

ANNUAL CORPORATE GOVERNANCE REPORT OF

Serviamus Mutual Benefit Association, Inc.

(Name of Company)

1. For the fiscal year ended **December 31, 2025**
2. Certificate Authority Number **2025-09-R**
3. Province, Country or other Jurisdiction of Incorporation or Organization
**Iligan City, Lanao del Norte, Zamboanga del Sur, Zamboanga del Norte
Misamis Oriental, Bukidnon, Philippines**
4. Address of Principal Office, Postal Code
4F Diocesan Centrum Bldg., Lluch St., Poblacion, Iligan City, 9200
5. Company's Telephone Number, including Area Code
063-228-4354 / 063-223-2493
6. Company's Official Website
<https://serviamus-mbai.com/>
7. Former Name, Former Address, and Former Fiscal Year, if changed since last report.

6th Annual Corporate Governance Report

	Compliant/ Non-Compliant	Additional Information	Reference/Link	Reference/Explanation
THE BOARD GOVERNANCE RESPONSIBILITIES				
Principle 1. The company should be headed by a competent, working board to foster the long-term success and sustainability of the corporation in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.				
Recommendation 1.1				
1. Board composed of directors with collective working knowledge, experience, or expertise that is relevant to the company's industry/sector.	Compliant	The SMBA Board of Trustees is composed of distinguished individuals who possess diverse backgrounds, educational qualifications, and broad knowledge of the industry. Their collective expertise, drawn from various fields and disciplines, enables the Board to provide informed guidance, sound decision-making, and strategic direction in advancing the organization's goals and objectives. Reference: 2025 SMBA Annual Report page 16-24	Boart of Trustees information found here https://serviamus-mbai.com/board-of-trustees and in the 2025 Annual Report https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	
2. Board has an appropriate mix of competence and expertise.	Compliant	The SMBA Board of Trustees comprises individuals who collectively demonstrate a strong blend of competence, as well as the requisite skills and expertise necessary to effectively govern and guide the organization. Reference: 2025 SMBA Annual Report page 16-24	Boart of Trustees information found here https://serviamus-mbai.com/board-of-trustees and in the 2025 Annual Report https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	
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	The elected Board of Trustees has been reviewed and found qualified based on the assessment conducted by the Nomination and Election Committees. All members meet the established eligibility criteria, and none are subject to any disqualifications. Reference: SMBA Corporate Governance Manual (2.1.2 Qualification of the Board) Page 7	https://serviamus-mbai.com/corporate-governance-manual/#page7	
Recommendation 1.2				
1. Board is composed of a majority of non-executive directors.	Compliant	The SMBA Board of Trustees is composed of nine members, including two Independent Directors. A majority of the Board serves as Non-Executive Directors, ensuring objective oversight and independent judgment in guiding the organization's policies, decisions, and overall strategic direction. Reference: 2025 SMBA Annual Report page 17-24	Boart of Trustees information found here https://serviamus-mbai.com/board-of-trustees and in the 2025 Annual Report https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	
Recommendation 1.3				

<p>1. Company provides in its Board Charter or Manual on Corporate Governance a policy on the training of directors.</p>	<p>Compliant</p>	<p>The SMBA Corporate Governance Manual includes provisions on the training and development of Directors. This is intended to ensure that the Board remains current, well-informed, and effective in carrying out its roles and responsibilities in guiding the organization. Reference: SMBA Corporate Governance Manual (2.6.3 Orientation of New Directors) Page 18</p>	<p>https://serviamus-mbai.com/corporate-governance-manual/#page18</p>	
<p>2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first-time directors.</p>	<p>Compliant</p>	<p>SMBA first-time Directors are provided with an orientation program to help them become familiar with the operations of the MBA. The orientation covers key topics, including Serviamus MBA operations, the duties and responsibilities of the Board, and the financial operations of the association Reference: SMBA Corporate Governance Manual (2.6.3 Orientation of New Directors) Page 18</p>	<p>https://serviamus-mbai.com/corporate-governance-manual/#page18</p>	
<p>3. Company has relevant annual continuing training for all directors</p>	<p>Compliant</p>	<p>Serviamus MBA recognizes that continuous education is essential in maintaining a competent and effective Board of Directors. In line with this commitment, the organization implements a continuing education program for its Directors, which includes training sessions conducted by partner institutions and regulatory bodies to further enhance their knowledge, skills, and governance capabilities. Reference: 2025 SMBA Annual Report page 14-24</p>	<p>Boart of Trustees information found here https://serviamus-mbai.com/board-of-trustees and in the 2025 Annual Report https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf</p>	
Recommendation 1.4				
<p>1. Board has a policy on board diversity</p>	<p>Compliant</p>	<p>The current Board of Trustees of Serviamus MBA is composed of nine members, four of whom are female. The trustees come from different areas where the association operates, bringing a variety of local perspectives, experiences, and insights that contribute to more diverse and informed governance and decision-making processes. Reference: 2025 SMBA Annual Report page 14-24</p>	<p>Boart of Trustees information found here https://serviamus-mbai.com/board-of-trustees and in the 2025 Annual Report https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf</p>	
Recommendation 1.5				
<p>1. Board is assisted in its duties by a Corporate Secretary</p>	<p>Compliant</p>	<p>The Serviamus MBA Board is supported in carrying out its functions by Ms. Lilian C. Baleros, who serves as the Corporate Secretary of SMBA. She is responsible for assisting the Board by ensuring compliance with applicable regulatory requirements, maintaining accurate records of meetings, and facilitating communication among Board members and key stakeholders. Reference: 2025 SMBA Annual Report page 17</p>	<p>https://serviamus-mbai.com/board-of-trustees-lilian-c-baleros/ also found here https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf</p>	

