

ANNUAL CORPORATE GOVERNANCE REPORT

RECOMMENDED CG PRACTICE/POLICY	COMPLIANT/NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1. The company should be headed by a competent, working board to foster long-term success and sustainability of the corporation in a manner consistent with its corporate objectives and the long-term best interest of its shareholders and other stakeholders			
Recommendation 1.1			
1. Board is composed of Directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT	The Board represents an appropriate mix of competence and expertise in different areas relevant to the company's industry, with each trustee capable of adding value and exercising independent judgment.	
2. Board has an appropriate mix of competence and expertise.	COMPLIANT	The profiles of the Directors are disclosed in the Company Website and in the Annual Report (page 14-15) while the required qualifications of a trustee are provided in Article V, Section 4 of the Company's By Laws and Part 2 section 2.1.3 of the Revised Corporate Governance Manual.	
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	COMPLIANT	<p>https://kgi-mba.com/images/Annual_Report/Annual_Report_2020.pdf</p> <p>https://kgi-mba.com/index.php/library/forms/summary/30-articles-of-incorporation-and-by-laws/55-amended-by-laws</p> <p>https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov</p> <p>The Company has a policy that encourages Directors to attend annual continuing training programs to ensure that they remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization. The Company believes that its Directors must keep abreast with the latest</p>	

		<p>developments in business, corporate governance best practices, laws and regulations, and other relevant matters that help them function effectively in the Board and in their respective committees in order to direct the Company to achieve its mission, vision and goals (Part 2 Section 2.2.3, Revised Corporate Governance Manual)</p> <p>https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov</p>	
Recommendation 1.2			
<p>1. Board is composed of a majority of non-executive Directors.</p>	<p>COMPLIANT</p>	<p>The Board consists of seven (7) Directors, two (2) of whom are independent Directors and all of them are non-executive Directors. The composition of the Board clearly delineates their responsibilities with those of Management.</p> <p>https://kgi-mba.com/images/Annual_Report/Annual_Report_2020.pdf</p> <p>https://kgi-mba.com/index.php/about-us/board-of-trustees</p>	
Recommendation 1.3			
<p>1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of Directors</p>	<p>COMPLIANT</p>	<p>The association ensures that our Directors receive relevant and continuing training and education to enable them to have a robust understanding of the business of microinsurance, to keep abreast with current issues and regulatory changes in the sector and to strengthen their ability to meet these governance responsibilities.</p> <p>The Company's Part 2 Section 2.2.3, of its Revised Manual of Corporate Governance provides that all Directors shall undergo relevant and continuing training for a duration equal to or longer than what is required by law and regulations. First time Directors shall undergo an orientation program covering SEC</p>	

		<p>mandated topics on corporate governance and an introduction to the company's business, Articles of Incorporation, and Code of Conduct. The orientation and continuing education program should be able to meet the specific needs of the company and the individual Directors and aid any new director in effectively performing his or her functions.</p> <p>The annual continuing training program, on the other hand, makes certain that the trustees are continuously informed of the developments in the industry and regulatory environments, including emerging risks relevant to the company.</p> <p>https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov</p>	
<p>2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time Directors.</p>	<p>COMPLIANT</p>	<p>The Company has an established orientation program for every new trustee to ensure of their practical understanding of business in general, and of KGI MBA in particular.</p>	
<p>3. Company has relevant annual continuing training for all Directors.</p>	<p>COMPLIANT</p>	<p>An in- house orientation program, incorporating briefings from the corporate and regulatory bodies, is arranged for any new director to better familiarize himself with the Company's businesses, stakeholders, regulatory environment, and governance practices.</p> <p>Part 2 Section 2.2.4 of the association's Revised Manual of Corporate Governance states that all trustees shall undergo relevant and continuing training for a duration equal to or longer than what is required by law and regulations. The continuing education program should be able to meet the specific needs of the company and the individual directors and aid any new director in effectively performing his or her functions.</p> <p>https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov</p> <p>Trainings/seminars attended by the Board of Trustees</p>	

		<p>is disclosed in the published Annual Report [page 13] of the association.</p> <p>https://kgi-mba.com/images/Annual_Report/Annual_Report_2020.pdf</p>	
<p>Recommendation 1.4</p>			
<p>1. Board has a policy on board diversity.</p>	<p>COMPLIANT</p>	<p>In line with KGI MBA’s commitment to the principles of good governance, the association shall actively work to ensure that in its engagement with stakeholders mentioned above, in every aspect of its operations, and at all levels of the organization, there will be no discrimination on the basis of ethnicity, race, age, language, ability, sex, sexual or gender identity, sexual orientation, family status, income, and political and/or religious affiliation. The association shall make every effort to promote full participation and access of diverse individuals to its services, employment, and governance structures as stated in its policy on diversity in its Corporate Governance Manual [Part 4, 4.3]</p> <p>Although most of the member of the association are female, the Board Diversity Policy recognizes the important role of men with appropriate and relevant expertise and experience that can contribute to the diversity of perspectives in the Board, so the Board aim to have at least one (1) male trustee as its member.</p> <p>https://kgi-mba.com/index.php/library/forms/summary/31-manual-of-corp-gov/56-revised-corp-gov</p> <p>In 2020, the Board is composed of six (6) female trustees and one (1) male trustee.</p> <p>https://kgi-mba.com/images/Annual_Report/Annual_Report_2020.pdf</p>	

