



**KASAGANA-KA Mutual Benefit Association, Inc.**

# KASAGANA-KA Mutual Benefit Association Inc. (KMBAI)

## Introduction

The **KASAGANA-KA Mutual Benefit Association, Inc. (KMBAI)** seeks to create social value by providing microinsurance packages and services that address the financial risk management needs and broaden the safety net of poor Filipinos, particularly poor women and their families. As the association has gradually expanded its membership and partnerships since its formation in 2006, and as the microfinance and insurance sector within the Philippines and worldwide has grown more complex, there has been an increasing recognition in KMBAI of the need to define a set of core values and standards of fair practice to help ensure that the association's services are provided in a way that truly benefits and respects members and stakeholders. This Code of Ethics sets forth such core values, outlines specific guidelines in applying the values in KMBAI's processes as a code of conduct for its members, leaders, and staff, and lays down implementing structures and monitoring mechanism. All of KMBAI's members, leaders, and staff unanimously and whole-heartedly agree to abide by the core values and provisions of this Code of Ethics.

## PART 1 Core Values

### 1.1 Quality service to beneficiaries

KMBAI's client-beneficiaries provide the association its primary reason for being. KMBAI is firmly committed to help client-beneficiaries rise out of poverty by continuously designing, developing, and delivering affordable and quality life insurance and related products and services. Quality services include advocacy and/or networking efforts aimed at addressing financial risk management and microinsurance needs of members. KMBAI believes that its products and services should be delivered in the most participatory, convenient, and timely manner as possible. Its service provision shall also aim to contribute to client-beneficiaries' empowerment by nurturing their self-reliant attitudes and practices. KMBAI commits itself to promoting collaborative learning and innovative change within its day-to-day operations and decisions, firmly believing in its individual members' drive to find opportunities for self-growth and share such opportunities to other poor people within the community.

### 1.2 Integrity, transparency, and fairness in our relationships

KMBAI endeavours to meet its contractual obligations to partners and clients, including all properly lodged claims, in an ethical and timely manner. The association commits to share relevant, accurate, and sufficient information regarding its status, services, operations, and management decisions as basis for promoting its members' active participation in KMBAI's

affairs and maintaining the association's accountability to partners and the broader public. In providing financial services to individual members and dealing with partners, it commits itself to achieving proper balance between recognizing their interests and vulnerabilities, and protecting the association's own interests and sustaining its operations.

### **1.3 Integrating social values into operations**

Like other non-government and not-for-profit organizations, KMBAI fully recognizes that its success and impact are also dependent on the societal and environmental contexts within which it operates. It believes that collaboration and cooperation among stakeholders is a key factor in meeting challenges and achieving organizational success. The association thus commits itself to establishing more equitable and inclusive partnerships by ensuring that its structures and processes, and engagements with stakeholders shall not be discriminatory in any way, but instead accords respect to everyone. KMBAI also commits to promoting sustainable operations, including preventing and/or reducing any detrimental impact that its value-chain could pose to the natural environment.

### **1.4 Good corporate governance and performance**

The KMBAI's Board of Trustees, Management Team, and General Membership believe that good corporate governance, including regularly defining a set of clear goals, performance measures, and supporting initiatives, is an essential component of sound strategic business management. The association thus strives to create awareness among its members, staff, and trustees of its programs and policies. It seeks to put in place processes to help ensure competent and timely decisions and actions that protect policy holders' interests, including prudent management of the association's finances and resources. KMBAI also establishes mechanisms to receive and address feedback from its stakeholders.

## **PART 2 Guidelines and Rules**

To ensure that all of KMBAI's activities and engagements with client-beneficiaries, partners, and other stakeholders are compliant to the core values and principles outlined above, we all agree to adopt and practice the following guidelines and rules of this Code of Ethics:

### **2.1 Serving the interest of members**

- a) The KMBAI shall prioritize and actively pursue product development and innovation as an important aspect of its work in providing relevant, integrated, and quality financial risk management and microinsurance services to poor women and their families.
- b) The KMBAI shall regularly review and update its policies, procedures, and guidelines to ensure that these are aligned with its provision of affordable insurance products, at par with industry standards and good practices, and advance members' welfare.

