

SECURITIES AND EXCHANGE COMMISSION

SEC FORM - I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended
Dec 31, 2018
2. SEC Identification Number
147669
3. BIR Tax Identification Number
000-432-378
4. Exact name of issuer as specified in its charter
Cosco Capital, Inc.
5. Province, country or other jurisdiction of incorporation
Manila, Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
No. 900 Romualdez St., Paco, Manila
Postal Code
1007

8. Issuer's telephone number, including area code
(632) 522-8801 to 04

9. Former name, former address, and former fiscal year, if changed since last report
None

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Cosco Capital, Inc.

COSCO

PSE Disclosure Form I-ACGR - Integrated Annual Corporate Governance Report
Reference: SEC Code of Corporate Governance for Publicly-Listed Companies, PSE
Corporate Governance Guidelines, and ASEAN Corporate Governance Scorecard

Description of the Disclosure

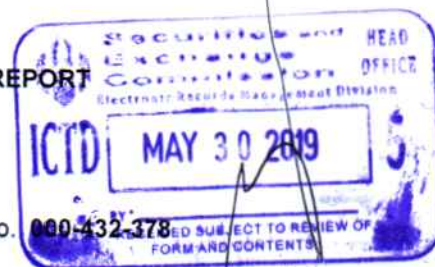
Please see attached Integrated Annual Corporate Governance Report of Cosco Capital, Inc. for the year 2018.

Filed on behalf by:

Name	Candy Dacanay-Datuon
Designation	Assistant Corporate Secretary / Compliance Officer

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT



1. For the fiscal year ended **DECEMBER 31, 2018**
2. SEC Identification Number **147669**
3. BIR Tax Identification No. **000-432-378**
4. Exact name of issuer as specified in its charter **COSCO CAPITAL, INC.**
5. **MANILA, PHILIPPINES** (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. **NO. 900 ROMUALDEZ ST., PACO, MANILA** **1007**
Address of principal office Postal Code
8. **632-522-8801 TO 04**
Issuer's telephone number, including area code
9. **NONE**
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long-term success of the corporation, and to sustain its competitiveness and profitability 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 is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	<p>The members of the Board of Directors are composed of 7 males and 1 female. All directors are considered leaders in their respective companies. All of them are qualified to be directors under the Securities and Regulation Code (SRC) and Manual on Corporate Governance (MCG) of the Company.</p> <p>pages 199-203 http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf</p> <p>pages 8-11 http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/Definitive_Information_Statement_(1).pdf</p>	
2. Board has an appropriate mix of competence and expertise.			
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.			
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	Mr. Levi Labra, Mr. Roberto Juanchito T. Dispo, Mr. Robert Cokeng, Mr. Oscar Reyes, Atty. Bienvenido Laguesma are all non-executive directors.	

		<p>Mr. Lucio L. Co, Mrs. Susan P. Co and Mr. Leonardo B. Dayao are the only executive directors in the Board.</p> <p>pages 199-203 http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf</p> <p>pages 8-11 http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Definitive_Information_Statement_(1).pdf</p>	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	<p>The Company holds annual training for directors and key officers.</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Certificate_of_Attendance_of_Directors_andOfficers_to_Corporate_Governance_dated_February_23,_2018.pdf</p>	
2. Company has an orientation program for first time directors.			
3. Company has relevant annual continuing training for all directors.			
Recommendation 1.4			
1. Board has a policy on board diversity.	Non-Compliant		<p>The Company has not issued yet a Policy on Board Diversity. But the Company has members coming from diverse but relevant sectors.</p>

			Mr. Co, Mrs. Co, Mr. Dayao, and Mr. Labra are from retail and supply distribution; Mr. Dispo from investment banking; Mr. Cokeng from other holding company with investments in real estate, power generation and information technology; Mr. Reyes from conglomerate utility companies and Atty. Laguesma from the Academe with expertise on labor matters.
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.			
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	Atty. Jose S. Santos III is the Corporate Secretary and Atty. Candy H. Dacanay-Datuon is the Compliance Officer.	
2. Corporate Secretary is a separate individual from the Compliance Officer.			
3. Corporate Secretary is not a member of the Board of Directors.			
4. Corporate Secretary attends training/s on corporate governance.			
		Atty. Santos is not a member of the Board and he attends trainings on corporate governance.	
		pages 203-204 http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/SEC Form 17-A Annual Report 2018.pdf	
		http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/Certificate of Attendance of Directors and Officers to Corporate Governance dated February 23, 2018.pdf	
Optional: Recommendation 1.5			

