

KASAGANA KA MUTUAL BENEFIT ASSOCIATION INC.
BOARD CHARTER

Board of Trustees

The **Board of Trustees** (also “BoT” or “Board” from hereon) is formally assigned the responsibility in KMBA’s bylaws for “government, control, and general management of the affairs, funds and property of the association.” All its members must provide active fiduciary oversight of finances, physical assets, and long range plans to ensure the organization’s abiding vitality. In order to meet that responsibility, they must have active representatives in the different BoT committees. They are expected to attend all Board meetings, participate in discussions, and vote at such meetings.

Composition and Election of the Board of Trustees

KMBA has a nine-person Board of Trustees composed of seven (7) member- representatives from its various areas of coverage, and two (2) independent members. The KMBA’s General Manager sits as an ex-officio member of the Board. The member-representatives to the Board are elected annually from among and by the Area Coordinators, who are themselves elected by KMBA members from among the Center Chiefs covered by each KCOOP Satellite office or branch (see KMBA Election Guidelines).

With the exception of the independent members, the members of the Board elect from among themselves KMBA’s President, Vice-President, and Treasurer. Kasagana-ka Employee Representative sits as the Board Secretary.

Qualifications of the Board of Trustees

Except in the case of its two (2) independent members, the following are the minimum qualifications for election as a member of the KMBA BoT:

- a. Must be eighteen (18) to sixty-five (65) years old;
- b. Must possess leadership skills and competence necessary to execute the duties of a trustee;
- c. Must be an active Area Coordinator for at least one (1) year at the time of nomination as a BoT member, and whose term is not expiring on the date of the election;
- d. Must be a recognized active client-beneficiary for at least five (5) years of KDCI or any of KMBA’s partner organizations;
- e. Has consistently performed very satisfactorily as member of KMBA’s partner institutions, with 100 percent repayment rate and at least 90 percent attendance in center meeting for at least three (3) years;

- f. Has ongoing business or businesses funded by loan from, or is a program beneficiary of, any of KMBA's partner organizations;
- g. Has no conflict of interest or is not engaged in any business or activity similar to or in competition with the business of or services offered by KMBA or any of its partner organizations;
- h. Has no pending administrative, civil, or criminal case; and,
- i. Willing to perform the functions of a trustee without any remuneration.

An officer or employee of KMBA's partner organizations may also be elected as a member of the Board provided that s/he has served KMBA's partner organization as an officer or an employee for at least three (3) years and is also willing to perform the functions of a Trustee without any remuneration.

Term of Office

Of the nine (9) Trustees elected by the active members, and in accordance with Section 5, Article 2 of KMBA's Constitution and Bylaws, the first seven (7) trustees elected with the highest number of votes will serve for a period of three (3) years and the last two (2) trustees will serve for two (2) years. The Independent Trustee will serve for a term of two (2) years, and shall have the right to re-elect only for another two (2) year term after which they shall be considered not eligible for re-election, unless the Trustee has undergone a "cooling-off" period, the Trustee concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as Independent Trustee in the Association. Following the cooling-off period, the Trustee concerned may be re-elected for another period of five (5) consecutive years. After that, the Trustee shall be perpetually barred from re-election as Independent Trustee in the Association.

Vacancies

If a vacancy occurring in the board, by reason of death, incapacity, except expiration of term, removal or resignation of any of its members, will result in the board not able to meet quorum requirements during its meetings, said vacancy may be filled up through a special election. The elected trustee in such case shall serve only for the unexpired term of his/her predecessor. If the vacancy will not compromise the board's ability to achieve quorum or perform its functions, the association shall wait for the next regular elections to fill the vacancy.

Duties and Responsibilities

Compliance with the principles of sound corporate governance instituted in this Manual shall be the paramount responsibility of, and shall start with the Board of Trustees. The BoT shall exercise the corporate powers and conduct and manage KMBA's programs and services according to such principles, and shall be responsible for fostering the association's long-term success.

The Board of Trustees shall perform the following duties and responsibilities:

- i. Articulate a corporate culture and ensure that this is lived, as well as set standards of appropriate behavior by prescribing corporate values and a code of ethics and conduct to be imbibed by the Trustees, officers, and employees of KMBA and its partner organizations;
- ii. Set a high moral tone and deep social responsibility;
- iii. Perform approval and annual review of the organization's vision, mission and corporate goals;
- iv. Review and approve possible Related Party Transaction submitted by the Audit Committee
- v. Formulate and review the association's strategic directions as reflected in its medium (three-year)- and long (six-year)-term plans, and approve its annual budget in accordance with agreed corporate strategy;
- vi. Set up appropriate systems and mechanisms for reporting, performance monitoring, and evaluation of plans, policies, and strategies;
- vii. Install a system for properly managing risks;
- viii. Develop a list of matters that it has reserved for itself to decide on, that is, all issues and concerns that should be brought up to the Board for its disposal and with the understanding that all other matters outside of those identified will be, unless otherwise specified, left to management to address;
- ix. Appoint a General Manager who is motivated, principled, competent, and a professional to assume operational responsibility of KMBA, and, at the same time, put in place an effective succession plan for the General Manager, members of the Board, and key executive positions so that continuity is ensured;
- x. Through an annual governance retreat, conduct an assessment of KMBA performance in relation to its set targets in the preceding year, review the performance and approval of remuneration of the General Manager and other key officers of the association, and develop an annual agenda for the following year.
- xi. Keep authority within the power of the institution as prescribed in its charter and existing laws, rules, and regulations; and,
- xii. Maintain the highest standards of integrity, fairness, transparency, and accountability.
- xiii. The Trustee's decision-making practices shall be based on all the relevant information and factors inferred in every Board meeting. The Trustees shall be well-informed on the matters of the meeting, and shall receive all materials thereto at least five (5) days prior the meeting.