2. Corporate Secretary is a separate individual from the Compliance Officer	Compliant	The Board Secretary of Serviamus MBA is a different individual from the association's Compliance Officer, a role held by Ms. Gladys Vem B. Macalisang. This clear separation of responsibilities aligns with good governance practices, promoting independence and ensuring clarity of roles within the organization. Reference: 2025 SMBA Annual Report page 17 and (Compliance Officer) page 36	https://serviamus-mbai.com/bot-corporate-secretary/ and also https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	
3. Corporate Secretary is not a member of the Board of Directors.	Compliant	The elected Secretary of the Board also holds the position of Corporate Secretary of the Association. In this dual role, the individual supports the Board in carrying out its governance and administrative functions, while also ensuring proper documentation, record-keeping, and coordination of official communications within the organization. Reference: 2025 SMBA Annual Report page 17 and AOI & By-Laws, Sec. 3, Page 14 - Duties of Secretary	https://serviamus-mbai.com/bot-corporate-secretary/ and also https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	
4. Corporate Secretary attends training/s on corporate governance.	Compliant	The Serviamus MBA Board Secretary attends training programs on corporate governance, as well as other relevant seminars required for the role. These continuous learning opportunities help ensure that the Secretary remains well-informed and capable of effectively carrying out the responsibilities of the position. Reference: 2025 SMBA Annual Report page 17	https://serviamus-mbai.com/bot-corporate-secretary/ and also https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	
Recommendation 1.6				
1. Board is assisted by a Compliance Officer	Compliant	The Serviamus MBA Board is assisted by its Compliance Officer, Gladys Vem B. Macalisang, who provides guidance and support in ensuring that the organization adheres to applicable laws, regulations, and internal governance policies. In her role, she helps monitor compliance requirements, promotes proper documentation and reporting practices, and ensures that the Board's operations are aligned with established regulatory standards and good governance principles. Reference: 2025 SMBA Annual Report page 34	https://serviamus-mbai.com/bot-corporate-secretary/ and also https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation	Compliant	The Serviamus MBA Compliance Officer is Gladys Vem B. Macalisang. She plays a vital role in promoting transparency and accountability by overseeing compliance measures and monitoring regulatory requirements. Reference: 2025 SMBA Annual Report page 34	https://serviamus-mbai.com/bot-corporate-secretary/ and also https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	

3. Compliance Officer is not a member of the board	Compliant	The SMBA Compliance Officer is Ms. Gladys Vem B. Macalisang, who is not a member of the Board, thereby maintaining the required independence of the Compliance Officer function. Reference: 2025 SMBA Annual Report page 34	https://serviamus-mbai.com/bot-corporate-secretary/ and also https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	
4. Compliance Officer attends training/s on corporate governance annually.	Compliant	The Serviamus MBA Compliance Officer attends trainings on corporate governance and other relevant programs necessary for the effective performance of the position. Reference: 2025 SMBA Annual Report page 34	https://serviamus-mbai.com/bot-corporate-secretary/ and also https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA	
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				
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	The Board of Trustees performs its duties and responsibilities with a strong commitment to professionalism, integrity, and accountability. They receive timely and sufficient information to support well-informed decision-making, and meeting materials are distributed ahead of scheduled sessions. The Board carefully reviews and approves major projects, policy matters, annual budgets, significant investment funding, and major business restructurings. They consistently act on a fully informed basis, ensuring that all decisions are made in good faith, with due diligence and care, and in the best interest of the company. Reference: SMBA 2025 Minutes of Board Meetings	https://serviamus-mbai.com/wp-content/uploads/2026/06/7-Minutes-Resolution-of-Meeting.pdf	
Recommendation 2.2				
1. Board oversees the development, review, and approval of the company's business objectives and strategy.	Compliant	The Board of Trustees plays a vital role in supervising the development, evaluation, and approval of the company's business objectives and strategies. Each year, the Plan and Budget are submitted to the BOT for review and approval to ensure they remain aligned with the association's goals. Reference: SMBA 2025 Minutes of Board Meetings	https://serviamus-mbai.com/wp-content/uploads/2026/06/7-Minutes-Resolution-of-Meeting.pdf	
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.	Compliant	The Board is responsible for overseeing and tracking the execution of the company's objectives and strategies. During regular Board meetings and special meetings, key matters are discussed, including the organization's financial and operational status as well as its performance indicators. Reference: SMBA 2025 Minutes of Board Meetings	https://serviamus-mbai.com/wp-content/uploads/2026/06/7-Minutes-Resolution-of-Meeting.pdf	
Recommendation 2.3				

1. Board is headed by a competent and qualified Chairperson.	Compliant	The chairman of the board of Serviamus MBA is Rev. Fr. Enrique R. Lacostales. He is a graduate of AB Philosophy and also a graduate of BS Canon Law. Reference: 2025 SMBA Annual Report page 15	https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	
Recommendation 2.4				
1. Board ensures and adopts an effective succession planning program for directors, key officers, and management.	Compliant	The Association has implemented a succession planning and program applicable to the Board of Trustees, key officers, and management. The specific policies, programs, strategies, and implementation guidelines are outlined in the Serviamus MBA succession planning framework. Reference: SMBA Succession Planning Policy	https://serviamus-mbai.com/wp-content/uploads/2026/06/SMBA-Succession-Planning-Policy.pdf	
2. Board adopts a policy on the retirement of directors and key officers.	Non-Compliant			Serviamus MBA acknowledges that the Board has not yet adopted a formal retirement policy for directors and key officers. In the interim, retirement matters are governed by the policies of the mother MFI and existing laws and regulations. Management will recommend a formal retirement policy for Board approval to strengthen corporate governance and ensure leadership continuity.
Recommendation 2.5				
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	Compliant	As stated in AOI & By-laws, the members of the board shall not receive any salary but shall be entitled to gratuity, per diem and reimbursement of all necessary expenses incurred on account of attendance in committee and board meetings provided that all entitlement benefit, emoluments received shall be subject to the approval by the majority vote of the general membership. Reference: AOI & By-Laws, Art. IV, Sec. 7, Page 8	https://serviamus-mbai.com/smba-articles-of-incorporation-by-laws/#p8	
2. Board aligns the remuneration of key officers and board members with the long-term interests of the company.	Compliant	Key officers shall receive such salary and/or benefits as may be fixed by the Board. Reference: SMBA 2025 Minutes of Board Meetings.	https://serviamus-mbai.com/wp-content/uploads/2026/06/7-Minutes-Resolution-of-Meeting.pdf	

<p>3. Directors do not participate in discussions or deliberations involving his/her remuneration.</p>	<p>Compliant</p>	<p>As stated on the Serviamus MBA By laws on page 11 under Article 9 Section 4, The members of the Board shall not receive any salary but shall be entitled to gratuity, per diem and reimbursement of all necessary expenses incurred on account of attendance in committee and board of meetings provided that all entitlement benefit, emoluments received shall be subject to the approval by majority vote of the general membership. Reference: AOI and By-laws as posted to the website (http://www.serviamus-mbai.com)</p>	<p>https://serviamus-mbai.com/smba-articles-of-incorporation-by-laws/</p>	
Recommendation 2.6				
<p>1. Board has a formal and transparent board nomination and election policy.</p>	<p>Compliant</p>	<p>The Serviamus MBA Board has a formal and transparent nomination and election policy. Reference: Page 17 of the SMBA Corporate Governance Manual (No. 6) Nomination and Election Committee</p>	<p>https://serviamus-mbai.com/corporate-governance-manual/#page17</p>	
<p>2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.</p>	<p>Compliant</p>	<p>The association's nomination & election policy are disclosed in the company's Manual of Corporate Governance. Reference: Nomination and Election Committee and the Nomination and Election Charter</p>	<p>https://serviamus-mbai.com/corporate-governance-manual/#page17</p>	
<p>3. Board nomination and election policy include how the company accepts nominations from minority shareholders.</p>	<p>Compliant</p>	<p>The SMBA has a formal & transparent nomination and election policy and it is disclosed in the Company's Manual of Corporate Governance. The nomination policy is applicable to all shareholders for as long as he/she is qualified based on the qualification set by the Association. Reference: Page 17 of the SMBA Corporate Governance Manual (No. 6) Nomination and Election Committee and the Nomination and Election Charter</p>	<p>https://serviamus-mbai.com/corporate-governance-manual/#page17</p>	

