

ANNUAL CORPORATE GOVERNANCE REPORT OF

**SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO MUTUAL BENEFIT ASSOCIATION, INC.
(SEDP MBA)**

1. For the fiscal year ended 2021
2. Certificate Authority Number 2019-12-R
3. LEGAZPI CITY
Province, Country or other jurisdiction of incorporation or organization
4. 3/F THE CHANCERY, CATHEDRAL COMP. ALBAY DISTRICT, LEGAZPI CITY 4500
Address of principal office Postal Code
5. (052) 481-4449
Company's telephone number, including area code
6. mba.sedp.ph
Company's official website
7. _____
Former name, former address, and former fiscal year, if changed since last report.

2021 ANNUAL CORPORATE GOVERNANCE REPORT

	Compliant/ Non-Compliant	Additional Information	Explanation
THE BOARD GOVERNANCE RESPONSIBILITIES			
Principle 1. The company should be headed by a competent, working board to foster the long-term success and sustainability of the corporation in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board composed of directors with collective working knowledge, experience, or expertise that is relevant to the company's industry/sector.	COMPLIANT	Link and References: The SEDP MBA Board of Trustees are equipped with collective working knowledge, experience, and has appropriate mix of competence and expertise. Please refer to their respective profile: <ul style="list-style-type: none"> • https://mba.sedp.ph/corporate-governance/#boardCommittees https://mba.sedp.ph/staff/FR-JOSE-VICTOR-E-LOBRIGO https://mba.sedp.ph/staff/REV-FR-REX-PAUL-B-ARJONA https://mba.sedp.ph/staff/MS-AMY-B-BOMBUHAY https://mba.sedp.ph/staff/MR-ANDRES-M-PACLIBAR https://mba.sedp.ph/staff/DR-TERESITA-Q-GALANG-CPA-DBA https://mba.sedp.ph/staff/FR-JONNATHAN-L-CALLEJA https://mba.sedp.ph/staff/MS-MA-CHRISTINA-CORTEZA	
2. Board has an appropriate mix of competence and expertise.	COMPLIANT		
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		

Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	COMPLIANT	The Board of Trustees of SEDP MBA is consists of seven (7) members who are practicing Catholic namely the following: three (3) trustees shall be elected by the active members with existing loans funded by the Simbag sa Pag-Asenso Inc.; two (2) independent trustees, to be elected by the active members and two (2) members, one (1) of whom is representative of the SEDP-Simbag sa Pag-Asenso, Inc. (A Microfinance NGO) and one	

		<p>(1) representative from Social Action Center (SAC) Diocese of Legazpi.</p> <p>Link and References:</p> <ul style="list-style-type: none"> • SEDP MBA Website (mba.sedp.ph) SEDP MBA Board of Trustees Composition https://mba.sedp.ph/who-we-are/our-institution 	
Recommendation 1.3			
<p>1. Company provides in its Board Charter or Manual on Corporate Governance a policy on the training of directors.</p>	COMPLIANT	<p>The Governance Committee provides for the board's effectiveness and continuing development.</p> <p>The specific responsibilities of the Governance Committee include:</p> <ul style="list-style-type: none"> • Recommending to the board policies and processes designed to provide for effective and efficient governance, including but not limited to policies for: <ul style="list-style-type: none"> o Evaluation of the board and the chairperson. o Election and re-election of board members. o Board orientation and education. o Succession planning for the board chair and other board members. <p>Link and References:</p> <ul style="list-style-type: none"> • Governance Committee Charter Page 2 https://mba.sedp.ph/files/SEDP%20MBA%20Governance%20Committee%20Charter%20(1).pdf#page=2 • Corporate Governance Manual Board of Trustees Commitment Page 10 https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-MBA-Corporate-Governance-Manual.pdf#page=10 	
<p>2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first-time directors.</p>	COMPLIANT	<p>Orientation program is conducted for first time Directors/Trustees</p> <p>Link and References:</p>	

		<ul style="list-style-type: none"> • Governance Committee Charter Page 2 Responsibilities of the Committee Page 2 <p>https://mba.sedp.ph/files/SEDP%20MBA%20Governance%20Committee%20Charter%20(1).pdf#page=2</p> <p>Certificate of Attendance</p>	
3. Company has relevant annual continuing training for all directors	COMPLIANT	<p>Training Attended for the year 2021</p> <p>Link and References:</p> <ul style="list-style-type: none"> • SEDP MBA 2021 Annual Report Page 31-32 <p>https://mba.sedp.ph/mba.sedp.ph%20PDFs/2021%20Annual%20Report.pdf#page=31</p>	
Recommendation 1.4			
1. Board has a policy on board diversity	COMPLIANT	<p>The SEDP MBA Board of Trustee is composed of 7 members of 3 Female and 4 Male</p> <p>Link and References:</p> <ul style="list-style-type: none"> • SEDP MBA Board Diversity Policy <p>https://mba.sedp.ph/files/SEDP%20MBA%20BOARD%20DIVERSITY%20POLICY.pdf</p> <ul style="list-style-type: none"> • SEDP MBA Website <p>https://mba.sedp.ph/who-we-are/our-institution</p>	
Recommendation 1.5			
1. Board is assisted in its duties by a Corporate Secretary	COMPLIANT	<p>The Management Support Staff (MS) is currently performing the function of the Corporate Secretary who assists the Board during Board meetings and other relevant tasks of the Board of Trustees.</p> <p>Link and References:</p> <ul style="list-style-type: none"> • Management Support Staff Job Description “E” <p>Management Support Staff Job Description</p>	

