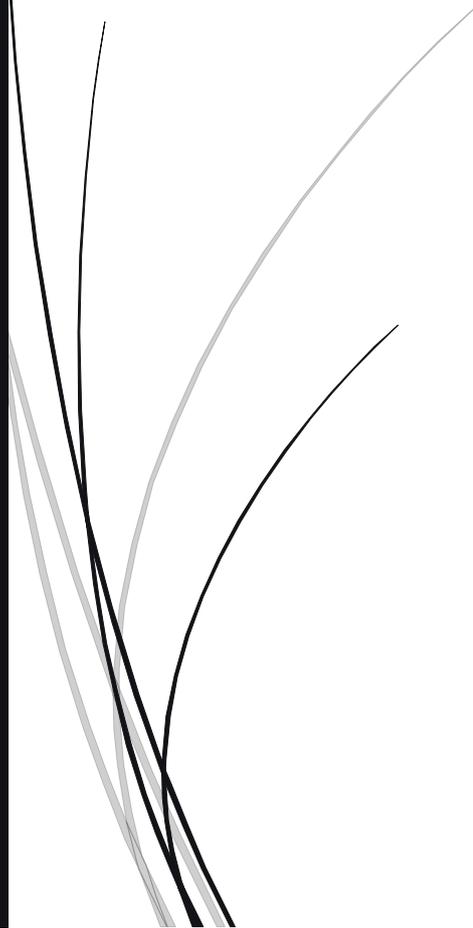




June 2019

Governance Manual

Ahon sa Hiras, Inc. (A Microfinance NGO)



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Overview

The ever-pressing and widespread problem of impoverishment in the Philippines motivated Prof. Generoso Octavio of the University of the Philippines, Los Baños (UPLB) to start an action-research project that eventually came to be known as Ahon sa Hirap, Inc. (ASHI). Initially funded as a grant by Asia Pacific Development Center (APDC) based in Malaysia, ASHI began its operations in January 1989. After two years, it was registered under the Securities and Exchange Commission (SEC) as a non-stock, non-profit, non-governmental organization (NGO). In 2018, ASHI amended its name to Ahon sa Hirap, Inc. (A Microfinance NGO) to comply with RA 10693.

ASHI is dedicated to the empowerment of marginalized women and their families to enable them to rise from all forms of poverty. Grounding its operations on the Grameen Bank approach pioneered by Professor Muhammad Yunus of Chittagong University in Bangladesh, ASHI offers non-collateralized loan arrangements that are made accessible to marginalized women. ASHI provides capital to clients to start their own income-generating enterprise, as well as access to employment opportunities.

A recent innovation is to serve farmers who till small farms, usually less than a hectare. ASHI intends to inspire these farmers to cluster together and to become agri-entrepreneurs.

ASHI is committed to a triple bottom line approach – social performance, financial sustainability and environmental consciousness.. In view of the goal of sustainable development, ASHI is conscious of the environmental impact of the institution and member activities.

ASHI has adopted the promulgated Code of Corporate Governance for microfinance NGOs, pursuant to the Microfinance Code (RA 10693) and its Implementing Rules and Regulations.

VISION

A COMMUNITY OF SERVANT LEADERS GUIDING MARGINALIZED FAMILIES TOWARDS SOCIAL TRANSFORMATION AND PROSPERITY.

MISSION

TO PROVIDE HOLISTIC APPROACH TO TOTAL HUMAN AND ENVIRONMENTAL DEVELOPMENT.

ASHI operates in the southern and northern peripheries of Metro Manila, the provinces of Laguna, Rizal, Quezon, Antique, Aklan, Capiz and Iloilo. ASHI offers three main financial products – micro-loans, micro-savings and micro-insurance, under partnership with external providers. The micro loans include general, microenterprise, agricultural, incentive, and special loans. ASHI’s loan products are bundled with different funds that members contribute to - voluntary, compulsory, and special funds. Non-financial services include leadership training for center chiefs and group chairperson, financial education, and relief and rehabilitation projects.

Definition of Terms

Corporate Governance – the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders.

Corporate governance is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and senior management accountable for ensuring ethical behavior – reconciling long-term customer satisfaction with shareholder value – to the benefit of all stakeholders and society.

Its purpose is to maximize the organization’s long-term success, creating sustainable value for its shareholders, stakeholders and the nation.

Board of Trustees – the governing body elected by the members who is primarily responsible for the governance of the organization. This is composed of 6 elected enrolled members and 3 member-representatives.

Enrolled membership – ASHI members consisting of committed members of Philippine society contributing to the functions of the organization and whose membership is confirmed by a majority (50%+1) of its Board of Trustees.

Client membership – ASHI regular members who avail of the services of ASHI and part of a group and a center.

Member-Representative to the Board – A Client-member who gets elected to represent the area in the selection of their representative to the Board of Trustees.

Kabalikat member – ASHI members who believe they are co-creator of the organization who possess the 10 qualities referred to in the article “Ano ang ibig sabihin ng Kabalikat sa ASHI?” and who are actively complying with the financial responsibility as ASHI Kabalikat member

Management – a group of executives given the authority by the Board of Trustees to implement the policies it has laid down in the conduct of the activities of the organization.

Executive Trustee (President) – a trustee who has executive responsibility of day-to-day operations of a part or the whole of the organization.

Non-executive trustees – a trustee who has no executive responsibility and does not perform any work related to the operations of the organization.

Stakeholders – any individual, organization or society at large who can either affect and/or be affected by the organization’s strategies, policies, business decisions and operations, in general. This includes, among others, clients, creditors, employees, investors, as well as the government and community in which it operates.

Center – The smallest unit in ASHI operation composed of group of 5 members who gather and meet regularly once a week. This is usually composed of 7 to 12 groups.

