

ANNUAL CORPORATE GOVERNANCE REPORT

KCCDFI Mutual Benefit Association, Inc.

1. For the fiscal year ended: December 31, 2024
2. Certificate Authority Number: 2025-22-R
3. **Zamboanga, Philippines**
Province, Country
4. 2nd Floor KCCDFI Building MCLL Highway, Guiwan, Zamboanga City 7000
Address of Principal Office Postal Code
5. (062) 990-2429
Company's Telephone Number, including Area Code
6. <http://www.kccdfimba.com>
Company Official Website

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report

	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
THE BOARD GOVERNANCE RESPONSIBILITIES				
Principle 1. The company should be headed by a competent, working board to foster the long-term success and sustainability of the corporation in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.				
Recommendation 1.1				
1. Board composed of directors with collective working knowledge, experience, or expertise that is relevant to the company's industry/sector.	Compliant	Provide information or link/reference to a document containing information on the following:	KCCDFI MBA is governed by a dedicated Board of Trustees composed of individuals with relevant knowledge, experience, and expertise in our sector. Trustees are elected from our general membership and typically begin their leadership journey as MBA Coordinators, gaining hands-on operational experience. In addition to member-elected trustees, we appoint Independent Trustees selected for their professional expertise, academic credentials, and valuable industry backgrounds. Trustee selection follows our Association's 'fit and proper' standards, emphasizing integrity, leadership, and relevant 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.	Reference/Link: KCCDFI MBA Annual Report 2024 (The Board of Trustees Profile) Page 20-26	
3. Directors remain qualified for their positions individually and collectively 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 Nomination Committee assesses the credentials of nominated trustees based on qualification standards outlined in the Corporate Governance Manual. To ensure directors remain qualified for their roles, they are required to participate in regular training programs and workshops. These sessions support continuous development and ensure trustees remain responsive to the evolving needs of the organization. Reference/Link: KCCDFI MBA Corporate Governance Manual page 10-11 & page 15-16 (Qualification of the Trustees) Reference/Link: KCCDFI MBA Annual Report 2024 (Trainings and Workshop & Forum) Page 40-41	
Recommendation 1.2				
1. Board is composed of a majority of non-executive directors.	Compliant	Identify or provide a link/reference to a document identifying the directors and the type of their directorships	The Board of Trustees of KCCDFI MBA is composed entirely of non-executive directors. Trustees are selected from the general membership and do not hold executive roles within the Association. In addition, the Board includes Independent Trustees who contribute external perspectives and expertise. This composition ensures that the Board maintains independence in oversight and decision-making, in full compliance with the requirement that a majority of the Board be non-executive directors. Reference/Link: KCCDFI MBA Annual Report 2024 (The Board of Trustees Profile) Page 20-26	
Recommendation 1.3				
1. Company provides in its Board Charter or Manual on Corporate Governance a policy on the training of directors.	Compliant	Provide a link or reference to the company's Board Charter or Manual on Corporate Governance relating to its policy on the training of directors.	The KCCDFI MBA Corporate Governance (CG) Manual, which serves as the Board Charter, contains a clear policy on the training and development of directors. As outlined in the Manual, all newly elected trustees are required to attend an eight-hour orientation program to enhance their understanding of their roles and responsibilities. Additionally, trustees must undergo mandatory Corporate Governance and Anti-Money Laundering Act (AMLA) workshops. All trustees are also encouraged to participate in annual continuing education programs, which may include local trainings, seminars, workshops, and conferences. These initiatives aim to ensure that trustees remain qualified and effective in their governance roles. Reference/Link: KCCDFI MBA Corporate Governance Manual page 29-30 (Development Program for the Board of Trustees and Officers)	

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report

	Compliant/ Non-compliant	Additional Information	Additional Information	Reference/Explanation
2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first-time directors.	Compliant	Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered	Orientation for newly elected or appointed trustees is conducted immediately after their election and before their first board meeting. The program provides an overview of the organization's operations, Articles and Bylaws, Code of Conduct, and the specific responsibilities of board members. It also covers essential governance topics to help trustees understand their oversight role. As part of the onboarding process, all first-time trustees are required to attend a 3-day intensive Governance and Anti-Money Laundering Act (AMLA) workshop. These sessions are designed to strengthen their understanding of key regulatory frameworks and leadership responsibilities. To further support their role, trustees receive copies of relevant manuals and governance documents. <i>Reference/Links: KCCDFI MBA Corporate Governance Manual, pages 29-30 (Development Program of BOT and Officers)</i> <i>Reference/Link: KCCDFI MBA Annual Report 2024 (Trainings and Webinars attended by the BOT) Page 40-41</i>	
3. Company has relevant annual continuing training for all directors	Compliant		To keep the Board of Trustees well-informed about business and regulatory developments, including emerging risks affecting the Association, Board of Trustees and key officers participates in annual continuing training programs, learning sessions and conferences. The training and learnings sessions attended by the Board of Trustees throughout the year are disclosed in the Annual Report. <i>Reference/Link: KCCDFI MBA Annual Report 2024 (Trainings and Workshop and Forum attended by the BOT) Page 40-41</i>	
Recommendation 1.4				
1. Board has a policy on board diversity	Compliant	Provide information or link/reference to a document containing information on the company's board diversity policy. Indicate gender composition of the board	The Board of Trustees is elected from the general membership across various areas/regions where the association operates, ensuring diverse representation in age ethnicity, culture, skills, competence and knowledge. Our board composed entirely of women of different ages, each contributing expertise in various fields. Additionally, we have one male board adviser, Atty. Ibarra A. Malonzo. <i>Reference/Link: KCCDFI MBA Corporate Governance Manual page 14 (Board Diversity)</i>	
Recommendation 1.5				
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	The Board is assisted in its duties by Ms. Hermie A. Hasan, who serves as the elected Corporate Secretary of KCCDFI MBA. She plays a vital role in supporting the Board's operations by ensuring compliance with regulatory requirements, maintaining accurate records of meetings, and facilitating effective communication among Board members and with stakeholders. Ms. Hasan's qualifications and professional background are detailed in the KCCDFI MBA Annual Report 2024, while her specific duties and responsibilities are outlined in the Corporate Governance Manual. <i>Reference or Link: KCCDFI MBA Corporate Governance Manual (Secretary Duties and Responsibilities) Page 19</i> <i>Reference/Link: KCCDFI MBA Annual Report 2024 (Profile of Corporate Secretary) Page 22</i>	

