums and return maximum value in the form of benefits, protection, and financial services, the AFPMBAI by this standard, has performed at a high level: ₱2.05 billion disbursed in benefits and assistance across 2025, with a 100% disbursement rate on all 164,944 processed claims, is not a small achievement. For families of soldiers killed or wounded in action, receiving ₱3.48M in KIA benefits and ₱1.67M in WIA benefits promptly is the difference between financial stability and poverty. The ₱287 million in policy dividends

distributed to 224,242 policyholders represents a direct return of institutional surplus to members rather than organizational accumulation — the defining characteristic of a genuine mutual.

The financial foundation is genuinely strong. A 246% risk-based capital ratio (well above regulatory minimums), an ROE of 16.10%, and ₱54.34 billion in total assets mean the Association has the capital depth to honor long-term obligations even in adverse scenarios. The expansion of payment channels (BDO added to an existing network including LandBank, GCash, Maya, and others) and the monthly transactions processed at 100% efficiency reflect operational execution that directly benefits members.

2025 translated a stellar financial results driven by investments, disciplined operational efficiency that reduced energy, water, and fuel use, deep social reinvestment through insurance and CSR, and a maturing governance and risk architecture.

The Association's strategic hierarchy places Customer Intimacy at its apex, supported by pillars of Good Governance, Member Centricity, and Digital Transformation, with a stated ambition to become the industry standard among mutual benefit associations by 2028.

The Association also acknowledges material headwinds to its long-term model — MUP pension reform, tax and IFRS implementation uncertainty, tighter Net Take-Home Pay rules, and cybersecurity exposure — mapped through a STEEPLD analysis by its Strategic Management Office. Its response is to broaden affordable and micro-insurance offerings, fortify cybersecurity, and embed climate and ESG considerations into investment and underwriting decisions.

**SUSTAINABILITY ASSURANCE STATEMENTS AND SUMMARY**

The most significant strength of the AFPMBAI Sustainability Report is its clear understanding of the institution's core purpose. By consistently centering the MUP member as the driving force behind the Association's financial discipline, environmental consciousness, and governance integrity, the report delivers an EESG narrative that possesses genuine authenticity. The report demonstrates a solid foundation, particularly in its

social and economic dimensions.

**Key Strengths and Achievements**

Impact on MUP Lives: The report demonstrates a "Strong" rating in delivering large, quantified, and plausibly real benefits. Disclosed figures include ₱2.05B in benefits, 164,944 claims, ₱18.56B in loans, and ₱166.42M allocated to CSR.

**Social and Economic Dimensions:** The Social Dimension is rated "Outstanding," with claims data, CSR initiatives, and employee disclosures exceeding industry norms. The Economic Dimension is rated "Strong," featuring a robust and well-framed three-year financial analysis.

**Framework Alignments:** Rated "Strong"

The report features broad and specific target mapping for UN-SDGs and provides excellent topic coverage utilizing the GRI Content Index and Universal Standards structure for convenient navigation.

**Governance Disclosure:** Rated "Strong" and "Good" across assessments, the report provides a detailed board and committee architecture, alongside extensive sections on the Whistleblowing Policy and Anti-Bribery Program that reflect a genuine commitment to an anti-corruption culture.

**Areas for Improvement and Next-Cycle Priorities - Target Quantification and Baselines**

Alignment with stated commitments currently sits at "Moderate," as the direction is correct but most 2030 targets lack necessary baselines, dates, and metrics. Establishing quantitative forward targets should be a priority for the next reporting cycle.

While rated "Good," the environmental section requires a fuller environmental footprint to achieve structural completeness. Specifically, reporting and monitoring on waste management will strengthen this dimension immensely.

Overall, the report convincingly demonstrates real, material impact of the AFPMBAI in the lives of the MUP — this is its strongest and best-evidenced claim, grounded in large, specific, mandate-aligned figures. The report in itself, is substantial and relevant, clearly portraying it in a sustainable light in support of its committed





**Summary Assessment**

Area	Rating	Key Observation
UN-SDG Alignment	Strong	Broad and specific target mapping
GRI Alignment	Strong	Topic coverage is excellent; GRI Content Index and Universal Standards structure make navigation convenient
SASB Alignment	Moderate	As the adoption to PFRS Standards is recent, metrics fitting is a work in progress. Framework cited well throughout.
Comprehensiveness	Moderate-Strong	Outstanding social data; strengthening of environmental dimension will be monitored for 2027; targets are well defined in the commitments
Transparency	Good	Candid on financial risks and gaps; external assurance is a forward-looking strategy
Economic Dimension	Strong	Three-year financial analysis is robust and well-framed
Environmental Dimension	Good	Reporting and monitoring on waste management will strengthen this section immensely
Social Dimension	Outstanding	Claims data, CSR initiatives, and employee disclosures exceed industry norms
Governance Dimension	Good	The Whistleblowing Policy and Anti-Bribery Program sections are unusually detailed for a sustainability report and reflect a genuine institutional commitment to anti-corruption culture, metrics for these would strengthen the report further
Member Sustainability	Affirmative	Strong financial position and benefit delivery

**Scorecard at a glance**

Dimension assessed	Rating	One-line rationale
Alignment with stated commitments	Moderate	Direction is right and partly delivered, but most 2030 targets lack baselines, dates and metrics.
Impact on MUP lives	Strong	Large, quantified, plausibly real benefit delivery: ₱2.05B in benefits, 164,944 claims, ₱18.56B loans, ₱166.42M CSR.
Substance & relevance	Strong / Moderate	Rich, multi-framework, MBA-specific content; some padding, repetition and investor-portfolio detail of limited member relevance.
Credibility & 'sustainable light'	Moderate	No external assurance, anonymized data, internal figure inconsistencies, and a non-authoritative cited source weaken verifiability.
Governance disclosure	Strong	Detailed board/committee architecture, codes, RPT, data-privacy and award track record; some key data sent off-document to the website.

