

AMENDED BY-LAWS OF
GMA-7 EMPLOYEES' MULTI-PURPOSE COOPERATIVE
(As of July 15, 2011)

KNOW ALL MEN BY THESE PRESENTS:

We, the undersigned, Filipino citizens and residents of the Philippines, have on this day voluntarily associated ourselves for the purpose of forming a primary non-agricultural, multi-purpose cooperative under the laws of the Philippines, more particularly RA 9520.

ARTICLE I
OBJECTIVES, PURPOSES AND GOALS

The objectives, purposes and goals of this Cooperative are those set forth in its Articles of Cooperation.

ARTICLE II
MEMBERSHIP

Section 1. *Membership. This cooperative shall have regular membership only. A regular member is one who has complied with all the membership requirements and entitled to all the rights and privileges of membership.* That membership of this Cooperative shall be open to all persons who are of legal age, with capacity to contract or heads of the families and are employees of GMA Network, Inc. and are residing within the area of operation as defined in Article III of the Articles of Cooperation thereof; provided, however, that employees who retire shall have the option to continue their membership as long as they signify their intention to the Board in writing at least fifteen (15) days prior to the date of retirement and retain the full amount of their paid-up capital with the Cooperative; provided, finally that regular employees of Scenarios, Inc. and GMA Marketing and Productions, Inc., subsidiaries of GMA Network, Inc. *namely GMA Network Films, Inc., GMA Kapuso Foundation, Mediamerge Corp., GMA New Media, Inc., RGMA Marketing and Production, Inc. (GMA Records), and GMA Worldwide, Inc.* shall, upon application, be accommodated as members.

Section 2. Application for Membership

- a. The application for membership shall be in writing on form provided for the purpose and shall be presented to the Board of Directors for action.

The application shall be accompanied by membership fee of One Hundred Pesos (P100.00) returned to the applicant in case of rejection.

- b. The applicant shall subscribe for at least twenty (20) shares with a total value of Two Thousand Pesos (P2,000.00) of which at least Five Hundred Pesos (P500.00) corresponding to five (5) shares shall be paid upon submission of the application for membership. The membership and subscription agreement shall provide the terms of payment on the unpaid subscription.

However, no member shall own or hold more than ten percent (10%) of the share capital of the cooperative.

- c. Appeal – An applicant rejected by the Board of Directors may appeal his/her case to the next General Assembly by giving notice to the secretary of the cooperative thirty (30) days before the said General Assembly, whose decision on the matter shall be final.

Section 3. Duties of a Member - Every member shall have the following duties:

- a. Pay the installment on share capital subscription as it falls due and to participate on the capital build-up of the cooperative;
- b. Patronize the cooperative's business and services;
- c. Participate in the membership education programs;
- d. Participate in its parliamentary affairs;
- e. Attend the membership meeting, regular or special;
- f. Obey the rules and regulations provided by RA 9520, these by-laws, the decisions of the General Assembly and the Board of Directors and policies and decisions that maybe promulgated by the Cooperative Development Authority (CDA); and
- g. Promote the goals and purposes of the cooperative, the success of its business, the welfare of its members and the cooperative movement as a whole.

Section 4. Rights and Privileges of a Member – Every member who is entitled to vote has the following rights:

- a. Attend and participate in the deliberation during membership meetings;
- b. Vote on all matters brought before such meetings;
- c. Seek an elective position, subject to the provisions and limitations of these by-laws;
- d. Avail himself/herself of the services of the cooperative without any discrimination whatsoever upon compliance with the conditions and requirements thereof; and
- e. Inspect and examine the books of accounts, the minutes books, the share register, and other records of the cooperative during office hours and to exercise other rights and privileges of membership.

A member is entitled to vote when he/she:

- a. Has paid the required membership fee of One Hundred Pesos (P100.00) and the value of at least five (5) shares as provided in Section 2 of this Article;
- b. Is not delinquent in the payment of his/her capital contribution and accounts;
- c. Has not violated any provision of these by-laws, rules and regulations, circulars/memoranda and other issuances of the CDA, membership and subscription agreements and other instruments required of him/her to execute as provided in these by-laws or as prescribed by the Board of Directors;
- d. Has attended and completed the continuing education program prescribed by the Board of Directors;
- e. Patronizes regularly the business of the cooperative; and
- f. Complies with all obligations, duties and undertakings of membership.

Section 5. Liability of Members – The liability of a member shall be limited. No member shall be liable for any indebtedness of the cooperative beyond his/her subscribed shares.

Section 6. Termination of Membership – Membership in the cooperative may be terminated either by automatic, voluntary, or involuntary.

Section 7. Automatic and Voluntary Termination

The death, insanity, permanent incapacity or judicial declaration by a competent court or the insolvency of a member shall be considered an automatic termination of his/her membership in the Cooperative.

Any member desiring to terminate his/her membership by withdrawal shall submit a written application to the Board of Directors. However, no member shall be allowed to withdraw or terminate his/her membership during any period in which he/she has any pending obligation with the cooperative. **Pending obligation should not be construed as an obligation of member as co-maker or surety of an obligation to another member. In case the obligor is not fully paid yet of his/her monetary obligation to the cooperative and is not delinquent in the payment of such obligation at the time of his/her withdrawal, such should not deter the withdrawal of the member acting as co-maker of a particular obligation, subject however to existing policies of the cooperative.**

Section 8. **Involuntary Termination** – A member may be terminated by a vote of the majority of all the members of the Board of Directors for any of the following causes:

- a. When a member has not patronized the services of the cooperative for an unreasonable period of time as may be fixed by the Board of Directors;
- b. When a member has continuously failed to comply with his/her obligations;
- c. When a member has acted in violation of the by-laws and the rules of the cooperative; and
- d. For any act or omission injurious or prejudicial to the interest or welfare of the cooperative.

A member whose membership the Board of Directors may wish to terminate shall be informed of such intended action in writing and shall be given an opportunity to be heard before the said board makes its decision. The decision of the board shall be in writing and shall be communicated in person or by registered mail to the member and shall be appealable within 30 days after the decision is promulgated to the general assembly whose decision therein, whether in a general or special session, shall be final. Pending a decision by the general assembly, the membership remains in force.

