

Policy on Remuneration of Trustees

OBJECTIVE

This Remuneration Policy puts to effect the provisions of Republic Act No. 11232 or the Revised Corporation Code on compensation of directors and trustees, which were also adopted in the Association's Articles of Incorporation and By-Laws.

It is intended to promote good governance and avoid any conflict of interest on the part of any Trustee in their policy and decision-making role.

BASIS

Section 29 of the Corporation Code, as revised, states:

*In the absence of any provision in the bylaws fixing their compensation, the directors or trustees **shall not receive any compensation in their capacity as such, except for reasonable per diems**: Provided however, That the stockholders representing at least a majority of the outstanding capital stock or majority of the members may grant directors or trustees with compensation and approve the amount thereof at a regular or special meeting.*

In no case shall the total yearly compensation of directors exceed ten (10%) percent of the net income before income tax of the corporation during the preceding year.

Directors or trustees shall not participate in the determination of their own per diems or compensation.

x x x (Emphasis and underscoring supplied).

Item EIGHT of the Association's Amended Articles of Incorporation provides that no compensation or any remuneration shall be paid to its Trustees. The By-Laws, on the other hand, mentions, as one of the qualifications of a Trustee, the willingness to perform such functions without remuneration.

POLICY

Members of the Board of Trustees shall not be entitled to any compensation or remuneration for services rendered in such capacity, except for reimbursements of actual transportation, communication, and meal expenses incurred in the performance of their official functions.

Compensation may be granted to the Trustees upon approval by majority of the members at a regular or special meeting. Such approval shall include the amount of compensation and the period of effectivity. No incumbent Trustee may take part in the determination of their own compensation.

In addition to reimbursements of actual expenses, per diems may be given to Trustees upon approval by the Human Resource (HR) Committee of the KASAGANA-KA Synergizing Organizations. The Association's representative to the HR Committee, who is an incumbent Trustee, shall not take part in the deliberations and approval of such per diems.

Policy on Remuneration of the General Manager

OBJECTIVE

This Policy sets the guidelines for the process of deliberations, approval, and periodic review of the compensation given to the General Manager. The Association aims to provide a competitive compensation and benefits package to the General Manager, that is commensurate with a person's qualifications and responsibilities, while also remaining consistent with the principles of financial sustainability and corporate good governance.

POLICY

In fixing the compensation of the General Manager, the following guidelines must be observed:

1. The KASAGANA-KA Synergizing Organizations (KSO) Human Resource (HR) Unit shall undertake a periodic review of the average salary received by executives within the mutual benefit association (MBA) and across industries.
2. The HR Unit will submit recommendations for fixing or adjusting the General Manager's salary to the KSO HR Committee for its review.
3. Thereafter, the HR Committee will present the result of its deliberations and submit its recommendations for consideration of the Board of Trustees of KMBA.
4. The Board will meet in an executive session to discuss the proposal. Only members of the Board shall be present during the discussions. The Board Secretary need not take note of the minutes of the executive session, except for the resolution to approve or disapprove the proposal and the rationale thereof.
5. The same process shall be observed in the grant of performance bonuses and other benefits to the General Manager.

The General Manager shall not take part in any stage of the above- described process.