Recommendation 1.5			
1. Board is assisted in its duties by a Corporate Secretary.	COMPLIANT	The association's Corporate Secretary, Miss Carmi G. Muli is responsible for ensuring that good information flows within the Board and Board Committees and between Management and non-executive directors. She also facilitates the orientation and assists with the professional development of directors as required by regulators.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT		
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT	<p>The information on the Corporate Secretary, including her name, qualifications, duties and functions are stated in the Annual Report [p.16-17].</p> <p>https://kgi-mba.com/images/Annual_Report/Annual_Report_2020.pdf</p> <p>The Corporate Secretary is a separate individual from the Compliance Officer. The Company's Corporate Secretary is Miss Carmi G. Muli while the Compliance Officer is Ms. Mary Jane Concepcion[p.18]</p> <p>https://kgi-mba.com/images/Annual_Report/Annual_Report_2020.pdf</p> <p>The Corporate Secretary is not a member of the Board of Trustees. The names and profiles of the Trustees are disclosed in the Company Website and in the 2020 Annual Report.</p> <p>https://kgi-mba.com/images/Annual_Report/Annual_Report_2020.pdf</p> <p>https://kgi-mba.com/index.php/about-us/board-of-trustees</p>	
4. Corporate Secretary attends training/s on corporate	COMPLIANT	Ms. Carmi Muli's information on the training on	

governance		<p>corporate governance is set out in the company's Annual Report [p.16-17]</p> <p>https://kgi-mba.com/images/Annual_Report/Annual_Report_2020.pdf</p>	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	<p>The Board is assisted by the Company's Compliance Officer, Ms. Mary Jane Concepcion [Annual Report p.18], who has the duties to monitor, review, evaluate and ensure the compliance by the corporation, its officers and directors with the relevant laws, rules and regulations and all governance issuances of regulatory agencies and report violations thereof to the Board and recommend the imposition of appropriate disciplinary action. Her duties are discussed in the Annual Report [p.18] and stated in the Revised Corporate Governance Manual [Part 2, 2.12.1]</p> <p>https://kgi-mba.com/images/Annual_Report/Annual_Report_2020.pdf</p> <p>https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov</p> <p>The Compliance Officer Ms. Mary Jane Concepcion is the General Manager of the association and has an adequate authority in the association and is not a member of the Board of Trustees. [p.14-15,18]</p> <p>https://kgi-mba.com/images/Annual_Report/Annual_Report_2020.pdf</p>	
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT		
3. Compliance Officer is not a member of the board.	COMPLIANT		
4. Compliance Officer attends training/s on corporate governance annually.	COMPLIANT		<p>Ms. Mary Jane Concepcion's information on the training on corporate governance is set out in the company's Annual Report [p. 18]</p> <p>https://kgi-mba.com/images/Annual_Report/Annual_Report_2020.pdf</p>

mba.com/images/Annual_Report/Annual_Report_2020.pdf

Principle 2. The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company’s articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all Directors as well as to stockholders and other stakeholders.

Recommendation 2.1

1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.

COMPLIANT

The Board of Directors reviews and approves major projects, policy decisions, annual budgets, major investment funding, and major restructuring of core businesses on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.

The Board, in its regular meeting held on November 23, 2020, approved the Php2M investment of the association to Premyo Bonds, a 1 year investment securities issued by the Republic of the Philippines.

<https://kqi-mba.com/index.php/library/forms/send/33-misc/58-board-reso>

Recommendation 2.2

1. Board oversees the development, review and approval of the company’s business objectives and strategy.

COMPLIANT

The Board is responsible for setting the Company’s overall strategic directions, corporate objectives, and long-term goals. It conducts an annual review of the Company’s business objectives and strategies to ensure that obligations to all stakeholders are understood and met.

During the last regular meeting held on December 17,2020, the board approved the 2021 Business Plan and the Proposal for Expansion for the year.

<https://kqi-mba.com/index.php/library/forms/send/33-misc/59-except-kqi-mba>

2. Board oversees and monitors the implementation of the company’s business objectives

COMPLIANT

The Board annually reviews and approves the corporate strategic objectives and monitors the

<p>and strategy in order to sustain the company's long-term viability and strength.</p>		<p>implementation thereof.</p> <p>The Board reviewed the implementation of the company's business objectives and strategy as part of the Board's assessment of the Company's performance in the past year.</p> <p>https://kgi-mba.com/index.php/library/forms/send/33-misc/59-except-kgi-mba</p>	
<p>Recommendation 2.3</p>			
<p>1. Board is headed by a competent and qualified chairperson.</p>	<p>COMPLIANT</p>	<p>The President of the Board, Ms. Leticia C. Castillo, is a non-executive trustee. She serves to represent the interests of all stakeholders, and to oversee the performance of the Board and its trustees. She champions exemplary ethical governance principles for trustees, officers, and employees to emulate and likewise espouse.</p> <p>Her qualifications are stated in her profile disclosed in the Annual Report [p. 14-15]</p> <p>https://kgi-mba.com/images/Annual_Report/Annual_Report_2020.pdf</p>	
<p>Recommendation 2.4</p>			
<p>1. Board ensures and adopts an effective succession planning program for Directors, key officers and management.</p>	<p>COMPLIANT</p>	<p>The association recognizes the importance of succession planning for its BoT and managers to ensure continuity in its smooth operations and future growth. KGI MBA's BoT and management provide effective stewardship to the association, and it is thus critical that any gap in KGI MBA's governance structure resulting from the resignation, retirement, or removal from office of the incumbent is addressed in a timely manner. Succession planning should also ensure that the people tapped to fill such vacancies possess the competencies required by the position. [Part 2, 2.6]</p>	