Section 9. **Refund of Share Capital Contribution** - Upon the termination of the membership of a member, the board of directors shall determine the book value of the member's share capital, in no case to exceed the par value, as established at the year-end audited financial statement nearest to the date of termination and shall fix the amount thereof in money to be paid subject to the availability of funds. Within one year after such termination, or at the option of an expelled or withdrawing member or the heir or his/her legal representative, he/she may, in lieu of cash, be issued a revolving fund certificate or other evidence of indebtedness; provided however that payment of said equity in cash shall not be made if on account of such payment the value of the cooperative's assets would be less than the aggregate amount of its debts and liabilities exclusive of capital stock subscribed, or will diminish the reserves required under existing laws.

ARTICLE III **ADMINISTRATION**

Section 1. Membership Control – Subject to the provisions of RA **9520**, the regulation issued thereunder, final authority in the management and administration of the affairs of the cooperative is vested in the general assembly.

Section 2. The General Assembly – The General Assembly of the cooperative shall be composed of members entitled to vote duly assembled and constituting a quorum.

Section 3. Powers and Limitations of the General Assembly - The General Assembly has the power:

- a. To elect and remove directors, officers and committee members for cause.
- b. To hear and pass upon the reports of the Board of Directors, officers and committees.

- c. To take final decisions regarding any drastic change in financial policies, subject to legal restrictions.
- d. To determine the amendment/s in the Articles of Cooperation and/or by-laws.
- e. To exercise final authority on all matters vitally affecting the cooperative.
- f. To approve developmental plans of the cooperative.
- g. To exercise all powers expressly provided by law and the by-laws.

Section 4. Annual General Assembly – The General Assembly should be held 2nd Friday of February at the principal office of the cooperative in **GMA Network Compound**, EDSA cor. Timog Ave., Diliman, Quezon City or at any place within **Quezon City** and at such time as the Board of Directors may designate.

Section 5. Special General Assembly – A special General Assembly may be called at any time by a majority vote of the Board of Directors to consider urgent matters requiring immediate membership decision. A special general assembly shall be called by the Board of Directors within 30 days from receipt of a written request from (a) at least 10 percentum of the total number of members entitled to vote; (b) the audit and inventory committee; (c) the Federation or Union of which the cooperative is a member; **or** (d) **upon Order by the Cooperative Development Authority**.

Section 6. Notice of General Assembly - Written notices of all meetings shall be served by the Secretary, through an agent or by mail, upon each member at his/**her** last known post office address or thru publication in a paper of general circulation at least two (2) weeks prior to the general assembly.

The notice for an annual general assembly shall be accompanied by the agenda, minutes of meeting of the last general assembly, consolidated reports of the Board of Directors and Committees complete with financial statements, proposed amendments to the Articles of Cooperation and By-laws, if any, and other papers needed by the members to arrive at sound and intelligent decisions during the general assembly.

Notice of any special general assembly shall state the purpose for which it is to be held and no business other than the stated purpose or those related thereto shall be considered during the meeting.

Section 7. Fiscal Year – The fiscal year of this cooperative shall commence on the first day of January and end on the last day of December.

Section 8. **Order of Business** – As far as practicable, the order of business at each meeting shall be:

- a. **Call to order;**
- b. Roll Call;
- c. Proof of **due** notice;
- d. **Declaration of presence of quorum;**
- e. **Reading and approval** of the minutes of the last general meeting;
- f. **Matters arising from the minutes;**
- g. Consideration of the consolidated report of officers, board of directors and committees including audited statement of financial condition and operation;
- h. Unfinished business;
- i. Election of directors and committee members;
- j. **Approval of Development Plan (Annual or Long-term Plan) and Budget;**
- k. **Other Matters;** and
- l. Adjournment.

Section 9. Quorum of the Membership Assembly – At the annual or special general assembly, **at least twenty-five percent (25%)** of the total number of members entitled to vote shall constitute a quorum.

Section 10. **Voting System**

- a. Members entitled to vote shall be qualified to vote and participate in the general assembly of the cooperative. No member of the cooperative shall be entitled to more than one vote regardless of the share capital owned. No proxy shall be allowed.
- b. Election and removal of Directors and Committee members shall be by secret balloting. Action on all other matters shall be in any manner that will truly and correctly reflect the decision of the membership.

ARTICLE IV
BOARD OF DIRECTORS

Section 1. Composition - The business of the cooperative shall be administered by a Board of Directors of five (5) members. **The functions and responsibilities of the board are as follows:**

- a. **Provide general policy direction;**
- b. **Formulate the strategic development plan;**
- c. **Determine and prescribe the organizational and operational structure;**
- d. **Review the Annual Plan and Budget and recommend for the approval of the GA;**
- e. **Establish policies and procedures for the effective operation and ensure proper implementation of such;**
- f. **Evaluate the capability and qualifications and recommend to the GA the engagement of the services of the External Auditor;**
- g. **Appoint the members of the Mediation/ Conciliation and Ethics Committees and other Officers as specified in the Code and cooperative By-laws;**
- h. **Declare the members entitled to vote;**
- i. **Decide election related cases involving the Election Committee and its members;**
- j. **Act on the recommendation of the Ethics Committee on cases involving violations of Code of Governance and Ethical Standards; and**
- k. **Perform such other functions as may be prescribed in the By-laws or authorized by the GA;**

Section 2. Qualifications of and **Disqualifications** for Directors - Without prejudice to specific provisions of law prescribing disqualifications for Board of Directors, the following members are disqualified from becoming directors **or to continue serving as such as long as any of the conditions enumerated hereto exists:**

- a. **Permanently disqualified:**
 - i. **Persons who have been convicted by final judgment of the court for offenses involving dishonesty or breach of trust, such as estafa, embezzlement, extortion, forgery, malversation, swindling, and theft;**
 - ii. **Persons who have been convicted by final judgment of the court for violation of banking and cooperative laws; or**
 - iii. **Persons who have been judicially declared insolvent, spendthrift, insane, or incapacitated to contract.**

