



**Meralco Employees Mutual Aid and Benefit Association, Inc.  
(MEMABA, Inc.)**

# **2015 ANNUAL REPORT**

## **CORPORATE PROFILE**

The MERALCO Employees Mutual Aid and Benefits Association, Inc. (MEMABA, Inc. *for brevity*) was incorporated in June 1977 as a non-stock, non-profit organization formed to grant assistance to its members and the immediate members of their family and/or designated beneficiaries in cases of tragic events such as death, sickness, fire or natural calamities.

The Association has no parent/holding company, subsidiaries, associates, joint ventures and special purpose enterprises.

## **VISION STATEMENT**

To be an independent mutual benefit association aimed at providing the best benefits and assistance to its members and beneficiaries/dependents.

## **MISSION STATEMENT**

### *Members*

- Treat all our members fairly and equitably in providing benefits;
- To provide the best value of assistance to our members and their dependents;
- To continually enhance financial strength of its members and their dependents (the Association helps in the improvement of its members' financial status);
- To promptly respond to changing needs and concerns of members by continuous enhancement and development of benefits, assistance and services provided for the betterment of their welfare.

### *Operations/Association*

- To regularly review policies and guidelines to address current and future needs of the Association for the benefits of its members;
- To enhance financial strength and stability through professional management of operations and creation of opportunities for organizational growth.

### *Directors and Officers*

- To practice the highest standard of integrity and professionalism;
- To provide opportunities for professional growth and advancement for the interest of the Association and its members.
- To provide an environment that values its employees. Encourages personnel development, team spirit and mutual respect.

### *Regulatory/Government Entities, Suppliers, Insurance Companies, Financial Institutions*

- To provide the highest standard of integrity and professionalism;
- To strengthen its relationship and partnership with regulatory bodies through fair, truthful and honest business dealings;
- To be responsible citizens in the communities we serve.

The Association's members of the Board of Trustees regularly review these Vision and Mission statement, as well as the corporate strategies, to ensure that the Association adheres and implements these for the benefits of its members.

## MEMABA LOGO



- This stands for the member and his family forming the letter M which represents the MERALCO family while the orange color adopted the from the MERALCO logo. This is also stands for the members joining hands together to form and support a brotherhood by providing financial assistance and other mutual aid to one another. Moreover, forming the letter M also represents MEMABA and its objectives.



- Stands for the open hand of MEMABA providing support to the members and their families. The green, being the color of money, signifying financial assistance which is the primary objective to the members.



- The circle represents the all-around assistance provided by MEMABA to its members. The yellow shade represents the color of the sun and it also symbolizes that through MEMABA's assistance, its members can look forward to a bright future.

## **MEMBERSHIP**

As of December 31, 2015, our Association has 8,227 members, 155 of them are retirees whose age are 80 years old and above and are exempted from paying the monthly contributions.

The members of the Association are regular employees of the Manila Electric Company, Meralco Employees Mutual Aid and Benefits Association, Inc., Manila Electric Company subsidiaries and its subsidiaries, affiliates and retirees of the Manila Electric Company.

## **DONATIONS**

The Association reviews, institutes, and ensures that the benefits of the members shall always be attuned with the present and future needs and in accordance with the policies, rules and regulations of the MERALCO and Insurance Commission.

The following are the cash assistance provided by the Association:

### *I. Funeral Aid Donation*

a. Death of a Member	Php60,000.00
b. Death of Spouse	12,000.00
c. Death of a Parent	4,500.00
d. Death of a Child (below 21 years old)	7,500.00
e. Death of a Child (above 21 years old)	4,000.00
f. Fetal death (fetus with age 8-20 weeks)	2,000.00

### *II. Fire Victim Assistance*

a. Totally burned (Owned/Rented)	Php15,000.00
b. Partially burned (Owned/Rented)	5,000.00
c. For member-boarder	2,000.00

The following is the summary of the cash assistance granted to the members for the year 2015:

<b>TYPE OF DONATION</b>	<b>QUANTITY</b>	<b>AMOUNT</b>
Death of Member	71	Php4,230,000
Death of Spouse	30	360,000
Death of Parents	238	1,069,500
Death of Children		
Below 21 years old	8	60,000
21 years old and above	5	20,000
Fetal Death	12	24,000
Fire – Totally Burned	6	90,000
Fire – Partially Burned	3	15,000
<b>TOTAL</b>	<b>373</b>	<b>Php5,868,500</b>

## **LOANS**

The Association provides a variety of short and long-term loan packages for the various purposes and needs of the members.

### *Educational Loan*

This is designed to help members or their dependents finance their tuition fees and other school expenses. The maximum loanable amount is Php250,000 payable in one (1) year with an interest of 4.5% per annum.

### *Hospitalization Loan*

The purpose of this loan is to help members and their dependents to finance their hospital bills and other related hospital expenses. The member can borrow up to Php200,000 with maximum term of two (2) years and an interest rate of 4.5% per annum.