		https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov	
2. Board adopts a policy on the retirement for Directors and key officers.	COMPLIANT	Part 2, 2.1.5.3 of the Manual states the policy for trustees who is about to retire in the association. https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov	
Recommendation 2.5			
1. Board formulates and adopts policy specifying the relationship between remuneration and performance of key officers and board members.	COMPLIANT	The General Manager, Administrative Officer, Chief Accountant and Auditor shall receive such salary and/or benefits as may be fixed by the Board. The members of the Board of Trustees of KGI MBA as defined in its constitution and ByLaws shall not be entitled to any compensation or remuneration for their services rendered, except for any actual reimbursements of monitoring and transportation expenses incurred in the performance of their duties and responsibilities. [<i>Company By-Laws Article XII Section 4.</i>] https://kgi-mba.com/index.php/library/forms/summary/30-articles-of-incorporation-and-by-laws/55-amended-by-laws	
2. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT		
3. Directors do not participate in discussions or deliberations involving his/her remuneration.	COMPLIANT	There are no discussion or deliberations involving trustees remuneration because from the very start, they know that as a potential member of the board of trustee of the association, they are not entitled to any compensation or remuneration except for reimbursement of expenses incurred in the performance of their duties and responsibilities. [<i>Amended By-Laws Article 4 Section 7</i>] https://kgi-mba.com/index.php/library/forms/summary/30-articles-of-incorporation-and-by-laws/55-amended-by-laws	
Recommendation 2.6			
1. Board has a formal and	COMPLIANT		

transparent board nomination and election policy.		The board has an essential role to play in ensuring that there is a transparent nominations and election process that is followed by the association. The Company's Nomination and Election Policy was issued to set forth the procedures in the trustee selection process and the evaluation and screening of nominees vis-à-vis the applicable qualifications and disqualifications set forth in the Company's Revised Manual of Corporate Governance, By-laws and other applicable law, policy or regulation, how the board shortlists candidates, and an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a Trustee.	
2. Board nomination and election policy is disclosed in the company's manual on Corporate Governance.	COMPLIANT	[Revised Manual of Corporate Governance Annex A; Part 2, 2.3-2.4]	
3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.	COMPLIANT	https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov	
4. Board nomination and election policy includes how the board reviews nominated candidates.	COMPLIANT		
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	NON-COMPLIANT		Every year, the Nomination Committee reviews the election policy of the association before doing the election procedure. To better assess the effectiveness of the policy, the committee will prepare an assessment form and ask feedbacks regarding the policy and have it answered by the attendees of the Annual General Meeting every year starting next year.
6. Board has a process for identifying the quality of Directors that is aligned with the strategic direction of the company.	COMPLIANT	The Board of Trustees is the governing body of the Association. The trustee's office is a position of trust and confidence. They act in a manner characterized by transparency, accountability, fairness, and for the best interest of the members and stakeholders in all types of management decisions. The reason why most trustees of the association are from its membership and are former MBA coordinators who have knowledge in the flow particularly in the policies implemented within the association. Board of Trustees are also given continuous training in order to equip them more	

		<p>in managing the MBA. <i>[Annual Report p. 13]</i></p> <p>The Association's Nomination Committee are tasked to review the qualifications of the nominee. The nomination and election process are set forth in the Procedure of nomination and Election that is incorporated in the association's Corporate Governance Manual. <i>[Corporate Governance Manual – Annex A; Part 2-2. 1.3]</i></p> <p>https://kgi-mba.com/images/Annual_Report/Annual_Report_2020.pdf</p> <p>https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov</p>	
Recommendation 2.7			
<p>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 frequently occurring transactions.</p>	COMPLIANT	<p>It is the policy of the Company that all related party transactions (RPTs) are done in “fair and at arm’s-length” terms and must inure to the benefit and best interest of the Company and its stakeholders. In this regard, all RPTs shall be conducted in accordance with the principles of honesty, transparency and fairness. <i>[CGM Part 2,2.7.3.1]</i></p> <p>https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov</p>	
<p>2. RPT policy includes appropriate review and approval of material RPT's, which guarantee fairness and transparency of the transactions.</p>	COMPLIANT	<p>The Audit Committee is tasked to review the proposed related party transaction to guarantee fairness and transparency of the transactions before the approval of the Board. <i>[CGM Part 2,2.7.3.1[b &c]]</i></p> <p>https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov</p>	
<p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of</p>	COMPLIANT	<p>Documents of the proposed related policy transaction usually contains the details of the related party subject to the review of the committee. <i>[CGM Part 2,2.7.3.1[b]]</i></p>	

operations.		https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov	
Recommendation 2.8			
1. Board primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	Article V, Section 1(h) of the By-laws provides that the power to "appoint and dismiss any employee of KGI MBA whether regular, probationary, casual, or contractual, fix or adjust their salaries and all other personnel movements". https://kgi-mba.com/index.php/library/forms/send/30-articles-of-incorporation-and-by-laws/55-amended-by-laws	
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).	NON-COMPLIANT		Management performance is assessed primarily based on the business plan achievement quarterly during this time by the Board. There is also an annual staff evaluation done facilitated by the General Manager. The Board together with the management will establish the management performance assessment process to effectively evaluate the performance of the management.
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management, including the Chief Executive Officer performance is at par with the standards set by the Board and Senior Management.	NON-COMPLIANT		The Board will formulate 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 next year.
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	NON-COMPLIANT		The Board will formulate an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management next year.

Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	The oversight responsibilities of the Board for ensuring the presence of appropriate, adequate, strong and effective internal control mechanisms are enumerated in Part 2, 2.1.5.4 of the Manual including the mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders and (f) the board's approval of the internal audit Charter (g).	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT		
3. Board approves the Internal Audit Charter.	COMPLIANT		https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	NON-COMPLIANT		As stated in Part 2, 2.1.5.2 (f and g) of the Manual, it is the duty of the board to provide oversight with regard to enterprise risk management and identify key risk areas and key performance indicators and monitor these factors with due diligence.
2. The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	NON-COMPLIANT		The Company shall endeavor to establish its ERM Framework to guide the Board in identifying its enterprise-level risk exposures, as well as the effectiveness of risk management strategies next year. Please see answer above.
Recommendation 2.12			
1. Board has a Board Charter that	COMPLIANT		

formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.		The duties and responsibilities of the board in carrying out its role are contained in the Part 2, 2.1.5 of the Corporate Governance Manual which can be downloaded in its company website.	
2. Board Charter serves as a guide to the Directors in the performance of their functions.	COMPLIANT	https://kqi-mba.com/index.php	
3. Board Charter is publicly available and posted on the company's website.	COMPLIANT	https://kqi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov	

Principle 3. Board committees should be set up to the extent possible to support the effective performance of the Board's functions, 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	Part 2, 2.7 of the Manual specifies the committees established by the board, its composition and duties and responsibilities, to assist it in good governance https://kqi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov	
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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	Annex D of the Manual contains the duties and responsibilities of the Committee. https://kqi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov	
2. Audit Committee is composed of at least three appropriately	NON-COMPLIANT		The Audit Committee is composed of three (3) non-executive directors but the Chairman is

qualified non-executive Directors, the majority of whom, including the Chairman is independent.			the only independent member. The association will see to it that the committee will have the majority of independent directors next year, 2021. Link/Reference Annual Report; Website
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	The members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. <i>[Annual Report p. 14-15]</i> https://kgi-mba.com/images/Annual_Report/Annual_Report_2020.pdf	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	Ms. Piedad D. Matias is the Chairman of the Audit Committee. She is not the Chairman of the Board or of any other Committees. <i>[Annual Report p. 15]</i> https://kgi-mba.com/images/Annual_Report/Annual_Report_2020.pdf	
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.	NON-COMPLIANT		Since the association is small in size, the Board created and approved the combined Nomination, Election and Governance Committee in March 25, 2021.
2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent	NON-COMPLIANT		Please refer to the answer above.

Directors.			
3. Chairman of the Corporate Governance Committee is an independent director.	NON-COMPLIANT		Please refer to the answer above.
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.	NON-COMPLIANT		Since the association is small in size, the Board created and approved the combined Risk Oversight and Audit Committee in March 25, 2021.
2. BROC is composed of at least three members, the majority of whom should be independent Directors, including the Chairman.	NON-COMPLIANT		Please refer to the answer above.
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	NON-COMPLIANT		Please refer to the answer above.
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	NON-COMPLIANT		Please refer to the answer above.
Recommendation 3.5			
1. The Board establishes a Related Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	NON-COMPLIANT		Since the association is small in size, the Board created and approved the combined Remuneration and Related Party Committee in March 25, 2021.
2. RPT Committee is composed of at least three non-executive	NON-COMPLIANT		Please refer to the answer above.

Directors, majority of whom should be independent, including the Chairman.			
Recommendation 3.6			
1. All established committees have a Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	The Charters of all establish committees are can be accessed at the company's Website. https://kgi-mba.com/index.php?option=com_jdownloads&view=category&catid=26	
2. Committee Charters provide standards for evaluating the performance of the Committees.	NON-COMPLIANT		For now, the Board assess each committees annually using evaluation forms for committee evaluation individually. The Board will include in each committee charters the standards for evaluation of the performance of the committees.
3. Committee Charters were fully disclosed on the company's website.	COMPLIANT	The Charters of all establish committees are can be accessed at the company's Website. https://kgi-mba.com/index.php?option=com_jdownloads&view=category&catid=26	
Principle 4. To show full commitment to the company, the Directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attends and actively participates in all meetings of the Board, Committees and shareholders in person or through tele/videoconferencing conducted in accordance with the rules and regulations of the Commission.	COMPLIANT	Annex C of the Manual contains the Guidelines on the Board, Committee meetings and Election of Trustees through Remote Communication. <i>[CGM- Annex C]</i> https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov The Board's attendance and participation to meetings	