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report

	Compliant/ Non-Compliant	Additional	Additional Information	Reference/Explanation
2. Corporate Secretary is a separate individual from the Compliance Officer	Compliant		The Corporate Secretary and the Compliance Officer are two distinct individuals within KCCDFI MBA. Ms. Hermie A. Hasan serves as the Corporate Secretary, while the Compliance Officer role is held by the current General Manager, Ms. Maria Teresa C. Gonzales. This separation of duties is consistent with good governance practices, ensuring independence and role clarity within the organization	
			Reference or Link: KCCDFI MBA Corporate Governance Manual (Secretary Duties and Responsibilities) Page 19 Reference/Link: KCCDFI MBA Annual Report 2024 (Profile of Corporate Secretary) Page 22	
3. Corporate Secretary is not a member of the Board of Directors.	Non-Compliant			Due to the current structure and size of KCCDFI MBA, our Corporate Secretary, Ms. Hermie A. Hasan, also holds a seat on the Board of Trustees. To maintain operational impartiality, she is assisted by a staff member with a legal background who fulfills the secretariat functions in accordance with the Corporate Governance Manual. The Board recognizes that this setup does not fully align with governance best practices and is committed to appointing a separate Corporate Secretary who is not a board member, to enhance compliance with regulatory standards and ensure greater independence in board support functions.
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, Ms. Hermie A. Hasan, attended a three-day intensive training on Corporate Governance and the Anti-Money Laundering Act (AMLA) held on May 18–20, 2022, via Zoom. The training was facilitated by RIMANSI and featured resource speakers from the Insurance Commission and other corporate governance experts. This program enhanced her knowledge of governance principles and regulatory compliance practices. Reference/Link: KCCDFI MBA Annual Report 2024 (Trainings and webinars attended by BOT) Certificate of Attendance of Hermie A. Hassan	
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.	The Board is assisted by a designated Compliance Officer. Ms. Maria Teresa C. Gonzales, the General Manager of KCCDFI MBA, assumes the role of Compliance Officer, overseeing all compliance-related functions. Given the organization's size, risk profile, and operational complexity, this dual role is considered appropriate. She is not a member of the Board of Trustees. Her professional qualifications and experience are detailed 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		Ms. Gonzales holds a senior executive position equivalent to Vice President, with sufficient authority and independence to perform her compliance responsibilities effectively. She is not a member of the Board, maintaining the required independence of the Compliance Officer function. Reference/Links: KCCDFI MBA Annual Report 2024 (GM's Profile) Page 42	
3. Compliance Officer is not a member of the board	Compliant		Reference/Link: KCCDFI MBA Corporate Governance Manual page 31 (Compliance Officer Duties and Responsibilities)	

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report

<p>4. Compliance Officer attends training/s on corporate governance annually.</p>	<p>Compliant</p>	<p>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</p>	<p>The Compliance Officer which is held by the General Manager regularly attends governance-related training. For example:</p> <ul style="list-style-type: none"> • Briefer on the Revised Code of Corporate Governance for IC-Regulated Companies and the ACGR, held on August 10, 2020, via Zoom. Resource speaker: Atty. Randy B. Escolanco, Ph.D. • ACGR Write Shop for MI-MBAs, held on May 6–7, 2021, via Zoom videoconference. • Strategic Planning Workshop-Nov. 11-12, 2022 • Enterprise Risk Management Workshop July 7, 2023 • Management Forum: "Risk Compliance Performance-Aug. 23-25, 2023 <p>Additional governance trainings attended in 2024 are disclosed in the <i>KCCDFI MBA Annual Report 2024</i></p> <p>Reference/Links: KCCDFI MBA Annual Report 2024 (Training and Webinars Attended) Page 40-41</p>
<p>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.</p>			
<p>Recommendation 2.1</p>			
<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>Compliant</p>	<p>Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of the meeting)</p>	<p>The Board of Trustees exercises its duties and responsibilities with a high level of professionalism, integrity, and accountability. They are provided with timely and adequate information to make informed decisions. Board meeting materials are provided in advance of meetings. They thoroughly review and approve major projects, policy decisions, annual budgets, significant investment funding, and major restructuring of core businesses. They act on a fully informed basis to ensure that all decisions are made in good faith, with due diligence and care, and always in the best interest of the company.</p> <p>Reference/Link: Minutes of Regular BOT Meeting</p>
<p>Recommendation 2.2</p>			
<p>1. Board oversees the development, review, and approval of the company's business objectives and strategy.</p>	<p>Compliant</p>	<p>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)</p> <p>Indicate frequency of review of business objectives and strategy</p>	<p>The Board of Trustees plays a crucial role in overseeing the development, review, and approval of the company's business objectives and strategies. Annually, the Plan and Budget are presented for review and approval by the BOT to ensure alignment with the association's objectives.</p> <p>Reference/Link: Minutes of Regular BOT Meeting</p>
<p>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.</p>	<p>Compliant</p>		<p>The Board oversees and monitors the implementation of the company objectives and strategy. During the regular meetings of the BoT, relevant matters, as well as the financial and operational condition of the organization and performance metrics, are reviewed.</p> <p>Reference/Link: Minutes of Regular BOT Meeting</p>
<p>Recommendation 2.3</p>			
<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the Chairperson, including his/her name and qualifications</p>	<p>Ms. Ma. Cristina D. Bugay is the current Board of Trustees President. As long-time members of the Association, and as an MBA Coordinator serving for 6 years, she possesses a deep understanding of its operations and the needs of their fellow members, which is invaluable in managing the entire organization. She is empowered to guide the association by attending numerous relevant trainings and seminars.</p> <p>Reference/Link: KCCDFI MBA Corporate Governance Manual (Qualification of the Trustees Sec.1.2)Page 10-11</p>

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report

			Reference/Link: KCCDFI MBA Annual Report 2024 (Board of Trustees Profile-Ma. Cristina D. Bugay)
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 established a policy and program for succession planning and retirement applicable for the Board of Trustees, key officers, and management. Details of the policy, programs, strategies, and implementation guidelines are detailed in the KCCDFI MBA succession planning framework.
2. Board adopts a policy on the retirement of directors and key officers.	Compliant		Reference/Link: KCCDFI MBA Corporate Governance Manual (PART III Succession Planning) Page 36-39 Reference/Link: Succession Planning Framework of KCCDFI MBA
Recommendation 2.5			
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	Compliant	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	KCCDFI MBA is a non-stock, non-profit mutual benefit association. As stipulated in our By-Laws, members of the Board of Trustees do not receive regular salaries. However, they are entitled to gratuity, per diem, and reimbursement of reasonable expenses incurred in the performance of their duties. This structure supports our mission-driven governance and limits potential conflicts of interest.
2. Board aligns the remuneration of key officers and board members with the long-term interests of the company.	Compliant		Reference/Link: Articles and Bylaws (Article IX Board Meeting Section 4 page 7)
3. Directors do not participate in discussions or deliberations involving his/her remuneration.	Compliant	implementation, including the relationship between remuneration and performance.	In accordance with our Code of Ethics and governance principles, no member of the Board, management, or staff participates in discussions or decisions related to their own remuneration. This safeguards against conflicts of interest and upholds the integrity of our compensation practices.
			Reference/Link: Articles and Bylaws (Article IX Board Meeting Section 4 page 7)
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders.	The procedure for nominations is outlined in the Company's Policy and Guidelines for nominations and elections and is available on the company website.
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		Reference/Link: Nomination and Election Policy and Guidelines The Nomination and Election Policy is disclosed and available on the company website; It is also included as an Annex to the Corporate Governance Manual.
3. Board nomination and election policy include how the company accepts nominations from minority shareholders.	Compliant	Provide proof if minority shareholders have a right to nominate candidates to the board.	Reference/Link: Nomination and Election Policy and Guidelines 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	Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election, or replacement of a director.	The Nomination Committees will evaluate the qualifications of the nominees based on the submissions and/or supporting documents following a predetermined set of criteria and compile a final list of candidates that includes all relevant information about the nominees, along with any nominees proposed for independent trustees, if any. In the unlikely event that none of the members who made the nominations indicated any particular nominee as a candidate 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.