### *Fire Loan*

This loan is to support members who are fire victims with maximum amount of Php500,000 and can be paid within two (2) years with an interest rate of 4.5% per annum.

### *Funeral Loan*

The funeral loan is intended to cover funeral and memorial service expenses of the legitimate dependents of the member with a maximum loanable amount of Php150,000 and can be paid within two (2) years with an interest rate of 4.5% per annum.

### *Supplemental Loan*

This type of loan intends to help members meet their financial needs. With a maximum loanable amount of Php100,000 and two (2) years to pay. Loan renewal is allowed provided the outstanding balance is 50% or less during the time of renewal. This loan has an interest rate of 6% per annum.

### *Medicine Loan*

The medicine loan will cover the purchase of medicines and formula milk prescribed by the attending doctor. The amount of loan is up to Php5,000, which can be availed by the member thrice a year, payable within one (1) year with an interest rate of 6% per annum.

### *Calamity Loan*

It is one of the Association's mandate to render assistance to members who are greatly affected by the calamitous events as declared by the national government. The loan can only be availed within a timeframe as declared by the Association. Amount of loan is up to Php30,000 payable within two (2) years with an interest rate of 4.5% per annum.

All loans are subject to Take Home Pay (THP) policy being computed by the MERALCO and its subsidiaries' Human Resource Office to ensure that the deduction for the sad loans will be deducted to the payroll of the members.

In response to the request of members for higher amounts of loan due to increase in the cost of tuition fees, hospitalization expenses and other emergency need, MEMABA secured the approval

of the Insurance Commission to increase the maximum loanable amount of the loans, effective December 1, 2015.

For retiree pensioner member, a latest pension slip is required and filled-up application form. For non-pensioner retirees, loan privileges would be at the extent of Php50,000 payable in one (1) year with an interest rate of 6% per annum.

The following is the summary of the loans granted for the year 2015:

<b>TYPE OF LOAN</b>	<b>QUANTITY</b>	<b>AMOUNT</b>
Supplemental Loan	1,430	Php86,485,755
Purchase of Medicines	5	24,606
Funeral Loan	57	4,275,000
Hospitalization Loan	146	8,651,087
Fire Loan	2	200,000
Educational Loan	1,275	55,963,596
Calamity Loan	296	8,804,500
<b>TOTAL</b>	<b>3,211</b>	<b>Php16,404,544</b>

## **MANAGEMENT**

The Association has nine (9) competent members of the Board of Trustees, one (1) of whom also serves as legal counsel and the other two (2) are Independent Trustees, who are each elected by the members entitled to vote on Annual General Membership Meeting. Both Regular and Independent Trustee hold office for a term of two (2) years and each of them shall be entitled to hold office only for two (2) terms or a total of four (4) years. Working with them is a general manager who supervises six (6) well-trained and dedicated MEMABA hired employees.

## MEMABA MANAGEMENT AND STAFF



## **BOARD OF TRUSTEE 2015**

### **Regular Trustees**



#### **ATTY. MINERVA T. NAYAN**

##### ***Chairperson and Legal Counsel***

Performance and Rewards, Human Resources (Meralco)

Trustee since August 2014

#### **ACADEMIC / PROFESSIONAL QUALIFICATIONS**

Masters in Business Administration                      Juris Doctor, Ateneo Law School, 1999  
Hult International Business School  
Cambridge, Massachusetts, USA, 2010

#### **OTHER PRESENT CORPORATE DIRECTORSHIP**

*Company*                      Philippine International Trading Corp., 2005 – 2007  
*Position Held*                      Member, Board of Directors (representing Office of the Exec. Secretary)

#### **SEMINARS ATTENDED (CORPORATE & GOVERNMENT)**

<i>Event:</i>	Corporate Governance	Corporate Governance
<i>Date:</i>	December 2015	December 2014
<i>Position Held:</i>	Chairperson and Legal Counsel (MEMABA)	Vice-Chairperson and Legal Counsel (MEMABA)

*Event:*                      Seminar on Anti-Money Laundering Act (AMLA)  
*Date:*                      February 2014  
*Position Held:*                      Vice-Chairperson and Legal Counsel (MEMABA)



#### **MR. RONNIE L. APEROCHO**

##### ***Vice - Chairman***

Head, Networks (Meralco)

Trustee since January 1, 2014

#### **ACADEMIC / PROFESSIONAL QUALIFICATIONS**

Kellogg-HKUST                      Bachelor of Science in Electrical Engineering, 1992  
MBA, 2015                      Mindanao State University

#### **OTHER PRESENT CORPORATE DIRECTORSHIP**

<i>Company:</i>	GPMICI	MBI	MIESCORRAIL
<i>Year:</i>	December (2014) – Present	April (2015) – Present	May (2014) – Present
<i>Position Held:</i>	Director	Chairman	Director

