

OMSMPC CODE OF GOOD GOVERNANCE I. TITLE This Code shall be known as “OMSMPC Code of Good Governance”.	OMSMPC CODE OF GOOD GOVERNANCE I. TITLE This Code shall be known as “Online Micro Sellers Multipurpose Cooperative Code of Good Governance”.
II. INTRODUCTION This code refers to the framework from which the Online Micro Sellers Multipurpose Cooperative (OMSMPC) Board of Directors, Committee Members, Other Key Officers and the Management Team can be inspired to work collectively in building an effective, efficient, and sustainable cooperative. From a compliance and stewardship perspective, it is concerned with the standards, practices, and procedures that the Board of Directors, in coordination with the Committee Members and other Key Officers, develop and promulgate rules to achieve the strategic goals and objectives of the Cooperative. This democratic view of governance would be what the Board of Directors and other Officers generally represent in the interests of the members and other stakeholders connected with the Cooperative.	II. INTRODUCTION This code refers to the framework from which the Online Micro Sellers Multipurpose Cooperative (OMSMPC) Board of Directors, Committee Members, Other Key Officers and Management Team can be inspired to work collectively in building an effective, efficient, and sustainable cooperative. From a compliance and stewardship perspective, it is concerned with the standards, practices, and procedures that the Board of Directors, in coordination with the Committee Members and other Key Officers, develop and promulgate rules to achieve the strategic goals and objectives of the Cooperative. This democratic view of governance would be what the Board of Directors and other Officers generally represent in the interests of the members and other stakeholders connected with the Cooperative. Guided by the principles of integrity, inclusivity, and innovation we are committed to fostering a thriving and sustainable environment for the members through our mission. Mission <i>“We bring value to our members by...</i> • <i>Enable access to opportunities through digital solutions</i> • <i>Empower membership and leadership excellence</i> • <i>Embrace the Cooperative spirit</i>

The Cooperative will be the entry point and main resource for every Filipino micro seller who wants to participate in the growing e-commerce industry. We inspire and empower individuals to start their own online shops, grow their enterprise as a reliable source of income, and become a profitable business that contributes to the local economy."

Meanwhile, with a steadfast commitment to ethical leadership and community-driven success, we envision a future where Filipino eCommerce entrepreneurs thrive in a dynamic and sustainable digital marketplace with our cooperative vision.

Vision

"The leading pioneer Cooperative that drives the sustainable development of Filipino eCommerce entrepreneurs."

Through ethical governance and collaboration, we are committed to fostering growth, innovation, and lasting impact for our members and community.

Also, rooted in our commitment to ethical governance and sustainable growth, our **Core Values** serve as the foundation of our actions and decisions. These are the values by which we live and that give us clarity in times of uncertainty.

- Respect for Individuals
- Integrity as our Guidepost
- Care for the Community
- Responsible Stewardship
- Championing Excellence
- Healthy Collaborative Relationships

By upholding these values, we cultivate a culture of accountability and trust, laying the groundwork for ethical standards that define our Cooperative's operations and decision-making.

The **OMSMPC Code of Conduct and Ethical Standards** is a statement of the ethical principles, values and behaviors expected of the Board of Directors,

	Committee Members, Key Officers, Management Team and Members of the Cooperative. It is designed to guide them in their dealings with one another, their representatives, and others they come in contact with in the course of performing their duties and responsibilities. It puts forward a set of general principles rather than detailed prescriptions. Further, this OMSMPC Code of Conduct and Ethical Standards is intended to assist them in identifying and resolving ethical issues that might arise during their term, appointment, employment, or during their membership in the Cooperative. It stands besides, but does not exclude nor replace, the rights and obligations of Officers, Management Team and Members under the OMSMPC Articles of Cooperation and By-Laws. The OMSMPC Code of Conduct and Ethical Standards then provide more specific information about the Cooperative's policies, rules, and expectations based on the cooperative principles and values, and proper behaviors.
III. DEFINITION OF TERMS A. Board of Directors – shall mean that body entrusted with the strategic planning, direction-setting, and policy formulation activities of the Cooperative (RA 9520 Article 38) and the administration of its business (By-Laws Article III). It also refers to the collegial body that exercises the powers of the Cooperative formed under the Cooperative Code (Republic Act No. 9520). It conducts all businesses and controls or holds all properties of the League (By-Laws Article IV). B. Committee – shall refer to a body entrusted with specific functions and responsibilities under the Articles of Cooperation and By-Laws (ACBL) of the Cooperative, or a resolution of the General Assembly, or of the Board of Directors. C. Member – shall refer to the online micro sellers who adhere to the principles set	III. DEFINITION OF TERMS A. Board of Directors (BOD) – refers to the body that was entrusted with the strategic planning, direction-setting, and policy formulation activities of the Cooperative (RA 9520 Article 38) and the administration of its business (By-Laws Article III). It also refers to the collegial body that exercises the powers of the Cooperative formed under the Cooperative Code (Republic Act No. 9520). It conducts all businesses and controls or holds all properties of the League (By-Laws Article IV). B. Committee – refers to a body entrusted with specific functions and responsibilities under the Articles of Cooperation and By-Laws (ACBL) of the Cooperative, or a resolution of the General Assembly, or of the Board of Directors.

forth in the Cooperative Code and the By-Laws and have been admitted by the cooperative as a Member.

C. **Member** – shall refer to the online micro sellers who adhere to the principles set forth in the Cooperative Code and the By-Laws and have been admitted by the cooperative as a Member.

D. **General Assembly (GA)** – shall be composed of all Members Entitled to Vote (under the ACBL of the Cooperative), duly assembled and constituting a quorum and is the highest policy-making body of the Cooperative.