Board Meetings

Apart from taking part in KMBA's activities and in the work of its Board committees, Board meetings constitute one of the main mechanism by which Trustees could be actively engaged in governance of the association. All members of the Board shall be required to attend and participate in the Board's regular and special meetings.

- a. **Meeting Frequency** – Regular Board meetings of Trustees shall be held at least once a month (on the last Friday of the month). Apart from the regular meetings, the President or a majority of the Trustees may at any time call special board meetings to consider and discuss urgent matters. In no case shall the number of the BoT’s regular meetings in a year be less than six (6). All members of the board of trustee shall be allowed to take part and vote during meetings of the board using electronic devices or platforms, including audio and video-conferencing. Trustee attending electronically shall notify the President and the Secretary at least one (1) day before the scheduled meeting to allow the General Manager and all the support staff to make all necessary preparations for the meeting.
- b. **Participation in Meetings through Electronic Devices** - All members of the Board of Trustees shall be allowed to take part and vote during meetings of the Board using electronic devices or platforms, including audio- and video- conferencing. Trustees who opt for such modes shall be considered in full attendance during said meetings
- c. **Quorum Requirements** – Regular Board meeting quorum shall represent at least two-thirds (2/3) of the members of the board. Where there is no quorum, the board may still decide to go on with the meetings and discuss items set in the agenda; provided that no voting and/or action on the identified decision points shall be taken during the meeting. Provided further, that the key officers and association’s General Manager shall ensure that key points from the discussion or proposed resolutions are properly documented and sent to all Board members as part of minutes of meeting and final decision or voting by the board will be included in the agenda of next board meeting.
- d. **Attendance Policy** - BoT members are expected to attend all Board meetings. A member who will not be able to attend a Board meeting is required to notify the President in advance. The BoT shall review cases of three (3) consecutive absences, or of total attendance for the year in danger of falling below 75% of total Board meetings, by any of its members to assess validity of reasons given, secure a commitment from said member to improve, and/or impose a sanction. Results of such reviews, including summary reports on the attendance of members in Board meetings, shall be regularly posted in the KMBA website and included in the corporate governance part of KMBA’s annual reports, as outlined in section 5.2.3 (c) of the Corporate Governance Manual.
- e. **Notice and Board Materials** – Notices of Regular and Special Meetings shall be posted in KMBA’s website, [www.kmba.org.ph-Disclosure Notice](http://www.kmba.org.ph-Disclosure_Notice) of Board Meeting. Board Materials and other relevant documents is sent through respective email of the trustee five (5) days before the meetings. Calls/Resolution for special board meetings shall be forwarded initially to the Board Secretary taking into account the five-day rule on notice of meetings.

Notices of Board meetings, whether regular or special, shall include these information and materials/documents (as attachments):

- a. Date, time, and place of the meeting;
 - b. Agenda for the upcoming meeting, with explanation or background information as to the rationale of each agenda item;
 - c. Copy of minutes of previous meeting (which will be subject for approval in the upcoming Board meeting); and,
 - d. Copies of resolutions or any document which is subject for approval or review by Board members during the meeting.
- f. **Agenda** – The Agenda of the meeting shall be prepared by the Board Secretary and shall be sent through email along with the board materials, five days before the actual meeting.

In setting and finalizing the agenda for the BoT meetings during the year, the President, Secretary, and General Manager shall ensure that the following items are scheduled and given adequate attention:

- a. Orientation and briefing of new Trustees regarding their roles, and the approved processes or procedures of the BoT;
 - b. Moving forward with identified next steps or action points from the BoT's strategic planning meeting or session;
 - c. Review and approval of the association's vision, mission and corporate goals
 - d. Review of organization's annual reports (including the audited financial statements);
 - e. Performance assessments or consideration of KMBA's quarterly reports on the association's performance, including reports on the activities of the different committees;
 - f. Review and consideration of results and findings from evaluation of the Board's performance (as inputs to the planning).
- g. **Minutes of the Meeting** – The minutes of the meeting shall be prepared by the Corporate Secretary of the Board of Trustees and provided to the Board of Trustees for review and approval.

Charter Change

This charter may review annually and may be change upon proposal of any members of the Board and subject for approval of the Board of Trustees.