

**ANNUAL CORPORATE GOVERNANCE REPORT**

	COMPLIANT/ NON COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<b>Recommendation 1.1</b>			
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 members of the Board of Trustees of KMBA must have the passion about the mission of the association. They are selected based on their strong commitment, competencies and experience in organizational leadership, cultivating relationships, facilitating, and building consensus among diverse individuals. Must have the qualities of integrity, credibility, and a passion for improving the lives of the poor.</p> <p>Links/ References:</p>	
2. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector	Compliant	<p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: Corporate Governance-Board of Trustees 2021</p> <p>2021 Annual Report The Board of Trustees Page 16-22</p> <p>Corporate Governance Manual: Item 2.1.3 Qualifications for the Board of Trustees; 2.1.4 Disqualifications from the Board of Trustees</p>	
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>Board members are required to prepare for and attend relevant meetings, support decisions, provide strategic advice on the direction, mission, values and vision of the association. They are expected to perform reviews of the organization's operations as needed. The board is expected to act honestly and in good faith and best interests of the</p> <p>Links/ References:</p> <p>2021 Annual Report: Board Roles and Responsibilities Page 22</p> <p>Corporate Governance Manual: Item 2.1.3 Qualifications for the Board of Trustees; Item 2.1.4 Disqualifications for the Board of Trustees Page 8</p>	
<b>Recommendation 1.2</b>			
1. Board is composed of a majority of non-executive directors.	Compliant	<p>Majority of the Board are non-executive and are not affiliated with any employees nor engaged in the day-to-day operation of the association.</p> <p>The Board of Trustees is composed of 9 members, 2 of whom are independent directors.</p> <p>The General Manager in the person of Silvida Reyes Antiquera sits as an ex-officio of the board of trustees</p> <p>Links/ References:</p> <p>Corporate Governance Manual: Item 2.1 Board of Trustees: 2.1.1 Composition and election of the Board of Trustees Page 7</p> <p>Amended By-Laws Article II Section 1</p> <p><a href="http://www.kmba.gov.ph">www.kmba.gov.ph</a>: Corporate Governance Board of Trustees 2021</p> <p>2021 Annual Report The Board of Trustees Page 16-22</p>	
<b>Recommendation 1.3</b>			
1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors,	Compliant	<p>KMBA put high premium on the development of the board. It is vital for the association to invest in the board, and encourage continual learning in the boardroom. Board members are required to undergo mandated workshop on corporate governance and AMLA. They are also encouraged to attend various trainings and conferences to keep themselves updated of the regulatory and legal framework of the microinsurance and the industry in general, technology advancement, and at the same time polishing their skills, values and trust in the organization especially in dealing with other stakeholders.</p> <p>Links/References:</p>	

		<a href="#">Corporate Governance Manual: Item 2.10 Orientation and Continuing Education for the Board: 2.10.1 Trustee Orientations Page 22: 2.10.3 Reporting on BoT Education Page 23</a>	
2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	Compliant	As mandated, the newly elected board members undergo on-boarding session, including a retreat.  <a href="#">www.kmba.org.ph: Policies and Implementing Rules Board Orientation Session Program</a>	
3. Company has relevant annual continuing training for all directors.	Compliant	Training of board members are included in the yearly plan and budget, usually presented and deliberated before the year ends for board approval.  <a href="#">www.kmba.org.ph: Corporate Governance Meetings and Seminars Summary of Trainings and Learning Session attended by the Board</a>  <a href="#">2021 Annual Report The Board of Trustees Page 16-22: Continuing Education and Leadership Development of the Board of Trustees Page 22</a>	
<b>Recommendation 1.4</b>			
1. Board has a policy on board diversity	Compliant	Having a broad range of experience, skills and background of the board helps KMBA broaden its strategic foresight and good governance.  During the Annual General Meetings in 2019 and 2020, KMBA has elected two Independent Directors, a female lawyer advocate on women and peace and a male director who is expert in economics and policy advocacy and social development. The rest of the board members are female entrepreneur Nanay-leaders who represents KMBA membership from various communities.  Links/ References:  <a href="#">www.kmba.org.ph: Corporate Governance-Policies and Implementing Rules Diversity Policy</a>  <a href="#">Corporate Governance Manual: item 4.8 Diversity Policy P. 40</a>	
<b>Recommendation 1.5</b>			
1. Board is assisted in its duties by a Corporate Secretary	Compliant	The elected secretary of the board serves also as the Corporate Secretary of the association.  Links/ References: <a href="#">Corporate Governance Manual: Item 2.4.3 The Secretary P. 17</a> <a href="#">Amended By-Laws: Article IV Section 3 Secretary</a> <a href="#">www.kmba.org.ph: Corporate Governance Board of Trustee CV of Jonalyn Andres</a>	
2. Corporate Secretary is a separate individual from the Compliance Officer	Compliant	The Board secretary/Corporate Secretary is Ms. Jonalyn Andres while the Compliance Officer is the current General Manager Silvida Antiquera.  Links/ References: <a href="#">Corporate Governance Manual: Item 2.4.3 The Secretary P. 17</a>  <a href="#">6.1 Designation of Compliance Officer P. 46</a>	
3. Corporate Secretary is not a member of the Board of Directors	Compliant	The elected secretary of the board is a representative of the employees of the Kasagana-ka Employee-Employers Provident Fund Assn Inc.  Links/ References:  <a href="#">Amended By-Laws: Article III Section I. Officers: Corporate Governance Manual: Item 2.4.3 The Officers of the Board of Trustees P. 17.</a>	The KSO representative who are duly elected as the Secretary serve as an ex-officio Board Secretary of KMBA

4. Corporate Secretary attends training/s on corporate governance.	Compliant	<p><a href="#">2021 Annual Report The Board of Trustees Page 18</a></p> <p><a href="http://www.kmba.org.ph: Corporate Governance Meetings and Seminars Summary of Trainings and Learning Session attended by the Board">www.kmba.org.ph: Corporate Governance Meetings and Seminars Summary of Trainings and Learning Session attended by the Board</a></p>	
<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer	Compliant	<p>The Board of Trustees has designated General Manager Silvida R. Antiquera as Compliance Officer.</p> <p>Links/ References:</p> <p><a href="#">Corporate Governance Manual: Item 6.1 Designation of Compliance Officer Page 46</a></p> <p><a href="#">Corporate Governance Manual: Item 2.6 (5) The General Manager and management team</a></p> <p><a href="#">Board Resolution 15 Series of 2020</a></p>	
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation	Compliant	<p>The General Manager serves as the Compliance Officer of the association</p> <p>Links/ References:</p> <p><a href="#">Corporate Governance Manual: Item 6.1 Designation of Compliance Officer Page 46</a></p> <p><a href="http://www.kmba.org.ph: Disclosure-Other Disclosure CV of the General Manager/Compliance Officer Silvida R. Antiquera">www.kmba.org.ph: Disclosure-Other Disclosure CV of the General Manager/Compliance Officer Silvida R. Antiquera</a></p>	
3. Compliance officer is not a member of the board.	Compliant	<p>The General Manager who is also the Compliance Officer sits in the Board of Trustees as an ex-officio member</p> <p>Links/ References:</p> <p><a href="#">Corporate Governance Manual: Item 6.1 Designation of Compliance Officer Page 46</a></p>	
4. Compliance Officer attends training/s on corporate governance annually	Compliant	<p>KMBA General Manager who also acts as the Compliance Officer is a board member of MiMAP that organize the annual training-workshop on Good Governance. She is obliged to participate and sometimes serves as a resource</p> <p>Links/ References:</p> <p><a href="http://www.kmba.org.ph: Corporate Governance Meetings and Seminars 2021 Summary of Trainings attended by the compliance officer 2021">www.kmba.org.ph: Corporate Governance Meetings and Seminars 2021 Summary of Trainings attended by the compliance officer 2021</a></p> <p><a href="http://www.kmba.org.ph: Corporate Governance Meetings and Seminars 2021 Certificate of Attendance of Compliance Officer">www.kmba.org.ph: Corporate Governance Meetings and Seminars 2021 Certificate of Attendance of Compliance Officer</a></p>	
<p><b>Principle 2: The fiduciary roles, responsibilities and roles and accountabilities of the Board as provided under the law, the company's article and by-laws, and other legal pronouncement and guidelines should be clearly made known to all directors as well as to the stockholders and other stakeholders.</b></p>			
<b>Recommendation 2.1</b>			
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	<p>In practice, KMBA is particularly prudent before making any stand/decision. 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 21 working days. 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>Links/References</p> <p><a href="#">Corporate Governance Manual: Governance Structure and Policies Item 2.1.6 General Responsibility Page 9-10; Item 2.1.7 Specific Duties and Responsibility (L) Page 10</a></p> <p><a href="#">Amended By Laws: Article I Section 3 Notices; Article II Section 7 Meetings and Notices</a></p>	
<b>recommendation 2.2</b>			