E. **Primary Cooperative** – shall mean the Cooperative organized by fifteen (15) or more natural persons who are Filipino citizens, of legal age, and having a common bond of interest and are residing or working in the intended area of operation registered under the Cooperative Development Authority (RA 9520 Article 10).

F. **Internal Control** – shall refer to the process affected by the Cooperative's Board of Directors, Management, and other Officers, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with applicable laws, regulations, and internal policies.

G. **Universally Accepted Cooperative Principles** – shall refer to a set of principles that is acceptable, recognized and observed locally as well as internationally.

H. **Core Values** – shall refer to a set of values the Cooperative upholds which form the foundation on which the Officers, Management and Members perform and conduct themselves. It shall be constant and aligned with the Cooperative's vision and mission and shall serve as guide and direction when dealing with each other and the public.

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I. Management – shall refer to the body given the authority to implement the policies as determined by the Board of Directors in directing the business operations and activities of the Cooperative. J. Governance – shall refer to the leadership systems and processes concerned with ensuring the overall direction, effectiveness, supervision, and accountability of the Cooperative by the Board of Directors, other Officers, and Management. In summary, it is about ensuring that the Cooperative is effectively and properly run. K. Ethics – shall refer to the set of principles of right conduct or the rules of standards governing the conduct of the Board of Directors, other Officers, Management and Members of the Cooperative. L. Conduct – shall refer to the way the Board of Directors, other Officers, Management and Members of the Cooperative behave or the way they act especially from the standpoint of morality and ethics. M. Regulatory Body – shall refer to the government body tasked to supervise, regulate, and monitor all types of cooperatives. Specifically, it shall refer to the Cooperative Development Authority, also known as CDA or the Authority.	I. Management – refers to the body that was given the authority to implement the policies as determined by the Board of Directors in directing the business operations and activities of the Cooperative. J. Governance – refers to the leadership systems and processes concerned with ensuring the overall direction, effectiveness, supervision, and accountability of the Cooperative by the Board of Directors, Committee Members, other Key Officers, and Management Team. In summary, it is about ensuring that the Cooperative is effectively and properly run. K. Ethics – refers to the set of principles of right conduct or the rules of standards governing the conduct of the Board of Directors, Committee Members, other Key Officers, Management Team, and Members of the Cooperative. L. Conduct – refers to the way the Board of Directors, Committee Members, other Key Officers, Management Team, and Members of the Cooperative behave or the way they act especially from the standpoint of morality and ethics. M. Code – refers to Online Micro Sellers Multipurpose Cooperative Code of Conduct and Ethical Standard. N. Regulatory Body – refers to the government body tasked to supervise, regulate, and monitor all types of cooperatives. Specifically, it refers to the Cooperative Development Authority, also known as CDA or the Authority.
IV. CODE OF GOVERNANCE	IV. CODE OF GOVERNANCE A. THE BOARD OF GOVERNANCE

A. The Board of Governance – The Board of Directors has primary legal responsibility for governance, the exercise and assignment of power and authority of the Cooperative. The Board of Directors shall be responsible for the strategic planning, direction-setting, and policy formulation activities of the Cooperative (RA 9520 Article 38). It is also in-charge of overseeing the business operations of the Cooperative and delegating responsibility to the Management in managing the day-to-day operations and resources of the Cooperative. The Board of Directors shall provide leadership and guidance in ensuring proper implementation of good governance principles within the Cooperative.

The Board of Directors shall seek to involve all stakeholders in implementing good governance. As the trustees of the Cooperative, the Board of Directors shall maintain ultimate responsibility for governance implementation and evaluation to meet and achieve the purpose and requirement of the Code of Governance. The Board of Directors shall take a strategic and developmental approach to governance by keeping an overview of standards, delegating responsibilities, and providing training and resources.

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The Board of Directors is also in-charge of overseeing the business operations of the Cooperative and delegating responsibility to the **Management Team** in managing the day-to-day operations and resources of the Cooperative. The Board of Directors shall provide leadership and guidance in ensuring proper implementation of good governance principles within the Cooperative.

As stewards of the Cooperative, the Board of Directors shall ensure the implementation of good governance principles in accordance with the CDA Memorandum Circulars and other relevant regulations. This includes:

- **Stakeholders Participation.** Encouraging inclusive and democratic participation among Committee Members, other Key Officers, Management Team, and Members in the Cooperative.
- **Transparency and Accountability.** Upholding financial integrity, disclosure of material information, and ethical decision-making.
- **Training and Development.** Providing leadership training, education, and capacity training programs to strengthen cooperative governance.
- **Strategic Oversight.** Evaluating cooperative performance, ensuring compliance with the law and policies, and instituting necessary reforms

The Board of Directors is responsible for upholding good governance in the Cooperative by reviewing policies, delegating tasks, and ensuring compliance with the internal By-laws and CDA regulations.

B. The Code of Governance

1. Regulatory Compliance and Legal Responsibilities

The Cooperative shall strive to ensure transparency and compliance with the requirements of the laws being implemented by the Cooperative Development Authority and other regulatory bodies governing cooperatives (including the Department of Labor and Employment), and the Articles of Cooperation and By-Laws as approved by the Board of Directors and the General Assembly.

The Board of Directors, other Officers and Management shall protect and safeguard the future of the Cooperative by ensuring compliance with the regulatory and legal provisions governing it. They shall maintain comprehensive, documented, and updated policies that aim to comply with the legal and statutory obligations of the Cooperative, and furthermore, keep a transparent relationship with the regulatory bodies.

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The Board of Directors shall approve the appointment of a person to act as Compliance Officer who shall maintain a checklist of requirements of laws and regulations. The Compliance Officer shall regularly report to the Board of Director during its meeting regarding any changes in the laws and regulations and how they will be implemented within the Cooperative.