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report

			Reference/Link: Nomination and Election Policy and Guidelines Section 7	
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			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 practices
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 tasked to prepare a detailed 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 KCCDFI MBA's strategic direction. Reference/Link: Nomination and Election Policy and Guidelines	
Recommendation 2.7				
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions	Compliant		The Board 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 charter, which serves as its terms of reference for handling matters related to related party transactions Reference/Link: RPT Committee Charter	
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 RPTs that are considered material based on the association's internal policies shall be endorsed by the RPT Committee to the Board of Trustees for approval. Reference/Link: KCCDFI MBA Corporate Governance Manual (Related Party Transaction) Page 28-29 Reference/Link: RPT Committee Charter	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile, and complexity of operations.	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 shall have exercised due diligence in determining a fair price for RPTs. All RPTs that are considered material based on association's internal policies shall be endorsed by the RPT Committee to the board of trustees for approval (f) Reference/Link: KCCDFI MBA Corporate Governance Manual (RPT Committee) Page 23-25	
Recommendation 2.8				

Name of MBA

**KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report**

<p>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).</p>	<p>Compliant</p>	<p>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.</p>	<p>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 KCCDFI MBA.</p> <p><u>Reference/Link: Articles and By-Laws (Article X Officers Section 1) Page 8</u></p>	

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report

<p>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).</p>	<p>Compliant</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the</p> <p>Provide information on the assessment process and indicate the frequency of assessment of performance.</p>	<p>As part of their Board of Trustees' general responsibility, they oversee 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 manage the company's day-to-day operations. Performance of the Management is being assessed annually.</p> <p>Reference/Link: KCCDFI MBA Corporate Governance Manual page 13 (General Responsibility of the Board)</p>	
<p>Recommendation 2.9</p>				
<p>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.</p>	<p>Compliant</p>	<p>Provide information or link/reference containing the Board's</p>	<p>KCCDFI MBA conducts a Performance Evaluation for all regular employees, including the General Manager, annually and which results is reviewed covering the twelve months to serve as the Annual Performance Rating of the employee. In the conduct of the Performance Evaluation, standardized form is used</p> <p>Reference/ Link: Performance Evaluation Form</p>	
<p>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.</p>	<p>Compliant</p>	<p>performance framework for management personnel.</p>	<p>An annual performance evaluation is conducted for both management and staff using the KCI evaluation form to ensure that individual performance aligns with the standards established by the Board and Senior Management.</p> <p>Reference/ Link: Sample Performance Evaluation Form</p>	
<p>Recommendation 2.10</p>				
<p>1. Board oversees that an appropriate internal control system is in place.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an</p>	<p>The KCCDFI MBA Board of Trustees, through the Audit Committee, exercises oversight over the organization's internal control system as part of its governance responsibility. They are responsible for supervising the organization's audit and control processes, financial management activities, and adherence to existing policies, policies, procedures, laws, and regulations.</p> <p>Reference/Links: Audit Committee Charter</p>	
<p>2. The internal control system includes a mechanism for monitoring and managing potential conflicts of interest of the Management, members, and shareholders.</p>	<p>Non-Compliant</p>	<p>appropriate internal control system is in place and what is included in the internal control system</p>		<p>While KCCDFI MBA has existing general control and ethical frameworks, we still need to formally adopt a conflict of interest policy/mechanism for monitoring and managing potential conflicts of interest of the Management, members, and shareholders.</p>
<p>3. Board approves the Internal Audit Charter</p>	<p>Non-Compliant</p>	<p>Provide a reference or link to the company's Internal Audit Charter</p>		<p>We currently don't have an internal audit charter. We shall develop our internal audit charter and present it to the Board for adoption and approval. We shall include this as part of our areas for compliance.</p>
<p>Recommendation 2.11</p>				
<p>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.</p>	<p>Compliant</p>	<p>Provide information on or link/reference 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.</p>	<p>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.</p>	

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report

		Provide proof of the effectiveness of risk management strategies, if any	Reference/Links: KCCDFI MBA Corporate Governance Manual page 22-23 Risk Oversight Committee KCCDFI MBA ERM Framework	
2. The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant		The Risk Management Framework serves as a 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. Reference/Links: KCCDFI MBA ERM Framework	
Recommendation 2.12				
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities, and accountabilities in carrying out its fiduciary duties.	Compliant		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 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. Reference/Link: KCCDFI MBA Corporate Governance Manual General Responsibility Item 1.5 Page 13 Reference/Link: KCCDFI MBA Corporate Governance Manual Section 4 (Officers of the Board) Page 17-20	
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. Reference/Link: KCCDFI MBA Corporate Governance Manual	
3. Board Charter is publicly available and posted on the company's website.	Compliant		The Corporate Governance Manual, which serves as the Board Charter, is available and posted on the company website. Reference/Link: KCCDFI MBA Corporate Governance Manual	
Principle 3: Board committees should be set up to the extent possible to support the effective Board's actions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions, and responsibilities of all committees established should be contained in a publicly available Committee Charter.				
Recommendation 3.1				
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	Provide information or link/reference to a document containing information on all the board committees established by the company.	The Board of Trustees has established several committees focused on specific functions to enhance the optimal performance of its roles and responsibilities. These committees include the following a. Audit Committee b. Remuneration Committee c. Nomination and Election Committee d. Investment Committee e. Related Party Transaction Committee f. Risk Oversight & Governance Committee Reference/Links: KCCDFI MBA Annual Report 2024 (Board Committees) Page 28-31 Minutes of Regular Board Meeting (New Board Committee Appointment)	

