

Annual Corporate Governance Report
KCCDFI Mutual Benefit Association, Inc.

1. For the fiscal year ended: **December 31, 2021**

2. Certificate Authority Number: **2022-17-R**

3. **Zamboanga, Philippines**

Province, Country

4. **2nd Floor KCCDFI Building MCLL Highway, Guiwan, Zamboanga City 7000**

Address of Principal Office

Postal Code

5. **(062) 990-2429**

Company's Telephone Number, including area Code

6. **<http://www.kccdfimba.com>**

Company Official Website

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
THE BOARD GOVERNANCE RESPONSIBILITIES				
Principle 1. The company should be headed by a competent, working board to foster the long-term success and sustainability of the corporation in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.				
Recommendation 1.1				
1. Board composed of directors with collective working knowledge, experience, or expertise that is relevant to the company's industry/sector.	Compliant	Provide information or link/reference to a document containing information on the following: 1. Academic qualifications, industry knowledge, professional experience, expertise, and relevant trainings of directors 2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as the benchmark for the evaluation of its performance	A comprehensive profiles of the Board of Trustees, including their age, academic qualification, date of appointment, relevant experiences and if they hold directorship in any publicly listed company is disclosed in the Annual Report. It also shows that the BOT has an appropriate mix of competence and expertise necessary to perform the task on providing direction and guidance to the management.	
2. Board has an appropriate mix of competence and expertise.	Compliant		Reference/Link: KCCDFI MBA Annual Report 2021 page 27-30 (The Board of Trustees)	
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization	Compliant		The qualifications of the trustees nominated to the board are duly assessed/evaluated by the Nominations Committee based on the qualification set, as provided in the Corporate Governance Manual. To ensure that they remain qualified for their respective positions, they undergo various trainings for continuous development to enable them to fulfill their roles and responsibilities and responds to the needs of the association. Reference/Link: KCCDFI MBA Annual Report 2021 page 25 (Trainings and Webinars) Reference/Link: KCCDFI MBA Corporate Governance Manual page 10-11 & page 15-16 (Qualification of the Trustees)	
Recommendation 1.2				
1. Board is composed of a majority of non-executive directors.	Compliant	Identify or provide a link/reference to a document identifying the directors and the type of their directorships	The Board of Trustees is composed of 7 members, of whom two (2) are independent trustees. As disclosed in the 2021 Annual Report, all of them are independent from management and holds no executive functions in the association. Reference/Link: KCCDFI MBA Annual Report 2021 page 27-30 (The Board of Trustees)	
Recommendation 1.3				
1. Company provides in its Board Charter or Manual on Corporate Governance a policy on the training of directors.	Compliant	Provide a link or reference to the company's Board Charter or Manual on Corporate Governance relating to its policy on the training of directors.	KCCDFI MBA Corporate Governance Manual provides that in our aim to promote effective board performance and continuing qualification of the trustees in carrying-out their duties and responsibilities, all newly elected trustee must undergo orientation program which shall be (8) hours and required to attend Governance and AMLA workshop. All trustees are encouraged to participate annual continuing education program that shall be available and provided by the Association such as local trainings, seminar, workshop and conferences. Reference/Link: KCCDFI MBA Corporate Governance Manual page 29-30 (Development Program for the Board and Officers)	

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2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first-time directors.	Compliant	Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered	Orientation for first time directors/trustee will begin immediately after they are elected and before their first board meeting. Newly elected/appointed trustees are given an orientation on the company's business operations, Articles and By-laws, Code of Conduct and their roles and responsibilities as a board of trustees and other relevant information about the Association. Aside from it, all first time trustees are required to attend Governance and AMLA Workshop. The company believe that it is critical that new directors receive the training they need in order to be an effective board and help lead the organization in the right direction. The Board of Trustees are also given copies of the different manuals for their guidance and information. Reference/Links: KCCDFI MBA Corporate Governance Manual page 29-30 (Development Program of BOT and Trustees) Reference/Link: KCCDFI MBA Annual Report 2021 page 25 (Trainings and Webinars)	
3. Company has relevant annual continuing training for all directors	Compliant		To make certain that the BOT are continuously informed of the developments in the business and regulatory environments including emerging risks relevant to the Association. In as much possible, members of the BOT shall attend relevant annual continuing training program. Trainings attended by the BOT for the year is disclosed in the Annual Report. Reference/Link: KCCDFI MBA Annual Report 2021 page 25 (Trainings and Webinars)	
Recommendation 1.4				
1. Board has a policy on board diversity	Compliant	Provide information or link/reference to a document containing information on the company's board diversity policy. Indicate gender composition of the board	The members of the Board of Trustees are elected from the general membership coming from different areas where the association operates. This is to ensure that the membership is well represented and that the representation is diverse in terms of age, ethnicity, culture, skills, competence and knowledge. Our Board of Trustees is composed of all female trustees of different ages with knowledge and competence in various fields. We have 1 male board advisor in the person of Atty Ibarra A. Malonzo. Reference/Link: KCCDFI MBA Corporate Governance Manual page 14 (Board Diversity)	
Recommendation 1.5				
1. Board is assisted in its duties by a Corporate Secretary	Compliant		Ms. Araceli J. Amlih is the corporate secretary of the company from January-November 2021. She was succeeded by Ms. Hermie A. Hasan, who is now serving upon his election from Dec. 2021 until her term expires. The corporate secretary duties is disclosed in the Corporate Governance Manual. She is a separate individual from the compliance officer, since the compliance officer is acted upon by the General Manager.	
2. Corporate Secretary is a separate individual from the Compliance Officer		Provide information on or link/reference to a document containing information on the		

