

# **BALAI NI FRUITAS, INC**

## **POLICY ON RETIREMENT OF DIRECTORS AND KEY OFFICERS**

### **1. Purpose**

The purpose of this policy is to ensure that Balai ni Fruitas, Inc. recognizes the valuable contributions of its directors and Key Officers to the Corporation's growth through their quality performance and years of service and to maintain a proper balance of the board with new talents despite losing the benefit of the wisdom, expertise and experience of the retiring director. Moreover, this is also to lay down an effective succession plan within the Company, ensuring a smooth transition and minimizing disruption to normal operations.

### **2. Covered Person**

This policy covers all Directors and Key Officers of Balai ni Fruitas, Inc.

### **3. Retirement Policy**

- a. **Directors** – The Board of Directors (the "Board") shall take into consideration the health and willingness of directors to serve even in their advanced years. A director shall remain in the Board of the company as long he/she remains to be fit and proper for the position of a director in accordance with the requirements of the Manual of Regulations of BNFI. The Board shall determine the continuing fitness of directors to serve but will accede to his or her wish to retire. At any case, the Board shall determine the retirement pay of said director.
- b. **Key Officers** – A key officer upon reaching the age of sixty (60) years or more, but not beyond sixty-five (65) years which is hereby declared the compulsory retirement age, who has served at least five (5) years in the company, may retire and shall be entitled to retirement pay equivalent to at least one-half (1/2) month salary for every year of service, a fraction of at least six (6) months being considered as one (1) whole year.

### **4. Succession Policies and Programs**

The Board should be responsible for ensuring and adopting an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This should include adopting a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the company.

**a. Directors**

Only an individual who possesses competence, learning agility, and is of good repute may be considered for the vacated position. In securing this valuable resource, the Board shall determine the specific set of qualifications that the company will benefit from the most depending on its direction and development phase. The Board may contract an external firm to assist in its search for the perfect-fit candidate.

For formal consideration, candidates for new directors shall require endorsement by the Chairman for approval of the Board. The new director shall undertake all responsibilities previously attached to the position vacated, and any new tasks given thereto as agreed by the Board.

**b. Key Officers**

In implementing the succession planning program for the key officers, the Company's Human Resources Department in close coordination with the President and Chief Operating Officer and/or the Chief Executive Officer (collectively the "Hiring Team"), as necessary, shall identify and develop new leaders who can replace a retiring key officer and prepare them to assume his or her roles as they become available.

In identifying the potential candidates, the Hiring Team shall set as criteria its desired values and required technical capabilities for the position. For the desired values, the Hiring Team shall at the least set honesty, integrity and diligence as the minimum requirements. As to the technical capabilities, the Hiring Team shall determine the key knowledge, skills, and abilities required for the position.

The Hiring Team shall remain objective throughout the hiring process, and shall not prioritize potential candidates that are already employed with the Company. To this end, the Company shall provide critical development experiences to its high potential leaders to ensure that they are competitive in terms of the criteria required of the key roles.

The Hiring Team shall endeavour to promptly complete the hiring process as to provide the retiring key officer sufficient time to train and turnover his/her responsibilities to the new key officer.

Signed:



**Leonor S. Reyes**

Chief Administrative Officer and Human Resource Director