



PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION, INC

BOARD CHARTER

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INTRODUCTION

The Board Charter (the "Charter") governs the relationship between the Board Committees and the Board of Trustees as provided in the charters of the committees, which were approved and adopted by the board. The Charter is intended to complement or supplement the Corporation Code of the Philippines, the Association's Article of Incorporation and by-laws, issuances of the Securities and Exchange Commission (SEC), Insurance Commission (IC) and other applicable laws, rules and regulations.

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SECTION 1: BOARD COMPOSITION

1. **Number of Trustees** – The Association's Board is composed of seven (7) Trustees, two (2) of whom shall be Independent Trustees, who are elected by the General Membership.
2. **Positions** – The membership of the Board are non-executive Trustees. They should possess such qualifications and stature that would enable them to effectively participate in the deliberation of the Board.
3. **Committees** – The Board shall constitute the proper committees to assist it in good corporate governance. Pursuant to the Association's Revised Manual on Corporate Governance, the Board must have the following committees: (a) Audit, (b) Board Risk Oversight Committee, (c) Compensation Committee, (d), Credit Committee, (e) Investment Committee, (f) Corporate Social Responsibility, (g) Nomination Committee, and (h) Corporate Governance Committee.
4. **Board Profile** – The Board, in consultation with the Corporate Governance Committee (CG), shall be responsible to review the profile and composition, considering the nature of its business and subsidiaries, and the desired expertise and background of the board members. The following qualifications should be considered among others:
 - a. Maximum age of 62 years old and must be physically fit;
 - b. With competency and leadership skills to execute the duties of a trustee;
 - c. No conflict of interest or not engage in business similar to the company and its subsidiary business;
 - d. IT not workforce, candidate shall not be related to any personnel, Area Coordinator and Area Representative up to the third degree of consanguinity or affinity, legitimate or common-law.
5. **Independence** – The Board shall have at least two (2) Independent Trustees. Majority of Trustees must be independent, and all trustees must be non-executive. Independence shall mean that:
 - a. Trustee has not been an officer or employee of the company, its subsidiaries, affiliates or related interests, for at least three (3) years preceding term or incumbency;
 - b. Trustee is not related within the fourth degree of consanguinity or affinity, legitimate or common-law, to any trustee or senior officer of the company or any of its related companies; and
 - c. Trustee is free from any business or other relationships with the institution or any of its related companies which could possible give rise to conflict of interest situation.

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SECTION 2: ELECTION OF THE BOARD

1. **Nomination of Trustees** – The review and pre-screening of the qualifications of each candidate should be in accordance to the qualifications and disqualifications set in the Manual on Corporate Governance. The Nomination Committee must ensure that these qualifications are aligned with the corporate strategic direction of the Association.

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FILING OF CERTIFICATE OF CANDIDACY (COC)

- a. Certificate of Candidacy shall be submitted to the Nomination Committee.
 - b. Only members of the PFMBAI who have filed their Certificate of Candidacy on or before January 31 shall be accepted.
 - c. Notice of Approval / Disapproval of the Certificate of Candidacy shall be formally received by the nominees on or before February 15 of the year.
 - d. **Inclusion of Workforce in the Board of Trustees**
Amended the inclusion of Workforce in the Board of Trustees and allowing a maximum of two (2) members of the workforce who will render their service at the time.
(BR-2022-25.1)
2. **Manner of Election** – The members of the Board of Trustees shall be elected by plurality by the General Membership during the Annual General Meeting, done in a venue accessible to all members.
 3. **Term of Office** – Praxis Fides MBI Board of Trustees have a maximum term of nine (9) years. He must be elected three (3) times with a term of three (3) years, and an interval of a year per term.

