ELECTION GUIDELINES

For the Election of New Set of Officers, CY 2014-2015 during the Annual General Assembly of CLIMBS on April 25-26, 2014 at Casino Espanol de Cebu, Cebu City

A. VACANT ELECTIVE POSITIONS

Pursuant to the amended Articles of Cooperation and By-Laws of CLIMBS Life and General Insurance Cooperative as approved by the General Assembly and Cooperative Development Authority, the following positions are declared vacant and to be filled up by Election of New Set of Officers for the CY 2014-2015 during the Annual General Assembly of CLIMBS Life and General Insurance Cooperative on April 25-26, 2014 at Casino Espanol in Cebu City.

a.1) Board of Directors - The Board of Directors shall be composed of eleven members consisting of two (2) Independent Directors (ID) and nine (9) Regular Directors (RD) of which six (6) seats shall be apportioned to the three island regions of Luzon, Visayas and Mindanao respectively based on the apportioned aggregate share capital paid members-cooperatives in each of the three island regions. Thus, voting delegates coming from Luzon shall elect the regional directors for Luzon. Likewise, voting delegates from Visayas and Mindanao shall elect their respective regional directors.

Three (3) seats of the Board of Directors shall be apportioned to the first three highest member-cooperatives/investors which have individual paid up common share capital as of the date specified by the ELECOM prior to the election, said capital which ranges from the minimum 10% to the maximum of 20% aggregate paid up common share capital of the member-cooperative and shall be voted At-Large and shall serve for two (2) years.

1. Three highest member-cooperatives/investors--------three (3)
2. Remaining six (6) seats will be apportioned as follows:
   a. Luzon---------------------------------------- one (1) seat vacant
   b. Visayas-------------------------------------- two (2) seats vacant
   c. Mindanao------------------------------------ three (3) seats vacant
3. Two Independent Directors ---------------------- one (1) seat vacant

a.2) Election Committee-------------------------- one (1) seat vacant
a.3) Audit Committee --------------------------- one (1) seat vacant
a.4) Mediation and Conciliation Committee ------- by appointment of the Board

B. QUALIFICATIONS AND DISQUALIFICATIONS

b.1) Common Qualification of a Candidate for an Elective Position

Regular Director
1. He/she must be at least thirty years old on the date of election.
2. He/she must be a graduate of any four year college degree course.
3. He/she must have served in his/her primary/secondary cooperative for at least three years as director and duly authorized by his/her member cooperative by means of board resolution.

4. His/her primary/secondary cooperative must be a member of CLIMBS for at least three years.

5. He/she must not have been convicted of crimes involving moral turpitude.

6. He/she must have no conflict of interest with CLIMBS such as acting as agent, broker or analogous status of any insurance company, government or private.

7. His/her cooperative must have patronized and enrolled in at least three major products of CLIMBS such as:
   
   i. Life CLPP/CLSP,
   
   ii. Non-life, Fire, vehicles
   
   iii. Health, calamity insurance

8. His/her cooperative must have paid at least one million (Php 1,000,000) pesos common shares.

Proposed amendments

9. The three (3) regular directors from the top three coop investors are deemed elected subject to continuous compliance to CLIMBS requirements on investments. Thus, failure to maintain the position in the hierarchy of investments, in the next election he/she shall yield voluntarily his/her position to the next higher coop investor.

Independent Director

1. He/she must have no conflict of interest and/or has no interest at all with CLIMBS.

2. He/she must be an Expert and/or Engaged and/or Exposed and comes from reputable financial sector and/or insurance Industry.

3. He/she must act as adviser of CLIMBS.

4. He/she must have No personal or financial ties with CLIMBS so that he/she shall be objective in the performance of his/her functions:

   • Competencies in his/her respective fields;
   
   • Reminds the Regular Directors/Board of Directors of ultra vires dispositions;

5. He/She must be a member of a primary or secondary cooperative duly registered with CDA, which is likewise a member of CLIMBS.

6. He/She at any given time, must only own a one-unit minimum common share capital or equivalent in his/her primary or secondary cooperative, which is likewise a member of CLIMBS.