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
	Compliant	Document containing information on the Corporate Secretary, including his/her name, qualifications, duties, and functions	Reference/Link: KCCDFI MBA Annual Report 2021 page 28 (Profile of Corporate Secretary)	
			Reference or Link: KCCDFI MBA Corporate Governance Manual page 19 (Secretary Duties and Responsibilities)	
3. Corporate Secretary is not a member of the Board of Directors.	Non-Compliant			Considering the nature of our organization, our company's corporate secretary, Ms. Araceli J. Amlih is a member of the Board of Trustees. But an MBA staff with relevant background and has a degree in bachelor of laws assists her in the fulfillment of her duties as a corporate secretary. To comply with this requirement, the association shall amend its By-Laws.
4. Corporate Secretary attends training/s on corporate governance.	Compliant	Provide information or link/reference to a document containing information on the corporate governance training attended, including the number of hours and topics covered.	The corporate secretary has attended Training on Governance and Anti-Money Laundering Act conducted last June 5-7, 2019. A lecture series on Briefer on Revised Code of Corporate Governance for IC regulated companies and ACGR held via zoom videoconference last Aug. 10, 2020, wherein Atty. Randy B. Escolangco, Ph.D. of the Insurance Commission is the resource speaker. Then on May 6-7 2021, she also attended the ACGR writeshop for MI-MBA's.	
			Reference/Link: KCCDFI MBA Annual Report 2021 page 25 (Trainings and webinar attended by BOT)	
Recommendation 1.6				
1. Board is assisted by a Compliance Officer	Compliant	Provide information or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties, and functions.	Considering the size, risk profile and complexity of our organization, the General Manager Ms. Maria Teresa C. Gonzales, acts/functions as the compliance officer of the company. As a compliance officer, she is incharge in the compliance function. She is not a member of the Board of Trustees. Her detailed profile is disclosed in the Annual Report.	
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation	Compliant			
3. Compliance Officer is not a member of the board	Compliant			Reference/Links: KCCDFI MBA Annual Report 2021 page 32 ((GM's Profile)
			Reference or Link: KCCDFI MBA Corporate Governance Manual page 31 (Compliance Officer Duties and Responsibilities)	
4. Compliance Officer attends training/s on corporate governance annually.	Compliant	Provide information on or link/reference to a document containing information on the corporate governance training attended, including the number of hours and topics covered	The compliance officer has attended a lecture series on Briefer on Revised Code of Corporate Governance for IC regulated companies and ACGR held via zoom videoconference last Aug. 10, 2020, wherein Atty. Randy B. Escolangco, Ph.D. is the resource speaker. She have also attended the ACGR writeshop for MI MBA's via zoom videoconference last May 6-7, 2021.	
			Reference/Links: KCCDFI MBA Annual Report 2021 page 25 (Training and Webinars)	
Principle 2. The fiduciary roles, responsibilities, and accountabilities of the Board as provided under the law, the company's articles and by-law, and other legal pronouncements and guidelines should be made known to all directors as well as to stockholders and other stakeholders.				
Recommendation 2.1				
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of the meeting)	The Board of Trustees reviews and approves major projects, policy decisions, annual budgets, major investment funding, and major restructuring of core businesses on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	
			Reference/Link: Board Resolution	

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
Recommendation 2.2				
1. Board oversees the development, review, and approval of the company's business objectives and strategy.	Compliant	Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of the meeting) Indicate frequency of review of business objectives and strategy	Development and review of the company strategies are included in the duties and responsibilities of the board. Discussions on relevant matters and financial and operational status of the association is tackled in the BOT monthly meeting Reference/Link: Minutes of the Meeting	
2. Board oversees and monitors the implementation of the company's business objectives and strategy to sustain the company's long-term viability and strength.	Compliant		The Board oversees and monitors the implementation of the company objectives and strategy. Performance ratio, financial and operations highlight is presented and discussed in the meeting. Reference/Link: Minutes of the Meeting	
Recommendation 2.3				
1. Board is headed by a competent and qualified Chairperson.	Compliant	Provide information or link/reference to a document containing information on the Chairperson, including his/her name and qualifications	Ellen M. Benitez, is the chairman of the Board of Trustees. She took over as the chairmain in October 2015 until November 2021. She was succeeded by Ms. Mary Ann B. Candoy serving for fiscal year 2021-2023. Individual biographical data of both chairman is disclosed in the Annual Report. Reference/Link: KCCDFI MBA Annual Report 2021 page 28 (The Board of Trustees)	
Recommendation 2.4				
1. Board ensures and adopts an effective succession planning program for directors, key officers, and management.	Compliant	Disclose and provide information or link/reference to a document containing information on the company's succession planning and retirement policies and programs, and their implementation	The Association has a Succession Planning and retirement policy and program for directors, key officers and management. Details of the policy, programs, strategies and implementation guidelines is provided in the framework for succession planning of KCCDFI MBA.	
2. Board adopts a policy on the retirement of directors and key officers.	Compliant		Reference/Link: Succession Planning Framework of KCCDFI MBA	
Recommendation 2.5				
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	Compliant		As a mutual benefit association, we are a non-stock, non profit association and as stipulated in our By- Laws, the members of the Board of Trustees shall not receive any salary but shall be entitled to gratuity, per diem and reimbursement of all necessary expenses incurred on account of attendance in committee and board meetings provided that all entitlement benefit, emoluments received shall be subject to the approval by the majority vote of the general membership.	
2. Board aligns the remuneration of key officers and board members with the long-term interests of the company.	Compliant	Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.		
3. Directors do not participate in discussions or deliberations involving his/her remuneration.	Compliant		As an ethical consideration and as compliance to the code of ethics of the Association especially in implementing and avoidance of conflict of interest, any concerned board of trustees, management and staff must inhibit themselves in participating in discussions or deliberations involving his/her remuneration.	

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
			Reference/Link: Articles and By Laws (Article IX Board Meeting Section 4 pg.7)	
Recommendation 2.6				
1.Board has a formal and transparent board nomination and election policy.	Compliant	Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders.	Nomination and Election policy of the company is uploaded in the company website. Reference/Link: Nomination and Election Policy	
2.Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Non Compliant	Provide proof if minority shareholders have a right to nominate candidates to the board. Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election, or replacement of a director.		Nomination and Election Policy is disclosed and uploaded in the company website, but it is still not included in the Corporate Governance Manual. A review and amendment of the existing CG Manual shall be done to include Nomination and Election Policy.
3.Board nomination and election policy include how the company accepts nominations from minority shareholders.	Non-Compliant			Our existing nomination and election guidelines, lacks specific details, interms of how it accepts nominations from minority shareholders, how the board reviews nominated candidates, and assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.
4. Board nomination and election policy include how the board reviews nominated candidates.	Non-Compliant			
5. Board nomination and election policy include an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Non-Compliant			
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		Based on the qualifications set and background investigation,the Nomination and Election Committee, shall review and evaluate the qualifications, of all persons nominated to the Board as well as those nominated to other positions requiring appointments by the Board of Trustees and ratification by the general membership. Reference/Link: Nomination and Election Policy	
Recommendation 2.7				
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions	Compliant		The Board has the responsibility of appointment of an RPT Committee and approving the company's RPT policy which covers guidelines and procedures for the review and approval of material RPT's to ensure that this is conducted at arm's length and consistent with the objectives of the association. The RPT Committee has its own charter, which would serve as their term of reference in the exercise of their duties and responsibilities on matters relating to related party transaction. Reference/Link: RPT Committee Charter	

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2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions	Compliant	Provide information on or reference to a document containing the company's policy on related party transactions, including policy on review and approval of significant RPTs. Identify transactions that were approved pursuant to the policy.	The association has a policy on related party transactions where transactions with related parties are reviewed and evaluated by the RPT Committee. All RPT's that is considered material based on the association's internal policies shall be endorsed by the RPT Committee to the Board of Trustees for approval. Reference/Link: KCCDFI MBA Corporate Governance Manual page 28 (Related Party Transaction) Reference/Link: RPT Committee Charter	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile, and complexity of operations.	Non-Compliant			A Comprehensive RPT Policy is still to be developed to include (A.) Definition of a related parties;(B.) Coverage of RPT Policy; (C.) Guidelines in ensuring arm's length terms; (D.) Identification and prevention or management of potential or actual conflicts of interest which arise;(E.) Adoption of materiality thresholds and excluded transactions; (E.) Internal Limits for individual and aggregate exposures; (F.) Whistleblowing mechanisms and (F.) Restitution of losses and other remedies for abusive RPT's.
Recommendation 2.8				
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).	Compliant	Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management. Identify the Management team appointed.	The Board is primarily responsible for approving the selection and appointment of the management team at all times. In the selection process, fit and proper standards are applied on key personnel and due consideration is given to integrity, technical expertise and experience in the institution's business. The management being appointed by the Board of Trustees is the General Manager of the MBA, in the person of Maria Teresa C. Gonzales. Reference/Link: Articles and By-Laws page 8 (Article X Officers Section 1)	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).	Compliant	Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management. Provide information on the assessment process and indicate the frequency of assessment of performance.	As part of the general responsibility of the Board, they are responsible in overseeing the performance of senior management towards attainment of the Association's short and long -term strategic objectives. Further, the board is also responsible for monitoring and overseeing the performance of the senior management as the latter manages the day to day affairs of the corporation. Reference/Link: KCCDFI MBA Corporate Governance Manual page 13 (General Responsibility of the Board)	
Recommendation 2.9				