2. Internal and External Control

OMSMC, through its Audit Committee and External Auditor, shall maintain a sound internal and external control system and arrangements that complement the size, complexity and risk profile of the Cooperative.

This requires that the Audit Committee shall:

- a. Have the power and duty to continuously monitor the adequacy and effectiveness of the Cooperative's management control system and audit the

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performance of the Cooperative and its various responsibility centers [RA 9520 Article 43 (2)].

- b. Establish and implement an internal control system within the Cooperative and ensures compliance of the Board of Directors, other Officers, Management and Members.
- c. Not occupy other roles within the Cooperative to maintain fairness and objectivity in the performance of its functions and responsibilities.
- d. Report regularly to the Board of Directors on any internal control issues that need to be dealt with.
- e. Through the **Annual Souvenir Program**, report also to the General Assembly being “directly accountable and responsible to the GA” [RA 9520 Article 43 (2)].

Furthermore, the Board of Directors shall:

- a. On receipt of the Auditor’s report each year, discuss the content of the report and implement necessary actions.
- b. In collaboration with the Audit Committee, review annually the professional services of the External Auditor and make appropriate recommendations.
- c. Conduct an annual review of the professional services of an external auditor.

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3. Planning for the Future

The Board of Directors and the General Manager shall develop long-term plans and programs for the Cooperative to achieve its full potential. They shall ensure that all individuals involved in managing the operations of the Cooperative understand the strategies, approaches and techniques developed and successfully implemented.

The Board of Directors shall hold a strategic planning meeting every year. The strategic direction of the Cooperative shall be documented and shall include three (3) – to five (5) – year business plan and membership development plan. These documents shall outline the business objectives, the actions, and resources necessary to carry out the plans.

4. Risk Management

The Board of Directors, Officers and Management shall conduct an annual assessment and evaluation of risks concerning operations, systems, services, policies, people, internal and external environment of the Cooperative, and immediately provide programs and procedures to minimize and prevent potential risks.

This requires that...

- a. The Board of Directors, Officers and the Management develop and maintain a risk management program covering disaster management and recovery plan of the Cooperative in times of unforeseen events or vacancy of key positions.
- b. The Cooperative must have a risk management policy and business continuity plan in place which outlines the continuity of operations and to meet its regulatory requirements in the event of an unforeseen interruption or delay that may otherwise prevent the Cooperative from delivering its services and operating normally.

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5. Integrity and Accountability

OMSMC shall strive to maintain the integrity of all its Officers and Management to ensure and protect the image of the Cooperative as an efficient and effective socio-economic provider, emphasizing its business ethics and accountability to all its members and stakeholders.

6. Professional Integrity

The Board of Directors, Audit Committee and Management shall always act in the interest of the Cooperative by complying with its legal duties and behavioral standards, avoiding conflicts of interest, and acting honestly and in good faith. They shall not seek or gain any personal interest in any endeavors or activities from their involvement in the Cooperative or when dealing with colleagues, members, partners, and other stakeholders.

This requires that...

- a. The Cooperative shall provide a standard Code of Conduct for its Board of Directors, other Officers, Management and Members, outlining proper and improper behavior.
- b. The Board of Directors, other Officers and Management shall establish policies and procedures and ensure that all those involved in position of influence and confidence within the Cooperative are qualified, fit and right persons as defined under RA 9520 and the By-Laws.
- c. All the Board of Directors, other Officers and Management must agree and sign a confidentiality agreement to protect the integrity and business operations of the Cooperative.

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7. Transparency

The Board of Directors, other Officers and the Management shall maintain formal strategies and a transparent environment in engaging its stakeholders in making decisions towards the development of the Cooperative and its business operations.

This requires that...

- a. The Board of Directors, other Officers and Management shall produce an Annual Report regarding the business and its financial performance and position, to be distributed to the General Membership for their review, evaluation, ratification, and approval.
- b. The Board of Directors, other Officers and Management shall strive to be rigorous and transparent in every decision taken on behalf of the Cooperative. They shall be objective and always act in the best interest of the Members. It is their responsibility to inform and disclose to the Members all decisions regarding business operations and other matters involving the Cooperative.
- c. While the minutes of meeting of the Board of Directors remain confidential to the General Membership, the Cooperative shall comply with all reasonable outside requests for information. The Board of Directors and other Officers shall review the openness of the Cooperative's arrangements on a regular basis.
- d. The Board of Directors, other Officers and the Management shall conduct a regular review of who the key stakeholders in the Cooperative are and how their needs are to be met.

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e. The Cooperative shall have in place fair systems and procedures when dealing with internal problems or issues being raised to maintain integrity and honesty of concerned parties and generally the OMSMC. It shall ensure all concerned are aware of these systems and procedures.

f. The Board of Directors, other Officers and the Management must be aware of and uphold the vision, mission, core values and goals of the Cooperative.

g. The Board of Directors, Officers and the Management shall recognize that the activities of the Cooperative have direct and indirect impact on the community in which it operates and shall endeavor to manage these in a responsible manner. Social responsibility is a fundamental part of the cooperative identity of OMSMC. To that end, the Board of Directors, Officers and Management shall put in place a comprehensive policy aimed to reduce any negative impact on the environment and the community because of its activities.

8. Service to Members

Primary Cooperatives are member-owned. OMSMC, as a primary cooperative, shall ensure that members are made aware of rights and responsibilities as member-owners of the Cooperative, and the services and privileges available to them. The Board of Directors, Officers and the Management Team shall ensure that the Cooperative provides efficient and relevant services to the Members, including an appropriate range of business marketing services, membership development and communication strategies plus commitment to uphold its values of social goals and objectives.

