

ANNUAL REPORT 2021



MEMABA, Inc.

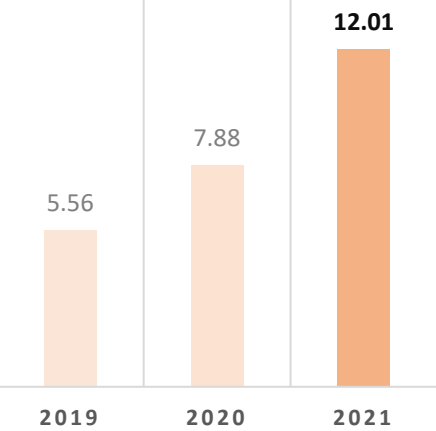
— SINCE 1977 —

Stronger Ties. Uplifting Lives.

2021 PERFORMANCE OVERVIEW

Cash Assistance (↑XX)

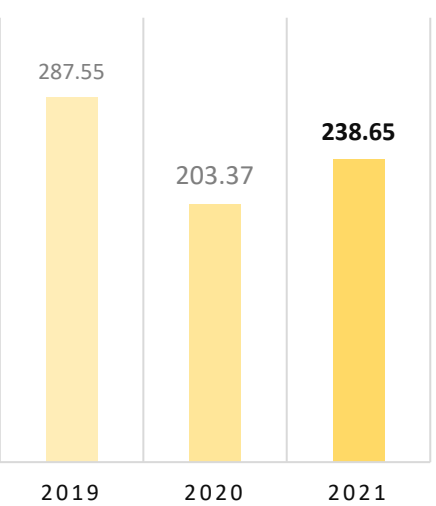
Amount in millions



TYPE OF CASH ASSISTANCE	QTY.	AMOUNT
Death of Member	147	₱9,170,000
Death of Spouse	45	621,000
Death of Parent	349	2,119,500
Death of Child (Below 21 y.o.)	4	30,500
Death of Child (Above 21 y.o.)	7	33,000
Fetal Death (8 to 20 weeks)	7	19,000
Totally Burned	1	15,000
Partially Burned	1	5,000
TOTAL	561	₱12,013,000

Loans (↑XX.XX%)

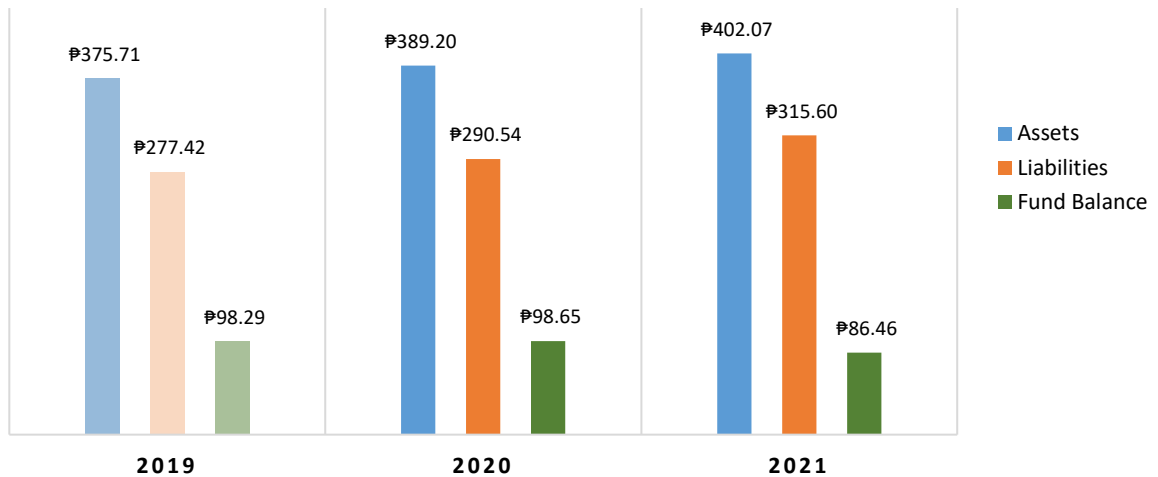
Amount in millions



TYPE OF LOAN	QTY.	AMOUNT
Educational Loan	387	₱19,792,644
Supplemental Loan	1540	182,203,700
Hospitalization Loan	60	6,519,463
Funeral Loan	36	4,370,000
Fire Loan	0	-
Medicine Loan	0	-
Calamity Loan	966	25,763,700
TOTAL	2,989	₱238,649,707

