

# ANNUAL CORPORATE GOVERNANCE REPORT

## KCCDFI Mutual Benefit Association, Inc.

1. For the fiscal year ended: December 31, 2023
2. Certificate Authority Number: 2022-17-R
3. **Zamboanga, Philippines**  
Province, Country
4. 2<sup>nd</sup> 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

Name of MBA

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
<b>THE BOARD GOVERNANCE RESPONSIBILITIES</b>				
<b>Principle 1.</b> 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.				
<b>Recommendation 1.1</b>				
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:	As a Microinsurance MBA, our board of trustees comprises individuals from our general membership, representing various areas where our association operates. Before being elected as trustees, these members volunteer as MBA coordinators, assisting with the Association's operations and gaining extensive experience and knowledge in the process. Independent Trustees, on the other hand, are chosen for their diverse educational backgrounds, professional experiences, and areas of expertise. Each trustee is selected based on the Association's "fit and proper" criteria, which emphasize integrity, competence, independence, leadership, and experience.	
2. Board has an appropriate mix of competence and expertise.	Compliant	1. Academic qualifications, industry knowledge, professional experience, expertise, and relevant trainings of directors.	<a href="#">Reference/Link: KCCDFI MBA Annual Report 2023 page 33-36 (The Board of Trustees Profile)</a>	
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	2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as the benchmark for the evaluation of its performance	The qualifications of the trustees nominated to the board are carefully assessed by the Nominations Committee based on the criteria outlined in the Corporate Governance Manual. To ensure trustees remain well-qualified for their roles, they participate in various training programs for continuous development, enabling them to effectively fulfill their responsibilities and meet the needs of the association.	
			<a href="#">Reference/Link: KCCDFI MBA Corporate Governance Manual page 10-11 &amp; page 15-16 (Qualification of the Trustees)</a>	
			<a href="#">Reference/Link: KCCDFI MBA Annual Report 2023 page 29-31 (Trainings and Webinars attended by the Board)</a>	
<b>Recommendation 1.2</b>				
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	All members of the Association's Board of Trustees are drawn from the general membership, with the exception of the independent trustees. None of the trustees hold executive roles within the Association.	
			<a href="#">Reference/Link: KCCDFI MBA Annual Report 2023 page 33-36 (The Board of Trustees Profile) of Trustees)</a>	
<b>Recommendation 1.3</b>				
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.	As outlined in our Corporate Governance Manual, to enhance board performance and ensure trustees remain qualified in their roles, all newly elected trustees must undergo an eight-hour orientation program and attend corporate governance training workshops or programs at least annually. Furthermore, all trustees are encouraged to participate in the annual continuing education programs that shall be available such as local trainings, seminar, workshop and conferences. It's worth noting that the CG Manual serves as the Board Charter.	
			<a href="#">Reference/Link: KCCDFI MBA Corporate Governance Manual page 29-31 (Development Program for the Board and Officers)</a>	

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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	<p>Orientation for first-time directors/trustees will commence immediately after their election and before their first board meeting. Newly elected or appointed trustees receive an orientation covering the company's business operations, Articles and By-laws, Code of Conduct, their roles and responsibilities as board members, and other relevant information about the Association. Additionally, all first-time trustees are required to attend Governance and AMLA workshops. The company believes it is crucial for new directors to receive the necessary training to be effective board members and to help guide the organization in the right direction. The Board of Trustees is also provided with copies of various manuals for their guidance and information.</p> <p><a href="#">Reference/Links: KCCDFI MBA Corporate Governance Manual page 29-30 (Development Program of BOT and Trustees)</a></p> <p><a href="#">Reference/Link: KCCDFI MBA Annual Report 2023 page 29-31 (Trainings and Webinars attended by the BOT)</a></p>	
3. Company has relevant annual continuing training for all directors	Compliant		<p>To ensure that the Board of Trustees stays informed about developments in the business and regulatory environments, including emerging risks relevant to the Association, members of the Board and key officers are required to attend relevant annual continuing training programs. The trainings attended by the Board members throughout the year are disclosed in the Annual Report.</p> <p><a href="#">Reference/Link: KCCDFI MBA Annual Report 2023 page 29-31 (Trainings and Webinars attended by the BOT)</a></p>	
<b>Recommendation 1.4</b>				
1. Board has a policy on board diversity	Compliant	<p>Provide information or link/reference to a document containing information on the company's board diversity policy.</p> <p>Indicate gender composition of the board</p>	<p>The members of the Board of Trustees are elected from the general membership across various part/areas where the association operates. This approach ensures diverse representation in terms of age, ethnicity, culture, skills, competence, and knowledge. Our Board of Trustees consists entirely of women of different ages, each bringing expertise in various fields. Additionally, we have one male board advisor, Atty. Ibarra A. Malonzo.</p> <p><a href="#">Reference/Link: KCCDFI MBA Corporate Governance Manual page 14 (Board Diversity)</a></p>	
<b>Recommendation 1.5</b>				
1. Board is assisted in its duties by a Corporate Secretary	Compliant	Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties, and functions	Ms. Hermie A. Hasan serves as the corporate secretary of the company from November 2021 until the conclusion of her term in October 2024. The responsibilities of the corporate secretary are outlined in the Corporate Governance Manual. It's important to clarify that she holds a distinct role from the compliance officer, as the compliance officer's responsibilities are also assumed by the General Manager.	