#### **SEMINARS ATTENDED (CORPORATE AND GOVERNMENT)**

<i>Event:</i>	Corporate Governance	Corporate Governance	Seminar on AMLA
<i>Date:</i>	December 2015	December 2014	February 2014
<i>Position Held:</i>	Vice-Chairman	Chairman	Vice-Chairman





**MR. WINSTON A. DELOS REYES**

*President*

Head, Novaliches and Camarin Auxiliary Business Center (Meralco)

Trustee since January 1, 2014

**ACADEMIC / PROFESSIONAL QUALIFICATIONS**

Asian Institute of Management (AIM)  
Management Development Program, 2007

Bachelor of Science in Electrical Engineering, 1988  
Mapua Institute of Technology

**NO OTHER CORPORATE DIRECTORSHIP**

**SEMINARS ATTENDED (CORPORATE & GOVERNMENT)**

<i>Event:</i>	Corporate Governance	Corporate Governance	Seminar on AMLA
<i>Date:</i>	December 2015	December 2014	February 2014
<i>Position Held:</i>	President (MEMABA)	Vice-President (MEMABA)	Vice-President



**MR. RICARDO S. GONZALEZ**

*Vice - President*

Head, Logistic Process Management (Meralco)

Trustee since January 1, 2014

**ACADEMIC / PROFESSIONAL QUALIFICATIONS**

Diploma in Supply Chain Management  
La Salle-Saint Benilde, 2008

Bachelor of Science in Electrical Engineering  
Mapua Inst. of Tech., 1980

**OTHER PRESENT CORPORATE DIRECTORSHIP**

<i>Company</i>	MIESCOR Logistics (Board Member)
<i>Year</i>	2012 to Present

**SEMINARS ATTENDED (CORPORATE & GOVERNMENT)**

<i>Event:</i>	Corporate Governance	Corporate Governance	Seminar on AMLA
<i>Date:</i>	December 2015	December 2014	February 2014
<i>Position Held:</i>	Vice- President (MEMABA)	President (MEMABA)	President (MEMABA)



**MR. SOLOMON B. ANASTACIO**

*Corporate Secretary*

ICT Risk Management (Meralco)

Trustee since January 1, 2014

**ACADEMIC / PROFESSIONAL QUALIFICATIONS**

Bachelor of Science in Computer Science  
University of the Philippines – Los Baños, 1989

**NO OTHER CORPORATE DIRECTORSHIP**

**SEMINARS ATTENDED (CORPORATE & GOVERNMENT)**

<i>Event:</i>	Corporate Governance	Corporate Governance
<i>Date:</i>	December 2015	December 2014
<i>Position Held:</i>	Corporate Secretary (MEMABA)	Corporate Secretary (MEMABA)

<i>Event:</i>	Seminar on AMLA
<i>Date:</i>	February 2014
<i>Position Held:</i>	Corporate Secretary (MEMABA)



**MR. ZENON MARTHY M. REGINO**

*Treasurer*

Distribution Connection Design (Meralco)

Trustee since January 1, 2014

**ACADEMIC / PROFESSIONAL QUALIFICATIONS**

Bachelor of Science in Electrical Engineering  
Western Mindanao State University

**NO OTHER CORPORATE DIRECTORSHIP**

**SEMINARS ATTENDED (CORPORATE & GOVERNMENT)**

<i>Event:</i>	Corporate Governance	Corporate Governance	Seminar on AMLA
<i>Date:</i>	December 2015	December 1, 2014	February 2014
<i>Position Held:</i>	Treasurer (MEMABA)	Auditor (MEMABA)	



**MR. JESS A. CANDELARIA**

*Auditor*

Head, España Business Center (Meralco)

Trustee since January 1, 2014

**ACADEMIC / PROFESSIONAL QUALIFICATIONS**

Bachelor of Science in Electrical Engineer

University of Sto. Tomas, 1986

**NO OTHER CORPORATE DIRECTORSHIP**

**SEMINARS ATTENDED (CORPORATE & GOVERNMENT)**

<i>Event:</i>	Corporate Governance	Corporate Governance	Seminar on AMLA
<i>Date:</i>	December 2015	December 1, 2014	February 2014
<i>Position Held:</i>	Auditor (MEMABA)	Treasurer (MEMABA)	

## Independent Trustees



### **MR. RICARDO L. CONCEPCION**

#### *Independent Trustee*

Head, Labor and Employee Relation (Meralco)

Trustee since January 1, 2014

#### **ACADEMIC / PROFESSIONAL QUALIFICATIONS**

Human Resource Management  
Ateneo de Manila University, 1997

AB-Behavioural Science  
University of Sto. Tomas, 1985

Bachelor of Law  
Jose Rizal University, 2009

#### **OTHER PRESENT CORPORATE DIRECTORSHIP**

Miescor Builders Inc.  
Director  
2010-2012

Meralco Industrial Engineering Corporation (MIESCOR)  
Vice-President and Group HR Head