<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p>	<p>Compliant</p>	<p>The Association's Vision, Mission and Goals have been put on the agenda of the board during the first meeting held in January 2021 for review, and every year. The 6-year strategic plan was also presented and approved by the board.</p> <p>Links/References</p> <p><a href="#">Corporate Governance Manual: Governance Structure and Policies Item 2.1.7. Specific Duties and Responsibilities Page 9-10 ©</a></p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Minutes of the 1st Regular Board Meeting_01.28.2021_Agenda item V Page 3 Review of Vision, Mission and Goals and ACGS Compliance</a></p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">KSO Strategic Planning Program February 6 and November 21, 2021</a></p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Disclosure Other Disclosure KMBA Strategic Planning for 2021 to 27</a></p> <p><a href="#">2021 Annual Report: Our Association, Vision, Mission and Goals Page 4</a></p>	
<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>KMBA board of Trustees and the management conducted an assessment of the company's targets held within the last quarter of the year. This was attended by board members of the kasagana-ka synergizing organizations: KCoop, KDCI and KMBA.</p> <p>Links/References</p> <p><a href="#">Corporate Governance Manual: Item 2.1.7. Specific Duties and Responsibilities Page 9-10</a></p> <p><a href="#">Minutes of the 7th Regular Board Meeting_10.29.2021_Agenda item IX Strategic Planning Page 6-7</a></p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Minutes of the 7th Regular Board Meeting_10.29.2021_Agenda item IX Strategic Planning Page 6-7</a></p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Disclosure Other Disclosure Strategic Planning 2021-2027</a></p>	
<p><b>Recommendation 2.3</b></p>			
<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>Compliant</p>	<p>Enriqueta V. Navarro is the current Board President. She has an extensive knowledge and experience in dealing with microenterprise and microinsurance operations on the ground for the past 8 years, and holding barangay position and other civic affiliation.</p> <p>Links/References</p> <p><a href="#">Corporate Governance Manual: 2.1.3. Qualifications of the Board of Trustees Page 8</a></p> <p><a href="#">2021 Annual Report: Board of Trustee Enriqueta Navarro, President Page 16-17</a></p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Corporate Governance Board of Trustees 2020 CV Enriqueta V. Navarro</a></p>	
<p><b>Recommendation 2.4</b></p>			
<p>1. Boards ensures and adopts an effective succession planning program for directors, key officers and management.</p>	<p>Compliant</p>	<p>Succession planning is one best practice that the board of KMBA has adopted to make sure that any resignation or retirement of Board members or key management position will not hamper the smooth operation and future growth of the association.</p> <p>Links/References</p> <p><a href="#">Corporate Governance Manual: Item 2.13. Succession Planing Page 24-26</a></p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Corporate Governance Policies and Implementing Rules Succession Program</a></p>	

2. Board adopts a policy on the retirement for directors and key officers.	Compliant	<a href="#">Retirement Benefit Plan</a> <a href="#">Board Resolution No. 57 Series of 2019</a>	
<b>Recommendation 2.5</b>			
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	Compliant	<p>Under the constitution and by-laws, the Board of Trustees shall not be entitled to any compensation or remuneration for their services. KMBA provides for reimbursements of actual transportation and meal expenses in performing their duties.</p> <p>Links/References</p> <p><a href="#">Amended Articles of Incorporation: Article 8</a></p> <p><a href="#">Corporate Governance Manual: 2.12. Remuneration of the Board Page 23</a></p> <p><a href="#">2021 Annual Report Remuneration Policy for the Board and the General Manager Page 28-29</a></p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Corporate Governance-Policies and Implementing Rules Policy on Remuneration</a></p>	
2. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	<p>The need for a remuneration framework for key officers and board members to be able to attract quality services in the long term.</p> <p>Links/References</p> <p><a href="#">Compensation and Benefits Package of General Manager</a></p> <p><a href="#">Corporate Governance Manual: 2.12. Remuneration of the Board Page 23</a></p> <p><a href="#">2021 Annual Report Remuneration Policy for the Board and the General Manager Page 28-29</a></p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Corporate Governance-Board Resolution 2021, Board Resolution No. 17 Approving the list of support to Board Trustees, Officers and Coordinators</a></p>	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	<p>For ethical considerations, any concerned board member does automatically inhibits himself/herself from participating in any discussion pertaining to his own remuneration/benefits</p> <p>Links/References</p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Corporate Governance-Policies and Implementing Rules Policy on Remuneration</a></p>	
<b>Recommendation 2.6</b>			
1. Board has a formal and transparent board nomination and election policy.	Compliant	<p>The process of nomination is indicated in the governance manual.</p> <p>Links/References</p> <p><a href="#">Amended By-Laws: Article II Section 1 Board of Trustees, Composition and Election</a></p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Corporate Governance Implementing Rules and Policies, Election Rules and Guidelines</a></p>	
2. Board nomination and election policy is disclosed in the company's Manual and Corporate Governance.	Compliant	<p>The election and nomination policy indicated in the election guidelines as an annex to the Corporate Governance Manual</p> <p>Links/References</p> <p><a href="#">Corporate Governance Manual: Item 3.7.4 Election of Board and Committee Members Page 30-31; 3.3 Voting Rights of Members</a></p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Corporate Governance-Policies and Implementing Rules Election Rules and Guidelines</a></p>	
3. Board nomination and election policy includes how the company accepts nomination from minority shareholders.	Compliant	<p><a href="#">Election Rules and Guidelines: Nomination and Election Process for KMBA Board of Trustees Page 3-4, #6-10</a></p>	The process of nomination is indicated in the governance manual.

4. Board nomination and election policy includes how the board reviews nominated candidates .	Compliant	<a href="#">Election Rules and Guidelines: Nomination and Election Process for KMBA Board of Trustees Page 3-4, #6-10</a>	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or a replacement of a director.	Compliant	<a href="#">Election Rules and Guidelines: Actual Election Process for KMBA BoT no.9 Page 6</a>  <a href="#">Corporate Governance Manual: Item 3.7.4 Election of Board and Committee Members Page 30-31</a>	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant	The nomination and election committee is tasked to identify the appropriate qualities and competencies that should be required of candidates/nominees to the board in line with KMBA's strategic directions  Links/References  <a href="#">Corporate Governance Manual: Item 2.3.4 Nomination and Election Committee © Page 15</a>	
<b>Recommendation 2.7</b>			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	Serving in the Board of Trustees requires strong leadership, commitment to the mission of KMBA, honesty and credibility.  Links/References  <a href="http://www.kmba.gov.ph: Corporate Governance Policies and Implementing Rules Policy on Related Party Transaction">www.kmba.gov.ph: Corporate Governance Policies and Implementing Rules Policy on Related Party Transaction</a>  <a href="http://www.kmba.org.ph: Corporate Governance Minutes of the Meeting 2021 Minutes of 1st Regular Board Meeting 28Jan2021">www.kmba.org.ph: Corporate Governance Minutes of the Meeting 2021 Minutes of 1st Regular Board Meeting 28Jan2021</a>  <a href="#">2021 Annual Report Corporate Governance and Management Page 16</a>	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	The Related Party Transaction Committee, which is composed of Independent Directors, shall be responsible for the review and approval of any material related-party transactions of conflict of interest issues involving members of the board and management to ensure that these are conducted or resolved in the best interest of KMBA and its members.  Links/References  <a href="http://www.kmba.org.ph: Corporate Governance-Policies and Implementing Rules Policy on Related Party Transaction">www.kmba.org.ph: Corporate Governance-Policies and Implementing Rules Policy on Related Party Transaction</a>  <a href="#">Corporate Governance Manual: Item 2.1.9 Disclosure of RPTs and other Conflict of Interest Page 11</a>  <a href="#">Corporate Governance Manual: Item 4.3 Review of Related Party Transactions; 4.3.1 Responsible Committee and Focus of Review Page 33-34</a>  <a href="http://www.kmba.org.ph: Corporate Governance Minutes of the Meeting 2021 Related Party Transaction Committee 1st Meeting 25Jan2021">www.kmba.org.ph: Corporate Governance Minutes of the Meeting 2021 Related Party Transaction Committee 1st Meeting 25Jan2021</a>  <a href="http://www.kmba.org.ph: Corporate Governance Minutes of the Meeting 2021 Minutes of 1st Regular Board Meeting 28Jan2021">www.kmba.org.ph: Corporate Governance Minutes of the Meeting 2021 Minutes of 1st Regular Board Meeting 28Jan2021</a>	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant	Trustees and Committee members shall accomplish a Declaration of Material Interests that any related-party transactions will be conducted in an arms's length basis. To further strengthen transparency and protect the interest of KMBA in all cases of related-party transactions, the association is set to adopt a policy requiring incumbent Trustees to submit a written notification to the Board before they accept directorship position in any other company.  Links/References  <a href="#">2021 Annual Report: Related Party Transaction Page 33-34</a>  <a href="http://www.kmba.org.ph: Other Disclosure Declaration of Material Personal Interest 2021">www.kmba.org.ph: Other Disclosure Declaration of Material Personal Interest 2021</a>	