1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.			
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	The Board is assisted by a Compliance Officer - Atty. Candy H. Dacanay-Datuon. page 204 http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Non-Compliant		Atty. Dacanay-Datuon is not holding a Vice President position or any equivalent rank.
3. Compliance Officer is not a member of the board.	Compliant	Atty. Dacanay-Datuon is not a member of the Board. page 204 http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
4. Compliance Officer attends training/s on corporate governance.	Compliant	The Dacanay-Datuon attends trainings on Corporate Governance every year. http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Certificate_of_Attendance_of_Directors_andOfficers_to_Corporate_Governance_dated_February_23,_2018.pdf	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
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	Directors participate during Board and Committee meetings. They seek clarification and provide their inputs on matters taken up at the meetings. They give recommendations	

		<p>when necessary or appropriate to protect the interests of the Company and its stakeholders.</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Exerpts_from_the_Minutes_of_the_Meeting_dated_May_8,_2018_of_Cosco_Capital_Inc.pdf</p>	
Recommendation 2.2			
<ol style="list-style-type: none"> 1. Board oversees the development, review and approval of the company's business objectives and strategy. 2. Board oversees and monitors the implementation of the company's business objectives and strategy. 	Compliant	<p>Every quarter the Board meets for the financial and operational performance review of the Company.</p> <p>The head of each business unit presents to the Board the quarterly result of their operation and the Comptroller consolidates the financial results quarterly and presents to the Audit Committee and the Board of Directors.</p> <p>During those meetings, the Board and the members of the Audit Committee shares input and recommends actions on how to be more effective in the implementation of the company's business objectives and strategy.</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Exerpts_from_the_Minutes_of_the_Meeting_dated_May_8,_2018_of_Cosco_Capital_Inc.pdf</p>	
Supplement to Recommendation 2.2			

1. Board has a clearly defined and updated vision, mission and core values.	Compliant	https://www.coscocapital.com/about.do?id=19561	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.			
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	<p>Mr. Lucio L. Co is an entrepreneur for more than 40 years. He currently holds the following positions in other publicly-listed companies: Chairman of Puregold Price Club, Inc. and Da Vinci Capital Holdings, Inc., and Director of Philippine Bank of Communications.</p> <p>Mr. Co is also the Chairman of the following privately-owned companies: Bellagio Holdings, Inc., Invescap Incorporated, P.G. Holdings, Inc., Puregold Duty Free (Subic), Inc., Puregold Duty Free, Inc., Puregold Finance, Inc., Puregold Properties, Inc., Puregold Realty Leasing & Management, Inc., San Jose City I Power Corp., Union Energy Corporation, and Union Equities, Inc.</p> <p>He is also a Director of the following privately-owned companies: Tower 6789 Corporation, Catuiran Hydropower Corporation, Karayan Hydropower Corporation, LCKK & Sons Realty Corporation, League One Finance and Leasing Corporation, and PPCI Subic, Inc.</p> <p>He is a member of the Board of Trustees of Adamson University and Luis Co Chi Kiat Foundation, Inc.</p>	

Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	The children of the majority stockholder occupy executive positions in various companies or subsidiaries of the Corporation.	
2. Board adopts a policy on the retirement for directors and key officers.			
		The Company has a hierarchy of employee ranks depending on their trainings and experiences.	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	The non-executive Board members receive only per diem allowance every meeting.	
2. Board adopts a policy specifying the relationship between remuneration and performance.			
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.			
		Directors do not participate in discussions or deliberations involving his/her own remuneration.	
		http://coscocapitalbeta.webtogo.com.ph/multi_page_uploads/2771/25458/ANNEX%20(12)-Managers%20Accomplishment%20Report.pdf	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	-	-	-
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	-	-	-
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Non-Compliant		The members of the Board are nominated either by the Chairman or the President and screened by the Nominations Committee.
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.			

