

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.

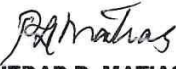
Signed in the City of OLONGAPO CITY on the 29 of MAY 2023.


SUSANE PAJALLA
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 29 day of MAY, 2023, 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. SUSAN E. PAJALLA	SSS/03-9190147-8	Caloocan City
2. CARMi 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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NOTARY PUBLIC
DORENTINO Z. FLORESTA
NOTARY PUBLIC
NOT. REG. NO. 2024
2228 LUNA AVE., OLONGAPO CITY

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	<p>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.</p> <p>The KGI-MBA Board has 7 members-- 2 are independent members (Accounting Graduate and Doctor of Philosophy in Agricultural Sciences/Doctor of Education), 1 Branch Manager and 4 entrepreneurs/microfinance/microinsurance clients.</p>	
2. Board has an appropriate mix of competence and expertise.	COMPLIANT	The academic qualifications, industry knowledge, professional experience and expertise of the board are set forth in the Company Website and in the Annual Report (page 10-13) while the required qualifications of a trustee are provided in Article V, Section 4 of the Company's ByLaws 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://kji-mba.com/files/Annual-Report-2022.pdf</p>	

		https://kgi-mba.com/files/AmendedAOIBy-Laws2019.pdf https://www.kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf	
Recommendation1.2			
1. Board is composed of a majority of non-executive Directors.	COMPLIANT	<p>The Board is consists of seven (7) Trustees, two (2) of whom are independent and all of them are non-executive Trustees. The composition of the Board clearly delineates their responsibilities with those of Management. See Composition of the Board on pages 10-13 of the 2022 Annual Report and company website</p> <p>https://kgi-mba.com/files/Annual-Report-2022.pdf https://kgi-mba.com/Board-of-Trustees.html</p>	
Recommendation1.3			
1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of Directors	COMPLIANT	<p>In Part 2 Section 2.2.3, of its Revised Manual of Corporate Governance which 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. The trainings that the Board of Trustees have attended are set out in page 10-13 of the 2022 Annual Report.</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>	

		https://www.kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf https://kgi-mba.com/files/Annual-Report-2022.pdf	
2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time Directors.	COMPLIANT	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.	
3. Company has relevant annual continuing training for all Directors.	COMPLIANT	<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>On June 28, 2022 newly elected director, Mrs. Catherine Ubana attended the Company's On boarding Program for New Directors conducted by Corporate Governance Committee.</p> <p>She likewise, together with the rest of the board and management, attended the 2022 Leadership Training Workshop: Soft Skills for Servant Leadership on July 27-29, 2022 and Governance and AMLA Workshop on October 12-14, 2022</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</p>	

		<p>the company and the individual directors and aid any new director in effectively performing his or her functions.</p> <p>https://www.kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf</p> <p>Trainings/seminars attended by the Board of Trustees is disclosed in the published 2022 Annual Report [page 10-13]of the association.</p> <p>https://www.kgi-mba.com/files/AnnualReport2022.pdf</p>	
Recommendation 1.4			
<p>1. Board has a policy on board diversity.</p>	<p>COMPLIANT</p>	<p>KGI MBA has put in place a Board Diversity Policy which will consider all aspects of diversity in order to maintain an appropriate balance of skills, background, experience, and knowledge of the Board, as stated in its policy on diversity in its Corporate Governance Manual [Part 4, 4.3]</p> <p>https://www.kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf</p> <p>In 2022, the Board is composed of six (6) female trustees and one (1) male trustee. The gender composition of the Board is set out in the General Information Sheet and in the Annual Report (p. 9-12) of the Company</p> <p>https://kgi-mba.com/files/Annual-Report-2022.pdf</p>	
Recommendation 1.5			
<p>1. Board is assisted in its duties by</p>	<p>COMPLIANT</p>		