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1. Board establishes an effective performance management framework that ensures that Management, including the Chief Executive Officer performance is at par with the standards set by the Board and Senior Management.	Non-Compliant	Provide information or link/reference to a document containing the Board's performance management framework for management and personnel.		We conduct annual performance evaluation to the management and staff. We still don't have a formal and written performance management framework that ensures that management and personnel's performance is at par with the standards set by the Board and Senior Management. Performance management framework is still for development and approval of the Board.
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Non-Compliant			
Recommendation 2.10				
1. Board oversees that an appropriate internal control system is in place.	Compliant	Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system	The oversight function is delegated to the Audit Committee who is incharge with the oversight of the organization's audit and control function, financial management activities and compliance with existing policies, procedures,laws and regulations. Reference/Links: Audit Committee Charter	An internal control system, which includes a mechanism for monitoring and managing potential conflicts of interest of the Management, members, and shareholders is still to be develop and approve by the Board.
2. The internal control system includes a mechanism for monitoring and managing potential conflicts of interest of the Management, members, and shareholders.	Non-Compliant			
3. Board approves the Internal Audit Charter	Non-Compliant	Provide reference or link to the company's Internal Audit Charter		We currently don't have an internal audit charter. We shall develop our own internal charter and present it to the Board for approval.
Recommendation 2.11				
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess, and manage key business risks.	Non-Compliant	Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.		We are still setting up the ERM framework for the board to effectively identify, monitor, assess and manage key business risks. We shall include it as one of our areas for compliance for development,discussion and approval in our BOT Meeting in the next two years.
2. The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Non-Compliant	Provide proof of the effectiveness of risk management strategies, if any.		We cannot assess the effectiveness of the risk management strategies, because ERM framework is still not in place. A development of an ERM framework shall be given priority by the Board in the succeeding year.
Recommendation 2.12				
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities, and accountabilities in carrying out its fiduciary duties.	Compliant	Provide a link to the company's website where the Board Charter is disclosed.	The Corporate Governance Manual serves as the Board charter, In the CG Manual it clearly states their roles, responsibilities and accountabilities in carrying out their fiduciary duties. The Board Charter guides the director/trustees on how to discharge their functions It provides the standards for evaluating the performance of the Board. It also contains the roles and responsibilities of the Chairman/ President, Vice-President, Secretary and Treasurer.	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant			

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3. Board Charter is publicly available and posted on the company's website.	Compliant		Our Corporate Governance Manual, where the board duties and responsibilities is stipulated, is available and downloadable at our company website. Reference/Link: KCCDFI MBA Corporate Governance Manual	
Principle 3: Board committees should be set up to the extent possible to support the effective Board's actions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions, and responsibilities of all committees established should be contained in a publicly available Committee Charter.				
Recommendation 3.1				
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	Provide information or link/reference to a document containing information on all the board committees established by the company.	The board have establish board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities. Among the committes that was established was the following : Audit, Remuneration, Nomination and Election Committee, Investment, Related Party Transaction, Risk Oversight and Governance Committee. Reference/Links: KCCDFI MBA Annual Report 2021 page 16-20 (Board Committee)	
Recommendation 3.2				
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	Provide information or link/reference to a document containing information on the Audit Committee, including its functions. Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor	The Board has established an Audit Committee to assist them in its oversight responsibilities and to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes and compliance with applicable laws and regulations. Part of their responsibilities is the recommendation to the Board the appointment, reappointment, removal and fees of the External Auditor. Detailed duties and responsibilities of the audit committee is provided in the CG Manual. Reference/Link: KCCDFI MBA Corporate Governance Manual page 20-22 (Audit Committee)	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman, is independent.	Compliant	Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.	Our Audit Committee is composed of three (3) appropriately qualified non-executive directors, majority of them are independent directors including the Chairman of the Committee. Composition of the audit committee and their individual profile is disclosed in the Annual Report Reference/Link: KCCDFI MBA Annual Report 2021 page 16 (Audit Committee Composition) page 27-29 (Profiles of BOT)	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing, and finance.	Compliant	Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee	All members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing, and finance. As shown in their profile two (2) members of the committee are certified public accountants. Reference/Link: KCCDFI MBA Annual Report 2021 (Profiles of the BOT)	

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
4. The Chairman of the Audit Committee is not the Chairman of the Board or any other committee.	Compliant	Provide information or link/reference to a document containing information on the Chairman of the Audit Committee	Ms Nevilyn P. Abualas, is the chairman of the Audit Committee while Ms. Ellen M. Benitez is the Chairman of the Board from January-November 2021, then was subsequently succeeded by Ms. Mary Ann R. Candoy from December 2021 until present. Reference/Link: KCCDFI MBA Annual Report 2021	
Recommendation 3.3				
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions. Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.	Pursuant to the Revised Code of Corporate Governance, KCCDFI MBA has established a Governance Committee last December 15, 2021 upon the 1st Board meeting after new sets of Board was elected.. The said committee shall be tasked with ensuring compliance with and proper observance of corporate governance principles and practices, including the conduct of evaluation of the Board and the continuing education program for the board of trustees, among others. The complete details of its duties and responsibilities is provided in the corporate governance manual. Reference/Link: KCCDFI MBA Corporate Governance Manual page 25-26 (Corporate Governance Committee)	
2. Corporate Governance Committee is composed of at least three members, the majority of whom should be independent directors.	Compliant	Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.	The members of the Corporate Governance Committee, including their qualifications and type of directorship are disclosed in the Annual Report. Reference/Link: KCCDFI MBA Annual Report 2021 page 20 (Governance Committee) page 28-30 (The Board of Trustees Profile)	
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee	The Governance Committee is chaired by Ms. Nevilyn P. Abualas an independent trustee. Details of her profile is disclosed in the Annual Report. Reference/Link: KCCDFI MBA Annual Report 2021 page 29 (The Board of Trustees)	
Recommendation 3.4				
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions	Board Risk Oversight Committee shall be to assist the Board and to oversee the establishment of Enterprise Risk Management (ERM) framework that will effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the board in identifying units/business lines and enterprise-level risk exposures as well as the effectiveness of risk management strategies. The Committee shall be responsible for defining the Company's level of risk tolerance and providing oversight over its risk management policies and procedures to anticipate, minimize, control or manage risks or possible threats to its operational and financial viability. Reference/Link : KCCDFI MBA Board Risk Oversight Committee Charter	