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	Compliant/ Non-Compliant	Additional	Additional Information	Reference/Explanation
2. Corporate Secretary is a separate individual from the Compliance Officer	Compliant			
			<a href="#">Reference/Link: KCCDFI MBA Annual Report 2023 page 35 (Profile of Corporate Secretary)</a>	
			<a href="#">Reference or Link: KCCDFI MBA Corporate Governance Manual page 19 (Secretary Duties and Responsibilities)</a>	
3. Corporate Secretary is not a member of the Board of Directors.	Non-Compliant			Given the organization's structure, Ms. Hermie A. Hasan, our corporate secretary, is also a member of the Board of Trustees. However, to support her in fulfilling her duties, an MBA staff with a relevant background and a bachelor's degree in law assists her. To align with this arrangement, the association will need to 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 participated in a three-day intensive training on Governance and the Anti-Money Laundering Act held from June 18th to June 20th, 2022, conducted via Zoom video conferencing. The training was facilitated by RIMANSI, with resource speakers from the Insurance Commission and corporate governance practitioners. In 2023, she faced scheduling conflicts and couldn't attend a similar training. However, in her place, the MBA staff Ms. Ma. Perla J. Medina who assists her participated in a governance training together with the MBA President held in October 18-20, 2023.	
			<a href="#">Reference/Link: KCCDFI MBA Annual Report 2023 page 29-31 (Trainings and webinar attended by BOT)</a>	
			<a href="#">Certificate of Attendance of Hermie A. Hassan, Certificate of Attendance of Perla Medina</a>	
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.	Given the organization's size, risk profile, and complexity, Ms. Maria Teresa C. Gonzales, our General Manager, fulfills the role of the company's compliance officer. In this capacity, she oversees compliance functions. She isn't a member of the Board of Trustees. Her comprehensive profile is available 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			<a href="#">Reference/Links: KCCDFI MBA Annual Report 2023 page 39 (GM's Profile)</a>
		<a href="#">Reference or Link: KCCDFI MBA Corporate Governance Manual page 31 (Compliance Officer Duties and Responsibilities)</a>		
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 has also attended the ACGR write shop for MI-MBAs via zoom videoconference last May 6-7, 2021. Other relevant trainings attended by the General Manager/ Compliance officer for the year 2023 is disclosed in Annual Report	
			<a href="#">Reference/Links: KCCDFI MBA Annual Report 2023 29-31 (Training and Webinars Attended)</a>	
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.				

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Recommendation 2.1				
	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
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 thoroughly reviews and approves major projects, policy decisions, annual budgets, significant investment funding, and major restructuring of core businesses. They are required to act on a fully informed basis, in good faith, with due diligence and care, and always in the best interest of the company.  <a href="#">Reference/ Link: Minutes of the 1<sup>st</sup> Regular BOT Meeting</a>	
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	The development, review, and approval of the company's business objectives and strategies are key responsibilities of the board. The association conducts biannual planning sessions, during which plans are presented for board approval to ensure alignment with the association's objectives.  <a href="#">Reference/Link: Minutes of 10<sup>th</sup> Regular BOT Meeting</a>	
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. Relevant matters, as well as the financial and operational status of the association and performance ratio of the association are discussed during the Board of Trustees' regular meetings.  <a href="#">Reference/Link: Minutes of 3<sup>rd</sup> Regular BOT Meeting</a>	
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	Ms. Mary Ann R. Candoy served as the Association's Chairman of the Board of Trustees from January to October 2023. She was succeeded by Ms. Ma. Cristina D. Bugay following the Annual General Membership Meeting and election on October 31, 2023. Both leaders have been empowered to guide the association by attending numerous relevant trainings and seminars. As long-time members of the Association, they possess a deep understanding of its operations and the needs of their fellow members, which is invaluable in managing the entire organization.  <a href="#">Reference/Link: KCCDFI MBA Annual Report 2023 page 34 (The Board of Trustees)</a>	
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 are outlined in the KCCDFI MBA succession planning framework.	
2. Board adopts a policy on the retirement of directors and key officers.	Compliant			
			<a href="#">Reference/Link: Succession Planning Framework of KCCDFI MBA</a>	

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<b>Recommendation 2.5</b>				
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	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	As a mutual benefit association, we operate as a non-stock, non-profit organization. According to our By-Laws, Board of Trustees members do not receive a salary but are entitled to gratuity, per diem, and reimbursement of necessary expenses incurred for attending committee and board meetings. All such entitlements and emoluments must be approved by a 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			
3. Directors do not participate in discussions or deliberations involving his/her remuneration.	Compliant	Implementation, including the relationship between remuneration and performance.	As an ethical consideration and in compliance with the Association's code of ethics, particularly regarding the prevention and management of conflicts of interest, any board of trustees' member, management, or staff must abstain from participating in discussions or deliberations concerning their own remuneration.	
			<a href="#">Reference/Link: Articles and By Laws (Article IX Board Meeting Section 4 pg.7)</a>	
<b>Recommendation 2.6</b>				
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.	The process of nomination is indicated in the Association's Nomination and Election Policy and Guidelines and is available on the company website.	
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.	<a href="#">Reference/Link: Nomination and Election Policy and Guidelines</a>	The Nomination and Election Policy is disclosed and available on the company website; however, it has not yet been included in the Corporate Governance Manual. A review and amendment of the existing Corporate Governance Manual will be conducted to incorporate the Nomination and Election Policy and Guidelines.
3.Board nomination and election policy include how the company accepts nominations from minority shareholders.	Compliant	Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election, or replacement of a director.	As outlined in Article III, Section 2 under the Rights of Members, all members have the right to participate in all deliberations and meetings of the Association, including the nomination process for the Board.	
4. Board nomination and election policy include how the board reviews nominated candidates.	Compliant		The Nomination Committees shall pre-screen the qualifications of the nominees on the basis of the nominations and/or supporting papers based on the established set of qualification and prepare a final list of candidates containing all relevant information about the nominees, and indicate the nominees for independent trustees, if any. In the unlikely event that no one among the members who made the nominations indicated any particular nominee as nominee for independent trustee, the Committees shall endorse by majority vote of their members the nominees for independent trustees who meet the guidelines/criteria set by the regulatory agencies.	
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		<a href="#">Reference/Link: Nomination and Election Policy and Guidelines Section 7</a>	Our current nomination and election policy lacks an assessment of the Board's processes for nominating, electing, or replacing a director. We will update it to align with the recommended guidelines.
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		The Nomination and Election Committee is also tasked to prepare a description of the roles and capabilities required of a particular appointment to include identification of appropriate qualities and competencies that should be required of candidates or nominees to the board in line with the strategic direction of the Association.	