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The Board of Directors, other Officers and Management shall support the principles and practices of cooperatives that are appropriate and relevant to the business operations of the Cooperative. They must conduct an annual survey of membership to ascertain the level of satisfaction of members with the Cooperative's services.

9. Skills and Abilities

The Board of Directors, other Officers and the Management shall ensure that all those involved in the operation of the Cooperative will have the opportunity to develop the knowledge and the skills necessary to operate the Cooperative efficiently, effectively, and successfully.

10. Skills and Professional Development

The Board of Directors shall aim to achieve diversity of Marketing abilities, financial management proficiencies, business and/or membership development skills within its positions. To that end, all the Board of Directors, Officers and Management shall be made aware that they must have knowledge on the basic marketing business skills, financial and business management skills including the ability to interpret financial statements. The Board of Directors, Officers and Management shall commit to achieve and maintain this minimum level within a year after being elected or appointed, and maintain throughout its term of office, that minimum level of skill. The Board of Directors shall ensure that any person appointed in a management role also has the relevant skills to fulfill that role.

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10. Skills and Professional Development

The Board of Directors, Committee Members, Key Officers, and Management Team shall aim to cultivate a diverse skill set that aligns with the cooperative's business models, ensuring competent governance, financial sustainability, and innovative service delivery. To that end, all governing and managerial bodies must possess knowledge and proficiency in e-commerce operations, financial management, digital payment solutions, accounting, affiliate marketing, and insurance services. This includes basic marketing and sales strategies, credit risk assessment for loans, financial reporting and bookkeeping, digital financial literacy, investment evaluation, and policy sales management. Furthermore, they must develop the ability to analyze and interpret financial statements, assess business risks, and uphold cooperative governance principles to drive sustainable growth and member-focused services.

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This requires that...

- a. Within the reasonable period of taking up their position, the Board of Directors and other Officers of the Cooperative shall be given a formal induction and provide an ongoing personal and professional development plan relevant to their roles and commensurate to the resources available.
- b. The Directors shall assess the skills required for any position within the Cooperative and ensure that all Officers appointed have sufficient skills and qualifications to enable them to properly fulfill the roles to which they are appointed.
- c. Each Director shall receive relevant training within six (6) months of being elected and holding office; and within a year shall be able to interpret the management information received as part of his role.
- d. Each Officer shall take a refresher course appropriate to his role in the Cooperative at least every two (2) years.
- e. The Board of Directors shall undertake a formal and rigorous annual evaluation of its own performance. The Chairperson shall act on the results of the performance evaluation by recognizing the strengths and addressing the weaknesses of each member of the Board and planning accordingly.

11. The Board in Control

The Board of Directors shall have a collective understanding of its level of responsibility and commitment. It is expected to commit and to fulfill its function as the policy-making body of the Cooperative.

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a. All those involved in the operation of the Cooperative shall demonstrate due diligence in understanding the level of time and commitment they as individuals are expected to commit as part of the policy-making body of the Cooperative.

b. They shall be provided with sufficient training to equip them for their roles and to become strategic thinkers in directing the activities of the Cooperative at both times of growth and period of challenges.

c. All Board of Directors and other Officers shall acknowledge an understanding of the legal and regulatory environment in which the Cooperative exists. They shall be aware of the collective legal responsibilities of the governing body of the Cooperative and fully conversant with the roles and responsibilities of all Officers, Management, and Members.

d. The General Manager shall strictly implement the policies set and approved by the Board of Directors. The Board of Directors shall be satisfied that the General Manager is not subject to the undue influence of one or more members of the Board of Directors to an extent that may be detrimental to good governance of the Cooperative.

e. The Board of Directors shall conduct an annual review of the quality and level of information it receives as a governing body, to ensure effective decision-making and sufficient levels of control regarding the business operations of the Cooperative.

C. Structure and Principles of Good Governance

OMSMC shall develop and maintain an accessible, clear and cooperative structure.

1. Members at the Centre

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b. They shall be provided with sufficient training to equip them for their roles and to become strategic thinkers in directing the activities of the Cooperative at both times of growth and period of challenges.

c. All Board of Directors, Committee Members, and other Key Officers shall acknowledge an understanding of the legal and regulatory environment in which the Cooperative exists. They shall be aware of the collective legal responsibilities of the governing body of the Cooperative and fully conversant with the roles and responsibilities of all Committee Members, other Key Officers, and Management Team, and Members.

d. The General Manager shall strictly implement the policies set and approved by the Board of Directors. The Board of Directors shall be satisfied that the General Manager is not subject to the undue influence of one or more members of the Board of Directors to an extent that may be detrimental to good governance of the Cooperative.

e. The Board of Directors shall conduct an annual review of the quality and level of information it receives as a governing body, to ensure effective decision-making and sufficient levels of control regarding the business operations of the Cooperative.

C. STRUCTURE AND PRINCIPLES OF GOOD GOVERNANCE

Online Micro Sellers Multipurpose Cooperative (OMSMPC) shall develop and maintain an accessible, clear and cooperative structure.

1. Members at the Centre

The Board of Directors, Officers and the Management shall recognize the important role of the General Assembly or Members within the OMSMC.

The members shall have clearly defined rights and responsibilities and shall hold the Board of Directors to account for all the policies and performance of the Cooperative. Members shall ensure that policies and performances are in accordance with the stated objectives of the Cooperative and in their own best interests. The Board of Directors shall make known to the General Assembly the nature of the OMSMC as a cooperative, its democratic structure, and the methods and standards by which members can be elected and appointed to these structures.

This requires that...