		<a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <a href="#">Other Disclosure Declaration of Declaration Material Personal Interest 2020</a>	
<b>Recommendation 2.8</b>			
1. Board is primarily responsible for approving the selection of management lead 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 board of Trustees regularly conducts performance assessment of the General Manager and at the same time the Compliance Officer of the association twice a year, one in July and January.  Links/References <a href="#">Corporate Governance Manual: Item 2.1.7 Specific Duties and Responsibilities (h) Page 9-10</a>	
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	It is the responsibility of the Board of Trustees to ensure that the General Manager's performance have been regularly conducted on a regular manner.  Links/References <a href="#">Corporate Governance Manual: Item 2.1.7 Specific Duties and Responsibilities (h) Page 9-10</a>  <a href="http://www.kmba.gov.ph">www.kmba.gov.ph</a> : <a href="#">Minutes of 2nd Regular Board Meeting-Agenda XII (b) Result of the Performance Evaluation of the General Manager</a>  <a href="#">2021 Annual Report Performance Appraisals of the Board, Committee members and the General Manager Page 29</a>	
<b>Recommendation 2.9</b>			
1. Board establishes an effective performance management framework that ensures that Management, including the Chief Executive Officer performance is at par with the standards set by the Board and Senior Management.	Compliant	<a href="#">Corporate Governance Manual: Item 6.3 Regular Performance Assessment Page 47; Item 6.3.1 Performance Assessment Process Page 47-48</a>  <a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <a href="#">Performance Evaluation Form for the General Manager</a>  <a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <a href="#">Disclosure Other Disclosure Performance Evaluation Result for General Manager</a>	
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.	Compliant	To evaluate the performance of KMBa staff, the KSO conducts a performance evaluation every six (6) months using the Kasaganaka Performance Evaluation Form  Links/Reference  <a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <a href="#">Disclosure Other Disclosure Kasaganaka Employee Performance Evaluation Form</a>	
<b>Recommendation 2.10</b>			
1. Board oversees that an appropriate internal control system is in place.	Compliant	Internal control form part of the management framework to ensure accurate reporting of financials, compliance with laws and regulations, protect assets and effective execution of business operations.  Links/References  <a href="#">Corporate Governance Manual: Item 2.1.8 Internal Control and Responsibilities Page 10</a>	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	<a href="#">Corporate Governance Manual: Item 2.1.8 Internal Control and Responsibilities (e) Page 11</a>	
3. Board approves the Internal Audit Charter.	Compliant	<a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <a href="#">Corporate Governance-Board Resolution 2021 Board Resolution No. 13 Approving the Internal Audit Charter</a>	
<b>Recommendation 2.11</b>			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to		KMBa developed the Risk Management Manual that stipulates the processes from identification, monitoring, assessing and managing key business risks	

effectively identify, monitor, assess and manage key business risks.	Compliant	Links/References <u>Corporate Governance Manual: Item 7.2.1 Oversight Responsibility Page 50</u>  <u>www.kmba.org.ph: Corporate Governance Policies and Implementing Rules_KMBA Risk Management Manual no. IV_KMBA Risk Management Framework Page 3-5</u>	
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	<u>www.kmba.org.ph: Corporate Governance Policies and Implementing Rules_KMBA Risk Management Manual no. IV_KMBA Risk Management Framework Page 3-5; Risk Exposure 6-8</u>  <u>www.kmba.org.ph: Disclosure_Other Disclosure_Risk Assessment and Management Plan 2020;</u>	Strategic plan for 2017-2022 of KMBA was regularly review every year along with the VMG. Results and plans were presented last November 2021 on KSO Strategic Planning.
<b>Recommendation 2.12</b>			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	Compliant	Roles, responsibilities and accountabilities are clearly defined in the Board Charter  Links/References <u>www.kmba.org.ph: Corporate Governance-Implementing Rules and Policies Board Charter</u>  <u>Corporate Governance Manual: item 2.1.6 General Responsibility Page 9, Item ; 2.1.7 Specific Duties and Responsibilities Page 9-10</u>	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	The Board Charter serves as a guide to the directors in performing their functions  Links/References: <u>www.kmba.org.ph: Corporate Governance-Implementing Rules and Policies Board Charter</u>	
3. Board Charter is publicly available and posted on the company's website.	Compliant	The board charter is available and posted in the company website  Links/References: <u>www.kmba.org.ph: Corporate Governance-Implementing Rules and Policies Board Charter</u>	
<b>Principle 3: board committees should be set up the extent possible to support the effective performance of the Board's function, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.</b>			
<b>Recommendation 3.1</b>			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	The KMBA Board of Trustees constituted committees in aid of good corporate governance  Links/References: <u>Corporate Governance Manual: item 2.3. Board Committees Page 13-16</u>  <u>www.kmba.org.ph: Corporate Governance Board Committees 2021</u>	
<b>Recommendation 3.2</b>			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	The Audit Committee plays a critical role in establishing and monitoring corporate governance practices  Links/References: <u>Corporate Governance Manual: item 2.3.1 Audit Committee Page 13-14</u>  <u>Corporate Governance Manual: item 6.3.2 Roles of Audit Committee Page 49</u>	