#### **SEMINARS ATTENDED (CORPORATE & GOVERNMENT)**

<i>Event:</i>	Corporate Governance	Seminar on AMLA
<i>Date:</i>	December 2015 and December 2014	February 2014
<i>Position Held:</i>	Independent Trustee (MEMABA)	Independent Trustee (MEMABA)



### **MS. BULAKLAK A. VIVAS**

#### *Independent Trustee*

Business Transformation Office (Meralco)

Trustee since January 1, 2014

#### **ACADEMIC / PROFESSIONAL QUALIFICATIONS**

Bachelor of Science Commerce- Major in Accounting  
Araullo University, 1992

#### **NO OTHER CORPORATE DIRECTORSHIP**

#### **SEMINARS ATTENDED (CORPORATE & GOVERNMENT)**

<i>Event:</i>	Corporate Governance	Anti-Money Laundering Council (AMLA)
<i>Date:</i>	December 2015 and December 2014	February 2014
<i>Position Held:</i>	Independent Trustee (MEMABA)	Independent Trustee (MEMABA)

## Key Officer



**MR. GREGORIO P. FIGUEROA, JR.**  
*Vice – President for Operations and General Manager*  
General Manager since August 2005

### **ACADEMIC / PROFESSIONAL QUALIFICATIONS**

Bachelor of Science Commerce- Major in Management  
Ortañez University, 1982

### **NO OTHER CORPORATE DIRECTORSHIP**

### **SEMINARS ATTENDED (CORPORATE & GOVERNMENT)**

<i>Event:</i>	Corporate Governance	Corporate Governance	Corporate Governance
<i>Date:</i>	December 2015	December 1, 2014	November 17-19, 2011
<i>Position Held:</i>	General Manager (MEMABA)	General Manager (MEMABA)	General Manager (MEMABA)
<i>Event:</i>	Seminar on AMLA	Seminar on AMLA	
<i>Date:</i>	February 2014	August 26, 2009	
<i>Position Held:</i>	General Manager (MEMABA)	General Manager (MEMABA)	

## **BOARD COMMITTEES**

### *Mandatory Committees*

#### **AUDIT COMMITTEE**

*Chairman:* **JESS A. CANDELARIA**

*Members:*

WINSTON A. DELOS REYES  
SOLOMON B. ANASTACIO  
BULAKLAK A. VIVAS (*Independent Trustee*)

#### **REMUNERATION COMMITTEE**

*Chairman:* **RICARDO L. CONCEPCION** (*Independent Trustee*)

*Members:*

RICARDO S. GONZALEZ  
JESS A. CANDELARIA  
ZENON MARTHY R. REGINO

#### **NOMINATION COMMITTEE**

*Chairman:* **BULAKLAK A. VIVAS** (*Independent Trustee*)

*Members:*

RONNIE L. APEROCHO  
WINSTON A. DELOS REYES  
RICARDO S. GONZALEZ

### *Management Committees*

#### **INVESTMENT COMMITTEE**

*Chairman:* **ZENON MARTHY R. REGINO**

*Members:*

WINSTON A. DELOS REYES  
RICARDO S. GONZALEZ  
RICARDO L. CONCEPCION (*Independent Trustee*)

#### **BENEFITS COMMITTEE**

*Chairman:* **ATTY. MINERVA T. NAYAN**

*Members:*

RONNIE L. APEROCHO  
ZENON MARTHY R. REGINO  
JESS A. CANDELARIA  
RICARDO L. CONCEPCION (*Independent Trustee*)

**I.T. COMMITTEE**

*Chairman:* **SOLOMON B. ANASTACIO**

*Members:*

RONNIE L. APEROCHO

JESS A. CANDELARIA

BULAKLAK A. VIVAS (*Independent Trustee*)

**MEMBERSHIP COMMITTEE**

*Chairman:* **WINSTON A. DELOS REYES**

*Members:*

SOLOMON B. ANASTACIO

ZENON MARTHY R. REGINO

BULAKLAK A. VIVAS (*Independent Trustee*)

**CORPORATE GOVERNANCE COMMITTEE**

*Chairman:* **RICARDO L. CONCEPCION** (*Independent Trustee*)

*Members:*

SOLOMON B. ANASTACIO

WINSTON A. DELOS REYES

## **CORPORATE GOVERNANCE**

**Meralco Employees Mutual Aid and Benefits Association, Inc.** (MEMABA, Inc.) is governed by the key principles of good corporate governance as embodied in the Association's By-Laws, Manual on Corporate Governance and Code of Ethics.

The Association firmly adheres to the principles of fairness, accountability, transparency and integrity.

The following are the key component in the Association's good corporate governance:

### **BOARD OF TRUSTEES**

It is the Board's responsibility to assure the Association's compliance with the corporate governance principles. It devotes time and effort necessary to faithfully discharge its duties and responsibilities.