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report

Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	Provide information or link/reference to a document containing information on the Audit Committee, including its functions. Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor	The Board has established an Audit Committee to assist 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. Reference/Link: KCCDFI MBA Corporate Governance Manual Section 5.1 (Audit Committee) Page 20-22
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman, is independent.	Compliant	Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.	Our Audit Committee is composed of three suitably qualified non-executive directors, the majority of whom, including the Chair, are independent. Details about the committee's composition and individual member profiles are available in the Annual Report. Reference/Link: KCCDFI MBA Annual Report 2024 (Audit Committee Composition) Page 28 Reference/Link: KCCDFI MBA Annual Report (Profiles of BOT) Page 20-26
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing, and finance.	Compliant	Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee	All members of the committee have relevant backgrounds, knowledge, skills, and/or experience in accounting, auditing, and finance. Based on their profiles, two of the members are certified public accountants. Reference/Link: KCCDFI MBA Annual Report 2024 (Profiles of BOT) Page 20-26
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 serves as the Chair of the Audit Committee, while Ms. Ma. Cristina A. Bugay has held the position of Chairman of the Board since December 2021 and will continue in this role until her term ends in October 2024. Reference/Link: KCCDFI MBA Annual Report 2024 (Audit Committee Composition) Page 28
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions. Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.	Following 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. Reference/Link: KCCDFI MBA Corporate Governance Manual page 25-26 (Corporate Governance Committee)
2. Corporate Governance Committee is composed of at least three members, the majority of whom should be independent directors.	Compliant	Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee,	The qualifications and directorship types of the Corporate Governance Committee members are disclosed in the Annual Report.

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report

			Reference/Link: KCCDFI MBA Annual Report 2024 (Governance/Risk Oversight Committee) Page 31 (BOT Profile) pages 20-26
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 serves as an independent trustee and is the chairperson of the Governance Committee. Her profile can be found in the Annual Report. Reference/Link: KCCDFI MBA Annual Report 2024 (Profiles of Nevilyn P. Abualas) Page 26
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions	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. Reference/Link: KCCDFI MBA Board Risk Oversight Committee Charter
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 serves as the Chair of the BROC. In her capacity as an independent trustee, she leads the committee, which is composed entirely of non-executive directors. Information on the committee's composition, types of directorship, and member qualifications can be found in the Annual Report." Reference/Link: KCCDFI MBA Annual Report 2024 (Risk Oversight Committee) Page 31 (BOT Profile) pages 20-26
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 is not the Chairman of the Board, although she also chairs other committees. At present, the Board of Trustees includes only two independent trustees, making it impractical to appoint a committee chair who does not lead other committees. Nevertheless, we intend to review the existing committee structure and explore the possibility of consolidating related committees to better support our strategic goals
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.	Ms. Nevilyn P. Abualas, Chair of the BROC, has extensive knowledge and experience in risk and risk management, having completed numerous relevant training programs. The most recent was an Enterprise Risk Management Workshop held in July 2023. Reference/Link: KCCDFI MBA Annual Report 2023 (Enterprise Risk Management Workshop Attendees)

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report

Recommendation 3.5				
	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 assist 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. The specific roles and responsibilities of the Committee are detailed in the Corporate Governance Manual and the RPT Charter. Reference/Link: RPT Committee Charter	
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 is composed of three non-executive trustees, none of whom hold executive positions within the Association, thereby ensuring their independence. The committee is chaired by Ms. Dezza S. Mohammad, an independent trustee. Details regarding the committee's composition, as well as the qualifications and types of directorships of its members, are clearly outlined in the Annual Report. Reference/Link: KCCDFI MBA Annual Report 2024 (RPT Committee) Page 30	
Recommendation 3.6				
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.		We acknowledge that not all established committees currently have dedicated charters. At present, only the Audit Committee, Risk Oversight Committee, and Related Party Transactions (RPT) Committee have formal charters that outline their respective purposes, memberships, structures, operations, reporting processes, and resources. These charters also contain provisions relevant to committee performance evaluation.
2. Committee Charters provide standards for evaluating the performance of the Committees.	Non-Compliant			To address this gap, the company is committed to developing formal charters for all remaining committees. This initiative is part of a broader governance enhancement program and aims to clarify the roles and responsibilities of each committee, avoid overlaps, and provide a basis for performance evaluation. The development of these charters is targeted for completion in the succeeding year.
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.	The existing charters of the Audit Committee, Risk Oversight Committee, and Related Party Transactions (RPT) Committee are fully disclosed on the company's website. Reference/Links: Committee Charters	

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report

<p>Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.</p>				
<p>Recommendation 4.1</p>				
<p>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.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the process and procedure for tele or videoconferencing board and/or committee meetings.</p> <p>Provide information or link/reference to a document containing information on the attendance and participation of directors to</p>	<p>Participation and attendance at all Board, Committee, and shareholder meetings—whether in person or through tele-video conferencing—are clearly documented in the Annual Report. This reflects the members' full commitment to the Association.</p> <p>Reference/Links: KCCDFI MBA Annual Report 2024 ((Committee Meeting Attendance) Page 27-30</p>	

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report

	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 request clarifications or explanations when necessary.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors.	Reference/Link: Minutes of the Meeting	
Recommendation 4.2				
1. Non-executive directors concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities (ICREs) and publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Compliant	<p>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies.</p>	Under our Corporate Governance Manual, Board of Trustees member must exercise due discretion when accepting and holding other board seats outside the Corporation. 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. Thus, they have sufficient time to fully prepare for meetings, critically assess Management's recommendation /views, and oversee the company's long-term strategy.	
			Reference/Link: KCCDFI MBA Corporate Governance Manual page 14 (Multiple Board Seats)	
			Reference/Link: KCCDFI MBA Annual Report 2024 (The Board of Trustees Profile) Page 20-26	
Recommendation 4.3				
1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.	Compliant	Provide a copy of the written notification to the board or minutes of the board meeting wherein the matter was discussed.	None of our current Board of Trustees members have taken on directorship at companies apart from KCCDFI MBA.	
Principle 5: The Board should endeavor to exercise an objective and independent judgment on a corporate affairs.				
Recommendation 5.1				
1. The Board is composed of at least twenty percent (20%) independent directors	Compliant	Provide information or link/reference to a document containing information on the number of independent directors on the board.	The Annual Report provides details on the composition and profiles of the Board of Trustees. Out of the seven members, two serve as independent trustees.	
			Reference/Link: KCCDFI MBA Annual Report 2024 (Board of Trustees composition) Page 27 Profile of the BOT Page 20-26	
Recommendation 5.2				