- b. Temporarily disqualified: Any director who violates any of the foregoing provisions shall be barred from exercising the right to act as director even at the time of his/her incumbency. This disqualification shall be in effect as long as the condition of delinquency persists.**
- i. Persons who refuse to fully disclose the extent of their business interest to the Authority when required. This disqualification shall be in effect as long as the refusal persists;**
 - ii. Persons who have business directly competing with the cooperative's operations until such time that such persons have divested their interests in and/or have disengaged from said business;**
 - iii. Directors who have been absent or who have not participated during their incumbency in three (3) consecutive meetings or in more than fifty percent (50%) of all meetings within a twelve (12) month period, both regular and special, unless with valid excuse as approved by the Board of Directors. This disqualification shall be applied immediately and for the succeeding election;**
 - iv. Persons who are delinquent in the payment of their obligations where he/she is an incumbent director or officer of the cooperative or with other cooperatives/financial institutions where he/she has an obligation. Apart from his/her obligations to GMA-7 Employees Cooperative, this also extend to his/her obligations from a SCC/bank/quasi-bank or another cooperative obtained by:**
 - A director or officer for his/her own account or as the representative or agent of others or where he/she acts as a guarantor, co-maker, endorser, or surety for loans from such financial institutions;**
 - The spouse or child under the parental authority of the director or officer;**
 - Any person whose borrowings or loan proceeds were credited to the account of, or used for the benefit of a director or officer;**
 - A partnership of which a director or officer, or his/her spouse is the managing partner or a general partner owning a controlling interest in the partnership; and**
 - A corporation, association, or firm wholly-owned or majority of the capital of which is owned by any or a group of persons mentioned in the foregoing items.**
 - v. Persons convicted for offenses involving dishonesty, breach of trust, or violation of cooperative/banking laws but whose conviction has not yet become final and executory;**
 - vi. Directors and officers of closed cooperatives/banks/quasi-banks/trust entities pending their clearance by the CDA or Monetary Board;**
 - vii. Directors disqualified for failure to observe/discharge their duties and responsibilities prescribed under existing regulations;**
 - viii. Directors who failed to attend the special seminar required for Board of Directors. This disqualification applies until the director concerned had attended such seminar;**
 - ix. Persons dismissed/terminated from employment for cause. This disqualification shall be in effect until they have cleared themselves of involvement in the alleged irregularity;**
 - x. Those under preventive suspension; or persons with derogatory records with the National Bureau of Investigation (NBI), court, police, Interpol, and monetary authority (central bank) of other countries involving violation of any law, rule, or regulation of the Government or any of its instrumentalities adversely affecting the integrity and/or ability to discharge the duties of a cooperative/bank/quasi-bank/trust entity director/ officer. This disqualification applies until they have cleared themselves of involvement in the alleged irregularity.**

Section 3. Election of Directors - The members of the Board of Directors shall be elected by secret ballot by the members at the annual general assembly and shall hold office for a term of two years unless earlier removed for cause, or have resigned or become incapacitated due to illness or death, and until their successors have been elected, qualified and have discharged the duties of the office, provided that during the election at the first annual general assembly after registration, one-half plus one of the directors obtaining the highest number of votes shall serve for two years, and the remaining directors for one year. Thereafter, all shall be elected for a term of two years, provided that no director shall serve for more than three (3) consecutive terms.

The term of the incorporating directors shall expire during the first annual general assembly after registration.

Section 4. Directors' Meeting, Election of Officers – A meeting of the members of the Board of Directors shall be held within ten (10) days after each annual general assembly to elect by secret ballot from among themselves a Chairperson, a Vice-chairperson. The Treasurer and Secretary must not come from the Board. The Board of Directors may fill either or both of said positions by appointment. The elected officers shall hold office for a term of one year or until the election, qualification and assumption into office of their successors. No two (2) or more persons with relationships up to the third civil degree of consanguinity or affinity shall serve as elective or appointive officers in the same Board. Thereafter, the Board of Directors shall meet at least once a month.

Special meetings of the Board may be called by the Chairperson or in his/her absence, by the Vice Chairperson, or by a majority of the Directors. The call for a special meeting shall be addressed and delivered to the Secretary stating the date, time and place of such meeting and the matters to be acted upon. Notice of regular and special meetings of the Board of Directors unless dispensed with, shall be served by the Secretary in writing to each director at least five (5) days before such meeting.

Section 5. Quorum of Directors Meeting – One-half plus one of the total number of directors in the Board shall constitute a quorum. A majority vote of the quorum duly assembled in a meeting shall be valid cooperative act.

Section 6. Vacancies - When a vacancy in the Board occurs by reason of death, incapacity, removal or resignation, the remaining members of the Board constituting a quorum shall fill the vacancy. If the remaining members of the Board do not constitute a quorum, the vacancy shall be filled by the general assembly in a regular or special meeting called for the purpose. The successor named in either of the two instances shall serve for the unexpired portion of the term.

In the event that the assembly cannot muster a quorum to fill the positions vacated by directors whose term have expired and said directors refuse to hold over until their successors shall have been elected and qualified, the remaining Board together with the hold-over members of the Audit and Inventory Committee, shall designate from among the qualified members the directors who shall serve until their successors are elected.

Vacancies in the elective committees shall be filled by the remaining members of the said committee, if still constituting a quorum, or if no quorum the board, in its discretion, may cause a general assembly election to fill the vacancies or appoint person/s to fill the same.

Section 7. Removal of Directors and Committee Members - Any elected director or committee member may be removed from office by a vote of three-fourths (3/4) of the members entitled to vote, present and constituting a quorum at the annual or special general assembly called for said purpose after having been given the opportunity to be heard at the said assembly.

In cases where the officers sought to be removed consist of the majority of the BOD, at least 10% of the members with voting rights may file a petition with the CDA upon failure

of the BOD to call an assembly meeting to commence the proceeding for their removal. The decision of the GA on the matter is final and executory.

Any officer elected or appointed by the Board of Directors or any committee may be removed from office for cause by a majority vote of the entire membership of the Board or Committee as the case may be.

Section 8. Powers and Duties of the Board - **The Board of Directors shall be responsible for the strategic planning, direction-setting and policy-formulating activities of the cooperative. Provided however that any member of the board shall not hold any other position directly involved in the day-to-day operation and management of the cooperative.**

ARTICLE V **COMMITTEES**

Section 1. Election Committee - The Election Committee shall be composed of three (3) members elected during the annual general assembly. Within ten (10) days after their election, they shall elect their Chairperson, Vice Chairperson, and Secretary. No member of the committee shall serve in the board or in any other elective or appointive committees. **The following are the functions and responsibilities of the Committee:**

- **Formulate election rules and guidelines and recommend to the GA for approval;**
- **Implement election rules and guidelines duly approved by the GA;**
- **Recommend necessary amendments to the election rules and guidelines, in consultation with the Board of Directors, for approval of the GA;**
- **Supervise the conduct, manner and procedure of election and other election related activities and act on the changes thereto;**
- **Canvass and certify the results of the election;**
- **Proclaim the winning candidates;**
- **Decide election and other related cases except those involving the Election Committee or its members; and**
- **Perform such other functions as may be prescribed in the By-laws or authorized by the GA.**

In the appreciation of ballots, cumulative voting shall be disregarded and a vote for a director or committee member shall be counted as one vote.

