



Armed Forces and Police Mutual Benefit Association, Inc.

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ANNUAL CORPORATE GOVERNANCE REPORT OF ARMED FORCES AND POLICE MUTUAL BENEFIT ASSOCIATION, INCORPORATED (AFPMBAI)

1. *For the fiscal year ended:* 31 December 2020
2. *Certificate Authority Number:* Mutual Benefit Association's License No. 2019-10-R issued by the Insurance Commission
3. *Province, Country or other jurisdiction of incorporation or organization:* Metro Manila, Philippines
4. *Address of Principal Office, Postal Code:* AFPMBAI Building, Colonel Bonny Serrano Road corner EDSA, Quezon City 1110
5. *Company's telephone number, including area code:* (+632)8822-6224
6. *Company's official website:* www.afpmbai.com.ph
7. *Former name, former address, and former fiscal year, if changed since last report:* N.A.

ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success and sustainability of the corporation in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	C	2020 ANNUAL REPORT Corporate Governance Report: p11 PPT ON NOMINEES FOR THE BOT (shown during AGM 2021)	
2. Board has an appropriate mix of competence and expertise	C	RULES ON NOMINATION AND ELECTION 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;	
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	C		
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	C	2020 ANNUAL REPORT Corporate Governance Report: p10-11	
Recommendation 1.3			
1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors.	C	AMENDED MANUAL OF CORPORATE GOVERNANCE (III. Board of Trustees: H. Trustees' Training, p11-12) "When the course is available, the trustee must undergo a seminar on corporate governance principles offered by the Institute of Corporate Directors, or other SEC-accredited training providers..."	

2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	C	<p>AMENDED MANUAL OF CORPORATE GOVERNANCE (III. Board of Trustees: H. Trustees' Training, p11-12)</p> <p>"Within the month after election, or at the earliest possible time, the trustee must undergo an orientation program that covers the following topics:</p> <ul style="list-style-type: none"> • Introduction to AFPMBAI - Articles of Incorporation and By-Laws, Code of Ethics - Businesses and operations • SEC and IC corporate governance circulars relevant to the Association..." <p>"To ensure that the members of the Board remain qualified for their positions individually and collectively, and to enable them to fulfill their roles and responsibilities and respond to the needs of the Association in light of the evolving business environment and strategic direction, trustees should have an annual continuing education program (CEP) where they are informed of the developments in the business and regulatory environments, including emerging risks relevant to the Association..."</p> <p>2020 ANNUAL REPORT Corporate Governance Report: Continuing Education, p12</p>	
3. Company has relevant annual continuing training for all directors.	C	<p>AMENDED MANUAL OF CORPORATE GOVERNANCE (III. Board of Trustees: H. Trustees' Training, p11-12)</p> <p>"Within the month after election, or at the earliest possible time, the trustee must undergo an orientation program that covers the following topics:</p> <ul style="list-style-type: none"> • Introduction to AFPMBAI - Articles of Incorporation and By-Laws, Code of Ethics - Businesses and operations • SEC and IC corporate governance circulars relevant to the Association..." <p>"To ensure that the members of the Board remain qualified for their positions individually and collectively, and to enable them to fulfill their roles and responsibilities and respond to the needs of the Association in light of the evolving business environment and strategic direction, trustees should have an annual continuing education program (CEP) where they are informed of the developments in the business and regulatory environments, including emerging risks relevant to the Association..."</p> <p>2020 ANNUAL REPORT Corporate Governance Report: Continuing Education, p12</p>	
Recommendation 1.4			
1. Board has a policy on board diversity.	C	<p>AMENDED MANUAL OF CORPORATE GOVERNANCE (III. Board of Trustees: E. Composition of the Board of Trustees and Board Diversity Policy, p8-9)</p> <p>"...AFPMBAI acknowledges that diversity is a significant factor in ensuring that the Board operates with a wide range of perspectives, experience and expertise. The Association also recognizes that diversity in the Board of AFPMBAI is derived from its composition, as provided in the Bylaws, of having a representation from the different branches in the uniformed services: the Philippine Army, Philippine Navy, Philippine Air Force, General Headquarters, Philippine National Police, Philippine Coast Guard, Bureau of Fire Protection, and Bureau of Jail Management and Penology. Further diversity is provided by the presence of a representative from the enlisted personnel, as well as a representative of retired members. All members of the Board are elected based on merit, with qualifications as specified in this Manual."</p>	