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report

	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.	Both of our independent trustees meet all the necessary qualifications. They are not officers or employees of the Association, its parent company, or any of its subsidiaries, and they have no relationships that could impair their independent judgment. Neither trustee has been convicted by final judgment for crimes involving dishonesty or breach of trust—such as fraud, embezzlement, extortion, forgery, malversation, swindling, or theft. They have also not been found guilty of violating insurance laws, nor have they been judicially declared insolvent, spendthrifts, or legally incapable of entering into contracts. Furthermore, they have not served as directors, officers, or employees of any closed insurance company or intermediary deemed responsible for such closure by the Insurance Commission. Reference/Link: KCCDFI MBA Corporate Governance Manual page 15-16 (The Independent Trustees)	
Recommendation 5.3				
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 her term concluded in October 2024. She was succeeded by Ms. Dulcita F. Estrada, who was elected in October 2024. Meanwhile, Ms. Nevilyn P. Abualas was elected in October 2017. Based on these dates, only Ms. Dezza exceeded the 9-year term limit. Reference/Link: KCCDFI MBA Annual Report 2024 (Board of Trustees) Page 27	
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 outlined in the Corporate Governance Manual, independent trustees may serve on the Board for a maximum cumulative term of nine years. Upon reaching this limit, they become permanently barred for re-election. Reference/Link: KCCDFI MBA Corporate Governance Manual (Term of Office of Independent Trustee) Page 16	
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.	No independent trustees of the Association have served beyond the prescribed term limit. As a result, the Association is not required to submit a formal written justification to the Insurance Commission or obtain approval from the shareholders or general membership.	
Recommendation 5.4				
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals	Compliant	Identify the company's Chairman of the Board and Chief Executive Officer.	Ms. Ma. Cristina B. Bugay holds the position of Chairman and President, while Maria Teresa C. Gonzales serves as the CEO/General Manager. Reference/Link: General Information Sheet 2024	

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 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 specific duties and responsibilities of the Chairman/President and the CEO/General Manager are clearly defined in the Corporate Governance Manual. The Chairman/President presides over all meetings of the Association's members, with additional roles and functions also detailed in the Manual. The CEO/General Manager, on the other hand, is responsible for managing the company's daily operations.. Reference/Link: KCCDFI MBA Corporate Governance Manual page 17-18 (President and Chairman) page 30-31 (General Manager)	
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	Ms. Ma. Cristina D. Bugay, the Chairman of the Board, is regarded as independent since she does not hold any executive position within the Association. The roles of Chairman and CEO/General Manager are held by two separate individuals.	
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 stipulated 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. Reference/Link: KCCDFI MBA Corporate Governance Manual page 28-29 (Related Party Transaction)	
Recommendation 5.7				
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance, and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation.	Non-Compliant	Provide proof and details of said meeting, if any		In 2024, no separate meeting was held by the non-executive directors (NEDs) to meet independently with the external auditor and heads of internal audit, apart from management. We recognize this as an area for improvement and compliance. Moving forward, we plan to raise this issue with the Board and take the necessary steps to ensure alignment with strong corporate governance practices.
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 2024.	
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			

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report

	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
4. The performance of each committee is assessed annually by the Board.	Compliant		Reference/Link: Sample Board Performance Evaluation (Board) Reference/Link: Sample Board Performance Evaluation (Individual)	
5. Every three years, the assessments are supported by an external facilitator.	Non-Compliant	Identify the external facilitator and provide proof of use of an external facilitator.		We have not yet conducted an annual assessment with the assistance of external facilitators. This will be added to our compliance priorities and brought up for discussion with the Board of Trustees.
Recommendation 6.2				
1. Board has in place a system that provides, at the minimum criteria, and processes to determine the performance of the Board, individual directors, and committees.	Compliant	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors, and committees, including a feedback mechanism from shareholders.	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. Reference/Link: Sample Self and Peer Assessment Form Reference/Link: KCCDFI MBA Corporate Governance Manual page 60-61 Annex 1 (Performance Evaluation)	
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.
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.				
Recommendation 7.1				
1. Board adopts a Code of Business Conduct and Ethics, which provides standards for professional and ethical behavior, as well as articulates acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	Provide information on or link/reference to the company's Code of Business Conduct and Ethics.	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 Reference/Link: KCCDFI MBA Corporate Governance Manual page 62-63 (Code of Ethics)	
2. The Code is properly disseminated to the Board, senior management, and employees.	Compliant	Provide information on or discuss how the company disseminated the Code to its Board, senior management, and employees.	The 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 Reference/Link: KCCDFI MBA Corporate Governance Manual page 62-63 (Code of Ethics)	
3. The Code is disclosed and made available to the public through the company website.	Compliant	Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/disclosed.	The company's Code of Business Conduct and Ethics is included as Annex 2 (pages 62-63) of the KCCDFI MBA Corporate Governance Manual. This manual is publicly accessible through the company's official website. Reference/Link: KCCDFI MBA Corporate Governance Manual page 62-63 (Code of Ethics)	
Recommendation 7.2				

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 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.		KCCDFI MBA acknowledges the need to strengthen its mechanisms for the effective implementation and monitoring of the Code of Business Conduct and Ethics. While a Whistleblowing Policy is currently in place, allowing employees and stakeholders to report observed violations, we recognize that formal compliance controls and monitoring systems require enhancement. The Code of Ethics applies to all members of the Board of Trustees, management, employees, and officers of the Association. At present, there have been no formal findings of non-compliance , but in the interest of good governance, we are prioritizing the development of more structured monitoring processes. This matter will be raised at the upcoming Board meeting to initiate the design and implementation of appropriate compliance tracking systems and reporting protocols aligned with industry best practices.
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Non-Compliant	Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance		
DISCLOSURE AND TRANSPARENCY				
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.				
Recommendation 8.1				
1. The Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable, and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results, and business operations.	Compliant	Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders.	The company 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 Reference/Link: KCCDFI MBA Corporate Governance Manual page 56-57 (Disclosure and Transparency) Reference/Link: KCCDFI MBA Company Website	
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.	The KCCDFI MBA 2024 Annual Report provides a comprehensive disclosure of each Board member's profile, including their academic qualifications, shareholdings in the Association (if any), affiliations with other boards, executive positions held, professional experience, areas of expertise, and relevant training attended. This level of disclosure ensures transparency and enables stakeholders to evaluate their qualifications and assess any potential conflicts of interest. Reference/Link: KCCDFI MBA Annual Report 2024 (Board of Trustees Profile) Pages 20-26	
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.	The KCCDFI MBA 2024 Annual Report provides detailed profiles of the Association's management team and key executives. These profiles include their academic qualifications, shareholdings in the Association (if any), participation in other boards, executive positions held, professional experience, areas of expertise, and relevant trainings attended. This level of disclosure ensures transparency and allows stakeholders to assess their qualifications and identify any potential conflicts of interest. Reference/Link: KCCDFI MBA Annual Report 2024 (Profile of the Management) pages 42-44	

