

	SUCCESSION PLAN	NATCCO MBAI-GOV-22-2022	
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Policy Area: GOVERNANCE		Effective Date:	

1. INTRODUCTION

NATCCO MBAI adheres to the Recommendation 2.4 of the Insurance Commission as stated in the IC Circular 2020-71 Revised Code of Corporate Governance for Insurance Commission Regulated Companies.

“The Board should be responsible for ensuring and adopting an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This should include adopting a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the company.”

2. POLICY STATEMENT

Succession Planning Policy is an important part of the talent management process. It provides a way to identify key roles, people with the right skills, and positions that may need filling in a short period of time.

This policy will ensure that NMBAI is ready for any change, especially unexpected changes on the leadership and operations. It will also be a continuous process that will identify needed competencies, evaluates, develops, and retain talent of pool of employees. This policy will identify key steps to be followed to achieve NMBAI’s mission, vision and plans.

3. APPLICABILITY

This policy shall cover and be applicable to the Board of Trustees, key officers and senior management that includes the role of the President/CEO and Senior Officers whose length of service is at least five (5) years in the Association.

4. PROCEDURES

4.1 Board of Trustees (BOT)

4.1.1 BOT Skills Matrix

From the NMBAI’s Board Diversity Policy, identify the expertise or skills of out-going BOT. It can be one or combination of the following:

- Insurance
- Legal
- Finance and Audit

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- Information Technology
- Taxation
- Risk Management
- Cooperative Management
- Human Resource
- Sales and Marketing
- Corporate Governance
- Total Quality Management
- Research and Development

4.1.2 Filling-up the vacant position

As indicated in NMBAI's Election Code, Article V, Term of Office:

The term of office of the Regular Board of Trustee is three (3) years, while Independent Trustee is one (1) year.

In case an office becomes vacant due to death, resignation, retirement, disqualification, incapacity, or any other causes, the vacant position will be filled during the next election, as determined by the board, with the winning candidate to serve the unexpired term.

The Corporate Governance Committee will be guided by the skills matrix in identifying the qualified candidates that can run in the scheduled BOT election.

4.2 Board Officers

4.2.1 Nomination Committee to select candidates for appointment of NMBAI Board Officers

4.2.2 Officer's Job Description

Using the Job Description of the Board Officers, the identified core competencies and qualifications will be the basis in appointing the new officer.

4.2.3 Appointment of Officers


The Secretary, Treasurer, and Auditor are appointed annually, usually right after the Annual Meeting.

4.3 Management

4.3.1 Key Steps in filling-up vacant positions

4.3.1.1 Identify critical positions in each unit.

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Identify critical positions which cannot be vacated. This can also mean identifying position/s that you will available soon because of mandatory retirement or planned promotion.

- 4.3.1.2 Determine the required job competencies for selected critical positions. Identify the required job competencies for selected positions and evaluates the competencies of the possible candidates for replacement. Focus on the employee’s development that will benefit the Association and the personnel as well.
- 4.3.1.3 List down competency profile of the selected employees through performance evaluation.
The performance evaluation must be done objectively by evaluating employees’ output, based on work accomplishments. The Association must document the profile of selected employees through their performance evaluation.
- 4.3.1.4 Decide on at least two (2) successors for the selected position.
Always have a backup plan. There must be always choices between qualified employees for transparency. Encourage the possible candidates to have their own career development and career plans to have a healthy competition.
- 4.3.1.5 Employee with the closest match to competency requirements of position will be selected.
The most competent employee will be chosen to be the successor of the critical position.
- 4.3.1.6 Create a transfer plan.
When the above-mentioned processes were done, it’s time to create the succession plan itself. Transfer plan must be readily available with the approval of the identified decision maker/s.
- 4.3.1.7 Training and development of the successor
Create a career development plan and involve them for their improvement. Ask the successor on what trainings and workshops that they need to acquire for career development.

4.3.2 Implementation Guidelines

The Corporate Governance Committee is the main responsible for the implementation of this Succession Planning Policy. They will share the responsibility to have an accurate transition for replacement of possible vacant positions.

- 4.3.2.1 Every January each year, the Remuneration Committee meeting must meet and review the Succession Planning Policy.

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- 4.3.2.2 Identify key positions for Succession Planning, including the expected, planned and mandatory retirements for possible position turnovers.
- 4.3.2.3 Identify qualified employees who exhibited good performance.
- 4.3.2.4 List down all work achievement of the prospected employee/s within the past twelve (12) months.
- 4.3.2.5 Outline the actions to be taken in the coming six (6) months to prepare the identified candidate/s for bigger responsibilities and leadership.
- 4.3.2.6 By the end of February, the President/CEO will report to the Corporate Governance Committee the result of evaluation, and must have a list of prospected candidate/s and endorse them to the Corporate Governance Committee.

5. SEPARABILITY CLAUSE

If any provision or part of this policy is declared invalid, the remaining parts or provisions not affected must remain in full force and effect.

6. AMENDMENTS

This Policy may be amended or modified only by a written instrument, executed by the Committee and approved by the Board of Trustees.

7. DATE OF EFFECTIVITY

This policy must take effect on the date of the approval of the Board of Trustees.

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