



**KGI-MUTUAL BENEFITS ASSOCIATION, INC.**  
**CORPORATE GOVERNANCE MANUAL**  
**(Version: June 9, 2015)**

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## **PART I - INTRODUCTION**

### **1.1 Brief History of the Organization**

KGI started in Kalookan, Zambales and Malate by lending only to families wishing to improve their lives by building their business to source their daily needs. While multiplying the members, one of the problems facing the institution is the death of the member while it still has a loan. The management then started to seek on how to provide risk protection to its members and their dependents. Thus, the KGI implemented MMF or the Members Mutual Fund. The MMF became the response to cover the remaining loan balance of the members and no need to pay more by his family.

Over the years, KGI continually enhanced and increased the benefits of the members in MMF. Until not only the debt left by members of the MMF were answered but also a small amount were given to his family members to bury him/her properly. Further, a portion of their hospitalization were also covered by their contribution to MMF.

In 2008, KGI began to study about Mutual Benefit Association, a more stable institution that can provide the members and their legal dependents a benefit in case an unforeseen event come to their lives. An institution that is guided by the Insurance Commission (IC) and the Securities and Exchange Commission (SEC) and ensures that the institution meets the benefits promised to its members.

Due to Joint IC-CDA-SEC Memorandum Circular No. 01-2011 of the Insurance Commission, the management and Board of Trustees of KGI decided to establish its own MBA through the help of RIMANSI, a Non—Government Organization who helps microfinance institutions to have their own MBA, in preparing the documents and doing assessment for KGI to be able to register KGI's MBA to SEC and have the license to operate to the Insurance Commission. In 2010, RIMANSI and KGI had the Memorandum of Agreement and completed the required documents to become a full MBA.

In September 23, 2011, KGI Mutual Benefit Association, Inc. was registered to the Securities and Exchange Commission with certification number CN201117039, and also received its license from the Insurance Commission granted on the 14th of February, 2012 with license number 2012-2-0.

With the help of a thorough study of the actuary for providing proper benefits for members and staff, the management is searching for other benefits to increase service and to meet their other insurance needs that will match in times of crisis.

At this time, KGI and KGI MBA is committed to its mission and its true concern for the poor family. The program continues to grow and continuing serving the poor people through micro-financing and micro-insurance program.

## **1.2 Vision, Mission, Goals, Core Values**

### **1.2.1 Association's Vision:**

"A God-centered institution dedicated to poverty alleviation in the community"

### **1.2.2 Association's Mission:**

To bring financial security and peace of mind to poor households by providing them quality and affordable micro-insurance products and services.

### **1.2.3 Goals & Objectives:**

That the purpose for which such association is formed is to advance the interests and promote the welfare of the poor in particular and the interest and welfare of the Philippines in general. Specifically the association shall seek:

- 1.2.3.1 To extend financial assistance to its members, spouse, children and parents in the form of death benefits, sickness benefits, provident savings and loan redemption assistance;
- 1.2.3.2 To ensure continued access to benefits/ resources by actively involving the members in the management of the association that will include implementation of policies and procedures geared towards sustainability and improved services

### **1.2.4 Core Values**

#### **1.2.4.1 Service**

Employees of KGI Mutual Benefit Association Inc. must serve at all times with sincerity and humility for the upliftment of every member. Sharing the skills and knowledge they possess to the fullest and not for the sake of their own vested interest is essential.

#### **1.2.4.2 Poverty Alleviation**

Employees must guide and direct the members at all times to improve their social status. They must be a vital partner in giving strength and hope in changing the lives of every member, moving them out of poverty and strengthening their critical consciousness.

#### **1.2.4.3 Dignity and Worth of a Person**

Service with respect to people is a prestigious work and profession for every employee. They must be responsible with determination and dignity at all times; broaden the capacity to address the needs of every member in changing their lives and respecting the indifferences of every individual, ethnic and culture.

**1.2.4.4 Importance of Human Relationship**

Employees must understand that a good relationship is an instrument of Change. They must strengthen the good relationship in the quest to improve the social status of every member, their family, their center, and the community where they belong and as well as the institution.