<p>2. Corporate Secretary is a separate individual from the Compliance Officer</p>	<p>COMPLIANT</p>	<p>The acting Corporate Secretary is Ms. Nica Madrona, Management Support Staff of SEDP MBA and not functioning as Compliance officer.</p> <p>Link and references:</p> <ul style="list-style-type: none"> • SEDP MBA Website (mba.sedp.ph) <p>Management and Staff</p> <p>https://mba.sedp.ph/who-we-are/our-institution</p>	
<p>3. Corporate Secretary is not a member of the Board of Directors.</p>	<p>COMPLIANT</p>	<p>Corporate Secretary is not a member of the Board of Trustees</p> <p>Link and References:</p> <ul style="list-style-type: none"> • SEDP MBA Website (mba.sedp.ph) <p>Management and Staff</p> <p>https://mba.sedp.ph/who-we-are/our-institution</p>	
<p>4. Corporate Secretary attends training/s on corporate governance.</p>	<p>COMPLIANT</p>	<p>The SEDP MBA Corporate Secretary attended the following Trainings for the year 2021 conducted by the RIMANSi via zoom video conferencing.</p> <ul style="list-style-type: none"> ✓ Promoting Good Governance through Strengthened MBA-MFI/Coop Partnership- March 22, 2021 ✓ Annual Corporate Governance Report (ACGR) Writeshop for Mi-MBAs-May 06-07, 2021 ✓ Governance and Anti-Money Laundering Act (AMLA) Workshop for Mi-MBAs-June 16-18, 2021 <p>Link and References:</p> <ul style="list-style-type: none"> • SEDP MBA 2021 Annual Report Page 30 <p>Ms. Nica Madrona- Management Support Staff/ Corporate Secretary</p> <p>https://mba.sedp.ph/mba.sedp.ph%20PDFs/2021%20Annual%20Report.pdf#page=30</p> <p><u>Training Certificate</u></p>	

Recommendation 1.6			
1. Board is assisted by a Compliance Officer	COMPLIANT	<p>Since the Compliance officers are part of the management, they are the one responsible in assisting the Board of Trustees in the compliance to the government regulators.</p> <p>Link and References Job Description of General Manager/ Compliance Officer Job Description of Admin and Finance Officer/ Alternate Compliance Officer</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 Compliance and Alternate Compliance Officers of SEDP MBA are the following:</p> <ol style="list-style-type: none"> 1. Roberto Dalit, General Manager 2. Josie Belen, Admin & Finance Officer. <p>Link & References: Secretary Certificate: Compliance Officer and Alternate Compliance Officer</p> <p>Compliance Officer Secretary Certificate</p>	
3. Compliance Officer is not a member of the board	COMPLIANT	<p>SEDP MBA Compliance officers are part of the management team and not of the Board as stated in their designation.</p> <p>Link & References: https://mba.sedp.ph/who-we-are/our-institution</p>	
4. Compliance Officer attends training/s on corporate governance annually.	COMPLIANT	<p>The SEDP MBA Compliance Officer attended the "Introduction to Corporate Governance and Best Practices" conducted by Fr. Jose Victor E. Lobrigo last October 21, 2021</p> <p>Link and References:</p> <ul style="list-style-type: none"> • SEDP MBA 2021 Annual Report Page 29 <p>Management And Staff Trainings Attended Mr. Roberto Dalit- General Manager/ Compliance Officer https://mba.sedp.ph/mba.sedp.ph%20PDFs/2021%20Annual%20Report.pdf#page=29 Certificate of Attendance</p>	

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

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>Link and References:</p> <ul style="list-style-type: none"> • Board Performance Evaluation Policy Coverage of Evaluations Page 5-6 <p>https://mba.sedp.ph/files/BOARD%20PERFORMANCE%20EVALUATION%20POLICY.pdf#page=5</p> <p>BOT Meeting Minutes December 17, 2021</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>Every first quarter of the year the Board of Trustees reviewed and approved the Annual Plan/Business Objectives and strategy of SEDP MBA prepared by the management.</p> <p>Link and References:</p> <ul style="list-style-type: none"> • Summary of Board of Trustees Resolutions <p>Board of Trustees Resolution # 3 S. 2021- 2020 Operations Status Report</p> <p>Board of Trustees Resolution # 4 S. 2021- 2021 Operations Plan</p> <p>https://mba.sedp.ph/mba.sedp.ph%20PDFs/2021%20BOARD%20RESOLUTIONS.pdf</p> <ul style="list-style-type: none"> • Finance Committee Resolution No. 5 Series of 2021 -Finance Committee Resolution No. 5 Series of 2021 <p>Finance Committee Meeting Minutes January 25, 2021</p> <ul style="list-style-type: none"> • Governance Committee Resolution No. 4 Series of 2021. SEDP MBA 2021 OPERATIONS PLAN <p>Governance Committee Minutes Meeting January 22, 2021</p>	
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<p>2. Board oversees and monitors the implementation of the company's business objectives and strategy to sustain the company's long-term viability and strength.</p>	<p>COMPLIANT</p>	<p>The Board of trustees ensures the implementation of the set business objectives through the quarterly assessment presented by the management.</p> <p>Links and References:</p> <p>Summary of Board of Trustees Resolutions</p> <p>Board of Trustees Resolution # 3 S. 2021- 2020 Operations Status Report</p> <p>Board of Trustees Resolution # 4 S. 2021- 2021 Operations Plan</p> <p>https://mba.sedp.ph/mba.sedp.ph%20PDFs/2021%20BOARD%20RESOLUTIONS.pdf</p> <ul style="list-style-type: none"> • Minutes of the Board of Trustees Meeting last February 8, 2021 • Finance Committee Resolution No. 5 Series of 2021 -Finance Committee Resolution No. 5 Series of 2021 <p>Finance Committee Meeting Minutes January 25, 2021</p> <ul style="list-style-type: none"> • Governance Committee Resolution No. 4 Series of 2021. SEDP MBA 2021 OPERATIONS PLAN <p>Governance Committee Minutes Meeting January 22, 2021</p>	
<p>Recommendation 2.3</p>			
<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>COMPLIANT</p>	<p>Link and References:</p> <ul style="list-style-type: none"> • President/Chairman Profile <p>https://mba.sedp.ph/staff/FR-JOSE-VICTOR-E-LOBRIGO</p>	
<p>Recommendation 2.4</p>			
<p>1. Board ensures and adopts an effective succession planning program for directors, key officers, and management.</p>	<p>COMPLIANT</p>	<p>The succession planning of SEDP MBA Board of Trustees is clearly stated in the Governance Committee Charter as part of the responsibility of the Committee members.</p> <p>Link and References:</p> <ul style="list-style-type: none"> • Governance Committee Charter Responsibilities Page 2 <p>https://mba.sedp.ph/files/SEDP%20MBA%20Governance%20Committee%20Charter%20(1).pdf#page=2</p>	<p>The Governance Committee Chairman has the plan to review the committee charter to update some required policies on</p>