**Social**

Social impact and human capital disclosures

**100%**

7 of 7

---Assurance Notes:

▼ View detected elements (7)

Detected signals:

- ✓ Human Rights Policy
- ✓ Labor Practices
- ✓ Employee Wellbeing
- ✓ Diversity Inclusion
- ✓ Community Engagement
- ✓ Supply Chain Labor
- ✓ Health Safety

External Sustainability Assurances were provided for by exploratory partnerships with Eastside ESG International and the CanonicalESG which covers the Terms Of Reference as follows:

- Comprehensive ESG analysis platform covering regulatory compliance
- Biodiversity screening, reporting quality, net zero transition, assurance readiness
- Implementation planning, physical risk assessment, supply chain evaluation, circularity assessment
- Institutional-grade ESG consulting with investor-ready reporting.

Though verifiability may be weakened by a lack of concretized external assurance, securing external assurance will be a material topic for the Board as part of the vital forward-looking strategies for 2027 and beyond. Formal external assurance entity will be identified moving forward.



## Highlights at a Glance

The figures below summarize the Association's most material EESG outcomes for calendar year 2025.

### Economic

ECONOMIC — VALUE GENERATION & MEMBER WELFARE	
<b>+69.72%</b>	Net Income growth — ₱1,726.6M (2024) to ₱2,930.5M (2025)
<b>₱2,616.1M</b>	Other Income (+107.04%), led by a ₱2.27B gain in investment properties
<b>+63.96%</b>	Interest income growth (₱1.09B) on an expanding member-loan portfolio
<b>+9.48%</b>	Increase in Claims Expense, translating to higher benefits released to members
<b>246%</b>	Risk Based Capital (RBC) Ratio, above industry standards performance

- Investments drove record profitability for 2025. The RBC of 246% against the Insurance Commission's minimum of 100% reflects a capital buffer almost 3x the regulatory requirement.
- The legal policy reserves stand at 22.995B, fully funded against ALL policy obligations demonstrates sound actuarial governance.
- The Association's loan products are mapped to SDGs 1, 4, and 8, protecting the MUP from predatory lending while funding education and livelihoods.

### Environmental

ENVIRONMENTAL — STEWARDSHIP AT THE HOMEFRONT	
<b>142,316.66 kWh</b>	Documented reduction in electricity consumption (GRI 302-4)
<b>1.16M liters</b>	Water saved in a single period — an 11.06% cut in water costs (₱139,593)
<b>50.9%</b>	Reduction in regional gasoline use (7,423.56 → 3,643.61 liters)
<b>8.88 t CO<sub>2</sub>e</b>	Avoided Scope 1 emissions; total Scope 1 fell from 17.43 to 8.55 t CO <sub>2</sub> e
<b>₱1.91B</b>	Sustainable investments in bonds and equities supporting EESG projects

- The Association is patterning its climate risk framework on the TCFD model and the Philippine SEC's adoption of IFRS/PFRS S1 and S2.
- A GHG baseline and 18-branch / 42-office climate mapping are committed for completion by 2027.

### Social

SOCIAL — PROTECTING THE PROTECTORS	
<b>₱1.77B</b>	Net benefit proceeds disbursed across 164,944 claims in 2025
<b>97% / 94%</b>	MBAI-PROTEK coverage conversion by account number / by amount
<b>32,118</b>	Voluntary Personal Insurance Product applications — rising financial literacy
<b>91%</b>	Customer satisfaction rating; 79% affirm products' value for money
<b>₱166.42M</b>	Economic value distributed to members through the CSR program
<b>6,449 hrs</b>	Employee training delivered (4,500 in-house, 1,949 public)
<b>101</b>	GRADE scholars supported (70 college, 31 high school) nationwide

- CSR is distributed equitably across island groups — Mindanao received the highest regional allocation (₱7.54M), reflecting frontline welfare needs.
- Financial-literacy delivery reached 148% of target, and the LEAD program advances member livelihood and entrepreneurship.

## Governance

GOVERNANCE — ETHICAL STEWARDSHIP & RESILIENCE	
<b>100%</b>	Fulfillment rate on legal opinions and contract reviews
<b>Dividends</b>	224,242 members are eligible to claim dividends from their insurance products availed
<b>Permanent</b>	Hybrid Annual General Meetings and board operations for inclusive governance
<b>Enterprise-wide</b>	ERM framework under a Board-approved Corporate Risk Management Plan
<b>Multi-layered</b>	Cybersecurity upgrades — SentinelOne, MFA/SSO, fire-suppression & CCTV
<b>RA 10173</b>	Full compliance with the Data Privacy Act under NPC oversight

- The Board reaffirmed its Governance Charter on 5 September 2024 and intensified executive sessions on matters material to the Association.
- Gender and Development policy guarantees safe spaces, non-discrimination, and whistleblower protection with “extreme confidentiality.”

## Outlook

AFPMBAI enters its seventh decade with a favorable, multi-generational membership base and a clear digital-transformation path, balanced against real economic and regulatory pressures on its members. Its sustainability trajectory depends on restoring core underwriting profitability, completing its climate and GHG baselines, scaling social interventions, and hardening governance and cybersecurity — ensuring that the Association remains, in its own words, a “seamless, paperless, and reliable partner” for those who serve.



# summary of indices:

## DISCLOSURE LOCATOR

### GRI Content Index

Statement of use: AFPMBAI has reported the information cited in this GRI content index for the period 1 January to 31 December 2025 with reference to the GRI Standards. The Association adopts the GRI Standards as the primary framework for its sustainability disclosures, complemented by the UN Sustainable Development Goals (SDGs), the SASB / ISSB architecture, and the ASEAN Corporate Governance Scorecard (ACGS).