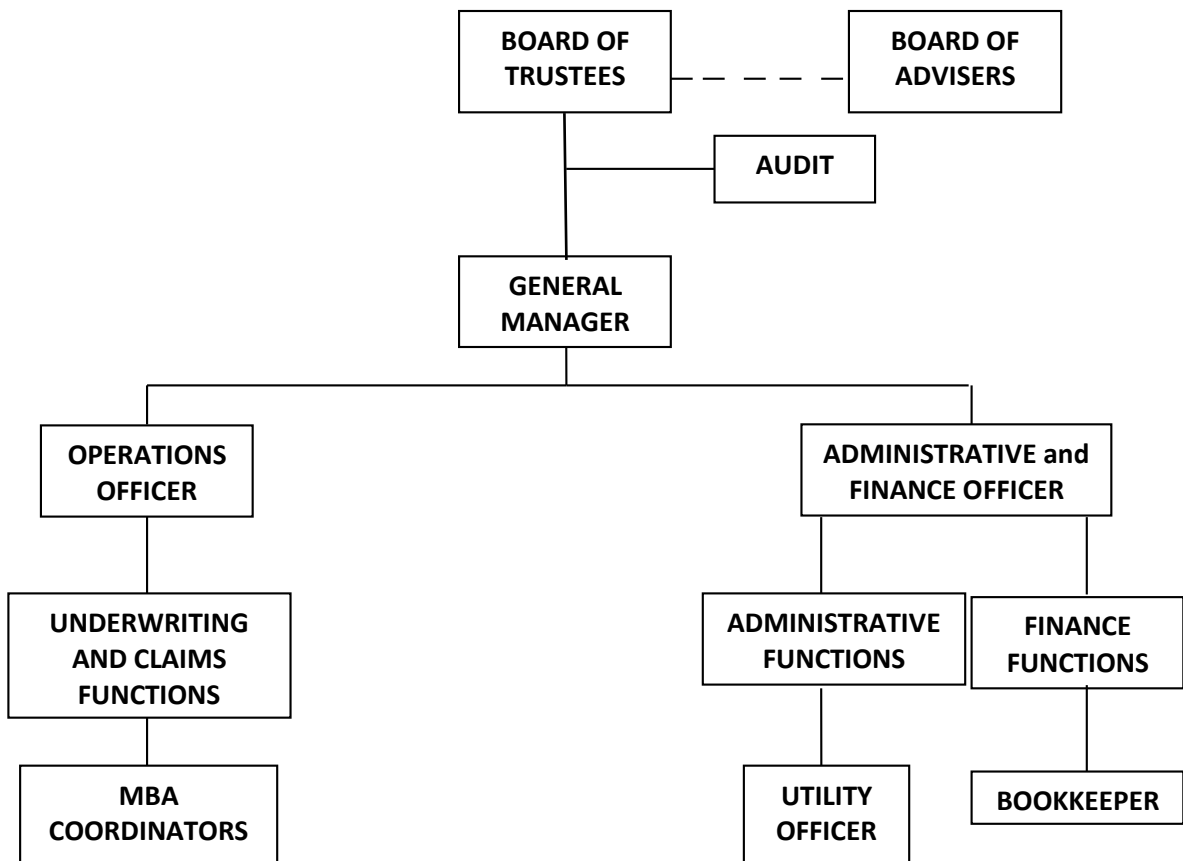
**1.2.4.5 Integrity**

Employees must always bear in mind the vision & mission, code of conduct, values, policies & procedures and work ethics of the institution and they must continue to serve with sincerity and confidence to the institution.

**1.2.4.6 Competence**

Employees must continuously strive to improve their work, knowledge and skills.

**1.3 Organizational Structure**



## 1.4 Overview of Programs

The KGI-MBA provides a micro-insurance program for the poor. It has the following products:

- 1.4.1 Life insurance program with disability and health benefits
- 1.4.2 Refund of member's Savings or Equity Value

## 1.5 Commitment to Good Corporate Governance

The Board of Trustees and Management of KGI-Mutual Benefits Association hereby commit themselves to the principles and best practices contained in this Manual, and acknowledge that the same may guide the attainment of its corporate goals.

## 1.6 Objective of the Manual

This Manual is primarily intended to implement the objectives of the Code of Corporate Governance issued by the Insurance Commission (IC) for the enhancement of the corporate accountability of Association's Trustees, management and employees and promote the interests of the stakeholders specifically those of the policyholders, claimants and clients.

This Manual also institutionalizes the principles of good corporate governance in the entire organization. It provides general guidelines that would ensure that the Association's Management continues to enhance the value of the KGI-MBA as it competes in an increasingly global market place.

The Association's Board of Trustees and Management, employees, and policyholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management, and will therefore undertake every effort necessary to create awareness within the organization of the importance of good corporate governance.