Recommendation 2.5			
1.Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	COMPLIANT	Link and references: <ul style="list-style-type: none">• Employees Performance Evaluation Policy Salary Increase Page 8 https://mba.sedp.ph/files/EMPLOYEES%20PERFORMANCE%20EVALUATION%20POLICY.pdf#page=8	

2. Board aligns the remuneration of key officers and board members with the long-term interests of the company.	COMPLIANT	As Mutual Benefit Association and a non-stock, non-profit organization, the Board of Trustees does not have any remuneration and retirement benefits due to the nature of their service that is purely voluntary. Link and References: <ul style="list-style-type: none"> SEDP MBA By Laws Article II Section 7 https://mba.sedp.ph/mba.sedp.ph%20PDFs/sedp-mba-amended-by-laws_2018.pdf#page=5	
3. Directors do not participate in discussions or deliberations involving his/her remuneration.	COMPLIANT		
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	The SEDP MBA have a Nomination Committee and BOT Election Guidelines that states the Composition, Qualifications, Remunerations and Terms of Office, Election Process and Election Flow Link and References: https://mba.sedp.ph/files/Nomination%20Committee.pdf https://mba.sedp.ph/files/BOT%20Election%20Guidelines.pdf	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT		The Board Nomination and election policy will be incorporated in the Corporate Governance Manual during the review and amendment by the Governance Committee
3. Board nomination and election policy include how the company accepts nominations from minority shareholders.	COMPLIANT		
4. Board nomination and election policy include how the board reviews nominated candidates.	COMPLIANT		
5. Board nomination and election policy include an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	COMPLIANT		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	COMPLIANT		

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 infrequently occurring transactions</p>	COMPLIANT	<p>Link and References:</p> <ul style="list-style-type: none"> • SEDP MBA Corporate Governance Manual Page 10 RELATED PARTY TRANSACTIONS (RPT) BY THE TRUSTEES AND KEY EXECUTIVES <p>https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-MBA-Corporate-Governance-Manual.pdf#page=10</p> <p>BOT Disclosure Statement</p>	
<p>2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions</p>	COMPLIANT	<p>Transaction of RPT between SEDP MBA and SEDP MFI on Loan granting and approval is one good example of Related Party Transaction between MSI's.</p>	
<p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile, and complexity of operations.</p>	COMPLIANT	<p>SEDP MBA ensures that there will be a disclosed collateral on loan application and the required credit rating as required by the Insurance Commission.</p> <p>Link and references: Summary of Board of Trustees Resolution No. 10 Minutes of the Meeting (Approval of Loan)</p> <p>https://mba.sedp.ph/mba.sedp.ph%20PDFs/2020%20BOARD%20RE-SOLUTIONS.pdf#page=2</p>	
Recommendation 2.8			
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).</p>	COMPLIANT	<p>Link and References:</p> <ul style="list-style-type: none"> • SEDP MBA Corporate Governance Manual <p>PART II – GOVERNANCE STRUCTURE</p> <p>Board of Trustees General Duties & Responsibilities Page 6 H. to appoint and dismiss any employee of SEDP MBA whether regular, probationary, casual, or contractual, fix or adjust their salaries and all other personnel movements</p> <p>https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-MBA-Corporate-Governance-Manual.pdf#page=6</p>	

<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).</p>	<p>COMPLIANT</p>	<p>Each staff has a unique Evaluation tool which was based on their job description. The performance was assessed through qualitative and quantitative competencies. The Performance Evaluation is conducted twice a year from Jan-June and July- December.</p> <p>The Performance Evaluation Result is the basis of the salary increase of the staff in which the Board of Trustees recommends and approves the percentage increase corresponding to the adjectival rating (Outstanding and Very Satisfactory)</p> <p>Link and references:</p> <p>Employees Performance Evaluation Policy</p> <p>https://mba.sedp.ph/files/EMPLOYEES%20PERFORMANCE%20EVALUATION%20POLICY.pdf</p>	
<p>Recommendation 2.9</p>			
<p>1. Board establishes an effective performance management framework that ensures that Management, including the Chief Executive Officer performance is at par with the standards set by the Board and Senior Management.</p>	<p>COMPLIANT</p>	<p>The Management was mandated by the Board of Trustees to have a Semestral performance evaluation report.</p> <p>Link and references:</p>	
<p>2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.</p>	<p>COMPLIANT</p>	<ul style="list-style-type: none"> • Employees Performance Evaluation Policy <p>https://mba.sedp.ph/files/EMPLOYEES%20PERFORMANCE%20EVALUATION%20POLICY.pdf</p>	
<p>Recommendation 2.10</p>			
<p>1. Board oversees that an appropriate internal control system is in place.</p>	<p>COMPLIANT</p>	<p>Link and References:</p> <ul style="list-style-type: none"> • SEDP MBA Audit Committee Charter Pag-3-4 <p>https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-MBA-Audit-Committee-Charter-.pdf#page=3</p>	
<p>2. The internal control system includes a mechanism for monitoring and managing potential conflicts of interest of the Management, members, and shareholders.</p>	<p>COMPLIANT</p>	<p>Link and References:</p> <ul style="list-style-type: none"> • SEDP MBA Audit Committee Charter Pag-3-4 <p>https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-MBA-Audit-Committee-Charter-.pdf#page=3</p>	