Name of MBA

**KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report**

Recommendation 8.3			
<p>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.</p>	<p>Compliant</p>	<p>Disclose or provide link/reference to the company policy and practice for setting board remuneration.</p>	<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>

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report

	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
			Reference/Link: KCCDFI MBA Articles and By Laws (Article IX Section 4)	
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.	<p>The Corporate Governance Manual and Articles and Bylaws clearly state that compensation, including salaries and benefits of the key officers shall be determined and approved by the Board of Trustees.</p> <p>As member of the Kasanyangan Converging Institutions, KCCDFI MBA adopts the Salary Standardization Scheme used across the network. This ensures alignment and equity in remuneration practices across partner organizations. The scheme considers organizational structure, job grade levels market competitiveness, and internal equity.</p> <p>The level and mix of executive compensation-including fixed pay, benefits and allowances, are structured to attract and retain competent professionals while ensuring financial sustainability and compliance with applicable laws and governance standards.</p> <p>Reference/Link: KCCDFI MBA Corporate Governance Manual Section 4 Page 17</p>	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	Provide a breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.	<p>As a non-stock, non-profit mutual benefit association, the Board of Trustees does not receive remuneration; therefore, individual director remuneration is not applicable. However, remuneration details for key executives, including the CEO/GM, are disclosed in aggregate form. The Annual Report provides a breakdown of executive compensation, including termination and retirement provisions where applicable.</p> <p>Reference/Link: KCCDFI MBA Annual Report 2024 (Remuneration) Page 29</p>	
Recommendation 8.4				
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	<p>Disclose or provide reference/link to the company's RPT policies.</p> <p>Indicate if the director with a conflict of interest abstained from the board discussion on that particular transaction</p>	<p>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.</p> <p>Reference/Link: KCCDFI MBA Corporate Governance Manual RPT page 28-29</p>	

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report

	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 related party transactions (RPTs) are disclosed in the KCCDFI MBA Annual Report 2024, specifically in pages 94–95 under Note 23 of the Audited Financial Statements. These disclosures include the name of the counterparty, relationship, transaction type and amount, and other relevant terms. The Board of Trustees reviewed and approved these transactions in accordance with our RPT policy, and they were subsequently confirmed by a majority of the general membership during the Annual General Membership Meeting. Reference/Link: KCCDFI MBA Annual Report 2024	
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. Reference/Link: KCCDFI MBA Corporate Governance Manual	
2. The Company's MCG is posted on its company website	Compliant			
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and effective oversight of the same to strengthen the external auditor's independence and enhance audit quality				
Recommendation 9.1				
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal, and fees of the company's external auditor.	The Audit Committee exercises oversight of external auditors. It is primarily responsible for the selection and appointment of these auditors, subject to ratification by the general membership. The Committee also facilitates the approval / disapproval of the corresponding service fees. Moreover, they handle the performance evaluation and if necessary, the re-appointment or dismissal of the external auditors. The related provision is stipulated in the KCCDFI MBA Audit Committee charter. Reference/Link: KCCDFI MBA Audit Committee Charter	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board, and ratified by the shareholders.	Compliant	Indicate the percentage of shareholders that ratified the appointment, reappointment, removal, and fees of the external auditor.	The Audit Committee recommends the reappointment and fees of the external auditor, Quilab and Garsuta Co. These recommendations are subsequently approved by the Board and ratified by the general membership during the Annual General Membership Meeting (AGMM). In the most recent AGMM, 100% of the voting members present ratified the appointment of the external auditor, as recorded in the minutes of the meeting. Reference/Link: Minutes of the 15th Annual General Membership Meeting Agenda Appointment of External Auditor	
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 2024 Annual General Membership Meeting.	

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report

			Reference/Link: Minutes of the 15th Annual General Membership Meeting Agenda Appointment of External Auditor Page 10
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	Compliant	Provide link/reference to the company's Audit Committee Charter.	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. Reference/Link: KCCDFI MBA Audit Committee Charter
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	Disclose the nature of non-audit services performed by the external auditor, if any.	In 2024, the Association's external auditor, Quilab and Garsuta, CPA, did not render any non-audit services. As there were no such services provided that could present a conflict of interest, no additional disclosures were required. This has been duly noted in the 2024 Annual Report. Reference/Link: KCCDFI MBA Annual Report 2024 (External Auditor) Page 33
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 to the Association. As stated in the KCCDFI MBA Audit Committee Charter, the Audit Committee is responsible for the oversight of external auditors, which includes evaluating and approving any proposed non-audit engagements. The committee is guided by strict policies that prohibit non-audit work which may compromise the auditor's objectivity or independence. Reference/Link: KCCDFI MBA Audit Committee Charter
Principle 10: The Company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social, and governance (EESG) issues of its business, which underpin sustainability.	Compliant	Disclose or provide a link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.	The Board 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. Reference/Link :KCCDFI MBA Corporate Governance Manual page 56-57 (Disclosure and Transparency) Reference/Link: KCCDFI MBA Annual Report 2024

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 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.	
			Reference/Link: KCCDFI MBA Annual Report 2024	
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders, and other interested users.				
Recommendation 11.1				
1. The company should have a website to ensure a comprehensive, cost-efficient, transparent, and timely manner of disseminating relevant information to the public.	Compliant	Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.	The manner in which relevant information is disseminated to its intended users is as important as the content itself. Therefore, having a company website is essential for effectively sharing information with the public. Our current website is kccdfimba.com	
			Reference/Link: KCCDFI MBA Company Website	
INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK				
Principle 12: To ensure integrity, transparency, and proper governance in the conduct of its affairs, the company should control the system and enterprise risk management framework, a strong and effective internal control system, and enterprise risk management framework.				
Recommendation 12.1				
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.	
			Reference/Link: KCCDFI MBA Corporate Governance Manual page 32-35 (Internal Auditor)	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	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.	
			Reference/Link: KCCDFI MBA ERM Framework	
Recommendation 12.2				

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report

	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 an external firm.	An independent internal audit function is performed internally (in-house) by the internal audit unit of our converging institution, KMFI, as specified in our Memorandum of Agreement. They provide unbiased and objective assurance, as well as consulting services intended to improve assurance, impartial and objective assurance, along with consulting services intended to enhance the efficiency of the company's operations. Reference/Link: Management Contract of Services	
Recommendation 12.3				
1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board	Compliant	Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.	Due to our company's size, risk exposure, and operational complexities, we do not employ a chief audit executive. Instead, the appointed audit committee takes on this function. These committees are usually chaired by an independent trustee with relevant backgrounds, knowledge, skills, and/or experience in the areas of accounting, auditing, and finance. Their specific duties and responsibilities are detailed in the Corporate Governance Manual on pages 20-22. They may delegate other duties and responsibilities to the General Manager as they deem necessary concerning audit activities, including any portion outsourced to third-party service providers.	
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.	Compliant		Reference/Link: KCCDFI MBA Corporate Governance Manual page 20-22 (Audit Committee)	
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.	In cases where internal audit activities are fully outsourced, the responsibility for managing this outsourced audit function is delegated to the general manager.	
Recommendation 12.4				