3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.			The Board approves the list of nominees before they are sent to the stockholders for election.
4. Board nomination and election policy includes how the board shortlists candidates.			
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.			
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.			
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.			
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	Transactions between related parties are in arms-length basis in a manner similar to transactions with non-related parties. The terms under which the Company binds itself with related parties are comparable to those available from unrelated parties. To ensure this, the Company uses terms and provisions it has in place for similar contracts with unrelated parties as a benchmark for its agreements with related parties. As a matter of financial policy, all RPT are properly disclosed in the Company's financial statements and annual reports.	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.			
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.			
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions	Compliant	All RPT, regardless of amount, are adequately disclosed. They are approved in	

<p>according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>		<p>the ordinary course of business by the top management of the Company.</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf</p>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>Non-Compliant</p>		<p>All RPT, regardless of amount, are adequately disclosed. They are approved in the ordinary course of business by the top management of the Company. These transactions are subject to regular internal and external audit.</p> <p>#AFS</p>
<p>Recommendation 2.8</p>			
<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>	<p>Compliant</p>	<p>High-ranking officers of the Company are appointed or confirmed by the Board of Director during the annual board organizational meeting.</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Result%20of%20Annual%20Stockholders%20Meeting%20dated%20June%202018.pdf</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>Recommendation 2.9</p>			
<p>1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.</p>	<p>Compliant</p>	<p>The Board reviews the operation and finances of the Company every quarter of the year.</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Cosco_Capital_Inc._3rd_Quarterly_Report.pdf</p>	
<p>2. Board establishes an effective performance management framework that ensures that personnel's performance is at</p>			

par with the standards set by the Board and Senior Management.			
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	The Board has an Audit Committee that specifically supervises internal audit activities and reviews internal audit reports. The Company has Internal Audit Charter approved by the Board on August 10, 2018.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.			
3. Board approves the Internal Audit Charter.			
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.	Non-Compliant		Each business units and departments manages risk in consultation with the top management and reviewed by the Internal Audit.
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.			
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Non-Compliant		The Board has no separate Board Charter document but its functions, responsibilities and accountabilities in carrying out its fiduciary role are clearly contained in the MCG of the Company.
2. Board Charter serves as a guide to the directors in the performance of their functions.			
3. Board Charter is publicly available and posted on the company's website.			
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	The Company is disclosing promptly all trading of shares conducted by any of its directors or officers.	
Optional: Principle 2			

1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	-	-	-
2. Company discloses the types of decision requiring board of directors' approval.	-	-	-

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

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	<p>The Board has Audit Committee and Corporate Governance Committee to aid the Board in the performance of its roles and responsibilities.</p> <p>http://coscocalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf</p> <p>http://coscocalbeta.webtogo.com.ph/images/items/uploads/Result%20of%20Annual%20Stockholders%20Meeting%20dated%20June%2029,%202018.pdf</p>	
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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	<p>The Audit Committee is composed of:</p> <p>Robert Cokeng – Chairman Oscar Reyes – Member Bienvenido Laguesma – Member Leonardo Dayao – Member Susan P. Co – Member</p>	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.			

3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.		Directors Cokeng, Reyes and Laguesma are all independent directors.	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.		All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	The Company has not engaged the external auditor for any non-audit services.	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Non-Compliant		All meetings of Audit Committee with external auditor were conducted in the presence of officers from the management team. However, the members of the Audit Committee or external auditor were free to discuss anything and not hindered by the presence of anyone from the management team.
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	Compliant	The Audit Committee meets quarterly. The Audit Committee approves the appointment of the Internal Auditor.	
2. Audit Committee approves the appointment and removal of the internal auditor.			
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	The members of the Corporate Governance Committee are: Oscar Reyes –Chairman Robert Cokeng - Member	

2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.		Bienvenido Laguesma – Member Leonardo Dayao – Member Lucio L. Co – Member	
3. Chairman of the Corporate Governance Committee is an independent director.		Cokeng, Reyes and Laguesma are all independent directors. http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/Result%20of%20Annual%20Stockholders%20Meeting%20dated%20June%2029,%202018.pdf	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.			
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.	Non-Compliant		Risk management is handled by each department /business unit and reviewed by the Internal Audit.
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.			
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.			
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.			
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Non-Compliant		RPT transactions are reviewed by the Audit Committee and the Board.
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.			
Recommendation 3.6			