		of the association are set out on Pages 9-11 of the 2020 Annual Report. https://kgi-mba.com/images/Annual_Report/Annual_Report_2020.pdf	
2. The Directors review meeting materials for all Board and Committee meetings.	COMPLIANT	The undersigned Corporate Secretary hereby attests that the Trustees of the association review the relevant materials for all Board and Committee Meetings.	
3. The Directors asks the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT	Part 2, 2.2.1 of the Manual states that in Board and Committee meetings, the director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations. https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov The Corporate Secretary hereby attests that the trustees of the association asked questions and sought clarifications and explanations in the course of the discussion during meetings held in 2020.	
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	Part 2, 2.1.2 (<i>Multiple Board Seats</i>) of the Manual provides that "the KGI MBA BoT may allow its member-trustees to hold up to a maximum of five (5) full-time board positions in other organization." https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov Trustees' directorship in other listed companies are disclosed in the Board of Trustee's Profile of the 2020 Annual Report. [p. 14-15] https://kgi-mba.com/images/Annual_Report/Annual_Report_2020.pdf	

Recommendation 4.3			
<p>1. The Directors notify the company's board where he/she is an incumbent director before accepting a Directorship in another company.</p>	<p>COMPLIANT</p>	<p>Under Part 2, 2.1.2 (<i>Multiple Board Seats</i>) of the Manual, a trustee should notify the board where he is an incumbent trustee before accepting a directorship in another company.</p> <p>https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov</p> <p>The Corporate Secretary hereby attests that the trustees have, where applicable, notified the Board before accepting directorship in other companies.</p>	
Principle 5. The board should endeavor to exercise an objective and independent judgment on all corporate affairs.			
Recommendation 5.1			
<p>1. The Board is composed of at least twenty percent (20%) independent Directors.</p>	<p>COMPLIANT</p>	<p>Recommendation 5.1 is embodied in Part 2, 2.2.1 (<i>Composition and Election of the Board of Trustees</i>)</p> <p>https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov</p> <p>Two (2) out of the seven (7) trustees of the association are independent trustees. [2020 Annual Report p. 14-15]</p> <p>https://kgi-mba.com/images/Annual_Report/Annual_Report_2020.pdf</p> <p>https://kgi-mba.com/images/GIS/General-Information-Sheet-GIS-2020.pdf</p>	
Recommendation 5.2			
<p>1. The independent Directors possess all the necessary qualifications and none of the disqualifications to hold the</p>	<p>COMPLIANT</p>	<p>Part 2, 2.10 of the Manual enumerates the qualifications of an Independent Trustee of the association.</p>	

position.		https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov	
Recommendation 5.3			
<p>1. The independent Directors serve for a maximum cumulative term of nine years.</p> <p>As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organizations shall be from 21 September 2016.</p> <p>For other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this item.</p>	COMPLIANT	<p>Part 2, 2.10 of the Manual states that the independent trustees shall serve for a maximum cumulative term of nine (9) years.</p> <p>https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov</p> <p>The dates when the association independent trustees were elected are reflected in the Board of Trustees Profile of the Annual Report [p. 15].</p> <p>https://kgi-mba.com/images/Annual_Report/Annual_Report_2020.pdf</p>	
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	COMPLIANT	<p>Part 2, 2.10 of the Manual provides that a trustee reaching this limit [of nine (9) years], an Independent Trustee should be barred from re-election as such in the association.</p> <p>https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov</p>	
<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board submits to the Insurance Commission a formal written justification and seek</p>	COMPLIANT	<p>None of the Company's independent trustees have served in such capacity for more than nine (9) years.</p>	

shareholders' approval during the annual shareholders' meeting.			
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	COMPLIANT	<p>The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p> <p>Ms. Leticia Castillo is the President of the Board [2020 Annual Report p. 14] while Ms. Mary Jane Concepcion, is the General Manager [Website-The Management] who manages the day-to-day operations of the Association.</p> <p>https://kgi-mba.com/images/Annual_Report/Annual_Report_2020.pdf</p> <p>https://kgi-mba.com/index.php/about-us/management</p>	
1. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	COMPLIANT	<p>The President's roles and responsibilities are defined in Part 2, 2.8.1 of the Manual while the duties and responsibilities of the General Manager is defined in 2.11.</p> <p>https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov</p> <p>Ms. Leticia Castillo and Ms. Mary Jane Concepcion are not related by affinity or consanguinity.</p>	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent Directors.	NON-COMPLIANT		The association will designate a lead independent director in its Annual General Meeting next year.

Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.	COMPLIANT	<p>Part 2, 2.7.4(b) of the Manual states that as the Audit Committee review the proposed RPT, any member of the committee who has a potential interest in it shall not remain present at the meeting when the RPT is considered.</p> <p>https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov</p> <p>The Corporate Secretary hereby attests that trustees with a material interest in transactions affecting the Company have abstained from taking part in the deliberations for the same during the Board meetings.</p>	
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		Due to pandemic the periodic meetings with the external auditor and heads of the internal audit were not complied.
2. The meetings are chaired by the lead independent director.	NON-COMPLIANT		Shall be complied next year.
Principle 6: The best measure of the Board's effectiveness is 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	Principle 6 is embodied in Part 6 of the Manual	
2. The performance of the Chairman is assessed annually by the Board.	COMPLIANT	https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov	