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2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship	<p>The BROC is chaired by Dezza S. Mohammad from Jan. -Nov. 2021, which was succeeded by Ms. Nevilyn C. Abualas on Dec. 2021. The chairman of the committee are both independent trustees. All members of the committee are non executive director. Committee composition, type of directorship and qualifications is disclosed in the Annual Report.</p> <p>Reference/Link : KCCDFI MBA Annual Report 2021 page 19 (Risk Oversight Committee) page 28-30 (Profile of BOT)</p>	
3. The Chairman of the BROC is not the Chairman of the Board or any other committee.	Non-Compliant	Provide information or link/reference to a document containing information on the Chairman of the BROC		The chairman of the Board Risk Oversight Committee is not the Chairman of the Board. But she sits as the chairman of the the other committees. In our existing composition of the BOT, we only have two independent trustees. So it would be impossible to have committee chair that is not also a chairman of the other committees. But we shall review existing committee composition and possibly re-align and merge those committees that may be related to the function.
4. At least one member of the BROC has relevant thorough knowledge and experience in risk and risk management.	Compliant	Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.	<p>The Advisory Boards Atty. Ibarra A. Malonzo and Mercedes G. Faustino, and Ms Catherine A. Elumbra, a member of the said committee has relevant thorough knowledge and experience in risk and risk management. Because they have attended several trainings on risk management. Their incumbent position as President/CEO and Vice President/COO, respectively, of KCCDMFI Microfinance has gained them experience in risk and risk management. This is apart from the training that they have also attended that is related to risk management.</p> <p>Reference/Link : KCCDFI MBA Annual Report 2021</p>	
Recommendation 3.5				
1. The Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.	<p>We have established an RPT Committee, which shall assist the Board in ensuring (a) that transactions with related parties are handled in a sound and prudent manner with integrity and in compliance with applicable laws and regulations to protect the interest of its members and other stakeholders. (b) RPTs are conducted on an arm's length basis and that no stakeholder is unduly disadvantaged.(c)A review on the proposed RPT transaction is made for the purpose of determining whether or not the transaction is on terms no less favorable to the Association than terms available to any unconnected third party under the same or similar circumstances. Roles and responsibilities is disclosed in CG Manual & RPT Charter.</p> <p>Reference/Link: RPT Committee Charter</p>	
2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.	Compliant	Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.	<p>RPT committee is composed of three non-executive trustee which is independent in nature as they hold no executive functions in the Association. It is chaired by Ms. Nevilyn P. Abualas, an independent trustee. Composition of the committee and the details of their qualifications and type of directorship is explicitly disclosed in the Annual Report.</p> <p>Reference/Link: KCCDFI MBA Annual Report 2021</p>	
Recommendation 3.6				

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
1. All established committees have Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources, and other relevant information.	Non-Compliant	Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.		Not all established committees has its own committee charter, only the Audit Committee, Risk oversight Committee and RPT Committee has its own charter. But we shall develop the respective charters of the other committees established, to clearly define the roles and accountabilities of each committee to avoid any overlapping functions, which aims at having a more effective board of the company. Which can also be used as basis for the assessment of committee performance.
2. Committee Charters provide standards for evaluating the performance of the Committees.	Non-Compliant			
3. Committee Charters were fully disclosed on the company's website.	Compliant	Provide a link to company's website where the Committee Charters are disclosed.	Existing Committee Charter, the Audit Committee and the Risk Oversight Committee Charter and RPT Committee Charter were fully disclosed in the company's website. Reference/Links: Committee Charters	
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.				
Recommendation 4.1				
1. The Directors attends and actively participates in all meetings of the Board, Committees and shareholders in person or through tele or videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	Provide information or link/reference to a document containing information on the process and procedure for tele or videoconferencing board and/or committee meetings. Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee, and shareholders' meetings.	Attendance in all meetings of the Board, Committees and shareholders in person or through tele-videoconferencing conducted, is explicitly disclosed in the annual report. Attendance and participation in the meetings shows their full commitment to the Association. Reference/Links: KCCDFI MBA Annual Report 2021	
2. The director's review meeting materials for all Board and Committee meetings.	Compliant		The director's review meeting materials and seek clarification and explanations during the Board and Committee meetings	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors.	Reference/Link: Minutes of the Meeting	
Recommendation 4.2				
1. Non-executive directors concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities (ICREs) and publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Compliant	Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously. Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies.	As stipulated in our CG Manual, A Board of Trustees shall exercise due discretion in accepting and holding other board position other than in the Corporation, provided that, in holding such other board position, such director shall ensure that his capacity to diligently and efficiently perform his duties and responsibilities as a trustee of the Corporation is not compromised. He/she may hold up to a maximum of five (5) board positions provided he/she is a full time board of trustees. Otherwise he/she can only hold up to two (2) board positions. Profiles of the Board of Trustees shows that non of them has directorship from other publicly listed companies. Hence they all have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.	

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
			Reference/Link: KCCDFI MBA Corporate Governance Manual page 14 (Multiple Board Seats)	
			Reference/Link : KCCDFI MBA Annual Report 2021 page 27-29 (The Board of Trustees Profile)	
Recommendation 4.3				
1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.	Compliant	Provide a copy of the written notification to the board or minutes of the board meeting wherein the matter was discussed.	There has been no instances, that our existing board of trustees has accepted directorship from other companies other than KCCDFI MBA. But we shall develop a policy that in any case, an incumbent director/trustee must notify KCCDFI MBA Board of Trustees, before accepting such directorship from other company.	
Principle 5: The Board should endeavor to exercise an objective and independent judgment on a corporate affairs.				
Recommendation 5.1				
1. The Board is composed of at least twenty percent (20%) independent directors	Compliant	Provide information or link/reference to a document containing information on the number of independent directors on the board.	The composition and profiles of the Board, is disclosed in the Annual Report. Out of the seven (7) Board of Trustees, two (2) are independent trustees. Reference/Link: KCCDFI MBA Annual Report 2021 page 15 (Board of Trustees composition)	
Recommendation 5.2				
1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.	Compliant	Provide information or link/reference to a document containing information on the qualifications of the independent directors.	Our two (2) independent trustees/directors possess all the necessary qualifications. They are both not an officer or employee of the association, its parent or subsidiaries or any other individual having relationship with the association which could interfere with their exercise of independent judgement in carrying out their responsibilities. They have not been convicted by any final judgement of the court for offenses involving dishonesty or breach of trust such as estafa, embezzlement, extortion, forgery, malversation swindling and theft ; or convicted by final judgement of the court for violation of insurance laws, or have been judicially declared insolvent, spendthrift or unable to enter into contract and they have not been a director, officers or employees of closed insurance companies or any insurance intermediaries who were responsible for such institutions closure as determined by the Insurance Commission. Reference/Link: KCCDFI MBA Corporate Governance Manual page 15-16 (The Independent Trustees)	
Recommendation 5.3				

