



**TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.**

# **CORPORATE GOVERNANCE MANUAL**

**TULUNGAN MBA INC. (Formerly: SRCDC MBAI)**



## **TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.**

### Chapter I – INTRODUCTION

#### **1.1 BRIEF HISTORY**

The Sto. Rosario Credit and Development Cooperative (SRCDC) decided to put up its own Mutual Benefit Association in compliance to the mandate of Department of Finance under Republic Act 9520 supported with the Joint IC-CDA-SEC Memorandum Circular No. 01-2010 stating the termination of informal insurance and insurance-like activities in the cooperative. It aims to provide micro-insurance services to the poor, most especially to the members who had pinned their hopes on the cooperative as a means of financial security.

It was registered as SRCDC Mutual Benefit Association, Inc. (SRCDC MBAI) at Securities and Exchange Commission (SEC) on December 28, 2007 and was awarded by the Insurance Commission (IC) with its license to operate its own mutual benefit association on August 1, 2008

The initial members of the SRCDC MBAI comes from members of Tulungan Program of SRCDC. The Tulungan Program is one of the informal insurance of the cooperative.

#### **1.2 MISSION, VISION AND CORE VALUES**

##### **MISSION**

To be the leading microinsurance and microfinance provider in the province of Bulacan.

##### **VISION**

Providing a timely, caring responsive products and services to members and other sectors of society for their sustainable mutual protection.

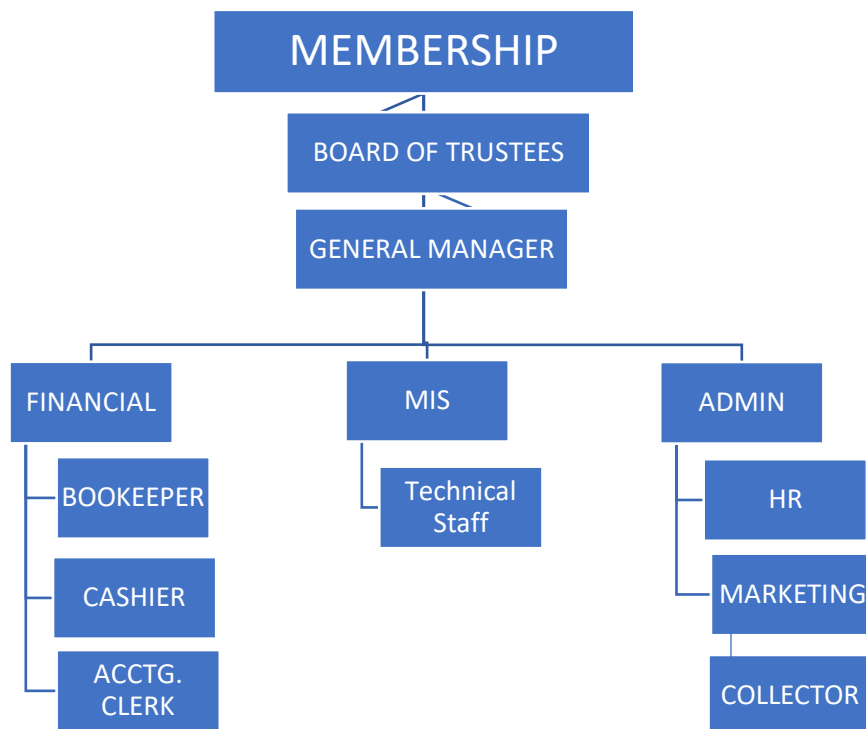
##### **CORE VALUES**

**C**ommitment  
**A**ccountability  
**R**esponsibility  
**E**xcellence

**S**ervice-oriented  
**E**fficient service  
**R**eliability  
**V**iability  
**E**ndurance



### **1.3 ORGANIZATIONAL STRUCTURE**



### **1.4 OVERVIEW OF PROGRAMS**

The purpose for which the association is formed is to advance the interest and promote the welfare of the poor in particular and the interest and welfare of the Philippines in general.

Specifically, Tulungan MBI shall seek:

1. To extend micro-insurance services including financial assistance to its members and their spouses, children and parents in the form of death benefits, credit life insurance, wellness and health benefits, equity value savings assistance, loan assistance and other related services for their general welfare;
2. To ensure continued access to benefits/resources by actively involving the members in the management of the association that will include implementation of policies and procedures geared towards sustainability and improved services.

#### **1.4.1 PRODUCTS AND SERVICES**

1. Basic Life Insurance Program (BLIP)  
Life Insurance coverage for qualified the members of the association. The annual contribution is Php600.00 or monthly contribution of Php50.00 with the following benefits:



## **TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.**

- 1.1 Natural Death Benefit
- 1.2 Accidental Death Benefit (ADB)
- 1.3 Total Permanent Disability (TPD)

### **2. Credit Life Insurance Program (CLIP)**

Insurance that give full loan protection to member-borrowers and to protect Tulungan MFI and other partners by ensuring 100% amount of loans of members in case of untimely death. The annual premium is P8.50/1,000.