3. Board approves the Internal Audit Charter	COMPLIANT	Link and References: SEDP MBA Audit Committee Charter_ https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-MBA-Audit-Committee-Charter-.pdf	
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	Risk Management is part of the Audit Committee responsibility. Proper Implementation and monitoring of Internal Control procedures are in-placed to mitigate the Enterprise Risk.	
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	Link and References: SEDP MBA Audit Committee Charter https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-MBA-Audit-Committee-Charter-.pdf	
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	Link and References: <ul style="list-style-type: none"> • Governance Committee Charter_ https://mba.sedp.ph/files/SEDP%20MBA%20Governance%20Committee%20Charter%20(1).pdf • Audit Committee Charter_ https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-MBA-Audit-Committee-Charter-.pdf • Finance Committee Charter_ https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-MBA-Finance-Committee-Charter.pdf • HR Committee Charter_ https://mba.sedp.ph/mba.sedp.ph%20PDFs/HR-charter.pdf 	
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT		
3. Board Charter is publicly available and posted on the company's website.			

Principle 3: Board committees should be set up to the extent possible to support the effective Board's actions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions, and responsibilities of all committees established should be contained in a publicly available Committee Charter.

Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	COMPLIANT	Link and References: https://mba.sedp.ph/corporate-governance/#boardCommittees	
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	COMPLIANT	Link and References: <ul style="list-style-type: none"> • SEDP MBA Audit Committee Charter Page 3-4 https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-MBA-Audit-Committee-Charter-.pdf#page=3 • SEDP MBA By-Laws Page 6-7 https://mba.sedp.ph/mba.sedp.ph%20PDFs/sedp-mba-amended-by-laws_2018.pdf#page=8 • Minutes during Joint Audit and Finance Committee Meeting May 2, 2021 	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman, is independent.	COMPLIANT	Link and References: https://mba.sedp.ph/corporate-governance/#boardCommittees https://mba.sedp.ph/who-we-are/our-institution	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing, and finance.	COMPLIANT	Link and References: Board of Trustees Profile <ul style="list-style-type: none"> • https://mba.sedp.ph/staff/DR-TERESITA-Q-GALANG-CPA-DBA • https://mba.sedp.ph/staff/FR-JONNATHAN-L-CALLEJA • https://mba.sedp.ph/staff/MS-AMY-B-BOMBUHAY • https://mba.sedp.ph/staff/MS-MA-CHRISTINA-CORTEZA 	
4. The Chairman of the Audit Committee is not the Chairman of the Board or any other committee.	COMPLIANT	Link and References: https://mba.sedp.ph/corporate-governance/#boardCommittees	

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	Link and References: <ul style="list-style-type: none"> • SEDP MBA Governance Committee Charter https://mba.sedp.ph/files/SEDP%20MBA%20Governance%20Committee%20Charter%20(1).pdf 	
2. Corporate Governance Committee is composed of at least three members, the majority of whom should be independent directors.	COMPLIANT	Link and References: <ul style="list-style-type: none"> • Board Committees https://mba.sedp.ph/corporate-governance/#boardCommittees 	
3. Chairman of the Corporate Governance Committee is an independent director.	COMPLIANT	Link and References: <ul style="list-style-type: none"> • Board Committees https://mba.sedp.ph/corporate-governance/#boardCommittees https://mba.sedp.ph/staff/FR-JOSE-VICTOR-E-LOBRIGO 	
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	Link and References: <p>BROC Committee https://mba.sedp.ph/corporate-governance/#boardCommittees</p> <p>BROC Committee Evaluation Tool Page 28-40 https://mba.sedp.ph/files/BOARD%20PERFORMANCE%20EVALUATION%20POLICY.pdf#page=28 </p>	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.		Link and References: <ul style="list-style-type: none"> • https://mba.sedp.ph/corporate-governance/#boardCommittees • https://mba.sedp.ph/staff/FR-JONNATHAN-L-CALLEJA • https://mba.sedp.ph/staff/FR-JOSE-VICTOR-E-LOBRIGO • https://mba.sedp.ph/staff/DR-TERESITA-Q-GALANG-CPA-DBA 	

<p>3.The Chairman of theBROC is not the Chairman of the Board or any other committee.</p>		<p>Link and References: https://mba.sedp.ph/corporate-governance/#boardCommittees https://mba.sedp.ph/staff/FR-JONNATHAN-L-CALLEJA</p>	
<p>4.At least one member of theBROC has relevant thorough knowledge and experience in risk and risk management.</p>		<p>Ms. Riza Barrameda, CPA, Internal Auditor of SEDP Inc. a member of BROC attended several training regarding Risk Management</p> <p>Link and References:</p> <ul style="list-style-type: none"> • Board of Trustees Committees /Board Risk Oversight Committee https://mba.sedp.ph/corporate-governance Certificates of Trainings 	
<p>Recommendation 3.5</p>			
<p>1. The Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>COMPLIANT</p>	<p>Link and References:</p> <ul style="list-style-type: none"> • SEDP MBA Website https://mba.sedp.ph/corporate-governance/#boardCommittees 	
<p>2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.</p>	<p>COMPLIANT</p>	<p>Link and References: https://mba.sedp.ph/staff/FR-JOSE-VICTOR-E-LOBRIGO https://mba.sedp.ph/staff/FR-JONNATHAN-L-CALLEJA https://mba.sedp.ph/staff/MR-ANDRES-M-PACLIBAR https://mba.sedp.ph/staff/MS-MA-CHRISTINA-CORTEZA</p>	