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
<p>1. The independent directors serve for a maximum cumulative term of nine years.</p> <p>As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organizations shall be from 21 September 2016.</p> <p>For the other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this item.</p>	Compliant	Provide information or link/reference to a document showing the years IDs have served as such.	<p>Ms. Dezza S. Mohammad, an independent trustee was elected in October 2015. While Ms. Nevilyn P. Abualas was elected in October 2017. Base on the dates mentioned non of them exceeds the 9 year term limit.</p> <p>Reference/Link: KCCDFI MBA Annual Report 2021</p>	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director.	<p>The Board's independent trustees shall serve for a maximum cumulative term of nine years. After which, the independent trustees should be perpetually barred from re-election.</p> <p>Reference/Link: KCCDFI MBA Corporate Governance Manual page 16 (Term of Office of Independent Trustee)</p>	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board submits to the Insurance Commission a formal written justification and seeks shareholders approval during the annual shareholders' meeting.	Compliant	Provide proof on submission of a formal written justification to the Insurance Commission and proof of shareholders' approval during the annual shareholders' meeting.	<p>Currently, our 2 independent board have not yet exceeded the 9 year term limit. Thus the association still don't need to submit to the insurance commission a formal written justification and still don't need to seek approval from shareholders/general membership.</p>	
Recommendation 5.4				
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals	Compliant	Identify the company's Chairman of the Board and Chief Executive Officer.	<p>The Chairman/president is Ms. Ellen M. Benitez, while the CEO/General Manager is Maria Teresa C. Gonzales.</p> <p>Reference/Link: General Information Sheet 2021</p>	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	<p>Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.</p> <p>Identify the relationship of Chairman and CEO</p>	<p>The specific duties and responsibilities of the Chairman/President and of the CEO/General Manager is clearly stated in the Corporate Governance Manual.</p> <p>Reference/Link: KCCDFI MBA Corporate Governance Manual page 17-18 (President and Chairman) page 30-31 (General Manager)</p>	
Recommendation 5.5				
1. If the Chairman of the Board is not an independent director or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent directors.	Compliant	<p>Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.</p> <p>Indicate if Chairman is independent</p>	<p>The Chairman of the Board which is Ms. Ellen M. Benitez is considered independent as she holds no executive function in the association. The roles of the chairman and the CEO/general Manager are held by two different persons.</p>	
Recommendation 5.6				

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
1. Directors with a material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.	Compliant	Provide proof of abstention, if this was the case.	As stipulated in the Corporate Governance Manual. Conflicted board members shall not participate in discussions on transactions in which they are conflicted party and abstain from voting on such issues. The Board shall decide whether or not to approve the related party transaction involving a trustee in the absence of that trustee. In our case, there has been no material interest transaction which involved either the director/ employee.	
			Reference/Link: KCCDFI MBA Corporate Governance Manual page 29 (Related Party Transaction)	
Recommendation 5.7				
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance, and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation.	Non-Compliant	Provide proof and details of said meeting, if any Provide information on the frequency and attendees of meetings.		For the year 2020. There were no separate meeting held by the non- executive directors (NEDs) with the external auditor and heads of the internal audit, without the presence of management. We shall consider it as part of our areas for improvement and compliance. Then we shall discuss it with the Board for us to be able to make necessary actions, so that we can adhere with good corporate governance practices.
2. The meetings are chaired by the lead of the independent director.	Non-Compliant			
Principle 6: The best measure of the Board's effectiveness through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.				
Recommendation 6.1				
1. The Board conducts an annual assessment of its performance as a whole.	Compliant	Provide proof of annual assessments conducted for the whole board, the individual members, the Chairman, and the Committees	The Board conducts annual assessment of performance of the Board as a whole, performance assessment of the Chairman, performance assessment of the individual member of the board and performance assessment of the committees for 2021. Reference/Link: Sample Board Performance Evaluation	
2. The performance of the Chairman is assessed annually by the Board	Compliant			
3. The performance of the individual member of the Board is assessed annually by the Board.	Compliant			
4. The performance of each committee is assessed annually by the Board.	Compliant			
5. Every three years, the assessments are supported by an external facilitator.	Non-Compliant	Identify the external facilitator and provide proof of use of an external facilitator.		We have not yet conducted an annual assessment supported by external facilitators. We shall include it as our areas for compliance and discuss it with the board of trustees
Recommendation 6.2				
1. Board has in place a system that provides, at the minimum, criteria, and processes to determine the performance of the Board, individual directors, and committees.	Compliant	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors, and committees, including a feedback mechanism from shareholders.	Using the Board Self and Peer Assessment the board assess themselves, their peers and individual committees. The baseline of this is on (A) Qualities and Competence that the Board possess and manifest (B) Performance of Duties and Responsibilities. Reference/Link: Sample Self and Peer Assessment Form Reference/Link: KCCDFI MBA Corporate Governance Manual page 60 Annex 1 (Performance Evaluation)	

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
2. The system allows for a feedback mechanism from the shareholders	Non-Compliant			Existing system does not allow for a feedback mechanism from the shareholders. We shall review the system and make necessary ammendments to comply with the recommendation set.
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.				
Recommendation 7.1				
1. Board adopts a Code of Business Conduct and Ethics, which provides standards for professional and ethical behavior, as well as articulates acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	Provide information on or link/reference to the company's Code of Business Conduct and Ethics.	Code of Ethics is provided in the Corporate Governance Manual. These codes provide standards for professional and ethical behavior. Reference/Link: KCCDFI MBA Corporate Governance Manual page 62-63 (Code of Ethics)	
2. The Code is properly disseminated to the Board, senior management, and employees.	Compliant	Provide information on or discuss how the company disseminated the Code to its Board, senior management, and employees.	The codes of ethics are properly disseminated to the Board , senior management and employees. A copy was provided to them and it is also available in our company website. Reference/Link: KCCDFI MBA Corporate Governance Manual page 62-63 (Code of Ethics)	
3. The Code is disclosed and made available to the public through the company website.	Compliant	Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/disclosed.	The Corporate Governance Manual, wherein the code of ethics is included as Annex 2 page 62-63 is made available to the public through our company website. Reference/Link: KCCDFI MBA Corporate Governance Manual page 62-63 (Code of Ethics)	
Recommendation 7.2				
1. The Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Non-Compliant	Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.		Although a whistleblowing policy is in place, wherein employees can raise to the appropriate officials exception observed , it still lacks appropriate control mechanism to ensure proper and efficient implementation and monitoring of compliance with the Code of Ethics and company internal policies. We shall discuss it with the board and make necessary action for us to compliant with the recommendation set.
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Non-Compliant	Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance		
DISCLOSURE AND TRANSPARENCY				
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.				
Recommendation 8.1				
1. The Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable, and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results, and business operations.	Compliant	Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders.	The company believes that the essence of corporate governance is transparency. It is therefore essential that all material information about the association which could adversely affect it's viability or the interest of the stakeholders should be publicly and timely disclosed. Such information should include among other's the company's financial condition, results and business operations. All the required disclosures for stakeholders is disclosed in the website. Reference/Link: KCCDFI MBA Corporate Governance Manual page 56-57 (Disclosure and Transparency) Reference/Link: KCCDFI MBA Company Website	

