



MT.-PROVINCE TEACHERS' MUTUAL AID SYSTEM, INC.

R. delos Reyes Bldg, Cor Bintawan & Washington St., Poblacion North, Solano, Nueva Vizcaya 3709

MANUAL ON CORPORATE GOVERNANCE

TABLE OF CONTENTS

I. Introduction

II. Corporate Objectives

III. Governance Structure

A. The Board of Trustees

1. Composition of the Board of Trustees
2. Qualifications for Trustees
3. Disqualifications of Trustees
4. Term of Office of Trustees
5. Board Meetings
 - a. Annual Meetings
 - b. Special Meetings
6. Compensation of Trustees

B. The Officers of the Association

1. President
2. Vice President
3. Secretary
4. Treasurer

IV. Board Committees

1. Remuneration Committee
2. Audit Committee
3. Corporate Governance Committee
4. Board Risk Committee
5. Related Party Transaction Committee
6. Nomination Committee

V. Members

1. Qualification for membership
2. Membership Certificates
3. Beneficiaries
4. Duties and Responsibilities of the members
5. Benefits, Rights and Privileges of Members
6. Suspension, Expulsion and Termination of Membership

VI. Disclosure and Transparency

I. Introduction

Mt.-Province Teachers' Mutual Aid System, Inc. (A Non-Stock, Non-Profit Association) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 13, 2012. Its primary purpose is to foster brotherhood, mutual help and encourage the habit of thrift and savings among its members and provide financial assistance to beneficiaries or beneficiaries of deceased members upon death of a member. The Association is authorized by the Insurance Commission (IC) to operate as a mutual benefit association dated July 29, 2013. The Association's registered office, which is also its principal place of business, is located at Delos Reyes Bldg., Cor Washington & Bintawan, Poblacion North, Solano Nueva Vizcaya.

II. Corporate Objectives

- a. To foster brotherhood and mutual help among its members;
- b. To encourage the habit of thrift and savings among its members;
- c. As a mutual aid association, to provide payment of life, sickness, accident or other benefits exclusively to the members of the association.

And incidentally:

To possess and enjoy all the power and privileges under the law for the attainment of the above purposes, provided that any profit which may be obtain as an incident to its operations shall, whenever necessary or proper, be used in furtherance of its purpose or purposes.

III. Governance Structure

A. The Board of Trustees

The corporate powers of the association shall be exercised, its business conducted and its property controlled by the Board of Trustees. Trustees' shall act in a manner characterized by transparency, accountability and for the best interest of the members.

1. Composition of the Board of Trustees

The number of directors/trustees of the association shall be eight (8), two (2) of which shall be Independent Directors/Trustees.

2. Qualification of the Board of Trustees

The trustees to be elected must be of legal age and members of the association.

3. Disqualification 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 Code committed within five (5) years prior to the date of his election or appointment, shall qualify as a trustee or officer.

4. Term of Office of Trustees

The Trustees shall hold office for one (1) year and until successors are duly elected and qualified.

5. Board Meetings

The Board of Trustees shall hold its regular meeting at least six (6) times in a year, at such time and date as it may designate, at the principal office of the Association. Special Meetings may be called by the President at any time an urgent matter needs to be acted by the Board. The President can also call a special meeting upon the written request of three (3) trustees.

- a. Annual Meetings - The annual meetings of the members shall be held at the principal office of the association on the third Saturday of May of each year. The President shall render his annual report to the members regarding the activities of the association. The election of directors shall also be held during this regular meeting.
- b. Special Meetings - Special meetings of the members shall be called as the need thereof arises, by the Board of Trustees or the President or upon a petition of 1/3 of the general membership.

6. Compensation of Trustees

The trustees of the Association do not receive any compensation, or remuneration.

B. The Officers of the Association

1. President

The President shall be the Chief Executive Officer of the Association. He shall preside in all meetings of the members of the association and the board of trustees.

He shall execute all resolutions of the Board of Trustees. He shall be charged with directing and overseeing the activities of the association. He shall 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 operation of the association for the fiscal year under his term.

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 may be assigned by the Board of Trustees.

3. Secretary

The secretary shall give all notices required by the 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. He shall keep the seal of the association and affix the seal to any paper or instrument requiring the same. He shall have custody of the members register and the correspondence files of the association. He shall also perform all such other duties and work as the Board of Trustees may from time to time assign to him.

4. Treasurer

The Treasurer shall have charge of the funds, receipts and disbursements of the association. He shall keep all moneys and other valuables of the association in such banks as the Board of Trustees may designate. He shall keep and have charge of the books of accounts. He shall also perform such other duties and functions as may be assigned to him from time to time by the Board of Trustees. He shall post a bond in such amount as may be fixed by the Board of Trustees.