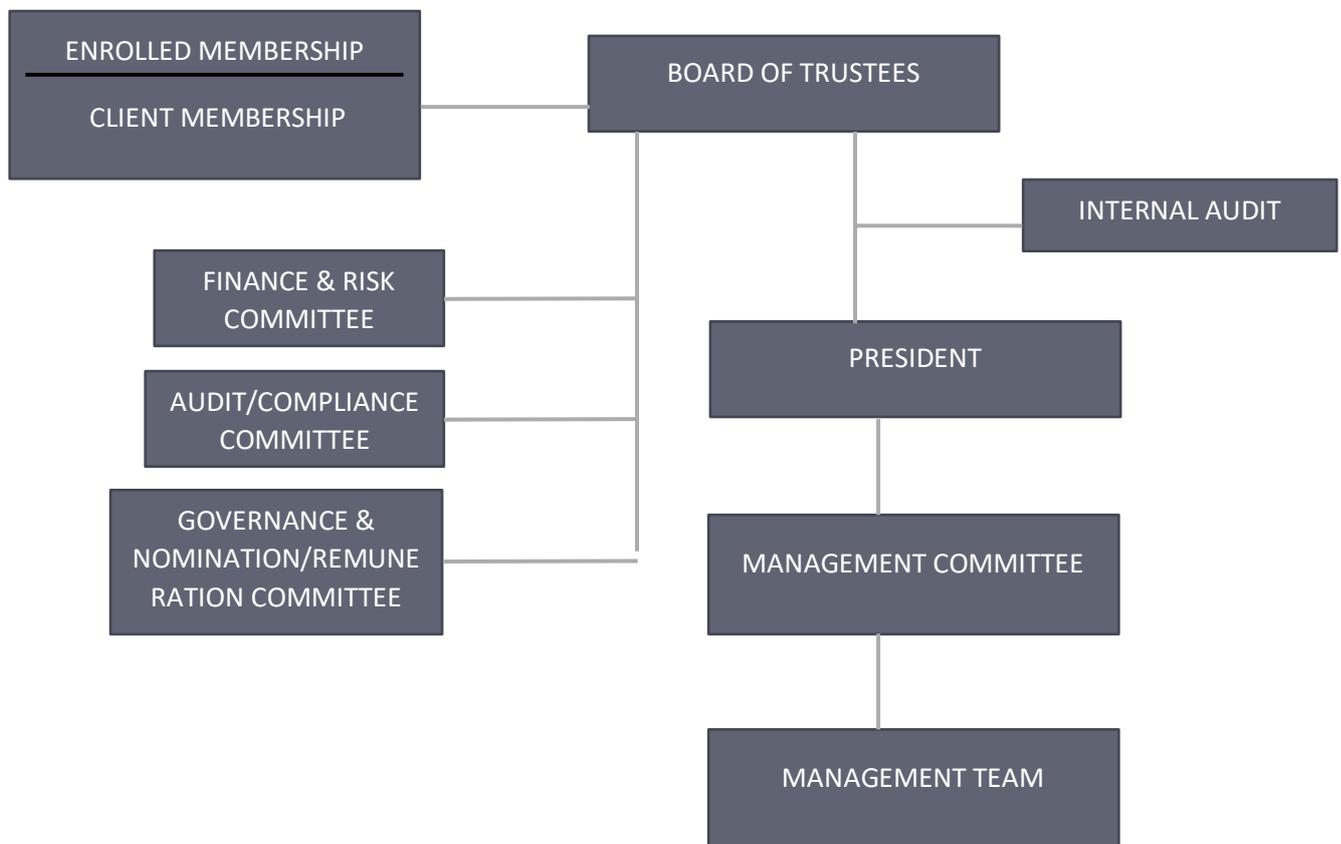
Branch– Consist of centers as defined by the Operations Department. This is usually composed of 24 to 36 centers.

Area – Composed of several branches as defined by the Operations Department. This usually covers 4 to 6 branches.

Senior Management – ASHI officers from top management to Department Head level.

Regional Consultation – A consultation meeting regularly done with the participation of ASHI members from the covered area. Regular agenda covered during this consultation include: presentation of issues affecting members; election of member-representatives to the Board; and providing forum for client-members feedback and resolution of concerns.

Governance Structure



The Board of Trustees, the policy-making body of the organization, primarily responsible for good governance, is comprised of 9 voting members: 6 from the enrolled membership and 3 from member-clients.

Three Board Committees shall be created:

1. The Finance & Risk Committee
2. The Audit/Compliance Committee
3. The Governance & Nomination/Remuneration Committee

The Board Committees shall have their own charters outlining committee policies and operating guidelines.

The Management Committee is a collegial body that tackles top management issues, to assist the President in decision making especially on policy exceptions needing immediate action. This Committee is composed of the President, the Vice President, and Division Heads.

The Management Team is responsible for operational decision-making and formulates recommendations for policy changes. This is composed of the Department Heads, the Operations Managers, Area Managers and Branch Managers

The Internal Audit Unit checks on compliance with policies and procedures and the effectiveness of controls to ensure timely and accurate reports. It ensures that financial and non-financial standards adopted by the company are adhered to.

The Board of Trustees, Management, Officers and Employees of the Microfinance NGO hereby commit themselves to the principles and best practices contained in this Manual on Good Governance and acknowledge that the same shall aid in the fulfillment and realization of the organization's Vision, Mission and Social, Financial and Governance Goals. They also commit to protect the clients or beneficiaries they are serving.

This Manual shall formalize and institutionalize the principles of good governance in the whole organization.

Board Structure

Roles and Responsibilities of the Board

Compliance with the principles of good governance shall start with the Board of Trustees. The Board of Trustees (the “Board”) is primarily responsible for the governance of the Organization. Corollary to setting the policies for the accomplishment of the organization’s objectives, it shall provide an independent check on Management.

It shall be the Board’s responsibility to foster long-term success of the organization and sustainability in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the organization, its members and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

The Board shall be headed by a competent and qualified Chairperson who shall be separate from the President/Executive Director. The roles and responsibilities of the Chairperson include, among others, the following:

- a. Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Microfinance NGO, considering the developments in the industry and regulatory environments, key social, financial and governance concerns, and contentious issues that will significantly affect operations;
- b. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- c. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual trustees;
- d. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- e. Assures the availability of proper orientation for first-time trustees, governance training and continuing training opportunities for all trustees and key officers; and
- f. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

The Board of Trustees shall conduct itself on a fully informed basis, in good faith, with due diligence and care, and in the best interest of ASHI and all its members and other stakeholders in the performance of, among others, the following duties and functions:

1. Oversee the development of and approve the Microfinance NGO's Vision, Mission, Social and Financial and Governance Goals (VMSFGG), focusing on the low income and marginalized sectors as target clientele;
2. Review the VMSFGG and monitor the implementation of the Goals, in order to sustain the organization's long-term viability;
3. Ensure compliance with all applicable laws and their mechanisms, such as on the Magna Carta for Women and all environmental laws;
4. Ensure and adopt an effective succession planning program for trustees and management to ensure the Microfinance NGO’s sustainability and continued assistance to its chosen sector/community;
5. Set up rules/guidelines in case of cessation of any trustee from the Board;

6. Align the remuneration of management with the nature, objectives and long term interests of the Microfinance NGO;
7. Approve the selection and assessment of Key Management Officers;
8. Oversee that an appropriate internal control system is in place, including setting up a policy and mechanism for monitoring and managing potential conflicts of interest in situations and transactions of management, Board of Trustees and members;
9. Oversee that a sound risk management framework is in place to effectively identify, monitor, assess and manage key risks; and
10. Attend an orientation program for first-time trustees and relevant annual continuing training for all trustees and key officers.