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
Recommendation 8.2				
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise, and relevant trainings attended.	Profiles of the individual board member, their academic qualifications, membership in other boards, other executives positions, professional experiences, expertise and relevant trainings attended are fully disclosed in the Annual Report. Reference/Link: KCCDFI MBA Annual Report 2021 page 27-30 (Profile of the Board of Trustees)	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Provide information on or link/reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise, and relevant trainings attended.	Profiles of the management/key executives, their academic qualifications, membership in other boards, other executives positions, professional experiences, expertise and relevant trainings attended are fully disclosed in the Annual Report. Reference/Link: KCCDFI MBA Annual Report 2021 page 32 (Profile of the Management)	
Recommendation 8.3				
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	Compliant	Disclose or provide link/reference to the company policy and practice for setting board remuneration.	Corporate Governance Manual and Articles and By Laws clearly states that the members of the Board shall not receive any salary but shall be entitled to gratuity, per diem or reimbursements of all necessary expenses incurred on account of attendance in committee and board meetings provided that all entitlement, benefit, emoluments received shall be subject to the approval of the majority vote of the general membership. Reference/Link: KCCDFI MBA Articles and By Laws	
2. Company provides a clear disclosure of its policies and procedure for setting Executive remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with the ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	Compliant	Disclose or provide link/reference to the company policy and practice for determining executive remuneration.	Corporate Governance Manual and Articles and By Laws clearly states that the key officers shall receive such salary and/or benefits as may be fixed by the Board of Trustees. The association aims to provide benefits that is competitive with those paid by other companies, taking into account the association's position against peers in the industry and other market considerations. A salary standardization scheme has been adopted by the Board. Reference/Link: KCCDFI MBA Corporate Governance Manual	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Non-Compliant	Provide a breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.		As a non stock non-profit organization, the board is not entitled to remuneration. Hence no disclosure is needed. But for management and employees, a disclosure on the aggregate compensation and employees benefits received for the year 2021, has been disclosed the the Audited FS Note 18 page 35. Reference/Link: KCCDFI MBA Audited FS 2021
Recommendation 8.4				

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	Disclose or provide reference/link to the company's RPT policies. Indicate if the director with a conflict of interest abstained from the board discussion on that particular transaction	It is the company's policy that related party transactions are conducted at arm's length with any consideration paid or received by the Company or any of its subsidiaries in connection with any such transaction being on terms no less favorable than terms available to any unconnected third party under the same or similar circumstances. It is the responsibility of each Trustee/Manager to promptly notify the board, through the company secretary, of any proposed related-party transaction as soon as they become aware of it. It is the responsibility of a trustee or manager who is involved in a proposed related party transaction to inform the board, through the company secretary, and obtain approval prior to entering into the transaction. Conflicted board members shall not participate in discussions on transactions in which they are conflicted party and abstain from voting on such issues. Reference/Link: KCCDFI MBA Corporate Governance Manual RPT page 27-28	
2. Company discloses material or significant RPTs in its Annual Company Report or Annual Corporate Governance Report, reviewed and approved by the Board, and submitted for confirmation by a majority vote of the stockholders in the annual stockholders' meeting during the year.	Compliant	Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs: 1. Name of the related counterparty; 2. Relationship with the party; 3. Transaction date; 4. Type/nature of the transaction; 5. Amount or contract price; 6. Terms of the transaction; 7. Rationale for entering into the transaction; 8. The required approval (i.e., names of the board of director approving, names and percentage of shareholders who approved) based on the company's policy; and 9. Other terms and conditions	Significant RPT's are disclosed in the Annual Report under Note 20 page 34-35 of the Audited Financial Statement. Reference/Link: KCCDFI MBA Annual Report 2021	
Recommendation 8.5				
1. Company's corporate governance policies, programs, and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Provide a link to the company's website where the Manual on Corporate Governance is posted.	Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance Manual. It is posted in our company website under Corporate Governance Menu. Reference/Link: KCCDFI MBA Corporate Governance Manual	
2. The Company's MCG is posted on its company website	Compliant			
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and effective oversight of the same to strengthen the external auditor's independence and enhance audit quality				
Recommendation 9.1				

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal, and fees of the company's external auditor.	The Audit Committee exercises oversight of external auditors. It is primarily responsible for the selection and appointment of these auditors, subject to ratification by the general membership. The Committee also facilitates the approval / disapproval of the corresponding service fees. Moreover, they handle the performance evaluation and if necessary, the re-appointment or dismissal of the external auditors. The related provision is stipulated in the KCCDFI MBA Audit Committee charter. Reference/Link: KCCDFI MBA Audit Committee Charter	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board, and ratified by the shareholders.	Compliant	Indicate the percentage of shareholders that ratified the appointment, reappointment, removal, and fees of the external auditor.	The appointment, reappointment, removal and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the general membership during its annual general membership meeting. This is explicitly disclose in the minutes of the AGMM. Reference/Link: Minutes of the 12th Annual General Membership Meeting	
3. For the removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.	The incumbent external auditor of the company, Quilab and Garsuta.Co is reappointed in 2021. Reference/Link: Minutes of the 12th Annual General Membership Meeting, Agenda on appointment of external auditor.	
Recommendation 9.2				
1. Audit Committee Charter includes the Audit Committee's responsibility on : i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	Compliant	Provide link/reference to the company's Audit Committee Charter.	The assessment of the integrity and independence of the external auditor and oversight, among others are part of the responsibilities of the Audit Committee. The responsibilities of the Audit Committee are explicitly stipulated in the Audit Committee Charter.	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant		As stipulated in the Audit Committee Charter, the Audit Committee has the responsibility to oversee the external auditors. Reference/Link: KCCDFI MBA Audit Committee Charter	
Recommendation 9.3				
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	Disclose the nature of non-audit services performed by the external auditor, if any.	In 2021, our external auditor Quilab and Garsuta, CPA has no non-audit services performed to the association therefore no non-audit fees were paid. It was disclosed in the 2021 Annual Report. Reference/Link: KCCDFI MBA Annual Report 2021 page 20 (External Auditor)	

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	Provide link or reference to guidelines or policies on non-audit services.	Since, our inception as a company, there were no non-audit services rendered by the external auditor. As stipulated in Audit Committee Charter, one of the responsibilities of the committee is, to exercises oversight of external auditors. It is primarily responsible for the selection and appointment of the external auditors, subject to ratification of the general membership. The Committee also facilitates the approval / disapproval of the corresponding service fees. Moreover, they handle the performance evaluation and if necessary, the re-appointment or dismissal of the external auditors. Reference/Link: KCCDFI MBA Audit Committee Charter	
Principle 10: The Company should ensure that the material and reportable non-financial and sustainability issues are disclosed.				
Recommendation 10.1				
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social, and governance (EESG) issues of its business, which underpin sustainability.	Compliant	Disclose or provide a link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.	The Board strongly believes that the essence of corporate governance is transparency. It is therefore essential that all material information about the association should be publicly and timely disclosed. The Board commits at all times to full disclosure of material information dealings. Annual report discloses the policies on EESG and other relevant non-financial information. Reference/Link :KCCDFI MBA Corporate Governance Manual (Disclosure and Transparency) Reference/Link :KCCDFI MBA Annual Report 2021	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Non-Compliant	Provide a link to Sustainability Report, if any. Disclose the standards used.		The Company has not yet adopted any globally recognized standard/framework in reporting sustainability and non-financial issues. We shall identify what standard/framework that is applicable and can be adopted by our organization.
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision- making by investors, stakeholders, and other interested users.				
Recommendation 11.1				
1. The company should have a website to ensure a comprehensive, cost-efficient, transparent, and timely manner of disseminating relevant information to the public.	Compliant	Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.	The manner of disseminating relevant information to its intended users is as important as the content of the information itself. Hence, it is essential to have a company website, wherein relevant information is disseminated to the public. Our existing website is kccdfimba.com. Reference/Link: KCCDFI MBA Company Website	
INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK				
Principle 12: To ensure integrity, transparency, and proper governance in the conduct of its affairs, the company should control the system and enterprise risk management framework, a strong and effective internal control system, and enterprise risk management framework.				
Recommendation 12.1				