Section 2. Audit Committee - An Audit and Inventory Committee of three (3) members shall be elected during the annual general assembly. In no case shall a member of the committee serve as a member of the Board of Directors at the same time and vice versa. Within ten (10) days after their election, the members of the committee shall elect from among themselves a Chairperson, Vice Chairperson, and a Secretary. The members of the committee shall hold office for one year or until their successors shall have been elected and qualified. The Committee shall **perform the following functions and responsibilities:**

- a. **Monitor the adequacy and effectiveness of the cooperative's management and control system;**
- b. **Audit the performance of the cooperative and its various responsibility Centers;**
- c. **Review continuously and periodically the books of account and other financial records to ensure that these are in accordance with the cooperative principles and generally accepted accounting procedures;**
- d. **Submit reports on the results of the internal audit and recommend necessary changes on policies and other related matters on operation to the Board of Directors and GA;**

- e. Recommend or petition to the board of directors conduct of special or general assembly when necessary; and
- f. Perform such other functions as may be prescribed in the By-laws or authorized by the GA.

Section 3. Credit Committee - The Credit Committee shall be composed of three (3) members appointed by the Board of Directors for a term of one year or until their successors are appointed and qualified. Within ten (10) days after their appointment, the members shall elect from among themselves a Chairperson and a Secretary.

The Committee shall be responsible for the credit management of the cooperative. In the performance of its functions, it shall:

- a. Process, evaluate and act upon loan applications and withdrawals of deposit, except when the applicant is a member of the committee, in which case, the application shall be acted upon by the Board of Directors; and
- b. Exercise general supervision including collection over all loans to members.

Section 4. Education and Training Committee - The Education and Training Committee shall be composed of such number as may be determined by the Board and appointed by it for a term of one year, without prejudice to their re-appointment. Except for the Vice-Chairperson, no member of the committee shall hold any other position within the Cooperative during his/her term of office. The committee shall be responsible in planning and implementing promotional and educational activities of the cooperative.

Section 5. Mediation and Conciliation Committee. A Mediation and Conciliation Committee is hereby created and shall be composed of at least three (3) members to be appointed by the Board of Directors. Within ten (10) days after their appointment, they shall elect from among themselves a Chairperson, Vice-Chairperson and a Secretary who shall serve for a term of one (1) year or until successors shall have been appointed and qualified. No member of the Committee shall hold any other position in the Cooperative during his/her term of office. The functions and responsibilities of the Committee are as follows:

- a. Formulate and develop the Conciliation-Mediation Program and ensure that it is properly implemented;
- b. Monitor Conciliation-Mediation program and processes;
- c. Submit semi-annual reports of cooperative cases to the Authority within 15 days after the end of every semester;
- d. Accept and file Evaluation Reports;
- e. Submit recommendations for improvements to the BOD;
- f. Recommend to the BOD any member of the cooperative for Conciliation-Mediation Training as Cooperative Mediator-Conciliator;
- g. Issue the Certificate of Non-Settlement;
- h. Perform such other functions as may be prescribed in the By-laws or authorized by the GA.

Section 6. Ethics Committee. An Ethics Committee is hereby created and shall be composed of at least three (3) members to be appointed by the Board of Directors. Within ten (10) days after their appointment, they shall elect from among themselves a Chairperson, Vice-Chairperson and a Secretary who shall serve for a term of one (1) year or until successors shall have been appointed and qualified. No member of the Committee shall hold any other position in the Cooperative during his/her term of office. The functions and responsibilities of the Committee are as follows:

- a. Develop Code of Governance and Ethical Standard to be observed by the members, officers and employees of the cooperative subject to the approval of the BOD and ratification of the GA;
- b. Disseminate, promote and implement the approved Code of Governance and Ethical Standards;

- c. Monitor compliance with the Code of Governance and Ethical Standards and recommend to the BOD measures to address the gap, if any;
- d. Conduct initial investigation or inquiry upon receipt of a complaint involving Code of Governance and Ethical Standards and submit report to the BOD together with the appropriate sanctions;
- e. Recommend ethical rules and policy to the BOD;
- f. Perform such other functions as may be prescribed in the By-laws or authorized by the GA.

Section 7. Other Committees - Other Committees may be formed and/or created and their powers/functions **shall be** defined by the Board as **may be deemed necessary for** the operations of **the** cooperative. **The** committees **to be created** shall assist the Board of Directors in the implementation of the cooperative development program.

Section 8. Qualifications and Disqualifications for Committee Members - The qualifications and disqualifications provided for directors **under Article IV Section 2 of this bylaws** shall **also** apply to the **elected and appointed committee members**.

ARTICLE VI OFFICERS AND MANAGEMENT STAFF OF THE COOPERATIVE

Section 1. Officers and their Duties. **The officers of the cooperative shall include the members of the Board of Directors, different committees created by the general assembly, general manager or chief executive officer, secretary, treasurer and members holding other positions as may be provided for in this by-laws, shall serve according to the functions and responsibilities of their respective offices as follows:**

Chairperson - The **Chairperson** shall:

- a. Set the agenda for board meetings in coordination with the other members of the BOD;
- b. Preside over all meetings of the Board of Directors and of the general assembly;
- c. Sign contracts, agreements, certificates and other documents on behalf of the cooperative as authorized by the Board of Directors or by the GA;
- d. Issue Certificate of Non-Affiliation with the Federation or Union; and
- e. Perform such other functions as may be authorized by the BOD or by the GA.

Vice **Chairperson** - **The Vice-Chairperson** shall:

- a. Perform all the duties and responsibilities of the Chairperson in the absence of the latter;
- b. Act as ex-officio chairperson of the Education and Training Committee; and
- c. Perform such other duties as may be delegated by the board of directors.