4. Board nomination and election policy include how the board reviews nominated candidates.	Compliant	The Board Nomination & Election Committees are guided by the policy set forth in the Manual of Corporate Governance. Reference: Page 17 of the SMBA Corporate Governance Manual (No. 6) Nomination and Election Committee	https://serviamus-mbai.com/corporate-governance-manual/#page17	
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	The Board Nomination & Election Committees include assessment of the effectiveness as set forth in the Manual of Corporate Governance. Reference: Page 17 of the SMBA Corporate Governance Manual (No. 6) Central Selection Committee	https://serviamus-mbai.com/corporate-governance-manual/#page17	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant	The Board Nomination & Election Committees are guided by the policy set forth in the Manual of Corporate Governance. Reference: Page 17 of the SMBA Corporate Governance Manual (No. 6) Nomination and Election Committee	https://serviamus-mbai.com/corporate-governance-manual/#page17	
Recommendation 2.7				
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions	Compliant	The SMBA Board of Trustees has the responsibility in ensuring that there should be a group-wide policy & system governing RPT. Reference: Part II, 2.1.2d & 2.1.4.6, page 10 of the SMBA Corporate Governance Manual	https://serviamus-mbai.com/corporate-governance-manual/#page10	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions	Compliant	The RPT committee, which is chaired by an Independent Director, is appointed and authorized by the Board of Trustees to assist the Board in fulfilling its responsibility to strengthen corporate governance and practices particularly on related party transactions. Reference: 2025 SMBA Annual Report (page 29)	https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	

3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile, and complexity of operations.	Compliant	The RPT Policy is disclosed in the company's website.	https://serviamus-mbai.com/wp-content/uploads/2026/06/SMBA-RPT-Policy.pdf	
Recommendation 2.8				
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).	Compliant	Serviamus MBA board of trustees has the responsibility of appointing a competent management team. Reference: Part II, 2.1.4.2h, page 9 of the SMBA Corporate Governance Manual	https://serviamus-mbai.com/corporate-governance-manual/#page9	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).	Compliant	The Board of Trustees is the governing body of the Association. They are primarily responsible for approving and overseeing the implementation of the Associations policies and procedures, action plans, corporate governance and corporate values. They are also responsible in overseeing the performance of senior management, who manages the day to day affairs of the association. Reference: Part II, 2.1, page 7 of the SMBA Corporate Governance Manual	https://serviamus-mbai.com/corporate-governance-manual/#page7	
Recommendation 2.9				
1. Board establishes an effective performance management framework that ensures that Management, including the Chief Executive Officer performance is at par with the standards set by the Board and Senior Management.	Non-Compliant			Serviamus Mutual Benefit Association, Inc. has not yet established a comprehensive and effective Performance Management Framework. To address this gap, Management shall develop and formulate an appropriate framework for presentation to the Board of Trustees. The proposed framework will undergo discussion, review, and approval by the Board and is targeted for establishment and implementation this year.
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Non-Compliant			
Recommendation 2.10				

1. Board oversees that an appropriate internal control system is in place.	Compliant	The SMBA BOT has the full responsibility for overseeing that an appropriate internal control system is in place. Reference: Page 10, 2.1.4.5 of the SMBA Corporate Governance Manual	https://serviamus-mbai.com/corporate-governance-manual/#page10	
2. The internal control system includes a mechanism for monitoring and managing potential conflicts of interest of the Management, members, and shareholders.	Compliant	Serviamus MBA internal control system includes a mechanism for monitoring. Reference: Page 10, 2.1.4.5 of the SMBA Corporate Governance Manual	https://serviamus-mbai.com/corporate-governance-manual/#page10	
3. Board approves the Internal Audit Charter	Non-Compliant			Serviamus Mutual Benefit Association, Inc. has not yet established its own Internal Audit Charter as it currently utilizes the internal audit process of its Mother MFI. To address this, Management is tasked with developing a localized Internal Audit Charter for the Board of Trustees' review and approval, with implementation targeted for this year.
Recommendation 2.11				
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess, and manage key business risks.	Compliant	The Enterprise Risk Management Framework is disclosed in the company's website.	https://serviamus-mbai.com/wp-content/uploads/2026/06/ERM-Framework.pdf	
2. The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management	Compliant		https://serviamus-mbai.com/wp-content/uploads/2026/06/ERM-Framework.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	Serviamus MBA Corporate Governance Manual has clearly defined the Duties, Functions, and responsibilities of the board in carrying out their fiduciary duties. Reference: Page 8, 2.1.4 of the SMBA Corporate Governance Manual Duties, Functions and Responsibilities of the Board	https://serviamus-mbai.com/corporate-governance-manual/#page8	

2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	The defined duties, functions, and responsibilities of the board would serve as a guide in performing their functions as a board. Reference: Page 8, 2.1.4.2 of the SMBA Corporate Governance Manual Duties, Functions and Responsibilities of the Board	https://serviamus-mbai.com/corporate-governance-manual/#page8	
3. Board Charter is publicly available and posted on the company's website.	Compliant	The Serviamus MBA Corporate Governance Manual has been posted on the association's website by which the Board charter is part of the provisions in the manual. Reference: Serviamus MBA website (http://www.serviamus-mbai.com) Governance - Manual- Corporate Governance Manual	https://serviamus-mbai.com/corporate-governance-manual	
Principle 3: Board committees should be set up to the extent possible to support the effective Board's actions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions, and responsibilities of all committees established should be contained in a publicly available Committee Charter.				
Recommendation 3.1				
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	To aid the Serviamus MBA Board in the performance of their duties, the board created a board committee. Reference: SMBA 2025 Annual Report page 26-30	https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	
Recommendation 3.2				
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	The board establishes an Audit Committee to provide oversight functions of the association's financial reporting policies, practices, and control internal & external functions. They are also responsible for setting up the internal audit department and the appointment of the external auditor. Reference: Page 13-14, 2.5.1 of the SMBA Corporate Governance Manual/2025 Annual report (page 26)	https://serviamus-mbai.com/bot-committee/ also found in our annual report https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	