### **1.5 COMMITMENT TO CORPORATE GOOD GOVERNANCE**

The Board of Trustees and Management (Officers and staff) of Tulungan MBI hereby commit themselves to the principles and best practices contained in this manual and acknowledged that the same may guide to the attainment of our corporate goals.

This Corporate Governance Manual shall serve as our guide in ensuring the Associations practice of good governance, sustainability and continuous commitment to the members in providing efficient programs and services for the growth of the community where we operate.

### **1.6 MANUALS OBJECTIVE**

In order to institutionalize the commitment to Corporate Good Governance, this manual was created to enhance the accountability of the Board of Trustees, the Management and Employees to the Association.

The key people of the association believes that this corporate governance manual is important

### **1.7 DEFINITION OF TERMS**

#### 1.7.1 Corporate Governance

It refers to a set of rules, practices and laws in terms of which the association is operated, regulated, and controlled. It is required for the effective management of the association by the Trustees for the benefit of the members or stakeholders.

#### 1.7.2 Members

Refers to the owner and the client of the Association

#### 1.7.3 Board of Trustees

Refers to the governing body elected by the members who is primarily responsible for the governance of the Association.



## TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.

### 1.7.4 Management

Refers to the body given the authority by the Board of Trustees to implement the policies it has laid down in the conduct of the activities of the organization.

## CHAPTER 2- GOVERNANCE STRUCTURE AND POLICIES

### 2.1 Board of Trustees

#### 2.1.1 Composition

The Board of Trustees of Tulungan MBI shall consist of seven (7) members namely the following: five (5) Regular Trustees and two (2) Independent Trustees who shall be elected by the members in good standing.

#### 2.1.2 Qualifications of a Trustee

The trustees to be eligible for election/nomination must be of legal age, recognized member in good standing of the association, has consistently performed very satisfactory as elected or appointed officer of the association and is willing to perform the functions of a trustee without any remuneration.

#### 2.1.3 Disqualifications of Trustees or Officers

No member convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code of the Philippines committed within five (5) years prior to the date of his/her election or appointment, shall qualify as a Trustee or Officer. In addition, a member whose membership has been terminated due to a valid reason, and/or has resigned without valid reason from membership or being an officer with the association shall also be disqualified from being a Trustee or Officer.

#### 2.1.4 Term of office

The Board of Trustees shall be elected every three years by a majority of member in good standing during Annual General Assembly of members.

The elected members of the Board of Trustees shall serve beginning immediately following their election for a term of three (3) years until their successors shall have been elected. Provided, that no member shall serve as member of the Board of Trustees for more than two (2) consecutive terms.



## TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.

### 2.1.5 Duties, Function and Responsibilities of the Board

The corporate powers of the Association shall be exercised, all business conducted and all properties of the corporation controlled and held by the Board of Trustees subject to the approval of the majority of the members. Without prejudice to such powers as maybe granted by law, the Board of Trustees shall have the following powers:

1. from time to time, to promulgate rules and regulations consistent with these by-laws, and to review, revise or amend the same when it deems necessary for the management of the association's business and affairs.
2. to purchase, receive, take or otherwise acquire for and in the name of TULUNGAN MBAI, any and all properties, rights or privileges, including securities and bonds of other corporations, for such consideration and upon such terms and conditions as the Board may deem proper or convenient.
3. to invest the funds of TULUNGAN MBAI in other corporations or for purposes other than those for which the association was organized, subject to such approval of the Board of Trustees as may be required by law.
4. to incur indebtedness as the Board may deem necessary, to issue evidence of indebtedness including notes, deeds of trust, bonds, debentures or securities subject to such approval of the members as may be required by law and/or pledge, mortgage or otherwise encumber part of the properties of TULUNGAN MBAI.
5. to establish pension, retirement, bonus or other types of incentives or compensation plans for the members, employees, including officers and Trustees of TULUNGAN MBAI.
6. to prosecute, maintain, defend, compromise, submit arbitration in connection with the affairs of TULUNGAN MBAI.
7. to implement these by-laws and to act on any other matter not covered by these By-laws, provided such matter does not require the approval or consent of the members of TULUNGAN MBAI under the Corporation Code.
8. to appoint and dismiss any employee of TULUNGAN MBAI, whether regular, probationary, casual or contractual, fix or adjust their salaries and all other personnel movements as provided by law.



## TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.

9. To delegate any of its powers or function to an executive committee or to any officer of TULUNGAN MBAI to any standing or special committee or to any officer or agent and to appoint any person to be an agent of TULUNGAN MBAI.
10. to approve all contracts for construction and major repair or maintenance work and other contracts involving significant amount.
11. to approve all contracts involving the sale of non-current assets;

### **2.1.6 Vacancies in the Board**

Any vacancy occurring in the Board of Trustees other than by removal by the members or by expiration of the term, may be filled by the vote of at least a majority of the remaining trustees, if still constituting a quorum; otherwise, said vacancies shall be filled by the members in a regular or special meeting called for that purpose. A trustee to be elected to fill a vacancy shall hold office only for the unexpired term of her/his predecessor in office.

### **2.1.7 Board Self-Assessment**

The Board of Trustees conducts an annual evaluation of its performance through self-assessment by the individual Trustees of their respective individual performance.

## **2.2 The Independent Board of Trustees**

The Independent Trustees shall be elected by the majority of its members upon the nomination of the Nomination/Election Committee of the Board of Trustees. The Independent Trustees are deemed active members of Tulungan MBAI and updated on their members annual contribution. They have the same obligations, rights and privileges as members in good standing (MIGS).

## **2.3 The Officers of the Board of Trustees, its Powers and Functions**

### **2.3.1 President**

The President of Tulungan MBA shall exercise the following functions:

1. to preside in all meetings of the members of the association;
2. to execute all resolutions of the Board of Trustees;
3. to be charged with directing and overseeing the activities of the association;
4. To submit to the Board as soon as possible after the close of each fiscal year, and to the members of the annual meeting, a



## **TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.**

complete report of the activities and operations of the association for the fiscal year under his/her term;

5. To represent the Tulungan MBI in all functions and proceedings;
6. To appoint, remove, suspend or discipline employees of Tulungan MBI prescribe their duties and determine their salaries subject to confirmation by the Board of Trustees;
7. To execute in behalf of Tulungan MBI, all contracts, agreements and their instruments affecting the interest of the association which may require approval of the Board of Trustee unless otherwise directed by the Board;
8. To perform such other duties as are incident to his/her office or are entrusted to him by the Board of Trustees.

### **2.3.2 Vice President**

In the absence or disability of the President, the Vice President shall perform the duties of the President. However, in case of death, resignation or removal of the President, the Vice President shall automatically be the President until the remaining term of the President is finished.

### **2.3.3 Secretary**

The Secretary shall have the following specific powers and duties:

1. To give all notice required by these 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;
2. To keep the seal of the Tulungan MBI and affix such seal to any paper or instrument requiring the same;
3. To have custody of the members registry book and their correspondence files of the association;
4. To certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as maybe required of him by law or by government rules and regulations;
5. Also perform all such other duties and work as the Board of trustees may from time to time assign to him.

### **2.3.4 Treasurer**

The Treasurer shall have the following duties:





## **TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.**

1. To keep complete and accurate accounts/records of the receipts and disbursements of Tulungan MBAI;
2. To take and have custody of and be responsible for all the funds, securities, bonds, and certificates of titles of Tulungan MBAI;
3. To ensure that all deposits are in the name of Tulungan MBAI, in such banks as may be designated from time to time by the Board of Trustees, all the money, funds, securities, bonds and similar valuables belonging to Tulungan MBAI which may come under his control;
4. To maintain in his possession an annual statement showing the financial condition of Tulungan MBAI and such other financial reports as the Board of Trustees or the President may require from time to time;
5. To keep such financial reports, statements, certifications and other documents that may, from time to time be required by the government rules and regulations and to submit the same to the proper government agencies;
6. To assist the management in the preparation and submission to the Board of Trustees for consideration and approval the annual budget on or before its regular meeting and furnish a copy of the approved annual budget;
7. To ensure that all expenditures are duly authorized and are for the best interest of the association;
8. To post a bond in such amount as maybe required by the Board of Trustees;
9. To suspend or withhold payments of accounts incurred not in accordance with policies of the Board of Trustees or which are otherwise irregular or improperly authorized;
10. To turn-over all money, funds securities, bonds, and certificates of titles of the association to his successor upon his election; and
11. To perform such other duties as may be assigned by the Board of Trustees and the General Manager.



## **TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.**

### **2.3.5 Advisory Board of Trustees**

This must be past President of the Association. It helps and gives advice to the Board of Trustees whenever necessary.

## **2.4. Board Committees**

In aid of Good Corporate Governance, the board shall constitute the following Committees:

### **2.4.1 Election/Nomination Committee**

Shall be composed of three (3) members, one of whom must be Independent Trustee.

They shall be responsible for the review and evaluate the qualifications of all nominees to the Board of Trustees as well as those nominated to other positions requiring appointment by the Board of Trustees.

They are responsible in facilitating the whole election process. They shall supervise the voting ceremony, counting and announcing the result of the election. They are also responsible to act on any protest in relation to the result of election.

### **2.4.2 Oversight and Audit Committee**

Shall be composed of three (3) members of the Board of Trustees, one of whom must be Independent Board of Trustee preferably with accounting and finance experiences.