GRI 1 used: GRI 1: Foundation 2021.

Page numbers refer to the printed report. The front cover is unnumbered; page 1 begins at "About the Report." Disclosures are indexed to the pages where the relevant data and narrative appear.

### GRI 2 — General Disclosures

GRI Standard	Disclosure	Page(s)
<b>GRI 2: General Disclosures (2021)</b>	2-6 Activities, value chain and other business relationships	43
	2-7 Employees	33
	2-22 Statement on sustainable development strategy	5, 6, 43
	2-29 Approach to stakeholder engagement	11, 43

### GRI 200 — Economic Standards

GRI Standard	Disclosure	Page(s)
<b>GRI 201: Economic Performance</b>	201-1 Direct economic value generated and distributed	14, 43, 51, 52
	Economic performance (management approach)	13, 14, 17, 28, 53
<b>GRI 203: Indirect Economic Impacts</b>	203-1 Infrastructure investments and services supported	30, 51, 52
	203-2 Significant indirect economic impacts	18, 45, 52
<b>GRI 204: Procurement Practices</b>	204-1 Proportion of spending on local suppliers	18
<b>GRI 205: Anti-corruption</b>	205 Anti-corruption (governance and ethics approach)	14, 17

### GRI 300 — Environmental Standards

GRI Standard	Disclosure	Page(s)
<b>GRI 302: Energy</b>	302-1 Energy consumption within the organization	20
	302-4 Reduction of energy consumption	20, 22
<b>GRI 303: Water and Effluents</b>	303-1 Interactions with water as a shared resource	21
	303-5 Water consumption	21
<b>GRI 305: Emissions</b>	305-2 Energy indirect (Scope 2) GHG emissions	20
	305-3 Other indirect (Scope 3) GHG emissions	21
	305-5 Reduction of GHG emissions	20, 22

### GRI 400 — Social Standards

GRI Standard	Disclosure	Page(s)
<b>GRI 401: Employment</b>	401-1 New employee hires and employee turnover	33
	401-2 Benefits provided to full-time employees	51, 52
	Employment (management approach)	28, 32, 36, 53

# summary of indices:

## DISCLOSURE LOCATOR

GRI Standard	Disclosure	Page(s)
<b>GRI 403: Occupational Health and Safety</b>	403-6 Promotion of worker health	51, 52
	403-8 Workers covered by an OH&S management system	51, 52
	403-9 Work-related injuries	52
<b>GRI 404: Training and Education</b>	404 Training and education of employees	33, 36
<b>GRI 405: Diversity and Equal Opportunity</b>	405-1 Diversity of governance bodies and employees	32, 36
<b>GRI 413: Local Communities</b>	413-1 Operations with local community engagement, impact assessments and development programs	43, 45, 51, 52
	Local communities (CSR management approach)	29, 30, 45, 53
<b>GRI 416: Customer Health and Safety</b>	416-1 Assessment of the health and safety impacts of products and services	51, 52
<b>GRI 418: Customer Privacy</b>	418-1 Substantiated complaints concerning breaches of customer privacy	43, 58

## UN-SDG Content Index

This locator maps AFPMBAI's 2025 sustainability disclosures to the United Nations Sustainable Development Goals (SDGs) — the shared global blueprint adopted by 193 countries to end poverty, reduce inequality, and protect the planet by 2030. The Association references the UN-SDGs alongside the GRI Standards in line with the Philippine SEC's phased adoption of sustainability reporting.

Page numbers refer to the printed report. The front cover is unnumbered; page 1 begins at "About the Report." Goals are indexed to the pages where the relevant initiatives and data appear.

Of the 17 goals, 16 are addressed in this reporting cycle. SDG 2 (Zero Hunger) is not specifically reported for 2025.

## Goal-by-Goal Locator

Sustainable Development Goal	How AFPMBAI Contributes	Page(s)
<b>SDG 1 — No Poverty</b>	Accessible low-interest member loans and PROTEK / PIP coverage provide a financial safety net that prevents MUP families from falling into poverty after death, injury, or loss of income.	15, 16, 29, 30, 47
<b>SDG 3 — Good Health and Well-being</b>	Medical and bereavement aid, health-directed CSR, investments in military hospitals and facilities, and employee health and wellbeing programs.	28, 29, 33, 47, 51
<b>SDG 4 — Quality Education</b>	Members' Educational Assistance Loans (MEDAL) and the GRADE scholarship program supporting members and their dependents.	15, 33, 36, 47
<b>SDG 5 — Gender Equality</b>	Gender and Development policy: non-discrimination in recruitment and promotion, safe spaces against harassment, and gender-responsive product design.	47, 59
<b>SDG 6 — Clean Water and Sanitation</b>	Conservation of roughly 1.16 million liters of water, easing demand on the Angat and Ipo Dam systems and reinforcing regional water security.	21, 22
<b>SDG 7 — Affordable and Clean Energy</b>	Investment in ASEAN Sustainability and Sustainability-Linked Bonds funding clean energy, alongside internal energy-efficiency savings.	17, 19
<b>SDG 8 — Decent Work and Economic Growth</b>	LEAD livelihood and entrepreneurship programs, workforce training and development, and member loans that support productive economic activity.	15, 28, 29, 30, 32, 33, 36, 47
<b>SDG 9 — Industry, Innovation and Infrastructure</b>	Investments in infrastructure and sustainability-linked bonds and the Association's digital-transformation initiatives.	17