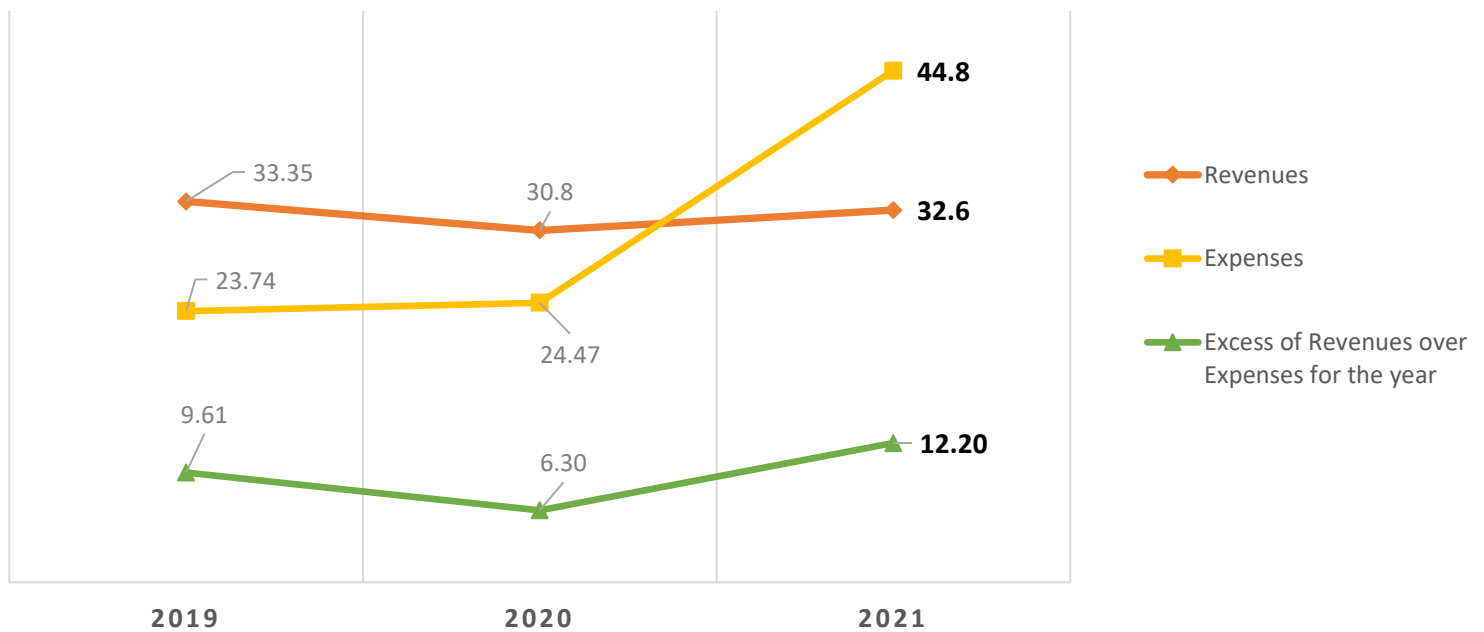
Assets, Liabilities and Fund Balance

Amount in millions



Revenues, Expenses and Excess of Revenues over Expenses for the Year

Amount in millions



Refund of Equity Value

₱3,307.479*

192 Withdrawn members and beneficiaries of deceased members have received the refund of their equity value.

*For the period ended December 31, 2021



9,803 Strong MEMABA Members*

*As of December 31, 2021



VISION STATEMENT



MISSION STATEMENT

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

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's help 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.

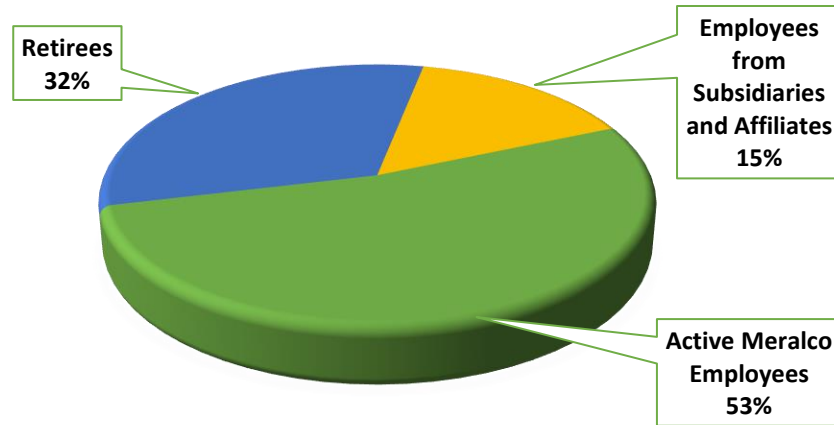
Regulatory/Government Entities, Suppliers, Insurance Companies, Financial Institutions

- 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 Board of Trustees regularly review the Association's mission and vision to make sure that business strategies to be created and implemented are connected and focused with it.

MEMBERSHIP

As of December 31, 2021, our Association has 9,803 members, 216 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 MERALCO regular employees; MERALCO retirees; MEMABA regular employees; and MERALCO subsidiaries and its subsidiaries, and affiliates regular employees.

BENEFITS

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, Insurance Commission and other regulatory agencies.

A member in good standing, one who remains current/updated on membership contributions to the Association and has no delinquent accountabilities to the Association, is entitled to the following benefits:

A. Cash Assistance

I. Funeral Aid Benefit

Type of Funeral Aid Benefit	Amount
Death of Member	₱65,000
Death of Spouse	15,000
Death of Parents	7,500
Death of Children (21 years old and below)	8,000
Death of Children (above 21 years old)	5,000
Fetal Death (8 to 20 weeks)	3,000

Fire Victim Aid	Amount
Totally burned (Owned/Rented)	₱22,500
Partially burned (Owned/Rented)	8,000
Member-boarder	3,000

The following is the summary of the cash assistance granted to the members for the year 2021:

TYPE OF FUNERAL BENEFIT	QUANTITY	AMOUNT
Death of Member	147	₱9,170,000
Death of Spouse	45	621,000
Death of Parents	349	2,119,500
Death of Children		
Below 21 years old	4	30,500
21 years old and above	7	33,000
Fetal Death	7	19,000
Fire – Totally Burned	1	15,000
Fire – Partially Burned	1	5,000
TOTAL	561	₱12,013,000

There are other enhancements to the Association's benefits portfolio that have already been submitted to the Insurance Commission for approval.