a Corporate Secretary.		Ms. Carmi G. Muli is the Corporate Secretary. See Annual Report [p.23], for her qualifications. See page (p.24 – 2.15) of the Corporate Governance Manual for her duties and functions.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT	https://kgi-mba.com/files/Annual-Report-2022.pdf	
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT	https://www.kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf The Corporate Secretary is a separate individual from the Compliance Officer. The Company's Corporate Secretary is Ms. Carmi G. Muli while the Compliance Officer is Ms. Mary Jane Concepcion[p.23-24] https://kgi-mba.com/files/Annual-Report-2022.pdf 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 2022 Annual Report, which does not include the name of Ms. Muli as director. https://kgi-mba.com/files/Annual-Report-2022.pdf https://www.kgi-mba.com/Board-of-Trustees.html	
4. Corporate Secretary attends training/s on corporate governance	COMPLIANT	Ms. Carmi Muli's information on the training on corporate governance is set out in the company's Annual Report [p.23] See the attached Certificate of Attendance of Ms. Carmi Muli. She attended the October 5-6, 2022 seminar on the Corporate Secretary as Corporate Governance Professional.	

		Certificate https://kgi-mba.com/files/Annual-Report-2022.pdf	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	The Board is assisted by the Company's Compliance Officer, Ms. Mary Jane Concepcion. The qualifications, duties and functions of the Compliance Officer are set out in [Annual Report p.24], and in the Revised Corporate Governance Manual [Part 2, 2.12.1]	
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT	Compliance Officer, Ms. Mary Jane Concepcion is the General Manager of the company.	
3. Compliance Officer is not a member of the board.	COMPLIANT	https://kgi-mba.com/files/Annual-Report-2022.pdf https://www.kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf The Compliance Officer Ms. Mary Jane Concepcion is not a member of the Board of Trustees. [p.24]. Her academic qualifications and professional experience are set out on the Annual Report/company website.	
4. Compliance Officer attends training/s on corporate governance annually.	COMPLIANT	Ms. Mary Jane Concepcion's information on the training on corporate governance is set out in the company's Annual Report [p. 24] https://kgi-mba.com/files/Annual-Report-2022.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

<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>Every board member is provided with relevant information and other pertinent documents necessary for board meetings especially when at times a decision is necessary, at least 2 weeks prior to the date of the meeting. The minutes of the board meeting is made available and posted in the website within the 5-day period from the time the meeting was held.</p> <p>[CG Manual p. 14-2.2.2.1]</p> <p>https://www.kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf</p> <p>Amended By-Laws Art. 4, Sec. 3</p> <p>https://kgi-mba.com/files/AmendedAOIBy-Laws2019.pdf</p> <p>https://kgi-mba.com/files/2022NoticeofAGM.pdf</p>	
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Recommendation 2.2

<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p>	<p>COMPLIANT</p>	<p>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.</p> <ul style="list-style-type: none"> ▪ The Board of Directors approves the annual budget and business plan of the Company which includes the approval of the Company's objectives and 	
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		<p>strategy for the upcoming year,</p> <p>https://kgi-mba.com/files/21-BUSINESS-AND-ACTION-PLAN.pdf</p> <ul style="list-style-type: none"> ▪ The General Manager, upon the direction of the Board oversees and monitors the implementation of the company's business objectives and strategy. ▪ The Board of Directors approves the financial/operations report and financial position of the Company on the regular meeting of the board 	
<p>2. Board oversees and monitors the implementation of the company's business objectives and strategy in order to sustain the company's long-term viability and strength.</p>	<p>COMPLIANT</p>	<p>The Board annually reviews and approves the corporate strategic objectives and monitors the implementation thereof.</p> <p>The Board continually 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. KGI MBA Board of Trustees conducted an assessment of the company's 1st quarter target during its board meeting on April 29, 2022.</p> <p>https://kgi-mba.com/files/Excerpt-from-the-Minutes-of-April-2022-Board-Meeting.pdf</p>	
<p>Recommendation 2.3</p>			
<p>1. Board is headed by a competent and qualified chairperson.</p>	<p>COMPLIANT</p>	<p>Article XII Section 1 of the Amended By Laws provides that the President shall be the Chairman of the board. The President of the Board, Mrs. Susan Pajalla, is a non-executive trustee.</p>	