Recommendation 1.5			
1. Board is assisted in its duties by a Corporate Secretary.	C	2020 ANNUAL REPORT Corporate Governance Report: Governance Structure, p11-12	
2. Corporate Secretary is a separate individual from the Compliance Officer.	C	AMENDED MANUAL OF CORPORATE GOVERNANCE (VI. Corporate Officers: E. Corporate Secretary, p20-21)	
3. Corporate Secretary is not a member of the Board of Directors.	C	"The Board should ensure that it is assisted in its duties by a Corporate Secretary, who should be a separate individual from the Compliance Officer. The Corporate Secretary, who shall be a citizen and resident of the Philippines, a member of the Bar, may or may not be a member of the Board, but shall be a member of the Association. The Corporate Secretary should annually attend a training on corporate governance..."	
4. Corporate Secretary attends training/s on corporate governance.	C	AMENDED MANUAL OF CORPORATE GOVERNANCE (VI. Corporate Officers: E. Corporate Secretary, p20-21) "The Corporate Secretary should annually attend a training on corporate governance..." 2020 ANNUAL REPORT Corporate Governance Report: Continuing Education, p12	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	C	2020 ANNUAL REPORT: Corporate Governance Report, p18	
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.	C	"The AFPMBAI Board has appointed a Compliance Officer and Alternate Compliance Officer to monitor and oversee the Association's compliance activities with government regulators. Regular, quarterly reports are being made to the Board, thru the Audit Committee. At the same time, the appointed Data Protection Officer, LtCol Jefferson C Almazan PA (Ret), having passed the Level 1 ACE Program of the NPC, ensures that the Association observes and upholds the rights of data subjects/members under the pillars of accountability, compliance, and ethics."	
3. Compliance Officer is not a member of the Board.	C	AMENDED MANUAL OF CORPORATE GOVERNANCE (VIII. Compliance Officer, p22-23) "To insure adherence to corporate principles and best practices, a Compliance Officer, separate from the Corporate Secretary, shall be designated by the Board of Trustees. He shall have direct reporting responsibilities to the Chairman of the Board..."	

		ORGANIZATIONAL STRUCTURE showing ESD under the Office of the President SECRETARY'S CERTIFICATE/LETTER TO IC dated 20 July 2017	
4. Compliance Officer attends training/s on corporate governance annually.	C	2020 ANNUAL REPORT Corporate Governance Report: Continuing Education, p12	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	C	2020 ANNUAL REPORT Board and Board Committee Meeting Attendance and Accomplishment, p13-17	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	C	2020 ANNUAL REPORT Board and Board Committee Meeting Attendance and Accomplishment, p13-17	
2. Board oversees and monitors the implementation of the company's business objectives and strategy in order to sustain the company's long-term viability and strength.	C		
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	C	2020 ANNUAL REPORT Corporate Governance Report: p11 PPT ON NOMINEES FOR THE BOT (shown during AGM 2021)	

Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	C	2020 ANNUAL REPORT Corporate Governance Report: Nomination and Remuneration Committee, p16	
2. Board adopts a policy on the retirement for directors and key officers.	C	NEW BY-LAWS Article VI. Board of Trustees: Section 3: “The Board of Trustees shall consist of fifteen (15) members, <u>all of whom shall be elected during the Annual Membership Meeting from among the regular members of the Association...</u> ” Section 4: “The members of the Board shall serve for a term of one (1) year or until their successors are elected and qualified: provided that no trustee shall serve for more than three (3) consecutive terms, provided further that no trustee shall serve for more than five (5) cumulative terms. Section 5: “Any vacancy in the Board of Trustees other than by removal or expiration of term may be filled by the vote of at least a majority of the remaining trustees, if still constituting a quorum, in a regular or special meeting called for the purpose.” Section 6: “Within fifteen (15) days after the annual membership meeting and election of the trustees, the Board of Trustees shall elect the officers of the Association and organize such committees as it deems necessary. A majority vote of all the members of the Board is needed in the election of officers of the Association...”	
Recommendation 2.5			
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	C	AMENDED MANUAL OF CORPORATE GOVERNANCE (III. Board of Trustees: L. Trustees’ Benefits, p13) “The members of the Board of Trustees shall not receive any compensation or remuneration for their services as such, except for reasonable allowance and per diem...” “...No trustee shall participate in discussions or deliberations involving his own remuneration.”	
2. Board aligns the remuneration of key officers and board members with long-term interests of the company.	C		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	C		

Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	C	RULES ON NOMINATION AND ELECTION AMENDED MANUAL OF CORPORATE GOVERNANCE (III. Board of Trustees: E. Composition of the Board of Trustees and Board Diversity Policy, p8-9) "...The representatives from the Office of the AFP Chief of Staff, the Joint Staff of the AFP, and the Office of the Sergeant Major AFP shall be nominated by the Chief of Staff of the AFP. The Chief of Staff AFP may also nominate independent trustees and a candidate from the general membership (at large). The representatives from the Major Service Commands, the PNP and other Uniformed Services shall be nominated by their respective Commanding Generals/Chiefs of the PNP, BFP, BJMP and PCG. <u>All nominees shall be screened by the Nomination Committee/Nomination and Remuneration Committee who will ensure that all fields of expertise are present in the Board, and approved by the Board of Trustees or elected during the Annual General Membership Meeting...</u> "	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	C		
3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.	C		
4. Board nomination and election policy includes how the board reviews nominated candidates.	C		
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	C		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	C		
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	C	REVISED RMRPTC CHARTER (VI. Responsibilities: B. Related Party Transactions, p2-3) "1. Reviews material RPTs beyond the threshold as may be reported by the Management, for endorsement to the BOT for approval..."	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	C	2020 ANNUAL REPORT Corporate Governance Report: Risk Management and Related Party Transaction Committee, p15-16	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	C	Report on Material Related Party Transactions (RPT), p20	

