



Armed Forces and Police Mutual Benefit Association, Inc.

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Rules on Nomination for the 2023 Annual General Membership Meeting

In accordance with the Amended By-Laws of the Armed Forces and Police Mutual Benefit Association, Inc (AFPMBAI), as approved by the Securities and Exchange Commission (SEC) on 6 February 2019, at every Annual General Membership Meeting (AGM) of the Association scheduled every third Saturday of May, an election of the members of the Board will be held when proper. The rules below specify the order of procedures for the nomination and election of the members of the Board of Trustees.

Rules on Nomination of Members of the Board of Trustees

Board Seats Open for Election

In accordance with Article VI (Board of Trustees) Section 3 (Composition) of the Bylaws, “The Board of Trustees shall consist of fifteen (15) members, all of whom shall be elected during the Annual Membership Meeting from among the regular members of the Association. The Board shall be composed of one (1) each from the Office of the Chief of Staff, AFP; the Philippine Army, the Philippine Navy, the Philippine Air Force, the Philippine Coast Guard, the Bureau of Fire Protection, the Bureau of Jail Management and Penology, the Joint Staff of GHQ AFP, and the Office of the AFP Sergeant Major; two (2) from the Philippine National Police; one (1) at large; and three (3) independent trustees at least one (1) of whom shall be a retired member of the uniformed services. Trustees must possess the necessary education, competence and experience in business, preferably in insurance operation to qualify for election to the Board.”

Nomination and Screening Process

1. The Association shall employ only two (2) modes of nomination: Nomination by the Chief of Staff of the Armed Forces of the Philippines and Nomination by the Nomination Committee.
2. Nomination by the Chief of Staff of the Armed Forces of the Philippines. The Chief of Staff of the Armed Forces of the Philippines shall be entitled to cast the votes of any and all members who are not present in person or by proxy (Article V, Section 5 of the Bylaws). In his absence, the Acting Chief of Staff, AFP or the Officer-in-Charge, AFP shall also be vested with such powers.

3. Nomination by the Nomination Committee: Nominations may also be submitted to the Nominations Committee from the regular membership. All regular members of the Association shall be given the right to nominate their candidates or nominees to the Board of Trustees. Upon publication of the Notice of Meeting for the AGM, an invitation shall also be posted for regular members to send their list of candidates for Board seats, together with their profiles, summary of information, or curriculum vitae, to the Nomination Committee via email to bd.relations@afpmbai.ph. The general membership is given until 11 April 2023 to submit their candidates. All nominations shall be in the form of a letter addressed to the Chairman of the Board of Trustees, the Chairman of the Nomination Committee, or the AFPMBAI President. The letter should include the Summary of Information or Curriculum Vitae of the nominee and his written consent to be nominated or elected. The nominee should be duly informed that, should he be elected for the Board seat, his term of office will be up to the next AGM or election of new members of the Board of Trustees, unless sooner terminated or extended in hold-over capacity.
4. The Committee shall then screen these candidates in accordance with the qualifications and disqualifications as provided for in the Revised Corporation Code, the Association's Bylaws and Manual of Corporate Governance, and submit their final list of qualified nominees by the May AGM.
5. The representatives from the Major Service Commands, the Joint Staff of the AFP, the PNP, BFP, BJMP and PCG shall be recommended by their respective Commanding Generals/The Deputy Chief of Staff/*Chiefs of the PNP, BFP, BJMP and PCG*, and screened by the Nomination Committee who will ensure that all fields of expertise and all qualifications are present in the candidates or nominees.
6. The Nomination and Remuneration Committee of the Board of Trustees shall also serve as the Nomination Committee for the purpose of the election proceedings for the AGM.
7. Candidates for the Board seats here enumerated must possess the necessary academic education and experience in business and insurance administration or activities related to the business operations of the Association to qualify as members of the Board. In particular, below are the qualifications and disqualifications of candidates for Board seats:

Qualifications

- a. A regular member of AFPMBAI;
- b. Possesses qualities of integrity and probity; and
- c. Possesses necessary skills and experience in terms of management capabilities, and preferably in the field of insurance, legal, finance/investment management, audit/accounting or related disciplines;