# summary of indices:

## DISCLOSURE LOCATOR

<b>SDG 10 — Reduced Inequalities</b>	Geographically equitable CSR and services distributed across all island groups and ranks, reaching remote postings in Mindanao and the Visayas.	<b>29, 30, 32, 36, 45, 47, 51</b>
<b>SDG 11 — Sustainable Cities and Communities</b>	Housing and real-estate mortgage loans and investments in sustainable urban infrastructure and disaster resilience.	<b>16, 17, 30, 45</b>
<b>SDG 12 — Responsible Consumption and Production</b>	Operational efficiency reducing water, electricity, and fuel consumption — stewardship of the Association’s resources.	<b>19, 22</b>
<b>SDG 13 — Climate Action</b>	TCFD-patterned Climate Risk Framework, documented GHG / Scope 1–3 reductions, and climate-aligned investment and underwriting.	<b>7, 16, 19, 22, 26</b>
<b>SDG 14 — Life Below Water</b>	Coastal mangrove (“Blue Carbon”) planting in Siargao, Surigao, protecting marine ecosystems and shorelines.	<b>26</b>
<b>SDG 15 — Life on Land</b>	Mangrove and terrestrial reforestation (600 seedlings in Northern Samar) restoring watersheds, soil stability, and wildlife habitat.	<b>26</b>

Sustainable Development Goal	How AFPMBAI Contributes	Page(s)
<b>SDG 16 — Peace, Justice and Strong Institutions</b>	Good governance, anti-corruption controls, whistleblowing protection, and shielding personnel from predatory lending.	<b>15, 47</b>
<b>SDG 17 — Partnerships for the Goals</b>	Multi-stakeholder partnerships with LGUs, AFP units, and government agencies in CSR and environmental initiatives.	<b>40, 47</b>

**Note:** Several pages address multiple goals simultaneously (e.g., the loan portfolio is mapped to SDGs 1, 4, and 8). Page references indicate where each goal is substantively discussed rather than every incidental mention.



# summary of indices:

## DISCLOSURE LOCATOR

**Applicable standard.** As a mutual benefit / life-insurance institution, AFPMBAI applies the SASB Insurance Sector Standard (FN-IN), now maintained by the IFRS Foundation alongside the ISSB. The Association's material SASB topics are financial and social in nature rather than industry-specific emissions topics.

**How to read this index.** Unlike GRI and the UN-SDGs, the 2025 report does not contain a standalone SASB table — SASB codes are cited within the narrative. This locator is therefore newly constructed: it lists the official FN-IN topics and metrics, maps AFPMBAI's relevant disclosure to each, gives the report page(s), and rates the current disclosure status. A reconciliation of the codes as cited in the report follows at the end.

### Transparent Information & Fair Advice for Customers

Code / Metric	SASB topic	AFPMBAI disclosure	Page(s)	Status
FN-IN-270a.1	Monetary losses from legal proceedings re: product marketing/communication	No material losses cited; fair-advice and transparent-product narrative for PROTEK / PIP	30, 52	Disclosed
FN-IN-270a.3	Customer retention rate	High conversion/retention narrative; 91% member-satisfaction rating; 25,646 in-force policies	52	Disclosed
FN-IN-270a.4	Approach to informing customers about products	Simplified communication, financial-literacy programs, transparent pricing and fair-treatment policy	30, 52	Disclosed

### Incorporation of ESG Factors in Investment Management

Code / Metric	SASB topic	AFPMBAI disclosure	Page(s)	Status
FN-IN-410a.1	Total invested assets, by industry and asset class	Investible-fund allocation (Fixed Income 35.89%, lending 32%, equities, managed funds, real estate); anonymised counterparties	16, 17, 18	Disclosed
FN-IN-410a.2	Approach to incorporating ESG factors in investment management	ESG screening of investment partners against GRI/SDG criteria; sustainable/green-bond exposure; "transitioner" classification	17, 18	Disclosed

### Policies Designed to Incentivize Responsible Behavior

Code / Metric	SASB topic	AFPMBAI disclosure	Page(s)	Status
FN-IN-410b.1	Net premiums written related to energy efficiency / low-carbon technology	Not quantified; green REML lending guidelines committed but not yet measured	12	Not disclosed <i>AFPMBAI Remarks: This is part of the commitments to be undertaken.</i>
FN-IN-410b.2	Products/features incentivising	Planned green and disaster-resilient home-design	12, 16	Partial

# summary of indices:

## DISCLOSURE LOCATOR

### Reconciliation: SASB codes as cited in the report

The report references several SASB codes within its narrative. The table below records each as written and notes where the citation departs from the official FN-IN taxonomy, so the next cycle can correct them.

Code as cited	Where / how used in report	Reviewer note
FN-IN-270a.1	Fair advice to customers (n 30 43)	Correct tonic area (Transparent Information & Fair

Code / Metric	SASB topic	AFPMBAI disclosure	Page(s)	Status
	environmentally responsible behaviour	lending; rapid-deployment calamity loans		

### Physical Risk Exposure

Code / Metric	SASB topic	AFPMBAI disclosure	Page(s)	Status
FN-IN-450a.1	Probable Maximum Loss (PML) from weather-related natural catastrophes	Weather-driven VaR / PML on the REML portfolio committed (to be quantified by 2027); regional hazard mapping	11, 23	<b>Partial</b>  <i>AFPMBAI Remarks: This is part of the commitments to be undertaken.</i>
FN-IN-450a.3	Approach to environmental risk in underwriting & firm-level capital adequacy	Climate Risk Statement; ESRM-aligned BCP; Credit Risk Management Framework; PAGASA/NDRRMC/HazardH unter sourcing; 246% RBC	10, 22, 23	<b>Disclosed</b>

### Systemic Risk Management

Code / Metric	SASB topic	AFPMBAI disclosure	Page(s)	Status
FN-IN-550a.3	Approach to managing capital- and liquidity-related systemic risks	Enterprise Risk Management & Risk Appetite Framework (Board Res. 90, s.2022); RORPTC oversight; PFRS 9 adoption; 246% RBC, 5.25% liquidity ratio	18, 23, 47	<b>Disclosed</b>

### Activity Metric

Code / Metric	SASB topic	AFPMBAI disclosure	Page(s)	Status
FN-IN-000.A	Number of policies in force, by segment	25,646 in-force personal policies; 164,944 claims processed; PROTEK 97% / PIP conversion data	49, 52	<b>Disclosed</b>

**Status key.** *Disclosed* = topic addressed with specific content/metric; *Partial* = addressed but incomplete or not fully quantified; *Narrative* = discussed qualitatively only; *Not disclosed* = committed or absent. Page numbers refer to the printed pages of the 2025 Sustainability Report.

