

KASAGANA -KA MUTUAL BENEFIT ASSOCIATION
BOARD OF TRUSTEES CHARTER

I. Mission

The Board of Trustees (BoT) is formally assigned the responsibility in organization's bylaws for government, control, and general management of the affairs, funds and property of the association. It shall provide active fiduciary oversight of finances, physical assets, and long range plans to ensure the organization's abiding vitality. A Trustee's office is one of trust and confidence and as such, the BoT shall act in a manner characterized by transparency, accountability, and fairness.

The BoT shall ensure compliance with the principles of sound corporate governance which shall be the paramount to its responsibility as Trustees of the organization. The BoT shall exercise the corporate powers and conduct and manage the organization's programs and services according to such principles, and shall be responsible for fostering the association's long-term success.

II. Duties and Responsibilities

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

- a. 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;
- b. Set a high moral tone and deep social responsibility;
- c. Perform approval and annual review of the organization's vision and mission statements;
- d. 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;
- e. Set up appropriate systems and mechanisms for reporting, performance monitoring, and evaluation of plans, policies, and strategies;
- f. Install a system for properly managing risks;

- g. 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;
- h. 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;
- i. 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, including that of the Board Secretary, and develop an annual agenda for the following year.
- j. Keep authority within the power of the institution as prescribed in its charter and existing laws, rules, and regulations; and,
- k. Maintain the highest standards of integrity, fairness, transparency, and accountability.
- l. 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 seven (7) days prior the meeting.

III. Membership

- a. Delegation - The members of the Board of Trustees shall be elected annually from among and by the Area Coordinators, who are elected as member representatives by Center Chiefs from each satellite offices.
- b. Composition - The Board shall be composed of nine (9) members, 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. With the exception of the independent members, the members of the BoT shall elect from among themselves a President, and Treasurer.
- c. Qualifications - Except in the case of its two (2) independent members, the following are the minimum qualifications for election as a BoT member:
 - At least eighteen (18) to sixty-five (65) years old;

- Must possess leadership skills and competence necessary to execute the duties of a trustee;
 - 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;
 - Must be a recognized active client-beneficiary for at least five (5) years of KDCI or any of KMBA's partner organizations;
 - Has consistently performed very satisfactorily as member of partner institutions, with 100 percent repayment rate and at least 90 percent attendance in center meeting for at least three (3) years;
 - Has ongoing business or businesses funded by loan from, or is a program beneficiary of, or any of partner organizations;
 - 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 the organization or any of its partner organizations;
 - Has no pending administrative, civil, or criminal case; and,
 - Willing to perform the functions of a trustee without any remuneration.
 - Officer or employee of partner organizations who has served the 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.
- d. Disqualification – Without prejudice to other provisions of this Charter, a member of BoT may be permanently or temporarily disqualified for his or her position under the following circumstances:
- Failure to accomplish any or all duties and responsibilities as a Board member or commission of any violation against the organization's Code of Ethics.
 - Conviction by final judgment of an offense that is punishable by imprisonment for a period exceeding six (6) years, or of a violation of the Corporation Code of the Philippines committed within six (6) years prior to the date of her or his election or appointment as a Trustee or BoT officer.
 - Conviction by final judgement of an offense during his or her term office of a crime against moral turpitude or administratively.
 - Termination of membership by reasons of resignation with the organization or from its partner institution, incapacity, incompetence or insanity.

- Violation to existing laws, rules, and regulations.
- e. Membership to other Organizations - Members of the BoT shall exercise due discretion in accepting and holding board positions in other organizations, to ensure that holding such other positions will not compromise their capacity to diligently and efficiently perform their duties and responsibilities as BoT member. A member-trustee may hold up to a maximum of five (5) full-time and two (2) part-time board positions in other organizations, upon approval of the BoT.

IV. Term of Office

The 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-elected 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.

V. Board Vacancy

If a vacancy occurring in the BoT, by reason of death, incapacity, except expiration of term, removal or resignation of any of its members, will result in the Board not being able to meet quorum requirements during its meetings (as outlined in Section 2.9.4 below), said vacancy may be filled up through a special election. Said election shall be bound by the same set of procedures provided in the association’s election guidelines. The elected Trustee in such case shall serve only for the unexpired term of her predecessor. If the vacancy will not compromise the BoT’s ability to achieve quorum or perform its functions, the association shall wait for the next regular elections for Board members to fill it up.

Vacancies with regard to the membership of any elective committee of the BoT shall be filled up following the same rules outlined above for the Board.