It shall be the Board's responsibility to foster the long-term success of the Association and secure its sustained competitiveness, which it shall exercise in the best interest of the Association, its members and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

The Board consist of nine (9) trustees, seven (7) Regular Trustees and two (2) Independent Trustees, who are each elected by members entitled to vote on Annual General Membership Meeting. The criteria for qualifications and disqualifications of trustees are provided in the Association's Manual of Corporate Governance. They shall hold office for a term of two (2) years or until their successors shall have been elected and qualified. Each Trustee shall be entitled to office only for (2) terms or a total of four (4) years.

To ensure a high standard of best practice in the Association and its members, the Board is consisting of well competent and experienced members. The profile of each Trustee is provided in this Association's Annual Report. All members of the Board have attended the Corporate Governance and Anti-Money Laundering seminar in compliance with the requirement of the Association's regulatory bodies and the Association also encourages them to attend other seminars as part of their continuing education programme. They have also attended different trainings and seminars provided by Meralco.

Before the Board of Trustees' term start, the Association assures that an orientation is conducted to give them overview on how the Association operates as a mutual benefits association. The orientation also includes reporting on the rules and policies, membership, benefits, and financial aspects of the Association. The Trustees were also given idea on their corporate powers, roles and responsibilities as a Trustee and the functions of each officer.



## **INDEPENDENT TRUSTEE**

Independent Trustee is a natural person who is independent of the Management of the Association and is free from any business or relationship with any other corporation which could, or reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a trustee of the Association. For the year 2015, the Independent Trustees of the Association are Mr. Ricardo L. Concepcion and Ms. Bulaklak A. Vivas.

## **BOARD PERFORMANCE**

As indicated in the Association's By-Laws, the Board of Trustees holds its regular monthly meetings every last Thursday of the month at the office of the Association to deliberate the major issues that affect the Association. They also have additional meetings as the need arises. The Board of Trustees held twelve (12) regular meetings and five (5) special meetings for the year 2015.

The Association holds its Annual General Membership Meeting every second Tuesday of December. For the year 2015, the Association held its Annual General Membership Meeting on December 8, 2015 at Mini-Theater, Lopez Building, Meralco Center, Ortigas Ave., Pasig City.

The records of the attendance of the trustees for the Annual General Membership meeting and regular and special Board meetings held are provided below:

<b>MEMBERS</b>	<b>ATTENDED THE ANNUAL MEETING</b>	<b>NO. OF MEETINGS HELD</b>	<b>NO. OF MEETINGS ATTENDED</b>	<b>%</b>
<b>ATTY. MINERVA T. NAYAN</b> ( <i>Chairperson</i> )	YES	17	16	94%
<b>RONNIE L. APEROCHO</b> ( <i>Vice-Chairman</i> )	NO	17	13	76%
<b>WINSTON A. DELOS REYES</b> ( <i>President</i> )	YES	17	16	94%
<b>RICARDO S. GONZALEZ</b> ( <i>Vice-President</i> )	YES	17	17	100%
<b>SOLOMON B. ANASTACIO</b> ( <i>Corporate Secretary</i> )	YES	17	17	100%
<b>ZENON MARTHY M. REGINO</b> ( <i>Treasurer</i> )	YES	17	17	100%
<b>JESS A. CANDELARIA</b> ( <i>Auditor</i> )	YES	17	17	100%
<b>RICARDO L. CONCEPCION</b> ( <i>Independent Trustee</i> )	YES	17	17	100%
<b>BULAKLAK A. VIVAS</b> ( <i>Independent Trustee</i> )	YES	17	17	100%

## **BOARD REMUNERATION**

The Trustees and Officers of the Association do not receive any income. What is only given is Php500.00 as per diem for every regular and special Board meeting attended to cover the gasoline and transportation expenses they have incurred in attending the meetings, and monthly honorarium of Php2,000, although the By-Laws states that a Trustee shall received a monthly allowance to be fixed by the Board but in no case to exceed Php2,500, being provided in recognition of their responsibilities and the potential liability they assume in signing different corporate documents. The Board may pass a resolution granting a performance-based incentive remuneration to the Trustees that shall be called the MEMABA Incentive Plan (MIP) subject to specific performance targets as set by the Board of Trustees within the first quarter of the ensuing

year. The said MIP is also subject to limitations such as the Trustees' total remuneration shall be part of the administrative expenses of the Association capped by law at twenty percent (20%), and total remuneration received by each Trustee of Officer, including monthly allowances, per diem for special Board meetings and MIP, should not exceed Php150,000 per annum. The remuneration provided above is both for Regular and Independent Trustees of the Association. The criteria in changing the remuneration of the members of the Board of Trustees provided above needs approval by the members during the Annual General Membership Meeting as part of amending the Association's By-Laws.

The total remuneration received by the Trustees and Officers for the year 2015 is Php1,116,000 inclusive of monthly allowance and performance-based incentive.