		<p>Amended By-Laws Art. XII Sec. 1.</p> <p>https://kgi-mba.com/files/AmendedAOIBy-Laws2019.pdf</p> <p>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 which is posted in the Company website and disclosed in the Annual Report[p. 10]</p> <p>https://kgi-mba.com/files/Annual-Report-2022.pdf</p>	
Recommendation 2.4			
<p>1. Board ensures and adopts an effective succession planning program for Directors, key officers and management.</p>	<p>COMPLIANT</p>	<p>The Company's Succession Planning Framework was reviewed and noted by the Corporate Governance Committee. This was confirmed by the Board on December 16, 2021 board meeting.</p> <p>It covers the succession management strategy created, developed and approved by the Board to manage the succession process that is aligned with the organizational objectives and needs of the company.</p> <p>The Succession Planning Framework is disclosed in the Corporate Governance Manual. [Part 2, 2.6]</p> <p>https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf</p>	

2. Board adopts a policy on the retirement for Directors and key officers.	COMPLIANT	<p>The By-Laws provides for replacement in the event of vacancy in the Board. The company also have a Retirement Policy for Directors, see attached Policy on Retirement of Directors.</p> <p>Part 2, 2.1.5.3 of the Corporate Governance Manual</p> <p>https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf</p>	
Recommendation 2.5			
1. Board formulates and adopts policy specifying the relationship between remuneration and performance of key officers and board members.	COMPLIANT	<p>As defined in the Articles of Incorporation and By Laws the board is not entitled to any compensation or remuneration for their services rendered, but, the General Manager, Administrative Officer, Chief Accountant and Auditor shall receive such salary and/or benefits as may be fixed by the Board.</p>	
2. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT	<p>To attain the desired strategic objectives of the company, the performance evaluation system policy was institutionalized. The staff and key officer's performance are considered in determining the merit / promotion increases and performance bonus accorded to the officers.</p> <p><i>[Company By-Laws Article XII Section 4.]</i></p> <p>https://kgi-mba.com/files/AmendedAOIBy-Laws2019.pdf</p>	
3. Directors do not participate in discussions or deliberations involving his/her remuneration.	COMPLIANT	<p>The main role of the Remuneration Committee is to assist and advise the Board on matters relating to the salary, financial benefits/allowances (retirement, medical, etc) and remuneration package for the officers and employees of the association, in</p>	

		<p>consideration to the financial health condition of the company. There is no discussion on the board remuneration because as By Laws provides they are not entitled to it.</p> <p>The function of the Remuneration Committee is set out in the Annex E of the Revised Corporate Governance Manual.</p> <p>https://kqi-mba.com/files/REMUNERATION-AND-RELATED-PARTY-TRANSACTION-COMMITTEE-CHARTER.pdf</p>	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	<p>The nomination and election process of the Company is set out in Article 7, Section 2 of the Amended By-laws and in the Corporate Governance Manual.</p> <p>The short listing of candidates by the Nominations Committee is done by prescreening and checking the qualifications of nominees from the pool of candidates in the area. See the Functions and Responsibilities of the Board Selection, Nomination and the Board of Directors in the Corporate Governance Manual. The Corporate Governance and Nominations Committees pre-screen the qualifications of the nominees on the basis of the nominations and/or supporting papers and prepare a final list of candidates containing all relevant information about the nominees.</p>	
2. Board nomination and election policy is disclosed in the company's manual on Corporate Governance.	COMPLIANT	<p><i>[Revised Manual of Corporate Governance Annex A; Part 2, 2.3-2.4]</i></p>	
3. Board nomination and election	COMPLIANT		

