



Armed Forces and Police Mutual Benefit Association, Inc.

Col Bonny Serrano Road cor. EDSA, Camp Aguinaldo, Quezon City, 1110
Landline: +632 8822-MBAI (6224) | Email: mail@afpmbai.ph
Web: www.afpmbai.com.ph | Facebook: AFPMBAIOfficial

SUSTAINABILITY FRAMEWORK

1.0 INTRODUCTION

As more and more companies value corporate social responsibility (CSR) and regard its role in developing responsible corporate actions, the legacy of corporate generosity, philanthropy, and volunteerism has been impactful to the Association. Under this, attention to environmental, social, and governance considerations above and beyond legal and regulatory compliance was largely voluntary through the magnanimous gesture of the Board of Trustees. CSR 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 the heart of the Association's mandate, we will create both shared values and aim towards providing an environment for meaningful services for the members. We will consistently strive for supreme quality that lives up to the trust and expectations upon us, and together with our stakeholders, contribute to the creation of a society where our 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.

2.0 POLICY STATEMENT

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.

3.0 KEY CONCEPTS AND DIMENSIONS OF SUSTAINABILITY¹

Beyond the purpose of transparency, this framework is 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.

¹ SEC MC No. 04-2019: Sustainability Reporting Guidelines for PLCs

OUR COMPANY is a Sustainable Business	We conduct our businesses in an ETHICAL and RESPONSIBLE manner	Corporate Governance
	We manage our KEY IMPACTS	Economic Environmental Social
	Our products and services create VALUE TO SOCIETY	Contribution to Sustainable Development

3.1 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.

3.2 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. Included herein are the risks and opportunities due to climate change, procurement policies and practices regarding suppliers, and anti-corruption measures and/or initiatives.

3.3 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. The Association's ability to access materials needed for its operations is critical to its long-term success.

3.4 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, 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)

4.0 CORE COMPONENTS OF SUSTAINABILITY FRAMEWORK²

Emphasizing on the required transparency, accuracy, integrity, and relevancy of information for disclosure and reporting to stakeholders, the Association will ensure that the core components of sustainability are carefully considered and embedded in the report.

4.1. Use of Proceeds

For every undertaking, project, program, or expenditure, there should be proper documentation that will clearly indicate the criteria for eligibility that will merit its inclusion in the annual company plans and budget. The document should specify which strategic goal or objective/s is/are being addressed, what perspective in the balanced scorecard, and under what dimension of sustainability. Eligible projects/programs should provide benefits to the company and to the stakeholders, which should be assessed based on the usual parameters on performance evaluation.

Eligible categories are the following:

4.1.1 Renewable energy (ex. use of solar panels, etc.)

² International Capital Market Assoc., "The Green Bond Principles (GBP) 2021"

4.1.2 Energy efficiency (*ex. use of LED lights, etc.*)

4.1.3 Green buildings (*ex. adherence to green building standards and acceptable energy ratings, etc.*)

4.1.4 Clean transportation (*ex. sustainable and efficient transit infrastructure, etc.*)

4.1.5 Sustainable water and waste management (*ex. reducing water consumption and improving efficiency of resources, etc.*)

4.1.6 Access to essential services (*ex. subsidized hospitals, clinics, educational and vocational training services, etc.*)

4.2. Project Selection and Evaluation Process

The Board of Trustees, through the appropriate Board Committees, like the Social Services Program Committee, the Governance Committee, the Investment Committee, the Risk Oversight and Related Party Transactions Committee, and/or the Audit Committee each discusses the policies, plans, and progress initiatives, including associated risks, for various business activities and projects considering the overall sustainability of the Association in this highly transparent disclosure environment.

4.3. Management of Proceeds

Every year, funds are allocated for eligible projects, programs, and activities, as defined on the annual Board-approved plans and programs. Management of the proceeds are monitored quarterly both by the Strategic Management Office and the Accounting Department, as well as by the Investment Office on an annual basis on strategic asset allocation.

4.4. Reporting

Reports are regularly prepared for the consumption of the Board and stakeholders. Full disclosure as to the details of the program/project/activity are reported to the Board of Trustees, monthly, through the President's Report; quarterly, through the Performance Review and Analysis (PRA), and/or Performance Assessment of the Board Committees; and annually, through the Annual General Membership (AGM) meeting, and through the publication of the Annual Report in the company website.

Moreover, as a regulatory requirement, reports are submitted within the specified time and frequency indicated.

5.0 SUSTAINABILITY REPORTING PRINCIPLES³

These principles will serve as a guide in ensuring the quality of information to be presented in the reports. The quality of information is important in establishing stakeholders' confidence in the Association.

5.1 Materiality

The Association is faced with a wide range of topics on which it can report. Relevant topics, which potentially merit inclusion in the report, are those that can reasonably be considered important for reflecting the Association's economic, environmental, and social impacts, or influencing the decisions of stakeholders.

Impact as used herein shall refer to the effect of the Association to the economy, environment, and society, thereby contributing towards sustainable development.

A topic may be relevant – and so potentially material – based only on just one dimension above.

5.2 Stakeholder Inclusiveness

The Association should provide insights into the nature and quality of its relationship with its key stakeholders, including the mode, manner, and way, as well as the extent of understanding and responding to the legitimate needs and interests of its stakeholders.

In turn, stakeholders may provide useful insights about matters that are important to them, including economic, environmental and social issues that also affect the Association's ability to create value.

5.3 Balance

Reporting must have no bias in the selection or presentation of information. The information should reflect both positive and negative aspects of the Association's performance to enable a reasoned assessment of overall performance. Reporting may also be compared with previously reported targets, projections, and expectations.

5.4 Completeness

The Association should consider the extent of information to be disclosed and its level of specificity or preciseness, which might involve considering potential concerns regarding cost/benefit, competitive advantage, and future-oriented information.

³ SEC MC No. 04-2019: Sustainability Reporting Guidelines for PLCs

5.5 Reliability

The Association should gather, record, compile, analyze, and report information and processes used in the preparation of the report (similar to maintaining an audit trail) in a way that they can be subjected to examination that establishes the quality and materiality of the information.

5.6 Accuracy

The reported information should be sufficiently accurate and detailed for stakeholders to assess the Association's performance. Reports should include proper citation of information sources, including estimated data and methodology for estimation.

5.7 Consistency and Comparability

The report shall contain consistent information enabling analysis of any changes in the Association's performance regardless of the time of presentation. It must also be presented in a way that can be compared with other companies to the extent material to the Association's own ability to create value over time.

6.0 IMPLEMENTATION OF THE FRAMEWORK

The appropriate Units within the Association shall make the necessary documentation and appropriate reports, narratives, write-up, and other papers needed to implement and present the sustainability report.