Recommendation 3.6			
<p>1. All established committees have Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources, and other relevant information.</p>	<p>COMPLIANT</p>	<p>Links and Reference:</p> <ul style="list-style-type: none"> • SEDP MBA Website (Charters) https://mba.sedp.ph/corporate-governance/#policies • Finance Committee Charter https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-MBA-Finance-Committee-Charter.pdf • HR Committee Charter https://mba.sedp.ph/mba.sedp.ph%20PDFs/HR-charter.pdf • Audit Committee Charter https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-MBA-Audit-Committee-Charter.pdf • Governance Committee Charter https://mba.sedp.ph/files/SEDP%20MBA%20Governance%20Committee%20Charter%20(1).pdf 	
<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>	<p>COMPLIANT</p>	<p>The Performance Evaluation of each Committees were based from the their functions</p> <p>Links and Reference: Board Performance Evaluation Policy Page 16-40 https://mba.sedp.ph/files/BOARD%20PERFORMANCE%20EVALUATION%20POLICY.pdf#page=16</p>	
<p>3. Committee Charters were fully disclosed on the company's website.</p>	<p>COMPLIANT</p>	<p>Links and Reference: SEDP MBA Website (Charters) https://mba.sedp.ph/corporate-governance/#policies</p>	

Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

Recommendation 4.1			
1. The Directors attends and actively participates in all meetings of the Board, Committees and shareholders in person or through tele or videoconferencing conducted in accordance with the rules and regulations of the Commission.	COMPLIANT	Links and Reference: <ul style="list-style-type: none"> • SEDP MBA 2021 Annual Report Page 12_ https://mba.sedp.ph/mba.sedp.ph%20PDFs/2021%20Annual%20Report.pdf#page=12	
2. The director's review meeting materials for all Board and Committee meetings.	COMPLIANT		
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT		
Recommendation 4.2			
1. Non-executive directors concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities (ICREs) and publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.	COMPLIANT	Links and Reference: <ul style="list-style-type: none"> • CORPORATE GOVERNANCE MANUAL PART II – GOVERNANCE STRUCTURE Multiple Board Seats Page 8 https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-MBA-Corporate-Governance-Manual.pdf#page=8 <ul style="list-style-type: none"> • SEDP MBA 2021 Annual Report Page 6-9 BOT Profile on Directorship to other PLC https://mba.sedp.ph/mba.sedp.ph%20PDFs/2021%20Annual%20Report.pdf#page=6	

Recommendation 4.3			
1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.	COMPLIANT		Almost all the member of the Board of Trustees does not have any Directorship to any PLC
Principle 5: The Board should endeavor to exercise an objective and independent judgment on a corporate affairs.			
Recommendation 5.1			
1. The Board is composed of at least twenty percent (20%) independent directors	COMPLIANT	Links and Reference: SEDP MBA has 4 Independent Trustees out of 7 members of the Board. 57% https://mba.sedp.ph/who-we-are/our-institution	
Recommendation 5.2			
1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.	COMPLIANT	Links and Reference: • BOT Election Guidelines II-Qualifications, Remuneration & Term of Office #4 https://mba.sedp.ph/files/BOT%20Election%20Guidelines.pdf Independent Trustees Profiles: https://mba.sedp.ph/staff/DR-TERESITA-Q-GALANG-CPA-DBA https://mba.sedp.ph/staff/FR-JONNATHAN-L-CALLEJA https://mba.sedp.ph/staff/FR-JOSE-VICTOR-E-LOBRIGO https://mba.sedp.ph/staff/REV-FR-REX-PAUL-B-ARJONA	
Recommendation 5.3			
1. The independent directors serve for a maximum cumulative term of nine years. As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organizations shall be from 21 September 2016. For the other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this item.	COMPLIANT	Links and Reference: • BOT Election Guidelines II Qualifications, Remunerations & Term of Office # 3 https://mba.sedp.ph/files/BOT%20Election%20Guidelines.pdf	

2. The company bars an independent director from serving in such capacity after the term limit of nine years.	COMPLIANT	Links and Reference: <ul style="list-style-type: none"> • BOT Election Guidelines II Qualifications, Remunerations & Term of Office # 3 https://mba.sedp.ph/files/BOT%20Election%20Guidelines.pdf	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board submits to the Insurance Commission a formal written justification and seeks shareholders approval during the annual shareholders' meeting.	COMPLIANT		<p>SEDP MBA follows the term limit of the independent trustee of nine years.</p> <p>No Independent Trustees had served for more than nine years.</p>
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals	COMPLIANT	<p>The President is the Chairman of the Board of Trustees while the General Manager is the CEO.</p> Links and Reference: SEDP MBA Website (Board of Trustees and Management and Staff) https://mba.sedp.ph/who-we-are/our-institution	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	COMPLIANT	<p>Roles and Responsibilities of the General Manager and President</p> Links and Reference: Amended By Laws _ July 25, 2020 Page 9 Function & Powers of Officers Section 1. President https://mba.sedp.ph/acgr/2020/SEDP%20MBA%20BYLAWS_July%2025%202020%20pending%20for%20C%20Approval.pdf#page=9 SEDP MBA BYLAWS _ July 25, 2020 pending for SEC Approval.pdf Job Description of General Manager General Manager Job Description	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent directors.	COMPLIANT	<p>The President is the Chairman of the Board of Trustees while the General Manager is the CEO.</p> Links and Reference: SEDP MBA Website (Board of Trustees and Management and Staff) https://mba.sedp.ph/who-we-are/our-institution	
Recommendation 5.6			

1. Directors with a material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.	COMPLIANT	The members of the Board of Trustees do not have material interest in any transactions in compliance to the policy on related party transactions.	
Recommendation 5.6			
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.	COMPLIANT	Link and References: Executive Sessions was conducted last August 20, 2021 was Chaired by President Fr. Jose Victor E. Lobrigo <ul style="list-style-type: none"> • Minutes during the BOT Meeting Line 557 Page 11 Minutes	
2. The meetings are chaired by the lead of the independent director.	COMPLIANT		

Principle 6: The best measure of the Board's effectiveness through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