They shall be responsible for the oversight of the associations internal and external auditors. They shall monitor and evaluate the adequacy and effectiveness of the internal control of the association.

### **2.4.3 Remuneration Committee**

The Remuneration Committee shall compose of three (3) members and to be chaired by an Independent Trustee.

They shall be responsible to assist and advise the Board on matters relating to the remuneration of the Board of Trustees and Management, in order to motivate and ensure that the association is able to attract the best talents in order to maximize stakeholders/members value.



## **TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.**

### **2.5 Board Meetings**

#### **2.5.1 Orientation of New Board of Trustees**

The Management shall conduct orientation seminar to all concerned officers, to discuss clearly the content and familiarize them on the following:

- a) Corporate Governance Manual
- b) AMLA Manual
- c) Articles and By-Laws of the Tulungan MBAI
- d) Financial Operation of the association
- e) Products and Services of the Association

All newly elected Board of Trustees are required to attend AMLA/Corporate Governance seminar conducted by a duly recognized private or government institute within six (6) months after the Election or Appointment.

#### **2.5.2 Quorum Requirements**

In all regular or special meeting of members, at least fifty percent (50%) of all members in good in good standing plus one (1) must be present in order to constitute a quorum. If no quorum is constituted, the meeting shall be adjourned until the requisite number of members shall be present.

#### **2.5.3 Conduct of Meeting**

Meetings of the members shall be presided by the President or on his absence, the Vice-President as Presiding Officer. In case of absence of the President and the Vice President, the meeting shall be presided by the Officer duly authorized by the Board of Trustees for this purpose. The Secretary shall take the minutes every meeting or in his/her absence the Presiding Officer shall appoint a secretary of the meeting.

#### **2.5.4 Regular and Special Meetings**

The Board of Trustees are committed to attend the Regular Board meeting once every three (3) months at the office of the Tulungan MBAI. A Special or Emergency Meeting of the Board of Trustees maybe called by the President or the Secretary upon request of the majority of the incumbent members of the Board of Trustees and at least three (3) days notice to all members of the board. Notice of any meeting of the board shall be:

- a. in writing
- b. thru Mobile
- c. thru Messenger



## **TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.**

### **2.6 Corporate Governance Rules and Principles**

Members of the board, management, officers and employees are committed to adhere to ethical business conduct/corporate governance rules and principles as follows:

**2.6.1** All dealings of the Association with any of its trustees, officers, and their related interests shall be in the regular course of business and upon terms not less favorable to the Association than those offered to others to avoid insider abuses and unfair competitive advantage.

**2.6.2** The Board of Trustees and the created committees must be able to perform their duties with a high degree of independence; Board of Trustees, officers and employees shall not engage in any act or omission which may be considered as conducting business in an unsafe and unsound manner.

**2.6.3** Every member of the organization should promote the good reputation of the Association in dealing with members and others and other parties that transact business with the institution.

**2.6.4** The Association office's facilities shall not be used in the furtherance of any criminal activity;

**2.6.5** Members of the board and management shall disclose material interest in transactions affecting or which may affect the Association;

**2.6.6** The board shall review all material transactions that are not done in the ordinary course of business;

**2.6.7** Board of Trustees, officers and employees shall not enter into business transactions where conflict of interest may arise;

**2.6.8** Board of Trustees, officers and employees shall not accept materials benefits/information from someone doing business with the Association; and

**2.6.9** The board shall put in place a system for imposition of sanctions and/or penalties for violation of the code/standards.

### **2.7 Related Party Transaction**

All related party transactions shall be observed at all times to protect the best interest of the Association, its members and stakeholders. The Association shall seek the assistance of a committee of independent trustees to review and check the materiality and fairness of the transactions.



## **TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.**

### **2.8 REMUNERATION OF THE MEMBERS OF THE BOARD AND OFFICERS**

#### **2.8.1 Development Program**

The Association places high value on its human resources including Board of Trustees and recognizes the importance of competence; hence, all Board Members and Officers shall be eligible for continuous development program such as trainings, seminars, workshops and conferences.

#### **2.8.2 Allowances/ Remunerations**

The Board of Trustees shall be entitled only for monthly reimbursement of their expenses and honorarium for executing their duties as Board. No Board of Trustee shall be involved in deciding his or her own remuneration.

### **2.9 THE MANAGEMENT**

Tulungan MBAI is just a small MBA, wherein the Management is represented by the Manager. All principal policies and directions governing the organization, management and operation of the Association as well as its subsidiaries shall be formulated, recommended and implemented, subject to Board approval when required by existing laws. The Manager shall regularly report to the Board at its regular Board meeting, or during special meeting whenever necessary or requested by the Board, on all matters concerning the Association's operation as well as significant events or occurrences affecting the Association.

The decisions of the Manager on the major acquisitions, procurements, changes on the policies/benefits of the members and other major decisions that is not in the usual business operation of the Association shall require Board approval. Likewise, all disbursements made by the Association shall be in accordance with the approved policy and Signing Authority.