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			<a href="#">Reference/Link: Nomination and Election Policy and Guidelines</a>	
<b>Recommendation 2.7</b>				
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 is responsible for appointing an RPT Committee and approving the company's RPT policy. This policy outlines the guidelines and procedures for reviewing and approving significant RPTs to ensure they are conducted at arm's length and align with the association's objectives. The RPT Committee operates under its own charter, which serves as its terms of reference for handling matters related to related party transactions.	
			<a href="#">Reference/Link: RPT Committee Charter</a>	
	<b>Compliant/ Non-Compliant</b>	<b>Additional Information</b>	<b>Additional Information</b>	<b>Reference/Explanation</b>
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 to ensure fairness and 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 less favorable than terms available to unconnected third party under the same or similar circumstances. 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.  <a href="#">Reference/Link: KCCDFI MBA Corporate Governance Manual page 28 (Related Party Transaction)</a> <a href="#">Reference/Link: RPT Committee Charter</a>	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile, and complexity of operations.	Compliant		In evaluating RPT's, the RPT Committee shall take into account among others the following: (a) The related party's relationship to the association and interest in the transactions; (b) The material facts of the proposed RPT, including the proposed aggregate value of such transactions; (c) The benefits to the associations of the proposed RPT; (d) The availability of other sources of comparable products or services; and (e) An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The association shall have in place an effective price discovery system and have exercised due diligence in determining a fair price for RPT's. All RPT's that are considered material based on association's internal policies shall be endorsed by the RPT Committee to the board of trustees for approval  <a href="#">Reference/Link: KCCDFI MBA Corporate Governance Manual page 24</a>	
<b>Recommendation 2.8</b>				
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. During the selection process, key personnel are evaluated based on fit and proper standards, with careful consideration given to integrity, technical expertise, and experience in the institution's business. The Board of Trustees has appointed Maria Teresa C. Gonzales as the General Manager of the MBA.  <a href="#">Reference/Link: Articles and By-Laws page 8 (Article X Officers Section 1)</a>	

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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 their overall responsibilities, the Board oversees the performance of senior management to ensure the achievement of the Association's short and long-term strategic objectives. Additionally, the Board monitors and supervises senior management as they handle the corporation's day-to-day operations.  <a href="#">Reference/Link: KCCDFI MBA Corporate Governance Manual page 13 (General Responsibility of the Board)</a>	
<b>Recommendation 2.9</b>				
	<b>Compliant/ Non-Compliant</b>	<b>Additional Information</b>	<b>Additional Information</b>	<b>Reference/Explanation</b>
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 evaluations for both management and staff. However, we currently lack a formal, written performance management framework that guarantees alignment of management and personnel performance with the standards set by the Board and Senior Management. The development and approval of the Performance Management Framework are pending Board approval.
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			
<b>Recommendation 2.10</b>				
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 Audit Committee is tasked with the oversight function, responsible for supervising the organization's audit and control processes, financial management activities, and adherence to existing policies, procedures, laws, and regulations.  <a href="#">Reference/Links: Audit Committee Charter</a>	
2. The internal control system includes a mechanism for monitoring and managing potential conflicts of interest of the Management, members, and shareholders.	Non-Compliant			The Board still needs to develop and approve an internal control system that includes a mechanism for monitoring and managing potential conflicts of interest involving the Management, members, and shareholders.
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. We shall include this as part of our areas for compliance.
<b>Recommendation 2.11</b>				
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.	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.	A Risk Oversight Committee was appointed by the Board which shall assist them in ensuring that there is an effective and integrated risk management process in place and to oversee the establishment of Enterprise Risk Management (ERM) framework A simplified ERM framework and policy has been developed that stipulates the process to effectively identify, monitor, assess and manage key business risk.  <a href="#">Reference/Links: KCCDFI MBA Corporate Governance Manual page 22-23 Risk Oversight Committee</a> <a href="#">KCCDFI MBA ERM Framework</a>	
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	Compliant	Provide proof of the effectiveness of risk management strategies, if	The Risk Management Framework serves as guide for the Board Risk and Oversight Committee in identifying units/business lines and enterprise-level risk exposures as well as the effectiveness of the risk management strategies.	



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strategies.		any.		
			<a href="#">Reference/Links: KCCDFI MBA ERM Framework</a>	
<b>Recommendation 2.12</b>				
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities, and accountabilities in carrying out its fiduciary duties.	Compliant		The Corporate Governance Manual acts as the Board charter, outlining their roles, responsibilities, and accountabilities in fulfilling their fiduciary duties. It serves as a guide for directors/trustees on carrying out their functions and establishes standards for evaluating the Board's performance. Additionally, it delineates the roles and responsibilities of key positions such as 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	Provide a link to the company's website where the Board Charter is disclosed.	The Corporate Governance Manual serves as a guiding document for the board of trustees/directors in executing their duties.	
3. Board Charter is publicly available and posted on the company's website.	Compliant		The duties and responsibilities of the board are disclosed and outlined in the Corporate Governance Manual. This manual is accessible for review and download on our company website.	
			<a href="#">Reference/Link: KCCDFI MBA Corporate Governance Manual</a>	
<b>Principle 3:</b> 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.				
<b>Recommendation 3.1</b>				
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 has established several committees focused on specific functions to enhance the optimal performance of its roles and responsibilities. These committees include the Audit Committee, Remuneration/Governance Committee, Nomination and Election Committee, Investment Committee, Related Party Transaction Committee, and Risk Oversight Committee.	
			<a href="#">Reference/Links: KCCDFI MBA Annual Report 2023 (Board Committee page 22-24)</a>	
<b>Recommendation 3.2</b>				
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 in its oversight responsibilities and to enhance its capability in overseeing the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. Part of the committee's responsibilities includes recommending to the Board the appointment, reappointment, removal, and fees of the External Auditor. Detailed duties and responsibilities of the Audit Committee are outlined in the Corporate Governance Manual.	
			<a href="#">Reference/Link: KCCDFI MBA Corporate Governance Manual page 20-22 (Audit Committee)</a>	