<p>policy includes how the company accepts nominations from minority shareholders.</p>		<p>https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf</p>	
<p>4. Board nomination and election policy includes how the board reviews nominated candidates.</p>	<p>COMPLIANT</p>		
<p>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.</p>	<p>COMPLIANT</p>	<p>The Election, Nomination and Corporate Governance Committees leads in the process of identifying and evaluating nominees for trustees. It evaluates the balance of skills, knowledge and experience of the existing Board and the requirements of the association. The result of the evaluation determines the role and key attributes than an incoming director should have.</p> <p>The Board of Trustees is the governing body of the Association. The trustee's office is a position of trust and confidence. The directors of the company are selected for their integrity, credibility, leadership, and ability to render independent judgment, among others.</p>	
<p>6. Board has a process for identifying the quality of Directors that is aligned with the strategic direction of the company.</p>	<p>COMPLIANT</p>	<p>The Association's Election, Nomination and Corporate Governance Committees is 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/files/Annual-Report-2022.pdf</p> <p>https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf</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>	<p>COMPLIANT</p>	<p>The Board has the responsibility of approving the company's RPT policy, which covers guidelines and procedures for the review and approval of material RPTs to ensure that these are conducted at arm's length, and consistent with the objectives of the regulatory agencies.</p> <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/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf</p>	
<p>2. RPT policy includes appropriate review and approval of material RPT's, which guarantee fairness and transparency of the transactions.</p>	<p>COMPLIANT</p>	<p>The company's RPT policy requires all material RPTs to be reviewed by the RPT Committee before they are endorsed for the Board's approval.</p> <p><i>[CGM Part 2,2.7.3.1[b &c]]</i></p> <p>https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf</p>	
<p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>	<p>COMPLIANT</p>	<p>Documents of the proposed related policy transaction usually contains the details of the related party subject to the review of the RPT committee. <i>[CGM Part 2,2.7.3.1[b]]</i></p>	

		https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf	
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(e and h) of the By-laws provides that the Board shall have the power, in accordance with the applicable provisions of these by-laws, to determine and prescribe the qualifications, duties, terms of office, compensation, remuneration, incentives and other benefits of officers and/or employees under such terms and conditions as the Board may determine to be in the best interests of the company.” https://kgi-mba.com/files/AmendedAOIBy-Laws2019.pdf	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer(CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	The assessment process for management performance is part of the Board Performance Self-Assessment Form published in the corporate website. This is being done annually.	
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.	COMPLIANT	The annual performance evaluation is the effective performance management framework adopted to ensure that individual performance is evaluated versus standards set by Management and Board. All employees are similarly assessed using the pre-defined performance evaluation form , which considers	
2. Board establishes an effective	COMPLIANT		

performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.		the employees' functions in accordance with the standards set forth by the Management and Board	
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). https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf	
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		
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.	COMPLIANT	The Board oversees that the company has in place a sound enterprise risk management framework through Risk Oversight and Audit Committee to effectively identify, monitor, assess and manage key business risks, which will guide the Board in identifying business level risk exposures as well as the effectiveness of risk management strategies. Part 2, 2.1.5.2 (F and G) of the Manual, https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf	
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		

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 serves as the Charter of the Board, and sets forth its function/role, duties and responsibilities	
2. Board Charter serves as a guide to the Directors in the performance of their functions.	COMPLIANT	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.	
3. Board Charter is publicly available and posted on the company's website.	COMPLIANT	https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf	
<p>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.</p>			
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://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf	
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal	COMPLIANT	Annex D of the Manual contains the duties and responsibilities of the Committee. https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-	

and external audit processes, and compliance with applicable laws and regulations.		Revised-2021-new.pdf	
2. Audit Committee is composed of at least three appropriately qualified non-executive Directors, the majority of whom, including the Chairman is independent.	NON-COMPLIANT		The Risk Oversight and Audit Committee is composed of three (3) nonexecutive directors, of whom – 1 is an Independent Director, in accordance with its Charter. The members of the Committee are: Mrs. Piedad Matias (Chairperson) – Independent Director Ms. Catherin B. Ubana- Board Member and Mrs. Realiza Guiang- Board Member
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. Mrs. Piedad Matias, the Chairman of the committee is a BS Accountancy graduate, Mrs. Catherine Ubana is an entrepreneur and Mrs. Realiza Guiang is a Branch Manager of our Microfinance partner. Their profiles is set out the company's website and p.10-13 of the 2022 Annual Report https://kgi-mba.com/files/Annual-Report-2022.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 Chairperson of the Risk Oversight and Audit Committee . She is not the Chairman of the Board or of any other Committees. <i>[Annual Report p.13]</i> https://kgi-mba.com/files/Annual-Report-2022.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.	COMPLIANT	That since the company is small in size the combined Nomination, Election & Corporate Governance Committee is tasked to assist the Board of Directors in fulfilling its corporate governance responsibilities by ensuring compliance with and proper observance of corporate governance laws, rules, principles and best practices.	
2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent Directors.	COMPLIANT	Composed of three (3) members of the Board, the committee is chaired by Dr. Ricardo Reyes, an independent trustee. The committee also members Mrs. Piedad Matias, also an independent trustee. Members of the Committee and their meeting is stated in the Annual Report of 2022 [p. 12]	
3. Chairman of the Corporate Governance Committee is an independent director.	COMPLIANT	https://kgi-mba.com/files/Annual-Report-2022.pdf	
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	The function of Board Risk Oversight Committee (BROC) is being performed by the combined Risk Oversight and Audit Committee to assist the Board of Directors in fulfilling the oversight of company's Enterprise Risk Management system. https://kgi-mba.com/files/Annual-Report-2022.pdf	
2. BROC is composed of at least three members, the majority of whom should be independent Directors, including the Chairman.	NON-COMPLIANT		There is only 1 Independent Director Member of the committee because the association's Independent Directors are only 2 and to give the seats to other members of the Board.