3. The performance of the individual member of the Board is assessed annually by the Board.	COMPLIANT	The undersigned Compliance Officer hereby attests that self-assessments were conducted for the Board and individual members, and their respective committees through the annual submission of a self-assessment form.	
4. The performance of each committee is assessed annually by the Board.	COMPLIANT		
5. Every three years, the assessments are supported by an external facilitator.	NON-COMPLIANT		The association has not yet engaged an external facilitator to support the assessment.
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual Directors and committees.	COMPLIANT	The process of self assessment of the board as a whole, its committees and individual trustees are set out in Part 6 of the Manual and using the form in Annex B. https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov	
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT	Stakeholders may send their feedback to the association through its contact numbers published on the website of the association.	
Principle 7. Members of the Board are duty-bound to apply ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	COMPLIANT	Part 2, 2.4 of the Manual contains the Code of Business Conduct and Ethics of the association which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company. https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov	
1. The Code is properly	COMPLIANT		

disseminated to the Board, senior management and employees.		The Code is clearly explained and discussed to every new BoT during their trainings as new BoT as well as to the management and Employee of the Association. A copy of the Corporate Governance Manual where the Code is included is given to each member. To be always reminded, the Code is posted in the wall of the Head office of the association which everyone can also see when they visit the office.	
2. The Code is disclosed and made available to the public through the company website.	COMPLIANT	Company website [<i>Company Policies</i>] https://kgi-mba.com/index.php?option=com_jdownloads&view=category&catid=26	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	The Company's Code of Ethics and Conduct prescribes the ethical values and behavioral standards, which all trustees, officers, and employees are required to comply in the performance of their respective duties and responsibilities.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT	<p>The undersigned Compliance Officer hereby attests that all employees and trustees of the Company have read and understood the Company's Code of Business Conduct and Ethics (Code of Ethics) stipulating their compliance with the standards and policies set forth therein.</p> <p>The Company's Internal Audit Department audits the compliance of officers, and employees to the Code of Ethics and other corporate governance related policies.</p> <p>The Compliance Officer has the responsibility for the monitoring, ensuring, and enforcing compliance with this Code.</p> <p>Any breach in the Code of Conduct and/or policies &</p>	

		<p>procedures follows the prescribed administrative due process (to include investigation and decision) by the appropriate Committee to ascertain accountability.</p> <p>CGM Code of Ethics and Conduct. 2.12.1 [The Compliance Officer] 2.4 [The Internal Auditor]</p> <p>https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov</p>	
Disclosure and Transparency			
Principle 8. The company should establish corporate disclosure policies and procedure that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
<p>1. Board establishes corporate disclosure 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.</p>	COMPLIANT	<p>Principle 8 is embodied in Part IV [Disclosure and Transparency] of the Manual</p> <p>https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov</p> <p>All reports and material information disclosures of the association made to regulators and the public are available on the website of the company at:</p> <p>https://kgi-mba.com/index.php/corporate-governance/company-disclosures</p>	
Recommendation 8.3			
<p>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.</p>	COMPLIANT	<p>All relevant information about the association's Board of Trustees are available in the website and 2020 Annual Report p. 14-15.</p> <p>https://kgi-mba.com/images/Annual_Report/Annual_Report_2020.pdf</p> <p>https://kgi-mba.com/index.php/about-us/board-of-trustees</p>	
<p>1. Board fully discloses all relevant</p>	COMPLIANT		

<p>and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>		<p>All relevant information about the association's key officers are available in the website.</p> <p>https://kgi-mba.com/index.php/about-us/management</p>	
<p>Recommendation 8.4</p>			
<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>Article 4 Section 7 of the By-Laws of the Association provides that "The members of the Board shall not receive any salary but shall be entitled to gratuity, per diem and reimbursement of all necessary expenses incurred on account of attendance in committee and board meetings provided that all entitlement, benefit, emoluments received shall be subject to the approval by majority vote of the general membership."</p> <p>https://kgi-mba.com/index.php/library/forms/send/30-articles-of-incorporation-and-by-laws/55-amended-by-laws</p>	
<p>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 ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.</p>	<p>COMPLIANT</p>	<p>Part 2, 2.5 of the Manual states that " The General Manager, Administrative Officer, Chief Accountant and Auditor shall receive such salary and/or benefits as may be fixed by the Board..."</p> <p>https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov</p>	
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>NON-COMPLIANT</p>		<p>As defined in its Articles of Incorporation and By Laws, the members of the Board of Trustees of the association shall not be entitled to any compensation or remuneration for their services rendered, except for any actual reimbursements of monitoring and transportation expenses incurred in the performance of their duties and responsibilities.</p>

			On the disclosure of remuneration on an individual basis for the Executive Officers, the Board has serious concerns given the possible adverse security issues/concerns and poaching of talents by competitors in the industry. The board then decided that it will not be to the best interest of the Company to do so at the moment.
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	2.7.3.1 of the Manual provides for the Material and Related Party Transaction Policy of the Association. The director with conflict of interest abstained from the board https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov	
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 majority vote of the stockholders in the annual stockholders' meeting during the year.	COMPLIANT	Note 20 of the Notes to the Consolidated Financial Statements of the Association as of the year 31 December 2020 sets out the related party transactions of the company and outstanding balances as of the said date. https://kgi-mba.com/images/Audited FS/2020 Audited Financial Statement.pdf	
Recommendation 8.7			
1. Company's corporate governance policies programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	The Manual maybe downloaded from the website of the association at: https://kgi-mba.com/index.php?option=com_jdownloads&view=category&catid=31	
2. 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