- c) The association members shall be entitled to complete, accurate, material, and timely information regarding its management, operations, financial position, and performance (achievement of targets and plans, and/or results of its operation). In line with this, the association shall comply with all the policies and rules regarding timely reporting and disclosure outlined in its by-laws, governance manual, and operating guidelines. Such policy on transparency and accountability shall be implemented with due consideration of the association's requirements for confidentiality and proprietary information.
- d) KMBAI shall aim to strengthen a responsive and sustainable microfinance movement in the country and in the region by actively advocating for client-centered and integrated service provision among microfinance institutions, and promoting cooperation within the sector towards the adoption of ethical operating standards and good practices.
- e) Members, trustees, and staff shall comply with policies, rules, and regulations of KMBAI governing its business operations and engagements with stakeholders, as outlined in its by-laws, policy documents, operating manuals, and here in its Code of Ethics.

## **2.2 Developing and selecting people to serve**

- a) The association shall plan and implement processes to ensure that people with probity, competence, professionalism, and experience are identified, developed, and elected to fill in gaps in its management structure due to the end of term, resignation, retirement, or removal from office of its incumbent trustees and/or managers.
- b) The association shall ensure that its trustees, managers, and employees are informed, trained, and empowered to perform their functions and jobs well, and provide effective stewardship to the organization. Towards this end, it shall provide them with adequate education support and opportunities in order to develop relevant competencies.
- c) Part of the orientation and education initiatives of KMBAI for trustees, managers, staff, and persons representing the association shall be on applying the principles and values outlined in this Code of Ethics and resulting policy documents or operations manual.
- d) Competent and service-oriented managers and staff shall be hired and compensated by KMBAI based on their qualification, merit, and performance, and shall be provided with benefits, facilities, and services that promote a safe and healthy working environment.

## **2.3 Dealing with suppliers and partners based on mutual trust**

- a) Contracts for the provision of goods and services, or agreements with partners shall be awarded and entered into following competitive bidding or fair negotiation, whichever is appropriate, based on value for money, technical requirements, track record, and/or identified common interests between the concerned parties and KMBAI.
- b) KMBAI shall comply with all obligations or terms outlined in contracts and agreements that it has entered into, diligently and in a timely manner. Its governance policies shall ensure that complete, substantive, and prompt reporting on such compliance are done regularly to help ensure appropriate management actions when necessary.
- c) The solicitation or acceptance of gifts in any form from a third person or entity that has past and/or existing dealings with the association, whether directly or indirectly, by any

trustee, manager, or staff, especially in consideration of an act, omission, or transaction favorable to said third person or party shall be strictly discouraged and prohibited.

- d) Any conflict of interest, illegal and corrupt act, and/or unethical practice arising from or in relation to dealings with KMBAI is strictly prohibited, and shall be deemed inimical to the association's interests, investigated by its Board of Trustees, and penalized.
- e) The association shall set up appropriate policies and mechanisms to effectively monitor and review its dealings with contracted parties and institutional partners to ensure that these are transparent, fair, uniform, and free from fraudulent or corrupt practices.

#### **2.4 Maintaining high standards of governance**

- a) Members, trustees, and employees shall contribute to defining clear institutional goals, objectives, strategies, standards, policies, rules, and procedures, to ensuring that these are properly communicated to KMBAI's stakeholders, and to keeping themselves aware and fully informed about the association's direction, operations, and achievements.
- b) The association shall take active steps to encourage full and meaningful participation of all members and employees in its decision-making processes, including raising concerns about its operations or discussing issues regarding working conditions. In line with this, KMBAI shall recognize and respect the right of employees to self-organization.
- c) The association's Board of Trustees and Management Committee shall both commit to sound fiscal discipline in allotting and disbursing KMBAI's funds and resources to pursue its mission, maintaining financial health and stability across planning cycles.
- d) The association shall maintain complete and accurate books of accounts and financial records, as provided for by relevant laws and generally accepted accounting principles and standards. It shall observe transparency in reporting on its financial status.
- e) All members and employees shall be treated equally and fairly at all times. KMBAI shall not tolerate any form of discriminatory actions or behavior on account of age, gender, religion, nationality, family status, ability, or other illegal considerations.
- f) KMBAI shall take active steps to discourage and prohibit any kind of verbal, physical, or sexual conduct designed to threaten, intimidate, and/or coerce a member, employee, co-employee or any person working for or on behalf of the association, and shall take appropriate actions in response to complaints or reports of such harassment.
- g) KMBAI shall help foster harmonious relations among its client-members and employees based on mutual understanding and respect. It shall also work to build confidence and promote long-term engagements with key partners and stakeholders.
- h) The association shall establish effective and efficient feedback mechanisms that would receive, process, and respond to inputs, suggestions and/or complaints from members, employees, partners, and the general public in a timely and appropriate manner.
- i) The association shall endeavour to comply promptly and substantively with monitoring and reporting requirements outlined in its corporate governance documents. This shall include compliance reporting with regards to the provisions of this Code of Ethics.