## 1.7 Definition of Terms

**Corporate Governance** – the framework of rules, systems and processes in the association that governs the performance by the Board of Trustees and Management of their respective duties and responsibilities to the stakeholders;

**Association** - as referred to in this Manual is KGI-Mutual Benefit Association Inc.

**Board of Trustees**– the governing body elected by the member's that exercises the corporate powers of the KGI-MBA, conducts all its business and controls its properties;

**Management** – the body given the authority by the Board of Trustees to implement the policies it has laid down in the conduct of the business of the association;

**Independent Trustee** – is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a trustee;

**Internal control** – the system established by the Board of Trustees and Management for the accomplishment of the association’s objectives, the efficient operation of its business, the reliability of its financial reporting, and faithful compliance with applicable laws, regulations and internal rules;

**Internal control system** – the framework under which internal controls are developed and implemented (alone or in concert with other policies or procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the corporation is exposed;

**Internal audit** – an independent and objective assurance activity designed to add value to and improve the corporation’s operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes;

**Internal Auditor** – the highest position in the corporation responsible for internal audit activities. If internal audit activities are performed by outside service providers, he is the person responsible for overseeing the service contract, the overall quality of these activities, and follow-up of engagement results.

## **PART II - GOVERNANCE STRUCTURE**

### **2.1 The Board of Trustee**

#### **2.1.1 Composition**

The Board of Trustees of KAZAMA Grameen (KGI) - Mutual Benefit Association (KGI-MBA) Inc. shall consist of seven (7) members namely the following: five (5) trustees shall be elected by the active members with existing loans funded by KAZAMA Grameen, Inc. (KGI); (2) independent trustees, to be elected by the active members with existing loans funded by KAZAMA Grameen, Inc. (KGI).

#### **2.1.2 Multiple Board Seats**

The Board may consider the adoption of guidelines on the number of trusteeships/directorships that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a trustee/director to diligently and efficiently perform his duties and responsibilities.

#### **2.1.3 Qualifications of Trustee**

The trustees to be elected must be of legal age, recognized active beneficiary member of the KGI-MBA or any of its affiliates, has consistently performed very satisfactorily for at least the last three (3) years of his/her membership and has an on-going business funded by loan from KAZAMA Grameen, Inc. (KGI) or any of its affiliates and is willing to perform the functions of a trustee without any remuneration.



#### **2.1.4 Disqualifications of Trustees**

No member convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code of the Philippines committed within five (5) years prior to the date of his/her election or appointment, shall qualify as a Trustee or Officer. In addition, a member whose membership has been terminated due to various reasons, and/or has resigned from membership with KAZAMA Grameen, Inc. (KGI) or any of its affiliates, shall also be disqualified from being a Trustee or Officer.

#### **2.1.5 Duties, Functions & Responsibilities of the Board**

##### **2.1.5.1 General Responsibility**

Unless otherwise provided by law, the corporate powers of KAZAMA Grameen Inc. - Mutual Benefit Association, Inc. (KGI-MBA) shall be exercised, all business conducted and all properties of the corporation controlled and held by the Board of Trustees subject to approval of the majority of its members.

##### **2.1.5.2 Powers, Duties and Functions**

Without prejudice to such powers as may be granted by law, the Board of Trustees shall have the following powers:

- 2.1.5.2.1 To promulgate rules and regulations consistent with these by-laws, and to review, revise or amend the same when it deems necessary for the management of the association's business and affairs;
- 2.1.5.2.2 To purchase, receive, take or otherwise acquire for and in the name of KGI-MBA, any and all properties, rights, or privileges, including securities and bonds of other corporations, for such consideration and upon such terms and conditions as the Board may deem proper or convenient;
- 2.1.5.2.3 To invest the funds of KGI-MBA in other corporations or for purposes other than those for which the association was organized, subject to such approval of the members as may be required by law;
- 2.1.5.2.4 To incur indebtedness as the Board may deem necessary, to issue evidence of indebtedness including notes, deeds of trust, bonds, debentures, or securities, subject to such approval of the members as may be required by law, and/or pledge, mortgage, or otherwise encumber part of the properties of KGI-MBA;