<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>Compliant</p>	<p>Pursuant to the Corporate Governance Manual, Independent Trustees make up the Audit Committee in the persons of Philip Arnold Tuano as Chairperson and Atty. Maria Cleofe Gettie Sandoval as member</p> <p>Links/References:</p> <p>Corporate Governance Manual: Item 2.3.1 Audit Committee Page 13</p> <p><a href="http://www.kmba.org.ph: Corporate Governance Board Committees 2021 Audit Committee">www.kmba.org.ph: Corporate Governance Board Committees 2021 Audit Committee</a></p>	
<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>Compliant</p>	<p>The members of the audit committee have met the qualifications criteria of the association</p> <p>Links/References:</p> <p><a href="http://www.kmba.org.ph: Corporate Governance-Board of Trustees 2020 CV of Philip Arnold Tuano">www.kmba.org.ph: Corporate Governance-Board of Trustees 2020 CV of Philip Arnold Tuano</a></p> <p><a href="http://www.kmba.org.ph: Corporate Governance-Board of Trustees 2020 CV of Maria Cleofe Gettie C. Sandoval">www.kmba.org.ph: Corporate Governance-Board of Trustees 2020 CV of Maria Cleofe Gettie C. Sandoval</a></p>	
<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>Non-compliant</p>		<p>Originally KMBA wanted to maintain more Nanay-board members so that Independent Trustees are limited to only 2. The Chairperson of the Audit Committee serves also as the Chairperson of the Nomination, RPT and Election Committee. KMBA may consider adding an independent trustee in the next 2 years in time for the next election of board of trustees.</p>
<p><b>Recommendation 3.3</b></p>			
<p>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.</p>	<p>Compliant</p>	<p>There are some functions of the Corporate Governance Committee that are already present in the Risk Management Committee, thus the Board decided to create only the Risk Management Committee.</p> <p>Links/References:</p> <p><a href="http://www.kmba.org.ph: Minutes of Board Meetings 2020 Minutes of 7th Regular Meeting 12.10.2020 Creation of Additional Committee">www.kmba.org.ph: Minutes of Board Meetings 2020 Minutes of 7th Regular Meeting 12.10.2020 Creation of Additional Committee</a></p> <p><a href="http://www.kmba.gov.ph: Board Resolution 2021 Resolution No. 20 Approving the creation of mandated committees">www.kmba.gov.ph: Board Resolution 2021 Resolution No. 20 Approving the creation of mandated committees</a></p>	<p>Upon the advised of Independent Board of KMBA, and the approval of the Board of Trustees, on its 4th meeting held last May 28, 2021, The Board Risk Oversight Committee will be combine with the Corporate Governance Committee</p>
<p>2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.</p> <p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	<p>Compliant</p>	<p><a href="http://www.kmba.org.ph: Minutes of Board Meetings 2020 Minutes of 7th Regular Meeting 12.10.2020 Creation of Additional Committee">www.kmba.org.ph: Minutes of Board Meetings 2020 Minutes of 7th Regular Meeting 12.10.2020 Creation of Additional Committee</a></p> <p><a href="http://www.kmba.org.ph: Minutes of Board Meetings 2020 Minutes of 7th Regular Meeting 12.10.2020 Creation of Additional Committee">www.kmba.org.ph: Minutes of Board Meetings 2020 Minutes of 7th Regular Meeting 12.10.2020 Creation of Additional Committee</a></p>	<p>Since the function of the Corporate Governance Committee is already in the Risk Management Committee, and KMBA has a limited number of Independent Trustee, the board has decided that the CGC is combined with the BROC</p>
<p><b>Recommendation 3.4</b></p>			
<p>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.</p>	<p>Compliant</p>	<p>The proposed creation of the BROC is presented to the general membership and approved during KMBA's 15th AGM.</p> <p>Links/References:</p> <p><a href="http://www.kmba.org.ph: Corporate Governance Board Resolution 2021 Board Resolution No. 20, Series 2021 Approving the Creation of Mandated Committees">www.kmba.org.ph: Corporate Governance Board Resolution 2021 Board Resolution No. 20, Series 2021 Approving the Creation of Mandated Committees</a></p> <p><a href="http://Minutes of 7th Regular Meeting; Creation of Additional Committee">Minutes of 7th Regular Meeting; Creation of Additional Committee</a></p>	

		<a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <u>Corporate Governance-Minutes of the Meeting 2020 Minutes of 7th Regular Board Meeting</u>	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Non-Compliant	At present, KMBA has Two Independent Trustee. They are Atty. Maria Cleofe Gettie Sandoval as Chairperson and Philip Arnold Tuano as member	Additional Independent board is being considered in the next 2 years during election of outgoing board members.
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	The Chairperson of this committee does not have other chairmanship of other committees.  Links/References:  <a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <u>Corporate Governance Policies and Implementing Rules Board Risk Oversight Committee Charter Membership (b) Composition</u>  <a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <u>Corporate Governance-Board Committees 2021_Board Risk Oversight Committee</u>	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	<a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <u>Corporate Governance-Board of Trustees 2020 CV of Philip Arnold P. Tuano</u>	
<b>Recommendation 3.5</b>			
1. The Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	The proposed creation of the RPT Committee is presented and approved by the general membership during KMBA's 15th AGM  Links/References:  <a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <u>Corporate Governance Board Resolution 2021 Board Resolution No. 20, Series 2021 Approving the Creation of Mandated Committees</u>  <a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <u>Corporate Governance Minutes of the Meeting 2020 Minutes of 7th Regular Meeting 12.10.2020 Agenda VIII (h)</u>  <a href="http://www.kmba.org.ph">Minutes of 7th Regular Meeting: 10December2020 Creation of Additional Committee</a>	
2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.	Compliant	The Committee members are composed of 2 Independent Directors, Philip Arnold Tuano as Chairperson, Atty. Maria Cleofe Gettie Sandoval as member and Isabel Iliw-Iliw as board adviser  Links/References:  <a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <u>Corporate Governance-Board Committees 2021 Related Party Transaction Committee</u>	
<b>Recommendation 3.6</b>			
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	All committees have its own board charter  Links/References:  <a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <u>Corporate Governance-Policies and Implementing Rules</u>	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant	An evaluation tool will be provided for all the committees  Links/References:  <a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <u>Corporate Governance Policies and Implementing Rules Standards for Performance Evaluation</u>  <a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <u>Disclosure-Other Disclosure Committee Assessment Form</u>  <a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <u>Disclosure-Other Disclosure Result on Committee Assessment</u>	
3. Committee Charters were fully disclosed on the company's website.		Committee charters are available and posted in the KMBA website	

	Compliant	<a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <a href="#">Corporate Governance Policies and Implementing Rules</a> <a href="#">Related Party Transaction Charter</a>
		<a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <a href="#">Corporate Governance Policies and Implementing Rules</a> <a href="#">Risk Management Committee Charter</a>
		<a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <a href="#">Corporate Governance Policies and Implementing Rules</a> <a href="#">Board Risk Oversight Committee Charter</a>
		<a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <a href="#">Corporate Governance Policies and Implementing Rules</a> <a href="#">Internal Audit Charter</a>
		<a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <a href="#">Corporate Governance Policies and Implementing Rules</a> <a href="#">Audit Committee Charter</a>
		<a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <a href="#">Corporate Governance Policies and Implementing Rules</a> <a href="#">Treasury Committee Charter</a>
		<a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <a href="#">Corporate Governance Policies and Implementing Rules</a> <a href="#">Product Development and Innovation Committee Charter</a>
		<a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : <a href="#">Corporate Governance Policies and Implementing Rules</a> <a href="#">Ethics Committee Charter</a>

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	<p>It is imperative that all board members attend scheduled meetings of the board, committees and the Annual General Meeting</p> <p>Links/References</p> <p><a href="#">Corporate Governance Manual: Item 2.9 Board Meetings: Item 2.9.2 Participation in meetings through electronic device</a></p> <p><a href="#">2021 Annual Report Board Meetings and Committee Page 23 to 27</a></p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Corporate Governance-Policies and Implementing Rules</a> <a href="#">Internal Procedures for conduct of meetings via remote communication</a></p>
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	<p>Minutes of the meeting is being sent ahead of time for the members of the board to make advance review of the minutes</p> <p>Links/References</p> <p><a href="#">Corporate Governance Manual: Item 2.9.3 Notice and Agenda of Board Meetings Page 20</a></p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Corporate Governance Board Minutes 2021</a></p>
3. The directors asks the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	<p>The members of the board of trustees are encouraged to ask questions/clarifications during meetings</p> <p>Links/References</p> <p><a href="#">Minutes of 2nd Regular Board Meeting 05March2021 Page 4 &amp; Page 8</a></p> <p><a href="#">Minutes of 3rd Regular Board Meeting 30April2021 Page 7</a></p> <p><a href="#">Minutes of 8th Regular Board Meeting 21December2021 Page 4</a></p> <p><a href="#">Minutes of 15th Annual General Meeting 31May2021 Page 15</a></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>Multiple board seats in other entities is allowed, however taking into consideration the quality of time the member would put into board and other meetings. This is one area that KMBA is more concerned of and have to deal with.</p> <p>Links/References</p> <p><a href="#">Corporate Governance Manual: Item 2.1.2 Multiple Board Seats Page 7</a></p>	
<p><b>Recommendation 4.3</b></p>			
<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 non-executive directors are being asked to submit a letter specifying the assignments of directorships he/she has with other entities.</p> <p>Links/References</p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Disclosure-Other Disclosure Liham patungkol sa mga sinapiang samahan Philip Tuano</a></p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Disclosure-Other Disclosure Notification of Positions in the Board of other Organizations</a></p>	
<p><b>Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs.</b></p>			
<p><b>Recommendation 5.1</b></p>			
<p>1. The Board is composed of at least twenty percent (20%) independent directors.</p>	<p>Compliant</p>	<p>KMBA has a nine-person Board of Trustees, and two of them are Independent Directors</p> <p>Links/References</p> <p><a href="#">Corporate Governance Manual: Item 2.1.1 Composition and Election of the Board of Trustees Page 7</a></p>	
<p><b>Recommendation 5.2</b></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>The Independent Directors must act independently and impartially in carrying out his/her responsibilities as a member of the Board of Trustees</p> <p>KMBA's Independent Directors are: Philip Arnold P. Tuano Maria Cleofe Gettie C. Sandoval</p> <p>Links/References</p> <p><a href="#">Corporate Governance Manual: Item 2.2 Independent Trustee Page 12; Amended By-Laws Section 4. Independent Trustees</a></p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Corporate Governance Board of Trustee 2020-CV of Philip Arnold Tuano</a></p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Corporate Governance Board of Trustee 2020-CV Atty. Maria Cleofe Gettie Sandoval</a></p>	
<p><b>Recommendation 5.3</b></p>			
<p>1. The independent directors serve for a maximum cumulative term of nine years. As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organizations shall be from 21 September 2016. For 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>Compliant</p>	<p>KMBA is complying with the requirement on the term limits of the Independent Director</p> <p>Links/References</p> <p><a href="#">2021 Annual Report Board of Trustees Page 21-22</a></p>	<p>Currently, KMBA's Independent Trustee, Philip Arnold P. Tuano has serve for a total of 5years, and Atty. Maria Cleofe C. Sandoval has serve for a total of 4 years</p>