Board Composition

The Board of Trustees shall be composed of trustees with a collective working knowledge, experience or expertise that is relevant to ASHI and its Vision, Mission and Social, Financial and Governance Goals (VMSFGG). The Board shall constantly ensure that it has an appropriate mix of competence, expertise and concern for the poor and the marginalized, to fulfill its roles, responsibilities and social advocacies and shall consider diversity in terms of social consciousness, gender, age, ethnicity, culture, skills, competence and knowledge.

The Board of Trustees shall be composed of a majority of non-executive trustees who possess the necessary qualifications to effectively participate and help secure objective, independent judgement on ASHI's VMSFGG that would guide its activities. The Board shall be comprised of nine (9) members: six (6) voted from enrolled membership based on qualifications set by ASHI, three (3) elected by and representing the regular membership of ASHI.

Qualifications and Disqualifications

To be eligible for membership in the Board, an enrolled member must possess the following:

- An enrolled member of ASHI for at least two (2) years
- Has working knowledge, experience or expertise that will enrich the diversity of the Board composition
- Be nominated by the Board of Trustees' membership
- Not connected with another MFI.
- Be of good moral character and adheres to a simple lifestyle in solidarity with the poor
- Not Holding an elective position in the government or have filed a certificate of candidacy for an elective position in the government
- Not be related to any member of the staff or the Board within the 4th degree of consanguinity or affinity
- Other qualifications as the MNRC may provide.

To be eligible for Member-representative to the Board, a client-member must possess the following:

- Have been an ASHI regular member for at least 2 years and a bonafide Kabalikat member
- Actually reside in the area represented for at least 2 years prior to her nomination

- Be of good moral character and adheres to a simple lifestyle in solidarity with the poor
- Not Holding an elective position in the government or have filed a certificate of candidacy for an elective position in the government
- Not connected with another MFI
- Other qualifications as the MNRC may provide.

The following may be considered as grounds for the permanent disqualification of a trustee:

- a. Any person convicted by final judgment or order by a court, or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- b. Any person who has been adjudged by final judgment or order of the SEC, MNRC, BSP, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law, rule, regulation or order administered by the SEC or BSP;
- c. Any person judicially declared as insolvent;
- d. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated previously;
- e. Conviction by final judgment of an offense punishable by imprisonment for more than six years, or a violation of the Corporation Code committed within five years prior to the date of his election or appointment; and
- f. Other grounds as the SEC or MNRC may provide.

In addition, the following may be grounds for temporary disqualification of a trustee:

- a. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any 12-month period during the said incumbency, unless the absence is due to illness/serious accident, death in the immediate family or out of the country. The disqualification should apply for purposes of the succeeding election;
- b. Dismissal or termination for cause as trustee of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the Commission. The disqualification should be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination; and
- c. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.
- d. Other grounds as the MNRC may provide.

Election

A. Election of the 6 trustees from enrolled members

The process of board elections will begin with a nominee manifesting his/her consent in order to be considered a candidate. The candidacy must be evaluated by the Nomination Committee (majority non-executives) to determine whether the candidate possesses all the qualifications and none of the disqualifications provided for by the by-laws of by the rules and regulations of the organization.

The election of the Board Members shall be by secret ballot but this procedure may be changed as incumbent members may deem appropriate, reasonable, or practical.

The election shall be conducted every 9th day of April (Araw ng Kagitingan) of each year or nearest appropriate date.

The electorate body shall be composed of qualified enrolled members and member-representatives (the elected representatives of the regular membership).

B. Election of Member-representatives:

Each area shall elect a member-representative to the Board every three years. Member-representatives will have 3 seats in the ASHI Board of Trustees.

Phase 1: Election of an Area Member-representative

1. First, each Branch may nominate a candidate to this post. Selection will start from the center level who may nominate a qualified Kabalikat member. From the center nominees, the Branch will choose via secret voting, one candidate to vie for the Area Member-representative to the Board.

A masterlist of Branch Kabalikat members shall be prepared by the Branch Manager who will include only those who are updated with their annual Kabalikat dues. Such shall be forwarded to the Members Protection Department and shall become the basis of the Department in the preparation of election paraphernalia.

A Branch nominee shall be given a two month campaign period to go around the centers in the Area. The Branch Fund may be a source of financial support for this activity. Center leaders shall agree on the maximum budget (for transportation and meals plus a modest budget for campaign material) for the Branch nominee to use for her campaign, with the approval of the Area Manager. After the designated campaign period, the Branch shall elect its candidate.

2. From among the Branch candidates within an Area, members will elect their Area Member-representative to the Board. One week before the scheduled regional consultation, all qualified Kabalikat members in each center will cast their vote during the center meeting that week. The DO shall be responsible to ensure that voting is conducted without duress. After casting their votes, each voter shall sign the masterlist indicating the serial number of the ballot. The DO shall also make sure that the sealed ballot box is secured when transferring from one center to another in his block during the election. At the end of the week, all sealed ballot boxes shall be turned over to the Branch Manager for safekeeping until the counting of the votes which will be done as part of regional consultation activities.

3. Counting of votes to be done during the Regional Consultation Program with the president, shall be the responsibility of the Election Committee, as mandated. The Election Committee (EleCom) will be comprised of the incumbent and ex-officio Member-Representatives of other areas¹ and shall be chaired by the ASHI Vice President. The EleCom shall handle the counting of votes and endorse the winner to the President during the Regional Consultation. The EleCom shall be assisted by the Member's Protection Dept. (MPD) and the Internal Audit Unit during the counting of votes.
 - a. Each branch shall have a 3-member team composed of:
 - i. MPD staff (or a designated HO staff) – posts in tally board
 - ii. Member-rep – calls out name in ballot
 - iii. IAU staff (or designated HO staff when IAU staff has to be roving) – will register in tally sheet as vote is called out
 - b. Watchers may be allowed during the counting of the votes, but only to a maximum of one watcher per branch for each candidate.
 - c. The result of the counting shall be signed by the members of the 3-member team and submitted to the MPD Head who will consolidate with the IAU staff the summary sheet (with updating at the Tally Board).
 - d. The final duly signed consolidated tally sheet shall be submitted by the MPD Head and the IAU staff to the VP.
 - e. The VP endorses the results to the President.

Phase 2: Election of the 3 Member-representatives who will attend Board Meetings

- a. The elected Area Member-representatives shall be convened per region for an initial orientation of their role and mandates.
- b. All of the elected Area Member-representatives shall meet to select among themselves who will attend the Board Meetings
- c. Thereafter, the Area member-representatives shall meet or do tele-conferencing before a Board Meeting to discuss the salient points and issues to bring to the meeting.

The regular membership shall provide for the qualifications and disqualifications of their representatives in the Board of Trustees as they deem wise.

Terms and Term Limit

Elected members to the Board shall serve for a term of three years.

Membership in the Board shall be limited to three consecutive terms after which a cooling off period of at least one year shall be imposed before a Board Trustee can be allowed to run again. If elected, the Trustee shall be allowed to serve another 3 terms.