- 2.1.5.2.5 To establish pension, retirement, bonus, or other types of incentives or compensation plans for the members, employees, including officers and Trustees of KGI-MBA;
- 2.1.5.2.6 To prosecute, maintain, defend, compromise, submit arbitration or abandon any lawsuit in which KGI-MBA or its officers are either plaintiffs or defendants in connection with the affairs of KGI-MBA;
- 2.1.5.2.7 To implement these by-laws and to act on any other matter not covered by these By-laws provided such matter does not require the approval or consent of the members of KGI-MBA under the Corporation Code;
- 2.1.5.2.8 To appoint and dismiss any employee of KGI-MBA whether regular, probationary, casual, or contractual, fix or adjust their salaries and all other personnel movements;
- 2.1.5.2.9 To delegate any of its powers or function to an executive committee or to any officer of KGI-MBA to any standing or special committee or to any officer or agent and to appoint any person to be an agent of KGI-MBA;
- 2.1.5.2.10 To approve all contracts for construction and major repairs or maintenance work, and other contracts involving significant amounts;
- 2.1.5.2.11 To approve all contracts involving the sale of non-current assets.

### **2.1.5.3 Term of Office**

The elected members of the Board of Trustees shall serve beginning immediately following their election for the term of three (3) years until their successors have been elected. Provide that no other member shall serve as member of the Board of Trustees for more than two (2) consecutive terms.

### **2.1.5.4 Internal Control Responsibilities of the Board**

The control environment of the association consists of (a) the Board which ensures that the corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the

effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

The minimum internal control mechanisms for the Board is to ensure the separation of duties are perform in accordance to the defined control environment of the association.

#### **2.1.5.5 Disclosure of Third Party Transactions and Other Conflict of Interest**

Members of the Board ensures proper disclosure of all approved RPTs in accordance with applicable legal and regulatory requirements and confirmation by majority vote on the Annual General Meeting the Association's significant transactions with related parties.

#### **2.1.5.6 Vacancy in the Board**

In case an office becomes vacant due to death, resignation, retirement, disqualification, incapacity or any other cause, of the incumbent, the Board of Trustees, a majority vote, may elect/appoint a successor, who shall hold office for the unexpired term

### **2.2 Board Meetings**

#### **2.2.1 Quorum Requirements**

In all regular or special meeting of members, at least fifty percent (50%) of all members of good standing plus one (1) must be present or represented by proxy in order to constitute a quorum. A member may be represented by a proxy, through a written notice to the Secretary. The authorization shall be valid only on the date of the meeting indicated thereon. If no quorum is constituted, the meeting shall be adjourned until the requisite number of members shall be present.

#### **2.2.2 Regular and Special Meetings**

The Board of Trustees shall meet regularly once every three months at the main office of KGI-MBA unless otherwise previously agreed upon by the members of the Board of Trustees. A special or emergency meeting of the Board of Trustees may be called by the President or the Secretary upon request of a majority of the incumbent members of the board and at least three (3) days' notice to all members of the board. Notice of any meeting of the board is in writing.

#### **2.2.3 Orientation of New Trustees**

That the initial organizational meeting of a newly elected Board of Trustees shall be held immediately after the conclusion of the General Assembly at which they are elected.

### **2.3 Board Appointments and Re-elections**

The Board of Trustees shall be elected every three years by majority of its members during its annual meeting.

The independent trustee shall be elected by the majority of its members upon the nomination of the Nomination Committee of the Board of Trustees. Notwithstanding the foregoing, for the duration that the Association is under conservatorship of the Insurance Commissioner, the independent trustee shall be appointed by, and shall serve at the pleasure of the Insurance Commissioner.

### **2.4 Code of Ethics and Conduct**

#### **2.4.1 Code of Conduct and Ethics for Trustees**

The members of the Board have adopted the Code of Conduct and Ethics for Trustees. It describes the behavioral standards expected from a trustee so that he/she can better understand and meet the expectations and requirements of the organization and regulators.

Included in the Code are the standards of conduct for ensuring the proper discharge of the duties and responsibilities, basic principle that a trustee should not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests, avoiding situations that would compromise his impartiality; maintaining professional integrity; enhancement of skills, knowledge and understanding of association activities, etc.

### **2.5 Remuneration of the Members of the Board and Officers**

The General Manager, Administrative Officer, Chief Accountant and Auditor shall receive such salary and/or benefits as may be fixed by the Board. The President, Vice President, Secretary and Treasurer shall receive no salary, but may receive allowances, in addition to per diems and other emoluments authorized for members of the Board of Trustees.

### **2.6 The Board Committees**

The Board shall constitute the proper committees to assist it in good corporate governance.