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SECTION 3: BOARD MEETINGS

1. **Regular Meetings** – Regular meetings of the Board of Trustees shall be held every month on such date, time and at principal office or such place as may be determined by the Board of Trustees. Special meetings of the Board of Trustees may be called by the Chairperson of the Board, the Vice Chairperson, the President, or a majority of the Board of Trustees of the Association. The Corporate Secretary shall schedule all regular Board and Committee meetings at the start of the financial year.
2. **Board Attendance** – Each Trustee must attend at least 75% of all the Board meetings held during the year.
3. **Organizational Meetings** – The Board of Trustees shall meet for the purpose of organization and the transaction of other business, as soon as practicable after each annual election of Trustees or on the same day, and if practical at the same place at which Annual General Meeting is held.
4. **Notice of Meetings** – Notice of either regular or special meeting shall be sent to each Trustee at least five (5) business days before the date of the meeting. The notice of the meeting shall include the time and place of the meeting and the agenda subjects to be discussed. Each Trustee is free to suggest at any Board meeting subjects that are not on the agenda for that meeting. Subject to any applicable notice requirements, Trustees who have items to suggest for inclusion on the agenda for future board meetings should advise the Chairperson well in advance of such item.

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5. **Quorum** – A quorum at any meeting of the Trustees shall consist of two-thirds of the number of Trustees fixed in the Articles of Incorporation, provided, however that an independent Trustee shall always be in attendance. However, the absence of an Independent Trustee shall not affect the quorum requirements if he is duly notified of the meeting but deliberately and without justifiable cause, fails to attend the meeting. Resolutions of the Board of Trustees shall be decided upon by at least 2/3 of the members of the Board.
6. **Conduct of the Meetings** –
 - a. **Board of Trustees** – Meetings of the Board of Trustees shall be presided over by the Chairperson of the Board, or in his absence, the Vice-Chairperson, or in the absence of the latter, the President, or if none of the foregoing is in office and present and acting, by any other Trustee chosen by the Board. The Corporate Secretary shall act as secretary of every meeting, and if he is unable to do so, the Chairperson of the meeting shall appoint a secretary of the meeting.
 - b. **Board Committees** – Members of the Board Committees should attend committee meetings at least twice a year, except for the Audit Committee which should meet at four times (4) every year.
 - c. **Board Meeting Materials** – The Board of Trustees meeting materials must be provided at least five (5) business days in advance of the Board Meeting.
7. **Executive Sessions** – The independent and non-executive Trustees must meet separately at least once during a year without any executives present.
8. **Minutes of the Meetings** – Minutes of the Meeting shall be taken and recorded by the Corporate Secretary and signed by the Chairperson of the Board or the person who was appointed to take notes during the meeting.
9. **Attendance in Board Meeting** – The members of the Board should attend its regular and special meetings in person, through teleconferencing or any digital/virtual platform conducted in accordance with the rules and regulations of the Commission. Independent Trustees should always attend board meetings.
The Chairperson, President or Committee Chairpersons may from time to time invite corporate officers, other employees and advisors to attend Board or Committee meetings whenever deemed appropriate.
Trustees are encouraged to attend all Annual General Meetings.

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SECTION 4: BOARD DUTIES AND RESPONSIBILITIES

1. **Duties and Responsibilities of the Board** – The Board of Trustees is responsible to foster the long-term success of the Association and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Association, the members and other stakeholders. To ensure a high standard of best practice for the Association, its members and stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities, aside from such powers prescribed in the SEC Code of Corporate Governance, the Association's Manual on Corporate Governance, By-Laws and other applicable laws:
 - a. Formulate the Association's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

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- b. Review of the mission and vision statement of the Association at least once a year or whenever deemed necessary.
- c. Review, monitor and oversee the implementation of the corporate strategy at least once a year.
- d. Adopt, implement and monitor compliance with the Company's Code of Conduct.
- e. Implement a process for the selection of Trustees who can add value and contribute independent judgement to the formulation of sound corporate strategies and policies.
- f. Review, evaluate and approve, on a regular basis, long-range plans for the Company.
- g. Establish committees as prescribed in the SEC Code of Corporate Governance and the Association's Manual on Corporate Governance.
- h. Review and approve the Company's Budget and Forecasts.
- i. Conduct Annual Performance Assessment of the Chairperson, President and the Board Members.
- j. Evaluate and approve the major resource allocations and capital investments.
- k. Review the Association's material controls and risk management systems.