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report

	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"> ■ Develops a formal enterprise risk management plan; ■ Identifies and evaluates risk exposure of the association; ■ Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence; ■ Develop risk management strategies for managing and controlling risks faced by the association; ■ Oversees the implementation of the enterprise risk management plan by conducting regular discussions of current risks based on the management reports and assess how to reduce the risks; ■ Review and revised the enterprise risk management plan to ensure its continued relevance, comprehensiveness and effectiveness; ■ Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Association; ■ Reports to the Board on a regular basis, or as deemed necessary, the Association's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary; ■ Performs other duties and responsibilities as the Committee may deem appropriate within the scope of its primary functions or as may be assigned by the Board. 	
			Reference/Link: Risk Oversight Committee Charter	
Recommendation 12.5				
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	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.	<p>Considering the current scale and complexity of our organization, we have determined that appointing a dedicated Chief Risk Officer (CRO) is not necessary at this time. Outsourcing this function is also deemed unnecessary. Instead, the responsibilities related to Enterprise Risk Management (ERM) are currently managed internally and assumed by the General Manager on an interim basis.</p>	
2. CRO has adequate authority, stature, resources, and support to fulfill his/her responsibilities.	Compliant		<p>The General Manager has undergone relevant training in enterprise risk management, as disclosed in her profile, and possesses the competence to oversee risk-related matters effectively.</p> <p>The Board continues to review the organization's risk exposure and structure and will consider the appointment of a dedicated CRO should the organization's size, risk profile, or regulatory landscape require it in the future.</p>	
			Reference/Link: GM's Profile	
CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS				
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect, and facilitate the exercise of their rights.				
Recommendation 13.1				
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed	<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. These provisions ensure transparency and protect shareholders' interest in line with regulatory expectations.</p>	
			Reference/Links: KCCDFI MBA Corporate Governance Manual (Part VI Members) page 49-51	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Provide a link to company's website	<p>The Company's Corporate Governance Manual and Articles and Bylaws, both of which disclose the basic rights of shareholders-- are publicly available on our website under the Corporate Governance section.</p>	
			Reference/Links: KCCDFI MBA Corporate Governance Manual page 49-51 (Part VI Members)	

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report

	Compliant/ Non-Compliant	Additional Information	Additional Information	Reference/Explanation
Recommendation 13.2				
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting.	Compliant	<p>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out.</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>Provide a link to the Agenda included in the company's Information Statement</p>	<p>The Notice of the Annual General Membership Meeting was initially published on the company website on September 10, 2024, and was reissued on October 7, 2024, following the lack of quorum on the originally scheduled date. Despite the rescheduling, the notice was still provided well in advance—exceeding the 21-day requirement. The Notice included complete details of the meeting agenda, the rationale for each item, and the profiles of the nominees up for election.</p>	
			Reference/Links: Notice of 15th Annual General Membership Meeting	
Recommendation 13.3				
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	<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 15th Annual General Membership Meeting were made publicly available on the KCCDFI MBA website on October 31, 2024, one working day after the meeting. The minutes include voting results for each agenda item, showing the number of votes in favor, against, and abstentions.</p> <p>Additionally, the minutes capture the questions raised by members during the open forum and the responses provided by management and the Board. This demonstrates the Association's commitment to transparency and active stakeholder engagement.</p>	
			Reference/Links: Minutes of the 15th Annual General Membership Meeting	
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 Annual General Membership Meeting were posted on the company website on October 31, 2024, just one day after the meeting—well within the five-business-day requirement.</p> <p>The minutes include voting results for each agenda item, indicating the number of votes in favor, against, and those who abstained. Voting was conducted via poll.</p> <p>Additionally, the meeting provided an opportunity for members to raise questions. These were addressed during the open forum, and responses to key questions are also documented in the minutes.</p>	
			Reference/Links: Minutes of the 15th Annual General Membership Meeting	
Recommendation 13.4				
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>KCCDFI MBA has established an Alternative Dispute Resolution (ADR) mechanism to address intra-corporate disputes in a fair, amicable, and effective manner. This framework promotes resolution through dialogue and mediation, helping preserve organizational harmony and trust.</p> <p>Details of the ADR mechanism are outlined in the Corporate Governance Manual (Pages 39–47, Part IV – ADR), and are also accessible on the company website under the Corporate Governance > IRR and Policies section.</p>	
			Reference/Links: Corporate Governance Manual – Part IV: ADR (Pages 39–47)]	
			Reference/Links: Alternative Dispute Resolution	

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 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 Company's Alternative Dispute Resolution (ADR) Mechanism is outlined in the KCCDFI MBA Corporate Governance Manual, specifically in Part IV (pages 39–47) . This section provides structured processes for resolving disputes fairly, efficiently, and in alignment with cooperative principles.	
			Reference/Links: KCCDFI MBA Corporate Governance Manual (Part IV Alternative Dispute Resolution) Page 39-47	
DUTIES TO STAKEHOLDERS				
Principle 14: The right of the stakeholders established by law, by contractual relations, and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.				
Recommendation 14.1				
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth, and sustainability.	Compliant	Identify the company's shareholders and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.	The Board has identified the following key stakeholders of KCCDFI MBA: A) Members (as shareholder-equivalents), B) Board of Trustees, C) Staff, D) Partner-agent MFIs, E) Regulatory Agencies, F) Suppliers and Contractors, G) Community of Operations, H) Environmental Advocates, and I) Technical Service Providers. The Board promotes active cooperation with these stakeholders to drive inclusive growth, sustainability, and shared value creation. This is accomplished through initiatives such as financial literacy trainings, community-based outreach programs, partnership agreements with MFIs, and environmental sustainability campaigns. Details on these policies and stakeholder-related programs are outlined in the Annual Report & Corporate Governance Manual.	
			Reference/Links: KCCDFI MBA Annual Report 2024 Reference/Links: KCCDFI MBA Corporate Governance Manual page 51-55 (Part VII Stakeholders)	
Recommendation 14.2				
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Identify policies and programs for the protection and fair treatment of the company's stakeholders.	The Board ensures the fair treatment and protection of stakeholders through several documented policies and governance mechanisms. These include provisions on transparency, accountability, ethical conduct, and stakeholder engagement outlined in the Corporate Governance Manual (pages 51–57) . Specific programs include grievance mechanisms for members, procurement policies promoting supplier fairness, and compliance with regulatory frameworks. The Board and Management also ensure strict adherence to the company's Code of Ethics , which reinforces respect, inclusiveness, and impartiality in all dealings with stakeholders.	
			Reference/Links: KCCDFI MBA Corporate Governance Manual (Part VII Stakeholders)Page 51-57	
Recommendation 14.3				
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	Provide the contact details (i.e. name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints about possible violation of their rights. Provide information on whistleblowing policy, practices, and procedures for stakeholders.	Stakeholders may communicate their concerns, suggestions, or complaints through the contact details provided on the company website under the "Contacts" section. A link to the company's Facebook page is also available for direct messaging. The designated contact person is Ms. Ma Perla J. Medina , Promotions Officer, who may be reached at info.kccdfimba@gmail.com or via mobile at 0955-579-3476 / 0955-579-3477 . In addition, the company's Whistleblowing Policy —accessible in the Corporate Governance Manual (Annex 4, pages 66–68) —provides a structured process for stakeholders to confidentially report serious concerns, including violations of their rights. All reported issues are subject to investigation and appropriate redress, with confidentiality and protection assured for the reporting party.	
			Reference/Link: kccdfimba.com/contact-us/	