#### **2.6.1 Oversight & Audit Committee**

The Oversight & Audit Committee shall consist of at least three (3) trustees, who shall preferably have accounting and finance experiences and shall serve for three years, or co terminus with the Board of Trustees. The committee shall meet at least quarterly and shall not be entitled to any salary but shall be entitled to per diem and reimbursement of actual expenses for attendance of official meetings equal to those received by members of the Board of Trustees. The chair of the Audit Committee should be an independent trustee. The committee shall have the following functions:

- 2.6.1.1 Provides oversight of the institution's internal and external auditors.
- 2.6.1.2 It shall be responsible for the setting-up of internal audit department, and the appointment of the internal auditors as well as of independent external auditors.
- 2.6.1.3 It shall monitor and evaluate the adequacy and effectiveness of the internal control system of the company

## **2.6.2 Other Board Committees**

The Board may also organize the following committees:

- 2.6.2.1 An Executive Committee which shall consist of not less than three (3) and not more than five (5) to be chosen by the Board of Trustees from among themselves to monitor the operations and finances of KGI-MBA to ensure that decisions of the Board are executed by management; and, where urgent circumstances require, to act for and in behalf of the Board on such matters subject to such guidelines and limitations duly approved by the Board. The concurrence of at least a majority of the members of the Executive Committee shall be necessary to make an Executive Committee decision valid. All business transactions by the Executive Committee shall be subject to confirmation by the Board of Trustees at its next scheduled meeting;
- 2.6.2.2 A Nomination Committee which shall be composed of at least three (3) members of the Board of Trustees, one of whom must be independent. The committee shall review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Trustees; conduct and supervise the elections for the members of the Board of Trustees and other officers and proclaim the winners; deputize such personnel of the head office of the KGI-MBA which it may deem necessary to enable it to perform its function.
- 2.6.2.3 Other Special Committees such as Finance, Personnel Committee and other committees it may deem necessary, with not less than three (3) nor more than five (5) members each with such specific duties as it may deem proper. Ad hoc committees may be created by the Board as the need arises.

## **2.7 Officers of the Board**

The officers of the KGI-MBA shall be composed of a President, Vice President, Board Secretary, and Treasurer. They shall be elected by the Board of Trustees from among themselves. The term of office of the officers shall be co-terminus with the Board which elected/appointed them, unless sooner removed from office by a majority vote of all the members of the Board of Trustees. The officers of KGI-MBA may be removed from office for a cause, including nonfeasance or

misfeasance of duties, violation of these By-laws, conduct detrimental to the interest of the Association, incompetence and/or loss of confidence.

### **2.7.1 President**

The President shall be the Chief Executive Officer of the association and shall exercise the following functions:

- 2.7.1.1 To preside in all meetings of the members of the association.
- 2.7.1.2 To execute all resolutions of the Board of Trustees.
- 2.7.1.3 To be charged with directing and overseeing the activities of the association.
- 2.7.1.4 To submit to the Board as soon as possible after the close of each fiscal year, and to the members of each annual meeting, a complete report of the activities and operations of the association for the fiscal year under her term.
- 2.7.1.5 To represent KGI-MBA in all functions and proceedings;
- 2.7.1.6 To appoint, remove, suspend or discipline employees of KGI-MBA prescribe their duties and determine their salaries subject to confirmation by the Board of Trustees;
- 2.7.1.7 To execute in behalf of KGI-MBA all contracts, agreements and other instruments affecting the interest of KGI-MBA which may require approval of the Board of Trustees unless otherwise directed by the Board;
- 2.7.1.8 Inform the members of the Board, in accordance with the bylaws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- 2.7.1.9 To perform such other duties as are incident to his office or are entrusted to him by the Board of Trustees.

### **2.7.2 Vice President**

The Vice President, if qualified, shall exercise all powers and perform all duties of the president during the absence or incapacity of the latter and shall perform duties that maybe assigned by the Board of Trustees.

