

g) The board shall review all material transactions that are not done in the ordinary course of business; h) Board of Trustees, officers and employees shall not enter into business transactions where conflict of interest may arise;

i) Board of Trustees, officers and employees shall not accept material benefits from someone doing business with the Association; and

j) The board shall put in place a system for imposition of sanctions and/or penalties for violation of the code/standards.

2.5 Remuneration of the Members of the Board and Officers

The General Manager, Administrative Officer, Chief Accountant and Auditor shall receive such salary and/or benefits as may be fixed by the Board. The President, Vice President, Secretary and Treasurer shall receive no salary, but may receive allowances, in addition to per diems and other emoluments authorized for members of the Board of Trustees.

2.6 The Board Committees

The Board shall constitute the proper committees to assist it in good corporate governance.

2.6.1 Oversight & Audit Committee

The Oversight & Audit Committee shall consist of at least three (3) trustees, who shall preferably have accounting and finance experiences and shall serve for three years, or co terminus with the Board of Trustees. The committee shall meet at least quarterly and shall not be entitled to any salary but shall be entitled to per diem and reimbursement of actual expenses for attendance of official meetings equal to those received by members of the Board of Trustees. The chair of the Audit Committee should be an independent trustee. The committee shall have the following functions:

2.6.1.1 Provides oversight of the institution's internal and external auditors.

2.6.1.2 It shall be responsible for the setting-up of internal audit department, and the appointment of the internal auditors as well as of independent external auditors.

2.6.1.3 It shall monitor and evaluate the adequacy and effectiveness of the internal control system of the company

2.6.2 Nomination Committee

The Nomination Committee shall be composed of at least three (3) members of the Board of Trustees, one of them must be an independent.

The members of the Nomination Committee in accordance with the election code of the association should perform the following functions:

2.6.2.1 Review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Trustees.

2.6.2.2 Prepare a description of the roles and capabilities required of a particular appointment.

3. Conduct and supervise the elections for the members of the Board of Trustees and other officers and proclaim the winners

4. Act as judge of all electoral contests, including questions on the qualification of candidates

2.6.3 Remuneration Committee

The Remuneration Committee composed of three (members), one of which is an independent board. The committee is responsible to:

2.6.3.1 Design and recommend to the Board for approval the salary, financial benefits/allowances (retirement, medical, etc) and remuneration package for the officers and employees of the association;

2.6.3.2 Oversee /supervise that the salary packaged is in compliance with the labor code of the government of the Philippines

2.6.3.3 Recommend salary increases of the employees based on performance

2.6.3.4 Perform other functions as assigned by the Board.

2.6.4 Other Board Committees

The Board may also organize the following committees:

2.6.2.1 An Executive Committee which shall consist of not less than three (3) and not more than five (5) to be chosen by the Board of Trustees from among themselves to monitor the operations and finances of KGI-MBA to ensure that decisions of the Board are executed by management; and, where urgent circumstances require, to act for and in behalf of the Board on such matters subject to such guidelines and limitations duly approved by the Board. The concurrence of at least a majority of the members of the Executive Committee shall be necessary to make an Executive Committee decision valid. All business transactions by the Executive Committee shall be subject to confirmation by the Board of Trustees at its next scheduled meeting;

2.6.2.2 Other Special Committees such as Finance, Personnel Committee and other committees it may deem necessary, with not less than three (3) nor more than five (5) members each with such specific duties as it may deem proper. Ad hoc committees may be created by the Board as the need arises.