To ensure the Association's adherence to the guidelines on corporate governance set herein, the Board of Trustees shall designate an Audit Committee. He shall have direct reporting responsibilities to the Board of Trustees and shall be tasked to do the following duties:

2.9.1 Coordinate, monitor and facilitate compliance with existing laws, rules and regulations and with the provisions and requirements of this Manual;

2.9.2 Determine violations with existing laws, rules and regulations and with the provisions of the Manual and recommend



## **TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.**

appropriate sanctions and/or penalties for violation thereof, for further review and approval of the Board of Trustees; and

2.9.3 Identify, monitor and control compliance risks.

Using the Personnel Performance Appraisal (PPA), the management shall be evaluated annually to check if their duties and responsibilities are disposed properly and job objectives are met.

### **2.10 THE EXTERNAL AUDITOR**

The Association is in compliance with Insurance Commission Circular No. 29- 2009 dated November 10, 2009 in the selection of external auditors.

2.10.1 Only external auditors accredited by Insurance Commission are being Engaged;

2.10.2 The external auditor shall be changed or the lead and concurring partner shall be rotated every five years or earlier.

2.10.3 No external auditor may be engaged if he or any member of his immediate family had or has committed to acquire any direct or indirect financial interest;

2.10.4 The external auditor and the members of the audit team do not have any claim with the Association;

2.10.5 The external auditor is not currently engaged nor was engaged during the preceding year in providing the following services to the Association:

1. Internal audit functions;
2. Stems design, implementation and assessment;
3. Other services which could affect his independence.

2.10.6 The external auditor, auditor-in-charge and members of the audit team adhere to the highest standards of professional conduct and shall carry out services in accordance with relevant ethical and technical standards, such as the Generally Accepted Auditing Standards (GAAS) and the Code of Professional Ethics for certified public accountants.

### **2.11 THE INTERNAL AUDITOR**

2.11.1 In the meantime that the Association cannot hire an Internal Auditor, the role of the Audit Committee is to function as Internal



## TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.

Auditor that mandates Organizational Structure and Management & Board Oversight.

- a. The authority of the Internal Audit/Audit Committee is supported by a manual clearly establishing, the following;
  - objectives and scope of the internal audit function;
  - Internal Auditor's position within the organization, its powers, responsibilities and relations with other control functions;
  - accountability of the Head of the Internal Auditor;
  - terms and conditions within which Internal Auditor can be called upon to perform special reviews as requested by the management or the BOT.
- b. The manual is periodically reviewed by the Internal Auditor, approved by the management and confirmed by the BOT as part of its supervisory role;
- c. The mandate of the Internal Auditor is widely communicated throughout the organization;
- d. Scope and Responsibilities of Internal Auditor
  - Financial audit – ascertains the validity, accuracy and integrity of the financial data.
  - Compliance audit – reviews compliance with external regulatory bodies, business best practices and internal policies.
  - Operation audit – reviews the efficiency of the business processes
  - Management audit – reviews the management effectiveness in meeting its set objectives
  - Information systems audit – reviews the control of the automated information systems to ensure accuracy and integrity of the data or information processed.
- e. Internal Auditor operates independently, objectively and separately from other departments, divisions and offices of the Association;
- f. Internal Auditor has full access rights to all activities, information, records, properties and personnel relevant to the internal audit activity;
- g. The internal audit head has a direct reporting line to the chairman and unfettered access to the board thru its audit committee; and





## TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.

- h. The Internal Auditor is given full authority to follow-up with senior management the progress of the institution in resolving the issues/concerns raised by the internal auditor.

### 2.11.2 Resources, Methodologies and practices and Reporting and Quality Assurance

- a. Internal Auditor is provided with all the necessary resources (including budget & staffing) to carry out its mandate;
- b. Internal Auditor is adequately staffed;
- d. The level of skills, competencies and experience of the Internal Auditor head and his/her staff are commensurate with Internal Auditor functions taking into account the nature, scope, complexity and risk profile of the Association;
- e. Internal Auditor head and staff are provided with continuing professional support (i.e. training, courses, seminars and similar facilities) for the purpose of attaining the information and skills level required in response to the Association's changing environment and risk profile.
- f. The internal audit manual is approved by the board which contains policies, standards and procedures on the following:
  - Administrative and personnel policies, including those relating to goals and objectives, hiring, training, performance reviews and job description;
  - Organizational and reporting structure;
  - Areas or functions to be audited;
  - Audit frequency and scheduling guidelines including a description of the methodology used for assessing risk in the areas to be audited;
  - Detailed procedures for all the audit assignments;
  - Standards and procedures for audit working papers and reports.
- g. The audit policies, methodologies, practices and procedures are appropriate for the Association's activities and their related risks;
- h. The audit methodologies, practices and procedures
  - complies with the standards for the professional practice of internal auditing.





## TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.

- are being reviewed annually to ensure that they respond to the Association's changing environment and risk profile.
- i. The activities of the audit staff are being monitored to ensure that they apply the approved methodologies and practices consistent with prescribed standards;
- j. The coverage, findings and responses to the audits and review tests are adequately documented;
- k. Audit reports are prepared and submitted to the appropriate management personnel during exit meetings;
- l. There is an exit meeting after each audit;
- m. Even prior to exit meeting some of the findings were already discussed with the staff so that recommendations are dealt with in a timely manner; and
- n. The audit committee regularly follows-up progress on recommendations concerning findings and exceptions that were not yet acted on/dealt with during exit meeting.

### 2.11.3 Planning

- a. There is a sound periodic audit planning process that clearly identifies the audit objectives, audit coverage and the audit schedule for a particular period;
- b. The audit plan is developed on the basis of internal audit assessment of the Association's significant activities and entities and their related risks;
- c. The audit plan, together with the related audit schedule are formally presented to the board for review and approval;
- d. The audit plan details the time and budget and other necessary resources in terms of personnel and other resources;
- e. The board thru the audit committee is provided with regular reports indicating the accomplishments/achievements of internal audit in comparison with the previously approved audit plan and schedule; and
- f. The audit plan is regularly reviewed and updated whenever necessary including a review of changes to the plan and schedule resulting from budgetary constraint, staff turn-over and other contingencies.

## CHAPTER 3. SUCCESSION PLANNING AND DEVELOPMENT PROGRAM



## **TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.**

Corporate governance committee ensures that review of the succession planning process is being done. This is in preparation for filling up of vacancies brought about by expansion, promotion, retirement, etc. This succession plan is to ensure that qualified employees are recruited and developed to fill each key role within the organization.

Policy Statement:

- 3.1 Must ensure the continuity of a strong leadership through operationalizing an effective and sound succession planning and development program.
- 3.2 Must ensure the strong and sound succession planning program identifies and fosters the next generation of leaders
- 3.3 Must align development of talent with the vision of Tulungan MBAI, ensures employees have opportunities to develop their leadership skills, and guarantees that organization has leadership plan in place for success in the future.

### **CHAPTER 4 CODE OF DISCIPLINE**

The Association's Code of Discipline defines standards that the trustees, manager, officers and staff should observe in all their business dealings and relationships. There is a separate section on the Personnel Manual that disclosed the details of the Code of Discipline.

The code includes the following provisions:

- 4.1 Discussion on implementation and motoring of compliance with the code;
- 4.2 Discussion on the disciplinary process;
- 4.3 Discussion of promotions of staff behavior, moral values and discipline and
- 4.4 Discussion on internal control measures

In implementing the code of discipline all shall be guided by the following principles:

1. All are required to be at all times conscious to understand the list of offenses and penalties provided in this policy of which all employees are expected to avoid committing such offenses. All violations and infringements of the institution's rules and regulations shall be subject to disciplinary actions in accordance with the set penalties.
2. No one shall be excused from appropriate actions or penalties on the reason of ignorance of the Association's policies, rules, and regulations.
3. The management reserves the right to suspend penalty or be lenient with penalties in meritorious cases at all times.
4. Anyone found guilty of misappropriation of funds shall be dismissed from the organization and which case shall be referred further to the



## **TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.**

Legal Office for the necessary legal action/litigation. He/she may be placed under preventive suspension while his/her case is under investigation.

5. All suspension shall be without pay.
6. Any disciplinary actions shall be done in accordance with the Labor Code of the Philippines.
7. Implementation of disciplinary action on erring employees shall not prevent the Association from filing criminal action in accordance with the applicable laws.
8. Offenses not included in the list under this policy on code of discipline will be treated on a case-to-case basis. As a general rule, offenses committed will be treated individually and separately even if they fall under the same type of penalty. Management may impose lighter or stiffer penalties depending on the gravity of the offense and circumstances of the case.

### **CHAPTER V. MEMBERS**

#### **5.1 Membership**

The following shall be eligible for membership.

1. At least 18 years of age up to 60 years of age.
2. SRCDC members and members of other organized groups
3. Only those applicants who meet all requirements stated in the prescribed application form shall be eligible for membership

#### **5.2 Certificate of Membership**

Every member shall be entitled to a Certificate of Membership, the form which approved by the Insurance Commission, certifying his/her membership to the Association. It shall be signed by the President, counter signed by the General Manager. The Certificate of Membership shall not be transferrable.