- a. The Cooperative shall make available to members on-line or hardcopy collaterals (e.g. at least one (1) leaflet/brochure) that outlines the nature of the OMSMC as a marketing cooperative that is owned by the members.
- b. The General Assembly or the General Membership Meeting of the Cooperative shall be actively promoted to members to ensure the highest possible level of member participation.
- c. The Cooperative shall take positive and proactive steps to reflect and monitor the diversity of its membership by regularly evaluating the demographic and cultural nature of members, and the range of skills and experience available to the Cooperative via its membership and using this information to formulate a membership development program.

2. Board of Directors and Committees

The Cooperative shall be headed by an effective Board of Directors and Committee Officers who shall be collectively responsible for its business development and success. To this end, the Board of Directors and

The Board of Directors, Committee Members, other Key Officers, and the Management Team shall recognize the important role of the General Assembly or Members within the OMSMPC. The members shall have clearly defined rights and responsibilities and shall hold the Board of Directors to account for all the policies and performance of the Cooperative. Members shall ensure that policies and performances are in accordance with the stated objectives of the Cooperative and in their own best interests. The Board of Directors shall make known to the General Assembly the nature of the OMSMPC as a cooperative, its democratic structure, and the methods and standards by which members can be elected and appointed to these structures.

This requires that:

- a. The Cooperative shall make available to members online or hardcopy collaterals (e.g. at least one (1) leaflet/brochure) that outlines the nature of the OMSMPC as a multipurpose cooperative that is owned by the members.
- b. The General Assembly or the General Membership Meeting of the Cooperative shall be actively promoted to members to ensure the highest possible level of member participation.
- c. The Cooperative shall take positive and proactive steps to reflect and monitor the diversity of its membership by regularly evaluating the demographic and cultural nature of members, and the range of skills and experience available to the Cooperative via its membership and using this information to formulate a membership development program.

2. Board of Directors and Committees

The Cooperative shall be headed by an effective Board of Directors and Committee Officers who shall be collectively responsible for its business development and success. To this end, the Board of Directors and

Committees shall put in place a fair, accountable and transparent election process and procedure to determine the composition of the Board of Directors, Committees and other Officers.

This requires that...

a. The number of Directors in the Cooperative's Board of the OMSMC shall reflect the nature, diversity and scale of the enterprise and the complexity of the risks faced by the Cooperative. The Board of Directors has five (5) members in line with the By-Laws of the Cooperative.

b. The Directors shall be subject to election by members and to re-election thereafter every year. The names of candidates submitted for election shall be accompanied by sufficient biographical details, information about other directorships held, and relationships with employees of the Cooperative and other Board members.

c. The Board of Directors shall elect among themselves, as indicated in the By-Laws, a Chairperson, whose responsibility is to provide leadership and act as a link between the Members, other Officers and the Management. The position of the Chairperson is voted upon by the members of the Board each year at the organizational meeting usually followed by the first board meeting after the Annual General Assembly.

3. Responsibilities within the Cooperative

The roles and responsibilities of the members of the Board, Committees and the Management shall be established clearly as provided for under the OMSMC By-Laws.

The Board of Directors shall establish clear lines of communication and reporting procedures to enable an accessible and participative structure.

This requires that...

Committees shall put in place a fair, accountable and transparent election process and procedure to determine the composition of the Board of Directors, Committees and other Officers.

This requires that:

a. The number of Directors in the Cooperative's Board of the OMSMPC shall reflect the nature, diversity and scale of the enterprise and the complexity of the risks faced by the Cooperative. The Board of Directors has five (5) members in line with the By-Laws of the Cooperative.

b. The Directors shall be subject to election by members and to re-election thereafter every year. The names of candidates submitted for election shall be accompanied by sufficient biographical details, information about other directorships held, and relationships with employees of the Cooperative and other Board members.

c. The Board of Directors shall elect among themselves, as indicated in the By-Laws, and shall convene within ten (10) days after the General Assembly meeting to elect by secret ballot from among themselves the Chairperson and the Vice-Chairperson, and to elect or appoint the Secretary and Treasurer from outside of the Board.

3. Responsibilities within the Cooperative

The roles and responsibilities of the members of the Board of Directors, Committee Members, other Key Officers, and Management Team shall be established clearly as provided for under the OMSMPC By-Laws.

The Board of Directors shall establish clear lines of communication and reporting procedures to enable an accessible and participative structure.

This requires that:

a. The Board of Directors shall establish Human Resources Policies and Procedures that reflect the needs and requirements of the Cooperative. Each staff shall be provided with information on these policies and procedures via an Employee's Handbook. b. Elected, appointed, and employed persons shall receive a statement of roles and responsibilities or job description appropriate to the positions they are elected/appointed to and employed in. c. The Board of Directors shall document and review on an annual basis, the functions of individual Directors, other Officers, the General Manager in an operations role. The document shall outline the roles and responsibility and reporting structures as well as lines of communication and division of responsibility sufficient to allow them to discharge their duties and responsibilities.	a. The Board of Directors shall establish Human Resources Policies and Procedures that reflect the needs and requirements of the Cooperative. Each staff shall be provided with information on these policies and procedures via an Employee's Handbook. b. Elected, appointed, and employed persons shall receive a statement of roles and responsibilities or job description appropriate to the positions they are elected/appointed to and employed in. c. The Board of Directors shall document and review on an annual basis, the functions of individual Directors, other Officers, the General Manager in an operations role. The document shall outline the roles and responsibility and reporting structures as well as lines of communication and division of responsibility sufficient to allow them to discharge their duties and responsibilities.
	V. GOVERNANCE INNOVATION AND ADAPTIVE LEADERSHIP OMSMPC recognizes that cooperative governance must continuously evolve to respond to economic shifts, technological advancements, and changing member needs. To sustain long-term relevance, resilience, and inclusivity, the cooperative shall adopt innovative governance practices and foster adaptive leadership to drive progress while maintaining cooperative principles. This governance framework aligns with different CDA Memorandums and the applicable laws. A. Promoting Governance Innovation To enhance governance effectiveness and efficiency, OMSMPC shall:

- **Encourage data-driven decision-making in cooperative policies and operations**, which emphasizes the digitalization of cooperative processes.
- **Implement modern governance tools**, such as digital platforms for member participation, governance reporting, and board meetings.
- The Board of Directors **will review governance structures and processes only when necessary** to identify opportunities for improving efficiency, transparency, and inclusivity.
- Explore **alternative governance models** that allow greater agility while preserving the cooperative's democratic nature.