Treasurer - The Treasurer shall have the following duties:

- a. Ensure that all cash collections are deposited in accordance with the policies set by the BOD;
- b. Have custody of all funds, securities, and documentations relating to all assets, liabilities, income and expenditures;
- c. Monitor and review the financial management operations of the cooperative, subject to such limitations and control as may be prescribed by BOD;
- d. Maintain full and complete records of cash transactions;
- e. Maintain a Petty Cash Fund and Daily Cash Position Report; and
- f. Perform such other functions as may be prescribed in this By-laws.

Secretary - The Secretary shall have the following duties:

- a. Keep an updated and complete registry of all members;
- b. Record, prepare and maintain records of all minutes of all meetings of the BOD and the GA;
- c. Ensure that necessary BOD's actions and decisions are transmitted to the management for compliance and implementation;
- d. Issue and certify the list of members who are in good standing and entitled to vote as determined by the BOD;
- e. Prepare and issue Share Certificates;
- f. Serve notice of all meetings called and certify the presence of quorum of all meetings of the BOD and GA;
- g. Keep copy of the Treasurer's report and other reports;
- h. Keep and maintain the Share and Transfer Book;
- i. Serve as custodian of the cooperative seal; and
- j. Perform such other functions as may be prescribed in the By-laws or authorized by the GA.

General Manager. The functions and responsibilities of the General Manager are as follows:

- a. Oversee the overall day to day business operations of the cooperative by providing general direction, supervision, management and administrative control over all the operating departments subject to such limitations as may be set forth by the BOD or the GA;
- b. Formulate and recommend in coordination with the operating departments under his/her supervision, the Coops Annual and Medium Term Development Plan, programs and projects, for approval of the BOD, and ratification of GA;
- c. Implement the duly approved plans and programs of the cooperative and any other directive or instruction of the BODs;
- d. Provide and submit to the BODs monthly reports on the status of the coop's operation vis-a-vis its target and recommend appropriate policy or operational changes, if necessary;
- e. Represent the cooperative in any agreement, contract, business dealings, and in any other official business transaction as may be authorized by the BOD;
- f. Ensure compliance with all administrative and other requirements of regulatory bodies; and
- g. Perform such other functions as may be prescribed in the By-laws or authorized by the GA.

Section 2. Liabilities of Directors, Officers and Committee Members - Directors, Officers and Committee members who willfully and knowingly vote for or assent to patently unlawful acts or who are guilty of gross negligence or bad faith in directing the affairs of the cooperative or acquire any personal or pecuniary interest in conflict with their duties as such directors, officers, or committee members shall be liable jointly and severally for all damages or profits therefrom to the cooperative members and other persons.

When the director, officer or committee member attempts to acquire or acquires, in violation of his/**her** duties, any interest or equity adverse to the cooperative in respect to any matter which has been reposed to him/**her** in confidence, he/**she** shall, as a trustee for the cooperative, be liable for damages and for double profits which otherwise would have accrued to the cooperative.

Section 3. Management staff - The Board of Directors shall appoint the members of the management staff, fix their compensation and tenure and prescribe the functions and responsibilities of the Management Staff not provided hereof.

Section 4. Qualifications of the General Manager - No person shall be appointed to the position of general manager unless he/she possesses the following qualifications herein below enumerated:

- a. He/**She** must be familiar with the business operation of the cooperative;
- b. He/**She** must be at least a college graduate;
- c. He/**She** must have at least two years experience in cooperative or related business;
- d. He/**She** must be honest and must have deep sense of responsibility;
- e. He/**She** must not be engaged directly or indirectly in any business similar to that handled by the cooperative;
- f. He/**She** must not have been convicted of any administrative or criminal case involving moral turpitude, gross negligence or grave misconduct in the performance of his duties
- g. He/**She** must not be addicted to any form of gambling or immoral or vicious habits;
- h. He/**She** must not be facing any administrative civil/criminal suit involving financial and/or property accountabilities; and
- i. He/**She** must be willing to undergo pre-service and/or service trainings.

Section 5. Duties of the General Manager

- a. The General Manager shall, under policies set by the General Assembly and the Board of Directors, have the general charge of all the phases of the business operations of the cooperative. Upon the appointment of his/**her** successor, he/**she** shall turnover to him/**her** all money and properties belonging to the cooperative which he/**she** has in his/**her** possession or over which he/**she** has control;
- b. He/**She** shall maintain his/**her** records and accounts in such manner that the true and correct condition of the business of the cooperative may be ascertained therefrom at any time. He/**She** shall render annual and periodic statements and reports in the form and in the manner prescribed by the Board of Directors, and preserve the books, documents, correspondence and records of whatever kind pertaining to the business which may come into his/**her** possession;
- c. Subject to the policies of the Board of Directors, he/**she** may employ, supervise and dismiss any agent and employee in the management force; and
- d. Post an adequate bond to assure the faithful performance of his/**her** duties.

Section 6. Accountant - No person shall be appointed to the position of Accountant unless he/**she** possesses the following qualifications and none of the disqualification herein below enumerated:

- a. He/**She** must be at least a commerce graduate, major in accounting;
- b. He/**She** must have at least two years experience in cooperative or related business;
- c. He/**She** must be honest and must have deep sense of responsibility;
- d. He/**She** must not be engaged directly or indirectly in any business similar to that handled by the cooperative;
- e. He/**She** must not have been convicted of any administrative or criminal case involving moral turpitude, gross negligence or grave misconduct in the performance of his duties;
- f. He/**She** must not be addicted to any form of gambling or immoral or vicious habits; and
- g. He/**She** must be willing to undergo pre-service and/or in-service trainings.

Section 7. Duties of Accountant.

- a. He/**She** shall install an adequate and effective accounting system in the cooperative;
- b. He/**She** shall render monthly reports to the Board of Directors on the financial condition and operations of the cooperative and annual reports to the general assembly or as may be required;

- c. He/She shall coordinate with the manager and the Audit and Inventory Committee in assisting the board in the preparation of the annual budget; and
- d. He/She shall assist the chairperson in the preservation of the books of accounts, documents, vouchers, contracts and records of whatever kind pertaining to the business of the cooperative which may come to his/her possession.

The accountant must be under the manager for the purposes of administrative supervision, but shall be directly responsible to the Board of Directors in the performance of his/her duties.