VI. Independent Trustees

The Independent Trustee is a person who has no business, relationship, or other position with KMBA or its partner organizations which could, or could reasonably be perceived to, materially interfere with the exercise of her independent judgement in carrying out responsibilities as member of the Board of Trustees. Nomination for Independent Trustees shall be done in conjunction with the selection of candidates for and election of the BoT's regular members.

The following shall be disqualified for election as independent trustee of KMBA:

- a. An officer and/or employee of KMBA, or its partner organization and related interests, during the past three (3) years from the date of her election;
- b. A trustee, director, or officer of any related institution;
- c. A relative within the fourth degree of consanguinity or affinity, legitimate or common-law, of any trustee or officer;
- d. A nominee or representative of any trustee or group of members; and,
- e. A professional adviser, consultant, agent, and/or counsel retained by KMBA, either in his or her personal capacity or through her firm.

VII. Meetings

- a. Meeting Frequency – The Board shall convene at least once a month, every last Friday of the month. Apart from these 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).
- b. Notice of the Meeting - Notices of regular and special meetings of the BoT, including other relevant papers and/or documents, shall be posted in KMBA's website and sent to all Board members at least five (5) days before such meetings. Calls/resolution for special Board meetings shall be forwarded initially to the BoT Secretary, taking into account the five-day rule on notices for meetings.

- c. Quorum – A quorum for any Board meeting shall be at least two-thirds (2/3) of its members. Where there is no quorum, the Board may still decide to go on with the meeting and discuss items set in the agenda, provided that no voting and/or action on the identified decision points shall be taken during said meeting. Provided further that the Board president, Secretary, and the association’s General Manager, shall ensure that key points from the ensuing discussion related to such decision points or proposed resolutions are properly documented and sent to all Board members as part of the minutes of meeting, and that final decision or voting by the Board on the proposals will be included in the agenda of the body’s next meeting.
- d. Agenda – The Agenda of the meeting shall be prepared by the General Manager.
- e. Minutes of the Meeting – The minutes of the meeting shall be prepared by the Corporate Secretary of the Board of Trustees.
- f. Attendance - 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.

VIII. Remunerations

The BoT members shall not be entitled to any compensation or remuneration for their services rendered, except for any actual reimbursements of monitoring and transportation expenses incurred in the performance of their duties and responsibilities. The members is however, shall be eligible for a reimbursement which shall cover their actual mobilization expenses necessary to undertake their functions and duties, representations to events and activities, and to perform tasks inherent in their position.

IX. Board Level Committees

The KMBA Board of Trustees shall constitute committees in aid of good corporate governance. In addition to Board members, these committees shall be composed of Area Coordinators and/or officers of KDCI. All committee chairpersons shall be Board members, but no BoT member shall be chairperson of more than one (1) committee. Within ten (10) days from their creation, the committee shall elect from among its members, a chairperson, vice-chairperson, and secretary. All committee members shall serve a term of one (1) year.

X. Required Disclosures and Competency

The following are the other obligations of the members of BoT in relation to his or her office:

- Members of the BoT shall be required to disclose to the organization, relationships or interests which could constitute Related Party Transactions (RPTs) and possible conflict of interest in the future given their functions within the association.
- The BoT shall implement a program to orient new Trustees and support continuing education of its members. BoT members shall be actively encouraged to attend orientation and learning activities.
- The BoT shall design and implement a continuing education program for its members to enhance their understanding of KMBA's work and enable them to remain current with issues or governance matters and concerns that could impact on its operations. The Board President and the association's General Manager shall ensure that said program is presented to the BoT for approval.
- The BoT shall adopt a Code of Ethics and Conduct for Trustees, BoT officers, employees, and members. The Code shall lay down the behavioral standards expected from the association's Trustees and BoT officers, employees, and members so they can better understand and meet the expectations and requirements of the organization and regulators.

XI. Support

KMBA's control environment is composed of the: (1) Board of Trustees, which ensures that the association is properly and effectively managed and supervised; (2) Management Team, which actively manages and operates the association in a sound and prudent manner; (3) Organizational and procedural controls supported by effective management information and

risk management reporting systems; and (4) Independent audit mechanisms in monitoring the adequacy and effectiveness of the organization's governance, operations, and information systems, including the reliability and integrity of its financial and operational information, effectiveness and efficiency of its operations, safeguarding of assets, and compliance with relevant laws, rules, regulations, and contracts.

XII. Charter Changes

This charter may be changed upon proposal of any members of the Board of Trustees, subject to the endorsement of the Board Members and approval of the Assembly during the Annual Meeting.