AFPMBAI 2025 SUSTAINABILITY REPORT

## Glossary of Key Terms

Acronyms, frameworks, financial, insurance and sustainability terms

Armed Forces and Police Mutual Benefit Association, Inc.

This glossary defines the acronyms and specialized terms used throughout the Association's 2025 Sustainability Report, with each definition grounded in how the term is used in the report. Entries are arranged alphabetically; figures are as reported for the period 1 January – 31 December 2025.

Term / Acronym	Definition
<b>A</b>	
<b>ACGS</b>	<b>ASEAN Corporate Governance Scorecard.</b> A regional assessment instrument measuring transparency, disclosure quality and board oversight; AFPMBAI uses it to benchmark its governance and sustainability disclosures.
<b>AFP</b>	<b>Armed Forces of the Philippines.</b> The national military; its branches (Army, Navy, Air Force) form part of the membership.
<b>AFPMBAI</b>	<b>Armed Forces and Police Mutual Benefit Association, Inc.</b> The reporting organization — a non-stock, non-profit mutual benefit association serving Military and Uniformed Personnel (MUP) and their beneficiaries.
<b>AFPSLAI</b>	<b>AFP Savings and Loan Association, Inc.</b> A related entity (shared Board Chairman and substantial interest) disclosed under related-party-transaction reporting.
<b>AGM / AGMM</b>	<b>Annual General (Membership) Meeting.</b> The yearly assembly where members elect trustees and review performance; hybrid in-person/remote participation was made permanent.
<b>AML</b>	<b>Anti-Money Laundering.</b> Controls and training preventing use of the Association to launder illicit funds.
<b>AMLC</b>	<b>Anti-Money Laundering Council.</b> Philippine AML regulator; the Association maintains current registration.
<b>AOI</b>	<b>Articles of Incorporation.</b> The Association's charter; amended in November 2025 to embed CSR donations.
<b>ASEAN</b>	<b>Association of Southeast Asian Nations.</b> Regional bloc; basis of the ACGS and of certain sustainability-bond labels.
<b>B</b>	
<b>BCM</b>	<b>Business Continuity Management.</b> The program ensuring resilience and continued operations during disruptions.
<b>BCP</b>	<b>Business Continuity Process / Plan.</b> Protocols keeping the Association operating and disbursing funds during events such as typhoons.

# glossary of KEY TERMS

Term / Acronym	Definition
<b>BFP</b>	<b>Bureau of Fire Protection.</b> A uniformed service within the membership
<b>BIR</b>	<b>Bureau of Internal Revenue.</b> The national tax authority overseeing the Association.
<b>BJMP</b>	<b>Bureau of Jail Management and Penology.</b> A uniformed service within the membership.
<b>Blue Carbon</b>	Carbon captured and stored by coastal and marine ecosystems (e.g., mangroves), which sequester more carbon per hectare than terrestrial forests
<b>BOS</b>	<b>Branch of Service.</b> Member groupings by uniformed service (e.g., PA, PNP, BFF
<b>BuCor</b>	<b>Bureau of Corrections.</b> A uniformed service within the membership.
<b>C</b>	
<b>CAFGU</b>	<b>Citizen Armed Force Geographical Unit.</b> Auxiliary force of the Armed Forces of the Philippines
<b>CAGR</b>	<b>Compound Annual Growth Rate.</b> Annualized growth rate over a multi-year period, used throughout the financial highlights.
<b>CAR</b>	<b>Capital Adequacy Ratio.</b> A capital-buffer measure used when assessing bank investment partners.
<b>Cash Surrender Value</b>	The amount payable to a policyholder who voluntarily terminates a policy before maturity.
<b>CEO</b>	<b>Chief Executive Officer.</b> Together with the Board, accountable for embedding sustainability and climate metrics into strategy.
<b>CIC</b>	<b>Credit Information Corporation.</b> Philippine credit-data body with which the Association is registered.
<b>COD</b>	<b>Committee on Discipline.</b> The body adjudicating ethical and conduct violations.
<b>CRMP</b>	<b>Corporate Risk Management Plan.</b> Board-approved plan defining authorities and accountabilities under the ERM framework.
<b>CSAT</b>	<b>Customer Satisfaction (survey).</b> Used to gauge member satisfaction, affordability perception and value for money.
<b>CSR</b>	<b>Corporate Social Responsibility.</b> Programs reinvesting resources into member communities (health, education, general welfare).
<b>CTF</b>	<b>Counter-Terrorism Financing.</b> Controls preventing the financing of terrorism.
<b>Customer Intimacy</b>	The apex of AFPMBAI's strategic hierarchy — a deep, empathetic understanding of member needs.
<b>CY</b>	<b>Calendar Year.</b> The Association's reporting period basis (e.g., CY2025).
<b>D</b>	
<b>Data Privacy Act (RA 10173)</b>	The Philippine law governing the processing of personal data; the basis of the Association's privacy compliance and NPC registration.
<b>DEI</b>	<b>Diversity, Equity, and Inclusion.</b> Workforce policies ensuring fair access and treatment.