II. Loans

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

Hospitalization Loan

This loan may be availed by the members to help them finance their or their dependents hospital bills and other related hospital expenses.

Maximum Loanable Amount	₱200,000.00
Interest Rate	4.5% per annum
Maximum Term	2 years
Required Minimum Take Home Pay (THP)	At least 10% of salary (Active Employee) Approval from Meralco Payroll (Pensioner) Subject for Company Policy (Subsidiaries and Affiliates)
Requirements:	Accomplished MEMABA Loan Application Form certified by G-3 head Computation of Take Home Pay (THP) Co-maker (same pay grade level or higher) Statement of Account from the Hospital and/or attending Physician Official Receipt/s if payments already been made for reimbursement.
Notes:	Loan proceeds must be made payable to the hospital, attending physician, medical service provider and supplier. A member may be allowed for reimbursement only if there is no business operation (MEMABA) on the date of discharge or medical treatment provided with Official Receipt. May be applied within a period of one (1) month from the date of confinement or treatment.

Funeral Loan

This loan may be availed by the members to cover funeral and memorial service expenses of their dependents.

Maximum Loanable Amount	₱150,000.00
Interest Rate	4.5% per annum
Maximum Term	2 years
Required Minimum Take Home Pay (THP)	At least 10% of salary (Active Employee) Approval from Meralco Payroll (Pensioner) Subject for Company Policy (Subsidiaries and Affiliates)
Requirements	Accomplished MEMABA Loan Application Form certified by G-3 head Computation of Take Home Pay (THP) Co-maker (same pay grade level or higher) A photocopy of the registered Death Certificate
Notes:	May be applied within a period of one (1) month from the date of death.

Fire Loan

This loan may be availed by a member who is a fire victim.

Maximum Loanable Amount	₱500,000.00
Interest Rate	4.5% per annum
Maximum Term	2 years
Required Minimum Take Home Pay (THP)	At least 10% of salary (Active Employee) Approval from Meralco Payroll (Pensioner) Subject for Company Policy (Subsidiaries and Affiliates)
Requirements	Accomplished MEMABA Loan Application Form certified by G-3 head Computation of Take Home Pay (THP) Co-maker (same pay grade level or higher) Barangay Certificate Photograph of the incident Municipal Report of the Incident from Bureau of Fire Protection
Notes:	<p>The address reported where the fire occurred must be the same address registered by the Member in his/her Data for Benefit Claim.</p> <p>An investigation shall be conducted by the management of MEMABA or Meralco Security to verify the occurrence of the fire incident, proof of residence and proof of ownership.</p> <p>The loan may be applied within a period of one (1) month from the date of the fire incident.</p>

Supplemental Loan

This loan may be availed by the members to help them meet other financial needs

Maximum Loanable Amount	₱170,000.00
Interest Rate	6% per annum
Maximum Term	3 years
Required Minimum Take Home Pay (THP)	At least 40% of salary (Active Employee) Approval from Meralco Payroll (Pensioner) Subject for Company Policy (Subsidiaries and Affiliates)
Requirements	Accomplished MEMABA Loan Application Form certified by G-3 head Computation of Take Home Pay (THP) Co-maker (same pay grade level or higher)
Notes:	Loan renewal will only be allowed if he has paid at least 50% of the outstanding loan.

Medicine Loan

This loan may be availed by the members thrice a year to cover the purchase of their own or their dependents prescribed medicines including that of their dependents formula milk.

Maximum Loanable Amount	₱5,000.00
Interest Rate	4.5% per annum
Maximum Term	1 year
Required Minimum Take Home Pay (THP)	At least 10% of salary (Active Employee) Approval from Meralco Payroll (Pensioner) Subject for Company Policy (Subsidiaries and Affiliates)
Requirements	Accomplished MEMABA Loan Application Form certified by G-3 heads Computation of Take Home Pay (THP) via HR Express Co-maker (same pay grade level or higher) Prescription of the medicine
Notes:	The loan may be applied within a period of one (1) month from the date of the prescription. A purchase order (PO) shall be issued by the MEMABA to be presented to the accredited drug store (Mercury Drug-Robinson's Galleria Branch only).

Calamity Loan

It is one of the Association's mandate to render assistance to members who are severely affected by calamities as declared by the government.

Maximum Loanable Amount	₱30,000.00
Interest Rate	3.5% per annum
Maximum Term	2 years
Required minimum Take Home Pay (THP)	At least 10% of salary (Active Employee) Approval from Meralco Payroll (Pensioner) Subject for Company Policy (Subsidiaries and Affiliates)
Requirements	Accomplished MEMABA Loan Application Form certified by G-3 heads Computation of Take Home Pay (THP) Co-maker (same pay grade level or higher)

Educational Loan

This loan may be availed by the members to help them finance their own or their dependents tuition fees and other school fees.