The following are the remuneration received by each Trustee for the year 2015:

<b>MEMBERS</b>	<b>AMOUNT</b>
<b>ATTY. MINERVA T. NAYAN</b> ( <i>Chairperson and Legal Counsel</i> )	Php124,000
<b>RONNIE L. APEROCHO</b> ( <i>Vice-Chairman</i> )	124,000
<b>WINSTON A. DELOS REYES</b> ( <i>President</i> )	124,000
<b>RICARDO S. GONZALEZ</b> ( <i>Vice – President</i> )	124,000
<b>SOLOMON B. ANASTACIO</b> ( <i>Corporate Secretary</i> )	124,000
<b>ZENON MARTHY M. REGINO</b> ( <i>Treasurer</i> )	124,000
<b>JESS A. CANDELARIA</b> ( <i>Auditor</i> )	124,000
<b>RICARDO L. CONCEPCION</b> ( <i>Independent Trustee</i> )	124,000
<b>BULAKLAK A. VIVAS</b> ( <i>Independent Trustee</i> )	124,000

## **BOARD COMMITTEES**

To aid in complying with the principles of good corporate governance and improve and oversee all areas of operation of Association, the Board constitutes various committees.

The Association has seven (7) committees, three (3) mandatory committees and five (5) management committees. Each of the committee has four (4) to five (5) members of the Board, one (1) of whom is an independent Trustee.

The functions and responsibilities of each committee are as follows:

### **AUDIT COMMITTEE**

This committee is in-charge of checking all financial reports against its compliance with pertinent accounting standards, including regulatory requirements. They also perform oversight financial management functions specifically in the areas of different risks of the Association.

For the year 2015, the Audit Committee held two (2) meetings for the purpose of the following: review of the Association's 2015 audited financial statements and setting of Audit Committee plans for 2015. The following are details of their attendance:

NAME	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED	%
JESS A. CANDELARIA	2	2	100%
WINSTON A. DELOS REYES	2	2	100%
SOLOMON B. ANASTACIO	2	2	100%
BULAKLAK A. VIVAS	2	1	50%

### REMUNERATION COMMITTEE

This committee is in charge for setting up remunerations for all the members of the Board, officers and employees of the Association. It shall also recommend and monitor the level and structure of salaries and benefits. The Committee follows what is stated in the Association's By-Laws as guidelines in setting the remuneration of the members of the Board of Trustees.

For the year 2015, the Remuneration Committee has set two (2) meetings to set the plans of the remunerations of the Board of Trustees and staff for the year 2015, and approval of the Trustees and employees performance bonus for the year 2015, which was also attended by the other Trustees. The following are the details of their attendance:

NAME	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED	%
RICARDO L. CONCEPCION	2	2	100%
RICARDO S. GONZALEZ	2	2	100%
ZENON MARHTY M. REGINO	2	2	100%
JESS A. CANDELARIA	2	2	100%

### NOMINATION COMMITTEE

The Nomination Committee is responsible in planning of all activities relative to the election and establishes policies, rules and regulations governing the manner of the election of the regular and independent members of the board of trustees from the nominees submitted. The Association observes the following rules: Rules on Election of Trustees, Rules in Validation of Proxies, Rules on Appreciation of Ballots and Rules on Registration in Annual General Membership Meeting.

Last the December 8, 2015, the members of the Association elected the Board of Trustees who will hold their term from January 1, 2016 to December 31, 2017. Six (6) of the current Trustees are seeking re-election. Mr. Jess A. Candelaria, Mr. Winston A. Delos Reyes, Mr. Ricardo S. Gonzalez and Mr. Zenon Marthy M. Regino are previous Regular Trustees seeking re-election as Regular Trustees also. While Mr. Ricardo L. Concepcion and Ms. Bulaklak A. Vivas are previous Independent Trustees seeking re-election as Regular Trustee. To complete the seven (7) candidates for Regular Trustees is Mr. Richard O. Ochava. Atty. Raul G. Coralde and Mr. Jerry B. Lao are candidates for Independent Trustees. The following are the profiles of the candidates for the Regular and Independent Trustees:

Considering that there are seven (7) nominees for the Regular Board of Trustees and two (2) nominees for Independent Trustees, it has been moved and seconded that the seven (7)

mentioned nominees for the same number of uncontested seats for Regular Trustees, and the two (2) nominees for the same number of uncontested seats for Independent Trustees, be declared as duly elected Regular Trustees and Independent Trustees of the Association.