<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>The SMBA Audit committee is composed of 3 non-executive members chaired by an Independent Trustee. Reference: Page 13-14, 2.5.1 of the SMBA Corporate Governance Manual/ 2025 Annual report (page 26)</p>	<p>https://serviamus-mbai.com/bot-committee/ also found in our annual report https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf</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>Members of the SMBA Audit Committee have a mix of skills and experience in their duties and responsibilities as members of the said committee. Reference: 2025 SMBAI Annual Report pages 26 and 21-23 with respect to their qualification</p>	<p>https://serviamus-mbai.com/bot-committee/ also found in our annual report https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf</p>	
<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or any other committee.</p>	<p>Non-Compliant</p>			<p>Serviamus MBA has only two Independent Directors, which results in the Chairman of the Audit Committee also serving as the Chairman of the Corporate Governance and Remuneration Committee. This dual chairmanship is necessitated by the limited number of independent trustees available to fill required committee leadership roles.</p>
Recommendation 3.3				
<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>The SMBA has the Corporate Governance & Remuneration Committee which headed by Rev. Fr. Rodolfo M. Encabo. Reference: SMBA 2025 Annual Report page 27</p>	<p>https://serviamus-mbai.com/bot-committee/ also found in our annual report https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf</p>	
<p>2. Corporate Governance Committee is composed of at least three members, the majority of whom should be independent directors.</p>	<p>Non-Compliant</p>			<p>The SMBA has a Corporate Governance and Remuneration Committee headed by Rev. Fr. Rodolfo M. Encabo. However, since the Association only has two Independent Directors, it does not meet the requirement for a majority of independent directors on this committee.</p>

3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	The SMBA has the Corporate Governance & Remuneration Committee which headed by Rev. Fr. Rodolfo M. Encabo. Reference: SMBA 2025 Annual Report page 27	https://serviamus-mbai.com/bot-committee/ also found in our annual report https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	
Recommendation 3.4				
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	SMBA has Board Risk Oversight and Audit Committee whose primary responsibility is to evaluate the adequacy and effectiveness of the internal control system of the association. Reference: SMBA 2025 Annual Report page 26	https://serviamus-mbai.com/bot-committee/ also found in our annual report https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	The Company complies with this requirement as the Board Risk Oversight Committee (BROC) is composed of at least three members, the majority of whom, including the Chairman, are Independent Directors. Reference: SMBA 2025 Annual Report page 26	https://serviamus-mbai.com/bot-committee/ also found in our annual report https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	
3. The Chairman of the BROC is not the Chairman of the Board or any other committee.	Non-Compliant			Mr. Godofredo S. Lumbo Jr., an independent trustee and elected chairman of the Risk Oversight Committee, also serves as the chairman of another committee within the Association. Since Serviamus MBA has only two independent trustees out of nine board members, this dual chairmanship is necessary to meet governance requirements, despite the recommendation for the BROC Chairman not to head other committees.
4. At least one member of the BROC has relevant thorough knowledge and experience in risk and risk management.	Compliant	Majority of members of the Risk Committee has relevant and thorough knowledge and experience in risk management. They have extensive insurance related experience. Reference: 2025 SMBA Annual report page 14-24	information can be found on this page https://serviamus-mbai.com/board-of-trustees and https://serviamus-mbai.com/bot-committee/ as well as in the Annual Report https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	
Recommendation 3.5				

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 Serviamus MBA Board has set up the RPT Committee, in compliance with the task of reviewing all material related party transactions of the associations. Reference: 2025 SMBA Annual Report (page 29)	https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	
2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.	Non-Compliant			The Serviamus MBA Board has established a Related Party Transactions (RPT) Committee to oversee and review material transactions, ensuring they are conducted fairly and for the benefit of the association. However, the committee is currently non-compliant with composition requirements because it only has two independent directors, falling short of the necessary majority among its members. <i>Reference: 2025 SMBA Annual Report page</i>
Recommendation 3.6				
1. All established committees have Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources, and other relevant information.	Compliant	Each of the committees have Committee Charter that clearly defines the composition, duties and responsibility of the committee. Reference SMBA Committee Charter	https://serviamus-mbai.com/wp-content/uploads/2026/06/COMMITTEE-CHARTERS.pdf	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant	Committee Charters are posted in the company's website. Reference SMBA Committee Charter	https://serviamus-mbai.com/wp-content/uploads/2026/06/COMMITTEE-CHARTERS.pdf	
3. Committee Charters were fully disclosed on the company's website.	Compliant	Committee Charters were fully disclosed on the company's website. Reference SMBA Committee Charter	https://serviamus-mbai.com/wp-content/uploads/2026/06/COMMITTEE-CHARTERS.pdf	
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	SMBA Board of Trustees is present and actively participates in the meetings, may it be regular, special & committee meetings. Reference: SMBA 2025 Minutes of Board Meetings	https://serviamus-mbai.com/wp-content/uploads/2026/06/7-Minutes-Resolution-of-Meeting.pdf	
2. The director's review meeting materials for all Board and Committee meetings.	Compliant	The SMBA Board of Trustees reviewed meeting materials for all board & committee meetings since board agendas and their supporting documents are given to them before the scheduled meeting. Reference: SMBA 2025 Minutes of Board Meetings	https://serviamus-mbai.com/wp-content/uploads/2026/06/7-Minutes-Resolution-of-Meeting.pdf	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	The agenda of the meeting is properly discussed before coming up with the decision which gave every board to participate, discuss and ask questions before coming up with a decision. Reference: SMBA 2025 Minutes of Board Meetings	https://serviamus-mbai.com/wp-content/uploads/2026/06/7-Minutes-Resolution-of-Meeting.pdf	
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.	Non-Compliant			SMBA has no policy setting on the limit of board seats that a non-executive director can hold simultaneously. And we have no document containing the directorships of the company's directors in both listed and non-listed companies. The management will formulate such policy for board presentation, discussion, review and approval.
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	As of December 31, 2025 BOT of Serviamus MBA has no directorship with other company. Reference: Disclosure statement as posted in the company's website	https://serviamus-mbai.com/wp-content/uploads/2026/06/SMBA-Disclosure-Statement.pdf	
Principle 5: The Board should endeavor to exercise an objective and independent judgment on a corporate affairs.				
Recommendation 5.1				