<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	<p>COMPLIANT</p>	<p>The Chairman of the Risk Oversight and Audit Committee is not a chairman in other committees (Trustee Piedad D. Matias)</p> <p>https://kji-mba.com/files/Annual-Report-2022.pdf</p>	
<p>4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>COMPLIANT</p>	<p>The members of the Risk Oversight and Audit Committee are:</p> <p>Mrs. Piedad D. Matias (Chairman) Mrs. Catherine B. Ubana Mrs. Realiza Guiang- is a Branch Manager and has thorough knowledge/experience on risk management & governance. Other members of the Committee have attended the relevant seminars to equip themselves of their responsibilities. Mrs. Realiza Guiang's profile is set out in page 15 of the 2022 Annual Report.</p> <p>https://kji-mba.com/files/Annual-Report-2022.pdf</p> <p>The members of the Risk Oversight and Audit Committee, including their position and type of directorship, are published on the website of the Company at:</p> <p>https://kji-mba.com</p>	
<p>Recommendation 3.5</p>			
<p>1. The Board establishes a Related Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>COMPLIANT</p>	<p>That since the company is small in size the combined Remuneration and Related Party Transactions Committee is tasked to assist the Board of Directors in reviewing all material related party transactions of the company.</p> <p>https://kji-mba.com/files/Annual-Report-2022.pdf</p>	

2. RPT Committee is composed of at least three non-executive Directors, majority of whom should be independent, including the Chairman.	NON-COMPLIANT		There is only 1 Independent Director Member of the committee because the association's Independent Directors are only 2 and to give the seats to other members of the Board.
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 can be accessed at the company's Website. https://kqi-mba.com/Disclosure.html	
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 can be accessed at the company's Website. https://kqi-mba.com/Disclosure.html	
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,	COMPLIANT	The Board actively participated in Board Meetings as	

<p>Committees and shareholders in person or through tele/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>		<p>required in the company's Corporate Governance Manual.</p> <p><i>[CGM- Annex C]</i></p> <p>https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf</p> <p>The Board's attendance and participation to meetings of the association are set out on Page 13 of the 2022 Annual Report.</p> <p>https://kgi-mba.com/files/Annual-Report-2022.pdf</p>	
<p>2. The Directors review meeting materials for all Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p>The undersigned Corporate Secretary hereby attests that the Trustees of the association review the relevant materials for all Board and Committee Meetings.</p>	
<p>3. The Directors asks the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p>The minutes of meetings reflect robust discussions by the Board on issues/proposals/initiatives presented by Management. Whenever necessary, or to arrive at an informed decision, Board members would seek clarification and/or explanation during the meetings. The corresponding minutes of meetings shall be made available upon request.</p> <p>https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf</p> <p>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 2022.</p>	