For the year 2015, the Nomination Committee has set three (3) meetings to discuss the plans and activities for the election of Trustees and Annual General Membership Meeting, review of rules regarding the election of Trustees and activities for the Annual General Membership Meeting, and nomination of candidates for the election of Trustees for the year 2016-2017. The following are the details of their attendance:

<b>NAME</b>	<b>NO. OF MEETINGS HELD</b>	<b>NO. OF MEETINGS ATTENDED</b>	<b>%</b>
<b>BULAKLAK A. VIVAS</b>	3	3	100%
<b>RONNIE L. APEROCHO</b>	2	3	67%
<b>WINSTON A. DELOS REYES</b>	3	3	67%
<b>RICARDO S. GONZALEZ</b>	2	3	67%

#### **INVESTMENT COMMITTEE**

The Committee shall be in-charge in reviewing the financial operations of the Association and matters regarding the acquisition of investments in companies, business, or projects in generating income for the Association for the benefits of its members.

#### **I.T. COMMITTEE**

The Committee ensures that the computing system of the Association shall be at par with the present technologies and that its financial transactions are properly encoded in the system. It is also their responsibility for the development and maintenance of the Association's website and other communication facilities whether internal or external.

#### **MEMBERSHIP COMMITTEE**

On April 2015, your Association introduced the time-bound Special Membership Program, which is essentially an invitation to non-members who are tenured regular Meralco employees to apply for membership while the requirement for payment of arrears is waived or lifted. Twenty-eight (28) employees availed of the Program.

MEMABA also re-opened membership from MERALCO subsidiaries and its 100% owned subsidiaries, in recognition of the MERALCO's "One MERALCO" direction and inclusive business strategy. The Association have already signed separate Memorandum of Agreement (MOA) with five (5) subsidiaries: Customer Frontline Solutions (CFS) and its subsidiaries, Mrail, Republic Surety Insurance Company (RSIC), Radius Telecomms and Meralco Industrial Engineering Corp. and its Subsidiaries.

## **BENEFITS COMMITTEE**

The Committee reviews, institutes, and ensures that the benefits of the members of the Association shall always be in accordance with the policies, rules and regulations of the Insurance Commission and that the same are attuned with the present and future times.

For the year 2015, the Association offered Calamity Loan to those affected by the Typhoon Lando. This is to extend the necessary support and alleviate the condition of those affected by the said typhoon.

This is all part of the Association's mandate to give the best assistance to its members.

## **CORPORATE SECRETARY**

The Corporate Secretary is an officer of the Association and perfection in performance and no surprises are expected of him. He plays an important role in supporting the Board in discharging its responsibilities. The Corporate Secretary ensures the effectiveness of the Board, sees to it that the Board policies and procedures are observed in all its activities, and assists the Board in making business judgment in good faith and in the performance of their responsibilities and obligations.

For the year 2015, the Association's Corporate Secretary is Mr. Solomon B. Anastacio.

## **EXTERNAL AUDITOR**

It is the primary responsibility of the Audit Committee to recommend an external auditor for appointment, re-appointment or removal of an external auditor which is still subject to Board of Trustees' approval.

The accounts of the Association for the year ending December 31, 2015 were audited by auditors of Diaz Murillo Dalupan and Company (DMD CPA & Co.) who were re-appointed upon approval by the Board of Trustees recommended by the Audit Committee. The engagement partner assigned to the Association is Ms. Rosemary De Mesa, CPA who has extensive accounting and auditing experience.

The fees incurred by the Association for DMD CPA & Co.'s services amounted to Php120,000.00, exclusive of VAT.

The DMD CPA and Co. has not been engaged by the Association to perform non-audit services.

## **INTERNAL AUDITOR**

The Audit Committee recommends for approval to the Board of Trustees the appointment of the internal auditor. With the recommendation and approval of the Board of Trustees, the Association's Auditor and Audit Committee serve as the internal audit of the function of the Association for the year 2015 and Mr. Jess A. Candelaria serves as the head of the Association's internal audit.



## **CODE OF ETHICS**

The Association adopted a Code of Ethics that outlines the expectations and standard of good practice that are required to be observed and complied by the Board of Trustees, officers and employees to their level best, in dealings with members, fellow employees and other stakeholders within and outside association premises. This provides good practices on the following: serving and protecting the interests of the members, rewarding the employees, maintaining safe and working environment, establishing communications, respecting individuals, dealing with suppliers, respecting confidentialities and prohibiting illegal acts.

## **RISKS MANAGEMENT**

As part of the effective management processes, the Association's Risk Management Policy provides guidelines to the Board of Trustees, officers and staff that can be applied to help manage risks before it affects the Association. The Board of Trustees should regularly review and assess the risks that the Association faced in all areas of work and plan for the management of risks. The risks that the Association may face are categorized as follows: liquidity risks, credit risk and compliance risk.

### *Liquidity Risk*

Liquidity Risk is the risk that the Association will be unable to provide a timely payment on any of its financial obligations to its members or counterparties. These may include the payment for the donation for the benefit of the members and loans being granted to members. The Association ensures to meet its financial obligations when these become due, to have available funds for the new benefits to be offered to members, and to cover unplanned expenditures.