1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Non-Compliant		The Board is yet to establish Committee Charter. But currently the MCG provides for the respective purposes, memberships, structures, operations, reporting process, resources and other relevant information about the Audit Committee and Corporate Governance Committee.
2. Committee Charters provide standards for evaluating the performance of the Committees.			
3. Committee Charters were fully disclosed on the company's website.			
<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.</p>			
<p>Recommendation 4.1</p>			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	The attendance of the directors in percentage for the year 2018 is as follows:	
2. The directors review meeting materials for all Board and Committee meetings.			
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.			
<p>Mr. Lucio L. Co – 100% Mrs. Susan P. Co – 71% Mr. Leonardo B. Dayao – 100% Mr. Levi Labra - 86% Mr. Roberto Juanchito T. Dispo – 71% Mr. Oscar Reyes – 86% Mr. Robert Cokeng – 100% Atty. Bienvenido Laguesma – 86%</p>		<p>All directors review meeting materials for all board and committee meetings and ask necessary questions and seek clarifications and explanations during the Board and Committee meetings.</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Exerpts_from_the_Minutes</p>	

		<u>of the Meeting dated May 8, 2018 of Cosco Capital, Inc.pdf</u>	
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Compliant	No director in the Company serves more than five publicly-listed companies.	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	The MCG requires any director to notify the Board before accepting directorship in another company. page 3 - http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Compliant	No executive director serves more than two boards of listed companies outside of the group. http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC Form 17-A Annual Report 2018.pdf	
2. Company schedules board of directors' meetings before the start of the financial year.	Compliant	Schedule of regular board meetings for the coming year is set in advance before the start of the new calendar year. For 2018, there were 7 board meetings: February 9, April 12, May 8, June 29, August 10, October 18, and November 9.	

		For 2019, there are 6 board meetings set: February 1, March 29, May 3, May 14, August 2 and November 8.	
3. Board of directors meet at least six times during the year	Compliant	For 2018, there were 7 board meetings: February 9, April 12, May 8, June 29, August 10, October 18, and November 9. For 2019, there are 6 board meetings set: February 1, March 29, May 3, May 14, August 2 and November 8.	-
4. Company requires as minimum quorum of at least 2/3 for board decisions.	Compliant	Article IV, Section 10 of the Company's bylaws states that: "Section 10 – Two-thirds (2/3) of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business provided that at least one independent director be present." Page 9 http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Certificate%20of%20Filing%20of%20Amended%20By-Laws%20dated%20October%202019_%202016.pdf	-

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs

Recommendation 5.1

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Compliant	The independent directors of the Company are: Mr. Robert Cokeng, Mr. Oscar Reyes, and Atty. Bienvenido Laguesma.	
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		http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	No independent directors have yet served cumulative term of nine years (reckoned from 2012).	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.			
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.			
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	Mr. Lucio L. Co is the Chairman and Mr. Leonardo Dayao is the President. They have different roles and responsibilities in the Company.	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.			
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Compliant	Mr. Robert Cokeng is the lead independent director of the Company. http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	

Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	There is no transaction in 2018 that involves any director having personal and material interest in it.	
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 present.	Non-Compliant		The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions with at least one executive director present.
2. The meetings are chaired by the lead independent director.	Compliant	Mr. Robert Cokeng is the lead independent director and he is also the Chairman of the Audit Committee. http://coscocalphabeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	-	-	-
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Non-Compliant		The Board has not adapted yet an assessment process to appraise its performance as a body and as individual directors.
2. The Chairman conducts a self-assessment of his performance.			
3. The individual members conduct a self-assessment of their performance.			
4. Each committee conducts a self-assessment of its performance.			