Service in a Board for a long duration may impair a trustee's ability to act independently and objectively. Hence, after serving continuously for nine (9) years, the trustee shall have a cooling-off period to distance himself/herself from the organization and to prevent an entrenched Board.

Replacement for an exiting Board Member shall serve for the unexpired term only.

¹ A kabalikat member is a bonafide ASHI member who has accepted to be a co-creator of the organization and has demonstrated financial discipline.

Removing a Board Member

Removal of a Board member will require the affirmative vote of majority of the membership (50% + 1). Grounds for removal include the following: conflict of interest, misrepresentation, any criminal offense punishable by law, and/or by an explicit, official request of the institution represented by the trustee. Absenteeism in board meetings can be discussed with the concerned member whether he/she wants to continue serving in the Board and/or take a leave or resign.

Fees and Compensation

No fees, honorarium or any form of compensation shall be given to any member during their term. However, reasonable transportation allowance shall be given for every board meeting attended.

Board Operations

Roles and Responsibilities of Officers

President

The President shall be the chief executive officer who leads the management staff. He/She shall be responsible for the following:

- a. The president shall implement all resolutions and decision of the Board of Trustees
- b. The president advises the Board on the establishment of Board Committees and their terms of reference
- c. The president is responsible for directing and overseeing all the activities of the organization
- d. The president shall submit to the members at the annual meeting, the audited Financial Statement, and annual report of the activities of the organization. The president shall be obliged to submit other reports the board may require. He/She shall present to the Board of Trustees an annual Budget and from time to time, other related financial reports.
- e. The president shall accept other responsibilities and perform other duties as instructed by the Board of Trustees. In case of incapacity, the Board shall appoint a suitably qualified person.

Secretary

The Board shall be assisted in its duties by a Corporate Secretary, who shall annually attend relevant trainings, including those on good governance.

The Corporate Secretary is primarily responsible to the Organization and not to its Chairman or President/ Executive Director. He/she has, among others, the following duties and responsibilities:

- a. Assists the Board and the Board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual Board calendar, and assisting the Chair of the Board and Committees in setting the agenda for their meetings;
- b. Safekeeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the organization;
- c. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Microfinance NGO, and advises the Board and the Chairman on all relevant issues as they arise;
- d. Works fairly and objectively with the Board, Management and members and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including members;
- e. Advises the Board on the establishment of Board committees and their terms of reference;
- f. Notifies members of the Board of meetings, in accordance with the By-Laws, informs them of the agenda of their meetings at least five (5) working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- g. Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;
- h. Performs required administrative functions;
- i. Ensures compliance with the By-Laws;
- j. Performs such other duties and responsibilities as may be provided by the SEC and Microfinance NGO Regulatory Council (MNRC); and
- k. Performs the above duties in a timely manner.

The Secretary shall give the notices required by law and keep minutes of all the meetings of the Board of Trustees. The Secretary shall be responsible for keeping the seal of the corporation and affix the seal to any paper or instrument requiring the same.

He/she shall be responsible for safe custody of the correspondence files of the board. The Secretary shall maintain the Members' Register of the organization. He/she shall also perform all such duties and work as the BOT may assign from time to time.

Treasurer

The Treasurer shall be responsible for the management of funds of the organization. He/she shall be responsible in ensuring the keeping of the books of accounts and whenever required account for the financial condition of the corporation and all transactions made.

He/she shall comply with all accounting standards and other relevant standards in the preparation of financial reports.

Auditor

The Auditor has the following duties and responsibilities:

- a. Ensure standards in financial reporting are complied with
- b. Sign off on financial statements after thorough review.
- c. Meet with external and internal auditors on a regular basis.

Audit / Compliance Officer

The Board shall be assisted in its duties by an Audit/Compliance Officer, who shall annually attend relevant trainings, including those on good governance.

The Audit/Compliance Officer is a member of the Organization's management team in charge of compliance function. Similar to the Corporate Secretary, he/she is primarily liable to the Organization and not to its Chairman or President/Executive Director.

He/she has, among others, the following duties and responsibilities:

- a. Ensures proper onboarding of new trustees and key officers (i.e., orientation on the Organization's Vision, Mission and Social, Financial and Governance Goals, Charter, Articles of Incorporation and By-Laws, among others);
- b. Monitors, reviews, evaluates and ensures the compliance by the Organization, its officers and trustees with the relevant laws, this Code, rules and regulations including established social and financial performance standards and all governance issuances of regulatory agencies;
- c. Reports violations to the Board and recommends the imposition of appropriate disciplinary action;
- d. Ensures the integrity and accuracy of all documentary submissions to regulators;
- e. Appears before the SEC or MNRC when summoned in relation to compliance with regulatory requirements;
- f. Identifies possible areas of compliance issues and works towards the resolution of the same;
- g. Ensures the attendance of Board members and key officers to relevant trainings; and
- h. Performs such other duties and responsibilities as may be provided by the SEC and MNRC.

Board Committees

Board committees shall be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, finance and risk and other key governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established shall be contained in a publicly available Committee Charter.

The Board of Trustees may create, from time to time, committee or committees as necessary in the implementation of the goals and strategic plans of the organization. Such committees shall exercise certain powers and perform its functions and duties as prescribed by the Board of Trustees. Members of these committees which are not vested with the powers or duties considered as duties of the Board of Trustees need not be members of the Board of Trustees, but should be part of ASHI.

Board Audit / Compliance Committee

The Board shall establish an Audit/Compliance Committee to enhance its oversight capability over the organization's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. The committee shall be composed of at least three appropriately qualified non-executive trustees: at least one member shall have relevant background in social welfare and at least one member shall have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.

The Audit/Compliance Committee has the following duties and responsibilities, among others:

- a. Monitors and evaluates the adequacy and effectiveness of the Organization's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the organization's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the organization's financial data, (d) ensure compliance with applicable laws and regulations, and (e) ensure compliance with social, financial and governance standards;
- b. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- c. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the organization's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence².
- d. Reviews and approves the Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Areas where a significant amount of judgment has been exercised
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
- e. Reviews the disposition of the recommendations in the External Auditor's management letter;
- f. Performs oversight functions over the organization's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- g. Coordinates, monitors and facilitates compliance with laws, rules and regulations; and
- h. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the organization, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stakeholders.

The Audit/Compliance Committee meets with the Board at least every once a year without the presence of management.

²As defined under the Code of Ethics for Professional Accountants

Governance and Nomination/Remuneration Committee

The Board shall establish a Governance Committee to assist the Board in the performance of its good governance responsibilities, including the functions of a Nomination/Remuneration Committee. It shall be composed of at least three members.