IV. Board Committees

The Board shall constitute Committees in aid of good corporate governance.

1. Remuneration Committee

The Board of Trustees shall appoint members of the Remuneration Committee consisting of a chairman and two (2) members who shall assist the Board of Directors of the Company in fulfilling its responsibilities relating to oversight of the remuneration and equity based plans. Review the Company's incentive compensation arrangements to determine whether they encourage excessive risk-taking. Produce a remuneration committee report on executive compensation. Annually perform or participate in, an evaluation of the performance of the committee, the result which shall be presented to the Board.

2. Audit Committee

The Board of Trustees shall appoint members of the Audit Committee consisting of a chairman and two (2) members who shall ensure that the Association's financial statements are understandable and reliable. To ensure that the Associations establish a thorough risk management process and effective internal controls. To review that the Associations policies, particularly in areas such as ethics, conflict of interest and fraud. To select and implement a direct reporting relationship with the public accounting firm that serves as the Associations external auditor. To establish communication with the Associations internal auditor and reviewing all audit findings.

3. Corporate Governance Committee

The Board of Trustees shall appoint members of the Corporate Governance Committee consisting of a chairman and two (2) members who shall assist the Board in fulfilling its corporate governance responsibilities. Ensures that the Board effectiveness and due observance of sound corporate principles and guidelines. To evaluate whether the necessary and appropriate committees exist to support the work of Board.

4. Board Risk Committee

The Board of Trustees shall appoint members of the Corporate Governance Committee consisting of a chairman and two (2) members who shall oversee risk management

infrastructure, to approve management risk committee charters, to oversee risk exposures and to monitor risks.

5. Related Party Transaction Committee

The Board of Trustees shall appoint members of the Corporate Governance Committee consisting of a chairman and two (2) members who shall evaluate an ongoing basis, existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified and monitored. To ensure that all material related parties are not undertaken on more favorable economic terms. To determine any potential reputational risk issues that may arise as a result or in connection with the transactions.

6. Nomination Committee

The Nomination Committee shall oversee board recruitment and succession planning. The Nomination Committee shall establish guidelines in the determination of qualified candidates to the Board of Trustees or officers of the Association and based thereon, shall review and evaluate the qualifications of all persons nominated as candidates to the Board of Trustees, including the Independent Trustees and officers of the Association.

V. Members

1. Qualification for membership

The Board shall determine the qualifications of an applicant for membership.

2. Membership Certificates

Membership certificates shall be issued to the members, in a form prescribed by the authorities, specifying the benefits to which such members are entitled.

3. Beneficiaries

A member may designate any person or group of persons as his beneficiaries. In the absence of this designation, benefits and other amounts accruing to his estate will be disposed of according to the rules of succession. Any member shall have the right at all times to change the beneficiary or beneficiaries or add another beneficiary or beneficiaries in accordance with such rules and regulations as the Association may adopt, unless he has expressly waived this right in the membership certificate.

4. Duties and Responsibilities of the members

A member shall have the following duties and responsibilities:

- a. To obey and comply with the by-laws, rules and regulations that may be promulgated by the association for time to time;
- b. To attend all meetings of the association
- c. To pay membership dues and other assessment of the association. This is to be collected every month.

5. Benefits, Rights and Privileges of Members

- a. To be entitled to a death benefit in an amount as may be determined and fixed by the Board of Trustees.
- b. A withdrawal of benefit in an amount equal to the equity value of the membership certificate given to a member upon his withdrawal from or termination of membership in the association in accordance with Section 396 of the Insurance Code.
- c. Members shall have the right to vote and be voted for.

6. Suspension, Expulsion and Termination of Membership

Suspension, expulsion and termination of membership, shall be in accordance with the rules and regulations of the association,

Any member of the association may file charges against a member by filing a written complaint with the Secretary of the association. The Board of Trustees shall call a special meeting to consider charges. The affirmative vote of the majority of all trustees shall be necessary to suspend a member; provided that where the penalty is expulsion, the affirmative vote of the majority of all the members of the association shall be necessary.

VI. Disclosure and Transparency

One of the core values of corporate good governance is transparency. The Board together with the management and employees commit to promote and ensure full disclosure, transparency and shall remain accountable to this Manual.

The Board commits at all times to comply with all disclosure requirements specifically those that will include material information as mandated by regulators within the prescribe period of time. The following material information that shall be publicly made available through the Association's official website and Annual Report are financial and non-financial reports such as (and not limited to) earnings, material acquisition, audited financial statements, board structure.