### **2.7.3 Board/Corporate Secretary**

The Board/Corporate Secretary shall have the following specific powers and duties:

- 2.7.3.1 To give all notices required by these by-laws and keep the minutes of all meetings of the members and of the Board of Trustees in a book kept for the purpose.
- 2.7.3.2 To keep the seal of the association and affix such seal to any paper or instrument requiring the same.
- 2.7.3.3 To have custody of the members' register and the correspondence files of the association.
- 2.7.3.4 To certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of him by law or by government rules and regulations;

2.7.3.5 To perform all such other duties and work as the Board of Trustees may from time to time assign to him/her.

#### **2.7.4 Treasurer**

The Treasurer shall have the following duties:

2.7.4.1 To keep full and accurate accounts/records of the receipts and disbursements of KGI-MBA

2.7.4.2 To take and have custody of, and be responsible for, all the funds, securities, bonds, and certificates of titles of KGI-MBA

2.7.4.3 To deposit in the name of KGI-MBA in such banks as may be designated from time to time by the Board of Trustees, all the money, funds, securities, bonds and similar valuables belonging to KGI-MBA which may come under his/her control.

2.7.4.4 To perform such other duties as may be assigned by the President, the General Manager and the Board of Trustees.

#### **2.8 The Board of Advisers**

The Board of Advisers is a five-member body whose main task is to assure policy and operating coordination between KGI MBA and KGI. This board has informal yet important day-to-day contact with KGI MBA management, and frequent interaction with the MBA President. The Board of Advisers also provides significant formal oversight of the MBA and the Trustees in terms of management, policies, regulatory compliance and governance.

#### **2.9 The Management**

The Management is headed by the General Manager. All principal policies and directions governing the organization, management and operation of the Association shall be formulated and implemented by the Management, subject to Board approval when required by existing laws.

##### **2.9.1 The General Manager**

The General Manager shall have the charge of the day to day operations of KGI-MBA and exercise the following functions:

2.9.1.1 To supervise and manage the business affairs and activities of KGI-MBA under the direction of the President and the Board of Trustees;

2.9.1.2 To implement the administrative and operational policies of KGI-MBA;

2.9.1.3 To oversee the preparation of the budgets and the statements of accounts of the corporation;

2.9.1.4 To coordinate the work of the various operating divisions and services, maximize the productive inputs of their personnel and continually work to upgrade the quality of service to members;

2.9.1.5 To coordinate with the different standing committees of KGI-MBA

2.9.1.6 To conduct such studies and submit recommendations to the Board of Trustees in matters related to investment, the use of facilities and development projects including the examinations of contracts entered into by KGI-MBA

- 2.9.1.7 To attend and render a report in the monthly meeting of the Board of Trustees
- 2.9.1.8 To perform other duties and responsibilities assigned by the President and the Board of Trustees;

## **2.10 Compliance System**

KGI-Mutual Benefit Association Inc. (KGI-MBA) is committed to comply with the Philippine government and the Insurance Commission rules and regulations governing all licensed Mutual Benefits Associations and Insurance Companies. Hence, pursuant to IC Circular Letter No. 10-2002 dated June 27, 2002 a Compliance System has been developed.

### **2.10.1 The Compliance Officer**

To ensure the Association's adherence to the guidelines on corporate governance set herein, the President of the Board shall designate a Compliance Officer. He shall have direct reporting responsibilities to the President of the Board/Governance Committee, and shall be tasked to perform the following duties:

- 2.10.1.1 Monitor compliance with the provisions and requirements of this Manual;
- 2.10.1.2 Determine violations of the Manual and recommend appropriate sanctions and/or penalties for violation thereof, for further review and approval of the Corporation's Board of Trustees;
- 2.10.1.3 Identify, monitor, and control compliance risks;
- 2.10.1.4 Appear before government agencies, if necessary; and
- 2.10.1.5 Annually prepare and submit to the Office of the Insurance Commission (IC) a Corporate Governance Scorecard as required by the Code of Corporate Governance before deadline set by IC.

## **2.11 The External Auditor**

The Association is in compliance with Insurance Commission Circular No. 29-2009 dated November 10, 2009 in the selection of external auditors.

- 2.11.1 Only external auditors accredited by Insurance Commission are being engaged;
- 2.11.2 The external auditor shall be changed or the lead and concurring partner shall be rotated every five years or earlier.
- 2.11.3 No external auditor may be engaged if he or any member of his immediate family had or has committed to acquire any direct or indirect financial interest;
- 2.11.4 The external auditor and the members of the audit team do not have any claim with the Association;



- 2.11.5 The external auditor is not currently engaged nor was engaged during the preceding year in providing the following services to the Association:
- 2.11.5.1 Internal audit functions;
  - 2.11.5.2 Information systems design, implementation and assessment;
  - 2.11.5.3 Other services which could affect his independence.
- 2.11.6 The external shall be appointed by the Board of Trustees during the Annual General Meeting