Recommendation 6.1			
1. The Board conducts an annual assessment of its performance as a whole.	COMPLIANT	Links and Reference: The Board of Trustees conducted Performance Evaluation at the end of 2021 for the period of January 2021-December 2021 (See attached Consolidated BOT Evaluation Result including Evaluation of Chairman, BOT Members and Committee Evaluation) https://mba.sedp.ph/mba.sedp.ph%20PDFs/2021%20BOT%20EVALUATION%20RESULT.pdf	
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		
4. The performance of each committee is assessed annually by the Board.	COMPLIANT		
5. Every three years, the assessments are supported by an external facilitator.	COMPLIANT	The assessment supported by an external Facilitator will be conducted for the year 2022 since the first evaluation for the Board of Trustees was conducted last 2020 Links and Reference: Board Performance Evaluation Policy Page 4 Individual Board Evaluation https://mba.sedp.ph/files/BOARD%20PERFORMANCE%20EVALUATION%20POLICY.pdf#page=4	
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria, and processes to determine the performance of the Board, individual directors, and committees.	COMPLIANT	Links and Reference: <ul style="list-style-type: none"> • SEDP MBA Board Performance Evaluation Policy https://mba.sedp.ph/files/BOARD%20PERFORMANCE%20EVALUATION%20POLICY.pdf The Board of Trustees conducted Performance Evaluation at the end of 2021 for the period of January 2021-December 2021 (See attached Consolidated BOT Evaluation Result including Evaluation of Chairman, BOT Members and Committee Evaluation) https://mba.sedp.ph/mba.sedp.ph%20PDFs/2021%20BOT%20EVALUATION%20RESULT.pdf	
2. The system allows for a feedback mechanism from the shareholders	COMPLIANT	Links and Reference: The stakeholders can anytime access our website for feedbacking. https://mba.sedp.ph/contact-us	

Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provides standards for professional and ethical behavior, as well as articulates acceptable and unacceptable conduct and practices in internal and external dealings of the company.	COMPLIANT	<p>Links and Reference:</p> <ul style="list-style-type: none"> • SEDP MBA Code of Discipline <p>https://mba.sedp.ph/mba.sedp.ph%20PDFs/Code-of-Discipline.pdf</p>	
2. The Code is properly disseminated to the Board, senior management, and employees.	COMPLIANT	<p>The Handbook for Code of Discipline was distributed to the Board of Trustees, Management, and Employees.</p> <p>This Code of Discipline is mandatory discussed to the new employee and Board of Trustees upon entry as part of the orientation on policies and guidelines of SEDP MBA.</p>	
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT	<p>Links and Reference:</p> <ul style="list-style-type: none"> • SEDP MBA Code of Discipline <p>https://mba.sedp.ph/mba.sedp.ph%20PDFs/Code-of-Discipline.pdf</p>	
Recommendation 7.2			
1. The Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	<p>The conduct of Semestral Staff Performance evaluation is the proof of implementation and monitoring of staff compliance with the Code.</p>	
2. The Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	<p>Links and Reference:</p> <p>Employees Performance Evaluation Policy</p> <p>https://mba.sedp.ph/files/EMPLOYEES%20PERFORMANCE%20EVALUATION%20POLICY.pdf</p>	

DISCLOSURE AND TRANSPARENCY

Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

Recommendation 8.1			
<p>1. The Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable, and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results, and business operations.</p>	<p>COMPLIANT</p>	<p>Links and Reference: Annual Audited Financial Statements and Annual Report were disclosed at the website and readily available for viewing by our stakeholders. https://mba.sedp.ph/corporate-governance/#disclosure</p>	
Recommendation 8.2			
<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>Links and Reference: Board of Trustees Profile https://mba.sedp.ph/staff/FR-JOSE-VICTOR-E-LOBRIGO https://mba.sedp.ph/staff/REV-FR-REX-PAUL-B-ARJONA https://mba.sedp.ph/staff/MS-AMY-B-BOMBUHAY https://mba.sedp.ph/staff/MR-ANDRES-M-PACLIBAR https://mba.sedp.ph/staff/DR-TERESITA-Q-GALANG-CPA-DBA https://mba.sedp.ph/staff/FR-JONNATHAN-L-CALLEJA https://mba.sedp.ph/staff/MS-MA-CHRISTINA-CORTEZA</p>	
<p>2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>COMPLIANT</p>	<p>Links and Reference: General Manager Profile General Manager profile.pdf</p>	

Recommendation 8.3			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	COMPLIANT	<p>Links and Reference:</p> <ul style="list-style-type: none"> • SEDPMBA Amended By Laws states that the member of the Board of Trustees shall not receive any salary due to their voluntary service to the association. <p>Article II – Section 7 Page 3 https://mba.sedp.ph/mba.sedp.ph%20PDFs/sedp-mba-amended-by-laws_2018.pdf#page=5</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 the ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	COMPLIANT	<p>Links and Reference:</p> <p>SEDP MBA Salary Scale/Structure Page 9-11 https://mba.sedp.ph/acgr/2020/sedp%20mba_organizational%20structure_job%20functions_remuneration-2019.pdf#page=9</p>	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	COMPLIANT	<p>Links and Reference:</p> <p>HR Manual Page 47-48 – Retirement Policy https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-HR-Manual.pdf#page=47</p>	
Recommendation 8.4			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	<p>Links and Reference:</p> <p>Related Party Transaction Policy Page 28 – Annual Report https://mba.sedp.ph/mba.sedp.ph%20PDFs/2021%20Annual%20Report.pdf#page=28</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 a majority vote of the stockholders in the annual stockholders' meeting during the year.	COMPLIANT	<p>Links and Reference:</p> <p>Note 19 Page 28 2021 Annual Report https://mba.sedp.ph/mba.sedp.ph%20PDFs/2021%20Annual%20Report.pdf#page=72</p>	