Disqualifications

The following are the grounds for the disqualification of a trustee:

a. Permanently Disqualified

- Any person convicted by final judgment or order by a court, or competent administrative body for an offense involving moral turpitude, dishonesty or breach of trust such as estafa, embezzlement, extortion, forgery, malversation, swindling and theft, counterfeiting, misappropriation, bribery, false affirmation, perjury or other fraudulent acts;
- Any person convicted by final judgment or order by a court of any drug-related case or national security issue, even if granted amnesty;
- Any person who has been adjudged by final judgment or order of the SEC, the Insurance Commission, the BSP, court or other competent administrative body to have violated, or aided, abetted, induced or procured the violation of any provision of the Revised Corporation Code, the Insurance Code, the Securities Regulation Code, or any other law, rule, regulation or order administered by the SEC, IC, or BSP or under Section 26 of the Revised Corporation Code.
- Any person judicially declared to be insolvent, spendthrift or unable to enter into a contract;
- Any person found guilty by final judgment of order of a court or financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;
- Any person convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Revised Corporation Code, committed within five (5) years prior to the date of his election or appointment;
- Directors, trustees, officers or employees of closed insurance companies or any insurance intermediaries who were responsible for such institution's closure as determined by the Insurance Commission;
- Any independent trustee who becomes an officer or employee of AFPMBAI; and,
- Those who may be disqualified based on other grounds that the Securities and Exchange Commission, the Insurance Commission, or other related agencies may provide.

b. Temporarily Disqualified

- Any person who refuses to fully disclose the extent of their business interests when required pursuant to a provision of law or of a circular, memorandum or rule or regulation of the Insurance Commission and the Securities and Exchange Commission, BSP, and other regulators. This disqualification shall be in effect as long as the refusal persists;
- Those who have been absent, or who have not participated, for whatever reason, in more than fifty percent (50%) of all meetings, both regular and special of the Board of Trustees and its Committees during their incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident or other unforeseen or fortuitous events. This disqualification shall render the person ineligible for any allowance. This shall also apply for purposes of the succeeding election;

- Directors/Trustees or officers of closed insurance companies and insurance intermediaries pending clearance from the Insurance Commission;
- Those who failed to observe/discharge their duties and responsibilities prescribed under existing regulations. This disqualification applies until the lapse of the specific period of disqualification by the Insurance Commission;
- Those who failed to attend the seminar/training on corporate governance. This disqualification applies until the director/trustee concerned has attended said activity;
- Persons dismissed/terminated from employment or directorship in another corporation for cause. This disqualification applies for purposes of the succeeding election;
- Persons with derogatory records with the NBI, court, police, involving violation of any law, rules and regulations of the government or any of its instrumentalities adversely affecting the integrity and/or ability to discharge the duties of an insurance trustee. This disqualification applies for purposes of the succeeding election;
- Those holding the position of trustee, director or officer in more than four (4) other corporations and/or in any corporation having the same business interests as AFPMBAI. A trustee should notify the Chairman of AFPMBAI before accepting a directorship/trusteeship in another company;
- Those under preventive suspension by the Head of represented agencies;
- Persons convicted for offenses referred to in the grounds for disqualification of trustees but whose conviction has not yet become final and executory; or
- Persons who are delinquent in the payment of their obligations as defined hereunder:
 - i. Delinquency in the payment of obligations with the Association or its related companies where he/she is a director or officer; or at least two obligations with other insurance companies, under different credit lines or loan contracts;
 - ii. Obligations shall include all borrowings from an insurance company, or its related companies obtained by:
 - A trustee or officer for his own account or as the representative or agent of others or where he/she acts as a guarantor, endorsers, or surety for loans from such institutions;
 - The spouse or child under the parental authority of the trustee or officer; or
 - Any person whose borrowings or loan proceeds were credited to the amount of, or used for the benefit of a trustee or officer.

This disqualification remains in effect as long as the delinquency persists.