5. Every three years, the assessments are supported by an external facilitator.			
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Non-Compliant		The Board has not adapted yet an assessment process to appraise its performance as a body and as individual directors.
2. The system allows for a feedback mechanism from the shareholders.			
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 provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	The Company has a Code of Discipline.	
2. The Code is properly disseminated to the Board, senior management and employees.	Non-Compliant		The Company will adopt a system on proper dissemination of the Code of Discipline to the Board, senior management and employees, and disclosure to the public through the Company website.
3. The Code is disclosed and made available to the public through the company website.			
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	Every quarter, the Internal Audit Department issues reports showing results of compliance or audit findings.	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	Every quarter, the Internal Audit Department issues reports showing results of compliance or audit findings.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.			
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. 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>It is the policy and practice of the Company to disclose financial reports properly and promptly to shareholders and other stakeholders that give a fair and complete picture of a company's financial condition, results and business operations.</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Cosco_Capital_Inc._-3rd_Quarterly_Report.pdf</p>	
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Supplement to Recommendations 8.1

<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	<p>Non-Compliant</p>		<p>Consolidated financial statements are published within one hundred five (105) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>
<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>Compliant</p>	<p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf</p>	

Recommendation 8.2

1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	The Company reports directors and officers' dealings with company's shares in less than 3 days.	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.		http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Statament%20of%20Changes%20in%20Beneficial%20wnership%20of%20Securities%20of%20M.s.%20Katrina%20Marie%20P.%20Co%20dated%20May%204,%2020181.pdf	
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Compliant	http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Buy Back of shares dated December 11, 2018.pdf	
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	http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC Form 17-A Annual Report 2018.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.		http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Definitive Information Statement (1).pdf	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	The complete compensation of the members of the Board are fully disclosed in the Annual Report and the Information Statement of the Company.	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.			

3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.		http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	The Company's Annual Report provides for all related party transactions.	
2. Company discloses material or significant RPTs reviewed and approved during the year.		http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	<p>The Company's MCG requires directors to disclose their interests in transactions or any other conflict of interests.</p> <p>In 2018, there is no incident that any director discloses any interests in any transactions or any other conflict of interests.</p> <p>page 4 - http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf </p>	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	Compliant	http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	

Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/SEC_17-C_re_Philippine_Competition_Commission_Decision_dated_January_17,_2019.pdf	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.			
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.p df	
2. Company's MCG is submitted to the SEC and PSE.			
3. Company's MCG is posted on its company website.			
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Non-Compliant		The Company has not yet updated its MCG.
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	Compliant	http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
a. Corporate Objectives			
b. Financial performance indicators			
c. Non-financial performance indicators			
d. Dividend Policy			
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant			

experience, and other directorships in listed companies) of all directors			
f. Attendance details of each director in all directors meetings held during the year			
g. Total remuneration of each member of the board of directors			
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.			
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.			
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.			
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).			

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

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	http://coscocalphabeta.webtogo.com.ph/multi_page_uploads/2771/25462/Annex%20(16)-Audit%20Committee%20Charter.pdf	
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.			
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	The Company will disclose any case of removal or change of external auditor.	

Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	<p>In 2018, the company changed its lead audit partner from Mr. Darwin Virocel to Mr. Dindo Marco M. Dioso.</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Definitive_Information_Statement_(1).pdf</p>	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> 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	<p>http://coscocalpitalbeta.webtogo.com.ph/multi_page_uploads/2771/25462/Annex%20(16)-Audit%20Committee%20Charter.pdf</p>	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.			
Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Compliant	<p>http://coscocalpitalbeta.webtogo.com.ph/multi_page_uploads/2771/25462/Annex%20(16)-Audit%20Committee%20Charter.pdf</p>	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.			
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	There have been no non-audit services performed by the external auditor in 2018.	
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.		page 21 - http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	There have been no non-audit services performed by the external auditor in 2018. page 21 - http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	The company's external auditor is R.G. Manabat & Co. with office address at The KPMG Center, 9/F 6787 Ayala Avenue, Makati City Philippines 1226 +63 (2) 885 7000	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).		The lead audit partner is Mr. Dindo Marco M. Dioso with CPA License No. 0095177 with SEC Accreditation No. 1387-AR-1 (Group A) valid until May 31, 2020. R.G. Manabat & Co. agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	