Section 8. Compensation - **(1) In the absence of any provision in the by laws fixing their compensation, the directors shall not receive any compensation except for reasonable per diems: Provided, however, That the directors and officers shall not be entitled to any per diem when, in the preceding calendar year, the cooperative reported a net loss or had a dividend rate less than the official inflation rate for the same year. Any compensation other than per diems may be granted to directors by a majority vote of the members with voting rights at a regular or special general assembly meeting specifically called for the purpose: Provided, That no additional compensation other than per diems shall be paid during the first year of existence of any cooperative.**

(2) The compensation of officers of the cooperative as well as the members of the committees created pursuant to this Code or its by laws may be fixed in the by laws.

(3) Unless already fixed in the by laws, the compensation of all other employees shall be determined by the board of directors.

ARTICLE VII CAPITAL STRUCTURE

Section 1. Source of Funds - The cooperative shall derive the funds from any or all of the following sources:

- a. Member's share capital contribution;
- b. Loans and borrowings including deposits;
- c. Revolving capital build-up which consist of the deferred payment of patronage refund or interest on share capital;
- d. Subsidies, grants, legacies, aids, donations and such other assistance from any local or foreign institution, public or private;
- e. Retentions from the proceeds of services acquired /goods procured by members; and
- f. Other sources of funds as may be authorized by law.

Section 2. Continuous Capital Build-up - Every member shall invest in the share capital of the cooperative:

- a. At least 10% of his annual interest on capital and patronage refund;
- b. At least 1% of each loan granted to him; and
- c. Two Hundred Pesos (P200.00) of his monthly income to be deducted every payday.

Section 3. Borrowing - The Cooperative, through the Board of Directors with the approval of the general assembly borrow money from any source at the best terms and conditions available and such amount as may be needed.

Section 4. Revolving Capital - The General Assembly may authorize the Board of Directors to raise a revolving capital to strengthen the capital by deferring the payment of

patronage refunds and interest on share capital. The Board of Directors shall issue revolving capital certificates with serial number.

Section 5. Retains - The Board of Directors as authorized by the General Assembly may raise an additional capital by deducting a certain amount or percentage on a per unit basis from the proceeds of the services and/or goods sold by members.

Section 6. Share Capital and **Share** Certificate - The term "share" shall refer to a unit of capital the par value of which is One Hundred Pesos (P100.00).

Serially numbered certificates of **share** of the cooperative shall be issued to each member upon the full payment of the subscription, and for subsequent shares as they are paid for. The certificate shall contain the shareholder's name, the number of shares owned, the par value, and duly signed by the chair**person** and the secretary, and bearing the official seal of the cooperative. All issues and transfers shall be registered in the **share** and transfer book.

The shares may be purchased, owned or held by persons who are eligible for membership. Interest may be paid only on the paid-up capital at the rate prescribed by CDA and such interest may be in cash, or credited towards payment of subscriptions, outstanding accounts, or additional shares or to the revolving fund of the cooperative.

Section 7. Transfer of Shares

1. The cooperative shall have the first option to buy any share offered for sale. The amount to be paid for such shares shall be the par value or book value, whichever is lower.
2. If the cooperative is not in a position or otherwise refuses to purchase such shares, the member shall have the right to sell them to any person eligible for membership in the cooperative.
3. A member shall not transfer any share held by him/**her** or interest in the cooperative or any part thereof, unless:
 - a. He/**She** has held such shares or interest for at least one year;
 - b. The transfer is made to a member of the cooperative or to a person who falls within the field of membership of the cooperative, provided said person is acceptable to the cooperative; and
 - c. The Board has approved such transfer.
4. Transfer of shares shall not be binding to the cooperative until such transfer has been registered in its **share** and transfer book. No transfer shall be completed until the old certificates shall have been endorsed and surrendered and a new certificate issued in the name of the member. The last transferee, if a new member, shall pay the required membership fee. A transfer fee of Fifty Pesos (P50.00) shall be charged.
5. In case of loss or destruction of a certificate of **share**, another may be issued in its place to the owner thereof after executing an affidavit in triplicate setting forth the following:
 - a. Circumstances as to how, when and where the said certificate was lost or destroyed;
 - b. The number of shares represented by the certificate;
 - c. The serial number of the certificate; and
 - d. The lost or destroyed certificate has never been transferred, sold or endorsed to any third party, and that should the same be found, the owner shall surrender it to the cooperative.

Any false representation or statement made in the aforesaid affidavit shall be a ground for expulsion from the cooperative.

ARTICLE VIII OPERATION

Section 1. The cooperative shall procure the production inputs and supplies, consumer goods, machineries, other instruments and their spare parts of its members and the community.

Section 2. All members shall procure their goods and other requirements from the cooperative.

Section 3. The cooperative shall endeavor to have available portion of the retail trade and and/or services and evidence the traffic prices of the goods and/or services towards stabilizing prices of these goods/services. In this regard, the cooperative shall serve as the direct link between the producers and the consumers/users to minimize the factors of merchandizing and bring down prices of commodity to a realistic level.

Section 4. All members shall execute a marketing and/or service agreement with the cooperative. The latter shall market the produce of the members and/or provide the needed service to the usual and customary manner, or in any manner it may see fit under the circumstances, having in mind the interest and welfare of the members.

Section 5. For purposes of ensuring efficient and reliable service, the cooperative shall accept only qualified persons presently engaged in the same or similar service or persons who can be trained for the technical competence required by the service, maintain standards of quality befitting the status of its clientele, exercise close supervision over its member-workers and conduct periodic and continuing training to develop the skills and update the competence of its member-workers.

Section 6. The cooperative based on the need of its members and on sound economic consideration shall acquire, lease, maintain and operate pool of machinery and equipment for its pre and post harvest activities, warehouse and other facilities.

Section 7. Loans may be granted to members entitled to vote either for providential or productive purpose.

In the determination of amount of the loans to be granted, the applicants character, capacity to pay, collateral or securities offered to ensure the payment of the loans shall be considered.

Section 8. Conditions on Loans - The Board of Directors shall prescribe the terms and conditions for the granting of loans, the amount that may granted a member, the rate of interest, fines for payment in default, maximum period of repayment and all other factors as well to facilitate the loaning operation and safeguard the interest of the members and the borrowers.

In determining the rate of interest, the board shall be guided by the overriding principle of service above profit.