2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	<p><u>Corporate Governance Manual: Item 2.1.5 Term Of Office Page 8</u></p> <p><u>Amended By laws Article II Section 5 Term of office of Officer</u></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.	Compliant	<p>Should KMBA need to continue the services of Independent Directors after serving their term limits, procedures will be followed for IC and approval from the general membership</p> <p>Links/References</p> <p><u>www.kmba.org.ph: Corporate Governance Board of Trustee 2020-CV of Philip Arnold Tuano</u></p> <p><u>www.kmba.org.ph: Corporate Governance Board of Trustee 2020-CV of Maria Cleofe Gettie C. Sandoval</u></p>	Independent Board Philip Arnold Tuano was re-elected for another 3year term from 2020-2023, while Independent Maria Cleofe Gettie C. Sandoval was also re-elected for another 3 year term from 2021 to 2024.
<b>Recommendation 5.4</b>			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	<p>The President of KMBA Board of Trustees is Enriqueta V. Navarro and the General Manager is Silvida R. Antiquera</p> <p>Links/References:</p> <p><u>2021 Annual Report Message from the President and the General Manager Page 2 and 3</u></p>	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	<p>KMBA President and the General Manager have clear delineation of function</p> <p>Links/References:</p> <p><u>Corporate Governance Manual: 2.4 The officers of the Board of Trustees: 2.4.1 The President Page 17: Amended By laws Article IV Section 1. President</u></p> <p><u>Corporate Governance Manual: 2.6 General Manager and Management Team- Roles and responsibilities of the General Manager. Page 18</u></p>	
<b>Recommendation 5.5</b>			
1. If the Chairman of the Board is not an independent director or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent directors.	Compliant	<p>In the course of operation, KMBA has a separate position for the President of the Board of Trustees who leads the policy making body and a General Manager that executes and supervise the day-to-day operation of the company.</p> <p>Links/References:</p> <p><u>www.kmba.org.ph: Corporate Governance-Board of Trustees 2021 Board of Trustee 2021</u></p> <p><u>www.kmba.org.ph: Corporate Governance-Board of Trustees 2020 CV of Enriqueta V. Navarro</u></p> <p><u>www.kmba.org.ph: Disclosure-Other Disclosure CV of Silvida Reyes Antiquera</u></p>	
<b>Recommendation 5.6</b>			
1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.	Compliant	<p>Should conflict of interest exist, a board member should excuse himself/herself from participation in the discussion nor vote in a particular matter</p> <p>Links/References:</p> <p><u>Corporate Governance Manual: 4.3.2 Access to Records and Information Page 34</u></p>	
<b>Recommendation 5.7</b>			
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		<p>This is done in committee meetings held during the year.</p> <p>Links/References:</p> <p><u>2021 Annual Report: Board Risk Oversight Committee and Related Party Transaction Committee Page 27</u></p>	

the corporation.	Compliant	<a href="http://www.kmba.org.ph: Minutes of 1st Related Party Transaction Committee">www.kmba.org.ph: Minutes of 1st Related Party Transaction Committee</a> <a href="http://www.kmba.org.ph: Minutes of 1st Board Risk Oversight Committee">www.kmba.org.ph: Minutes of 1st Board Risk Oversight Committee</a> <a href="http://www.kmba.org.ph: Minutes of 2nd Board Risk Oversight Committee">www.kmba.org.ph: Minutes of 2nd Board Risk Oversight Committee</a>
2. The meetings are chaired by the lead independent director.	Compliant	<a href="http://www.kmba.org.ph: Corporate Governance-Minutes of the Meeting 2021 Audit Committee 1st Meeting, 11Jan2021">www.kmba.org.ph: Corporate Governance-Minutes of the Meeting 2021 Audit Committee 1st Meeting, 11Jan2021</a> <a href="http://www.kmba.org.ph: Corporate Governance-Minutes of the Meeting 2021 Audit Committee 2nd Meeting, 25Jan2021">www.kmba.org.ph: Corporate Governance-Minutes of the Meeting 2021 Audit Committee 2nd Meeting, 25Jan2021</a> <a href="http://www.kmba.org.ph: Corporate Governance-Minutes of the Meeting 2021 Audit Committee 3rd Meeting, 08Mar2021">www.kmba.org.ph: Corporate Governance-Minutes of the Meeting 2021 Audit Committee 3rd Meeting, 08Mar2021</a> <a href="http://www.kmba.org.ph: Corporate Governance Minutes of the meeting 2021 Audit Committee 4th Meeting, 07April2021">www.kmba.org.ph: Corporate Governance Minutes of the meeting 2021 Audit Committee 4th Meeting, 07April2021</a> <a href="http://www.kmba.org.ph: Corporate Governance-Minutes of the Meeting 2021 Audit Committee 5th Meeting, 12Apr2021">www.kmba.org.ph: Corporate Governance-Minutes of the Meeting 2021 Audit Committee 5th Meeting, 12Apr2021</a> <a href="http://www.kmba.org.ph: Corporate Governance-Minutes of the Meeting 2021 Audit Committee 6th Meeting, 23Apr2021">www.kmba.org.ph: Corporate Governance-Minutes of the Meeting 2021 Audit Committee 6th Meeting, 23Apr2021</a> <a href="http://www.kmba.org.ph: Corporate Governance-Minutes of the Meeting 2021 Audit Committee 7th Meeting, 08Dec2021">www.kmba.org.ph: Corporate Governance-Minutes of the Meeting 2021 Audit Committee 7th Meeting, 08Dec2021</a>

Principle 6: 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	<p>An evaluation is conducted annually, usually in January of the following year after a board meeting.</p> <p><a href="#">Corporate Governance Manual: Item 6.3 Regular Performance Assessment; Item 6.3.1 Performance Assessment Process Page 47</a></p> <p><a href="http://www.kmba.org.ph: Disclosure-Other Disclosure Annual Board Assessment Result">www.kmba.org.ph: Disclosure-Other Disclosure Annual Board Assessment Result</a></p>
2. The performance of the Chairman is assessed annually by the Board.	Compliant	<p><a href="http://www.kmba.org.ph: Disclosure-Other Disclosure Performance Assessment Result for the BoT President">www.kmba.org.ph: Disclosure-Other Disclosure Performance Assessment Result for the BoT President</a></p>
3. The performance of the individual member of the Board is assessed annually by the Board.	Compliant	<p><a href="http://www.kmba.org.ph: Disclosure-Other Disclosure Board Assessment Form">www.kmba.org.ph: Disclosure-Other Disclosure Board Assessment Form</a></p>
4. The performance of each committee is assessed annually by the Board.	Compliant	<p>Members of the committee took the assessment of using the Committee Assessment Form that was distributed to them. The management then summarized the results and was presented in the March 5, 2021 board meeting.</p> <p>Links/References:</p> <p><a href="http://www.kmba.org.ph: Disclosure-Other Disclosure Committee Assessment Form">www.kmba.org.ph: Disclosure-Other Disclosure Committee Assessment Form</a></p> <p><a href="http://www.kmba.org.ph: Disclosure-Other Disclosure Committee Assessment Result">www.kmba.org.ph: Disclosure-Other Disclosure Committee Assessment Result</a></p> <p><a href="http://www.kmba.org.ph: Corporate Governance-Minutes of the Meeting 2022 Minutes of 1st Regular Board Meeting 2022 Agenda X, © Annual Board and Committees Performance Assessment; (d) Performance Evaluation of the General Manager">www.kmba.org.ph: Corporate Governance-Minutes of the Meeting 2022 Minutes of 1st Regular Board Meeting 2022 Agenda X, © Annual Board and Committees Performance Assessment; (d) Performance Evaluation of the General Manager</a></p>