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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 consists of three appropriately qualified non-executive directors, with the majority, including the Chairman, being independent directors. The composition and individual profiles of the committee members are disclosed in the Annual Report.  <a href="#">Reference/Link: KCCDFI MBA Annual Report 2023 page 22 (Audit Committee Composition) page 33-36 (Profiles of BOT)</a>	
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 committee members possess relevant backgrounds, knowledge, skills, and/or experience in accounting, auditing, and finance. According to their profiles, two members of the committee are certified public accountants.  <a href="#">Reference/Link: KCCDFI MBA Annual Report 2023 page 33-36 (Board of Trustees Profile)</a>	
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. Dezza S. Mohammad, is the chairman of the Audit Committee while Ms. Ma. Cristina A. Bugay is the Chairman of the Board from December 2021 until her term expires on October 2024.  <a href="#">Reference/Link: KCCDFI MBA Annual Report 2023 page. 22 Composition of Audit Committee BOT page 16</a>	
<b>Recommendation 3.3</b>				
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.	In accordance with the Revised Code of Corporate Governance, KCCDFI MBA established a Governance Committee immediately following the election of new members. This committee is responsible for ensuring compliance with and adherence to corporate governance principles and practices, including evaluating the Board and overseeing the continuing education program for the trustees, among other tasks. The full details of its duties and responsibilities are outlined in the corporate governance manual.	
			<a href="#">Reference/Link: KCCDFI MBA Corporate Governance Manual page 25-26 (Corporate Governance Committee)</a>	
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 qualifications and directorship types of the Corporate Governance Committee members are disclosed in the Annual Report.  <a href="#">Reference/Link: KCCDFI MBA Annual Report 2023 page 24 (Governance Committee/Risk Oversight Committee Composition) page 24 (BOT Profile)page 33-36</a>	
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	Ms. Nevilyn P. Abualas, serving as an independent trustee, chairs the Governance Committee. Information regarding her profile is provided in the Annual Report.  <a href="#">Reference/Link: KCCDFI MBA Annual Report 2023 page 36 (The Board of Trustees Profile)</a>	
<b>Recommendation 3.4</b>				

## Name of MBA

## KCCDFI Mutual Benefit Association, Inc. 2023 Annual Corporate Governance Report

	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
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	The role of the Board Risk Oversight Committee is to aid the Board in establishing an Enterprise Risk Management (ERM) framework. This framework is designed to efficiently identify, monitor, assess, and manage critical business risks. It will guide the Board in recognizing unit/business line and enterprise-level risk exposures, along with assessing the effectiveness of risk management strategies. The Committee is tasked with defining the Association's risk tolerance level and overseeing its risk management policies and procedures. This oversight aims to anticipate, minimize, control, or manage risks and potential threats to the Association's operational and financial sustainability.  <a href="#">Reference/Link: KCCDFI MBA Board Risk Oversight Committee Charter</a>	
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	Ms. Nevilyn C. Abualas chairs the BROC. As an independent trustee, she leads the committee. All committee members serve as non-executive directors. Details regarding the committee's composition, directorship type, and qualifications are provided in the Annual Report.  <a href="#">Reference/Link : KCCDFI MBA Annual Report 2023 page 24 (Risk Oversight Committee) page 31-33 (Profile of BOT)</a>	
3. The Chairman of the BROC 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 BROC	The chair of the Board Risk Oversight Committee isn't the Board Chairman, but she does serve as chair for other committees. Currently, our Board of Trustees only comprises two independent trustees. Consequently, having a committee chair who isn't also a chair of other committees is unfeasible. However, we plan to review the current committee structure and potentially consolidate related committees to better align with our objectives.	
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.	The Chairman of the BROC Ms. Nevilyn P Abualas, has relevant thorough knowledge and experience in risk and risk management. Because she has attended several trainings on risk management. Trainings attended related to risk management is disclosed in the Annual Report  <a href="#">Reference/Link: KCCDFI MBA Annual Report 2023 page 30(Enterprise Risk Management Workshop Attendees)</a>	
Recommendation 3.5				

## Name of MBA

## KCCDFI Mutual Benefit Association, Inc. 2023 Annual Corporate Governance Report

	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
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.	We've established an RPT Committee to support the Board in ensuring that: (a) Transactions involving related parties are conducted with integrity, prudence, and compliance with relevant laws and regulations, safeguarding the interests of members and stakeholders. (b) RPTs are carried out at arm's length to prevent any undue disadvantage to stakeholders. (c) Proposed RPT transactions undergo a review process to determine if they offer terms no less favorable to the Association than those available to any unrelated third party in similar circumstances. Details of roles and responsibilities are outlined in the CG Manual & RPT Charter.  <a href="#">Reference/Link: RPT Committee Charter</a>	
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.	The RPT committee consists of three non-executive trustees, all of whom hold no executive roles within the Association, ensuring their independence. Ms. Dezza S. Mohammad, an independent trustee, chairs the committee. The committee's composition, along with the qualifications and directorship types of its members, is explicitly provided in the Annual Report.  <a href="#">Reference/Link: KCCDFI MBA Annual Report 2023 page 24 RPT Committee</a>	
<b>Recommendation 3.6</b>				
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 currently possess their own committee charter. Only the Audit Committee, Risk Oversight Committee, and RPT Committee have their respective charters. However, we plan to develop charters for the other committees to clearly outline their roles and responsibilities, thereby preventing any overlap in functions. This initiative aims to enhance the effectiveness of the company's board and can serve as a basis for evaluating 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.  <a href="#">Reference/Links: Committee Charters</a>	
<b>Principle 4:</b> 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.				
<b>Recommendation 4.1</b>				
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	Participation and attendance in all Board, Committee, and shareholder meetings, whether in person or via tele-video conferencing, are explicitly documented in the annual report. This demonstrates the members' complete dedication to the Association.  <a href="#">Reference/Links: KCCDFI MBA Annual Report 2023 (Committee Meeting Attendance page 21-24)</a>	