Recommendation 2.8		
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	C	<p>AMENDED MANUAL OF CORPORATE GOVERNANCE (VI. Corporate Officers, p17) “The corporate officers of the Association shall be a Chairman, a Vice Chairman, a President, a Corporate Secretary, and a Treasurer: <u>Provided, That the majority vote of all the voting members of the Board is required for the election of the officers.</u> The Association may also have, at the discretion of the Board of Trustees, such other officers as it shall deem necessary.”</p> <p>Secretary’s Certificate as per Board Reso No. 59 series of 2017 “The Board of Trustees meeting of the Association held on 11 July 2017 at Quezon City, Philippines, at which meeting a quorum was present, the Board approved the designation of the new Compliance Officer in the person of LtCol Jefferson C Almazan PA (Ret)... under Resolution No. 59, series of 2017...”</p> <p>REVISED AUDIT COMMITTEE CHARTER</p>
<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	C	<p>AMENDED MANUAL OF CORPORATE GOVERNANCE M. Performance Assessment of Trustees, p. 13-15 “The Board and its Board Committees, as well as all individual trustees, and <u>key corporate officers</u> shall be subject to a Performance Evaluation and Rating System in compliance to the requirements of regulatory agencies and to establish a performance feedback system.”</p> <p>“Performance Assessment shall be conducted at the end of each fiscal year, or by the first quarter of the following year.”</p> <p>REVISED AUDIT COMMITTEE CHARTER</p> <p>2020 ANNUAL REPORT Corporate Governance Report: Performance Assessment of the Board of Trustees, p12-13</p>

Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management, including the Chief Executive Officer performance is at par with the standards set by the Board and Senior Management.	C	AMENDED MANUAL OF CORPORATE GOVERNANCE, on Performance Assessment of the President & CEO (III. Board of Trustees: M. Performance Assessment of Trustees 3. President and Chief Executive Officer, p14-15) Quantitative: 60% AFPMBAI Corporate Score	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	C	Qualitative: 40% Implementation of Board Resolutions (15 pts) Transparency and Ethical Standards (15 pts) Effective Relationship with the Board (10 pts) Rater Chairman and Members of the BOT 2020 ANNUAL REPORT Corporate Governance Report: Performance Assessment of the Board of Trustees, p12-13 Rewards Policy, p22	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	C	REVISED AUDIT COMMITTEE CHARTER 2020 ANNUAL REPORT Corporate Governance Report: Audit Committee, p15	
2. The internal control system includes mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	C	2020 INTERNAL AUDIT OFFICE CHARTER	
3. Board approves the Internal Audit Charter.	C		
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	C	REVISED RMRPTC CHARTER 2020 ANNUAL REPORT Corporate Governance Report: Risk Management and Related Party Transaction Committee, p15-16	
2. The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	C	CORPORATE RISK MANAGEMENT PLAN (CRMP)	

Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	C	BOARD CHARTER REVISED RMRPTC CHARTER REVISED AUDCOM CHARTER REVISED INVESTMENT COM CHARTER REVISED SSPC CHARTER REVISED GOVCOM CHARTER REVISED NRC CHARTER	
2. Board Charter serves as a guide to the directors in the performance of their functions.	C		
3. Board Charter is publicly available and posted on the company's website.	C		
Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			
Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	C	AMENDED MANUAL OF CORPORATE GOVERNANCE (V. Board Committees, p15-17) A. Governance Committee B. Audit Committee C. Risk Management and Related Party Transaction Committee D. Investment Committee E. Nomination and Remuneration Committee F. Social Services Program Committee	
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	C	REVISED AUDIT COMMITTEE CHARTER (V. Responsibilities, p2-6)	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman, is independent.	C	REVISED AUDIT COMMITTEE CHARTER (VI. Membership, p. 6) 2020 ANNUAL REPORT Corporate Governance Report: Audit Committee, p15	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	C	PPT ON NOMINEES FOR THE BOT (shown during AGM 2021)	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	C		

Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	C	REVISED GOVERNANCE COMMITTEE CHARTER REVISED NOMINATION AND REMUNERATION COMMITTEE CHARTER	The Association, in order to have more focus on specialized issues/matters and respective functions, has established two (2) separate Board Committees. One is the Governance Committee (GC) handling strategic matters and policy decisions, while the other is the Nomination and Remuneration Committee (NRC) centered on succession planning, performance assessment, and professional development. This way, each Board Committee can tackle extensively and with due diligence specific matters brought to its attention.
2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.	NC		The Association has only three (3) Independent Trustees (compliant with the 20% requirement) who all chair different Committees. This way, each independent trustee can give its full attention and sufficient/ample time for deliberations in their respective Board Committee.
3. Chairman of the Corporate Governance Committee is an independent director.	C	REVISED GOVERNANCE COMMITTEE CHARTER VII. Membership, p. 4 2020 ANNUAL REPORT Corporate Governance Report: Governance Committee, p14-15	
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	C	REVISED RMRPTC CHARTER	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	C	REVISED RMRPTC CHARTER VII. Membership, p. 3	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	C	2020 ANNUAL REPORT Corporate Governance Report: Risk Management and Related Party Transaction Committee, p15-16	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	C	PPT ON NOMINEES FOR THE BOT (shown during AGM 2021)	