## **PART III – MEMBERS**

### **3.1 Rights of Members**

The Board shall respect the rights of the members as provided for in the Corporation Code and Constitution and By-Laws of the KGI-MBA, namely:

- 3.1.1 To exercise the rights to vote on all matter relating to the affairs of the association (Voting Right);
- 3.1.2 To be eligible to any elective or appointive office of the association;
- 3.1.3 To participate in all deliberations/meetings of the association;
- 3.1.4 To avail of all the facilities of the association;
- 3.1.5 To examine all the records or books of the association during business hours (Power of Inspection)

### **3.2 Annual General Meeting**

The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The members should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the bylaws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the member's favor.

It is the duty of the Board to promote the rights of the members, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the members' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although all members should be treated equally or without discrimination, the Board should give members the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the association.

## **PART IV – STAKEHOLDERS**

### **4.1 The Stakeholders**

#### **4.1.1 Members**

A member is a person who meets the eligibility requirements and comply with the policies of the MBA and entitles to all the rights and privileges sets forth in the by-laws of the association. She/he shall embody the promotion of all purposes and goals of the association.

The MBA shall provide training and education before their membership. In ensuring the continuing education of the members, the MBA shall provide education through annual assembly, center meetings, ownership meetings and other educational initiatives.

The MBA shall allocate funds for the training and education of its members.

#### **4.1.2 Board**

The Board is the governing body of the association primarily responsible for ensuring good governance. The Board formulates the strategic direction of the association and monitors the performance of the management and ensures that systems are in place for transparency and accountability

The association is committed to strengthening its Board by providing continuing education through participation in conferences and seminars.

#### **4.1.3 Employees**

The progress and success of the association depends on its human resources and that only through carefully selected, well-trained, results-oriented and dedicated employees can the association achieve its objectives.

Employees are Individuals hired by the association to work as either full-time or part-time worker under a contract of employment duly notarized upon signing, has recognized rights and duties as stated in the MBA's Personnel Manual. The MBA shall address to the State's Labor Laws that will protect the well-being of the employees.

The association shall continue to make planned efforts to facilitate the learning of job related behaviour of its stakeholders' current and future roles and responsibilities aligned with the Association's goals and direction.

The employees shall be given trainings in the form of (i) Formal –undergraduate course and/ or masters degree; (ii) On the job training or coaching; (iii) In house lectures; and, (iv)Local or international courses, seminars, study tours, workshop and conference.

#### **4.1.4 MFI Partner**

MFI partners are the primary source of the Association's membership, and maintain good relationship to members. They are the fund mobilization partners of the MBA and play the important role especially in collecting premiums and contributions.

The association is committed to provide the following support to its partner MFI and its affiliates:

- 4.1.4.1 Ensure fast service and continued access to micro insurance benefits and other services of the MBA.
- 4.1.4.2 Establish and implement approve guidelines pertaining to MFI and other related parties.
- 4.1.4.3 Conduct products and services orientation and technical services to partner organizations
- 4.1.4.4 Conduct a fair business transactions and ensure that the interest does not conflict with the interest of MFI Partners.
- 4.1.4.5 Provide incentives through service fee
- 4.1.4.6 Execute a service agreement/management contract defining the roles and responsibilities of the contracting parties.

#### **4.1.5 Regulatory Agencies**

Regulatory agencies are essential in any industry as they provide the framework to which an association should legally operate. These policies, guidelines and circulars issued by the regulatory agencies promote fairness and increase the level of confidence of the members, implementers and other stakeholders.

The Association shall ensure full compliance to the requirements, policies, circulars, memoranda, and guidelines issued by regulatory agencies such as the Insurance Commission, Securities and Exchange Commission, Bureau of Internal Revenue, Local Government Units and other government agencies.

The association shall appoint/designate a person who will act as Compliance Officer to ensure compliance to the above-mentioned agencies.

#### **4.1.6 Suppliers/ Contractors**

The Association engages the assistance of suppliers and/or contractors to provide services that the association will need for its daily operations. As part of its value chain, the Association will monitor its engagements with suppliers and contractors to make sure that they practice good governance and protects the environment. The Association will only engage suppliers/contractors that meet these standards.

To ensure that engagements with suppliers/contractors will be impartial and transparent; the Association will conduct a bidding process for projects where a minimum of three (3) suppliers shall submit their proposal and business profile to the management for background check and validation of proposal. Selected supplier/contractor shall be issued a legal contract/agreement which will be duly notarized to make the engagement binding.