<p>1. The Board is composed of at least twenty percent (20%) independent directors</p>	<p>Compliant</p>	<p>SMBA Board of Trustees is composed of Nine (9) BOT's. Out of 9, 2 BOTs are independent directors/trustees. Reference: Page 7 of the SMBA Corporate Governance Manual (2.1.1) "Composition of the Board"</p>	<p>https://serviamus-mbai.com/corporate-governance-manual/#page7</p>	
Recommendation 5.2				
<p>1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.</p>	<p>Compliant</p>	<p>SMBA independent directors/trustees possess all the necessary qualifications set forth by the association. None of them are disqualified to hold the position. Reference: 2025 SMBAI Annual Report page 22-23</p>	<p>https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf</p>	
Recommendation 5.3				
<p>1. The independent directors serve for a maximum cumulative term of nine years.</p> <p>As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organizations shall be from 21 September 2016.</p> <p>For 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.</p>	<p>Compliant</p>	<p>Mr. Godofredo S. Lumbo Jr., an independent trustee, was elected in June 2019. Meanwhile, Rev. Fr. Rodolfo M. Encabo was elected in June 2022. Reference: 2025 SMBAI Annual Report page 22-23</p>	<p>https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf</p>	
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p>Compliant</p>	<p>As stated in the Amended Articles of Incorporation & Bylaws, independent trustees may serve on the Board for a maximum cumulative term of nine years. Upon reaching this limit, they become permanently barred for re-election. Reference: SMBA Amended Articles of Incorporation & Bylaws, Article V Section 3.</p>	<p>https://serviamus-mbai.com/smba-articles-of-incorporation-by-laws/#p9</p>	

<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board submits to the Insurance Commission a formal written justification and seeks shareholders approval during the annual shareholders' meeting.</p>	<p>Compliant</p>	<p>None of the Association's Independent Trustees have exceeded the prescribed term limit. Consequently, the Association is not required to submit a written justification to the Insurance Commission nor secure approval from its shareholders or general membership.</p>		
Recommendation 5.4				
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals</p>	<p>Compliant</p>	<p>Rev. Fr. Enrique R. Lacostales holds the position of Chairman/President, while Mr. Felix A. Tampus serves as the CEO/General Manager. Reference: 2025 SMBAI Annual Report page 15 and page 33</p>	<p>https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf</p>	
<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>Compliant</p>	<p>The specific duties and responsibilities of the Chairman/President and the Chief Executive Officer (CEO)/General Manager are clearly defined and distinct. The Chairman/President is primarily responsible for providing strategic leadership, overseeing corporate governance, and ensuring that the Board effectively fulfills its responsibilities. Meanwhile, the CEO/General Manager is accountable for the day-to-day management and operations of the organization, implementing Board-approved policies and strategies, and ensuring the efficient execution of business activities. Reference: Page 11, 2.3.1 of the SMBA Corporate Governance Manual President's function and Page 20 (2.9.A) The Management - General Manager</p>	<p>https://serviamus-mbai.com/corporate-governance-manual/#page11 and https://serviamus-mbai.com/corporate-governance-manual/#page20</p>	
Recommendation 5.5				
<p>1. If the Chairman of the Board is not an independent director or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent directors.</p>	<p>Compliant</p>	<p>The President of the Board Rev. Fr. Enrique R. Lacostales is not an Independent Board, and the General Manager are held by a separate person. Reference: 2025 SMBAI Annual Report page 15 and page 33</p>	<p>https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf</p>	
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	As provided in the Corporate Governance Manual, any Board member with a conflict of interest is required to abstain from participating in discussions and voting on matters where such conflict exists. In cases involving related party transactions, the Board shall deliberate and decide on the transaction in the absence of the concerned trustee. During the reporting period, no material transactions involving directors, trustees, or employees that could give rise to a conflict of interest were recorded. Reference: SMBA Corporate Governance Manual page19, 2.7.e and g	https://serviamus-mbai.com/corporate-governance-manual/#page19	
Recommendation 5.7				
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance, and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation.	Non-Compliant			During 2025, the Non-Executive Directors (NEDs) did not hold a separate meeting with the external auditor and the head of internal audit independent of management. The Association recognizes this as an area for improvement in strengthening its corporate governance practices. Going forward, the matter will be presented to the Board, and appropriate measures will be implemented to facilitate such independent meetings and ensure compliance with corporate governance standards.
2. The meetings are chaired by the lead of the independent director.	Non-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.	Non-Compliant			Although it was stated on the Serviamus MBA CGM (page 11, 2.1.4.8 Performance Evaluation), "The Board of Trustees conducts an annual evaluation of its performance through self-assessment by the individual Trustees of their respective individual performance and peer assessment". SMBA Board has not conducted an annual assessment of its performance as a whole, the individual members, the President, and the Committee. Proposal was already made and submitted for final review by the board. This will help the directors review their performance & understand their roles & responsibilities.
2. The performance of the Chairman is assessed annually by the Board	Non-Compliant			
3. The performance of the individual member of the Board is assessed annually by the Board.	Non-Compliant			
4. The performance of each committee is assessed annually by the Board.	Non-Compliant			

5. Every three years, the assessments are supported by an external facilitator.	Non-Compliant			To be implemented once the proposal is already approve by the board.
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.	Non-Compliant			As mention in recommendation 6.1, the Serviamus MBA board has not conducted an annual assessment that will determine their performance and with the plans cited in the next 3-4 years, SMBA can disclose the criteria & collective results of the assessment that will ensure the transparency and allows shareholders & stakeholders determine if the directors are performing.
2. The system allows for a feedback mechanism from the shareholders	Compliant	Page 13 of the 7th Annual General Membership Meeting Minutes held last June 18, 2025. Reference: SMBA 2025 Minutes of 7th AGM	https://serviamus-mbai.com/wp-content/uploads/2026/06/7th-AGM-Minutes.pdf	
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	SMBA adopts a Code of Conduct to ensure proper discharge of the duties and responsibilities, maintain professional integrity, avoid the use of his/her position for personal advantage and avoid situation that would compromise trustee's impartiality. Reference: Code of Conduct as posted in the association's website	https://serviamus-mbai.com/wp-content/uploads/2026/06/SMBA-Code-of-Conduct.pdf	
2. The Code is properly disseminated to the Board, senior management, and employees.	Compliant	The codes of ethics are properly disseminated to the Board , senior management and employees. A copy was provided to them and it is also available in our company website. Reference: Code of conduct as posted in the association's website	https://serviamus-mbai.com/wp-content/uploads/2026/06/SMBA-Code-of-Conduct.pdf	
3. The Code is disclosed and made available to the public through the company website.	Compliant	The Code of Conduct is readily available and uploaded in our company website. Reference: Code of conduct as posted in the association's website	https://serviamus-mbai.com/wp-content/uploads/2026/06/SMBA-Code-of-Conduct.pdf	
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	The Serviamus MBA code of conduct applies at all times to all members of the board as well as to Serviamus MBA Employees in their dealings with members and partners. Reference: Code of conduct as posted in the association's website	https://serviamus-mbai.com/wp-content/uploads/2026/06/SMBA-Code-of-Conduct.pdf	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	As stated on the SMBA Annual Report, SMBA Board of trustees appointed Compliance Officer who shall be responsible for coordinating, monitoring and facilitating compliance with the existing policies, rules and regulation of the association. Reference: SMBA 2025 Annual Report Page 34	https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	
DISCLOSURE AND TRANSPARENCY				
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.				
Recommendation 8.1				
1. The Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable, and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results, and business operations.	Compliant	The SMBA Board of Trustees together with the management and employees commits to promote and ensure full disclosure, transparency and remain accountable. The Relevant information is timely disclosed on its website. Reference: 2025 Audited FS as posted to the website	https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-AFS.pdf	
Recommendation 8.2				
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	The SMBA believes that disclosure of relevant & material information of its board of trustees to the stakeholder is significant for them to know. Relevant information is disclosed on its website. Reference: 2025 SMBA Annual Report	https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	
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 SMBA believes that disclosure of relevant & material information of its management team to the stakeholder is significant for them to know. Relevant information is disclosed on its website. Reference: 2025 SMBA Annual Report	https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	