		<a href="#">Minutes of 2nd Regular Board Meeting, Agenda VIII © Result of Board, Committee and General Manager Performance Evaluation, Page 5</a>	
5. Every three years, the assessments are supported by an external facilitator.	Non-compliant		The plan of having an external facilitator did not materialize due to pandemic. Negotiation is open for another schedule in 2022
<b>Recommendation 6.2</b>			
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 is indicated in the manual for the performance of the board, individual directors and committee.  Links/References:  <a href="#">Corporate Governance Manual: Item 6.3.1 Performance Assessment Process ( c) Page 47-48</a>	
2. The system allows for a feedback mechanism from the shareholders.	Compliant	<a href="#">2021 Annual Report Handling of Complaints Page 36</a> <a href="#">Corporate Governance Manual: Item 4.4 Anti-Corruption, Feedback and Grievance, Complainant Protection and Whistle Blower Policy Page 35</a>  <a href="#">www.kmba.org.ph: Contact Us Ulrat Hotline</a>	
<b>Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.</b>			
<b>Recommendation 7.1</b>			
1. Board adopts a Code of Business Conduct and Ethics, which 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	KMBA adopted a Code of Conduct and Ethics that embodies its mission, values and principles and linking these in the standards of professional conduct.  Links/References:  <a href="#">Corporate Governance Manual: Item 2.11 Code of Conducts and Ethics Page 23</a>  <a href="#">www.kmba.org.ph: Corporate Governance-Code of Conduct and Ethics KMBA Code of Ethics</a>	
2. The Code is properly disseminated to the board, senior management and employees.	Compliant	The Code of conduct is presented and copies were distributed to the board, management and staff during meetings/assembly/roadshows.  Links/References:  <a href="#">www.kmba.org.ph: Corporate Governance-Policies and Implementing Rules Board Orientation Session Program</a>  <a href="#">www.kmba.org.ph: Corporate Governance-Code of Conducts and Ethics Employees Code of Conduct Orientation Program</a>  <a href="#">www.kmba.org.ph: Corporate Governance-Policies and Implementing Rules Etika ng Kasagana-ka</a>	
3. The Code is disclosed and made available to the public through the company website.	Compliant	<a href="#">www.kmba.org.ph: Corporate Governance-Code of Conduct and Ethics KMBA Code of Ethics</a>  <a href="#">www.kmba.org.ph: Corporate Governance-Policies and Implementing Rules Etika ng Kasagana-ka</a>	
<b>Recommendation 7.2</b>			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	The Ethics committee headed by Wenifreda Rodriguez reports to the board on matters/activities pertaining to ethical standards/concerns  Links/References:  <a href="#">www.kmba.org.ph: Corporate Governance-Minutes of the Meeting 2021 Ethics Committee 1st Meeting 28 January</a>	

		<a href="#">2021 Annual Report Ethics Committee Page 26: Governance Manual and Code of Ethics 40</a>	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	<a href="#">Corporate Governance Manual: Item 4.4.5 Monitoring and Evaluation Page 37</a> <a href="#">2021 Annual Report Governance Manual and Code of Ethics Page 40</a>	
<b>Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and</b>			
<b>Recommendation 8.1</b>			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	<a href="#">Corporate Governance Manual: Item 5.1 General Policy on Transparency; 5.2 Disclosure Guidelines and Processes; 5.2.1 Information for Public Disclosure; 5.3 Promulgation of Additional Disclosure Policies Page 43-45</a>	
<b>Recommendation 8.3</b>			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Board members' records/profile are made available in the association's website  Links/References: <a href="#">www.kmba.org.ph: Corporate Governance-Board of Trustees 2021</a> <a href="#">www.kmba.org.ph: Corporate Governance-Meetings and Seminars 2021. Summary of Trainings attended by the Board 2021</a> <a href="#">www.kmba.org.ph: Disclosure-Other Disclosure Declaration of Material Personal Interest 2021</a> <a href="#">www.kmba.org.ph: Disclosure-Other Disclosure Declaration of Material Personal Interest 2020</a>	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	The Curriculum Vitae of the General Manager Silvida R. Antiquera is posted in the KMBA website  Links/References: <a href="#">www.kmba.org.ph: Disclosure-Other Disclosure CV of General Manager</a>	
<b>Recommendation 8.4</b>			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	Compliant	As defined in the KMBA's constitution and by-laws, the Board shall not be entitled to any compensation for their services, except for transportation and meal expenses incurred in performing their duties.  Links/References: <a href="#">Corporate Governance Manual: Item 2.12 Remuneration of the Board Page 23</a> <a href="#">Amended Articles of Incorporation, Article 8</a> <a href="#">www.kmba.org.ph: Corporate Governance-Policies and Implementing Rules Policy on Remuneration Remuneration of the Trustee Page 1</a>	
2. Company provides a clear disclosure of its policies and procedure for setting Executive remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	Compliant	Links/References: <a href="#">www.kmba.org.ph: Corporate Governance-Policies and Implementing Rules Policy on Remuneration Remuneration of the General Manager Page 2</a>	



3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	<p>The compensation package of the General Manager, Silvida R. Antiquera is made available in the website.</p> <p>Links/References:</p> <p><a href="http://www.kmba.org.ph:Disclosure-Other_Disclosure_Compensation and Benefit Package of the General Manager">www.kmba.org.ph:Disclosure-Other Disclosure_Compensation and Benefit Package of the General Manager</a></p>	
<b>Recommendation 8.5</b>			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	<p>Members of the Board of Trustees and Management are required to disclose KMBA's relationships or interests which could constitute Related Part Transactions and possible conflict of interest in the future.</p> <p>Links/References:</p> <p><a href="#">Corporate Governance Manual: Item 2.1.9. Disclosure of RPTs and Other Conflict of Interest Page 11-12</a></p> <p><a href="#">Corporate Governance Manual: Item 4.3 Review of Related Party Transaction; 4.3.1 Responsible Committee and Focus of Review Page 33; 4.3.2 Access to Records and Information Page 34</a></p> <p><a href="#">Corporate Governance Manual: Item 5.2 Disclosure Guidelines; 5.2.1 Information for Public Disclosure Page 43</a></p>	
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	<p>Related Party Transactions between KMBA and its related party/ies were conducted in the normal course of its business and within the association's arms length.</p> <p>Links/References:</p> <p><a href="#">2021 Annual Report Related Party Transaction Page 33-34</a></p> <p><a href="http://www.kmba.org.ph: Corporate Governance-Minutes of the Meeting_2021_Audit Committee 2nd Meeting 25Jan2021">www.kmba.org.ph: Corporate Governance-Minutes of the Meeting_2021_Audit Committee 2nd Meeting 25Jan2021</a></p>	
<b>Recommendation 8.7</b>			
<p>1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).</p> <p>2. Company's MCG is posted on its company website.</p>	Compliant	<p>The Corporate Governance Manual is posted in the KMBA website</p> <p>Links/References:</p> <p><a href="http://www.kmba.org.ph: Corporate Governance-Governance Manual Corporate Governance Manual">www.kmba.org.ph: Corporate Governance-Governance Manual Corporate Governance Manual</a></p>	
<p><b>Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.</b></p>			
<b>Recommendation 9.1</b>			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	<p>The Audit Committee plays an important role in assisting the Board of Trustees in fulfilling its oversight responsibilities in the area of financial reporting, internal controls, among others.</p> <p>Links/References:</p> <p><a href="#">Corporate Governance Manual: Item 6.3.2 Roles of Audit Committee Page 49</a></p> <p><a href="#">Minutes of the 4th Regular Board Meeting_05.28.2021_Agenda item VII Appointment of External Auditor Page 6</a></p> <p><a href="#">Minutes of 15th AGM agenda item X (c) Page 20-21</a></p> <p><a href="http://www.kmba.gov.ph: Corporate Governance Policy and Implementing Rules Audit Committee Charter">www.kmba.gov.ph: Corporate Governance Policy and Implementing Rules Audit Committee Charter</a></p>	