Recommendation 3.5			
1. The Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	C	REVISED RMRPTC CHARTER (VI. Responsibilities, p2-3)	
2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.	C	REVISED RMRPTC CHARTER VII. Membership, p. 3 2020 ANNUAL REPORT Corporate Governance Report: Risk Management and Related Party Transaction Committee, p15-16	
Recommendation 3.6			
1. All established committees have a Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	C	REVISED RMRPTC CHARTER REVISED AUDCOM CHARTER REVISED INVESTMENT COM CHARTER REVISED SSPC CHARTER REVISED GOVCOM CHARTER REVISED NRC CHARTER	
2. Committee Charters provide standards for evaluating the performance of the Committees.	C		
3. Committee Charters were fully disclosed on the company's website.	C	Posted on the company website	
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele/video conferencing conducted in accordance with the rules and regulations of the Commission.	C	AMENDED PROTOCOL FOR BOARD MEETINGS Quorum and Attendance, p. 1 AMENDED PROTOCOL FOR BOARD COMMITTEE MEETINGS Quorum and Attendance, p. 1 2020 ANNUAL REPORT Corporate Governance Report, p14-17	

2. The directors review meeting materials for all Board and Committee meetings.	C	<p>AMENDED PROTOCOL FOR BOARD COMMITTEE MEETINGS (6. Distribution of Committee Meeting Materials, p. 2) “...As such, the materials pertaining to the order of business of the Committee meeting should be completed by the Technical Working Group of the Committee and distributed, either in writing or electronically, to all members of the Committee at least three (3) working days in advance of the meeting...”</p> <p>AMENDED PROTOCOL FOR BOARD MEETINGS (5. Distribution of Board Meeting Materials, p. 3) “The Corporate Secretary and Management shall ensure that all information relevant to the Board’s understanding of matters to be discussed at an upcoming Board meeting shall be distributed either in writing or electronically, to all members of the Board at least five (5) working days in advance of the meeting...”</p>	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	C	<p>MINUTES OF MEETINGS (Governance Committee Meeting, AFPMBAI Board of Trustees Special Board Meeting “Online”) submitted to the Insurance Commission (attached to the 2020 Annual Statement)</p>	
Recommendation 4.2			
1. Non-executive directors concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities (ICREs) and publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.	C	<p>AMENDED MANUAL OF CORPORATE GOVERNANCE (III. Board of Trustees: N. Multiple Board Seats, p15)</p> <p>Directorship in other corporations are automatically disclosed in the Beneficial Ownership Transparency Declaration (BOTD) and Consent Agreement Form. These Forms are mandatory and required by the Securities and Exchange Commission (SEC)</p>	
Recommendation 4.3			
1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.	C	<p>Directorship in other corporations are automatically disclosed in the Beneficial Ownership Transparency Declaration (BOTD) and Consent Agreement Form. These Forms are mandatory and required by the Securities and Exchange Commission (SEC)</p>	
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs.			
Recommendation 5.1			
1. The Board is composed of at least twenty percent (20%) independent directors.	C	<p>2020 ANNUAL REPORT Corporate Governance Report: The Board of Trustees, p11</p>	

Recommendation 5.2			
1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.	C	AMENDED MANUAL OF CORPORATE GOVERNANCE (III. Board of Trustees: G. Independent Trustees, p10-11)	
Recommendation 5.3			
1. The independent directors serve for a maximum cumulative term of nine years. As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organizations shall be from 21 September 2016. For other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this item.	C	AMENDED MANUAL OF CORPORATE GOVERNANCE (III. Board of Trustees: I. Term of Office, p12) 2020 ANNUAL REPORT Corporate Governance Report, p14	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	C	AMENDED MANUAL OF CORPORATE GOVERNANCE (III. Board of Trustees: I. Term of Office, p12) "The members of the Board shall serve for a term of one (1) year or until their successors are elected and qualified: Provided that no trustee shall serve for more than three (3) consecutive terms, provided further that no trustee shall serve for more than five (5) cumulative terms."	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board submits to the Insurance Commission a formal written justification and seek shareholders' approval during the annual shareholders' meeting.	C	NEW BY-LAWS There is no instance that we accept an Independent Director serving for nine (9) years or more. Under Section 4 of the 2019 New By-laws, it states that <i>"The members of the Board shall serve for a term of one (1) year or until their successors are elected and qualified: Provided that no trustee shall serve for more than three (3) consecutive terms, provided further that no trustee shall serve for more than five (5) cumulative terms"</i>	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	C	AMENDED MANUAL OF CORPORATE GOVERNANCE (VI. Corporate Officer: A. Chairman of the Board, p17) 2020 ANNUAL REPORT, p29&32	