8. The Nomination Committee shall submit for the information of the Board of Trustees the final list of nominees for the fifteen (15) Board seats during the last Board meeting prior to the scheduled AGM. No other nominations shall be entertained from the regular members after the official list of nominees has been duly noted by the Board, except for nominations from the Chief of Staff of the Armed Forces of the Philippines.

9. The Chief of Staff of the Armed Forces of the Philippines shall submit his list of nominees to the COMELEC by 14 April 2023, or by the Board meeting for April 2023, provided that the

nominees in the list have been duly certified by the Chairman of the Nomination Committee to be qualified for the Board seats for which they are being considered.

10. The final list of nominees for the fifteen (15) Board seats shall be formally submitted to the Committee on Elections (COMELEC) after notation of the Board of Trustees. The list shall then be published in the AFPMBAI website NLT 8 May 2023 or a day prior to the start of the voting period, whichever comes earlier.

Rules on the Election of the Members of the Board of Trustees

1. A Committee on Election (COMELEC) shall be created to oversee the election process for the AGM, and to proclaim the winning candidates during said meeting.
2. The COMELEC shall be composed of third parties, independent of the AFPMBAI Management and its Board of Trustees, with majority being members of the Bar. It shall have five (5) members representing the Judge Advocate General Service (JAGS) or legal service units of the branches of service which compose the majority of AFPMBAI's regular membership.
3. The COMELEC shall convene prior to the AGM to elect its Chairman and to officially receive the official list of nominees from the Nomination Committee. Once received, it shall validate the qualifications of the nominees in the list in accordance with the prescribed qualifications.
4. The COMELEC shall also validate the election process formulated by the Governance/Election Committee and certify that the procedure fulfills the requirements for election proceedings as required by the Revised Corporation Code and relevant regulatory agencies.
5. On the day of the AGM, the COMELEC shall preside over the election process and shall proclaim the winning candidates.
6. The members of the COMELEC shall be given per diems or honoraria, as approved by the Board of Trustees.

AGM Election Process

1. The official list of nominees for Board seats from the Nomination Committee shall be published through the AFPMBAI Website.
2. Upon registration for the meeting, the regular member eligible to join the AGM shall be given access to an online ballot on which to indicate his vote for the fifteen (15) Board seats. The ballot shall be properly filled-out beginning 12 Noon of 8 May 2023 and not later than 12 Noon

of 12 May 2023, and the results of the online voting shall be submitted to the COMELEC by 1:45 P.M. on the day of the AGM

3. Only votes for candidates in the official list of nominees submitted by the Nomination Committee and/or those nominees submitted by the Chief of Staff of the Armed Forces of the Philippines shall be considered valid.
4. During the AGM proper, at the Election of the Members of the Board of Trustees, the floor shall be given by the presiding officer to the Chairman of the COMELEC and the Chairman shall inform the body of the nomination process (Nomination by Committee and Nomination by Chair), and election process, in accordance with the By-Laws and these Rules, and the rationale therefor.
5. The Chairman of the COMELEC shall then present to the body the official list of nominees submitted by the Nomination Committee and the Chief of Staff of the Armed Forces of the Philippines and shall certify that the COMELEC has validated the qualifications of the candidates for the position for which they are being nominated.
6. After the official list of the nominees has been duly noted by the body, the COMELEC shall proceed to present the result of the tabulation of the election votes, as follows:

Total Number of Regular Members as of _____	_____
Total Number of Votes	_____

Less:

Number of Votes with Assigned Proxy	_____
Number of Votes of Registered Regular Members Present	_____
Number of Votes of Registered Regular Members in Absentia	_____

Total Number of Unassigned Votes	_____
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Add:

Total Number of Proxies Assigned to the AFP Chief of Staff	_____
Total Residual Votes Assigned to the AFP Chief of Staff	_____

A tabulation of all votes cast for each elected Trustee shall be shown to all the members during the AGM.

7. Following this presentation, the COMELEC shall present the list of winning candidates and shall proclaim them as the duly-elected members of the AFPMBAI Board of Trustees for the period from this election until the next AGM or election of Board members.