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
2. The director's review meeting materials for all Board and Committee meetings.	Compliant	Board, Committee, and shareholders' meetings.	During Board and Committee meetings, the Trustees/Directors review meeting materials and seek clarifications and explanations as needed.  <a href="#">Reference/Link: Minutes of the Meeting</a>	
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.		
<b>Recommendation 4.2</b>				
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 outlined in our CG Manual, a Board of Trustees member must exercise due discretion when accepting and holding other board positions outside the Corporation. In doing so, they must ensure that their ability to perform their duties and responsibilities as a trustee is not compromised. A trustee may hold up to five board positions if they serve full-time; otherwise, they are limited to two board positions. The profiles of our Board of Trustees indicate that none of them hold directorships in other publicly listed companies. Consequently, they have sufficient time to fully prepare for meetings, critically assess Management's proposals and views, and oversee the company's long-term strategy.	
			<a href="#">Reference/Link: KCCDFI MBA Corporate Governance Manual page 14 (Multiple Board Seats)</a>	
			<a href="#">Reference/Link: KCCDFI MBA Annual Report 2023 page 33-36 (The Board of Trustees Profile)</a>	
<b>Recommendation 4.3</b>				
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 have been no instances where our current Board of Trustees members have accepted directorships at companies other than KCCDFI MBA.	
<b>Principle 5: The Board should endeavor to exercise an objective and independent judgment on a corporate affairs.</b>				
<b>Recommendation 5.1</b>				
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 are disclosed in the Annual Report. Of the seven Board of Trustees members, two are independent trustees.  <a href="#">Reference/Link: KCCDFI MBA Annual Report 2023 page 16 (Board of Trustees composition)</a>	
<b>Recommendation 5.2</b>				

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
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 independent trustees possess all the necessary qualifications. Neither of them is an officer or employee of the association, its parent or subsidiaries, nor do they have any relationships that could compromise their independent judgment. They have no convictions by final court judgment for offenses involving dishonesty or breach of trust, such as fraud, embezzlement, extortion, forgery, malversation, swindling, or theft. Additionally, they have not been convicted by final judgment for violations of insurance laws, nor have they been judicially declared insolvent, spendthrifts, or incapable of entering into contracts. Furthermore, they have not been directors, officers, or employees of closed insurance companies or intermediaries responsible for such closures, as determined by the Insurance Commission.  <a href="#">Reference/Link: KCCDFI MBA Corporate Governance Manual page 15-16 (The Independent Trustees)</a>	
<b>Recommendation 5.3</b>				
1. The independent directors serve for a maximum cumulative term of nine years.  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.  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.	Compliant	Provide information or link/reference to a document showing the years IDs have served as such.	Ms. Dezza S. Mohammad, an independent trustee, was elected in October 2015, and Ms. Nevilyn P. Abualas was elected in October 2017. Based on these dates, neither of them has exceeded the 9-year term limit.  <a href="#">Reference/Link: KCCDFI MBA Annual Report 2023 page 35-36 (Profile of Trustees)</a>	
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.	As specified in the CG Manual, independent trustees on the Board shall serve for a maximum cumulative term of nine years. After this period, they will be permanently barred from re-election.  <a href="#">Reference/Link: KCCDFI MBA Corporate Governance Manual page 16 (Term of Office of Independent Trustee)</a>	
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 share-holders 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.	Currently, our two independent board members have not yet exceeded the 9-year term limit. Therefore, the association does not need to submit a formal written justification to the Insurance Commission or seek approval from shareholders/general membership.	
<b>Recommendation 5.4</b>				
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.	Ms. Ma. Cristina B. Bugay serves as the Chairman/President, and Maria Teresa C. Gonzales is the CEO/General Manager.  <a href="#">Reference/Link: General Information Sheet 2023</a>	

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## KCCDFI Mutual Benefit Association, Inc. 2023 Annual Corporate Governance Report

	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	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.  Identify the relationship of Chairman and CEO	The detailed duties and responsibilities of the Chairman/President and the CEO/General Manager are clearly outlined in the Corporate Governance Manual. The Chairman/President presides over all association members' meetings, and additional roles and functions are specified in the CG Manual. Meanwhile, the General Manager is tasked with overseeing the company's day-to-day operations.  <a href="#">Reference/Link: KCCDFI MBA Corporate Governance Manual page 17-18 (President and Chairman) page 30-31 (General Manager)</a>	
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	Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.  Indicate if Chairman is independent	The Chairman of the Board which is Ms. Ma. Cristina D. Bugay 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.	
Recommendation 5.6				
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 outlined in the Corporate Governance Manual, board members with conflicts of interest should refrain from participating in discussions and voting on transactions where they have a conflict. The Board will determine whether to approve related party transactions involving a trustee in their absence. To date, there have been no material interest transactions involving either directors or employees for the year.	
			<a href="#">Reference/Link: KCCDFI MBA Corporate Governance Manual page 28-29 (Related Party Transaction)</a>	
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		In 2023, there wasn't a distinct meeting arranged by the non-executive directors (NEDs) to engage with the external auditor and heads of internal audit independently from management. We acknowledge this as an area for enhancement and compliance. Subsequently, we intend to address this matter with the Board, facilitating the necessary steps to align with sound corporate governance principles.
2. The meetings are chaired by the lead of the independent director.	Non-Compliant	Provide information on the frequency and attendees of meetings.		
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 annually evaluates its collective performance, assesses the Chairman's performance, evaluates the performance of each individual board member, and appraises the performance of its committees for the year 2023.	
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			

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
4. The performance of each committee is assessed annually by the Board.	Compliant		<a href="#">Reference/Link: Sample Board Performance Evaluation (Board)</a> <a href="#">Reference/Link: Sample Board Performance Evaluation (Individual)</a>	
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 performed an annual assessment with the support of external facilitators. We will add this to our compliance areas and discuss it with the board of trustees.
<b>Recommendation 6.2</b>				
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.	<p>The Board conducts an Annual Self and Peer Assessment to evaluate themselves, their peers, and individual committees. This assessment focuses on (A) the qualities and competence the Board possesses and demonstrates, and (B) the performance of their duties and responsibilities.</p> <a href="#">Reference/Link: Sample Self and Peer Assessment Form</a> <a href="#">Reference/Link: KCCDFI MBA Corporate Governance Manual page 60-61 Annex 1 (Performance Evaluation)</a>	
2. The system allows for a feedback mechanism from the shareholders	Non-Compliant			The current system lacks a mechanism for shareholder feedback. We will assess the system and implement any necessary changes to align with the recommended standards.
<b>Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.</b>				
<b>Recommendation 7.1</b>				
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.	<p>KCCDFI MBA has adopted a Code of Business Conduct and Ethics, which is outlined on pages 62-63 of the CG Manual. This code establishes guidelines for professional and ethical conduct, delineating acceptable and unacceptable behaviors and practices in both internal and external company affairs. It is imperative for trustees, officers, and employees to abide by this Code</p> <a href="#">Reference/Link: KCCDFI MBA Corporate Governance Manual page 62-63 (Code of Ethics)</a>	
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.	<p>The code of ethics has been properly disseminated to the Board, senior management, and employees with individual copies provided to each. Furthermore, it is readily available on our company website, allowing them to download it whenever necessary</p> <a href="#">Reference/Link: KCCDFI MBA Corporate Governance Manual page 62-63 (Code of Ethics)</a>	
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.	<p>The Corporate Governance Manual, which incorporates the code of ethics as Annex 2 on pages 62-63, is accessible to the public via our company website.</p> <a href="#">Reference/Link: KCCDFI MBA Corporate Governance Manual page 62-63 (Code of Ethics)</a>	
<b>Recommendation 7.2</b>				