# glossary of KEY TERMS

Term / Acronym	Definition
DOSRI	<b>Directors, Officers, Stockholders and their Related Interests.</b> Category of related parties monitored in RPT reporting.
Double Materiality	Assessing both how sustainability issues affect the organization financially and how the organization affects society and the environment.
<b>E</b>	
EESG	<b>Economic, Environmental, Social, and Governance.</b> The four-dimension framework structuring the Association's sustainability reporting.
Endowment Plan / Benefit	A life-insurance product paying out on maturity or earlier death; functions as a forced-savings and wealth-building mechanism (₱126.8M in 2025).
EPA	<b>(U.S.) Environmental Protection Agency.</b> Source of the greenhouse-gas equivalency factors used to convert energy and fuel savings into CO <sub>2</sub> e.
ERM	<b>Enterprise Risk Management.</b> An organization-wide approach to identifying and managing strategic, financial, operational and external risks.
ESG	<b>Environmental, Social, and Governance.</b> The standard three central factors us to measure the sustainability and societal impact of an organization.
ESRM	<b>Environmental and Social Risk Management.</b> Framework aligning underwritin and business continuity with environmental and social risk.
EVG&D	<b>Economic Value Generated and Distributed.</b> The GRI 201-1 measure of value created and shared with stakeholders.
<b>F</b>	
Fixed Income	Investments (e.g., bonds, treasuries) paying fixed periodic interest and returni principal at maturity.
Fund Balance / Member's Equity	Accumulated members' equity and reserves.
<b>G</b>	
GAD	<b>Gender and Development.</b> Policies promoting gender equality, non-discrimination and safe, harassment-free workplaces.
GHG	<b>Greenhouse Gas.</b> Emissions measured in carbon-dioxide equivalent (CO <sub>2</sub> e) across Scopes 1, 2 and 3.
GRADE	<b>GRAnTs for DEpendents.</b> Educational financial assistance for dependents of M members killed or fully disabled in the line of duty.
GRI	<b>Global Reporting Initiative.</b> The world's most widely used sustainability-reporting standards; AFPMBAl reports "with reference to" GRI (GRI 1: Foundation 2021).
GST	<b>Gender Sensitivity Training.</b> Employee education delivered alongside anti-graf orientation under the ethics program.
<b>H</b>	
HazardHunter	A Philippine government online tool for site-specific natural-hazard assessmen used in the Association's regional risk mapping.

# glossary of KEY TERMS

Term / Acronym	Definition
<b>HEALTHMED</b>	Hospital, Emergency, Ambulatory Therapeutic Medical and Dental Program, the AFPMBAI's Health-centric CSR program, providing health services and hospital related equipment support to MUP units.
<b>HMO</b>	<b>Health Maintenance Organization.</b> Managed health coverage extended to employees and dependents.
<b>HRD</b>	<b>Human Resources Division.</b> Leads workforce engagement, training and wellne initiatives.
<b>I</b>	
<b>IAO / IAOF</b>	<b>Internal Audit Office.</b> Provides the Board with independent assurance over governance and controls.
<b>IC</b>	<b>Insurance Commission.</b> The Association's primary regulator (License to Operate No. 2025-07-R).
<b>ICD</b>	<b>Institute of Corporate Directors.</b> Provides governance training to trustees and administers the ACGS.
<b>IFRS</b>	<b>International Financial Reporting Standards (Foundation).</b> Now maintains the SASB standards alongside the ISSB.
<b>ISSB</b>	<b>International Sustainability Standards Board.</b> Issuer of IFRS S1/S2, aligned with the Association's PFRS S1/S2 adoption.
<b>ITD</b>	<b>Information Technology Division.</b> Leads cybersecurity and digital-transformation initiatives.
<b>iProtek / PROTEK</b>	Mandatory, core institutional life-insurance product providing baseline coverage to AFPMBAI members.
<b>K</b>	
<b>KIA</b>	<b>Killed-in-Action.</b> Benefit category for members killed in the line of duty (P3.48 disbursed in 2025).
<b>KYC</b>	<b>Know-Your-Customer.</b> Counterparty verification; 100% of active vendors must hold a cleared KYC profile.
<b>L</b>	
<b>LEAD</b>	Livelihood, Education And Development - the Association's flagship financial-literacy and livelihood-education program for MUP.
<b>Legal Reserves</b>	Statutory reserves provisioned for future claims.
<b>Liquidity Ratio</b>	A measure of the ability to meet short-term obligations.
<b>M</b>	
<b>Managed Funds</b>	Professionally managed investment portfolios; the year's highest-yield growth segment.
<b>Materiality</b>	The principle of focusing reporting on the sustainability topics most significant to the organization and its stakeholders.
<b>MBA</b>	<b>Mutual Benefit Association.</b> See Mutual Benefit Association.