Recommendation 4.2

<p>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.</p>	<p>COMPLIANT</p>	<p>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.”</p> <p>Trustees’ directorship in other listed companies are disclosed in the Board of Trustee’s Profile of the 2022 Annual Report. [p.10-13]</p> <p>https://kgi-mba.com/files/Annual-Report-2022.pdf</p>	
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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>The directors are required to notify the Board before accepting a directorship in another company. The company’s policy on multiple Board seats is included in the Corporate Governance Manual</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/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf</p> <p>The Corporate Secretary hereby attests that the trustees have, where applicable, notified the Board before accepting directorship in other companies.</p>	
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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>The Board is composed of a majority of non-executive directors, and is able to constantly exercise objective and independent judgment on all corporate affairs.</p> <p>Recommendation 5.1 is embodied in Part 2, 2.2.1 (<i>Composition of the Board of Trustees</i>)</p> <p>https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf</p> <p>Two (2) out of the seven (7) trustees of the association are independent trustees. [2022 Annual Report p. 10-13]</p> <p>https://kgi-mba.com/files/Annual-Report-2022.pdf</p>	
<p>Recommendation 5.2</p>			
<p>1. The independent Directors possess all the necessary qualifications and none of the disqualifications to hold the position.</p>	<p>COMPLIANT</p>	<p>Part 2, 2.10 of the Manual enumerates the qualifications of an Independent Trustee of the association.</p> <p>https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf</p>	
<p>Recommendation 5.3</p>			
<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</p>	<p>COMPLIANT</p>	<p>None of the Independent Director has exceeded the stated term limit. The information on the number of years of their service as directors, are posted on the website.</p> <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>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>		<p>https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf</p> <p>The dates when the association independent trustees were elected are reflected in the Board of Trustees Profile in the Company's website</p> <p>https://kgi-mba.com/Board-of-Trustees.html</p>	
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p>COMPLIANT</p>	<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/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf</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 shareholders' approval during the annual shareholders' meeting.</p>	<p>COMPLIANT</p>	<p>None of the Company's independent trustees have served in such capacity for more than nine (9) years.</p> <p>Independent Trustees Mrs. Piedad Matias and Dr. Ricardo Reyes was both elected in May 19, 2017. Their profiles is set out the 2022 Annual Report pages 12 & 13.</p> <p>https://kgi-mba.com/files/Annual-Report-2022.pdf</p>	
<p>Recommendation 5.4</p>			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>COMPLIANT</p>	<p>The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p> <p>Ms. Susan Pajalla is the President/Chairman of the</p>	

		<p>Board [2022 Annual Report p.10} 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/files/Annual-Report-2022.pdf</p> <p>https://kgi-mba.com/Management.html</p>	
<p>1. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>COMPLIANT</p>	<p>The position of Chairman of the Board and General Manager are held by two different people, and their roles are clearly distinct and separate.</p> <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/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf</p> <p>Ms. Susan Pajalla and Ms. Mary Jane Concepcion are not related by affinity or consanguinity.</p>	
<p>Recommendation 5.5</p>			
<p>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.</p>	<p>COMPLIANT</p>	<p>Dr. Ricardo S. Reyes Jr. is the company's lead Independent Director. His duties and responsibilities are in the Corporate Governance Manual.</p> <p>https://kgi-mba.com/files/13-LEAD-INDEPENDENT-DIRECTOR.pdf</p>	
<p>Recommendation 5.6</p>			
<p>1. Directors with material interest in a transaction affecting the corporation should abstain from</p>	<p>COMPLIANT</p>	<p>Any director of the company who has an interest in the transaction shall not participate in the deliberation and</p>	

taking part in the deliberations for the same.		shall abstain in the approval of the transaction. https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf	
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		The non-executive directors perceived that there was no need for such meeting in 2022 Please refer to the answer above
2. The meetings are chaired by the lead independent director.	NON-COMPLIANT		
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 https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf The Board conducts an annual review of its performance, including assessment for individual directors and all board-level committees through a self-assessment. The Chairman's assessment is also	
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		

		undertaken together with the Board assessment.	
4. The performance of each committee 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.	
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/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf	
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT	Stakeholders may send their feedbacks, concerns and queries 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	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.	