## **PART 3**

### **Compliance Mechanism**

To ensure that all the guidelines and rules outlined in this Code of Ethics are complied with, the Board of Trustees shall set up the following compliance mechanisms and procedures:

#### **3.1 Ethics committee**

The KMBAI Board of Trustees shall establish an Ethics Committee whose key functions shall include communicating this Code of Ethics to all stakeholders, monitoring compliance to it, investigating reported violations, and recommending actions to the Board. The Board shall ensure that the committee is composed of people with proven integrity and experience in handling complaints and disputes, and who are respected by KMBAI members. Committee members shall regularly convene and meet to discharge its functions.

#### **3.2 Review and approval of the Code of Ethics**

The Ethics Committee shall review this Code of Ethics annually and shall recommend to the Board of Trustees appropriate enhancements or revisions based on changing conditions or needs of KMBAI's members and stakeholders. Proposed specific guidelines or rules should be consistent or in accordance with the core values defined by committee members. The reviewed Code of Ethics shall be submitted to the BoT and General Assembly for adoption.

#### **3.3 Procedure for handling complaints and violations**

In case of feedback, report or complaints about possible violations or non-compliance with this Code of Ethics, the Ethics Committee shall take the following steps:

- a) In all cases involving members and officers (trustees or managers) of the association as party/ies to reported/suspected violations, the Ethics Committee shall properly inform and coordinate with the appropriate body and/or head officers (e.g., Field Offices and their Area Coordinators in the case of members, Management Committee and General Manager in the case of employees, the Board and President for trustees) which have immediate relations and supervision with the concerned party/ies, in conducting any form of investigation and recommending actions to address the complaint.
- b) When appropriate and feasible, especially if not involving immediate disciplinary action and sanctions, assist and advise concerned party/ies towards enabling them to comply with the relevant rules and guidelines outlined in this Code of Ethics.
- c) If concerned party/ies failed to comply after the Ethics Committee's advise and help (as provided in the preceding bullet), or if the case involves gross violation of provisions of current Code of Ethics), the committee shall formally inform said party/ies in writing of the complaint (if any) and secure their response within five (5) working days.
- d) After receiving and/or documenting the concerned party/ies response to the feedback or complaint, the Ethics Committee shall conduct its investigations and submit a report

on its findings and recommendations to the BoT within ten (10) working days. Prior to starting with their investigation, the Ethics Committee may recommend the temporary suspension of concerned party/ies (or any dealings of KMBAI with them) to the BoT, in order to ensure the smooth conduct of the committee's investigation. In no case shall the length of such suspension be longer than the required time for the investigation.

- e) Upon receipt of the Ethics Committee report, the Board of Trustees shall deliberate on its content, and shall act on the agreed final actions within five (5) working days.

### **3.4 Protection of complainant or feedback-giver**

The Ethics Committee shall take proper steps to ensure that complainant or feedback giver regarding any form of violations to this Code of Ethics are protected from retaliation. Such measures may include maintenance of confidentiality, ensuring that reported violators are not involved in the investigation, and imposing sanctions for any act of retaliation.

### **3.5 Monitoring and reporting on compliance**

The Ethics Committee shall submit regular reports to the Board of Trustees on the status of the association's compliance to this Code of Ethics. Such regular compliance monitoring and reporting shall be separate from, and in addition to, the annual reviews of the Code's provisions that were outlined under section 3.2 above. The committee shall ensure that its reports are included in the association's reports and disseminated to stakeholders.

### **3.6 Adopted policies on sanctions and disciplinary actions**

Other documents defining proper conduct for KMBAI staff and members, including existing schedules of sanctions and/or disciplinary actions for various offences and violations, shall be based on the Code of Ethics. Such documents shall be reviewed and revised accordingly by the Ethics Committee to ensure consistency and/or alignment with this Code, and upon adoption by the BoT and General Membership, shall then be annexed to it.

This Code of Ethics shall take effect immediately upon approval.

Approved and adopted by the KMBAI General Assembly on xxx, in Quezon City, Philippines.