7. He/She at any given time, must have no interest, investment, savings or similar accounts in his/her primary or secondary cooperative, or in CLIMBS or in any other cooperatives or organizations that are members of CLIMBS.
Nota Bene: In the event that there are no qualified candidates for the position of Independent Directors, the EleCom shall declare the said positions vacant.

b.2) Disqualification of a Candidate for an Elective Positions in the Cooperative

1. Delinquent in the remittances of its premium for not more than three (3) months of the following products:
   a. Life CLPP/CLSP,
   b. Non-life, Fire, vehicles
   c. Health, calamity insurance
2. Holding any elective position in the government.
3. Having been absent for three (3) consecutive Regular Board/Committee meetings of CLIMBS.
4. Having conflicting interest in the business of CLIMBS as provided for in Article IV, Sec. 27-a (par 6). (“He/she must have no conflict of interest with CLIMBS such as acting as agent, broker or analogous status of any insurance company, government or private.”)

**Proposed Amendment**

5. **Proposed amendment: Being an officer of another entity of the same business of CLIMBS. (e.g. insurance)**

6. Being a full-time employee/agent of CLIMBS.
7. Having been convicted of any crime involving moral turpitude, gross negligence or gross misconduct in the performance of his/her duties or found culpable in any administrative case involving such offenses.
8. Having been disqualified pursuant to disqualification prescribed in the By-laws.

C. ELECTION GUIDELINES AND PROCEDURES

Pursuant to the amended Articles of Cooperation and By-Laws of CLIMBS Life and General Insurance Cooperative as approved by the General Assembly and Cooperative Development Authority, the following positions are declared vacant and to be filled up by Election of New Set of Officers for the CY 2014-2015 during the Annual General Assembly of CLIMBS Life and General Insurance Cooperative on April 25-27, 2014 at Casino Espanol in Cebu City.

c.1) Board of Directors - The Board of Directors shall be composed of eleven members consisting of two (2) Independent Directors (ID) and nine (9) Regular Directors (RD) of which six (6) seats shall be apportioned to the three island regions of Luzon, Visayas and Mindanao respectively based on the apportioned aggregate share capital paid members-cooperatives in each of the three island regions. Thus, voting delegates coming from Luzon shall elect the regional directors for Luzon. Likewise, voting delegates from Visayas and Mindanao shall elect their respective regional directors.
Three (3) seats of the Board of Directors shall be apportioned to the first three highest member-cooperatives/investors which have individual paid up common share capital as of the date specified by the ELECOM prior to the election, said capital which ranges from the minimum 10% to the maximum of 20% aggregate paid up common share capital of the member-cooperative and shall be voted At-Large and shall serve for a term of two (2) years.

Nota Bene: As of this Election 2014, the cut-off for all paid-up common share capital shall be on or before April 25, 2014. However, in the succeeding elections, the cut-off date for all paid up common share capital shall be on December 31 of every year.

Likewise, during this Election 2014, only voting delegates coming from Luzon and Mindanao shall elect their respective regional directors.

1. Three highest member-cooperatives/investors---------three (3)
2. Remaining six (6) seats will be apportioned as follows:
   a. Luzon-----------------------------one (1) seat vacant
   b. Visayas---------------------------two (2) seats vacant
   c. Mindanao----------------------------three (3) seats vacant
3. Two Independent Directors ----------- one (1) seat vacant

\[c.2\] Election Committee---------------------- one (1) seat vacant
\[c.3\] Audit Committee----------------------- one (1) seat vacant
\[c.4\] Mediation and Conciliation Committee ------- by appointment of the Board

Nota Bene:
Article IV Section 26. TRANSITORY PROVISIONS OF THE AMENDED BY-LAWS

a) After the approval by the CDA of these amended By-Laws and during the election in the next immediate General Assembly, all positions of incumbent Regular Directors and Audit/Independent Directors shall be deemed vacant and open for election.

b) Likewise, during the election immediately after the approval by CDA of these amended By-Laws, the Independent Director who shall garner the highest number of votes shall serve for a term of two (2) years and the other shall serve one-year. Thereafter, the two Independent Directors shall serve for a term of two (2) years.

c) Except for the three Regular Directors (elected by the five highest member-cooperatives-investors), who shall immediately serve their two-year term after their election, the other six Regular Directors, after their election in their respective island Regions, and in order to determine as to who shall initially serve the two-year term, shall be elected by secret ballot by the entire voting delegates. The first two Regular Directors who shall garner the highest number of votes shall serve a term of two years and the other four Regular Directors shall serve a term of one year. Thereafter, all shall serve a term of two (2) years.