<p>2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board are ratified by the shareholders.</p>	<p>Compliant</p>	<p>The appointment of BDO Roxas Cruz Tagle and company was presented and approved during the KMBA 14<sup>th</sup> Annual General Meeting</p> <p>Links/References:  <a href="http://www.kmba.org.ph: Corporate Governance Policies &amp; Implementing Rules Board of Trustees Charter">www.kmba.org.ph: Corporate Governance Policies &amp; Implementing Rules Board of Trustees Charter</a>  <a href="http://www.kmba.org.ph: Disclosure-Other Disclosures Voting Results on 2021 Annual General Meeting">www.kmba.org.ph: Disclosure-Other Disclosures Voting Results on 2021 Annual General Meeting</a></p>	
<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.</p>	<p>Compliant</p>	<p><a href="http://www.kmba.org.ph: Disclosure-Notice of AGM Notice of 15th AGM Agenda X (c) Appointment of External Auditor">www.kmba.org.ph: Disclosure-Notice of AGM Notice of 15th AGM Agenda X (c) Appointment of External Auditor</a></p>	
<p><b>Recommendation 9.2</b></p>			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on : i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</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><a href="http://www.kmba.org.ph:Corporate Governance-Policies and Implementing Rules Audit Committee Charter">www.kmba.org.ph:Corporate Governance-Policies and Implementing Rules Audit Committee Charter</a></p>	
<p><b>Recommendation 9.3</b></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>Internal Audit is being serviced by the Kasagana-ka Synergizing Organization in coordination with the KMBA Audit Committee</p> <p>Links/References:  <a href="http://2021 Annual Report: Internal And Independent Audits Page 30-31">2021 Annual Report: Internal And Independent Audits Page 30-31</a></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><a href="http://www.kmba.org.ph:Corporate Governance-Policies and Implementing Rules Non-Audit Services Policy">www.kmba.org.ph:Corporate Governance-Policies and Implementing Rules Non-Audit Services Policy</a></p>	
<p><b>Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.</b></p>			
<p><b>Recommendation 10.1</b></p>			
<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>KMBA commits itself in complying with all disclosure requirements as possible specifically those that involves material information as mandated by the regulators with their prescribed standards for quality and timeliness of disclosure</p> <p>Links/References:  <a href="http://Corporate Government Manual Item 5.2 Disclosure Guidelines and Processes; 5.2.1 Information for Public Disclosure ( c ) 1-4 Page 43">Corporate Government Manual Item 5.2 Disclosure Guidelines and Processes; 5.2.1 Information for Public Disclosure ( c ) 1-4 Page 43</a></p>	
<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>Compliant</p>	<p><a href="http://2021 Annual Report: Sustainability Reporting Page 34">2021 Annual Report: Sustainability Reporting Page 34</a></p>	
<p><b>Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.</b></p>			

Recommendation 11.1			
1. The company should have a website to ensure a comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public.	Compliant	<p>KMBA maintained a website that is regularly updated so that members and non-members can visit anytime for more information about products, events and other developments about the association. We also managed a facebook account and youtube channel.</p> <p>Links/References:  <a href="http://www.kmba.org.ph">www.kmba.org.ph</a>  <a href="#">Facebook - kmba page</a>  <a href="#">Youtube - kmba channel</a></p>	
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	<p>The KMBA Board of Trustees has approved the Internal Audit Charter upon the recommendation of the Audit Committee. Internal controls were reviews and came up with an Internal Audit Plan for 2021.</p> <p>Links/References:  <a href="#">Corporate Governance Manual Item 2.1.8 Internal Control and Responsibilities Page 10</a>  <a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Corporate Governance-Implementing Rules and Policies Internal Audit Charter 2021</a>  <a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Other Disclosure Internal Audit Plan 2021</a>  <a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Other Disclosure Internal Audit Committee Report 23April2021</a></p>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	<p>The Risk Management manual details the policies and procedures that involves identifying, assessing and controlling the threats of KMBA's capital and resources.</p> <p>Links/References:  <a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Corporate Governance Governance Manual KMBA Risk Management Manual</a>  <a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Other Disclosure Risk Assessment and Management Plan 2020</a></p>	
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	<p>The Kasagana-ka Synergizing Organization has an Internal Audit service that caters to the internal audit requirements of the different organizations, including KMBA. This is closely being monitored by the audit committee</p> <p>Links/References:  <a href="#">Corporate Governance Manual: Item 2.7 Internal Auditor Page 18-19</a></p>	
Recommendation 12.3			
1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	<p>Links/References:  <a href="#">Board Resolution No. 94 Series of 2017</a>  <a href="#">Corporate Governance Manual Item 2.7 Internal Auditor Page 18-19</a>  <a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">CV Randy Laresma Internal Audit Manager</a></p>	The Internal Audit Service Unit Headed by its Internal Audit Manager Randy Laresma (from KSO) performs the internal audit service to KMBA.
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	<p><a href="http://www.kmba.gov.ph">www.kmba.gov.ph</a>: <a href="#">Corporate Governance Policies and Implementing Rules Internal Audit Charter</a>  <a href="#">Corporate Governance Manual Item 1.7.7 Internal Audit page 6</a></p>	Internal audit services unit, headed by internal audit manager who is directly reporting to kmbas audit committee

<p>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.</p>	<p>Compliant</p>	<p>The activity of Internal Audit will be supervised by the Audit Committee Chairperson Philip Arnold P.Tuaño</p> <p>Links/References:</p> <p><a href="http://www.kmba.org.ph: Corporate Governance-Board Committee 2021 Audit Committee 2021 Roles and Responsibility (f)"><u>www.kmba.org.ph: Corporate Governance-Board Committee 2021 Audit Committee 2021 Roles and Responsibility (f)</u></a></p> <p><a href="http://www.kmba.org.ph: Corporate Governance-Board of Trustee 2020 CV of Philip Arnold P. Tuaño"><u>www.kmba.org.ph: Corporate Governance-Board of Trustee 2020 CV of Philip Arnold P. Tuaño</u></a></p>	
<p><b>Recommendation 12.4</b></p>			
<p>1. The company has a separate risk management function to identify, assess and monitor key risk exposures.</p>	<p>Compliant</p>	<p><a href="#"><u>Corporate Governance Manual: Item 2.3.6 Risk Management Committee page 16; Item 6.3.3 Designation of a Risk Officer page 49</u></a></p> <p><a href="http://www.kmba.org.ph: Corporate Governance-Governance Manual Risk Management Manual"><u>www.kmba.org.ph: Corporate Governance-Governance Manual Risk Management Manual</u></a></p> <p><a href="http://www.kmba.org.ph: Corporate Governance Board Committees Risk Management Committee"><u>www.kmba.org.ph: Corporate Governance Board Committees Risk Management Committee</u></a></p>	
<p><b>Recommendation 12.5</b></p>			
<p>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).</p>	<p>Compliant</p>	<p>The Board in its 2nd Regular Board Meeting, March 13, 2020, Appoints Ms. Silvida R. Antiquera, also the Compliance Officer as the Chief Risk Officer of KMBA</p> <p>Links/References:</p> <p><a href="http://www.kmba.org.ph: Corporate Governance-Board Resolution 2020 Board Resolution No. 22, Appointment of Chief Risk Officer"><u>www.kmba.org.ph: Corporate Governance-Board Resolution 2020 Board Resolution No. 22, Appointment of Chief Risk Officer</u></a></p>	
<p>2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.</p>	<p>Compliant</p>	<p>The Chief Risk Officer will be responsible for the overall risk management of the association and enterprise risk management issue</p> <p>Links/References:</p> <p><a href="#"><u>Risk Management Manual, Page 12 Chief Risk Officer</u></a></p> <p><a href="http://www.kmba.org.ph: Disclosure-Other Disclosure CV of Silvida R. Antiquera"><u>www.kmba.org.ph: Disclosure-Other Disclosure CV of Silvida R. Antiquera</u></a></p>	
<p><b>Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.</b></p>			
<p><b>Recommendation 13.1</b></p>			
<p>1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.</p>	<p>Compliant</p>	<p>Among the basic rights of KMBA members/shareholders are to be notified and participate in the Annual General Meetings, to vote and be voted as members of the Board or committees, access to information of the association and other benefits as indicated in the membership section of corporate governance manual</p> <p>Links/References:</p> <p><a href="#"><u>Corporate Governance Manual: Item 3.3 Voting rights of members Page 27</u></a></p> <p><a href="#"><u>Corporate Governance Manual: Item 5.2.3 Corporate Governance Statement (F) Page 45</u></a></p> <p><a href="#"><u>Amended By-Laws: Article V Section 2 Rights of Members</u></a></p>	
<p>2. Board ensures that basic shareholder rights are disclosed on the company's website.</p>	<p>Compliant</p>	<p>The basic shareholder rights are contained in the Corporate Governance Manual and legal documents of the association, and posted annually in the KMBA website</p> <p>Links/References:</p>	