#### **5.3 Membership Fees and Annual Contribution**

Each member shall pay a Membership Fee and Annual Contribution approved by the Insurance Contribution. The Association allocate the Annual Contribution into the following Funds:

- 5.3.1 50% - Equity Value
- 5.3.2 25% - Claims Fund
- 5.3.3 20% - General Fund
- 5.3.4 5% - Guaranty Fund

#### **5.4 DUTIES AND RESPONSIBILITIES OF MEMBER**



## **TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.**

A member shall have the following duties and responsibilities to the associations:

- a. To obey and comply with the by-laws, rules and regulation that may be promulgated by the association from time to time;
- b. To attend all meetings that may be called by the Board of Trustees; and
- c. To pay membership dues and other assessment of the association.

### **5.5 RIGHTS OF A MEMBER**

A member shall have the following rights:

- a. To participate in all deliberations/meetings of the association;
- b. To avail of all the facilities of the association;
- c. To examine all the records or books of the association during business hour;
- d. To exercise the right to vote on all matters relating to the affairs of the association; and
- e. To be eligible to any elective or appointive office of the association.

### **5. 6 RIGHT TO INFORMATION**

The members shall be provided, upon request, with information about the Association's governance board members and partnerships made with other organization.

The members shall have access to any information relating to matters for which the management is accountable. An operations update such as membership, claims settlement and other program activities conducted by the association is regularly posted in the website.

To keep the members updated of the policies and/or new products and services there a continuous information and education campaign conducted by Association's employees.

They shall also be allowed to propose items in the agenda of meetings, provided that the suggested item is valid, legitimate and related to the organization's business.

### **5.7 NOTICE OF ANNUAL GENERAL MEMBERSHIP MEETING**

Accurate and timely information shall be made available to the members to enable them to make sound judgment on all matters brought to their attention for consideration or approval. The BOT Secretary shall issue the Notice of the Annual General Membership Meeting at least 20 business days before the meeting date which includes the time, place and



## **TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.**

proposed agenda items together with a brief rationale for its inclusion thru mail, facsimile transmission or electronic mail.

The Nomination and Election shall in-charge to facilitate the entire Election and voting procedures and standards are adhered to. Results of the vote for each agenda item will be posted in the corporate website not later than the next business day after the Annual General Meeting.

### **5.8 ANNUAL GENERAL MEMBERSHIP MEETING**

The Board of Trustees shall be transparent and fair in the conduct of the annual general meetings.

The members shall be encouraged to attend personally or by proxy such meeting of the members to be held at the principal office or other place designated by the Association. They shall be given the opportunity to ask and receive answers to their questions relating to the organization. A summary of the questions asked and answers given will be included in the Minutes of the Annual General Meeting and posted on the MBA website.

## **CHAPTER 6. STAKEHOLDERS**

The Association is committed to protect the welfare and rights of its stakeholders by ensuring quality service and programs are given to them and every transactions with them are conducted in a transparent and fair manner.

### **6.1 Members**

The Association exists primarily for the benefits of its member. The sustainability of the Association relies on active involvement and participation of the members on the affairs of the Association. A member is a person who meets the eligibility requirements and comply with the policies of the Association and entitles to all the rights and privileges sets forth in the By-laws of the Association. He/she shall embody the promotion of all purposes and goals of the Association.

In ensuring the continuing education of the members, the Association is committed to provide training and education before and after their membership through group meetings.

The Association implements the Alternative Dispute Resolution (ADRem) to protect both the member and the Association. For any member's inquiries the Association has an official Facebook accounts where they can comment or ask any queries about the policy and their benefits. Contact details of the Association are likewise disclose in the website and annual report.

### **6.2 Employees**



## **TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.**

The progress of the Association depends on its human resources and that only through carefully selected, well-trained, result-oriented and dedicated employees can the Association achieved its objectives as stated in the separate Personnel Manual. The Association shall address to the Philippine's Labor Laws that will protect the well-being of the employees.

The Association likewise adopts the policy of the "5S"

- Sorting
- Setting In order
- Shine
- Standardize
- Sustain

The practical activities for the workplace organization must focus on improving the workplace organization for purposes of health and safety, quality and efficiency; how employees will operate within it and how to eliminate was in all its forms. The practical means of creating a cleaner, safer and most effective operation are by removing unnecessary items in the workplace, controlling/labelling stock inventories and essential items, standardization in the workplace and identification of potential hazards.

This is the foundation for the continuous improvement which is actually the technique to create a workplace suited for the visual control and lean production by enabling waste elimination, standardization and continuous organization in the workplace. Another means of protecting the health and safety of the employees is thru Annual Physical Exam and/or Executive Check-up conducted.

The Association is also committed to protect the welfare of all its employees to any grievances that they may encounter by implementing the Code of Discipline policy which provides understanding, consciousness and commitment for every employee's duty to report in good faith any instances of suspected or actual commission of fraud, theft, violation of company policies, law, rule or regulation, any misconduct, illegal or unacceptable behavior by its directors, officers and staff that is contrary to the value of integrity of the institution. To protect the reporting employee strict confidentiality rule is observe by the officers handling and conducting the investigation report. Likewise, any employee who reports false or malicious allegations will be subject to disciplinary action including termination of employment in accordance with the Personnel Manual.

