

2022 Sustainability Report

Company Details	
Name of Organization	Knights of Columbus Fraternal Association of the Philippines, Inc. (KCFAPI)
Location of Headquarters	Intramuros, Manila
Location of Operations	Philippines
Business	Mutual Benefit Association
Reporting Period	2022

ECONOMIC

FINANCIAL HIGHLIGHTS	
('000)	2022
Total Und. Revenue	798,376
Net Investment Income	303,046
Total Revenues	1,101,422
Total Underwriting Deductions	899,051
Total Operating Expenses	135,360
Total Expenses	1,034,411
Non-Recurring Accounts	(33,290)
Excess Rev. Before Part.	33,721
Invst. Yield with FVPL (%)	4.17
Operating Exp. Ratio (%)	16.95
RBC Ratio (%)	218.58

As a Mutual Benefit Association (MBA), the Knights of Columbus Fraternal Association of the Philippines, Inc., is true in its commitment to provide optimal mutual benefits to all its members and their immediate families through financial products that can cater to their specific financial needs. On the other hand, as part-owners of the Association, Benefit Certificate Holders receive their annual participation from the excess of revenue over expenses before participation of P33.7 Million. On the part of the management, they ensure efficiency in its operations by carefully managing their operating expense ratio. In 2022, operating expense ratio was 16.95%.

The Association contributes to the economic performance of the country through its investments in both government securities, commercial and industrial sectors. The investment income attained by

KCFAPI for 2022 was P303,045,840.00 (exclusive of unrealized loss from Fair Value on Profit and Loss).

On its 64th year, KCFAPI has always been consistent in its compliance to good corporate governance standards. This is demonstrated by the most recent 85.52 rating of your Association in the ASEAN Corporate Governance Scorecard (ACGS) as evaluated by the Institute of Corporate Directors (ICD). This practice has been inherent together with the core values of the Knights of Columbus followed not only by its mother company but throughout its three (3) wholly-owned and majority-owned companies and two (2) Foundations.

As a testament to its good corporate governance, your Association received three (3) awards during the 2022 Annual Golden Arrow Awards. These are the top performing insurance company, the most improved insurance company, the top performing company in the Mutual Benefit Association Sector in the Philippines.

KCFAPI upholds the highest standard of integrity, conduct and morality in its operations by strictly adhering to their Revised Manual on Corporate Governance. This serves as a guide to all of its Board of Trustees, officers, employees and sales force as well as those involved in the operations of its wholly owned and majority owned companies, and Foundations. As a standard for best practice, it is the policy of the Association to recommunicate its KCFAPI Revised Code of Ethics to all Board Members, KCFAPI Officers and employees at the commencement of every fiscal year. Everyone is required to review and sign the same as a formal manifestation of commitment to the shared ethical standards and culture that prevails in the operations of KCFAPI. Questions are also accommodated regarding provisions of the code to ensure that all parties are abreast with the standards for professional and ethical behavior as well as acceptable and unacceptable conduct and practices in internal and external dealings of the Association. The Revised Code is disclosed and available to the public through the company website. Furthermore, under the Revised Manual on Corporate Governance, conflicts of interest should be handled with utmost prudence and diligence so as to avoid conflicts of interest in performing official duties. Where a potential conflict of interest arises, everyone from the Board and Management level to the staff are enjoined to adhere to the procedures provided by law and the KCFAPI's By-laws. Trustees with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the same.

The Association maintains its operations excellence through compliance with all standards set by the government. This is done through strong company policies that ensure integrity in its service. These company policies include among others: Corporate Governance, compliance to Anti- Money Laundering Act (AMLA) and Terrorist Financing, Related Party Transactions, Whistle-Blowing Policy and Data Privacy Policy.

ENVIRONMENT

As a Catholic Organization, KCFAPI is committed in doing its part to take care of the environment according to the social teachings of the Church.

In 2022, the Association partnered with Pawicare, a Non-Government Organization focused on the protection of endangered Turtes located at San Narciso Zambales. This partnership

ensured the continuous operations of the organization in carrying out its mission and advocacy.

KCFAPI continuously maintain its wide array of indoor and outdoor plants within the perimeter and inside its office located at the heart of Intramuros, Manila. Reduction in energy consumption has been a focus of the Association in the past few years. In order to contribute to the carbon reduction, regular equipment and bulbs were replaced to more efficient inverter air-conditioning units and LED lights.

SOCIAL

Employee Management

KCFAPI is committed in uplifting the competence of its employees by providing them an equal opportunity to undergo trainings through general or technical courses that would enhance their skills in their field of expertise. The Association is affiliated with Life Office Management Association (LOMA) in providing employee training and development through a ladder certification process directed towards the different areas in the Life Insurance industry. Employees are also given an equal opportunity to in-house and external training programs conducted by credible training providers and organizations to further their knowledge in their respective roles in the Association.

KCFAPI offers long term benefit programs to its employees such as non-contributory benefits that would ensure the financial security of employees upon reaching their retirement or if they reach at least 10 years of working with the Association.

As a Catholic Fraternal Organization, the Association also provides activities geared towards the spiritual well-being of its employees and general wellness activities to further boost their morale.

Workplace Conditions

On the 3rd year of the pandemic, the Association continuously ensure the protection of the employees by ensuring that its facilities are well maintained and sanitized to guarantee the safety of its employees and its visitors. KCFAPI continued its financial assistance to employees who are inflicted by the COVID19 virus.

All regular employees of the Association are enrolled in a Health Management Organization (HMO) that provides direct access to health care enabling employees to seek medical consultation and assistance in times of hospitalization.

Relationship with the Community

As a mutual benefit association composed of contributing members of the Order of the Knights of Columbus, KCFAPI is in solidarity with the Catholic Church, clergy and the Order of the Knights of Columbus. As of 2022, the Association turned over a total of P13.14 Million for the projects of the Catholic Bishops Conference of the Philippines from the CBCP Seed of Hope Fund.

KCFAPI spreads the Word of God through the TV Program “The Word Exposed”. A monthly donation of P25,000 or P300,000 a year is given to the Jesuits Communication Foundation.

In addition, in line with the Association’s response to the call of the Supreme Knight to Leave No Neighbors Behind, the Knights of Columbus Philippines’ Members Assistance Program (KCMAP) against COVID19 continued to provide financial assistance to KofC members and their families during the time of the pandemic. In 2022 alone an amount of Php1,598,877.49, Php806,103.00, Php640,000.00, and Php1,551,000.00 or a total of Php4,595,980.49 were given to affected members in Luzon North, Luzon South, Visayas, and Mindanao jurisdictions, respectively.

Finally, through its Foundations, the Association was able to send 2 Priests scholars to Rome for further studies and was able to assist 5 newly ordained priests in their vocation. For the School year which opened in 2022, the foundations have a total of 82 scholars with a total of 775 graduated scholars.