

Management – the body given the authority by the Board of Trustees to implement the policies it has laid down in the conduct of the business of the association;

Independent Trustee – is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a trustee;

Internal control – the system established by the Board of Trustees and Management for the accomplishment of the association’s objectives, the efficient operation of its business, the reliability of its financial reporting, and faithful compliance with applicable laws, regulations and internal rules;

Internal control system – the framework under which internal controls are developed and implemented (alone or in concert with other policies or procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the corporation is exposed;

Internal audit – an independent and objective assurance activity designed to add value to and improve the corporation’s operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes;

Internal Auditor – the highest position in the corporation responsible for internal audit activities. If internal audit activities are performed by outside service providers, he is the person responsible for overseeing the service contract, the overall quality of these activities, and follow-up of engagement results.

PART 2- GOVERNANCE STRUCTURE

2.1 The Board of Trustee

2.1.1 Composition

The Board of Trustees of KAZAMA Grameen (KGI) - Mutual Benefit Association (KGI-MBA) Inc. shall consist of seven (7) members namely the following: five (5) trustees shall be elected by the active members with existing loans funded by KAZAMA Grameen, Inc. (KGI); (2) independent trustees, to be elected by the active members with existing loans funded by KAZAMA Grameen, Inc. (KGI).

2.1.2 Multiple Board Seats

The Board may adopt guidelines on the number of directorships that its members can hold in other corporations. The Board shall take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities and the limitations on concurrent directorship of the organization. The President and other directors may be covered by a lower indicative limit for membership in other boards.