B. Adaptive Leadership for a Dynamic Cooperative

To ensure **strong governance amid uncertainties**, OMSMPC leaders shall:

- Foster a **proactive, forward-thinking leadership culture** that embraces change while upholding cooperative values.
- Conduct **annual governance foresight sessions** to assess risks, opportunities, and trends in digital commerce and cooperative management.
- Implement **leadership agility training** for board members and officers to prepare them for governance challenges and market shifts.
- Encourage **scenario-based decision-making** to improve responsiveness in times of crisis or rapid change.

C. Strengthening Participatory and Inclusive Governance

To reinforce democratic participation and **align with principles of cooperative autonomy**, OMSMPC shall:

- Explore **hybrid and digital assembly models** to enhance member engagement and ensure inclusive decision-making.
- Utilize **real-time feedback mechanisms** to involve members in governance matters, ensuring diverse voices are heard.

	● Establish governance initiatives that promote the active participation of younger and tech-savvy members in cooperative leadership, which encourages youth involvement in cooperatives. D. Sustainable Governance and Long-Term Resilience OMSMPC shall ensure that governance remains sustainable and impactful by: ● Developing Strategic Blueprint that aligns with long-term cooperative goals, outlining roadmap strategies to serve as guide to be used within three to five years. ● Integrating sustainability and ethical governance indicators in annual performance evaluations. The annual performance evaluation form template is included in the Annex A of the Code of Good Governance as a guide and may be modified or reformatted as needed to align with the cooperative specific measurement requirements. ● Collaborating with other cooperatives and industry leaders to benchmark governance excellence and adopt best practices, as encouraged for cooperation among cooperatives. By embedding governance innovation and adaptive leadership, OMSMPC strengthens its ability to navigate evolving challenges while maintaining ethical, transparent, and participatory governance.
	VI. CODES OF ETHICAL STANDARDS A. The Ethics Committee The Ethics Committee of the Cooperative must establish the standards of good conduct and general behavior that must be observed by the Board of

Directors, Committee Members, other Key Officers, and the Management Team, and members to ensure quality services with the right culture and due process to avoid conflicts for efficient and effective operations.

1. Committee Framework

a. Composition: The Committee must be composed of at least three (3) members, who are 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 their successors shall have been appointed and qualified and without prejudice to their reappointment.

b. Qualifications: Appointed committees may come from members entitled to vote, previous officers, Coop Love graduates, members who run during the election and other members of the Cooperative who are willing to serve and none of the disqualifications provided in the Cooperative By-Laws and pertinent issuances of the Authority is qualified to become a member of the Committee, provided they have no pending case in the Cooperative or with the Authority, or found guilty of violation of any laws and provided further that said officer does not hold any other position in the Cooperative during their term of office.

c. Terms of Service: Members of the Committee may serve for two (2) years, or until their successors shall have been appointed and qualified. In case of vacancy in the Ethics Committee by reason of death, total incapacity, resignation, or termination of membership, the Board of Directors shall appoint a qualified member to fill the vacant position within fifteen (15) days from the date of vacancy. In

such a case, the appointee shall only serve for the unexpired portion of the term.

2. Functions and Responsibilities of Ethics Committee

a. Formulate, develop, implement and monitor the Code of Good Governance (CGG) and Code of Conduct and Ethical Standards (CCES) to be observed by the members, officers and employees of the Cooperative subject to the approval of the Board of Directors and ratification by the General/Representative Assembly.

b. Conduct initial investigation or inquiry upon receipt of a complaint involving violations of the Code of Good Governance and Code of Ethical Standards.

c. Submit a report on its recommendation together with the appropriate sanctions, to the Board of Directors for its proper action, or to the remaining members of the Board of Directors, if the violation is committed by any members of the Board of Directors. Provided that if the remaining members of the Board of Directors fail to act on the report within a period of thirty (30) days, or the violation is committed by the majority of the Board of Directors, the Audit Committee shall act on the same.

d. Issue Ethics Certificate on Regular Member Entitled to Vote (RMEV) who wants to run and serve the Cooperative as part of the Election Committee's Policy.

e. Perform such other functions as may be prescribed in the By-laws or authorized by the Board of Directors.

3. The Ethics Committee Plans and Programs

The Ethics Committee, recognized as the guardian of ethical standards within the Cooperative, holds the authority to facilitate and implement ethical plans and programs in alignment with the Code of Conduct and Good Governance.

The Ethics Committee, subject to the approval of the Board of Directors, has the authority to:

- a. Execute approved ethical plans and programs, ensuring conformity with established ethical standards.
- b. Exercise discretion in terminating ongoing programs or projects with valid and reasonable cause, all subject to the endorsement of the Board of Directors.
- c. Adjust guidelines, protocols, or frameworks of existing programs with the objective of enhancing ethical practices within the Cooperative. Such modifications require the sanction of the Board of Directors.
- d. Propose the creation of new ethical programs or initiatives grounded in valid and reasonable cause. These proposals, inclusive of detailed plans and justifications, necessitate approval from the Board of Directors.
- e. All decisions, cancellations, modifications, creations and implementation of ethical programs by the Ethics Committee require the approval of the Board of Directors during the Committee's Annual Plans and Programs Presentation or under any other circumstances wherein mutual agreement has been reached.