### *Credit Risk*

Credit Risk is the risk that the Association's counterparty may fail to perform or meet the terms of its contractual obligations to the Association which may result to Association's financial loss. The Association is exposed to this risk for various financial instruments, like granting loans and receivables to members and placing deposits and investments in bonds. The Association continuously monitors defaults of members and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Association's policy is to deal only with creditworthy counterparties.

### *Compliance Risk*

Compliance Risk arise from violations or non-conformity to laws, rules and regulations, circulars, and prescribed practices of Insurance Commission and other regulatory bodies that may expose to fines and penalties by the regulatory bodies. The Association makes sure its compliance to its Manual of Corporate Governance and other compliance policies.

## **FINANCIAL PERFORMANCE INDICATORS**

The primary goal of the Association is to have an increase in its revenue and to lessen its expenses, particularly the administrative expenses.

As a mutual benefit association, who secures a license from Insurance Commission, the Association complies with the financial requirements of Insurance Commission. Among these are total administrative expenses should not be more than 20% of the total gross revenue and maintaining a high ratio in Risk Based Capital(RBC) Framework requirement for the Philippines Mutual Benefit Association.

For the year 2015, the administrative expenses of the Association are only 15.61% of the total revenue and the Association's RBC ratio of 1,329%.

## **NON- FINANCIAL PERFORMANCE INDICATORS**

The Association fully commits itself in giving assistance to its members. We make sure that all cash assistance and loan applications will be processed within the day upon submission of complete documents and complied all the requirements. The Association consistently improved its products and services that it may offer to its members by increasing the maximum loanable amount of different loans, decrease interests rates and proposes increase in different donations.

## **POLICY ON DIVIDENDS**

The Association as a non-stock and non-profit corporation which was incorporated to provide a system of death, sickness, or other mutual benefits and to render mutual aid and assistance to its members and their families who sustained serious physical injuries or suffered personal damages due to natural calamities, is a tax-exempt business entity and thus is prohibited by law to declare dividends to its members. All of its income derived from its operations inure to the direct benefit of its members by way of an increase in its Legal Policy Reserve and Equity. However, as its internal policy and pursuant to the provisions of the Insurance Code, it is mandated to refund to its members the 50% of such member's total contribution, in cases, where such members voluntarily or involuntarily disassociates himself/herself from the Association.

## **EMPLOYEES**

It is the Association's responsibility to ensure and keeping working conditions safe and healthy should be everyone's business, however, employees are expected to help and cooperate. Work areas should be free of unsafe or hazardous conditions, every employee has a right to give opinion if such conditions exist and report them immediately to his supervisor. Every employee shall ensure that all possible precautions are taken to avoid accidents.

The Association also provides trainings, seminars and other required programs by the regulatory body that could help employees to improve their knowledge and skills in order to perform their works effectively and efficiently. Among these are seminars in Anti-Money Laundering Law, corporate governance seminar, and other seminars required by the Insurance Commission for a mutual Benefits Association, Inc.

## **SUPPLIERS**

The Association has a policy that covers the accreditation, selection, bidding and approval process for selection of the suppliers. The Association usually considers the following factors in selecting suppliers:

1. Cost
2. Quality of the service
3. Efficiency
4. The relationship of the Association with the supplier.

The Association prohibits transactions involving solicitation, directly or indirectly acceptance of any gifts, commission and any other form of payment from members, suppliers and other parties in exchange for any unfavorable treatment.

## **RELATED PARTY TRANSACTION**

The members of the Board of Trustees and its corporate officers upon assumption of their offices are required to disclose their interests in transactions, contracts, loans in the Association, and other material transactions involving conflict of interest and to observe the highest degree of transparency, selflessness, and integrity in the performance on their duties, free from any conflict with personal interest.

The following criteria will be considered in determining the extent of the related party transaction:

1. The identities of the parties involved in the transaction
2. If the nature or term of the transaction fair for the Association
3. The impact of the transaction to the Board of Trustees, Officers and the staff independence

For the year 2015, the Association's related party transactions pertain to loans obtained by some members of the Board of Trustees and officers from the Association amounting to Php662,884. The outstanding balance of the loans amounted to Php512,374 as of December 31, 2015. These loans have complete requirements and within the limit of their borrowing capacity as required by the Association and MERALCO.

Aside from the loans by some members of the Board of Trustees, there are no other related party transactions for the year 2015. The related party transactions disclosed above are being conducted in such a way to ensure that they are fair and at arm's length.



\* \* \*

The Association accepts loans and benefits application:

**Mondays to Fridays**

**7:00 am to 5:00 pm**

Our Accounting Department is available:

**Mondays to Fridays**

**8:00 am to 5:00 pm**

Address: Employees Services Center, Meralco Compound, Ortigas Avenue, Pasig City

Tel.: 1622-6993 to 94

Fax: 1622-8895

Email address: [memaba.staff@meralco.com.ph](mailto:memaba.staff@meralco.com.ph)