Maximum Loanable Amount	₱250,000.00
Interest rate	4.5% per annum
Maximum Term	1 year
Required minimum Take Home Pay (THP)	10% (Active Employee) Approval from Meralco Payroll (Pensioner) Subject for Company Policy (Affiliates)
Requirements	Accomplished MEMABA Loan Application Form certified by G-3 heads Computation of Take Home Pay (THP) via HR Express No co-maker for member who is Meralco employee Statement of account from the School
Note:	Check would be payable to the School or Institution

The following is the summary of the loans granted for the year 2021:

TYPE OF LOAN	QUANTITY	AMOUNT
Calamity Loan	966	₱25,763,700
Educational Loan	387	19,792,644
Fire Loan	0	0
Funeral Loan	36	4,370,200
Hospitalization Loan	60	6,519,463
Medicine Loan	0	7,621
Supplemental Loan	1,540	182,203,700
TOTAL	2989	₱238,649,707

The Association offered Calamity Loan to members for the following:

- On January 17, 2021, in view of the damage caused by the eruption of Taal Volcano, MEMABA offers Calamity loan to directly affected members in the calamity-stricken provinces of Batangas and Cavite.
- On July 6, 2021 to support and assist members to augment their financial need brought about by the Coronavirus Disease 2019 (COVID-19) Pandemic, MEMABA hereby offers Calamity Loan.

The Association is one with all our members during difficult time. As our attention must be focused on keeping our respective families and loved ones safe, on March 27, 2021, the Association deferred the collection of loan payments with due dates falling within April 2021. No interest and penalties was imposed. The Association resumed the collection of payments on May 2021. The loan maturity dates adjusted accordingly.

The Association voluntarily implement a One-Time 60-Day Grace Period for loan payments falling due on November 1, 2021 until December 31, 2021. No interest on interest, penalties, fees, and other charges for late payment was imposed during the grace period.

Pursuant to the Enhanced Community Quarantine and Stringent Social Distancing Measures effected over the whole of Luzon, MEMABA temporarily suspended its operations from March 16, 2021 to June 1, 2021. The Association continued to process Hospitalization Loans, albeit remotely, subject to the usual strict evaluation and approval of the Board of Trustees.

III. Refund of Equity Value

Upon termination of membership, a member shall entitle to an amount equivalent to the Equity Value of his membership contributions. The Equity Value is computed at FIFTY PER CENTUM (50%) of a member's total contributions paid. Any unpaid indebtedness as of the date of membership termination shall be deducted from a member's Equity Value entitlement.

As of December 31, 2021, there are two hundred forty (240) withdrawn members and beneficiaries of deceased members received their equity value with total amount of ₱1,959,215.

MANAGEMENT

The Association has nine (9) competent members of the Board of Trustees, two (2) of whom 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.

The following are the type of their directorship for the years 2021-2021:

NAME	TYPE OF DIRECTORSHIP
Ariel G. Lucas	Executive Trustee
Noel R. Valeza	Non-executive Trustee
Paul Ryan C. Gregorio	Non-executive Trustee
Ferdinand T. Balagtas	Non-executive Trustee
Elmer T. Manansala	Non-executive Trustee
Marlon Corazon G. Gonsalves	Non-executive Trustee
Winston A. Delos Reyes	Non-executive Trustee
Wilfredo A. Baetiong	Independent Trustee
Domingo L. Robles	Independent Trustee

The current Independent Trustees, Mr. Wilfredo A. Baetiong and Mr. Domingo L. Robles, are on their first year serving as Independent Trustees.

Working with them is a legal counsel and a general manager who supervises six (6) well-trained and dedicated MEMABA hired employees

MEMABA MANAGEMENT AND STAFF



TRUSTEES

Regular Trustees



MR. ARIEL G. LUCAS

Chairman

**Head, Networks Contract and Outsourcing
Management**

Trustee since January 1, 2018

ACADEMIC / PROFESSIONAL QUALIFICATIONS

New Frontier Batch 3 Middle Management Course

Bachelor of Science in Electrical Engineering
Mapua Institute of Technology

PRESENT CORPORATE DIRECTORSHIP TO OTHER COMPANY

NONE

SEMINARS ATTENDED (CORPORATE AND GOVERNMENT)

Corporate Governance
January 29, 2021

Anti-Money Laundering Act (AMLA) Seminar
February 27, 2021

Corporate Governance
December 2015



MR. NOEL R. VALEZA
Vice Chairman
Retiree
Trustee since January 1, 2018

ACADEMIC / PROFESSIONAL QUALIFICATIONS	Executive Development Program – Supply Chain Management Ateneo Graduate School of Business Management Development Program Asian Institute of Management, 2006 Master in Business Administration University of the Philippines – Diliman, 1990 Bachelor of Science major in Statistics University of the Philippines – Diliman,
PRESENT CORPORATE DIRECTORSHIP TO OTHER COMPANY	NONE
SEMINARS ATTENDED (CORPORATE AND GOVERNMENT)	Anti-Money Laundering Act (AMLA) Seminar February 27, 2021 Corporate Governance December 2015



MR. PAUL RYAN C. GREGORIO

President

**Head, Labor and Employee Relations (MERALCO)
Sports and Youth Advocacy and HR Communications
(MERALCO)**

Trustee since January 1, 2018

ACADEMIC / PROFESSIONAL QUALIFICATIONS

A.B. in Communications, Major in Film and Audio Visual
Communications
University of the Philippines

**PRESENT CORPORATE DIRECTORSHIP TO OTHER
COMPANY**

NONE

**SEMINARS ATTENDED (CORPORATE AND
GOVERNMENT)**

Corporate Governance
January 29, 2021

Anti-Money Laundering Act (AMLA) Seminar
February 27, 2021

Corporate Governance
December 2015



MR. FERDINAND T. BALAGTAS

Vice President

Head Project Management Office

Trustee since January 1, 2021

ACADEMIC / PROFESSIONAL QUALIFICATIONS

B.S. Electrical Engineering
Nueva Ecija University of Science and Technology.