<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p>COMPLIANT</p>	<p>Principle 9 is embodied in 2.13 [<i>External Auditor</i>] of the Manual and Annex D Audit Function(b).</p> <p>https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov</p> <p>The appointment, reappointment, and removal of the External Auditor shall be recommended by the Audit Committee and approved by the Board and ratified by the stakeholders during the annual general meeting.</p>	
<p>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.</p>	<p>COMPLIANT</p>	<p>The undersigned Corporate Secretary hereby attests that stakeholders representing 52.67% of the total members of the Company approved the appointment of the auditing firm of SGV as the External Auditor of the Company for the year 2020.</p>	

Recommendation 9.2

<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> 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 	<p>COMPLIANT</p>	<p>Company Policies: Audit Committee Charter [<i>Audit Function (e)</i>]</p> <p>https://kgi-mba.com/index.php/library/forms/summary/26-company-policies/51-risk-oversight-and-audit-committee-charter</p>	
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oversight review and monitor the effectiveness of the audit process, taking into consideration relevant to Philippine professional and regulatory requirements.			
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	Company Policies: Audit Committee Charter <i>[Audit Function (e)]</i> https://kgi-mba.com/index.php/library/forms/summary/26-company-policies/51-risk-oversight-and-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	There were no non-audit services performed by the external auditors for the year 2020.	
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	Company Policies: Audit Committee Charter <i>[Audit Function (d)]</i> https://kgi-mba.com/index.php/library/forms/summary/26-company-policies/51-risk-oversight-and-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	COMPLIANT	Part 5 <i>[Disclosure and Transparency]</i> of the Manual states that: "One of the core values of corporate good governance is transparency. The Board together with the management and employees commits to promote and ensure full disclosure, transparency and shall remain accountable to this Manual. This is a	

underpin sustainability.		<p>commitment and a policy of the Board.</p> <p>The Board commits at all times to comply with all disclosure requirements specifically those that will include material information as mandated by regulators within the prescribe period of time. The following material information that will be publicly made available are: financial and non-financial reports such as (and not limited to) surplus, material acquisition, related third party transactions, board remuneration, audited financial statements, Board Structure (Bio-Data) and Remunerations with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability. The audited FS shall be publicly disclosed not later than 120 days after the financial year clearly stating that the management is responsible for its preparation, impartial presentation in accordance to the financial reporting standards of the Insurance Commission for MBAs.”</p> <p>https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov</p>	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	NON-COMPLIANT		The association will ensure to adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.
<p>Principle 11. The company should maintain a comprehensive and cost-effective communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.</p>			
<p>Recommendation 11.1</p>			
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	<p>All disclosures made by the company may be viewed at its website at:</p> <p>https://kgi-mba.com/index.php</p>	

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 have a strong and effective internal control system and enterprise risk management framework.

Recommendation 12.1

<p>1. Company has an adequate and internal control system in the conduct of its business.</p>		<p>The directors have reviewed the effectiveness of the internal control system to ensure the integrity, effectiveness and adequacy of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.</p> <p>For the year 2020, 16 Spot Audit and 2 branch issue audits were conducted covering the entire branches of Kazama Grameen. These are a mix of regular and targeted audits with complete reports and investigations.</p> <p>The Internal Audit Department [CGM Part2, 2.14] reports to the Audit Committee of the Board. The Audit Committee reviews and reports to the Board the results of the audit findings and recommendations of the internal auditors and their assessment of the Company's internal controls and the overall quality of the financial reporting process. [CGM Annex D]</p> <p>https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov</p>	
<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>NON-COMPLIANT</p>		<p>The Board will adopt an effective enterprise risk management framework in the conduct of its business.</p>

Recommendation 12.2

<p>1. Company has in place an independent internal audit function that provides an independent and objective</p>	<p>COMPLIANT</p>	<p>KGI MBA's Internal Audit service is provided by its partner MFI. [CGM Part 2, 2.14]</p>	
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assurance, and consulting services designed to add value and improve the company's operations.		https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov	
Recommendation 12.3			
1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT	Ms. Ginalyn Cipriano, the Audit Manager of KGI MBA's Internal Audit stands as the CAE of the association. Her duties and responsibilities are set out in Part 2, 2.14.1 of the Manual.	
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	https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	COMPLIANT	This is not applicable since the KGI MBA audit is an in-house function.	
Recommendation 12.4			
1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	NON-COMPLIANT		The risk management function of the Company is performed by the Risk Oversight and Audit Committee as approved in March 2021
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	NON-COMPLIANT		The association will appoint and formulate the responsibilities of a CRO.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	NON-COMPLIANT		Please refer to the answer above

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	Part 3 <i>[Members]</i> of the Manual discusses the rights of the members of the association. https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	Basic members rights are discussed in the Corporate Governance Manual <i>[Part 3]</i> which may be viewed at the Company's website at: https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov	
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	In 2020, Notices of the AGM were sent to the members on November 4, 2020, 22 days prior to the AGM which is November 26, 2020. Stakeholder's approval of remuneration or any changes therein were not among the items included in the agenda of the meeting. The Notice and agenda for the 2020 Annual General Meeting can be accessed at the company's website https://kgi-mba.com/images/Notice_of_AGM/2020_Notice_of_AGM.pdf	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent	NON-COMPLIANT		The association will ensure to upload the minutes of its recent AGM on time.