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## KCCDFI Mutual Benefit Association, Inc. 2023 Annual Corporate Governance Report

	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
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.		While there is a whistleblowing policy in effect, allowing employees to report observed exceptions to the appropriate authorities, there remains a deficiency in the control mechanisms necessary to ensure the proper and efficient implementation and monitoring of compliance with the Code of Ethics and internal company policies. We will address this matter with the board and take the necessary steps to ensure compliance with the recommended standards.
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.	<p>The company holds the view that transparency is fundamental to corporate governance. Consequently, it is imperative that all material information concerning the organization, which could potentially impact its sustainability or the interests of stakeholders, be disclosed publicly and promptly. This information encompasses, among other things, the company's financial status, performance, and business activities. All pertinent disclosures for stakeholders are made available on the company website</p> <p><a href="#">Reference/Link: KCCDFI MBA Corporate Governance Manual page 56-57 (Disclosure and Transparency)</a></p> <p><a href="#">Reference/Link: KCCDFI MBA Company Website</a></p>	
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.	<p>The Annual Report provides comprehensive profiles of each board member, detailing their academic credentials, affiliations with other boards, additional executive roles, professional background, areas of expertise, and relevant training attended.</p> <p><a href="#">Reference/Link: KCCDFI MBA Annual Report 2023 page 33-36 (Board of Trustees Profile)</a></p>	
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.	<p>The Annual Report provides detailed profiles of the management team and key executives, including their academic qualifications, involvement in other boards, additional executive roles, professional backgrounds, areas of expertise and relevant trainings attended.</p> <p><a href="#">Reference/Link: KCCDFI MBA Annual Report 2023 page 39 (Profile of the Management)</a></p>	
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.	<p>The Corporate Governance Manual and Articles and Bylaws explicitly state that Board members shall not receive a salary but may be eligible for gratuity, per diem, or reimbursement of necessary expenses incurred for attending committee and board meetings. However, any entitlements, benefits, or emoluments received must be approved by a majority vote of the general membership.</p>	

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
			<a href="#">Reference/Link: KCCDFI MBA Articles and By Laws (Article IX Section 4)</a>	
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.	The Corporate Governance Manual and Articles and Bylaws explicitly state that key officers shall receive a salary and/or benefits determined by the Board of Trustees. The association strives to offer competitive benefits compared to those provided by other companies, considering the association's standing relative to industry peers and other market factors. The Board has implemented a salary standardization scheme to this end.  <a href="#">Reference/Link: KCCDFI MBA Corporate Governance Manual Section 4 page 17</a>	
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.		Being a non-stock non-profit organization, the board does not receive remuneration, thus no disclosure is required. However, regarding management and employees, details of the aggregate compensation and benefits received for the year 2022 have been disclosed in the Audited Financial Statements, Note 21 on page 34, under the section "Details of Compensation and Employee Benefits"  <a href="#">Reference/Link: KCCDFI MBA Audited FS 2023</a>
<b>Recommendation 8.4</b>				
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	The company's policy mandates that any transactions involving related parties must adhere to the principle of arm's length, ensuring that the terms are no less favorable than those available to unrelated third parties in similar circumstances. Trustees or managers are required to promptly inform the board, via the company secretary, of any proposed related-party transactions once they become aware of them. Furthermore, any trustee or manager involved in such transactions must seek approval from the board, through the company secretary, before proceeding. Board members with conflicts of interest must recuse themselves from discussions and voting on related transactions. In the absence of a conflicted trustee, the board will decide whether to approve related-party transactions involving that trustee.  <a href="#">Reference/Link: KCCDFI MBA Corporate Governance Manual RPT page 28-29</a>	

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
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	Significant RPT's are disclosed in the Annual Report page 89-90. (Audited Financial Statement Note 23 Related Party Transaction)  <a href="#">Reference/Link: KCCDFI MBA Annual Report 2023</a>	
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.	The company's corporate governance policies, programs, and procedures are outlined in its Corporate Governance Manual. This manual is available on our company website, accessible through the Corporate Governance Menu.	
2. The Company's MCG is posted on its company website	Compliant		<a href="#">Reference/Link: KCCDFI MBA Corporate Governance Manual</a>	
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				
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.  <a href="#">Reference/Link: KCCDFI MBA Audit Committee Charter</a>	
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 Audit Committee recommends the reappointment and fees of the external auditor Quilab and Garsuta Co. These recommendations are approved by the Board and then ratified by 64% of the general membership during the annual general membership meeting. This process is explicitly documented in the minutes of the AGMM.  <a href="#">Reference/Link: Minutes of the 14th Annual General Membership Meeting Agenda Appointment of External Auditor page 12</a>	
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	The incumbent external auditor of the company, Quilab and Garsuta.Co is reappointed during the 2023 Annual General Membership Meeting.	