Master's Degree in Technology Management
University of the Philippines

**PRESENT CORPORATE DIRECTORSHIP TO OTHER
COMPANY**

NONE

**SEMINARS ATTENDED (CORPORATE AND
GOVERNMENT)**

Corporate Governance
January 29, 2021

Anti-Money Laundering Act (AMLA) Seminar
February 27, 2021

Corporate Governance
December 2015



MR. ELMER T. MANANSALA
Corporate Secretary
Team Leader, CIT Service Delivery and Operations
(MERALCO)
Trustee since January 1, 2018

ACADEMIC / PROFESSIONAL QUALIFICATIONS	New Frontier Batch 3 Middle Management Course Bachelor of Science in Computer Engineering Central College of the Philippines
PRESENT CORPORATE DIRECTORSHIP TO OTHER COMPANY	NONE
SEMINARS ATTENDED (CORPORATE AND GOVERNMENT)	Corporate Governance January 29, 2021 Anti-Money Laundering Act (AMLA) Seminar February 27, 2021 Corporate Governance December 2015



MR. MARLON CORAZON G. GONSALVES
Treasurer
Head, Accounting Operations and Control –
Insurance Management (MERALCO)
Trustee since January 1, 2018

ACADEMIC / PROFESSIONAL QUALIFICATIONS	Bachelor of Science in Commerce, Major in Accounting University of San Agustin
PRESENT CORPORATE DIRECTORSHIP TO OTHER COMPANY	NONE
SEMINARS ATTENDED (CORPORATE AND GOVERNMENT)	Corporate Governance January 29, 2021 Anti-Money Laundering Act (AMLA) Seminar February 27, 2021 Corporate Governance December 2015



MR. WINSTON A. DELOS REYES

Auditor

Head, Malate-Pasay Business Center (MERALCO)

**Trustee from January 1, 2014 to December 31, 2017
and January 1, 2021 to present**

ACADEMIC / PROFESSIONAL QUALIFICATIONS

Manage Development Program
Asian Institute of Management

Bachelor of Science in Electrical Engineering
Mapua Institute of Technology

**PRESENT CORPORATE DIRECTORSHIP TO OTHER
COMPANY**

NONE

**SEMINARS ATTENDED (CORPORATE AND
GOVERNMENT)**

Corporate Governance
January 29, 2021

Anti-Money Laundering Act (AMLA) Seminar
February 27, 2021

Corporate Governance
December 2015

Independent Trustees



MR. WILFREDO A. BAETIONG
Independent Trustee (First Term)
 XXX

**Trustee from January 1, 2010 to December 31, 2013
 and January 1, 2021 to present**

ACADEMIC / PROFESSIONAL QUALIFICATIONS	Bachelor of Science in Electrical Engineering University of Sto. Tomas
PRESENT CORPORATE DIRECTORSHIP TO OTHER COMPANY	NONE
SEMINARS ATTENDED (CORPORATE AND GOVERNMENT)	Corporate Governance January 29, 2021 Anti-Money Laundering Act (AMLA) Seminar February 27, 2021 Corporate Governance December 2015



MR. DOMINGO L. ROBLES
Independent Trustee (First Term)
Head, Pasig Sector (MERALCO)
Trustee since January 1, 2021

ACADEMIC / PROFESSIONAL QUALIFICATIONS	Master's degree in Business Administration Baliwag University Bachelor of Science in Electrical Engineering FEATI University
PRESENT CORPORATE DIRECTORSHIP TO OTHER COMPANY	NONE
SEMINARS ATTENDED (CORPORATE AND GOVERNMENT)	Corporate Governance January 29, 2021 Anti-Money Laundering Act (AMLA) Seminar February 27, 2021 Corporate Governance December 2015

KEY OFFICERS



ATTY. CHRISTOPHER REDEEMSON R. BROCALES
Legal Counsel
Employee and Labor Relations (MERALCO)
Officer since June 1, 2016

ACADEMIC / PROFESSIONAL QUALIFICATIONS	<p>Certificate in Fundamentals of Organization Development Certificate in OD Diagnosis Ateneo de Manila University, 2016</p> <p>Juris Doctor, Ateneo de Manila University, 2008</p> <p>AB Development Economics San Beda College – Manila, 2004</p>
PRESENT CORPORATE DIRECTORSHIP TO OTHER COMPANY	<p>NONE</p>
SEMINARS ATTENDED (CORPORATE AND GOVERNMENT)	<p>Corporate Governance January 29, 2021</p> <p>Anti-Money Laundering Act (AMLA) Seminar February 27, 2021</p> <p>24th ECOP Management Seminar December 2016</p> <p>Certificate in OD Diagnosis November 2016</p> <p>Certificate in Compensation Management October 2016</p> <p>The Philippine Labor & Employment Agenda September 2016</p> <p>The Foundation of Organization September 2016</p> <p>Corporate Governance December 2015</p>



MR. GREGORIO P. FIGUEROA, JR.
Vice-President for Operations and General Manager
Compliance Officer
General Manager since August 2005

ACADEMIC / PROFESSIONAL QUALIFICATIONS	Bachelor of Science Commerce- Major in Management Ortañez University, 1982
PRESENT CORPORATE DIRECTORSHIP TO OTHER COMPANY	NONE
SEMINARS ATTENDED (CORPORATE AND GOVERNMENT)	Anti-Money Laundering Act (AMLA) Seminar February 27, 2021 Corporate Governance December 2015

COMMITTEES

Mandatory Committees

<i>Audit Committee</i>	Chairman:	Winston A. Delos Reyes
	Members:	Wilfredo A. Baetiong
		Ferdinand T. Balagtas
		Elmer T. Manansala