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 Annual Corporate Governance Report

Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.				
Recommendation 15.1				
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		<p>The Board promotes employee involvement in achieving the organization's goals and governance through various internal programs and policies. These include:</p> <ul style="list-style-type: none"> a. Performance Planning and Evaluation Systems aligned with strategic goals; b. Regular staff meetings where employees are encouraged to provide feedback and raise concerns; c. Participation in governance-related training and internal policy reviews. <p>These initiatives foster a culture of inclusion and shared accountability, ensuring employees are not only aligned with the company's direction but are also active contributors to its development and governance.</p> <p>Reference/ Links: KCCDFI MBA Annual Report 2024</p>	
Recommendation 15.2				
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant		<p>The Board of Trustees has adopted a clear anti-corruption policy, included in the company's Code of Ethics. This policy is disseminated through mandatory training sessions during employee onboarding and annual compliance workshops.</p> <p>Reference/Links: KCCDFI MBA Corporate Governance Manual Annex 2 (Code of Ethics)Page 62-63</p>	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant		<p>The Board ensures the dissemination of the company's Code of Conduct and Anti-Corruption Policy across the organization through structured training sessions. These are conducted during employee onboarding.</p>	
Recommendation 15.3				
1. Board established a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	Compliant		<p>A whistleblowing policy is in place to allow any concerned individual to report, provide information, and, if desired, testify—anonously or otherwise—regarding actions or omissions by Trustees, Officers, employees, or member-stakeholders that may be illegal, unethical, in violation of good governance practices, neglectful or abusive toward clients, or indicative of fraud, corruption, or harmful business practices.</p> <p>Reports may be submitted confidentially, and all disclosures—including the identities of both the whistleblower and the individuals involved—will be handled with utmost sensitivity and confidentiality, to the extent permitted by the need for a thorough investigation. The identity of the whistleblower will remain confidential unless disclosure is required by law or court order.</p> <p>This policy ensures that Trustees, Officers, employees, and members who report violations in good faith are protected from any form of discrimination, retaliation, or adverse employment consequences.</p> <p>Reference/Links: KCCDFI MBA Corporate Governance Manual Annex 4(Whistle Blowing Policy)Page 66-68</p>	

Name of MBA

KCCDFI Mutual Benefit Association, Inc.
2024 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		<p>The whistleblowing framework provides employees and stakeholders with multiple channels for reporting concerns, including potential misconduct, unethical behavior, or governance violations. Reports can be submitted to the Compliance Officer through the following channels:</p> <ul style="list-style-type: none"> ● Email: kccdfi_mba@yahoo.com.ph ● Mail: 2nd Floor KCCDFI Bldg., MCLL Highway, Guiwan, Zamboanga City ● Phone: (062) 990-2429, 0955-579-3477 / 0955-579-3476 <p>In cases where the concern involves senior management, employees may report directly to the Audit Committee, which is composed of independent board members responsible for overseeing whistleblowing investigations. The company ensures that all reports are treated with strict confidentiality and that whistleblowers are protected from retaliation.</p> <p><i>Reference/Links: KCCDFI MBA Corporate Governance Manual Annex 4(Whistle Blowing Policy)Page 66-68</i></p>	
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.	<p>The Board, through the Audit Committee, exercises oversight over the implementation of the whistleblowing policy. The Compliance Officer is mandated to promptly notify the Audit Committee of any reports received. Each reported incident, if any, is subject to thorough investigation and, where warranted, the imposition of appropriate disciplinary or corrective actions.</p> <p>For the reporting year, no whistleblowing incidents were reported.</p> <p><i>Reference/Links: KCCDFI MBA Corporate Governance Manual Annex 4(Whistle Blowing Policy)Page 66-68</i></p>	
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.				
Recommendation 16.1				
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business while contributing to the advancement of the society where it operates.	Compliant	Provide information or reference to a document containing information on the company's community involvement and environment- related programs.	<p>The management and staff of KCCDFI MBA are committed to fostering a culture of environmental and social responsibility. As part of this commitment, the organization implements various community involvement and environment-related programs, including financial literacy, community outreach programs etc., in partnership with our partner institution, KMFI.</p> <p><i>Reference/Link: KCCDFI MBA Annual Report 2024</i></p>	

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 22th day of May 2025.


MA. CRISTINA D. BUGAY
PRESIDENT /
CHAIRMAN OF THE BOARD


MARIA TERESA C. GONZALES
GENERAL MANAGER


HERMIE A. HASAN
CORPORATE SECRETARY


MA. PERLA J. MEDINA
CORPORATE GOVERNANCE
COMPLIANCE OFFICER


DULCITA F. ESTRADA
INDEPENDENT TRUSTEE


NEVILYN P. ABUALAS
INDEPENDENT TRUSTEE

SUBSCRIBED AND SWORN to before me this MAY 23 2025 day of May, 2025, 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	707-653-391
2. Maria Teresa C. Gonzales	934-009-908
3. Hermie A. Hasan	765-563-707
4. Ma. Perla J. Medina	949-553-227
5. Dulcita F. Estrada	116-655-771
6. Nevilyn S. Abualas	938-554-392

NOTARY PUBLIC

ATTY. ROSALITO L. RECO
Notary Public for and in Zamboanga City
Notarial Commission No.: 2023-300
Commissioned 29 December 2023, ending 31 December 2025
Roll of Attorneys No.: 82148
PTR No.: 3053029, 26 December 2024, Zamboanga City (2025)
IBP O.R. No.: 487231, 25 December 2024, ZAMBASULTA (2025)
MCLE Compliance No.: VIII-0001527; valid until 14 April 2028
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