<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>C</p>	<p>AMENDED MANUAL OF CORPORATE GOVERNANCE (VI. Corporate Officer: A. Chairman of the Board, p17-18 B. President and CEO, p19-20)</p> <p>A. Chairman of the Board “The positions of Chairman of the Board and Chief Executive Officer (CEO) shall be held by separate individuals with clearly defined responsibilities. The Chairman shall preside over the meetings of the Association and the Board of Trustees. In his absence, the Vice Chairman shall preside over such meetings...” B... C. President and Chief Executive Officer “All Board authority delegated to Management is delegated through the President and CEO, so that all authority and accountability of Management – as far as the Board is concerned – is considered to be the authority and accountability of the President... ...The President and CEO shall have general supervision, direction and control of the business and affairs of the Association. He shall have the general powers and duties of Management usually vested in the office of the President of the Association...”</p>	
<p>Recommendation 5.5</p>			
<p>1. If the Chairman of the Board is not an independent director or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent directors.</p>	<p>C</p>	<p>AMENDED MANUAL OF CORPORATE GOVERNANCE (VI. Corporate Officers, A. Chairman of the Board, p.17) “The positions of Chairman of the Board and Chief Executive Officer shall be held by separate individuals with clearly defined responsibilities.”</p> <p>2020 ANNUAL REPORT Corporate Governance Report, p14</p>	

Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.	C	AMENDED MANUAL OF CORPORATE GOVERNANCE (V. Board Committees, p.15) “The Board Committees shall pre-screen all matters for approval and information of the Board of Trustees to guarantee an independent and objective compliance with corporate governance policies...” (D. Responsibilities of the Board, p. 8) “3. To adopt a system of internal checks and balances and to ensure that its actions comply with all laws, rules and regulations, its Articles of Incorporation and By-Laws, and the business practices.	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation.	C	2020 ANNUAL REPORT Corporate Governance Report: Audit Committee, p15	
2. The meetings are chaired by the lead independent director.	C		
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. The Board conducts an annual assessment of its performance as a whole.	C	AMENDED MANUAL OF CORPORATE GOVERNANCE (III. Board of Trustees: M. Performance Assessment of Trustees, p13-15) “The Board and its Board Committees, as well as all individual trustees and key corporate officers shall be subject to a Performance Evaluation and Rating System in compliance to the requirements of regulatory agencies and to establish a performance feedback system... Performance Assessment shall be conducted at the end of each fiscal year, or by the first quarter of the following year...” 2020 ANNUAL REPORT Corporate Governance Report: Performance Assessment of the Board of Trustees, p12-13	
2. The performance of the Chairman is assessed annually by the Board.	C		The Performance of the Chairman is assessed by the GovCom Chairman.
3. The performance of the individual member of the Board is assessed annually by the Board.	C		The performance of individual Trustees is assessed by the GovCom Chairman and the Board Chairman
4. The performance of each committee is assessed annually by the Board.	C		

5. Every three years, the assessments are supported by an external facilitator.	NC		Since the usual term of office of a trustee is limited to one year or less, changes are possible every year during Annual General Meeting (AGM), thus assessment of every trustee's performance every three years by an external facilitator might not necessarily serve the best interest of the Association. The same trustee will no longer be around for the next assessment season. Moreover, assessment by an external facilitator will always entail additional cost to the company considering now at this time of pandemic, resources are being utilized for the most basic necessities. We will just consider this recommendation in future planning of the Board.
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	C	AMENDED MANUAL OF CORPORATE GOVERNANCE (III. Board of Trustees: M. Performance Assessment of Trustees, p14-15)	
2. The system allows for a feedback mechanism from the shareholders.	C		
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	C	CODE OF CONDUCT AND CODE OF ETHICS	

2. The Code is properly disseminated to the Board, senior management and employees.	C	AMENDED MANUAL OF CORPORATE GOVERNANCE (III. Board of Trustees: H. Trustees' Training, p11) "Within the month after election, or at the earliest possible time, the trustee must undergo an orientation program that covers the following topics: <ul style="list-style-type: none"> • Introduction to AFPMBAI - Articles of Incorporation and By-Laws, Code of Ethics - Businesses and operations • SEC and IC corporate governance circulars relevant to the Association 	
3. The Code is disclosed and made available to the public through the company website.	C	CODE OF CONDUCT AND CODE OF ETHICS	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	C	AMENDED MANUAL OF CORPORATE GOVERNANCE (VIII. Compliance Officer, p. 22-23) "To ensure adherence to corporate principles and best practices...	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	C	The Governance Committee is requiring quarterly reporting both from the Compliance Officer and the Legal Officer.	
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	C	2020 ANNUAL REPORT	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	C	2020 ANNUAL REPORT Corporate Governance Report: p11 PPT ON NOMINEES FOR THE BOT (shown during AGM 2021)	