<i>Remuneration Committee</i>	Chairman:	Wilfredo A. Baetiong
	Members:	Marlon Corazon G. Gonsalves
		Ariel G. Lucas
		Noel R. Valeza

<i>Nomination Committee</i>	Chairman:	Domingo L. Robles
	Members:	Ferdinand T. Balagtas
		Ariel G. Lucas

Management Committees

<i>Investment Committee</i>	Chairman:	Marlon Corazon G. Gonsalves
	Members:	Winston A. Delos Reyes
		Ariel G. Lucas
		Domingo L. Robles

<i>Benefits Committee</i>	Chairman:	Paul Ryan C. Gregorio
	Members:	Wilfredo A. Baetiong
		Ferdinand T. Balagtas
		Ariel G. Lucas

<i>IT Committee</i>	Chairman:	Elmer T. Manansala
	Members:	Paul Ryan C. Gregorio
		Domingo L. Robles
		Noel R. Valeza

Membership Committee**Chairman:****Noel R. Valeza**

Members:	Wilfredo A. Baetiong
	Elmer T. Manansala
	Paul Ryan C. Gregorio

***Corporate Governance
Committee*****Chairman:****Ferdinand T. Balagtas**

Members:	Winston A. Delos Reyes
	Domingo L. Robles
	Noel R. Valeza

COMPLIANCE ON 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.

COMPLIANCE OFFICER

To ensure adherence to corporate principles and best practices, the Chairman of the Board shall designate a Compliance Officer who shall hold the position of a Vice President or its equivalent.

He shall have direct reporting responsibilities to the Chairman of the Board.

The Association's Compliance Officer for 2021 is Mr. Gregorio P. Figueroa, Jr.

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.

The Board of Trustees has an appropriate mix of competence and expertise. The members of the Board of Trustees are with collective working knowledge and expertise on business, operations, finance, regulatory compliance and legal requirement needed by the Association. They make sure to remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the Association.

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 of Trustees reviews and makes decision on improvements on benefits of the members, annual budgets, investment opportunities, policies, and all other matters that will be needing the decisions of the Board of Trustees on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Association, the members and other stakeholders.

General Responsibility

A Trustee's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness.

Specific Duties and Functions

To ensure a high standard of best practice for the Association and its stakeholders, the Board shall:

- Install a process of selection to ensure a mix of competent Trustees and officers;
- Determine the Association's purpose, its vision and mission and strategies to carry out its objectives;
- Ensure that the Association complies with all relevant laws, regulations and codes of best business practices;
- Identify the Association's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program;
- Adopt a system of internal checks and balances;
- Identify key risk areas and key performance indicators and monitor these factors with due diligence;
- Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly recorded and its minutes transcribed; and
- Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulation.

Duties and Responsibilities of a Trustee

A Trustee shall have the following duties and responsibilities:

- To conduct fair business transactions with the Association and to ensure that personal interest does not bias Board decisions;
- To devote time and attention necessary to properly discharge his duties and responsibilities;
- To act judiciously;

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. The duly elected members of the Board of Trustees shall hold office for a term of two (2) years, unless removed for cause, or has resigned. No Trustee shall serve for more than two consecutive terms. Voluntary renunciation of the office for any length of time shall not be considered as an interruption in the continuity of service for the full term for which the Trustee was elected.

The Board of Trustees elect among themselves the officers and the head and members of each Committee.

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.

The Association also provides relevant annual continuing training for all trustees such as seminar on Anti-Money Laundering Act and any updates on the said act, corporate governance and other applicable seminar that could help them in performing their roles and responsibilities as Trustees.

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.

An Independent Trustee shall hold office for a maximum cumulative term of nine (9) years. Thereafter, he/she will be perpetually barred from any re-election in the Association as an independent trustee, but may continue to serve as a regular trustee.

For the year 2021, the Independent Trustees of the Association are Mr. Domingo L. Robles and Mr. Wilfredo A. Baetiong. Both of them are on their first year serving as Independent Trustee.

Board Diversity

The Association values the benefits that diversity can bring to its Board of Trustees. Diversity promotes the inclusion of different perspectives and ideas, mitigates against group think and improves oversights, decision-making and governance. Diversity on the Board also demonstrates the Association's commitment to diversity at all levels within the Association.

The Association is also committed to fostering an inclusive culture based on merit and free of conscious or unconscious bias.

When assessing Board composition or identifying suitable candidates for appointment or re-election to the Board, the Association will consider candidates using objective criteria having due regard to the benefits of diversity and the needs of the Board. The Board also seeks to maintain diversity in membership of its Committees and in Board leadership roles and will consider diversity when assigning chair roles for the Board and its committees.

For purposes of board composition, diversity includes, but is not limited to:

- skills and experience
- gender
- race
- culture/ethnicity
- sexual orientation
- ability
- age
- language
- other personal characteristics.

The Association believes promotions of diversity is best served through careful consideration of all the knowledge, experience, skills and background of each individual candidate for director in light of the needs of the Board without focusing on a single diversity characteristics and accordingly, has not adopted specific Board diversity goals.

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. Notices of regular and special meetings of the Board of Trustees, including presentations for discussion, pending Minutes of approval and other related papers for Board discussion or approval is being provided to the Board at least five (5) business days in advance of the Board so the Board of Trustees can review and be prepared for the meeting and just ask for the necessary questions or seek clarifications and explanations during the meeting. The Board of Trustees held nineteen (19) regular and special meetings for the year 2021.