B. Code of Ethics

The Code of Ethics of Online Micro Sellers Multipurpose Cooperative (OMSMPC) established the fundamental principles that guide the conduct of Board of Directors, Committee Members, other Key Officers, Management

Team and members. It promotes values such as cooperation, integrity, accountability, transparency, commitment, innovation, professionalism and equitability.

This Code of Ethics is based on the three (3) Universal Ethical Principles:

1. **Equity and Justice:** Ensure fairness, non-discrimination, and responsible sharing of power while valuing diversity among all cooperative members and stakeholders.
2. **Respect for People:** Uphold dignity, rights, and responsibilities of individuals, fostering a culture of integrity, constructive dialogue, and inclusivity.
3. **Personal and Professional Responsibility:** Encourages ethical behavior, accountability and stewardship of cooperative resources while promoting a culture of respect and responsibility.

These ethical principles serve as the foundation of the Code of Conduct, which outlines specific guidelines and expected behavior for all cooperative members.

For a more detailed explanation, please refer to the OMSMPC's Code of Conduct and Ethical Standards, Article IV, Section A.

C. Code of Conduct

The Code of Conduct of Online Micro Sellers Multipurpose Cooperative (OMSMPC), as outlined in Article IV Section B of the Code of Conduct and Ethical Standards, establishes the ethical expectations and behavioral standards for all Board of Directors, Committee Members, other Key Officers, Management Team and Members. It defines general principles that promote transparency, accountability, professionalism, and ethical leadership in cooperative operations. The code provides practical guidelines covering governance, relationship with the cooperative, interaction with competitors, and engagement with members, ensuring fairness and integrity in all dealings.

	It also outlines policies on conflict of interest, responsible financial management, and proper use of cooperative resources. Strict prohibitions are placed on bribery, abuse of power, and unethical behavior, confidentiality, reinforcing honesty, and adherence to cooperative policies. It includes measures to maintain a culture of trust and good governance. The full policy provisions are outlined in Article IV, Section B of the OMSMPC's Code of Conduct and Ethical Standards.
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V. PROCEDURE ON RECOGNIZING VIOLATION OF THE CODES A. Parties to a Complaint The party who files a complaint shall be called the Complainant and the party being charged shall be called the Respondent. The proceedings of the case shall be summary in nature. 1. Who may file a complaint? 1.1. A Member, Cooperative Officer or a Staff who has a cause of action against any Member, Officer of the Cooperative, or a Staff, may file a complaint in writing or through filling-out the online compliant form, to the Ethics Committee, stating the following: a. Personal circumstances such as name, address, position in Cooperative and status of membership of the complainant and the respondent/s if known and other relevant information. b. Brief statement of facts and circumstances which caused commission or omission of the act complained of. c. The act complained of is in violation of a specific provision of the Code.	VII. RECOGNIZING VIOLATION OF THE CODES To uphold integrity, accountability, and ethical compliance within the cooperative, all violations of the Code of Good Governance shall be addressed in accordance with the established procedures outlined in the OMSMPC Code of Conduct and Ethical Standards. The process for identifying, reporting, and resolving violations is comprehensively detailed in Article V: Recognizing Violations of the Codes of the Code of Conduct and Ethical Standards. For reference, the following key provisions must be reviewed in detail: ● Raising the Issue – Defines the process of reporting concerns, including potential conflicts of interest, whistleblower protection, and safeguards against retaliation. ● Procedure for Filing a Complaint – Outlines who may file a complaint, the formal complaint process, and the role of the Ethics Committee in handling cases. ● Whistleblower Protection – Ensures confidentiality and protection from retaliation for individuals who report misconduct in good faith.
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d. Prayer which shall state the relief sought and such other relief as may be deemed just and equitable.

1.2. The Ethics Committee may, motu proprio, or on its own impulse may initiate a complaint against any Officer, Management, Staff or Member of the Cooperative for perceived violation of the Code, stating the above requirements

1.3. The role of the Committee is fact-finding and shall submit to the Board its findings.

2. Baseless complaint. For a complaint filed by any member, within fifteen working (15) days from receipt of the complaint, the Committee shall evaluate and determine the merit of the complaint. If upon its sound discretion, the complaint is found to be baseless or without merit, it will out rightly be dismissed and the complainant will be informed in writing, expressly stating the legal and factual basis of the decision.

3. Valid cause of action. If the complaint states a valid cause of action, the committee shall forthwith inform in writing the respondent/s providing him a copy of complaint and directing him to submit his answer within ten (10) days from receipt thereof. The Committee Chairperson may, upon written request by the respondent, extend the period within which to file his answer provided that it shall not exceed five (5) days.

4. Answer. In his answer, the respondent shall specifically admit or deny, or deny only a part of averment in the complaint. He shall set forth the substance of the matter upon which he relies to support his denial. If he denies only a part of the averment, he shall specify so much of it, as it is true and deny the remainder. He may also state that he had no sufficient knowledge as to the truth of a certain matter alleged in the complaint and this shall have the effect of denial. Any averment in the complaint not specifically denied shall be deemed admitted.

- **Complaint Dismissal** – Establishes criteria for dismissing baseless, malicious, or bad-faith complaints, ensuring that only valid cases proceed.
- **Administrative Hearing and Resolution** – Details the steps in conducting hearings, reviewing evidence, and issuing resolutions through the Ethics Committee and the Board of Directors.
- **Appeal to the General Assembly** – A Board decision may be appealed to the General Assembly, except those under the Cooperative Development Authority's jurisdiction unless resolved through discussion with the Board of Directors and Ethics Committee.
- **Disputes Involving the Ethics Committee and Board of Directors** – Specifies how cases involving members of the governing bodies should be handled to ensure impartiality.
- **Preventive Suspension** – Lays out conditions under which temporary suspension may be imposed for serious violations pending investigation.
- **Special Rule on GAD-Related Cases** – Provides a structured approach to handling gender and development-related violations, such as sexual harassment and gender-based discrimination.