SECTION 5: CHAIRPERSON OF THE BOARD

The duties and responsibilities of the Chairperson in relation to the Board may include, among others the following:

1. The Chairperson of the Board shall preside over all regular and special meetings of the Board of Trustees and shall have such powers and duties as the Board of Trustees may from time to time prescribe;
2. Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Association, considering the developments of the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
3. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
4. Facilitates the discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual Trustees;
5. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management.
6. Assures availability of proper orientation for first-time Trustees and continuing training opportunities for all Trustees; and
7. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on.
 - a. The roles of the Chairperson and the President should, as much as practicable, be separate, to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. A clear delineation of the functions between the Chairperson and the President shall be made upon their election.
 - b. If the positions of the Chairperson and the President are unified, proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspectives.

Likewise, the Chairperson of the Board shall exercise the following functions:

1. To preside over all the meetings of the Board of Trustees and the stakeholders;



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2. To initiate the development of corporate objectives and policies and formulate long range project, plans and programs for the approval of the Board of Trustees, including those for executive training, development and compensation;
3. To suggest additional functions or duties to any of the officers of the Association;
4. To exercise such powers as may be incidental to his office and perform each duty as the Board of Trustees may assign to him. The Chairperson of the Board may assign the exercise or performance of any of the foregoing powers, duties and functions to any other officer(s) of the Association, subject always to their supervision and control.

SECTION 6: THE PRESIDENT

The President or Chief Executive Officer selected and appointed by the Board, shall have administration and direction of the day-to-day business affairs of the Association. He shall exercise the following functions:

1. To preside at the meetings of the Board of Trustees and of the Annual General Meeting in the absence of the Chairperson or the Vice-Chairperson;
2. Exercise general supervision over the affairs of the Association and its officers and employees;
3. Execute on behalf of the Association contracts and agreements which the Association may enter into and execute all other instruments of the Association as may be authorized by the Board of Trustees.
4. Sign or countersign with the Treasurer all accounts with banking institutions and transact business therewith;
5. Render reports as the regular meetings of the Board of Trustees of the general operation of the Association; prepare the Annual Report, and from time to time report to the Board of Trustees such matters within his knowledge which in his opinion should be brought to their notice or attention in the interest of the Association;
6. With the approval of the Board of Trustees, appoint and at his sound discretion, remove or suspend permanently or temporarily as he may see fit the employees of the Association, prescribe their duties and determine their salaries or emoluments, and require bonds or securities in such instances and such amount as he may see fit for the protection of the Association;
7. See to it that the resolution of the Board of Trustees are duly executed and carried out;
8. Have direct and active management of the business and operation of the Association, conducting the same according to the orders, resolution and instructions of the Board of Trustees, and according to his own discretion whenever and wherever the same is not expressly limited by such orders, resolutions and instructions;
9. Exercise general superintendence and supervision over all agents, employees and other subordinate personnel of the Association, and see to it that their respective duties are properly performed;
10. Submit to the Board of Trustees such statements, reports, memoranda, etc. as may be required of him from time to time;
11. Perform and exercise such powers and duties as are incident to his office and such others as the Board of Trustees may from time to time fix or delegate; and
12. May delegate such powers which he himself possesses to the Executive Vice President, if qualified or in the latter's absence to one of the officers with the approval of the Board of Trustees.



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SECTION 7: THE CORPORATE SECRETARY

1. **General Access** – The Corporate Secretary assists the Board. He must be available to provide his/her services to the Board.
2. **Responsibilities** – The Corporate Secretary sees to it that the Board follows correct procedures and that the Board complies with its obligations under law and the company's Articles of Incorporation. The following are the responsibilities of the Corporate Secretary under the provisions of the Association's By-Laws and the Manual on Corporate Governance:
 - a. The Corporate Secretary shall record all the votes and proceedings of the meetings of the Board of Trustees in a book kept for that purpose;
 - b. He shall have charge of the corporate seal of the Association;
 - c. Responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Association;
 - d. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Association, and advises the Board and the Chairperson on all relevant issues as they arise;
 - e. Works fairly and objectively with the Board and Management and contributes to the flow of information between the Board and Management, the Board and its committees;
 - f. Advises on the establishment of board committees and their terms of reference;
 - g. Informs members of the Board, in accordance with the by-laws, of the agenda of their meeting at least five working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
 - h. Attends all Board meetings;
 - i. Assists the Chairperson of the Board in organizing the Board's activities including providing information, preparing an agenda, reporting of meetings, evaluations and training programs; and
 - j. Performs such other duties as may be properly delegated to him/her.