		#AFS Report of Independent Directors page 1 - http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
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 underpin sustainability.	Compliant	The Company will follow the sustainability reporting required by the SEC effective 2019.	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.			
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. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Cosco_9M_2018_Investor_Presentation_NOV_2018_Final.pdf	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	Compliant	https://www.coscocalpital.com	
a. Financial statements/reports (latest quarterly)			
b. Materials provided in briefings to analysts and media			
c. Downloadable annual report			
d. Notice of ASM and/or SSM			
e. Minutes of ASM and/or SSM			

f. Company's Articles of Incorporation and By-Laws			
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Compliant	www.coscocapital.com	
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	The Company has an internal audit department headed by its Chief Audit Officer.	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.		The Company has Internal Audit Charter and every year the Chief Audit Officer presents internal audit plan to the Audit Committee and the Board.	
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	Compliant		
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.			
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	The company has internal audit department though in-house is independent and objective.	
Recommendation 12.3			

1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	The company's Chief Audit Executive appointed by the Board is Ms. Emerlinda Llamado. http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/Result%20of%20Annual%20Stockholders%20Meeting%20dated%20June%202029,%20202018.pdf	
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		
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 Company has no fully outsourced internal audit activity.	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Non-Compliant		The risk management function is currently performed by each of the department and reviewed by the Audit Department.
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	The Company will seek external technical support in risk management when necessary.	
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Non-Compliant		Each business units and departments manages risk in consultation with the top management and reviewed by the Internal Audit.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.			
Additional Recommendation to Principle 12			

1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Non-Compliant		The directors of the Company have reviewed the effectiveness of the Company's internal control system and consider them effective and adequate. Any major findings that cannot be resolved at the management level are elevated to the Audit Committee of the Board. For the past year, there has been no matter elevated to the Audit Committee.
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	http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf	
2. Board ensures that basic shareholder rights are disclosed on the company's website.			
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	Please see Section 6 Article III of the Company's ByLaws, to read as follows: "Section 6. Vote – At each meeting of the stockholders, every stockholders shall be entitled to vote in person or by proxy, and he shall have one vote for each share of stock standing in his name on the books of the corporation at the time of the closing of the transfer books on the day preceding the meeting; provided, that all meetings for the election of directors, the shares of stocks will be voted as provided in Section 24 of the Corporation Code."	

		<p>page 4 - http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Certificate%20of%20Filing%20of%20Amended%20By-Laws%20dated%20October%2019,%202016.pdf</p>	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.		<p>The Company has only one class of share: common share. All shareholders are treated equally with respect to voting rights, subscription rights and transfer rights.</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Definitive Information Statement (1).pdf</p> <p>page 6 - http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf</p>	
3. Board has an effective, secure, and efficient voting system.		<p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Definitive Information Statement (1).pdf</p>	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Non-Compliant		The Board has not yet adopted an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders

			against actions of controlling shareholders.
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Non-Compliant		There is no procedure yet for minority shareholders' to call shareholders meeting and submit agenda item. However, minority shareholders are not precluded from calling a meeting and submitting agenda item. The Company has an investor Relations Officer who can handle stockholders concerns, if there are any.
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	The company treats all shareholders fairly and equitably. page 6 - http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf	
7. Company has a transparent and specific dividend policy.	Compliant	Please see Section 2 Article VIII of the Company's By Laws, to read as follows: "Section 2. Dividends shall be declared only from the surplus profit and shall be payable at such times and in such amounts as the Board of Directors shall determine, and shall be payable in cash or shares of stock as said Board Directors shall determine. No dividends shall be declared that will impair the capital of the corporation and no stock dividends shall be issued except as now or may hereafter be authorized and provided by	

		<p>law. Participation in the profits or earnings from operations before taxes, shall be paid to directors and officers of the corporation in the amount of 5% only thereof to be distributed in the manner, amounts and proportion as the Board of Directors may determine.”</p> <p>Every year, the Company declares dividends.</p> <p>Pages 10-11 http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Certificate%20of%20Filing%20of%20Amended%20By-Laws%20dated%20October%2019,%202016.pdf</p> <p>page 20 - http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf</p>	
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Compliant	The Company appoints the stock transfer agent (RCBC Stock Transfer Department) to count or validate attendance and votes of the stockholders.	
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 28 days before the meeting.	Compliant	<p>Notice and agenda of the Annual Stockholders Meeting is sent to all stockholders 30 days before the meeting.</p> <p>page 3 - http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf</p>	