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	List quality service programs for the internal audit functions. Indicate frequency of review of the internal control system.	An internal audit function is in place, wherein internal auditors are required to conduct Financial Audit, Compliance Audit, Operations Audit, Management Audit and Information System Audit. The results and findings shall be presented to the Audit Committee of the Board. Reference/Link: KCCDFI MBA Corporate Governance Manual page 32-35 (Internal Auditor)	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Non-compliant	Identify the international framework used for Enterprise Risk Management. Provide information or reference to a document containing information on : 1. Company's risk management procedures and processes 2. Key risks the company is currently facing 3. How the company manages the key risks Indicate frequency of review of the enterprise risk management framework.		We still don't have an enterprise risk management framework in the conduct of business. But initially the board has established a Risk Oversight Committee, which shall be responsible in the development of a formal enterprise risk management plan. What we currently have is a risk register, wherein we have identified key risk and identified mitigating strategies to minimize or avoid risk.
Recommendation 12.2				
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.	Independent internal audit function is in-house. It is being done by the internal audit unit of our parent institution MFI. It has been part of our Memorandum of Agreement. They provide independent and objective assurance, and consulting services designed to add value and improve company's operations.	
Recommendation 12.3				
1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board	Non Compliant			Considering our company's size, risk profile and complexity of operations. We don't have a chief audit executive. The role is being assumed by the general manager. Part of her duties is to supervise and manage the business affairs and activities of the company. Hence, she shall also oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider.	Non Compliant	Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.		
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Compliant	Identify qualified independent executive or senior management personnel, if applicable.	Incase of a fully outsourced internal audit activity, the general manager is assigned and responsible for managing the fully outsourced audit activity	

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
Recommendation 12.4				
1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	Provide information on the company's risk management function.	The board has established a risk oversight committee tasked to identify, assess and monitor key risk exposures. They shall have the following responsibilities: ■ Develops a formal enterprise risk management plan; ■ Identifies and evaluates risk exposure of the association; ■ Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence; ■ Develop risk management strategies for managing and controlling risks faced by the association; ■ Oversees the implementation of the enterprise risk management plan by conducting regular discussions of current risks based on the management reports and assess how to reduce the risks; ■ Review and revised the enterprise risk management plan to ensure its continued relevance, comprehensiveness and effectiveness; ■ Provides oversight over Management’s activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Association; ■ Reports to the Board on a regular basis, or as deemed necessary, the Association’s material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary; ■ Performs other duties and responsibilities as the Committee may deem appropriate within the scope of its primary functions or as may be assigned by the Board.	
			Reference/Link: Risk Oversight Committee Charter	
Recommendation 12.5				
1. In managing the company’s Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Non-Compliant	Identify the company’s Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.		Considering the size and complexity of our organization, we don’t have a Chief Risk Officer, and we believe that we don’t need it at this time. It is also not necessary to outsourced, it can be an internal function. In the meantime, the General Manager assumes this responsibility.
2. CRO has adequate authority, stature, resources, and support to fulfill his/her responsibilities.	Non-Compliant			
CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS				
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect, and facilitate the exercise of their rights.				
Recommendation 13.1				
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed	The fundamental rights of the shareholder's amongst them, voting rights, power of inspection and right to information are contained in the Corporate Governance Manual. Reference/Links: KCCDFI MBA Corporate Governance Manual page 49-51 (Part VI Members)	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Provide a link to company's website	The Company's Corporate Governance Manual and Articles and By Laws, where the basic shareholders' rights are disclosed and is uploaded to the website for proper disclosure.	

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
			Reference/Links: KCCDFI MBA Corporate Governance Manual page 49-51 (Part VI Members)	
Recommendation 13.2				
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting.	Compliant	<p>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out.</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>Provide a link to the Agenda included in the company's Information Statement</p>	<p>The Notice of the Annual General Membership Meeting was released and uploaded on the company website on September 16, 2021. It was more than 21 days before the the scheduled meeting. The details and rationale of the agenda is also included in the Notice of Meeting.</p> <p>Reference/Links: Notice of Annual General Membership Meeting</p>	
Recommendation 13.3				
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.	<p>The draft minutes of the recent Annual General Membership Meeting is publicly available on November 18, 2021 in our company website. It is one day after the date of the AGM.</p> <p>Reference/Links: Minutes of the 12th Annual General Membership Meeting</p>	
2. Minutes of the Annual and Special Shareholders' Meetings are available on the company website within five business days from the end of the meeting.	Compliant	<p>Provide link to minutes of the meeting in the company website.</p> <p>Indicate voting results for all agenda items, including the approving, dissenting, and abstaining votes.</p> <p>Indicate also if the voting on resolutions was by poll.</p> <p>Include whether there was an opportunity to ask a question and the answers given, if any.</p>	<p>The draft of minutes of the AGMM is posted in the website on November 18, 2021. It was uploaded a day after the Annual General Membership Meeting which proves that the minutes of the AGMM was available on the company website within 5 business days from the end of meeting.</p> <p>Reference/Links: Minutes of the 12th Annual General Membership Meeting</p>	
Recommendation 13.4				
1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner	Compliant	Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes.	<p>Alternative dispute resolution mechanism to resolve intra-corporate disputes in an amicable and effective manner, is publicly disclosed in the company website under Corporate Governance Menu (IRR and Policies)</p> <p>Reference/Links: Alternative Dispute Resolution</p>	