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
			<a href="#">Reference/Link: Minutes of the 14th Annual General Membership Meeting Agenda Appointment of External Auditor page 12</a>	
<b>Recommendation 9.2</b>				
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.	Assessing the integrity and independence of the external auditor, along with providing oversight, are among the responsibilities of the Audit Committee. These responsibilities are explicitly detailed 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 outlined in the Audit Committee Charter, it is the responsibility of the Audit Committee to oversee the external auditors.  <a href="#">Reference/Link: KCCDFI MBA Audit Committee Charter</a>	
<b>Recommendation 9.3</b>				
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.	For the year 2023, our external auditor, Quilab and Garsuta, CPA, did not perform any non-audit services for the association. Consequently, no additional disclosure was necessary and this was stated in the 2023 Annual Report.  <a href="#">Reference/Link: KCCDFI MBA Annual Report 2023 page 25 (External Auditor)</a>	
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.	The external auditor has not rendered any non-audit services. According to our Audit Committee Charter, one of the committee's responsibilities is to oversee the external auditors. This includes evaluating and determining any potential non-audit work. The committee must disallow any non-audit work that could conflict with the auditor's duties or pose a threat to their independence.  <a href="#">Reference/Link: KCCDFI MBA Audit Committee Charter</a>	
<b>Principle 10: The Company should ensure that the material and reportable non-financial and sustainability issues are disclosed.</b>				
<b>Recommendation 10.1</b>				
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 firmly believes that transparency is fundamental to corporate governance. Therefore, all material information about the association must be disclosed publicly and promptly. The Board is committed to the full disclosure of all material dealings at all times. The annual report includes policies on EESG and other pertinent non-financial information.  <a href="#">Reference/Link :KCCDFI MBA Corporate Governance Manual page 56-57 (Disclosure and Transparency)</a>  <a href="#">Reference/Link: KCCDFI MBA Annual Report 2023</a>	

## Name of MBA

## KCCDFI Mutual Benefit Association, Inc. 2023 Annual Corporate Governance Report

	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	Provide a link to Sustainability Report, if any. Disclose the standards used.	The Annual Report of KCCDFI MBA includes disclosures on the association's economic, environmental, social, and governance (EESG) policies, along with other non-financial information and indicators. Consequently, the Annual Report and the Sustainability Report are one and the same.	
			<a href="#">Reference/Link: KCCDFI MBA Annual Report 2023</a>	
<b>Principle 11:</b> 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.				
<b>Recommendation 11.1</b>				
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 way relevant information is disseminated to its intended users is as important as the content itself. Therefore, having a company website is essential for sharing information with the public. Our current website is kccdfimba.com.	
			<a href="#">Reference/Link: KCCDFI MBA Company Website</a>	
<b>INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK</b>				
<b>Principle 12:</b> 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.				
<b>Recommendation 12.1</b>				
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 established, requiring internal auditors to conduct Financial, Compliance, Operations, Management, and Information System audits. The results and findings are then presented to the Board's Audit Committee.	
			<a href="#">Reference/Link: KCCDFI MBA Corporate Governance Manual page 32-35 (Internal Auditor)</a>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	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.	KCCDFI MBA has established a comprehensive and effective enterprise risk management (ERM) framework to guide its business operations. The board has approved an ERM Framework detailing the company's risk management procedures and processes. Annually, the Risk Oversight Committee collaborates with management to review the risk registry, updating it as necessary and identifying emerging key risks. Mitigating strategies are then developed to minimize or mitigate these risks.	
			<a href="#">Reference/Link: KCCDFI MBA ERM Framework</a>	
<b>Recommendation 12.2</b>				

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
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.	An independent internal audit function is conducted in-house by the internal audit unit of our converging institution, KMFI, as outlined in our Memorandum of Agreement. They offer impartial and objective assurance, along with consulting services aimed at enhancing the efficiency of the association's operations.  <a href="#">Reference/Link: Management Contract of Services</a>	
<b>Recommendation 12.3</b>				
1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board	Non-Compliant			Given our company's size, risk profile, and operational complexity, we do not have a chief audit executive. Instead, the general manager assumes this role. Among her responsibilities is overseeing and managing the company's business affairs and activities. Consequently, she also supervises and takes responsibility for the internal audit function of the organization, including any outsourced portion handled by 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, 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.	If internal audit activities are fully outsourced, the responsibility for managing this outsourced audit function falls to the general manager.	
<b>Recommendation 12.4</b>				

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	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
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.	<p>The board has established a risk oversight committee tasked to identify, assess and monitor key risk exposures. They shall have the following responsibilities:</p> <ul style="list-style-type: none"><li>■ Develops a formal enterprise risk management plan;</li><li>■ Identifies and evaluates risk exposure of the association;</li><li>■ Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence;</li><li>■ Develop risk management strategies for managing and controlling risks faced by the association;</li><li>■ 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;</li><li>■ Review and revised the enterprise risk management plan to ensure its continued relevance, comprehensiveness and effectiveness;</li><li>■ Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Association;</li><li>■ 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;</li><li>■ 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.</li></ul>	
			<a href="#">Reference/Link: Risk Oversight Committee Charter</a>	
<b>Recommendation 12.5</b>				
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.		Given the scale and complexity of our organization, we have opted not to have a Chief Risk Officer at this time as we believe it is not currently required. Outsourcing this function is also deemed unnecessary; instead, it can be managed internally. In the interim, the responsibility is assumed by the General Manager.
2. CRO has adequate authority, stature, resources, and support to fulfill his/her responsibilities.	Non-Compliant			
<b>CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS</b>				
<b>Principle 13:</b> The company should treat all shareholders fairly and equitably, and also recognize, protect, and facilitate the exercise of their rights.				
<b>Recommendation 13.1</b>				
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	<p>The corporate governance manual contains provisions outlining the fundamental rights of shareholders, including but not limited to voting rights, the power of inspection, and the right to information.</p> <p><a href="#">Reference/Links: KCCDFI MBA Corporate Governance Manual page 49-51 (Part VI Members)</a></p>	
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 Bylaws, which disclose the basic rights of shareholders, are accessible on our company website under the Corporate Governance menu.	