The Governance and Nomination/Remuneration Committee (GNRC) is tasked with ensuring compliance with and proper observance of good governance principles and practices. It has the following duties and functions, among others:

- a. Oversees the implementation of the governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the ASHI's VMSFGG and strategy, as well as its regulatory environment;
- b. Oversees the periodic performance evaluation of the Board, its committees and management, and conducts an annual self-evaluation of its performance;
- c. Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- d. Recommends continuing education/training programs for trustees, assignment of tasks/projects to board committees, succession plan for the board members and management, and remuneration packages for management;
- e. Adopts good governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- f. Determines the nomination and election process for the organization's trustees and has the special duty of defining the general profile of board members that the ASHI may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and
- g. Establishes a formal and transparent procedure to develop a policy for determining the remuneration of management that is consistent with the ASHI's culture and strategy as well as its VMSFGG.

Board Finance and Risk Committee

The Finance and Risk Committee of the board of directors of ASHI shall consist of three directors: at least one member has relevant knowledge, experience in finance, and at least one has relevant knowledge and experience in risk management. Members of the committee shall be appointed by the board upon the recommendation of the Governance and Nomination/Remuneration Committee.

The purpose of the committee shall be to assist the board in its oversight of ASHI's management of key risks, including strategic and operational risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks.

The chairman of the committee shall coordinate with the chairman of the Audit/Compliance Committee to assist the latter in its review of the Company's risks that have been delegated to the Audit/Compliance Committee in its charter.

Risk assessment and risk management are the responsibility of the Company's management. The committee has an oversight role and in fulfilling that role, it relies on the reviews and reports described below.

The Finance and Risk Committee is tasked with the review of the organization's financial affairs and the determination and management of risk. It has the following duties and responsibilities, among others:

- a. Reviews and recommends to the Board the annual budget and the business plan proposed by the Executive Director/General Manager/President;
- b. Authorizes investment policy;
- c. Authorizes acceptable accounting and disbursement procedures for all funds under the jurisdiction of the organization;
- d. Develops, implements and evaluates a risk management plan that would ensure proper determination, assessment and management of any relevant risks to the Organization. The risk management plan should contain the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;
- e. Advises the Board on its risk appetite levels and risk tolerance limits;
- f. Reviews at least annually the organization's risk appetite levels and risk tolerance limits based on changes and developments in the microfinance industry, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the organization;
- g. Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Microfinance NGO;
- h. Provides oversight over Management's activities in managing credit, operational, legal and other risk exposures of the organization. This function includes regularly receiving information on risk exposures and risk management activities from Management;
- i. Approves the Business Continuity Plan (BCP) prepared by management; and
- j. Reports to the Board on a regular basis, or as deemed necessary, the organization's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

Board Meetings

Meetings

The Board shall meet regularly once per quarter on the second Saturday of the second month following the end of the quarter. During the meeting the President shall render his/her report to the Board regarding the activities of ASHI.

The trustees should attend and actively participate in all Board, Committees and Annual/Special Membership meetings in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission and the organization's By-Laws, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the trustee should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.

A **special meeting** may be called by the President if the need arises or upon petition of 50% of Board Membership.

The absence of a trustee in more than fifty percent (50%) of all regular and special meetings of the Board during his/her incumbency is a ground for disqualification in the succeeding election, unless the absence is due to illness, death in the immediate family, serious accident or other unforeseen or fortuitous events.

Notices

Notices of the date, time and place shall be given either personally, through email or by special delivery mail, at least a week before the date set. In urgent cases notice may be communicated at least two days before the meeting by telephone or by facsimile, email or text, if personal contact is not possible.

The notice of every special meeting shall state briefly the purpose of the meeting. No other business shall be considered at such a meeting except with the consent of all the members present thereat.

Meeting Agenda

The Chairperson, in consultation with the President, shall prepare an agenda. The agenda folder will be sent to the rest of the Board at least a week before the date of the meeting. Agenda items shall consist of department reports, updates on programs and other relevant matters. Details on the meeting agenda can be found in Annex A.

Quorum

A quorum for any Board of Trustees meeting shall be a majority of the Board members. A majority of such quorum may decide any question at the meeting, except those matters where the by-laws require an affirmative vote of greater proportion.

Meeting Process

The Chairperson shall preside over the meeting. Actions that need board decision shall be decided by majority vote.

Board Minutes

The Minutes shall be attested by the Corporate Secretary and certified by the Chairperson. It shall be sent to the Board members at least one week before the next meeting.

Minutes shall be compiled in a single folder by the Secretariat and kept in a secure place for easy retrieval.

Reports to the Board

Quarterly report, including financial status and operating highlights, shall be submitted to the Board, including reports from the committees.

Board Development, Evaluation and Assessment

Good governance is a process that is developed over time. Part of the good governance process is to ensure that Board members are equipped with the current developments in the industry, and are evaluated accordingly.

Board Development

Board development shall involve activities that enhance the Board members knowledge on the institution and establishes rapport among the members. First-time trustees shall be given a thorough orientation on the social, financial and governance goals, principles and activities of ASHI.

Training and learning exchanges can be instrumental in ensuring that the members of the board understand how microfinance operates and have an idea on how to evaluate an MFI's performance using both social and financial perspectives. Apart from having an eye on both social and financial performances, Board members are encouraged to observe and engage with the clients to have a better understanding on how microfinance works on the ground.

Members of the Board should be provided with continuous orientation/update on the standards of social performance as well as on the financial environment to enhance their ability to evaluate the performance of the institution and make decisions accordingly.

To further establish rapport and enhance working relationship among members of the board, annual or biennial retreats of the board are helpful in building consensus regarding the balance of social and financial objectives and in considering major advances in strategy.

Board Evaluation and Assessment

The Board shall conduct a regular self-evaluation and assessment to review how well they meet their governance responsibilities in order to ensure that ASHI is well-run, sustainable, and true to its mission. Assessments will help the Board members gauge how close ASHI is in terms of good practice, identify areas of weakness and ways in addressing these weaknesses. The evaluation and assessment is one way of assuring that the Board members will have the ability to take responsibility on ASHI and lead it into the future.

All incumbent Board members will answer a self-assessment tool. Results of the self-assessments will be consolidated and discussed by the Board in a subsequent regular meeting. A board performance assessment tool can be found in Annex B.

Standards of Practice: Policy on Conflict of Interest and Code of Conduct and Ethics

A Code of Conduct to govern the conduct of the Board members as well as ASHI employees, shall be prepared to protect their respective interests and rights, and to ensure that business in ASHI is carried out with honesty and integrity, according to the accepted values of the organization.

Members of the Board are likely to be affiliated with many organizations and businesses, both on a professional and a personal basis, thus, it is important to set³ a policy where it defines conflict of interest and the process in dealing with it.

A trustee should notify the Board where he/she is an incumbent trustee before accepting a trusteeship/directorship in another organization/company, particularly if there is a potential conflict of interest.