A monthly report card where the key performance indicators, based on the duties and position of the respective employee, is accomplished to be a basis in case a performance bonus will be declared.

### **6.3 Partner Agent**



## **TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.**

Tulungan MFI a microfinance institutions and other organized groups affiliated by the Association act as the collecting agents of the Association and the primary source of the membership. The Association shall ensure fast service and continued access to microinsurance benefits and other services. An arm's length transaction shall be maintained at all times by ensuring written service contract agreement where duties and responsibilities of each parties are clearly stated, such as giving continuous education and orientation to the employees of partner agent about the products and services, the collection fee agreement and others arrangement that is relevant to the execution of the service agreement.

### **6.4 Regulatory Agencies**

Regulatory agencies are essential in any industry as they provide the framework to which an Association should legally operate. These policies, guidelines and circulars issued by the regulatory agencies promote fairness and increase the level of confidence of the members, implementers and other stakeholders.

The Association shall ensure full compliance to the requirements, policies, circulars, memoranda, and guidelines issued by regulatory agencies such as the Insurance Commission, Securities and Exchange Commission, Bureau of Internal Revenue, Local Government Units and other government agencies.

The Association shall appoint/designate a person who will act as Compliance Officer to ensure compliance to the above-mentioned agencies.

### **6.5 Supplier/Contractors**

The Association shall leverage upon effective and efficient third-party products and services through a standard selection and contracting process where objective evaluation of vendors and solutions shall be driven by the Association's business goals.

The types of services that the Association may outsource shall only be those that:

- a. Enable meeting the strategic and business objective as supported by a business case to outsource, and
- b. Are among the existing services allowed for outsourcing as indicated in pertinent insurance laws and regulations or, a new type of service for which approval for outsourcing has been obtained from IC.

Control mechanism shall be established and the following processes shall be performed to effectively, efficiently and securely manage the Association's purchases and outsourced services:





## **TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.**

- a. Accreditation and Dis-accreditation of Vendor
- b. Procedure on Vendor Selection
- c. Procedure on Acquisition of Goods and Services
- d. Contract Management Policy

### **6.6 Creditor**

The Association is committed to meet its obligations to the members, suppliers and 3<sup>rd</sup> party service providers by monthly monitoring of the liquidity ratio and by matching of asset versus the liabilities to ensure enough liquidity to meet the Association's obligations. And in accordance with the law, Association's creditors are given priority in payment of obligations in the normal course of business and in the event of liquidation.

### **6.7 Community of Operations**

In any business, there is a need for the support of the community where it operates. The Association acknowledge the significant role of the community in achieving its vision mission particularly in helping people become less vulnerable.

The Association will strengthen its relationship with the community by sharing information about its programs and services. The Association is engage in community development such as joining in fun run activities initiated by the community, having a medical mission and establishing community clinic which is open to members and non-members.

### **6.8 Environment**

The Association's business operation does not directly affect the environment. However, it is still committed to do its part in promoting environmental sustainability through various initiatives within the office, among its directors and employees and with its stakeholders by adopting the 5s in the workplace organization.

The Association is likewise implementing a solid-waste management program intended to contribute to the international call to address climate change, pollution and order/cleanliness in the workplace.

## **CHAPTER VII. DISCLOSURE AND TRANSPARENCY**

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

The Board commits at all times to comply with all disclosure requirements specifically those that will include material information as mandated by





## **TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.**

regulators within the prescribe period of time. The following material information that will be publicly made available are: financial and non-financial reports such as (and not limited to) earnings, material acquisition, related third party transactions, board remuneration, audited financial statements, Board Structure and Remunerations. The audited FS shall be publicly disclosed not later than 60 days after the financial year clearly stating that the management is responsible for its preparation, impartial presentation in accordance to the financial reporting standards of the Insurance Commission for MBAs.

### **CHAPTER VIII. COMMUNICATION, TRAINING AND MONITORING PROCESSES**

#### **7.1 Communication Process**

This manual shall be available for inspection by any members of the Association at reasonable hours on business days.

All trustees and officers are tasked to ensure the thorough dissemination of this manual to all employees and related parties, and to likewise enjoin compliance in the process.

#### **7.2 Training Process**

The compliance officer shall conduct orientation seminars in all concerned employees and officers to discuss the contents of this manual.

All Board of Trustees are required to attend corporate governance seminar conducted by a duly recognized private or government institute.

#### **7.3 Monitoring and Assessment**

The Compliance Officer shall be specifically tasked with the responsibility of ensuring compliance with this Manual. Any violation against the content of this Manual shall subject the responsible officer or employee to appropriate sanction in accordance to the Personnel Manual.

This Manual shall be subject to an annual review unless the same frequency is amended by the Board.

All business processes and practices being performed within the Association that is not consistent with any portion of this Manual shall be revoked unless upgraded to the compliant extent.