Recommendation 8.5			
1. Company's corporate governance policies, programs, and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	Links and Reference: <ul style="list-style-type: none"> • SEDP MBA Corporate Governance Manual https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-MBA-Corporate-Governance-Manual.pdf 	
2. The Company's MCG is posted on its company website	COMPLIANT	Link and References: <ul style="list-style-type: none"> • https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-MBA-Corporate-Governance-Manual.pdf 	
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	Links and Reference: <ul style="list-style-type: none"> • Audit Committee Charter Responsibility #1 Page 3 https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-MBA-Audit-Committee-Charter-.pdf#page=3 • AGM Minutes XI. APPOINTMENT OF EXTERNAL AUDITOR TO AUDIT THE 2021 FINANCIAL STATEMENT https://mba.sedp.ph/mba.sedp.ph%20PDFs/2021%20AGMM%20MINUTES.pdf#page=12 	
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	100%	
3. For the removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	COMPLIANT	Links and Reference: <ul style="list-style-type: none"> • AGM Minutes XI. APPOINTMENT OF EXTERNAL AUDITOR TO AUDIT THE 2021 FINANCIAL STATEMENT https://mba.sedp.ph/mba.sedp.ph%20PDFs/2021%20AGMM%20MINUTES.pdf#page=12 	

Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. Exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. Exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	COMPLIANT	Links and Reference: <ul style="list-style-type: none"> • SEDP MBA Audit Committee Charter https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-MBA-Audit-Committee-Charter-.pdf	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	COMPLIANT		
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	COMPLIANT	No transaction for Non-Audit Service rendered by the External Auditor	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity	COMPLIANT		Policies and guidelines for this non-audit services will be included in the on-going review and amendment of Board Committee charters

Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social, and governance (EESG) issues of its business, which underpins sustainability.	COMPLIANT	Management of Pandemic in relation the effects to SEDP MBA Operations Links and Reference: • Audited Financial Statement Note 24 Page 33 https://mba.sedp.ph/mba.sedp.ph%20PDFs/2021%20Audited%20FS.pdf#page=33	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT	• 2021 Annual Report https://mba.sedp.ph/mba.sedp.ph%20PDFs/2021%20Annual%20Report.pdf#page=77	
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders, and other interested users.			
Recommendation 11.1			
1. The company should have a website to ensure a comprehensive, cost-efficient, transparent, and timely manner of disseminating relevant information to the public.	COMPLIANT	Links and Reference: • SEDP MBA Website https://mba.sedp.ph	
INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK			
Principle 12: To ensure integrity, transparency, and proper governance in the conduct of its affairs, the company should control the system and enterprise risk management framework, a strong and effective internal control system, and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	The Audit Committee shall have the following functions: 1. The Audit Committee or at least its Chairman should meet with the management quarterly to review the SEDP MBA financial statements and effectiveness of the internal control system. 2. The Audit Committee should meet periodically with management and the internal auditors in separate executive sessions to discuss any matters that the	

		<p>Audit Committee believes should be discussed privately.</p> <ol style="list-style-type: none"> 3. Perform oversight financial management functions specifically in the areas of operational, legal and other risks of SEDP MBA. 4. Review the quarterly, semi-annual and annual financial statements before submission to the Board. 5. Monitor and evaluate the adequacy and effectiveness of the internal control system. 6. Assess compliance with existing policies and procedures and applicable laws, rules and regulations. 7. Review internal audit reports where applicable and monitor the status of their commendations and their implementation. 8. Review and approve the annual internal audit plans and programs and ensure its accomplishment. <p>Link and references: https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-MBA-Audit-Committee-Charter-.pdf#page=4</p>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT		The comprehensive risk management framework is included in the formulation of the Board Risk Oversight Committee
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 independent internal auditor of SEDP MBA was outsourced from the partner MFI.</p> <p>Link and References: MOA with SEDP-Simbagsa Pag-Asenso Inc. SEDP INC & SEDP MBA MOA.pdf</p>	
Recommendation 12.3			
1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board	COMPLIANT	The independent internal auditor of SEDP MBA was	

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	outsourced from the partner MFI. Link and References: MOA with SEDP-Simbag sa Pag-Asenso Inc. SEDP INC & SEDP MBA MOA.pdf	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	COMPLIANT		
Recommendation 12.4			
1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	Risk management is the responsibility of the Compliance officer of the Anti-Fraud plan. Link and references: Anti-Fraud Manual https://mba.sedp.ph/mba.sedp.ph%20PDFs/ANTI%20Fraud%20Manual.pdf	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	COMPLIANT		
2. CRO has adequate authority, stature, resources, and support to fulfill his/her responsibilities.	COMPLIANT		

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	<p>Link and Reference:</p> <p>Right of Members SEDP MBA Corporate Governance Manual https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-MBA-Corporate-Governance-Manual.pdf#page=8</p>	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	<p>Link and Reference:</p> <p>Right of Members SEDP MBA Corporate Governance Manual https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-MBA-Corporate-Governance-Manual.pdf#page=8</p>	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting.	COMPLIANT	<p>The Notice of the meeting and Agenda for the 2021 Annual General Membership Meeting was uploaded to the Website 30 days before the AGM.</p> <p>Links and Reference:</p> <ul style="list-style-type: none"> • SEDP MBA Website Notice of Meeting https://mba.sedp.ph/mba.sedp.ph%20PDFs/NOTICE%20OF%202021%20ANNUAL%20GENERAL%20MEMBERSHIP%20MEETING.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	<p>Links and Reference:</p> <ul style="list-style-type: none"> • SEDP MBA Website Minutes of Annual General Meeting https://mba.sedp.ph/mba.sedp.ph%20PDFs/2021%20AGM%20MINUTES.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	<p>The Minutes for the Annual general Membership Meeting was uploaded in the company website one working day after the conduct of the meeting</p> <p>Links and Reference:</p>	

		<ul style="list-style-type: none"> • SEDP MBA Website <p>Minutes of Annual General Meeting https://mba.sedp.ph/mba.sedp.ph%20PDFs/2021%20AGM%20MINUTES.pdf</p>	
Recommendation 13.4			
1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner	COMPLIANT	<p>Links and Reference:</p> <p>Corporate Governance Manual Page 13 Feedback And Grievance Policy For Stakeholders</p> <p>https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-MBA-Corporate-Governance-Manual.pdf#page=13</p>	To formulate the alternative dispute mechanism for inclusion in the Corporate Governance Manual
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT	<p>Links and Reference:</p> <p>Corporate Governance Manual Page 13 Feedback And Grievance Policy For Stakeholders</p> <p>https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-MBA-Corporate-Governance-Manual.pdf#page=13</p>	