The Association holds its Annual General Membership Meeting every second Tuesday of December. For the year 2021, the Association held its virtual Annual General Membership Meeting on December 9, 2021 at Pasig Room, Lighthouse, Lopez Building, Meralco Center, Ortigas Ave., Pasig City. The Board of Trustees deemed it appropriate to conduct the AGMM via remote communication in order to prioritize the health and safety of everyone given the COVID 19 pandemic.

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

MEMBERS	ATTENDED THE ANNUAL MEETING	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED	%
ARIEL G. LUCAS (Chairman)	✓	19	19	100.00
NOEL R. VALEZA (Vice-Chairman)	✓	19	19	100.00
PAUL RYAN C. GREGORIO (President)	✓	19	17	89.47
FERDINAND T. BALAGTAS (Vice-President)	✓	19	18	94.74
ELMER T. MANANSALA (Corporate Secretary)	✓	19	19	100.00
MARLON CORAZON G. GONSALVES (Treasurer)	✓	19	18	94.74
WINSTON A. DELOS REYES (Auditor)	✓	19	17	89.47
WILFREDO A. BAETIONG (Independent Trustee)	✓	19	19	100.00
DOMINGO L. ROBLES (Independent Trustee)	✓	19	18	94.74

Board Remuneration

The Trustees and Officers of the Association do not receive any compensation or remuneration from the Association. What is only given is P500.00 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 P2,000, although the By-Laws states that a Trustee shall receive a monthly allowance to be fixed by the Board but in no case to exceed ₱2,500, 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 performance-based incentive bonus 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 amount shall be part of the administrative expenses of the Association capped by law at twenty percent (20%), and total amount received by each Trustee or Officer, including monthly allowances, per diem for special Board meetings and MIP, should not exceed P150,000 per annum. The monthly allowance, per diem and MIP provided above is both for Regular and Independent Trustees of the Association. The criteria in changing the monthly allowance, per diem and MIP of the members of the Board of Trustees need approval by the members during the Annual General Membership Meeting as part of amending the Association's By-Laws.

The total amount received by the Trustees and Officers for the year 2021 is P1,648,333, inclusive of monthly allowance and performance-based incentive.

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 eight (8) 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 2021, the Audit Committee held two (2) meetings for the purpose of the following: setting of Audit Committee plans for 2021 and review of the Association's 2021 audited financial statements. The following are details of their attendance:

NAME	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED	%
Winston A. Delos Reyes	2	2	100%
Wilfredo A. Baetiong	2	2	100%
Ferdinand T. Balagtas	2	2	100%
Elmer T. Manansala	2	2	100%

Remuneration Committee

This committee is in charge for setting up remunerations for all the members of the Board, officers and employees of the Association. This committee assists in developing and implementing of the performance targets. 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 2021, 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 2021, and approval of the Trustees and employees performance bonus for the year 2021, 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	%
Wilfredo A. Baetiong (Independent Trustee)	2	2	100%
Marlon Corazon G. Gonsalves	2	2	100%
Ariel G. Lucas	2	2	100%
Noel R. Valeza	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.

For the year 2021, the Nomination Committee has set two (2) meetings to discuss the plans and activities for the Annual General Membership Meeting, and execution of the activities for the Annual General Membership Meeting. The following are the details of their attendance:

NAME	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED	%
Domingo L. Robles	2	2	100%
Ferdinand T. Balagtas	2	2	100%
Ariel G. Lucas	2	2	100%

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 or 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

The Association intensified its monitoring of newly regularized MERALCO employees with the end in view of encouraging them to be members of the Association.

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.

CORPORATE SECRETARY

The Corporate Secretary is an officer of the Association and perfection in performance and no surprises are expected of him/her. 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 2021, the Association's Corporate Secretary is Mr. Elmer T. Manansala.

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 subject to members' approval during Annual General Membership Meeting.

The accounts of the Association for the year ending December 31, 2021 were audited by auditors of Diaz Murillo Dalupan and Company (DMD CPA & Co.) who were re-appointed upon approval by the members of the Association during the Association's 2021 Annual General Membership Meeting. The engagement partner assigned to the Association is Ms. Ofelia S. Barroga, a certified public accountant (CPA) who has extensive accounting and auditing experience.

The fees incurred by the Association for DMD CPA & Co.'s services amounted to ₱157,920, inclusive of VAT, and Out-of-pocket expenses amounting to ₱10,000.00. 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 2021 and Mr. Winston A. Delos Reyes 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 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 cash assistance 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. The Association carefully monitoring scheduled payments.

Credit Risk

Credit Risk is the risk that the Association's counterparty fails to discharge an obligation to the Association. 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.

Insurance Risk

The principal risk the Association faces under insurance contracts is that the actual claims and benefit payments or timing thereof differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid are greater than originally estimated and subsequent development of long-term claims. Therefore, the objective of the Association is to ensure that sufficient reserves are available to cover these liabilities. The significant factors that could increase the overall frequency of claims are terrorisms, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims that expected. The Association manages its insurance risks by ensuring it generates lasting returns from its financial assets, so that it will be able to fund its obligation arising from insurance contracts.

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 2021, the administrative expenses of the Association are only 18.48% of the total revenue and the Association's RBC ratio of 217%.

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 interest rates and proposes increase in different donations.

EMPLOYEES

The Association 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. The Board of Trustees also disseminates every policy and program, including any amendments, to the employees through trainings and memos to embed them in the Association's culture.