Nota Bene:
\[a\] Three (3) AUDIT COMMITTEE shall be elected for a term of two (2) years, however, for the first year election after the approval by the General Assembly and CDA of this amended By-Laws, the candidates who garner the first and second highest winning votes shall serve a term
The candidate who garners the third highest winning votes shall serve a term of one (1) year. Thereafter, all Audit Committee members shall serve for a term of two (2) years.

b) One (1) ELECTION COMMITTEE Officer shall be elected for a term of three (3) years.

c.5) Filing of candidacy shall not be later than 8:00pm of April 25, 2014. The election proceeding shall be done through secret balloting.

c.6) Election Day shall be held during the CLIMBS General Assembly on April 26, 2014, at Casino Español, Cebu City.

c.7) The authority of the Election Committee (EleCom) shall be the CLIMBS Amended By-Laws and Articles of Cooperation, as approved by the General Assembly and by the Cooperative Development Authority and pursuant to Republic Act 9520 known as the Philippine Cooperative Act of 2008.

c.8) Allocation of Votes
   c.8a) One (1) Basic Vote
       For the existing regular member of CLIMBS with a minimum common share of P10,000.00.

       For the new members as of April 20, 2013 as stated in Section 3, paragraph (a) of the By-Laws shall have a minimum common share capital of P100,000.00.

   c.8b) Incentive Votes (4)
       One (1) vote for patronage of at least 3 CLIMBS products with a minimum total of P50,000.00 and another one (1) vote for every additional P50,000.00 of the common share capital but not to exceed a total of four (4) incentive votes.

Nota Bene: Based on the provision of our Amended By-Laws of Section 3, paragraph (a) and existing election practices of CLIMBS.

D. Proposed Amendment: Any ELECOM member who is running for any elective position is automatically deemed resigned. In the event that two or more members of the Committee are candidates or cannot serve for whatever reason, the Board of Directors of CLIMBS shall appoint temporary member(s) from the voting delegates to oversee the election.

D. PROCEDURES TO BE FOLLOWED

   d.1) For Candidates
       i. Secure a Candidacy Form from CLIMBS ELECOM.
       ii. Fill up properly the Candidacy Form.
       iii. Attach your latest 2x2 photo.
       iv. Make sure you have all the qualifications and none of the disqualifications.
       v. Secure Board Resolution from your primary cooperative granting you authority to run for the elective position.
       vi. Submit all the above requirements to the ELECOM for its proper deliberation and approval.
d. 2) For Voters
   vii. Register and verify if your primary cooperative is a Member in Good Standing (MIGS) of CLIMBS.
   viii. Submit Board Resolution from your primary cooperative as authorized voting delegate.
   ix. If qualified, secure your ballots from the designated ELECOM Staff.
   x. Each island has a designated color code.
   xi. Cast your vote at the designated voting center

3. Proposed amendment: Being an officer of CLIMBS is by representation and is not personal. Thus, an elected officer who has an unexpired term but for one reason or another is separated from CLIMBS and/or the primary coop he/she is representing, the said primary coop is entitled to replace the said officer. An incumbent elected officer of CLIMBS with an unexpired term but ending his/her term in the primary coop may continue his/her unexpired term at CLIMBS provided that he/she is allowed by his/her primary Coop to continue serving at CLIMBS.

Note: Electronic Election (eElection) will be done in the near future.

DR. EUFEMIO L. CALIO  
Chairman, ELECOM, CLIMBS

ROMULO G. AMARADO  
Vice Chairman, ELECOM, CLIMBS

DR. VICTORIA T. PRE  
Secretary, ELECOM, CLIMBS