An annual assessment of the members of the board based on ASHI's policy on conflict of interest and code of discipline shall be done to ensure compliance with the said policies. The assessment shall be part of the Internal Audit checklist.

POLICY ON CONFLICT OF INTEREST

The conflict of interest policy is designed to foster public confidence in the integrity of, and to protect ASHI's interest, when contemplating to enter a transaction that might benefit the private interest of a director, a corporate officer, the top management or top financial official, or a key employee.

Fiduciary Responsibility

Members of the board and staff have a clear obligation to conduct all affairs of the organization according to the highest ethical standards. Loyalty, honesty, truthfulness and moral virtue are expected to be practiced and upheld in all actions of the board and staff.

Covenant

Members of the board and staff agree to place the welfare of the organization above personal interests, interest of the family members, or others who may be personally involved in substantial affairs affecting the organization's basic functions.

General Disclosure

Members of the board and staff disclose all relationships and business affiliations which may now, or in the future potentially conflict with the interests of the organization or bring personal gain to them, their family business.

Reporting of Disclosures

All disclosures required by the staff will be handled by the Vice President. All disclosures of the members of the board shall be referred to the Board Secretary. Information disclosed will be held in

³ MicroSave: Board Governance Training for Microfinance Institutions Toolkit, August 2007

confidence except when the organization's best interest would be served by bringing the information to the attention of the Executive Committee of the Board and the other officers of the organization. Annual updating of the disclosure shall be made using the attached Form (Annex C).

Desisting from Participation

Members of the board and staff who have conflict of interest in any matter shall desist from participating in the deliberation concerning a proposed transaction. He/she is expected to excuse him/herself from the meeting unless explicitly requested by the Chair to remain in the meeting to interpret or provide information. Disregard for the need to excuse him/herself invites the Chair to request his/her withdrawal from the meeting room.

Determination of Possible Conflict of Interest

Any individual who is uncertain about a conflict of interest in any matter shall disclose such possible conflict to the appropriate individual as noted above.

Failure to Disclose

Each member of the board and executive staff should recognize that disclosure of personal and business interest is a requirement for continued affiliation or employment with (the organization), and deliberate failure to disclose a potential conflict of interest could result in disqualification or termination of employment.

CODE OF CONDUCT AND ETHICS⁴

Ahon sa Hirap, Inc. promulgates rules and regulations, which govern the conduct of employees in order to protect their interests and rights as well as those of ASHI. Willful or inexcusable breaches of these rules will be dealt with firmly and fairly under an impartial indiscriminate disciplinary policy, which applies to all for the sake of efficient operation.

Regulations

Discipline being a line function, Branch Managers and Department Heads are primary responsible for the behavior of their respective employees; they have the duty to initiate disciplinary action whenever necessary.

Branch managers/Department managers should discipline employees in private, explain the penalty applied and the reason for the disciplinary action. Written communication on disciplinary actions, including reports must be held in strict confidence.

In case where there is doubt as to proper actions to be taken, the President is to be consulted.

The President shall be available for consultation on employee discipline at all times during office hours.

In case where the disciplinary action to be taken by immediate supervisors is not in accordance with the code, the same shall be subject to the review by the Department Head.

Should there be conflict of judgment between the Supervisor and his Department Head, a review shall be made by the President whose findings shall be final unless the matter is elevated to higher management (Board of Trustees) of whatever applicable to the grievance procedure of ASHI.

⁴ This shall be aligned with the latest amended Code of Employee Conduct and Discipline.

Procedure

The immediate supervisor (Branch Manager) of the employee shall conduct an impartial and thorough investigation before any disciplinary action is recommended. An employee reported to have violated company rules and regulations shall always be given an opportunity to explain in writing why no disciplinary action should be taken against him.

Having ascertained all the facts, the Branch Manager submits his report and recommendation to the Area Manager who in turn consults with the President on applicable disciplinary measures.

If the violation calls for a verbal or written reprimand, the immediate supervisor may impose the penalty in consultation with his/her Area Manager, and shall duly execute such reprimand. A record of such violation and corresponding reprimand must be forwarded to the Head Office for inclusion in the employee's 201 personnel record.

If the violation requires a suspension of an employee, the supervisor must secure the approval of his department head for concurrence by the President (a suspension is not executory without the President's concurrence). The President may conduct further investigation on the gravity and circumstance of the case.

Upon approval of the suspension, the President informs the employee in writing of the Management decision.

Where an employee has committed an offense so serious that his continued service or presence poses a serious and/eminent threat to the life and property of the company or of his co-employees, or will cause meaningful or real disruption in productive or orderly operations of the company, this employee maybe placed under preventive suspension pending notice of the termination filed, discussed, and approved by ASHI Board of Trustees.

Application of policy

This policy applies equally to all employees.

Non-retroactive Clause

The company reserves the right to amend, alter, modify and/or change the code as the exigencies of the time may warrant and upon proper notice and publication, such as amendments, alterations, modifications and/ change shall be integral part of this code.

Internal Control System and Risk Management Framework

To ensure the integrity, transparency and proper governance in the conduct of its operation, ASHI shall adopt an adequate and effective internal control and risk management system. It shall carry out safe and sound operations as well as implement management policies to attain the organization's Vision, Mission and Social, Financial and Governance Goals (VMSFGG). This shall support fund generation since donors and funders become confident when the financial systems are well established, and controls are working as intended.

Among others, this shall include the following:

1. Adherence to Philippine Financial Reporting Standards.
2. Adoption of the Standard Chart of Accounts for Microfinance NGOs
3. Putting in place a financial control system with detailed policies and procedures
4. Establishment of authority limits and system of approvals.

5. Complete financial records and reporting system
6. Establishment of an independent Internal Audit Unit reporting directly to the Board of Trustees, through the Audit Committee.

The Board is responsible for strengthening an effective and adequate internal control system and risk management framework of the organization.

THE INTERNAL CONTROL SYSTEM

The organization shall adopt an appropriate internal control system, including a policy and mechanism for monitoring and managing potential conflicts of internal situation and transactions involving:

1. (1) Management;
2. (2) Board of Trustees; and
3. (3) Members.

A. INTERNAL AUDIT

ASHI shall have in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve its operation. The internal audit unit shall have the following functions:

1. Provides an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting in the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;
2. Performs regular and special audit as contained in the annual audit plan and/or based on the company's risk assessment;
3. Performs consulting and advisory services related to governance and control as appropriate for the organization;
4. Performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
5. Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of the company;
6. Evaluates operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;
7. Evaluates specific operations at the request of the Board or Management, as appropriate; and
8. Monitors and evaluates governance processes.