Name of MBA

KCCDFI Mutual Benefit Association, Inc. 2021 Annual Corporate Governance Report

	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	Provide link/reference to where it is found in the Manual on Corporate Governance.	The Alternative Dispute Resolution Mechanism is included in the Corporate Governance Manual.	
			Reference/Links: KCCDFI MBA Corporate Governance Manual page 39-47 (Part IV Alternative Dispute Resolution)	
DUTIES TO STAKEHOLDERS				
Principle 14: The right of the stakeholders established by law, by contractual relations, and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.				
Recommendation 14.1				
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth, and sustainability.	Compliant	Identify the company's shareholders and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.	Our identified stakeholders are the following : A)Members, B.) Board of Trustees, C.)Staff, D.) Partner-agent MFI/s, E.) Regulatory Agencies, F.) Supplier's and Contractors, G.)Community of Operations, H.) Environmental Sustainability and (I) Technical Service Providers. The policies and programs is disclosed in the CG Manual and Annual Report.	
			Reference/Links: KCCDFI MBA Annual Report 2021	
			Reference/Links: KCCDFI MBA Corporate Governance Manual page 51-55 (Part VII Stakeholders)	
Recommendation 14.2				
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Identify policies and programs for the protection and fair treatment of the company's stakeholders.	On the fair treatment and protection of stakeholders. The policies are in pages 51-57 of the Corporate Governance Manual. The Board and Management also ensures adherence to the company code of ethics.	
			Reference/Links: KCCDFI MBA Corporate Governance Manual / Annex 2 Code of Ethics	
Recommendation 14.3				
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	Provide the contact details (i.e. name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints about possible violation of their rights. Provide information on whistleblowing policy, practices, and procedures for stakeholders.	Contact details is provided in the company website under Contacts , wherein stakeholders can leave their comments and suggestions or may voice out their concern to the association. A link to our facebook account is also available wherein they can chat any concerns to the association. Ms. Ma Perla J. Medina/ Promotions Officer is the designated contact person they may contact at info.kccdfimba@gmail.com (email), 0955-579-3476/0955-579-3477 (contact nos.)	
			Reference/Link: kccdfimba.com/contact-us/	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.				
Recommendation 15.1				

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
1. Board establishes policies, programs, and procedures that encourage employees to actively participate in the realization of the company's goals and its governance.	Compliant	Provide information on or link/reference to company policies, programs, and procedures that encourage employee participation.	Aside from the orientation given to new employees. Employees are given the chance to attend relevant trainings and lecture series to equipped and capacitate them with the requirements of their respective duties. Employees are also provided with a prepaid health card (Philcare) where employees can use incase of medical check-up or annual physical examination and even confinement. Reference/ Links: KCCDFI MBA Annual Report 2021	
Recommendation 15.2				
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	Identify or provide link/reference to the company's policies, programs, and practices on anti-corruption.	Board of trustees, general manager and staff is expected to act at all times in accordance with the highest ethical standards and in the best interest of KCCDFI MBA. They shall not accept commissions, gifts, payments, loans, promises of future benefits or other items of value from anyone who has or may seek some benefit from KCCDFI Mutual Benefit Association, Inc. in return, other than occasional gifts of nominal value that are in keeping with good ethics. Reference/Links: KCCDFI MBA Corporate Governance Manual Annex 2 Code of Ethics	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	Identify how the board disseminated the policy and program to employees across the organization.	New employees are given orientation about the association its policies and procedures.They are also required to attend the Governance and AMLA Workshop. Any changes or updates in the policies are being cascaded to them through staff meeting.	
Recommendation 15.3				
1. Board established a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	Compliant	Disclose or provide link/reference company whistle-blowing policy and procedure for employees. Indicate if the framework includes procedures to protect the employees from retaliation. Provide contact details to report any illegal or unethical behavior.	A whistleblowing policy is in place and it aims to enable any concerned individual to report and provide information, anonymously if he/she wishes, and even testify on matters involving the actions or omissions of the Trustees, Officers,employees, and members-stakeholders that are illegal, unethical, violate good governance policies, neglect or abuse of clients, possible fraud and corruption, and unhealthy business practices. All violations or suspected violations may be submitted on a confidential basis by the complainant. Reports, including the identity of the whistleblower and person's complained of, shall be treated confidential and sensitive manner to the extent possible, consistent with the need to conduct an investigation. The whistleblower's identity will be kept confidential unless compelled by law or the courts to be revealed. In this policy, no trustees, officer, employee or member who in good faith reports a violation of the code shall suffer discrimination or harrassment in the workplace, retaarket, liquidity, operational, legal and other r Reference/Links: KCCDFI MBA Corporate Governance Manual page 66-68 Annex 4(Whistle Blowing Policy)	

Name of MBA

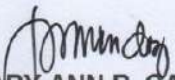
**KCCDFI Mutual Benefit Association, Inc.
2021 Annual Corporate Governance Report**

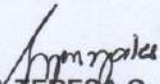
	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant		Whistleblower may report to the Management or to the whistleblower compliance officer. They can report it through the following channels. (Email) kccdfi_mba@yahoo.com.ph (Postmail) 2nd Floor KCCDFI Bldg. MCLL Highway, Guiwan, Zamboanga City (Contact) 062-990-2429, 0955-579-3477/ 0955579-3476. In cases where management is involved, employees can directly report to the Audit Committee.	
3. Board supervises and ensures the enforcement of the whistleblowing framework	Compliant	Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.	The Compliance officer shall immediately notify the Audit Committee of any reported incidents/complaints. The incidents/ complaints shall be acted upon to include investigation and imposition of appropriate actions if any.	
			Reference/Links: KCCDFI MBA Corporate Governance Manual page 66-68 Annex 4(Whistle Blowing Policy)	
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.				
Recommendation 16.1				
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business while contributing to the advancement of the society where it operates.	Compliant	Provide information or reference to a document containing information on the company's community involvement and environment-related programs.	Annual Report discloses the various non-financial programs, services and community involvement initiated by the company.	
			Reference/Link: KCCDFI MBA Annual Report 2021	


CERTIFICATION

The undersigned certify that the responses and explanations set forth in the above Company's Annual Corporate Governance Report are true, complete and correct of our own personal knowledge and/or based on authentic records.

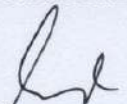
Signed in the City of Zamboanga on the 27th day of May 2022.

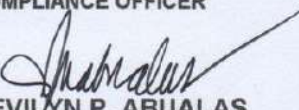

MARY ANN R. CANDUY
CHAIRMAN OF THE BOARD


MARIA TERESA C. GONZALES
PRESIDENT/CEO


HERMIE A. HASAN
CORPORATE SECRETARY


MA. PERLA J. MEDINA
CORPORATE GOVERNANCE
COMPLIANCE OFFICER



DEZZA S. MOHAMMAD
INDEPENDENT DIRECTOR


NEVILYN P. ABUALAS
INDEPENDENT DIRECTOR

SUBSCRIBED AND SWORN to before me this MAY 27 2022 day of May, 2022, by the following who are all personally known to me (or whom I have identified through competent evidence of identity) and who exhibited to me their respective identification document as follows:

NAME	Tax Identification Number
1. Mary Ann R. Candoy	770-030-683
2. Maria Teresa C. Gonzales	934-009-908
3. Hermie A. Hasan	765-563-707
4. Ma. Perla J. Medina	949-553-227
5. Dezza S. Mohammad	925-169-995
6. Nevilyn S. Abualas	938-554-392

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NOTARY PUBLIC

R.E. LORENA-BROCE
145 Alfaro Drive, Alfaro St.
Iztuan, Zamboanga City
Attorney's Roll#: 42910
Notary Public until JUNE 30, 2022
Notarial Commission No. 2020-20
PTR # 2341272 1/4/22 ZC
IBP # 131169 1/7/22 ZC