company.		https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf	
2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	The undersigned Compliance Officer hereby attests that the Code of Ethics was properly disseminated to all directors, senior management and employees. All employees of the Company are provided a copy of the Manual which contains the Code of Business Conduct and Ethics. To keep reminded, the Code is also posted in the association's Head office which is visible to everyone who enter the premises.	
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT	The Code of Business Conduct and Ethics is published in the corporate website at: Company website <i>[Company Disclosure]</i> https://kgi-mba.com/files/Code-of-Ethics-and-Conduct.pdf	
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	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>The Company's Internal Audit Department audits the compliance of officers, and employees to the Code of Ethics, company internal policies 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 & 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/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf</p> <p>https://kgi-mba.com/files/Code-of-Ethics-and-Conduct.pdf</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</p>	COMPLIANT	<p>Principle 8 is embodied in Part IV [Disclosure and Transparency] of the Manual</p> <p>https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf</p>	

<p>and complete picture of a company's financial condition, results and business operations.</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.</p> <p>https://kgi-mba.com/Downloads.html</p> <p>The At a Glance on the right side portion of the website shows the current financial condition, and results of business operation of the association.</p>	
<p>Recommendation 8.3</p>			
<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>	<p>COMPLIANT</p>	<p>All relevant information about the association's Board of Trustees are available in the website and 2022 Annual Report p. 10-13</p> <p>https://kgi-mba.com/Board-of-Trustees.html</p> <p>https://kgi-mba.com/files/Annual-Report-2022.pdf</p>	
<p>1. 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.</p>	<p>COMPLIANT</p>	<p>The association's key officers academic qualifications, membership in other boards, other executive positions, professional experiences, and expertise are available in the website</p> <p>https://kgi-mba.com/Management.html</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</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</p>	

<p>Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.</p>		<p>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://www.kgi-mba.com/files/AmendedAOIBy-Laws2019.pdf</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>The general remuneration policy is to provide fair and competitive salary and benefits to Executive Remuneration commensurate with their experience, responsibilities, job grade/corporate rank and position, as reviewed by the Remuneration Committee.</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/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf</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> <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</p>

			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	See Related Party Transactions Policy of the Revised Corporate Governance Manual. https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf	
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 19 of the Notes to the Consolidated Financial Statements of the Association as of the year 31 December 2022 sets out the related party transactions of the company and outstanding balances as of the said date. https://kgi-mba.com/files/KGI-MGA_FS1222-Kazama-Grameen-KGI-Mutual-Benefit-Association-KGI-MBA-Inc_Signed-Clients-Copy.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/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf	
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			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	COMPLIANT	<p>The Risk Oversight and Audit Committee exercises oversight of external auditors. It is primarily responsible for the selection and appointment of these auditors, subject to stockholder ratification.</p> <p>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 provisions are stipulated under the Audit Committee Charter</p> <p>https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf</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.	COMPLIANT	<p>The undersigned Corporate Secretary hereby attests that stakeholders representing 61.36% (2,909/4,741) 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 2022 and is disclosed in the 2022 Minutes of the AGM.</p> <p>https://kgi-mba.com/files/AGMMinutes2022.pdf</p>	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on:	COMPLIANT	<p>Company Policies: Audit Committee Charter [Audit Function (e)]</p> <p>https://kgi-mba.com/files/RISK-OVERSIGHT-AND-AUDIT-COMMITTEE-CHARTER.pdf</p>	
i. Assessing the integrity and independence of external			

<p>auditors;</p> <p>ii. Exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</p> <p>iii. Exercising effective oversight review and monitor the effectiveness of the audit process, taking into consideration relevant to Philippine professional and regulatory requirements.</p>			
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	<p>COMPLIANT</p>	<p>Company Policies: Audit Committee Charter <i>[Audit Function (e)]</i></p> <p>https://kgi-mba.com/files/RISK-OVERSIGHT-AND-AUDIT-COMMITTEE-CHARTER.pdf</p>	
<p>Recommendation 9.3</p>			
<p>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.</p>	<p>COMPLIANT</p>	<p>There were no non-audit services performed by the external auditors for the year 2022.</p>	
<p>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.</p>	<p>COMPLIANT</p>	<p>Company Policies: Audit Committee Charter <i>[Audit Function (d)]</i></p> <p>https://kgi-mba.com/files/RISK-OVERSIGHT-AND-AUDIT-COMMITTEE-CHARTER.pdf</p>	
<p></p>			