Section 9. Renewal of Loans - Regular loans may be renewed provided that a Seventy Five Percent (75%) thereof has already been paid. The percentage of payment shall be determined by the board from time to time as changes in the total maximum loans provided to all members occur and as the need arises.

Section 10. Application for Loans - A loan application shall state specifically the purpose or purposes for which the money is to be used. Any false representation or statement made in the application shall be ground for the cancellation of the loan or if the money has been used for a purpose other than those for which it was granted, the loan shall at once become due and demandable.

Section 11. Restriction on Officers, Directors, and Committee Members - No director or committee member shall vote on a loan requested by a member of his/her family, natural or by affinity to the third degree or on a loan requested by a person who owes a debt to him/her or to any member of his/her family; neither can he become a co-maker, surety nor endorser on any loan contracted with the cooperative. The application for a loan by a member of the credit committee shall be subject to the approval of the Board of Directors.

Section 12. Appeal - An appeal from the decision of the credit committee for abuse of discretion or violation of any existing policy of the Board of Directors may be made to the joint meeting of the Board of Directors and the Audit Committee, the decision on the matter shall be final.

Section 13. Deposits - The cooperative shall receive two kinds of deposits :

a. Savings Deposits - Any member, in addition to his/her share capital investment, may open a saving deposit, the rate of interest of which shall be determined by the board at the beginning of each fiscal year in no case to exceed the rate prescribed by Central Bank of the Philippines.

Savings deposits not falling below Two Hundred Pesos (P200.00) during any calendar month shall be entitled to the rate computed quarterly based on the law at monthly balance outstanding during the period. The interest shall be credited to the depositors account and the same shall earn interest from the date it is credited, at the same rate as savings deposits.

The Board of Directors shall prescribe the rules and regulations governing withdrawals from the savings deposits.

b. Time Deposits - Deposits for fixed period of time and for a fixed rate of interest may be accepted by the cooperative. The Time Deposit Certificate in the form prescribed by the Board of Directors evidencing the deposit shall be issued to the depositors.

Section 14. The cooperative shall mobilize the resources of the members for capital formation toward financing other services needed by them and the community.

Section 15. Services over and above profit shall be the overriding consideration of the cooperative in the pursuit of its goals and in the operation of its business.

Section 16. Copying (Xerox) Services. In order to facilitate the needs of members of reproducing documents necessary in their personal needs, without the qualms of going outside the building premises, the cooperative will venture in xerox copying business at price competitive in the market.

ARTICLE IX ALLOCATION AND DISTRIBUTION OF NET SURPLUS

Section 1 . At the end of the fiscal year, the cooperative shall distribute its net surplus as follows :

1. Ten percent (10%) shall be set aside for reserve fund.

- a. The reserve fund shall be used for the stability of the cooperative and to meet net losses in its operations. The general assembly may decrease the amount allocated to the reserve fund when reserve fund already exceed the share capital.

Any sum recovered on items previously charged to the reserve fund shall be credited to such fund.

- b. The reserve fund shall not be utilized for investment other than those allowed in the cooperative code. Such sum of the reserve fund in excess of the share capital may be used at any time for any project that would expand the operations of the cooperative upon the resolution of the general assembly.
- c. Upon the dissolution of the cooperative, the reserve fund shall not be distributed among the members.

The General Assembly may resolve :

- (i). To establish usufructuary fund for the benefit of any federation or union to which the cooperative is affiliated; and
- (ii). To donate, contribute, or otherwise dispose of the amount for the benefit of the community where the cooperative operates. If the members cannot decide upon the disposal of the reserve fund, the same shall go to the federation or union to which the cooperative is affiliated.

2. **Three** percent (**3%**) for the education and training fund.
 - a. Half of the amounts transferred to the education and training fund annually under this subscription may be spent by the cooperative for the education and training and other purposes; while the other half shall be credited to the cooperative education and training fund of the apex organization of which the cooperative is a member.
 - b. Upon the dissolution of the cooperative, the unexpended balance of the education and training fund appertaining to the cooperative shall be credited to the cooperative education and training fund of the above mentioned apex organization.
3. **Seven** percent (**7%**) for the optional fund **for land and building construction, and any other necessary fund.**
4. **Community Development Fund. At least three percent (3%) shall be set aside from the net surplus for projects and activities that will benefit the community where the cooperative operates.**
5. The remaining net surplus shall be made available to the members in form of interest on share capital not to exceed the normal rate of return on investments prescribed by CDA and patronage refunds.

The sum allocated for patronage refunds shall be made available at the same rate to all patrons of the cooperative in proportion to their individual patronage.

Provided, That :

- a. In the case of a member patron with paid-up share capital contribution, his/**her** proportionate amount of patronage refund shall be paid to him/**her** unless he/**she** agrees to credit the amount to his/**her** account as additional share capital contribution;

- b. In the case of a member patron with unpaid share capital contribution, his/her proportionate amount of patronage refund shall be credited to his/her account until his/her share capital contribution has been fully paid;
- c. In the case of a non-member patron, his/her proportionate amount of patronage refund shall be set aside in a general fund for such patrons and shall be allocated to individual non-member patrons only upon request and presentation of evidence of the amount of his/her patronage. The amount so allocated shall be credited to such patron towards payment of the minimum capital contribution for membership. When a sum equal to this amount has accumulated at any time within a period of two (2) years such patron shall be deemed and become a member of the cooperative if he/she so agrees or requests and complies with the provisions of these by-laws for admission to membership;

ARTICLE X
Settlement of Disputes

Section 1. Mediation and Conciliation. All inter and intra-cooperative disputes shall be settled within the cooperative in accordance with the pertinent Guidelines issued by the Cooperative Development Authority.

Section 2. Disputes Involving Members of the Mediation and Conciliation Committee and Board of Directors. If one of the parties to a controversy is a member of the Mediation and Conciliation Committee, the Chairperson shall endorse the case to the Board of Directors who shall resolve the case following the procedures prescribed in the preceding section.

If one or both parties are members of the Board of Directors and the Mediation and Conciliation Committee, the Chairperson of the Committee shall communicate in writing such fact to the Chairperson of the Board of Directors who shall forthwith call a special board meeting to form a five (5)-man Special Conciliation Committee, consisting of the heads of Audit and Election Committees, the Secretary and one representative of each party. The special conciliation committee shall convene immediately and after electing from among themselves the Chairperson, Vice-Chairperson and the Secretary, proceed to resolve the case in accordance with the procedures prescribed in the preceding section. The committee shall automatically cease to exist upon the final resolution of the controversy.