# glossary of

## KEY TERMS

Term / Acronym	Definition
<b>MCLE</b>	<b>Mandatory Continuing Legal Education.</b> Required ongoing training completed by the Association's lawyers.
<b>MEDAL</b>	<b>Members' Educational Assistance Loans.</b> Credit products supporting the education of members and their dependents.
<b>MFA</b>	<b>Multi-Factor Authentication.</b> A cybersecurity access control scheduled for implementation in 2026.
<b>MUP</b>	<b>Military and Uniformed Personnel.</b> The Association's core membership across the AFP, PNP, PCG, BFP, BJMP and related services.
<b>Mutual Benefit Association</b>	A member-owned organization that pools member contributions to provide insurance and financial benefits to members rather than to external shareholders.
<b>N</b>	
<b>NCR</b>	<b>National Capital Region.</b> Location of the Home Office and the NCRSSC.
<b>NDRRMC</b>	<b>National Disaster Risk Reduction and Management Council.</b> A hazard-data source used in regional risk assessment.
<b>Net Underwriting Income</b>	Income from core insurance operations (premiums less claims and related costs).
<b>NPC</b>	<b>National Privacy Commission.</b> Enforces the Data Privacy Act; granted the Association a Seal of Registration (No. PIC-014-795-2025).
<b>NTHP</b>	<b>Net Take-Home Pay.</b> Members' disposable income after deductions; tighter NTHP rules constrain capacity for premiums and loan repayments.
<b>O</b>	
<b>OCSAFP</b>	<b>Office of the Chief of Staff, AFP.</b> A command-level beneficiary of CSR flagship programs.
<b>OHS / OSH</b>	<b>Occupational Health and Safety.</b> Workplace health-and-safety management (GRI 403); covers vaccination, dental and wellness programs.
<b>P</b>	
<b>PA</b>	<b>Philippine Army.</b> Largest member segment by volume of records and borrowed.
<b>PAF</b>	<b>Philippine Air Force.</b> A branch of service within the membership.
<b>PAGASA</b>	<b>Philippine Atmospheric, Geophysical and Astronomical Services Administration.</b> The national weather agency; a climate-data source for risk mapping.
<b>PCG</b>	<b>Philippine Coast Guard.</b> A uniformed service within the membership.
<b>PDEA</b>	<b>Philippine Drug Enforcement Agency.</b> A uniformed service within the membership.
<b>PFRS / PFRS S1 / S2</b>	<b>Philippine Financial Reporting (Sustainability) Standards.</b> The Securities and Exchange Commission (SEC) requires registered corporations to adopt the PFR framework when submitting their annual financial statements. Additionally, the SEC enforces mandatory sustainability disclosures based on global standards (PFRS S1 and S2). This requires publicly listed companies and large non-listed entities to report on climate-related risks and sustainability impacts.

# glossary of KEY TERMS

Term / Acronym	Definition
<b>Physical Risk</b>	The risk of direct damage to assets and member collateral from climate events such as typhoons, floods and landslides.
<b>PIP</b>	<b>Personal Insurance Products.</b> Optional, voluntary insurance products; 32,118 applications in 2025, signalling rising financial literacy.
<b>PML</b>	<b>Probable Maximum Loss.</b> The largest expected loss from a catastrophe; to be quantified on the REML portfolio by 2027.
<b>PNP</b>	<b>Philippine National Police.</b> A major uniformed service within the membership.
<b>Policy Dividends</b>	Discretionary distributions to participating policyholders.
<b>R</b>	
<b>RA</b>	<b>Republic Act.</b> A Philippine statute — e.g., RA 10173 (Data Privacy Act); RA 3019 (Anti-Graft and Corrupt Practices Act).
<b>RBC</b>	<b>Risk-Based Capital (ratio).</b> A solvency measure; 246% in 2025, well above the regulatory minimum
<b>REHL</b>	<b>Real Estate Housing Loan.</b>
<b>REML</b>	<b>Real Estate Mortgage Loan.</b>
<b>Risk Appetite Framework</b>	Board policy defining the level and type of risks the Association will accept.
<b>ROA</b>	<b>Return on Assets.</b> Profit generated per peso of assets.
<b>ROE</b>	<b>Return on Equity.</b> Profit generated per peso of members' equity.
<b>RORPTC</b>	<b>Risk Oversight and Related Party Transaction Committee.</b> Board committee overseeing the ERM framework and related-party transactions.
<b>RPT</b>	<b>Related Party Transaction.</b> Dealings with directors, officers and related interests required to be conducted at arm's length.
<b>RSSC</b>	<b>Regional Sales and Service Center.</b> Regional offices: NCRSSC (NCR), NOLRSSC (Northern Luzon), SOLRSSC (Southern Luzon), VRSSC (Visayas) and MRSSC (Mindanao).
<b>S</b>	
<b>SASB</b>	<b>Sustainability Accounting Standards Board.</b> Industry-specific disclosure standards (now under the IFRS Foundation); AFPMBAI applies the Insurance (FIN) standard.
<b>Scope 1 / 2 / 3 Emissions</b>	GHG accounting categories: Scope 1 (direct, e.g., fuel combustion), Scope 2 (purchased electricity), Scope 3 (Indirect Emissions – Not owned).
<b>SDG</b>	<b>Sustainable Development Goal(s).</b> The 17 UN goals to the 2030 Agenda
<b>SEC</b>	<b>Securities and Exchange Commission.</b> Regulator; the Association is a registered non-stock, non-profit corporation.
<b>SME</b>	<b>Small and Medium Enterprise.</b> Target of livelihood and entrepreneurship programs.
<b>SMO</b>	<b>Strategic Management Office</b> of the AFPMBAI
<b>SROI</b>	<b>Social Return on Investment.</b> A measure of the social value generated per peso spent on community welfare.