2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	C	2020 ANNUAL REPORT, p32 PROFILES OF KEY OFFICERS	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	C	NEW BY-LAWS (Article VI. Board of Trustees, Section 12. Remuneration) “The members of the Board of Trustees shall not receive any compensation or remuneration for their services as such, except for reasonable allowance and per diem.” AMENDED ARTICLES OF INCORPORATION “TENTH: That the trustees of AFPMBAI do not receive any compensation or remuneration, except for reasonable allowance and per diems. (As amended on 9 June 2018)”	
2. Company provides a clear disclosure of its policies and procedure for setting Executive remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	NC		Remuneration of all employees, including executive remuneration, is based on the Board-approved Salary Structure and Compensation package, duly researched and deliberated upon by the Nomination and Remuneration Committee, and ratified by the members during the Annual General Membership (AGM) meeting. Ratification during AGM is in effect already answers the disclosure requirement.
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	NC		Although remuneration of an executive trustee is not disclosed due to data privacy considerations, his termination/retirement is always aligned and consistent with the provisions of the New By-Laws and the AMENDED MANUAL OF CORPORATE GOVERNANCE on Term of Office, being an elected officer of the Association.

Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	C	2020 ANNUAL REPORT Corporate Governance Report: Risk Management and Related Party Transaction Committee, p15-16 Report on Material Related Party Transactions (RPT), p20 REVISED RMRPTC CHARTER	
2. Company discloses material or significant RPTs in its Annual Company Report or Annual Corporate Governance Report, reviewed and approved by the Board, and submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting during the year.	C	2020 ANNUAL REPORT Report on Material Related Party Transactions (RPT), p20	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	C	AMENDED MANUAL OF CORPORATE GOVERNANCE <i>MCG is one of the references uploaded on the website</i>	
2. Company's MCG is posted on its company website.	C		
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	C	REVISED AUDIT COMMITTEE CHARTER (V. Responsibilities, p2-6) "8. External Auditors f. Ensure that an external auditing firm is hired every two (2) years but not exceed six (6) years of continuous engagement. The renewal of engagement shall be subject to performance evaluation by the Technical Working Group (TWG) Statutory Audit for the approval of the Audit Committee. In case of breach committed by the external auditor of any of the provisions in the engagement contract, the Audit Committee shall have the power to terminate the same upon written notification."	

		<p>AFPMBAI MEMORANDUM CIRCULAR NO. 005-2020 VII. Procedure: A. Process in the Selection of External Auditor for Statutory Audit B. Steps Involved in the Invitation, Evaluation and Selection of External Auditor)</p> <ol style="list-style-type: none"> 1. Invitation of Bidders/Proponents 2. Evaluation of Proposals: (a) Pre-qualification Procedure (b) Rating and Selection of Proponents 3. Preparation of Minutes of Meeting 4. Endorsement of the Winning Proponent 5. Re-engagement of Incumbent External auditor 6. Breach of Contract <p>2020 ANNUAL REPORT Corporate Governance Report, p10</p>	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	C	<p>SCRIPT OF THE CHAIRMAN, AUDIT COMM DURING AGM</p> <p>2020 ANNUAL REPORT Corporate Governance Report, p10</p>	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	C	<p>REVISED AUDIT COMMITTEE CHARTER (V. Responsibilities, p2-6)</p> <p>“8. External Auditors f. Ensure that an external auditing firm is hired every two (2) years but not exceed six (6) years of continuous engagement. The renewal of engagement shall be subject to performance evaluation by the Technical Working Group (TWG) Statutory Audit for the approval of the Audit Committee. In case of breach committed by the external auditor of any of the provisions in the engagement contract, the Audit Committee shall have the power to terminate the same upon written notification.”</p> <p>AFPMBAI MEMORANDUM CIRCULAR NO. 005-2020 (VII. Procedure: B. Steps Involved in the Invitation, Evaluation and Selection of External Auditor)</p>	

		<p>6. Breach of Contract Examples of breach of contract are, but not limited to the following: i. Failure to perform some aspect of the contract ii. Failure to deliver on-time a. In case of breach of the provisions of the contract by the external auditor, TWG- SA shall recommend expeditiously necessary courses of action, either termination or remedial action, to the Management. b. The case should be elevated to the BOT through the AudCom.</p>	
Recommendation 9.2			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. Assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and . iii. Exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	C	REVISED AUDIT COMMITTEE CHARTER	
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	C	REVISED AUDIT COMMITTEE CHARTER	
Recommendation 9.3			
<p>1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.</p>	C	There was no non-audit service performed by the same external auditor handling the statutory audit in CY2020.	