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## KCCDFI Mutual Benefit Association, Inc. 2023 Annual Corporate Governance Report

	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
			<a href="#">Reference/Links: KCCDFI MBA Corporate Governance Manual page 49-51 (Part VI Members)</a>	
<b>Recommendation 13.2</b>				
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 posted on the company website on September 11, 2023, well in advance of the scheduled meeting, providing more than 21 days' notice. Additionally, the Notice of Meeting includes comprehensive details and the rationale behind each agenda item.</p> <p><a href="#">Reference/Links: Notice of 14th Annual General Membership Meeting</a></p>	
<b>Recommendation 13.3</b>				
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	<p>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>	<p>The draft minutes of the most recent Annual General Membership Meeting were made publicly available on October 12, 2023, one day after the AGMM took place, and can be accessed on our company website.</p> <p><a href="#">Reference/Links: Minutes of the 14th Annual General Membership Meeting</a></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 minutes of the AGMM were published on the website on October 12, 2023, just one day after the Annual General Membership Meeting. This demonstrates that the minutes were made available on the company website within 5 business days following the conclusion of the meeting.</p> <p><a href="#">Reference/Links: Minutes of the 14th Annual General Membership Meeting</a></p>	
<b>Recommendation 13.4</b>				
1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner	Compliant	<p>Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes.</p>	<p>The alternative dispute resolution mechanism for addressing intra-corporate disputes in a cooperative and efficient manner is openly disclosed on the company website under the Corporate Governance Menu (IRR and Policies).</p> <p><a href="#">Reference/Links: Alternative Dispute Resolution</a></p>	



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## KCCDFI Mutual Benefit Association, Inc. 2023 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 outlined within the Corporate Governance Manual of KCCDFI MBA.	
			<a href="#">Reference/Links: KCCDFI MBA Corporate Governance Manual page 39-47 (Part IV Alternative Dispute Resolution)</a>	
<b>DUTIES TO STAKEHOLDERS</b>				
<b>Principle 14:</b> 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.				
<b>Recommendation 14.1</b>				
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 comprise the following: A) Members, B) Board of Trustees, C) Staff, D) Partner-agent MFIs, E) Regulatory Agencies, F) Suppliers and Contractors, G) Community of Operations, H) Environmental Sustainability, and I) Technical Service Providers. The policies and programs related to these stakeholders are disclosed in the CG Manual and Annual Report.	
			<a href="#">Reference/Links: KCCDFI MBA Annual Report 2023</a>	
			<a href="#">Reference/Links: KCCDFI MBA Corporate Governance Manual page 51-55 (Part VII Stakeholders)</a>	
<b>Recommendation 14.2</b>				
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 relevant policies can be found on pages 51-57 of the Corporate Governance Manual. Additionally, both the Board and Management ensure adherence with the company's code of ethics.	
			<a href="#">Reference/Links: KCCDFI MBA Corporate Governance Manual / Annex 2 Code of Ethics</a>	
<b>Recommendation 14.3</b>				
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 information is available on the company website under "Contacts," where stakeholders can share their comments, suggestions, or voice concerns to the association. Additionally, a link to our Facebook account is provided for direct messaging. Ms. Ma Perla J. Medina, the Promotions Officer, serves as the designated contact person and can be reached at info.kccdfimba@gmail.com (email) or 0955-579-3476/0955-579-3477 (contact numbers).	
			<a href="#">Reference/Link: kccdfimba.com/contact-us/</a>	
<b>Principle 15:</b> 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.				
<b>Recommendation 15.1</b>				

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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.	In addition to the orientation provided to new employees, they are afforded the opportunity to participate in relevant trainings and lecture series to enhance their skills and fulfill the requirements of their respective roles. When establishing the company's plans and goals for the year, we ensure that all employees are involved in the planning stages to align any departmental or employee-set plans and goals with the company's overarching objectives  <a href="#">Reference/ Links: KCCDFI MBA Annual Report 2023</a>	
<b>Recommendation 15.2</b>				
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.	The Board of Trustees, General Manager, and staff are expected to consistently uphold the highest ethical standards and prioritize the best interests of KCCDFI MBA Inc., its members, partner-agents, and other stakeholders. Our code of ethics prohibits the acceptance of commissions, gifts, payments, loans, promises of future benefits, or any other items of value from individuals seeking benefits from KCCDFI Mutual Benefit Association, Inc. in exchange, except for occasional gifts of nominal value that align with ethical norms.  <a href="#">Reference/Links: KCCDFI MBA Corporate Governance Manual Annex 2 Code of Ethics</a>	
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 undergo orientation sessions covering the association's policies and procedures. Additionally, they are mandated to participate in Governance and AMLA Workshops, along with other pertinent trainings. Any policy changes or updates that are decided and approved are disseminated to all employees through a memorandum which is distributed to employees and discuss during monthly staff meetings.	
<b>Recommendation 15.3</b>				
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 persons 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 harassment in the workplace, retaliatory acts or adverse employment consequence.  <a href="#">Reference/Links: KCCDFI MBA Corporate Governance Manual page 66-68 Annex 4(Whistle Blowing Policy)</a>	

## Name of MBA

## KCCDFI Mutual Benefit Association, Inc. 2023 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 (Post mail) 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.	
			<a href="#">Reference/Links: KCCDFI MBA Corporate Governance Manual page 66-68 Annex 4(Whistle Blowing Policy)</a>	
<b>Principle 16:</b> 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.				
<b>Recommendation 16.1</b>				
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.	The management and staff are all committed to promoting a culture that is aware of the significant impact it has on the environment and as such are all driven to follow the different ways to conserve the sustainability of our environment.	
			<a href="#">Reference/Link: KCCDFI MBA Annual Report 2023</a>	

## 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 29<sup>th</sup> day of May 2024.

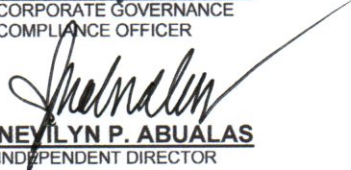
  
**MA. CRISTINA D. BUGAY**  
CHAIRMAN OF THE BOARD

  
**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 29 2024 day of May, 2024, 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. Ma. Cristina D. Bugay	
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 P. Abualas	938-554-392

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Book No. CXIV;  
Series of 2024.

**NOTARY PUBLIC**  
**ATTY. MANUEL M. WEE SIT IV**

Notary Public for Zamboanga City  
Notarial Commission No.: 2023-301  
Commissioned 29 December 2023, ending 31 December 2025  
Wee Sit Rubio and Associates Co.,  
2<sup>nd</sup> Fl., Astoria Printing Building,  
Mayor Jaldon St., Zone II, Zamboanga City  
PTR No.: 2781631, 29 December 2023, Zamboanga City  
IBP O.R. No.: 390662, 03 January 2024, ZAMBASULTA  
Roll of Attorneys No.: 56263  
MCLE Compliance No.: VIII-0001537; valid until 14 April 2028