B. THE RISK MANAGEMENT FRAMEWORK

ASHI shall have a separate risk management function to identify, assess and monitor key risk exposures. The organization shall adopt the following risk management framework:

i. RISK IDENTIFICATION

- a. Identifying and analyzing key risks exposure relating to economic, environmental, social and governance (EESG) factors and the achievement of the Microfinance NGO's strategic objectives;
- ii. RISK ASSESSMENT
 - a. Evaluating and categorizing each identified risk using the company's predefined risk categories and parameters;
- iii. RISK MANAGEMENT
 - a. Establishing a risk register with clearly defined, prioritized and residual risks;
 - b. Developing a risk mitigation plan for the most important risks to the company, as defined by the risk management strategy; and
 - c. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee
- iv. RISK MONITORING
 - a. Monitoring and evaluating the effectiveness of the organization's risk management processes.

Sustainability Reporting Dissemination of Relevant Information

To sustain ASHI's competitiveness and sustainability in a manner consistent with its VMSFGG and the best interest of its members and all stakeholders, it is important that a faithful, transparent and adequate disclosure of its social development programs and services, as well as operational objectives and sustainability programs are disclosed, to include material and reportable non-financial and sustainability issues. This shall include among others the following:

- a. Social objectives and the impact of its outreach.
- b. Environmental targets and achievements
- c. Governance issues as they relate to staff and the general membership

ASHI shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information, through the following:

- A working and accessible website that is regularly updated.
- Bulletin boards in ASHI branches and all center halls.
- Inclusion in center meeting agenda updates on operations

Cultivating A Synergic Relationship With Members

The Board is responsible for fostering a synergic relationship with and among its members.

A. PROMOTE MEMBER'S RIGHTS

All members should be treated fairly and equitably by recognizing and facilitating the exercise of their rights.

The organization shall establish a policy setting a criteria for membership good standing.

The organization shall consistently and uniformly apply its policies and procedures in processing its members' applications and ensures that they are well informed or oriented of the organization's policies, programs and procedures as well as their basic rights, as follows:

- a. Attendance to all Annual and Special Members' Meetings
- b. Nominate Members to the Board
- c. Availment of Alternative Dispute Mechanism
- d. Disclosure and Transparency of the Organization

Where members' rights and/or interests are at stake, members shall have an opportunity to obtain prompt redress for the violation of their rights.

B. ENCOURAGE ATTENDANCE TO MEMBER MEETINGS

All members should be encouraged to attend the organization's annual and special members meeting. A Notice of a members meeting shall be sent with sufficient and relevant information at least twenty-one (21) calendar days before the meeting.

C. DISCLOSURE OF RESULT OF MEMBERS MEETINGS

The Board shall make available the Minutes of Annual and Special Members Meetings to all its members and stakeholders within ten (10) business days from the date of the meeting by posting it on the organization's website, social media or in the website of the organization to which it belongs, and post it in its place of operation or where its clients are located.

D. PROVIDE ALTERNATIVE DISPUTE MECHANISM

The organization may establish, an alternative dispute mechanism/s to resolve intra-corporate disputes in an amicable and effective manner.

Members' Rights

ASHI shall treat all members fairly and equitably by recognizing and facilitating the exercise of their rights. Members' rights relate to the following among others:

- Right to nominate candidates and be nominated as member-representative to the Board of Trustees;
- Right to elect member-representatives to the Board of Trustees;
- Right to remove a Trustee;
- Right to Financial Statements;
- Right to vote on fundamental corporate changes
- Right to propose the holding of meetings and include agenda items ahead of the scheduled Annual and Special Membership Meeting;
- Right to have a Nomination Process; and
- Right to have Voting Procedures that will govern the Annual and Special Members' Meeting

Members should be given the opportunity to nominate candidates and be nominated to the Board of Trustees in accordance with the existing laws. The Board is encouraged to discuss clearly the procedures of the nomination process. In addition, members are encouraged to participate actively, which they can do if given enough time and information, to vote on the approval of organizational changes such as Merger or Consolidation and Plan of Distribution of Assets⁵. The voting procedures should be disclosed and clearly explained by the Board to allow the effective exercise of the members' voting rights. Poll voting is highly encouraged as opposed to show of hands. Proxy voting is also considered good practice.

The right to propose the holding of meetings and inclusion of items in the agenda is given to the members of the organization. The Corporation Code of the Philippines requires that the proposal to hold meetings be made by a majority of the organization's members entitled to vote. With regard the inclusion of agenda items, the organization may require that the proposal also be made by majority of its voting members.

Further, the organization should provide any member requesting to be furnished with the most recent financial statements of the organization. However, it is the Board of Trustees' responsibility to present to its members during regular meeting a financial report of the operations of the organization for the preceding year.

Where members' rights and/or interests are at stake, members shall have an opportunity to obtain prompt redress for the violation of their rights

⁵ Section 95 of the Corporation Code of the Philippines

Duties to External Stakeholders

The Board is responsible for creating a symbiotic relationship with and among its external stakeholders.

A. RESPECT STAKEHOLDERS' RIGHTS

External stakeholders should be respected by recognizing their rights as established by law, contractual relations and through the voluntary commitments of the organization.

The Board should identify the organization's various stakeholders through its Vision, Mission, Social, Financial and Governance Goals.

The organization shall disclose its policies, programs and procedures as well as its voluntary commitments to their external stakeholders.

Where stakeholders' rights and/or interests are at stake, they shall have an opportunity to obtain prompt redress for the violation of their rights. An office or officer, depending on the size and complexity of the organization, shall be designated to allow its stakeholders to communicate with the organization and obtain redress for the violation of their rights.

B. ENCOURAGE STAKEHOLDERS PARTICIPATION

The organization should encourage its stakeholders to take part in the realization of the latter's goals through programs that create a symbiotic environment within the community where the organization operates.

C. CLIENT/BENEFICIARIES PROTECTION MECHANISM

The organization is encouraged to have a code of conduct that promotes the fair and respectful treatment of clients. It shall also cover the following matters:

- a. The organization shall adopt a loan policy that defines the maximum percentage of a borrower's disposable income that can be applied to debt services, including debt from the organization and other lenders to prevent over indebtedness among clients. Said policy shall be used to determine the maximum loan amount and terms.
- b. The organization shall have a policy that clearly defines appropriate and inappropriate collection practices to be observed by both staff and collection agents.
- c. The organization shall have an effective mechanism to receive and resolve complaints from clients. Such mechanism shall include informing its clients about their right to complain and how to file a complaint.
- d. The organization shall keep the client data (personal, transactional and financial) secure and confidential through an established policy and documented processes.
- e. The organization shall inform its client about data privacy and the need to obtain their consent prior to the use of client-related data and information.