The association shall appoint the General Manager/Finance Officer to lead the bidding and selection process. All decisions/selections shall be approved by the board.

#### **4.1.7 Community Operations**

In any business, there is a need for the support of the community where it operates. The Association acknowledge the significant role of the community in achieving its vision mission particularly in helping people become less vulnerable

The Association will strengthen its relationship with the community by sharing information about its programs and services. Such services will include but not limited to Disaster Relief Assistance Program, Livelihood training program and other projects identified by the community where the association is operating. Further, the association shall participate in the implementation of development project undertaken by its partner MFI.

#### **4.1.8 Environment**

The Association's business operation does not directly affect the environment. However, it is still committed to do its part in promoting environmental sustainability through various initiatives within the office, among its directors and employees and with its stakeholders.

### **4.2 The Role of Stakeholders**

The corporate governance framework should recognize the rights of stakeholders established by law or through mutual agreements and encourage active co-operation between corporations and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprises.

- 4.2.1 The rights of stakeholders that are established by law or through mutual agreements are to be respected.
- 4.2.2 Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.
- 4.2.3 Performance-enhancing mechanisms for employee participation should be permitted to develop.
- 4.2.4 Where stakeholders participate in the corporate governance process, they should have access to relevant, sufficient and reliable information on a timely and regular basis.
- 4.2.5 Stakeholders, including individual employees and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this.

### **4.3 Feedback and Grievance Policy for Stakeholders**

#### **4.3.1 Mechanism for Redress of Grievances**

- 4.3.1.1 Have a policy that requires customer complaints to be taken seriously and outlines the steps to their investigation and resolution
- 4.3.1.2 Consider implementing a call hotline, text message system for customer complaints
- 4.3.1.3 Staff receiving customer complaints should be trained to handle complaints, i.e. document calls and follow institutional process to resolve the issue
- 4.3.1.4 Flow chart – develop a process that outlines who is supposed to handle what and how complaints are elevated (e.g. step-by-step processes for time frame of resolution)
- 4.3.1.5 Use information from complaints to inform and improve products and services and prevent future complaints

## **PART V – DISCLOSURE AND TRANSPARENCY**

### **5.1 Disclosure and Transparency Policy**

The essence of good corporate governance is transparency. The Board commits at all times to meet all disclosure requirements particularly those involving material information as mandated by regulators within the prescribed period.

It is therefore essential that all material information about the corporation which could adversely affect its viability or the interests of the members should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information should be disclosed through the appropriate Exchange mechanisms and submissions to the Commission.

## **PART VI – PERFORMANCE EVALUATION**

### **6.1 Board and Committee Performance Evaluation**

The Board of Trustees conducts an annual evaluation of its performance through self-assessment by the individual Trustees of their respective individual performance, the performance of the Board Committee to which they belong and the Board as a whole through the accomplishment of Self- Assessment Forms (SAF).

- 6.1.1 The SAFs are based on the Company By-Laws, IC Code of Corporate Governance Principles and Leading Practices, and other criteria that the IC may prescribe.
- 6.1.2 The self-assessment shall be done at the end of the year. The accomplished SAFs shall be submitted to the Corporate Secretary on or before the first Board meeting of the ensuing year.
- 6.1.3 All performance evaluation results shall be disclosed in the Annual Report.

### **6.2 Performance Evaluation Tools**

To monitor and evaluate the performance of the association, the association shall conduct periodical assessment using performance evaluation and rating tool appropriate to association like ASEAN Corporate Governance Scorecard, SEGURADO Rating and etc.

## **PART VII – POLICY REVIEW AND UPDATING**

### **7.1 General Policy on the Review and Updating of Existing Policies**

This Manual including the Association’s VMG may be amended and updated anytime, subject to the approval of the Board. An Ad Hoc Committee shall be created to lead the review and updating of this manual together with the management.

### **7.2 Monitoring and Evaluation**

- 7.2.1 The Compliance Officer shall be specifically tasked with the responsibility of ensuring compliance with this Manual. Any violation against the content of this Manual shall subject the responsible officer or employee to appropriate sanction in accordance to the Personnel Manual.
- 7.2.2 This Manual shall be subject to an annual review unless the same frequency is amended by the Board.
- 7.2.3 All business processes and practices being performed within any department or business Unit of the Association that is not consistent with any portion of this Manual shall be revoked unless upgraded to the compliant extent.