For a complete and detailed explanation of the procedures and guidelines, refer to **Article V of the OMSMPC Code of Conduct and Ethical Standards.**

5. Clarificatory Hearing. Within seven (7) days from the receipt of the answer the Committee shall set a clarificatory hearing whereby both parties shall be invited. After the clarificatory hearing, the Committee may, if it deems necessary, ask the parties to submit their respective position paper. After which, the case shall be deemed submitted for resolution.

6. Resolution of the Ethics Committee. Within fifteen (15) working days, the Ethics Committee shall submit to the Board its findings and recommendations.

7. Decision of the Board. Within thirty (30) days from receipt of the records of the case, the Board of Directors, constituting a quorum, shall review and decide the case, specifically stating the reasons and basis of its decision. The parties will be summoned to appear before the Board of Directors to clarify certain matters, or to submit additional evidence.

8. Appeal to the General Assembly. The decision of the Board of Directors may be appealed to the General Assembly whose decision shall be final, except those reserved to the adjudicatory powers of the Cooperative Development Authority as provided under the Cooperative Code of the Philippines and other existing rules and laws.

B. Disputes Involving Members of the Ethics Committee and Board of Directors.

1. If one of the parties to a controversy is a member of the Ethics Committee, the Chairperson of the Committee shall endorse the case to the Board of Directors who shall resolve the case following the procedures prescribed in the preceding section.

2. If one or both parties are members of the Board of Directors and the Ethics 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-man Special Committee, consisting of the heads of the Cooperative's standing Committees, the Secretary and one (1) representative of each party. The Special Committee shall convene immediately and after electing from among themselves the

Chairperson, Vice Chairperson and 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.

The rules of procedures in resolving a dispute prescribed by the CDA shall have suppletory application.

C. Disputes Involving Majority of the Board of Directors

1. The Chairperson of the Ethics Committee shall endorse the case to the Audit Committee who shall resolve the case following the policy and procedures prescribed in the by-laws.

VI. ADMINISTRATIVE SANCTION

Violation of any provision by those covered under this Code shall be subjected to a disciplinary action, after due notice and hearing. Depending on the gravity of the offense, the penalty shall either be reprimand, suspension, or expulsion.

In the case of a Staff or an employee, the penalty shall be in accordance with the Human Resources policies of the Cooperative and/or the Labor Code.

**VIII. CODE OF GOOD GOVERNANCE VIOLATION
AND SANCTION GUIDELINES**

To uphold ethical leadership, transparency, and accountability in cooperative governance, violations of the **Code of Good Governance** shall be addressed through the **sanction guidelines** established under the **Code of Conduct and Ethical Standards**. These measures ensure that cooperative leaders and members adhere to the highest governance standards, fostering a culture of trust, responsibility, and integrity.

The governance-related violations and their corresponding sanctions align with **Article VI: Code of Conduct and Ethical Standards Violation and Sanction Guidelines** in the **OMSMPC Code of Conduct and Ethical Standards**, wherein sanctions prescribed under the CCES shall be applied

when a violation is committed. Key governance aspects to consider include:

- **Governance and Leadership Accountability** – Ensuring that cooperative leaders adhere to ethical decision-making, transparency, and accountability in financial and operational matters.
- **Conflict of Interest and Misuse of Authority** – Addressing cases where personal interests interfere with cooperative responsibilities, including unauthorized transactions, abuse of power, and lack of impartiality in governance.
- **Transparency and Ethical Management** – Promoting responsible stewardship of cooperative assets, adherence to internal controls, and prevention of fraudulent activities.
- **Confidentiality and Data Protection** – Safeguarding sensitive cooperative information and preventing unauthorized disclosure for personal or competitive gain.
- **Sanction Process and Due Process** – Establishing fair procedures for investigating violations, issuing penalties based on severity, and ensuring the right to appeal decisions.

Sanctions imposed on **employees** for violations of the **Code of Good Governance** shall be implemented in accordance with the **HR Employee Code of Conduct**, ensuring alignment with cooperative policies and compliance with the **Department of Labor and Employment (DOLE) Labor Code**. The cooperative shall enforce fair and proportionate disciplinary measures while upholding due process, protecting both employee rights and cooperative interests.

Beyond enforcing disciplinary measures, these guidelines serve as a **reminder of the cooperative's commitment to ethical leadership and responsible governance**. Reinforcing a culture where integrity is not only expected but valued, ensuring that every decision and action upholds the trust and confidence of members, stakeholders, and the broader community. By holding ourselves accountable, we strengthen the foundation of our cooperative, fostering an environment where ethical principles guide sustainable growth and shared success.

VII. AMENDMENTS Amendments to this Code of Governance may be adopted by the vote of the majority of the Board of Directors and ratification of the majority of all members present and entitled to vote in the Annual General Assembly. The amendment/s shall take effect upon the confirmation and validation of the votes.	IX. AMENDMENTS Amendments to this Code of Good Governance may be adopted by the vote of the majority of the Board of Directors and subsequent presentation for ratification of the majority of all members present and entitled to vote during the Annual General Assembly, Special General Assembly or through referendum.
VII. EFFECTIVITY This Code shall take effect upon the approval of the Board of Directors and ratification of the majority of all Members present and entitled to vote in the Annual General Assembly.	X. EFFECTIVITY This Code shall take effect upon the approval of the Board of Directors and ratification of the majority of all Members present and entitled to vote in the Annual General Assembly, Special General Assembly or through referendum.