



Armed Forces and Police Mutual Benefit Association, Inc.

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AMENDED GOVERNANCE COMMITTEE CHARTER (As of 9 October 2023)

I. Purpose

The Committee's purpose is to assist the Board of Trustees in ensuring AFPMBAI's adherence to established and accepted corporate governance principles and best practices, and its compliance with the Manual of Corporate Governance.

II. Principles of Good Governance

The Committee aims to uphold the following principles of good governance within AFPMBAI:

A. Independence

The personality of AFPMBAI is separate/different from that of its members, its Chairman, or its President.

B. Rights and Duties

As a separate, autonomous, independent personality, AFPMBAI has a mission, a basic purpose for existence; thus, AFPMBAI is granted certain rights which impose corresponding duties.

C. Original Powers to Decide

The Board is always a collegial body and acts collegially.

D. Loyalty

The Board of Trustees is duty-bound to decide and act always in the best interest of AFPMBAI. Loyalty to AFPMBAI takes precedence over other loyalties and above personal or other narrow interests of privileged parties.

E. Long-Term Sustainability

The Board of Trustees is duty-bound to decide and act always with the long-term sustainability of AFPMBAI in mind. It is for this reason that the Board delegates to a full-time President and Management Team its responsibility for all of the day-to-day operations and other short-term concerns of AFPMBAI.

F. Fairness

The Board of Trustees must treat all members equitably and must give to all stakeholders their due.

G. Accountability

The Board institutes a system of accountability. On the basis of transparent, truthful reports, the Board measures performance, gives out rewards and punishments, and properly manages risks.

H. Transparency

There is a need for truth and integrity in all aspects of corporate operations and in reporting on them.

I. Ethics

The Board sets the tone at the top. All the Board's strategies and policies, its decisions and actions must signal a deep and operative commitment to ethics and compliance to laws and regulations. The Board should ultimately serve not only as the head of AFPMBAI but also its conscience.

J. Social Responsibility

AFPMBAI is a creation of the state to serve specific public purposes. In order to serve those purposes, AFPMBAI must be profitable and sustainable and must act in a socially responsible manner. AFPMBAI must serve as an instrument for the common good.

The Board is the head, the conscience, and the heart of AFPMBAI. AFPMBAI must have a policy on social responsibility with primary focus on the specific service to render to the Filipino people, not only its members.

Corporate Social Responsibility, which is AFPMBAI's obligation to society at large, must be integral to all AFPMBAI's decisions and actions, and it must manifest in a real contribution to social, economic, and political progress.

III. Scope

The Committee will have oversight over specific AFPMBAI Strategic Objectives that may be assigned by the Board of Trustees.

IV. Authority

The Board authorizes the Committee, within the scope of its responsibilities, to:

A. Seek any information it requires from:

1. Any employee who is directed to cooperate with any request made;
2. External parties;
3. Board of Trustees, top management, line managers & supervisors, TWG.

- B. Obtain outside legal or other professional advice;
- C. Require the attendance of Association officers during meetings as appropriate.

The Chairman and each member of the Committee shall be entitled to rely on the integrity and expertise of those persons providing information to the Committee and on the accuracy and completeness of such information presented.

V. Resources

The Committee will have the resources and authority appropriate to discharge its responsibilities, including sole authority to engage, retain and terminate independent consultants to the Committee as it may deem necessary or helpful in carrying out its responsibilities, and to establish the fees and other terms for the retention of such consultants, such fees to be borne by the Association.

VI. Responsibilities

The Committee is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. It has the following duties and responsibilities:

1. Oversee the implementation of the Association's corporate governance framework, as embodied in its Manual of Corporate Governance, and periodically review the said framework to ensure that it remains appropriate in light of material changes to the organization size, complexity and business strategy, as well as its business and regulatory environments;
2. Adopt corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;
3. Ensure that AFPMBAI operates in accordance with the Vision, Mission, Corporate Values (VMV) established by the Board of Trustees and periodically conduct a review of the VMV;
4. Work with Management in realizing AFPMBAI's Vision and Mission by establishing specific strategic objectives and overseeing how these objectives are achieved in its operations;
5. Ensure business continuity by incorporating a governance succession plan in its By-Laws.
6. Ensure that AFPMBAI operations are guided by policies approved by the Board and compliant with Philippine laws and regulations;
7. Ensure that AFPMBAI has monitoring and reportorial systems in place, and that all requirements of external regulating bodies are complied with;
8. Initiate policy development and review on Board structure and composition, succession planning, continuing education program/training and development for trustees, Board performance evaluation, as well as that of the President, among others;
9. Oversee the periodic performance evaluation of the Board and its committees, and conduct an annual self-evaluation of its performance; and,
10. Ensure that the results of the Board evaluation are shared and discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement.

11. Determine the nomination and election process for the trustees and define the general profile of board members that the company may need, ensuring that there is appropriate knowledge, competencies and expertise that complement the existing skills of the Board;
12. Coordinate with various branches of service for nomination of trustees, ensuring competencies set are followed;
13. Establish a formal and transparent procedure to develop a policy for determining the per diem and allowances of trustees and officers that is consistent with the corporation's culture and strategy as well as the business environment in which it operates; and,
14. Oversee the HR policies covering AFPMBAI's Management and Employees that need to be elevated to the Board of Trustees for approval.

VII. Membership

The Committee shall be composed of members duly appointed by the Board of Trustees, majority of whom are independent trustees. The Committee Chairman and Vice Chairman shall be elected by its members and endorsed by the Committee for approval of the Board of Trustees. The Chairman of the Committee should be an independent trustee. Membership in the Committee shall be co-terminus with membership in the Board. The Corporate Secretary shall be a permanent resource person of the Committee.

VIII. Meetings

The Committee may meet monthly, or as needed, prior to every Board meeting. Resource persons may be invited, as needed. The Board Relations Office shall take and safekeep the Minutes of the Committee's meetings.

IX. The Role of the Technical Working Group (TWG)

The TWG for the Committee shall come from the Board Relations Office (BRO) and shall perform the following tasks:

1. Assist the Governance Committee in the fulfillment of its responsibilities under this Charter;
2. Make recommendations on matters under the scope of the Governance Committee for the Committee's endorsement to the Board;
3. Prepare all materials relevant to the above items and provide all members copies by e-mail or dropbox;
4. Prepare the agenda and present the items for discussion during the Governance Committee meetings;
5. Prepare the directives of the Governance Committee to Management; and
6. Perform other tasks as may be required by the Governance Committee.

X. Board Assessment of the Committee

The Committee will be assessed based on the Performance Management System approved by the Board of Trustees.

XI. Charter Review

This Charter shall be reviewed at least every two (2) years, and updated as needed. All revisions shall be submitted to the Board of Trustees for approval.

Approved by the Board of Trustees on 9 October 2023, per Board Resolution No. 076, Series of 2023.