2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	C	There was no non-audit service performed by the same external auditor handling the statutory audit in CY2020. REVISED AUDIT COMMITTEE CHARTER, No. 8.c. Page 5	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	C	AMENDED ARTICLES OF INCORPORATION Anchored mainly on the purpose of fostering brotherhood, (damayan), mutual help and benefit among the members, the Association conducts operations and activities aligned with the corporate thrust of providing socio-economic-environmental benefits to the members/shareholders, and employees. CORPORATE SOCIAL RESPONSIBILITY REPORT, p24-28 The Management provides the Board of Trustees, thru its various Committees, regular monthly/quarterly/annual reports and assessment of company performance with full disclosure on economic, environmental, social, and governance issues, top risks, its impact and likelihood, mitigation strategies that affect the entire business operations of the company. REVISED SOCIAL SERVICES PROGRAM COMMITTEE CHARTER	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	NC		Although the Association does not have a consolidated Sustainability Report that follows a certain template/format, however, taken separately, the Strategic Management Office collates all Economic, Environmental, and Social reports from concerned Units and regularly reports the same to the appropriate Board Committee/s and to the Board.
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			
1. The company should have a website to ensure a comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public.	C	Communication channels used by the company: Company website: www.afpmbai.com.ph Facebook page: www.facebook.com/AFPMBAIOfficial Official Email: mail@afpmbai.ph Phone: +632 8822-MBAI (6224)	

Internal Control System and Risk Management Framework

Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

Recommendation 12.1

1. Company has an adequate and effective internal control system in the conduct of its business.	C	SCRIPT OF CHAIRMAN AUDIT COM DURING AGM 2021 2020 ANNUAL REPORT Corporate Governance Report: Audit Committee, p15	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	C	SCRIPT OF CHAIRMAN AUDIT COM DURING AGM 2021 CORPORATE RISK MANAGEMENT PLAN 2020 ANNUAL REPORT Corporate Governance Report: Key Risks, p19-20	

Recommendation 12.2

1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	C	2020 INTERNAL AUDIT OFFICE CHARTER	
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Recommendation 12.3

1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board.	C	REVISED AUDIT COMMITTEE CHARTER	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	C	<p>The Audit Committee, as the arm of the Board, advises the Board of Trustees on the qualifications, recruitment, appointment and removal, as well as evaluations and performance of the Head, Internal Audit Office (IAO). The Board, thru Resolution No. 32 Series of 2014, has devolved the power to the President and CEO to approve the functions corresponding to the corporate ranks of Vice-President and below.</p> 2020 INTERNAL AUDIT OFFICE CHARTER	

3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	C	ORGANIZATIONAL STRUCTURE SHOWING IAO 2020 INTERNAL AUDIT OFFICE CHARTER The internal audit activity is housed fully within the Association. It is not being outsourced.	
Recommendation 12.4			
1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	C	ORGANIZATIONAL STRUCTURE SHOWING RMO CORPORATE RISK MANAGEMENT PLAN (CRMP) (III. Risk Management Framework: B. Roles and Responsibilities, p7-8) The Risk Management Committee The Risk Management Committee (RMC) shall ensure that the Risk Management Plan is properly executed consistent with the corporate risk management. It is in charge of supervising the day-to-day risk management of the Association. It is responsible for the direction, coordination and application of risk management and internal control down the line to the Risk Management Teams. It shall provide consultative support to the RMRPTC in matters involving risk management Risk Management Team The Risk Management Team participates in the risk management process by providing candidate risk input and supporting risk mitigation planning and execution activities.	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	C	ORGANIZATIONAL STRUCTURE The Risk Management Office (RMO) is under the Office of the Head, Executive Services Division (ESD) who also acts as the Compliance Officer duly appointed by the Board of Trustees. Risk management functions and responsibilities are within the job description of Head, RMO and Head, ESD. ESD is directly under the Office of the President.	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities	C	CORPORATE RISK MANAGEMENT PLAN (CRMP)	

Cultivating a Synergic Relationship with Shareholders

Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	C	AMENDED MANUAL OF CORPORATE GOVERNANCE, p.4	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	C	Since members/shareholders are also insurance policyholders, The Bill of Rights of Policyholders are disclosed in the company website.	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting.	C	2020 ANNUAL REPORT, Corporate Governance Report, p9 NOTICE OF THE 2021 ANNUAL MEETING	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	C	2020 ANNUAL REPORT, Corporate Governance Report, p9 VOTING RESULT OF THE 2020 ANNUAL MEETING SUMMARY OF MINUTES OF 2021 AGM	
2. Minutes of the Annual and Special Shareholders' Meetings are available on the company website within five business days from the end of the meeting.	C	2020 ANNUAL REPORT, Corporate Governance Report, p9 SUMMARY OF MINUTES OF THE 2020 AGM SUMMARY OF MINUTES OF 2021 AGM	
Recommendation 13.4			
1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner	C	2020 ANNUAL REPORT Corporate Governance Report: Policy on Intra-corporate Dispute, p21	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	NC		Although there is already a company policy on this, this has yet to be included in the Manual of Corporate Governance since amendment thereof entails the tedious process of amendment thru the Board-appointed Ad-Hoc Committee on Amendments. Nevertheless, this and other possible amendments will be discussed in future meetings and for ratification during the Annual General Membership Meeting.

