

CHAPTER II. GOVERNANCE STRUCTURE

SECTION 1. THE BOARD OF TRUSTEE

The Board of Trustees shall be the governing body of the Association. A Trustee's office shall be a position of trust and confidence. He shall act in a manner characterized by transparency, accountability, fairness and for the best interest of the members and stakeholders. Trustees shall primarily responsible for approving and overseeing the implementation of the Associations' policies and procedures, action plans corporate governance and corporate values. They shall also be responsible in overseeing the performance of senior management towards attainment of the Association's short and long-term strategic objectives.

1. Composition of the Board of Trustee

The Board of Trustees of CARE MBA, INC. shall consist of **seven (7)** members namely the following: five **(5) trustees** shall be elected by the members in good standing or with existing loans funded by CARE MBA, INC., **two (2)** independent trustees, to be elected by the members in good standing or with existing loans funded by the CARE MBA, INC.

2. Qualifications of the Board

The following are the qualifications for CAREMBA's Board of Trustees:

- a. The Board of Trustees to be elected must be of legal age, recognized active member of CAREMBA, Inc. or any of it affiliates.
- b. The Trustee must consistently performed very satisfactorily for at least the last three (3) years in his/her membership with CAREMBA, Inc.
- c. No member convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code of the Philippines committed within five (5) years prior to the date of his/her election or appointment, shall qualify as a Trustee.
- d. Willing to perform the functions of a Board of Trustee without any remuneration.

3. Disqualifications of the Board of Trustees

No member convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code of the Philippines committed within five (5) years prior to the date of his/her election or appointment, shall qualify as a Trustee or Officer. In addition, a member whose membership has been terminated due to various reasons, and/or has resigned from membership with CARE MBA, INC. or any of its affiliates shall also be disqualified from being a Trustee or Officer.

4. Term of Office of the Board of Trustees

The elected members of the Board of Trustees shall serve immediately following their election for a term of two (2) years. Provided, that no member shall serve as member of the Board of Trustees for more than two (2) consecutive terms.

The two (2) Independent Trustees shall serve a term of three years for a maximum of three (3) consecutive terms.

5. Duties, Functions and Responsibilities of the Board

The Board of Trustees of CARE MBA, INC. shall be exercised, all business conducted and all properties of the Association controlled and held by the Board of Trustees subject to approval of the majority of its members.

- a. From time to time, to promulgate rules and regulations and to review, revise or amend the same when it deems necessary for the management of the CARE MBA, Inc.'s business and affairs.
- b. To purchase, receive, take or otherwise acquire for and in the name of CARE MBA, Inc. any and all properties, rights, or privileges, including securities and bonds of other corporations for such consideration and upon such terms and conditions as the Board may deem proper or convenient.
- c. To invest the fund of CARE MBA, Inc. in other corporation or for purposes other than those for which the CARE MBA, Inc. is organized, subject to such approval of the members as may be required by law.
- d. To incur indebtedness as the Board may deem `necessary, to issue evidence of indebtedness including notes, deeds of trust, bonds, debentures, or securities, subject to such approval of the embers as may be required by law, and /or pledge, mortgage, or otherwise encumber part of the properties of CARE MBA, Inc.
- e. To establish a pension, retirement, bonus or other types of incentives or compensation plan for the members, employees, including officers and Trustees of CARE MBA, Inc.
- f. To prosecute, maintain, defend, compromise, submit arbitration or abandon any lawsuit in which CARE MBA, Inc. or its officers are either plaintiffs or defendants in connection with the affairs of CARE MBA, Inc.
- g. To implement CARE MBA's By-Laws and to act on any other matter not covered by By-Laws, provided such matter does not require the approval or consent of the members of CARE MBA, Inc. under the Corporation Code.
- h. To appoint a General Manager who is knowledgeable of different business functions, with strong leadership, highly organized and with strong work ethics and to put in place a good succession plan for business continuity.
- i. To conduct and review the annual performance evaluations of the General Manager and other key officers. This includes assessing their job performance and remuneration to ensure alignment with the Association's goals, accomplishment standards and the core values of CARE MBA.
- j. To appoint and dismiss any employee of CARE MBA, INC. whether regular, probationary, casual, or contractual, fix or adjust their salaries and all other personal movements.
- k. To delegate any of its powers or function to an executive committee or to any officer of CARE MBA, INC. to any standing or special committee or to any officer at agent and to appoint any person to be an agent of CARE MBA, INC.

- l. To approve all contracts for construction and major repairs or maintenance work, and other contracts involving significant amounts.
- m. To approve all contracts involving the sale of none current assets.
- n. Among other things, the Board expects each Trustee to be knowledgeable of the Articles of Incorporation and Legislation under which the MBA exist, its By-laws, Mission, Vision, Values, Code of Conduct and Policies as they pertain to the duties of a board member.

6. Internal Control Responsibilities of the Board

The control environment of the Association consists of (a) the Board which ensures that the corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

The minimum internal control mechanisms for the Board is to ensure the separation of duties are perform in accordance to the defined control environment of the association.

7. Disclosure of Third Party Transactions and Other Conflict of Interest

Members of the Board ensures proper disclosure of all approved Related Party Transactions (RPTs) in accordance with applicable legal and regulatory requirements and confirmation by majority vote on the Annual General Meeting the Association's significant transactions with related parties.

8. Vacancy in the Board

In case an office becomes vacant due to death, resignation, retirement, disqualification, incapacity or any other cause, of the incumbent, the Board of Trustees, a majority vote, may elect/appoint a successor, who shall hold the unexpired term, provided, further, that in case of the temporary absence of any officer for any reason, the Board may delegate the powers and duties of such officer to another qualified person.

9. Performance Evaluation

The Board of Trustees shall conduct an annual evaluation of their performance through a self-assessment conducted by the individual Trustees by evaluating their respective individual performance and peer assessment.

The Board of Trustees and Board Committees as a body, shall be evaluated annually. This assessment will help the Board of Trustees improve their performance that the Association and Stakeholders will be benefited.