Annual or Special Shareholders' Meeting publicly available the next working day.			
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.	NON-COMPLIANT		Please refer to the answer above.

Recommendation 13.4

1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	COMPLIANT	4.6 of the Manual discusses about the Alternative Dispute Resolution for Micro-Insurance prescribed by the Insurance Commission. https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT	4.6 of the Manual discusses about the Alternative Dispute Resolution for Micro-Insurance prescribed by the Insurance Commission. https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov	

Duties to Stakeholders

Principle 14. The rights of 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	Part 4, 4.2 [<i>Stakeholders</i>] of the Manual enumerates all the Stakeholders of the association which includes the following: <ol style="list-style-type: none"> 1. Members 2. Employees 3. Board 4. MFI Partner 5. Suppliers/Contractors 	
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		6. Community of Operations 7. Environment 8. Regulatory Agencies https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	Part 4, 4.2.1-4.2.8 of the Manual discusses the policies and programs for each stakeholders. https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov	
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	The members may contact Ms. Edna Elefane, the Operations officer of the association for their concerns and/or complaints. She can be reached at: Phone No.: (047) 232 1871/0930 226 5498	
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 in its governance.	COMPLIANT	The Company has existing policies and programs for employees covering, among others in the Personnel Manual, the following: (a) health, safety and welfare; (b) training and development; and (c) reward/compensation for employees, to encourage employees to perform better and motivate them to take a more dynamic role in the Company. https://kgi-mba.com/index.php/library/forms/category/32-kgi-mba-manuals	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices	COMPLIANT	The undersigned Compliance Officer hereby attest that	

<p>by adopting an anti-corruption policy and program in its Code of Conduct.</p>		<p>the Code of Ethics and Conduct of the association mandates that the Members of the board, management, officers and employees should promote the good reputation of the association in dealing with members and other parties that transact business with the institution. Board of Trustees, officers and employees shall not accept material benefits from someone doing business with the Association. [CGM Part 2, 2.4 (i)]</p> <p>https://kgi-mba.com/index.php/library/forms/send/31-manual-of-corp-gov/56-revised-corp-gov</p>	
<p>2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.</p>	<p>COMPLIANT</p>	<p>The undersigned Compliance Officer hereby attests that the Code of Ethics was properly disseminated to all trustees, management and employees. All employees of the association are provided a copy of all the manuals necessary for the operation of the institution. The Code of Ethics is also posted in the office of the association to always be reminded of the code.</p>	
<p>Recommendation 15.3</p>			
<p>1. Board establishes a suitable framework for whistle blowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.</p>	<p>COMPLIANT</p>	<p>The association's whistle-blowing policy may be viewed at its website.</p> <p>The policy includes procedures to protect the employees from retaliation</p> <p>https://kgi-mba.com/index.php/library/forms/summary/26-company-policies/49-whistle-blowing-policy</p>	
<p>2. Board establishes a suitable framework for whistle-blowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistle-blowing concerns.</p>	<p>COMPLIANT</p>	<p>The contact of the HR Department and General Manager are as follows.</p> <p>CP#: 09161687/09285213691 Email Address: mba92311@gmail.com</p>	
<p>3. Board supervises and ensures</p>	<p>COMPLIANT</p>		

the enforcement of the whistle-blowing framework.		The Board supervises and ensures the enforcement of the whistle blowing framework through the Audit Committee.	
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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	The association recognizes that it has a responsibility not just to its employees but also to the communities where it operates. The company's community involvement and environment-related initiatives can be viewed at the company website at: https://kgi-mba.com/index.php/sustainability	
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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 ALABANG CITY on the 28 JUL 2021 of _____ 2021.



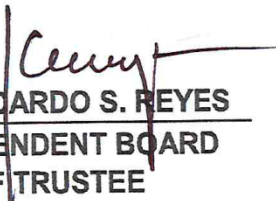
DOLORES D. MEDINA
CHAIRMAN/PRESIDENT
Signature over printed name



CARMI G. MULI
CORPORATE SECRETARY
Signature over printed name



MARY JANE N. CONCEPCION
CORPORATE GOVERNANCE
COMPLIANCE OFFICER
Signature over printed name



DR. RICARDO S. REYES
INDEPENDENT BOARD
OF TRUSTEE
Signature over printed name



PIEDAD D. MATIAS
INDEPENDENT BOARD
OF TRUSTEE
Signature over printed name

SUSCRIBED AND SWORN to before me this 28 JUL 2021 day of _____, 2021, by the following who are known personally to me (or whom I have identified through competent evidence of identity) and who exhibited to me their respective identification as follows:

NAME	ID/NO.	DATE/PLACE ISSUED
1. DOLORES D. MEDINA	SSS/33-0036839-7	San Fernando, Pampanga
2. CARMÍ G. MULI	SSS/02-2071480-4	Hermosa, Bataan
3. MARY JANE N. CONCEPCION	UMID/33-6395225-8	Olongapo City
4. DR. RICARDO S. REYES	Sr. Citizen/3206	Florida Blanca, Pampanga
5. PIEDAD D. MATIAS	UMID/03-0679278-2	Caloocan City

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Series of 2021.



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