DUTIES TO STAKEHOLDERS

Principle 14: The right of the stakeholders established by law, by contractual relations, and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth, and sustainability.		<p>Links and Reference:</p> <ul style="list-style-type: none"> • Corporate Governance Manual Page 10-13 <p>https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP-MBA-Corporate-Governance-Manual.pdf#page=10</p>	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	<p>To protect SEDP MBA stakeholders the association formulated the anti-fraud plan.</p> <p>Link and references:</p> <ul style="list-style-type: none"> • Anti-Fraud Manual <p>https://mba.sedp.ph/mba.sedp.ph%20PDFs/ANTI%20Fraud%20Manual.pdf</p>	

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	<p>Links and Reference:</p> <p>Policy on how to communicate and protection to our stakeholders can be refer to our Whistleblower protection policy.</p> <p>Whistleblower Protection Policy</p> <p>https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP%20MBA%20Whistleblower%20Protection%20Policy.pdf</p> <p>The stakeholders are welcome to air their redress through our website.</p> <p>SEDP MBA Website (Contact us)</p> <p>https://mba.sedp.ph/contact-us</p>	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs, and procedures that encourage employees to actively participate in the realization of the company's goals and its governance.	COMPLIANT	<p>The SEDP MBA Management and employees are responsible for formulating the Annual Operations Plan that will be approved by the Board of Trustees.</p> <p>Link and References:</p> <p>Annual Operations Plan</p> <p>SEDP MBA 2022 Plan.pdf</p>	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	COMPLIANT	<p>The Board of Trustees approved the Anti-Fraud Plan</p> <p>Link and References:</p> <p>Anti-Fraud Manual</p> <p>https://mba.sedp.ph/mba.sedp.ph%20PDFs/ANTI%20Fraud%20Manual.pdf</p>	For inclusion in the Code of Discipline policy
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 Anti-Fraud Manual is discussed during the orientation of new staff for their information and guidance.</p>	

Recommendation 15.3			
1. Board established a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	COMPLIANT	SEDP MBA established Whistleblower protection policy approved by the Board Link and References: Whistleblower Protection Policy	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	COMPLIANT	https://mba.sedp.ph/mba.sedp.ph%20PDFs/SEDP%20MBA%20Whistleblower%20Protection%20Policy.pdf	
3. Board supervises and ensures the enforcement of the whistleblowing framework	COMPLIANT		

Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business while contributing to the advancement of the society where it operates.	COMPLIANT	As Part of the Corporate Social Responsibility, SEDP MBA collaborated and established Partnership with the SEDP MFI, SEDP MPC and the Social Action Center of the Diocese of Legazpi by promoting and facilitating SSS Enrollment/Membership, partnership with local Funeral parlors for its Services, provision of health care services to the community within the area of coverage and conducted advocacy programs to the members. Links and Reference: Corporate Social Responsibility <ul style="list-style-type: none"> • SEDP MBA 2021 Annual Report Pages 17-19 https://mba.sedp.ph/mba.sedp.ph%20PDFs/2021%20Annual%20Report.pdf#page=17 • 2021 Summary of Board Resolutions Board of Trustees Resolution #47 Page 7 https://mba.sedp.ph/mba.sedp.ph%20PDFs/2021%20BOARD%20RESOLUTIONS.pdf#page=7 	

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 LEGAZPI on the 27th of May 2022.

On Official Leave
FR. JOSE VICTOR E. LOBRIGO/FR. REX PAUL ARJONA
 CHAIRMAN OF THE BOARD/VICE PRESIDENT
 Signature over printed name

ROBERTO A. DALIT
 CEO/ GENERAL MANAGER
 COMPLIANCE OFFICER
 Signature over printed name

NICA B. MADRONA
 CORPORATE SECRETARY
 Signature over printed name

JOSIE B. BELEN
 CORPORATE GOVERNANCE
 ALTERNATE COMPLIANCE OFFICER
 Signature over printed name

FR. JONNATHAN L. CALLEJA
 INDEPENDENT DIRECTOR
 Signature over printed name

TERESITA Q. GALANG, CPA, DBA
 INDEPENDENT DIRECTOR
 Signature over printed name

SUBSCRIBED AND SWORN to before me this 27th of May 2022, by the following who are all Personal whom I have identified through competent evidence of Identity and their respective identification document as follows:

NAME	ID NO.	DATE/PLACE ISSUED
1. FR. JOSE VICTOR E. LOBRIGO	p6518852A	03/22/2018- Legazpi City
2. FR. REX PAUL ARJONA	11039605	02/14/2022- Legazpi City
3. ROBERTO A. DALIT	01-01-2009	01/03/2022- Legazpi City
4. NICA B. MADRONA	01-07-2020	01/03/2022- Legazpi City
5. JOSIE B. BELEN	11030218	02/03/2022- Legazpi City
6. FR. JONNATHAN L. CALLEJA	E04-01-058102	04/02/2018- Legazpi City
7. TERESITA Q. GALANG, CPA, DBA	01399903	01/06/2022- Legazpi City

Doc. No. 116 ;
 Page No. 28 ;
 Book No. 10 ;
 Series of 2022

Armi L. Ballaran-Rabelas
ARMI L. BALLARAN-RABELAS
 NOTARY PUBLIC
 NOTARIAL COMMISSION EXPIRES JUNE 30, 2024
 PTR NO. 98102641V/LEGAZPI CITY/JAN. 3, 2022
 IBP NO. 143063/ALBAY/JAN. 20, 2021
 ROLL OF ATTORNEY NO. 50214
 TITLE COMPLIANCE NO. VI-0005921/APRIL 14, 2022