Health, Safety and Welfare of Employees

It is the Association's responsibility to ensure and keeping working conditions safe and healthy should be everyone's business and make sure that their welfare is being improved., however, employees are expected to help and cooperate. The Association has the following programs to promote the health, safety and welfare of its employees:

1. Ensures that the Association's concerns are being heard and responded.
2. Keep the employees informed of the hazards likely to occur in the workplace during health and safety training, precautionary labels, emergency alarms, and similar stuff.
3. Providing sick leaves to the employees
4. Providing Annual Physical Examination leave requiring employees to undergo annual medical exams and other screening procedures to ensure maximum health which can be detrimental if there are illnesses left unchecked and can likely harm the majority.
5. Safeguarding of medical records in case an incident affecting an employee happens in the work area where medical history of the patient will immediately become a need
6. Avoid discrimination of employees.

Workplace Environment of Employees

The Association ensures that the workplace is environmental friendly by providing the following:

1. Fair employee policy - which applies to all employees regardless of their position or designation in the Association. If policy changes, the Association ensures everyone knows about it.
2. Break time – encouraging the employees to take a 15-minute break in the morning and in the afternoon, and 1-hour in lunchtime which will assist to relieve muscle fatigue, eyestrain and to restore the level of concentration.
3. Clean and comfortable office

To conserve resources, the Association requires the employees to turn-off all electrical equipment when not in use and maximize or recycle all materials that can still be used.

Rewards to Account Performance

The Association provides the following to employees:

1. Years of Service Award to recognize an employee's continued contribution to the Association over a number of years.
2. Annual Bonuses in addition to their base pay
3. Performance Bonuses which is based on performance of both the employee and the Association.

Whistle blowing

The Association firmly adheres to the principles of openness, honesty, transparency, integrity and accountability and we promote employees who have serious concerns about any aspect of the Association safely and confidentially report those concerns provided that the disclosure of information is for the public interest, true, not a maliciously act or false allegations and do not inures any personal benefits.

Employees have rights to voice out their concerns regarding the following:

- a. Unauthorized use of Association's funds
- b. Sexual, physical or other abuse
- c. Fraud and corruption
- d. Breach of law
- e. Non-performance of work obligations
- f. Non-compliance of health, safety and environmental laws and regulations.
- g. Non-compliance of any Association's rules and policies
- h. Other unethical conduct
- i. Actions which are unprofessional, inappropriate or conflict with a general understanding of what is right and wrong.

The person to talk to with regards to raising questions depends to the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. Initially, employee should normally raise concerns to their immediate supervisors or their superior. But if management is involved, employee must approach the General Manager or any members of the Board of Trustees or Key officers.

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.

ANTI – CORRUPTION PROGRAMS AND PROCEDURES

The Association commits to proactively combat corruption. To protect the integrity and reputation of the Association, the Trustees, Officers and employees of the Association are obliged to observe the following:

1. Not to offer, promise or give bribes to obtain, retain or “facilitate” business or any transactions of the Association.
2. Shall not request, agree to accept or take bribes from any member of the Association, suppliers, business partners as well as with the government.

RELATED PARTY TRANSACTION

The Association ensure that all related party transactions (RPTs) should be under such terms and conditions that are at arm’s length and serve the best interests of the Association and the members as a whole, comply with applicable laws, and regulatory requirements. The material or significant RPTs reviewed and approved during the year should be disclosed as appropriate as provided the policy.

Any financial transaction, arrangement or relationship in which the aggregate amount involved is beyond the threshold, outcome of the transaction will have the ability to control or to exercise significant influence. It may be reported by the Management for endorsement to the Board of Trustees (BOT) for approval.

Each Trustee, member or officer is responsible to declare any RPTs and the material interest that they or an immediate family member may have on such transaction.

The following information, to the extent relevant, with respect to the proposed RPTs should be disclosed:

- a. A general description of the transaction/s including the material terms and conditions.
- b. The purpose and timing of the transaction;
- c. The name of the Related Party and the basis on which such person is a Related Party.
- d. The aggregate value of the transaction.
- e. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result or in connection with the proposed transaction
- f. Any other material information that may deem relevant.

The Audit Committee, or committee duly appointed by the Board, has the responsibility to evaluate and identify all related parties on a continuing basis in relation to RPTs; evaluate all material RPTs; ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Corporation's RPT exposures, and formulate policies on conflicts of interest or potential conflicts of interest; report to the Board on a regular basis, if necessary, on the status and aggregate exposures relating to RPTs; secure an independent review or audit of RPTs as necessary; and oversee the implementation of the system for monitoring RPTs, including a periodic review of RPT policies and procedures. The Committee's composition shall, to the extent practicable, be in accordance with the Manual for Corporate Governance as well as with applicable laws, rules and regulations.

Trustees with material interest in a transaction affecting the corporation should abstain from taking part in the deliberation for the same.

The Association shall disclose the material RPTs, shall be reported to regulatory agencies as required, and necessary disclosures shall be made also in the Notes to the Financial Statements and on Annual Report.

The Association accepts loans and benefits application:

Mondays to Fridays

7:00 am to 5:00 pm

Tel.: 1622-6993, 6994 and 6069

Our Accounting Department is available:

Mondays to Fridays

8:00 am to 5:00 pm

Tel.: 1622-3930 and 3936

Address:

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

Fax: 1622-8895

Email address:

memaba.staff@meralco.com.ph

Website:

www.memaba.com.ph