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	The Serviamus MBA board has no remuneration, they only received Transportation & Incidental Expenses on account of attendance at committee & board meetings as stated in SMBA Bylaws Article IX Sec. 4. Reference: AOI & By-Laws, Art. IX, Sec. 4, as posted on the website	https://serviamus-mbai.com/smba-articles-of-incorporation-by-laws/#p12	
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	The Management team of Serviamus MBA remuneration is set accordingly by our mother MFI, Serviamus Foundation Inc., which includes provisions for basic salary and performance bonus, depending on the MFI branch performance. Any increase in its remuneration depends on board approval upon recommendation of its SMBA General Manager. Reference: Part II, 2.1.4.2h, page 9 of the SMBA Corporate Governance Manual	https://serviamus-mbai.com/corporate-governance-manual/#page9	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	SMBA Board reimbursement of Transportation & Incidental Expenses during attendance at Board Meeting is disclosed. Reference: 2025 SMBAI Annual Report page 25	https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	
Recommendation 8.4				
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	Members of the Board of Trustees and Management are required to disclose SMBA's relationships or interests which could constitute Related Party Transactions and possible conflict of interest in the future. Reference: Part IV, page 28 of the SMBA Corporate Governance Manual	https://serviamus-mbai.com/corporate-governance-manual/#page28	

<p>2. Company discloses material or significant RPT's 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.</p>	<p>Compliant</p>	<p>Significant RPT's are disclosed in the Annual Report under Note 18 page 31 of the Audited Financial Statement. Reference: 2025 Audited FS</p>	<p>https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-AFS.pdf</p>	
Recommendation 8.5				
<p>1. Company's corporate governance policies, programs, and procedures are contained in its Manual on Corporate Governance (MCG).</p>	<p>Compliant</p>	<p>The SMBA board of trustees, management, employees believe that corporate governance is a necessary component of what constitutes sound strategic business management and undertake every effort necessary to create awareness within the organization.</p>	<p>https://serviamus-mbai.com/corporate-governance-manual/</p>	
<p>2. The Company's MCG is posted on its company website</p>	<p>Compliant</p>	<p>SMBA Corporate Governance Manual is posted on the website</p>	<p>https://serviamus-mbai.com/corporate-governance-manual/</p>	
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and effective oversight of the same to strengthen the external auditor's independence and enhance audit quality				
Recommendation 9.1				
<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p>Compliant</p>	<p>The Serviamus MBA Board of Trustees approves the appointment, reappointment, and fees of the external auditors through the recommendation of the Audit Committee Chairman. Reference: SMBA 2025 Minutes of BOT Meeting - Board Resolution No. 2025-31 (page 82)</p>	<p>https://serviamus-mbai.com/wp-content/uploads/2026/06/7-Minutes-Resolution-of-Meeting.pdf</p>	
<p>2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board, and ratified by the shareholders.</p>	<p>Compliant</p>	<p>The appointment, reappointment, removal and fees of the external auditor is recommended by the Audit Committee, approved by the Board during its 2025 4th Quarter BOT Meeting. Reference: SMBA 2025 Minutes of BOT Meeting - Board Resolution No. 2025-31 (page 82)</p>	<p>https://serviamus-mbai.com/wp-content/uploads/2026/06/7-Minutes-Resolution-of-Meeting.pdf</p>	

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	The incumbent external auditor of the company, Quilab and Garsuta.Co is reappointed during 2025 4th Quarter BOT Meeting. Reference: SMBA 2025 Minutes of BOT Meeting - Board Resolution No. 2025-31 (page 82)	https://serviamus-mbai.com/wp-content/uploads/2026/06/7-Minutes-Resolution-of-Meeting.pdf	
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	Compliant	SMBA Audit Committee Charter was posted in the website. Reference: Committee Charter as posted in the association's website	listed here https://serviamus-mbai.com/bot-committee/ and here https://serviamus-mbai.com/wp-content/uploads/2026/06/Board-Risk-Oversight-and-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	Audit Committee is responsible for the setting-up of internal audit department, and the appointment of the internal. Reference: Committee Charter as posted in the association's website	listed here https://serviamus-mbai.com/bot-committee/ and here https://serviamus-mbai.com/wp-content/uploads/2026/06/Board-Risk-Oversight-and-Audit-Committee-Charter.pdf	
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	In 2025, the Association's external auditor, Quilab and Garsuta, CPA, did not provide any non-audit services. Accordingly, no potential conflicts of interest arose, and no additional disclosures were required. This has been duly reflected in the 2025 Annual Report. Reference. SMBA 2025 Annual Report page 31	https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	
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	The external auditor has not provided any non-audit services to the Association. In accordance with the SMBA Audit Committee Charter, the Audit Committee is tasked with overseeing the external auditor, including the review and approval of any proposed non-audit engagements. The Committee adheres to strict policies that prohibit non-audit services that may impair the auditor's independence or objectivity. Reference: Committee Charter as posted in the association's website	listed here https://serviamus-mbai.com/bot-committee/ and here https://serviamus-mbai.com/wp-content/uploads/2026/06/Board-Risk-Oversight-and-Audit-Committee-Charter.pdf	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.				
Recommendation 10.1				