		<a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : Amended Articles of Incorporation and By-Laws: Article V Sec 2 Right of Members  <a href="http://www.kmba.org.ph">www.kmba.org.ph</a> : Corporate Governance-Governance Manual Corporate Governance Manual	
<b>Recommendation 13.2</b>			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting.	Compliant	<p>The Notice of 15th Annual General Meeting, Agenda and 2020 board resolutions for approval and ratification are posted in the KMBA official website and facebook page on May 3, 2021.</p> <p>Links/References:</p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: Disclosure-Notice of AGM Notice of 15th AGM</p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: Disclosure-Notice of AGM Summary of 2020 Board Resolution</p> <p>Corporate Governance Manual: Item 3.8 Notice of Annual General Meeting Page 31</p> <p>Amended By-Laws: Article I Section 3 Notices</p>	
<b>Recommendation 13.3</b>			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	<p>Result of the votes taken during the 15th AGM last May 31, 2021 and posted in the KMBA website immediately the day after on June 3, 2021</p> <p>Links/References:</p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: Disclosure-Other Disclosure Voting Results on 2021 AGM</p>	
2. Minutes of the Annual and Special Shareholders' Meetings are available on the company website within five business days from the end of the meeting.	Compliant	<p>Minutes of the 15th Annual General Meeting last May 31, was posted at KMBA's website on June 3, 2021 Thursday following the AGM that falls on Monday</p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: Corporate Governance -Minutes of AGM 2021</p>	
<b>Recommendation 13.4</b>			
1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	<p>Procedures in handling complaints are outlined in the manual</p> <p>Links/References:</p> <p>Corporate Governance Manual: Item 4.4.1 Procedures for Handling of Complaints Page 35</p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: Policies and Implementing Rules ADREM and Process Map</p>	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance	Compliant	<p>Links/References:</p> <p>Corporate Governance Manual: Item 4.4.1 Procedures for Handling of Complaints Page 35</p>	
<p><b>Principle 14:</b> The rights of stakeholders established by law, by contractual relations and through the 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 rights.</p>			
<b>Recommendation 14.1</b>			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	<p>Links/References:</p> <p>Corporate Governance Manual: Item 4.1 Identification and definition of stakeholder 4.1.1 to 4.1.10 Page 32-33</p> <p>Corporate Governance Manual: Item 4.6 Customers Welfare</p>	

		<p><a href="#">Corporate Governance Manual: Item 4.13 Corporate Social Responsibility or Sustainability Report</a></p> <p><a href="#">2021 Annual Report: Sustainability Reporting Page 34-35;</a> <a href="#">Members Employees' Health and Safety Page 37-38</a></p>	
<b>Recommendation 14.2</b>			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	<p>Links/References:</p> <p><a href="#">Corporate Governance Manual: Item 4.4 Anti-Corruption, Feedback and Grievance, Complainant Protection and Whistle Blower Policy Page 35;</a> <a href="#">4.4.4 Communicating Policy on anti-corruption Page 36</a></p> <p><a href="#">www.kmba.org.ph: Corporate Governance Policies and Implementing Rules No Gift Policy</a></p> <p><a href="#">2021 Annual Report: Protecting the Whistle Blower Page; Handling of Complaints Page 36</a></p>	
<b>Recommendation 14.3</b>			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	<p>The president of the board has been authorized to receive complaints. Contact details are as follows:</p> <p>Landline: 89907915 Mobile No.: 0919 2983 870</p> <p>Board President: Enriqueta V. Navarro</p> <p>Email address: valdez06beth@gmail.com</p> <p>Links/References:</p> <p><a href="#">Corporate Governance Manual: Item 4.4 Anti-Corruption, Feedback and Grievance, Complainant Protection and Whistle Blower Policy Page 35</a></p> <p><a href="#">www.kmba.org.ph: Corporate Governance Policies and Implementing Rules No Gift Policy</a></p> <p><a href="#">2021 Annual Report: Protecting the Whistle Blower Page; Handling of Complaints Page 36</a></p> <p><a href="#">www.kmba.org.ph: Contact Us Ulat Hotline</a> <a href="#">Facebook-kmba page</a></p>	
Principle 15: A mechanism for employee participations should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
<b>Recommendation 15.1</b>			
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	<p>The Board of Trustees are concerned with the welfare of its employees</p> <p>Links/References:</p> <p><a href="#">Corporate Governance Manual: Item 4.5 Right to training and Development Page 37; Item 4.5.2 Staff request for training, Item 4.5.3 Information on Training Opportunities; Item 4.7 Employee Health Safety and Welfare policy; Item 4.7.1 Initiatives and Processes Page 38-39</a></p> <p><a href="#">2021 Annual Report: Training and Development for Employees Page 38-39</a></p> <p><a href="#">Schedule of Trainings for 2021</a></p> <p><a href="#">SIPAT LANDAS 2021</a></p> <p><a href="#">KSO Memo: 2020-01 Financial Assistance on swab testing</a></p> <p><a href="#">Memo Circular Number 2021-12: Annual Physical Exam</a></p>	

Recommendation 15.2			
<p>1. Board sets the tone and makes a stand against corrupt practices by adopting an anticorruption policy and program in its Code of Conduct.</p>	<p>Compliant</p>	<p>The Board strictly enforces a no-gift-policy so as not to compromise the integrity of the operation, and violators will be dealt with seriously after due process</p> <p>Links/References:</p> <p><a href="#">Corporate Governance Manual: Item 4.4 Anti-Corruption, Feedback, Grievance and Complaint Protection Policy; Item 4.4.1. Procedures of Handling complaints Page 35-36</a></p> <p><a href="#">2021 Annual Report: Anti-corruption policy Page 36</a></p> <p><a href="#">Code of Ethics: Item 3.3 Adopted Policy on Anti-Corruption Page 7</a></p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Corporate Governance Code of Conduct and Ethics</a></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 Kasagana-ka Synergizing Organizations which KMBA is a member, conducts an annual Roadshow, participated by all employees to discuss achievement report for the year and plans for the succeeding year, updates for new policies, products, services, benefits, among others. This is being held in the first quarter of the year.</p> <p>Links/References:</p> <p><a href="#">2021 SIPAT LANDAS</a></p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Staff Orientation Program</a></p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Disclosure-Other Disclosure Roadshow 2021</a></p>	
Recommendation 15.3			
<p>1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.</p>	<p>Compliant</p>	<p>Links/References:</p> <p><a href="#">2021 Annual Report: Protecting the Whistle Blower Page: Handling of Complaints Page 36</a></p> <p><a href="#">Corporate Governance Manual: Item 4.4 Anti-Corruption, Feedback, Grievance, Complainant Protection and Whistle Blower Policy Paragraph 4, Page 35</a></p>	
<p>2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.</p>	<p>Compliant</p>	<p>The contact details of KMBA Independent Trustee and President of the Board of Trustees:</p> <p>KMBA Independent Director Philip Arnold Tuano 09285214334, KMBA President Enriqueta Navarro 09192983870</p> <p><a href="http://www.kmba.org.ph">www.kmba.org.ph</a>: <a href="#">Contact Us Ulat Hotline</a></p>	
<p>3. Board supervises and ensures the enforcement of the whistleblowing framework.</p>	<p>Compliant</p>	<p>This is a standard operating procedure to always refer to the policy on handling complaints</p> <p><a href="#">2021 Annual Report: Handling of Complaints Page 36</a></p> <p><a href="#">Corporate Governance Manual: Item 4.4.1 Procedures for Handling of Complaints Page 35-36</a></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>			
Recommendation 16.1			

<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>KMBA values the well-being of its members, and fully support initiatives that has to do with their microenterprise development activities in their respective communities.</p> <p><u><a href="#">2021 Annual Report: B Environment-Friendly Value Chain</a></u> <u><a href="#">Page 37</a></u></p>	
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