Principle 10. The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

Recommendation 10.1

<p>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.</p>	<p>COMPLIANT</p>	<p>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 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://www.kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf</p>	
<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>NON-COMPLIANT</p>		<p>The association will ensure to adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>

<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>			
<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.</p>	<p>COMPLIANT</p>	<p>All disclosures made by the company may be viewed at its website at: https://www.kgi-mba.com/Home.html</p>	
<p style="text-align: center;">Internal Control System and Risk Management Framework</p>			
<p>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.</p>			
<p>Recommendation 12.1</p>			
<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>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>	

		https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	The Board oversees that the company has in place a sound enterprise risk management framework through Risk Oversight and Audit Committee to effectively identify, monitor, assess and manage key business risks, which will guide the Board in identifying business level risk exposures as well as the effectiveness of risk management framework in the conduct of its business.	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	COMPLIANT	KGI MBA's Internal Audit service is provided by its partner MFI. [CGM Part 2, 2.14] https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf	
Recommendation 12.3			
1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT	Ms. Kathleen Aura Rodriguez, 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/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior	COMPLIANT	This is not applicable since the KGI MBA audit is an in-house function.	

management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.			
Recommendation 12.4			
1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	The risk management function of the Company is performed by the Risk Oversight and Audit Committee.	
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. A Chief Risk Officer has not yet been appointed.
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/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf	
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/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf	
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 2022, Notices of the AGM were sent to the members on March 10, 2022, 70 days prior to the AGM which is May 20, 2022. The Notice and agenda for the 2022 Annual General Meeting can be accessed at the company's website https://kgi-mba.com/files/2022NoticeofAGM.pdf	
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	Minutes of the 2022 Annual General Meeting with complete data of vote during the election was uploaded in the website the next working day. https://kgi-mba.com/files/AGMMinutes2022.pdf	
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	Minutes of the 2022 Annual General Meeting was uploaded in the website the next working day. https://kgi-mba.com/files/AGMMinutes2022.pdf	
Recommendation 13.4			
1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	COMPLIANT	Part 4.6 of the Manual discusses about the Alternative Dispute Resolution for Micro-Insurance prescribed by the Insurance Commission.	

		https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf	
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/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf	
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	The company believes that understanding the stakeholders' needs, concerns, clamors and integrating their feedback into the corporate strategy and daily operations, that it is able to develop long term-solutions, make decisive business solutions and improve the performance of the company. Part 4, 4.2 [<i>Stakeholders</i>]of the Manual and on page 20-22 of the Annual Report 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 6. Community of Operations 7. Environment 8. Regulatory Agencies 	

		https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf	
		https://kgi-mba.com/files/Annual-Report-2022.pdf	
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. The company treats its stakeholders fairly and ensures their protection. https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf	
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.	

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 undersigned Compliance Officer hereby attest that 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. <i>[CGM Part 2, 2.4 (i)]</i></p> <p>https://kgi-mba.com/files/KGI-MBA-Corporate-Manual-Revised-2021-new.pdf</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 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>	
Recommendation 15.3			
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.	COMPLIANT	<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/files/WHISTLE-BLOWING-POLICY.pdf</p>	
2. Board establishes a suitable framework for whistle-blowing	COMPLIANT		

<p>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>The contact of the HR Department and General Manager are as follows.</p> <p>CP#: 09209161687/09285213691 Email Address: mba92311@gmail.com</p>	
<p>3. Board supervises and ensures the enforcement of the whistle-blowing framework.</p>	<p>COMPLIANT</p>	<p>The Board supervises and ensures the enforcement of the whistle blowing framework through the Audit Committee.</p>	
<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.</p>			
<p>Recommendation 16.1</p>			
<p>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.</p>	<p>COMPLIANT</p>	<p>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:</p> <p>https://kgi-mba.com/Sustainability.html</p> <p>The company's take on the dealings to the community where it operates and its stakeholders can also be found in p. 20-22 of its 2022 Annual Report.</p> <p>https://kgi-mba.com/files/Annual-Report-2022.pdf</p>	