# glossary of KEY TERMS

Term / Acronym	Definition
<b>SSA</b>	<b>Special Savings Account.</b> An investment-instrument category (paired with Time Deposits) among bank partners.
<b>SSO</b>	<b>Social Services Office.</b> Technical working group executing CSR and documenting EESG-framework adherence.
<b>SSPC</b>	<b>Social Services Program Committee.</b> Board committee overseeing the Sustainability Framework and CSR initiatives of the Association.
<b>STEEPLED</b>	A scanning framework covering Social, Technological, Economic, Environmental, Political, Legal, Ethical and Demographic factors, used to map risks and opportunities to sustainability.
<b>Sustainability-Linked Bonds</b>	Bonds whose financial terms are tied to achieving sustainability targets; part of the investment portfolio (aligned with SDGs 7, 9 and 11).
<b>T</b>	
<b>TCFD</b>	<b>Task Force on Climate-related Financial Disclosures.</b> The framework on which the Association patterns its Climate Risk Statement.
<b>TD</b>	<b>Time Deposit.</b> A fixed-term bank deposit investment.
<b>TRADE</b>	<b>Training Advocacy for Dependents.</b> Livelihood/entrepreneurship program equipping MUP dependents with income-generating skill
<b>Transition Risk</b>	Financial risks arising from the shift to a low-carbon economy — regulatory, market and reputational change, and the repricing of carbon-intensive assets.
<b>Triple Bottom Line (TBL)</b>	The People–Planet–Profit framework, valuing social and environmental impact alongside revenue.
<b>U</b>	
<b>UN-SDG</b>	<b>United Nations Sustainable Development Goals.</b> See SDG.
<b>V</b>	
<b>VaR</b>	<b>Value-at-Risk.</b> A statistical estimate of potential loss, applied to weather/climate exposure of assets and collateral.
<b>VRSSC</b>	<b>Visayas Regional Sales and Service Center.</b> The Association's regional office for the Visayas.
<b>W</b>	
<b>WGS84</b>	<b>World Geodetic System 1984.</b> The geographic coordinate standard used in the report's natural-hazard maps.
<b>WIA</b>	<b>Wounded-in-Action.</b> Benefit category for members wounded in the line of duty.



## Forward-Looking Statements

This Sustainability Report contains forward-looking statements that reflect the current expectations, plans, estimates, and commitments of the Armed Forces and Police Mutual Benefit Association, Inc. (AFPMBAI) regarding its Economic, Environmental, Social, and Governance (EESG) performance and its future direction. These statements include, among others, the Association's sustainability commitments toward 2030; its climate-related targets and timelines, including the completion of a full Scope 1 and Scope 2 greenhouse-gas baseline and the quantification of weather-related Value-at-Risk and Probable Maximum Loss by 2027; planned green and resilient lending initiatives; digital-transformation and operational-efficiency objectives; projected member growth and benefit delivery; and the Association's anticipated alignment with the UN Sustainable Development Goals, the GRI Standards, the ASEAN Corporate Governance Scorecard, and PFRS S1/S2.

Forward-looking statements may be identified by words such as "commit," "aim," "plan," "target," "intend," "expect," "will," "by 2030," "by 2027," and similar expressions. They are based on assumptions and information available as of the date of this report and are not guarantees of future performance or outcomes.

By their nature, these statements involve known and unknown risks, uncertainties, and factors beyond the Association's control. Actual results, achievements, and timelines may differ materially from those expressed or implied. Such factors include, but are not limited to: changes to the Military and Uniformed Personnel (MUP) pension and benefit systems; inflation and Net Take-Home Pay requirements affecting members' disposable income; the frequency and severity of typhoons, floods, earthquakes, and other climate-related and natural hazards; national security, geopolitical, and insurgency-related developments; movements in investment markets and the performance of the Association's investment portfolio; evolving regulatory, tax, accounting, and disclosure requirements, including the phased adoption of mandatory sustainability reporting and pending legislation; cybersecurity and data-privacy threats; and the availability of the data, systems, and resources required to measure and deliver against the Association's stated commitments.

Certain metrics and targets in this report remain under development, and several quantitative baselines and methodologies are still being established; these are disclosed as commitments rather than completed results. Policy dividends and similar benefits referenced herein are not guaranteed and remain subject to the Association's financial performance and the approval of the Board of Trustees. Unless required by law or regulation, AFPMBAI undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise. Readers are cautioned not to place undue reliance on these statements, which speak only as of the date of this report.



## Corporate Information

Armed Forces and Police Mutual Benefit Association, Inc. (AFPMBAI)

### Vision

To be the industry standard among mutual benefit associations by 2028 — the leader in customer intimacy, preferred and trusted by Military and Uniformed Personnel, their families, and other stakeholders.

### Core Values

Commitment, Integrity, Service, Excellence, Innovation, and Synergy.

### Registered / Principal Office

AFPMBAI Home Office - NCR Regional Sales and Service Center, Col Bonny Serrano Ave cor EDSA, Quezon City 1109

### Operating Network

18 Branch Offices and 42 Extension Offices across five regional areas: National Capital Region (NCRSSC), Northern Luzon (NOLRSSC), Southern Luzon (SOLRSSC), Visayas (VRSSC), and Mindanao (MRSSC).

### Regulatory Registrations & Licenses

Insurance Commission — License to Operate No. 2025-07-R, valid until 31 December 2027 (primary regulator)

Securities and Exchange Commission — registered non-stock, non-profit corporation, perpetual term

Anti-Money Laundering Council — registration valid until 1 May 2027

National Privacy Commission — Seal of Registration No. PIC-014-795-2025, valid until 17 November 2027

Credit Information Corporation — registration updated 20 February 2025

AFPMBAI is also subject to oversight by the Bureau of Internal Revenue

### Governance recognition

Recipient of the Golden Arrow Award for three consecutive years (2022–2024) and two Golden Arrow Awards in 2025, including recognition for Material Related Party Transactions Reporting frameworks

Additional Notes: This Sustainability Report was prepared with reference to the **UN Sustainable Development Goals**, the **GRI Standards**, the **ASEAN Corporate Governance Scorecard (ACGS)** administered by the **Institute of Corporate Directors (ICD)**, and **SASB/ISSB (PFRS S1/S2)**.



## **STAKEHOLDER INQUIRIES**

The AFPMBAI welcomes inquiries from the MUP members, analysts, media, and the general public.

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## **SUSTAINABILITY REPORT 2025**

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