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SECTION 8: BOARD COMMITTEES

1. **The Committees** – The Board may appoint committees from among its members to perform specific tasks. The Board shall establish the following committees:
 - a. Audit Committee
 - b. Board Risk Oversight Committee
 - c. Corporate Governance Committee
 - d. Nomination Committee
 - e. Compensation Committee
 - f. Credit Committee
 - g. Corporate Social Responsibility Committee
 - h. Investment Committee

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The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

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2. **Committee Reporting** – Each committee must promptly inform the Board of the actions it has taken and major developments of which it becomes aware.
3. **Committee Charters** – The Charters shall indicate the roles and responsibilities of the committee, its composition and how it should perform its duties. It will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board.

SECTION 9: COMPENSATION OF BOARD MEMBERS

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.

Trustees who are physically absent from the Board meetings shall not be entitled to any meeting allowance, unless they can participate in the deliberations through video conferencing, teleconferencing, or other modes of communication that allow them reasonable opportunities to participate.

The form and amount of Trustees' per diem will be determined by the Compensation Committee in accordance with the policies and principles set forth in its charter, and the Compensation Committee will conduct an Annual Review of Trustees' compensation. The Remuneration Report will differentiate between executive and non-executive compensation.

Likewise, the Association does not grant personal loans, guarantees or the like to Board members.

SECTION 10: TRUSTEES' TRAINING AND DEVELOPMENT PROGRAM

1. **Orientation Program** – Upon his or her election, each Board member shall participate in an orientation program that covers the company's strategy, general financial and legal affairs, financial reporting by the company, its compliance programs, the Code of Business Conduct and Ethics, any specific aspects unique to the company and its business activities, and the responsibilities as a Board member.

The Company shall provide a comprehensive orientation or training for first-time Trustees for such number of hours and in accordance with the requirement of the SEC.

2. **Continuing Education Program** – In order to facilitate the Trustees' fulfilment of their responsibilities, the management must provide the following:
 - a. Annual Review to identify areas where the Board members require further training or education;
 - b. Education programs supplemental to the initial orientation to explain the Company's business operations;
 - c. Access to or notice of continuing education programs that are designed to keep Trustees abreast of the latest development in corporate governance matters and critical issues relating to the operation of public boards.
3. **Costs** – The costs of the orientation course and any training or education shall be paid for by the Association.



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SECTION 11: PERFORMANCE EVALUATION OF THE BOARD AND KEY OFFICERS

The Board of Trustees will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Corporate Governance Committee shall solicit comments from all Trustees and report annually to the Board. The Annual Performance assessment must be divided into four sets:

1. Board Appraisal
2. Trustee Appraisal
3. Committee Appraisal
4. President Appraisal

The Board shall conduct an annual review of the performance of the board as well as the performance of individual board members and the president. The process and the criteria in conducting the board, committees, and the President assessment will be formulated by the Corporate Governance Committee.

In addition, the Chief Compliance Officer, Chief Risk Officer and the Chief Audit Executive will be evaluated by their respective Board Committees.

SECTION 12: SUCCESSION PLANNING FOR MANAGEMENT

The Board will evaluate potential successors and approve management succession strategies and plans for the President/CEO and other executive officers of the Association. The President should at all times, make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

SECTION 13: OTHER PROVISIONS

1. Conflict of Interests – A Board Member must report immediately to the Chairperson any conflict of interest or potential conflict of interest and shall report all relevant information on this matter under the provision of the Code of Business Conduct and Ethics.
2. Confidentiality – No Board Member shall, during his or her membership, disclose any information of a confidential nature regarding the business of the company. HE shall not use the confidential information of the Association for his/her personal benefit.

SECTION 14: CHARTER REVIEW

This Charter must be reviewed by the Board of Trustees at least once a year or as often as deemed necessary. Any amendments and revisions to this Charter must be reviewed and approved by the Board prior to the dissemination to the Board members and posting to the Association's website.

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Handwritten signatures and initials on the right margin:
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