ARTICLE XI
MISCELLANEOUS

Section 1. Investment of Capital - 1) A cooperative may invest its capital in any of the following :

- a. In shares or debentures or securities of any other cooperative;
- b. In any reputable bank in the locality, or any cooperative;
- c. In securities issued or guaranteed by Government;
- d. In real estate primarily for the use of the cooperative or its members; or
- e. In any other manner approved by the general assembly.

Section 2. Books of Accounts - The cooperative shall keep and maintain adequate books of accounts in accordance with generally accepted accounting principles and practices applied consistently from year to year subject, however, to the provisions of R.A. 9520.

Section 3. **External Audit** - At least a year, the Board of Directors shall, in consultation with the **Audit Committee**, cause the audit of the books of accounts of the cooperative **by CDA accredited independent Certified Public Accountant**.

Section 4. Annual Report - The cooperative shall make an annual report of its affairs to members at the general assembly together with the audited financial statements. The report and statements shall be certified to by the Chair**person**, Treasurer, Manager and other responsible officers of the cooperative as true and correct in all aspects to the best of their knowledge.

The cooperative shall submit the following reports to the CDA within **120** days from the end of the **calendar** year:

- a. **Cooperative Annual Performance Report (CAPR);**
- b. **Social Audit Report;**
- c. **Performance Report;**
- d. **Audited Financial Statement duly stamped "Received" by BIR;**
- e. **List of officers and trainings undertaken/completed**

ARTICLE **XII** AMENDMENTS

Section 1. Amendments - Amendments to the Articles of Cooperation and these by-laws **shall** be adopted by two-thirds (2/3) votes of **all members with voting rights** at any regular or special general assembly called for the purpose.

The amendments shall take effect upon receipt by the cooperative of the corresponding Certificate of Registration issued by the Cooperative Development Authority.

Voted and adopted this 21st day of January, 1994 in RBS Building, GMA-7, Compound, Edsa, Diliman, Quezon City.

Signature of Members

- | | |
|------------------------|----------------------------|
| 1. Elvis Ancheta | (SGD.) ELVIS ANCHETA |
| 2. Gerardo Arceo | (SGD.) GERARDO ARCEO |
| 3. Edison Bactat | (SGD.) EDISON BACTAT |
| 4. Ben Carreon | (SGD.) BEN CARREON |
| 5. Florencio Encinas | (SGD.) FLORENCIO ENCINAS |
| 6. Rizalino Feliciano | (SGD.) RIZALINO FELICIANO |
| 7. Cesar Garcia | (SGD.) CESAR GARCIA |
| 8. Nestor Go | (SGD.) NESTOR GO |
| 9. Marinella Guioguido | (SGD.) MARINELLA GUIOGUIDO |
| 10. Jonathan Hayuhay | (SGD.) JONATHAN HAYUHAY |
| 11. Florante Inocencio | (SGD.) FLORANTE INOCENCIO |
| 12. Soc Andrew Lopez | (SGD.) SOC ANDREW LOPEZ |
| 13. Estrella Mabborang | (SGD.) ESTRELLA MABBORANG |
| 14. Eduardo Macatuno | (SGD.) EDUARDO MACATUNO |

- | | |
|-------------------------|----------------------------|
| 15. Marcelino Magpayo | (SGD.) MARCELINO MAGPAYO |
| 16. Ausencio Nifas | (SGD.) AUSENCIO NIFAS |
| 17. Rogelio Nomus | (SGD.) ROGELIO NOMUS |
| 18. Gerrando Patricio | (SGD.) GERRANDO PATRICIO |
| 19. Victor Perfecto | (SGD.) VICTOR PERFECTO |
| 20. Jose Pinlac | (SGD.) JOSE PINLAC |
| 21. Carolina Sanchez | (SGD.) CAROLINA SANCHEZ |
| 22. Edgardo Santiago | (SGD.) EDGARDO SANTIAGO |
| 23. Aquilino Sardoma | (SGD.) AQUILINO SARDOMA |
| 24. Ronaldo Sarmiento | (SGD.) RONALDO SARMIENTO |
| 25. Danilo So | (SGD.) DANILO SO |
| 26. Jose Suzara | (SGD.) JOSE SUZARA |
| 27. Bernardo Tañedo | (SGD.) BERNARDO TAÑEDO |
| 28. Pedro Tanega | (SGD.) PEDRO TANEGA |
| 29. Alexander Teston | (SGD.) ALEXANDER TESTON |
| 30. Janet Tiburcio | (SGD.) JANET TIBURCIO |
| 31. Paquito Tiu | (SGD.) PAQUITO TIU |
| 32. Crisanto Tongol | (SGD.) CRISANTO TONGOL |
| 33. Gresilda Tresvalles | (SGD.) GRESILDA TRESVALLES |
| 34. Arturo Trinidad | (SGD.) ARTURO TRINIDAD |
| 35. Roel Valenzuela | (SGD.) ROEL VALENZUELA |
| 36. Ernesto Zuniga | (SGD.) ERNESTO ZUNIGA |
| 37. Excelso Divino | (SGD.) EXCELSO DIVINO |
| 38. Lourdeline Laygo | (SGD.) LOURDELINE LAYGO |
| 39. Merlo Morata | (SGD.) MERLO MORATA |
| 40. Virgilio Muzones | (SGD.) VIRGILIO MUZONES |
| 41. Lenny Parto | (SGD.) LENNY PARTO |
| 42. Loida Paulino | (SGD.) LOIDA PAULINO |

SIGNED IN THE PRESENCE OF :

VICTORIA T. ARRADAZA

We the undersigned, constituting a majority of the Board of Directors of the GMA-7 Employees Multi-Purpose Cooperative, do hereby certify that the foregoing instrument is the code of by-laws of the said Cooperative.

ARTURO D. TRINIDAD
Chairperson

CONCEPTION V. MAGBAG
Vice-Chairperson

LOIDA S. PAULINO
Director

VIOLETA C. ARICHEA
Director

JOSE MARIA T. PADILLA
Director

BIENVENIDO B. BUSTRIA
Secretary