<p>1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social, and governance (EESG) issues of its business, which underpin sustainability.</p>	<p>Compliant</p>	<p>SMBA Board 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 Reference: Part IV, page 28 of the SMBA Corporate Governance Manual</p>	<p>https://serviamus-mbai.com/corporate-governance-manual/#page28</p>	
<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>Non-Compliant</p>			<p>Serviamus MBA has not yet adopted a globally recognized standard or framework for reporting sustainability and non-financial issues. Management recognizes the importance of sustainability reporting and will continue to assess appropriate frameworks and reporting practices that are suitable to the nature, size, and operations of the Company. The adoption of a formal sustainability reporting framework shall be considered as part of the Company's future strategic initiatives.</p>
<p>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.</p>				
<p>Recommendation 11.1</p>				
<p>1. The company should have a website to ensure a comprehensive, cost-efficient, transparent, and timely manner of disseminating relevant information to the public</p>	<p>Compliant</p>	<p>The Serviamus MBA website is http://www.serviamus-mbai.com</p>	<p>https://serviamus-mbai.com/</p>	
<p>INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK</p>				
<p>Principle 12: To ensure integrity, transparency, and proper governance in the conduct of its affairs, the company should control the system and enterprise risk management framework, a strong and effective internal control system, and enterprise risk management framework.</p>				
<p>Recommendation 12.1</p>				
<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p>Compliant</p>	<p>The Internal Audit function is in place, they audit the financial transaction and operating practices of SERVIAMUS MBI and certify to the correctness of the annual financial reports of the Treasurer and/ or Chief Accountant. Reference: SMBA Corporate Governance Manual, page 22-23</p>	<p>https://serviamus-mbai.com/corporate-governance-manual/#page22 and https://serviamus-mbai.com/corporate-governance-manual/#page23</p>	
<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>Compliant</p>	<p>Enterprise Risk Management Framework is posted in the Association website.</p>	<p>https://serviamus-mbai.com/wp-content/uploads/2026/06/ERM-Framework.pdf</p>	
<p>Recommendation 12.2</p>				

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	Independent internal audit function is in-house. It is being done by the internal audit unit of our parent institution MFI. It has been part of our Memorandum of Agreement. They provide independent and objective assurance, and consulting services designed to add value and improve company's operations. Reference: 2025 SMBA Annual Report (page 31)	https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf	
Recommendation 12.3				
1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board	Non-Compliant			Serviamus MBA has no Chief Audit Executive (CAE) for the reason that we have no capacity to hire, considering our limited number of employees and financial capabilities. The management will open this item to the board for discussion and how to consider to be compliant in two to three years.
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.	Non-Compliant			
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	The activity of Internal Audit will be supervised by the Audit Committee Chairperson Mr. Godofredo S. Lumbo Reference: Part II, 2.5.1, Page 13 of the SMBA Corporate Governance Manual "Audit Committee"	https://serviamus-mbai.com/corporate-governance-manual/#page13	
Recommendation 12.4				
1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	Non-Compliant			Serviamus MBA acknowledges that it has not yet established a separate risk management function to identify, assess, and monitor key risk exposures. Given the size and complexity of its operations, risk management responsibilities are currently performed by Management under the oversight of the Board of Trustees. Nevertheless, Management recognizes the importance of having a dedicated risk management function and will develop an appropriate risk management framework and organizational structure for Board discussion and approval as part of its continuous improvement in corporate governance practices.
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	The Compliance Officer Gladys Vem B. Macalisang was appointed as the Risk Oversight Officer. Reference: SMBA 2023 Minutes of BOT Meeting- Board Resolution No. 2023-11 (page 24)	https://serviamus-mbai.com/wp-content/uploads/2026/06/2023-Minutes-Resolution-of-Meeting.pdf	
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	The Association is committed to protecting the welfare and rights of its stakeholders by ensuring quality service and programs are given to them and are conducted transparently and fairly. Reference: Page 24-28, Part III & IV of the SMBA Corporate Governance Manual Stakeholders	https://serviamus-mbai.com/corporate-governance-manual/#page24	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	The SMBA Corporate Governance Manual where the basic shareholders' rights are discussed, is uploaded to the Association's website for proper disclosure. Reference: Page 24-28, Part III & IV of the SMBA Corporate Governance Manual Stakeholders	https://serviamus-mbai.com/corporate-governance-manual/#page24	
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	The Annual General Meeting was scheduled June 18, 2025 and the Notice and it's agenda was posted in the SMBA official website dated May 20, 2025. Reference: 7th AGM Notice of Meeting	https://serviamus-mbai.com/notice-of-7th-agm/	
Recommendation 13.3				

<p>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.</p>	<p>Compliant</p>	<p>The 2025 Annual General Membership Meeting was held on June 18, 2025. Reference: Minutes of 7th AGMM, page 13</p>	<p>https://serviamus-mbai.com/wp-content/uploads/2026/06/7th-AGM-Minutes.pdf</p>	
<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.</p>	<p>Compliant</p>	<p>The 2025 Annual General Membership Meeting was held on June 17, 2025. The minutes of the AGMM were posted on the Association's one day after the AGMM. The votes on each agenda item are clearly reflected in the meeting minutes, including all the questions asked and the reply thereto. Reference: Minutes of 7th AGM Meeting</p>	<p>https://serviamus-mbai.com/wp-content/uploads/2026/06/7th-AGM-Minutes.pdf</p>	
Recommendation 13.4				
<p>1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner</p>	<p>Compliant</p>	<p>Alternative dispute resolution mechanism to resolve intra-corporate disputes in an amicable and effective manner, is publicly disclosed in the company website.</p>	<p>https://serviamus-mbai.com/wp-content/uploads/2026/06/ADRem.pdf</p>	
<p>2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.</p>	<p>Compliant</p>	<p>Alternative dispute mechanism is publicly disclosed in the company website.</p>	<p>https://serviamus-mbai.com/wp-content/uploads/2026/06/ADRem.pdf</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				
<p>1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth, and sustainability.</p>	<p>Compliant</p>	<p>The SMBA shareholders comprise the members of our mother company, Serviamus Foundation Incorporated, employees, the regulatory agencies, and the like across the organization, Corporate Governance Manual identifies various stakeholders as uploaded to the Association's website. Reference: Page 25-28, Part IV of the SMBA Corporate Governance Manual Stakeholders</p>	<p>https://serviamus-mbai.com/corporate-governance-manual/#page25</p>	