Duties to Stakeholders

Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	C	2020 ANNUAL REPORT Corporate Social Responsibility Report, p24-28
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Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	C	2020 ANNUAL REPORT Corporate Social Responsibility Report, p24-28
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Recommendation 14.3

1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	C	2020 ANNUAL REPORT Corporate Governance Report: Whistle-blowing Policy, 22 CODE OF ETHICS, p7 Whistleblower Policy Employees, stakeholders and members are encouraged to report in writing unethical practices to the concerned immediate superior or Head, HRD or AFPMBAI's Chief Corporate Services Officer, respectively, as most problems in this area can be resolved swiftly. The said offices, through an open-door policy, will accommodate problems on ethics. All of us are responsible for preventing violations of law and for acting as whistleblowers if we see possible breaches of internal policies, rules and regulations. The Association has a website, and various social media accounts (Facebook, Instagram, etc) where members can reach/contact in case of concerns/queries/complaints.
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Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	C	2020 ANNUAL REPORT Corporate Governance Report: Health, Safety, Welfare, Training, and Development, p23	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	C	2020 ANNUAL REPORT Corporate Governance Report: Anti-Corruption Program, 22 CODE OF CONDUCT (Anti-Corruption Program & Procedures, p7-17) CODE OF ETHICS, p7 Anti-Bribery & Anti-Corruption Policy "We are committed to maintaining the highest ethical standards and vigorously enforcing the integrity of our business practices nationwide. AFPMBAI will not engage in bribery or corruption."	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	C	2020 ANNUAL REPORT Corporate Governance Report: Adherence to AFPMBAI Code of Ethics and Code of Conduct, p22	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	C	CODE OF ETHICS, p7 Whistleblower Policy Employees, stakeholders and members are encouraged to report in writing unethical practices to the concerned immediate superior or Head, HRD or AFPMBAI's Chief Corporate Services Officer, respectively, as most problems in this area can be resolved swiftly. The said offices, through an open-door policy, will accommodate problems on ethics. All of us are responsible for preventing violations of law and for acting as whistleblowers if we see possible breaches of internal policies, rules and regulations. CODE OF CONDUCT (Investigation Rules and Procedure, p22-27)	

<p>2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.</p>	<p>C</p>	<p>CODE OF ETHICS, p7 Whistleblower Policy Employees, stakeholders and members are encouraged to report in writing unethical practices to the concerned immediate superior or Head, HRD or AFPMBAI's Chief Corporate Services Officer, respectively, as most problems in this area can be resolved swiftly. The said offices, through an open-door policy, will accommodate problems on ethics. All of us are responsible for preventing violations of law and for acting as whistleblowers if we see possible breaches of internal policies, rules and regulations.</p>	
<p>3. Board supervises and ensures the enforcement of the whistleblowing framework.</p>	<p>NC</p>		<p>Although there is already a Whistleblowing Policy embedded in the Code of Ethics, a more detailed implementation plan and procedure is yet to be established. We will include this topic in future strategic planning sessions.</p>
<p>Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.</p>			
<p>Recommendation 16.1</p>			
<p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p>C</p>	<p>2020 ANNUAL REPORT/CSR REPORT Corporate Governance Report: Safeguarding the Environment, p22</p>	



Armed Forces and Police Mutual Benefit Association, Inc.


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Republic of the Philippines)
Quezon City, M.M.) S.S.


CERTIFICATION

The undersigned certify that the responses and explanations set forth in the above Company's Annual Corporate Governance Report are true, complete and correct of our own personal knowledge and/or based on authentic records.

Signed in Quezon City this MAY 24 2021 2021.



GEN CIRILITO E SOBEJANA PA
CHAIRMAN OF THE BOARD
Officer ID No. OTAG-O-9786-2458
Issued at AFP



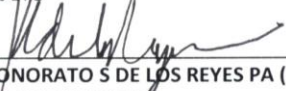
MGEN RIZALDO B LIMOSO PA (Ret)
PRESIDENT/CEO
Retired Officer ID No. OTAG-O-9490-176990
Issued at AFP




ATTY RENATO S DAVID
CORPORATE SECRETARY
Signature over printed name
ID No. N02-94-231191
Issued at LTO



LTCOL JEFFERSON C ALMAZAN PA (Ret)
CORPORATE GOVERNANCE COMPLIANCE OFFICER
ID No. 33-7894814-7
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BGEN HONORATO S DE LOS REYES PA (Ret)
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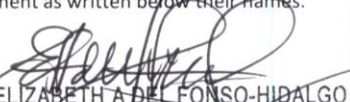


MGEN ROLANDO B TENEFRANCIA PA (Ret)
INDEPENDENT TRUSTEE
Senior Citizen ID No. 11223-R
Issued at OSCA, QC

SUBSCRIBED AND SWORN to before me this MAY 24 2021 2021, by the following who are all personally known to me (or whom I have identified through competent evidence of identity) and who exhibited to me their respective identification document as written below their names.

Witness my hand and seal.

Doc. No. 8
Page No. 3
Book No. IV
Series of 2021.



Atty. ELIZABETH A DEL FONSO-HIDALGO
Notary Public - Quezon City
Commission No. NP-061 (2020-2021)
Roll No. 50704 IBP Lifetime #07596 QC
PTR No. 0096646 Issued at QC on 01/13/2021
MCLE Compliance No. VI-0004842
AFPMBAI BLDG., COL BONNY SERRANO ROAD
CORNER EDSA, QUEZON CITY
Buhay na Panatag.