Annex A: Board Meeting Agenda

1. Call to Order
2. Declaration of Quorum
3. Review and Approval of the minutes of the previous meeting(s)
4. Business arising from the minutes of the previous meetings
5. Quarter report
 - a. Executive Summary
 - b. Updates on Performance
 - c. Challenges for the next quarter
 - d. Annexes
6. Matters requiring Board Resolution/Secretary's Certificate (Annex __)
 - a. Changes in bank signatories due to staff movements
 - b. Changes in signing authorities....
 - c. Opening / Closing of bank accounts
 - d. Availment of loan window from _____ with line approval for P_____
7. For Approval (Annex __)
8. For Information
9. Other matters
10. Next meeting
11. Adjournment

Annex B: Annual Board Assessment

This Self-Assessment Questionnaire is composed of varying statements based on the roles, functions and responsibilities of the Board and Board Members found under the ASHI Board Manual. For each statement, you will be asked to choose from among the following responses:

- 1 – Strongly Disagree
- 2 – Moderately Disagree
- 3 – Neutral
- 4 – Moderately Agree
- 5 – Strongly Agree

Please be forthright in your responses. This questionnaire aims to determine the Board's strengths and weaknesses. Thank you.

PERFORMANCE OF BOARD FUNCTION	1	2	3	4	5
<i>Roles and Responsibilities</i>					
1) The Board’s responsibility to foster the long-term success of the organization and secure its sustained competitiveness by positioning itself as a socially responsible organization, which it shall exercise in the best interest of the clients, and both internal and external stakeholders.					
2) The Board is primarily responsible for the governance of ASHI. The Board has been primarily accountable to the organization’s operations and performance. Ensuring that there is balance between financial and social goals for a sustainable performance.					
3) The Board reviews the vision and mission of the organization. It has regularly engaged in a strategic planning process. It has also approved an operational plan aligned with the strategic direction of the organization which includes financial goals and budget.					
4) The Board monitors its role in social performance management by reviewing social performance reports to check for progress toward social goals and ensuring transparency and client protection, etc.					
5) The Board monitors ASHI’s management of its financial resources. It approves the annual budget and monitor sources and uses of funds on a ____ basis. It also approves investment policies and track investment performance. The board assures the long-term financial health of the organization.					
6) The Board helps raise funds and identification of possible donors, funders and partners that are socially-responsible.					
7) The Board aligns, monitors and enhances ASHI’s systems (HR, operations, management information system, etc.). It ensures that clear indicators and milestones are in place and shall review progress on a periodic basis to ensure greater efficiencies and profitability of the organization.					

8) The Board ensures that ASHI manages its business in accordance with sound financial practices and applicable laws, regulations and professional requirements. It also ensures adherence to applicable standards, both ethical and legal. Ensure there is transparency, client protection, etc.					
9) The Board provides support in developing and maintaining relationships with external stakeholders, including government, media, funders and general public. Individual board members may be called upon to represent the interests of ASHI in meetings, events and other activities.					
<u>Board and Management Relationship</u>					
1) The Board works in close cooperation with Senior Management to effectively communicate ASHI’s direction and progress with external stakeholders with agreed positions of the business and the brand of the organization.					
2) The Board communicates to the Senior Management any perceived stakeholder concerns.					
3) The Board takes a direct interest in leadership succession, for the ASHI’s President and other key group senior management positions in particular, to ensure that appropriate processes are being effectively adopted to avoid some leadership gaps.					
4) The Board and executive management have reached consensus on the overall risk management framework and strategy for the organization.					
5) When communicating strategic direction, the Board and executive management includes formal references to defined risk appetite and tolerances.					
<u>Board Composition</u>					
1) The size of the Board is according to the prescribed number in the Board Manual.					
2) There is a system of ensuring continuity of the functions of the Board.					
3) The members of the Board are very competent and are fully cognizant of their functions.					
<u>Processes involved in Board Meetings</u>					
1) The Board meets on a regular basis to deliberate, with special emergency meetings held whenever required.					
2) The Board facilitates the conduct of Annual General Meetings, and any other special shareholder meetings that may be required.					
3) The Agenda for the Board meetings are relevant and appropriate.					
4) The length of the Board meeting is sufficient to address matters that require Board attention.					
5) The quality of the presentations and/or reports are very satisfactory in form and in substance.					
6) The reporters are competent, articulate, clear, concise and are responsive to queries from the Board.					
7) The materials are organized, updated, concise and accurate.					

8) The notice and materials were furnished to the Board members before the scheduled Board meeting, giving the members of the Board sufficient time to read the materials.					
9) The Minutes of the meetings are released as specified.					
<u>Board Committees</u>					
1) The number and kinds of committees are appropriate considering the size and needs of ASHI					
2) The members of the committees are properly assigned based on their expertise and strengths.					
3) The frequency, length and agenda discussed during committee meetings are satisfactory.					
Overall, I am very satisfied with the effectiveness and performance of the Board.					

Others

1) For the next five (5) years, the Board should concentrate on the following issues:

2) The performance of the Board can be improved by:

3) Others

Annex C: Conflict of Interest Disclosure Statement



Ahon Sa Hirap, Inc.

(A Microfinance NGO)

No. 76, 8th Avenue, Cubao, Quezon City, Philippines 1109

Tel/Fax (632) 912-0688•913-2452

CONFLICT OF INTEREST POLICY: ACKNOWLEDGMENT AND FINANCIAL INTEREST DISCLOSURE STATEMENT

AHON SA HIRAP, INC. (the “Organization”) follows a conflict of interest policy designed to foster public confidence in our integrity and to protect our interest when we are contemplating entering a transaction or arrangement that might benefit the private interest of a trustee, a corporate officer, our top management official and top financial official, or any of our key employees.

Part I. Acknowledgment of Receipt

I hereby acknowledge that I have received a copy of the conflict of interest policy of Ahon sa Hirap, Inc., have read and understood it, and agree to comply with its terms.

Date _____

Signature over printed name

Part II. Disclosure of Financial Interests

We require annually each officer, trustee and key employee to disclose the information requested in this Part II.

A “conflict of interest,” for this purposes, arises when a person in a position of authority over an organization, such as an officer, trustee, or key employee, may benefit financially from a decision he or she could make in such capacity, including indirect benefits such as to family members or businesses with which the person is closely associated.

Part II Please check ONE of the following boxes:

- My interests and relationships have not changed since my last disclosure of interests. [Proceed to signature block below. Do not complete the tables.]

OR

- I hereby disclose or update my interests and relationships that could give rise to a conflict of interest: [Complete the table below. Use additional pages as needed.]

Family Relationships	Names of those presenting a potential conflict of interest
Include spouse/domestic partner, living ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great grandchildren, and spouses/ domestic partners of brothers, sisters, children, grandchildren, and great grandchildren	

Type of interest	Description of interest that could lead to a conflict of interest
Transactions or arrangements with the Organization	
Transactions or affiliations with other nonprofit organizations	
Substantial business or investment holdings	
Transactions or affiliations with businesses not listed above	

I am not aware of any financial interest involving me or a family member that could present a conflict of interest that I have not disclosed either above or in a previous disclosure statement.

Date: _____