Recommendation 14.2				
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	The SMBA Board fairly treat & protect the identified stakeholders. Reference: Page 25-28, Part IV of the SMBA Corporate Governance Manual Stakeholders	https://serviamus-mbai.com/corporate-governance-manual/#page25	
Recommendation 14.3				
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	The Serviamus MBA utilized its mother company, Serviamus Customer Hotline - Komento Mo...ltext Mo, 0917-637-3602, as we are serving the same stakeholders where they can voice their concerns and/or complaints about possible violation of their rights, aside from the official website of SMBA.	https://serviamus-mbai.com/	
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	The Serviamus MBA Board is committed to continually strengthen compliance and governance culture through education and training. SMBA utilized its mother company, SFI, Human Resource Department which has various training and engagement activities to ensure that all employees of the company are heard and updated on the company's goal or objective to make them more effective. All employees of SMBA undergo a basic orientation on Compliance System, Anti-Money Laundering and Governance, among others. Reference: Page 26, Part IV of the SMBA Corporate Governance Manual Stakeholders, B. Employees	https://serviamus-mbai.com/corporate-governance-manual/#page26	
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	The Board of Trustees has adopted a well-defined Anti-Corruption Policy as part of the organization's Code of Ethics. This policy is systematically communicated to all personnel through mandatory training sessions during employee onboarding and is further reinforced through annual compliance workshops to ensure continued awareness and adherence. Reference: Page 3 No. 3 "Statement of Anti-Fraud Policy" and page 13 Letter c "Education and Training"	https://serviamus-mbai.com/wp-content/uploads/2026/06/Anti-Fraud-Policy-Manual.pdf	

<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 Board ensures that the organization's Code of Conduct and Anti-Corruption Policy are properly communicated and understood throughout the company. This is achieved through structured training programs, which are conducted as part of the employee onboarding process. Reference: Page 3 No. 3 " Statement of Anti-Fraud Policy" and page 13 Letter c "Education and Training"</p>	<p>https://serviamus-mbai.com/wp-content/uploads/2026/06/Anti-Fraud-Policy-Manual.pdf</p>	
Recommendation 15.3				
<p>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.</p>	<p>Compliant</p>	<p>A whistleblowing policy has been established to provide all concerned individuals with a secure mechanism for reporting and disclosing, whether anonymously or otherwise, any acts or omissions committed by Trustees, Officers, employees, or member-stakeholders that may constitute illegal, unethical, or improper conduct. This includes violations of good governance principles, fraudulent or corrupt practices, abusive treatment of clients, negligence, or other harmful business activities.</p> <p>All reports and disclosures are treated with strict confidentiality and utmost sensitivity, including the identities of both the whistleblower and the persons involved, subject to the requirements of a fair and comprehensive investigation. The identity of the whistleblower shall remain protected and confidential unless disclosure is mandated by law or by a court order.</p> <p>Furthermore, the policy safeguards Trustees, Officers, employees, and members who report concerns in good faith from any form of retaliation, discrimination, harassment, or adverse employment action. Reference: SMBA whistleblowing policy</p>	<p>https://serviamus-mbai.com/wp-content/uploads/2026/06/SMBA-Whistleblowing-Policy.pdf</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>Whistleblower may report to the Management or to the whistleblower compliance officer. They can report it through the following channels. (Email) serviamus_mba@yahoo.com.ph (Postmail) 4th Floor, Diocesan Centrum Bldg., Lluch St. Poblacion, Iligan City (Contact) (063) 223-2493, 228-4354. In cases where management is involved, employees can directly report to the Audit Committee.</p>	<p>https://serviamus-mbai.com/</p>	

<p>3. Board supervises and ensures the enforcement of the whistleblowing framework</p>	<p>Compliant</p>	<p>The Board, through the Audit Committee, provides oversight on the effective implementation of the whistleblowing policy. The Compliance Officer is tasked with immediately reporting all whistleblowing complaints or incidents to the Audit Committee. Any reported matter, when applicable, undergoes proper investigation and corresponding disciplinary or corrective measures are undertaken as necessary. For the reporting year, the organization did not receive or record any whistleblowing incidents. Reference: SMBA whistleblowing policy</p>	<p>https://serviamus-mbai.com/wp-content/uploads/2026/06/SMBA-Whistleblowing-Policy.pdf</p>	
<p>Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.</p>				
<p>Recommendation 16.1</p>				
<p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business while contributing to the advancement of the society where it operates.</p>	<p>Compliant</p>	<p>The management and staff of Serviamus MBA are committed to promoting a culture of environmental and social responsibility. In line with this commitment, the organization carries out various community involvement and environmental initiatives, such as Free eyeglasses and Check-up, in collaboration with its partner institution, Serviamus Foundation, Inc.. Reference: 2025 SMBA Annual Report page 12</p>	<p>https://serviamus-mbai.com/wp-content/uploads/2026/06/2025-SMBA-ANNUAL-REPORT.pdf</p>	

CERTIFICATION

The undersigned certify that the responses and explanation 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 ILIGAN on the JUN 23 2026 of _____.



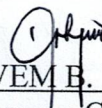
REV. FR. ENRIQUE R. LACOSTALES
President/Chairman of the Board



MS. LILIAN C. BALEROS
Corporate Secretary



MR. FELIX A. TAMPUS
General Manager



MS. GLADYS VEM B. MACALISANG
Corporate Governance Compliance Officer



MR. GODOFREDO S. LUMBO JR.
Independent Director

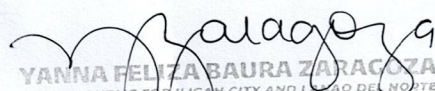


REV. FR. RODOLFO M. ENCABO
Independent Director

SUBSCRIBED AND SWORN to before me this JUN 23 2026 day at of _____, 2026, by the following who are all personally known to me (or whom I have identified through competent evidence of identity) and who exhibited to me their respective identification document as follows:

NAME	SSS ID#	DATE /PLACED ISSUED
1. Rev. Fr. Enrique R. Lacostales	08-0999901-1	Iligan City
2. Ms. Lilian C. Baleros	08-0725655-2	Iligan City
3. Mr. Felix A. Tampus	08-1219793-6	Iligan City
4. Ms. Gladys Vem B. Macalisang	08-3031420-9	Iligan City
5. Mr. Godofredo S. Lumbo Jr.	08-0274845-0	Iligan City
6. Rev. Fr. Rodolfo M. Encabo	08-1860973-2	Iligan City

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Series of 2026


YANNA FELIZA BAURA ZARAGOZA
NOTARY PUBLIC FOR ILIGAN CITY AND LUNA DEL MONTE
Roll of Attorneys No. 87940 | May 2, 2023
IEP No. 582205 | 01-01-2026 | Pasig City
PTR No. 2500424 | 01-05-2026 | Iligan City
MCLE Compliance No. VIII-0034938
TIN No. 600-759-510
Notary Commission Serial No. 25-581
Valid Until December 31, 2026