		es/items/uploads/Certificate%20of%20Filing%20of%20Amended%20By-Laws%20dated%20October%2019,%202016.pdf	
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Compliant	http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Cosco%20Preliminary%20Information%20Statement.pdf http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Definitive Information Statement (1).pdf	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)			
b. Auditors seeking appointment/re-appointment			
c. Proxy documents			
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting.	Compliant	http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Cosco%20Preliminary%20Information%20Statement.pdf http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Definitive Information Statement (1).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>The Results of the Annual or Special Stockholders' Meeting was posted in the PSE Website on the same day, June 29, 2018.</p> http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Result%20of%20Annual%20Stockholders%20Meeting%20dated%20June%2029,%202018.pdf	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.			
Supplement to Recommendation 13.3			

1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	The external auditor represented by the handling partner was present during the ASM http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/Definitive Information Statement (1).pdf	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Non-Compliant		The Board will adopt a policy on an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.			
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	The contact details of the officer/office responsible for investor relations: 1. Name of the person: Mr. John Hao 2. Telephone number: 523-3055 3. Fax number: 523-3055 4. E-mail address: john.hao@puregold.com.ph	
2. IRO is present at every shareholder's meeting.			
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	The Company's Amended By-Laws do not contain anti-takeover measures, no issuance of "poison pill" preferred stocks, no standstill agreement, premium stock repurchases, etc.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Non-Compliant		The Company has 24.69% public float as of December 31, 2018 as seen on the Public Ownership report of the Company.
Optional: Principle 13			

1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	-	-	-
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	-	-	-

Duties to Stakeholders

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

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	http://www.puregold.com.ph/index.php/news_room/learn-how-to-grow-your-business-with-our-ka-asenso-masters/	
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Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/Cosco_-_9M_2018_Investor_Presentation_NOV_2018_Final.pdf	
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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>Stockholders may contact the IRO to communicate with the company and to obtain redress for the violation of their rights.</p> <p>1. Name of the person: Mr. John Hao 2. Telephone number: 523-3055 3. Fax number: 523-3055 4. E-mail address: john.hao@puregold.com.ph</p>	
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Supplement to Recommendation 14.3

1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Non-Compliant		The Company will establish an alternative dispute resolution system.
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	The Company did not request for any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue.	
2. Company respects intellectual property rights.	Compliant	The Company has various trademarks registered under its name from the Intellectual Property Office. pages 11 to 12 - http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	-	-	-
2. Company discloses its policies and practices that address supplier/contractor selection procedures	-	-	-
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	The Company conducts regular performance review of employees and provides incentives or salary adjustments depending on the result of the review.	
Supplement to Recommendation 15.1			

1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	The Company has existing performance evaluation system that measure the grant of salary increase for the employees.	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	The Company complies with labor standards of the Philippines.	
3. Company has policies and practices on training and development of its employees.	Compliant	The Company has policies and practices on training and development of its employees.	
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.	Non-Compliant		The board will adopt an anti-corruption policy program in its Code of Conduct.
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.			
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	The company has policy against conflict of interest which includes prohibition and penalty against employees offering, paying and receiving bribes. http://coscocapitalbeta.webtogo.com.ph/multi_page_uploads/2771/25470/Annex%20(24)-Conflict%20of%20Interest%20Policy.pdf	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	Compliant	http://coscocapitalbeta.webtogo.com.ph/multi_page_uploads/2771/25487/Annex%20(41)-Whistleblowing%20Policy.pdf	
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.			
3. Board supervises and ensures the enforcement of the whistleblowing framework.			

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

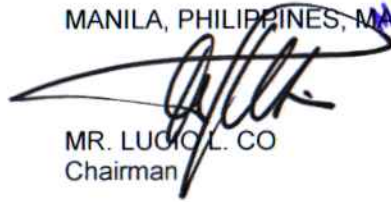
<p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p>Compliant</p>	<p>The company has programs for deserving scholars in state universities and helps sari-sari store owners to grow their business.</p> <p>http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/COSCO%20AR%202017%20for%20web.pdf</p>	
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Optional: Principle 16

<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>-</p>	<p>-</p>	<p>-</p>
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p>-</p>	<p>-</p>	<p>-</p>

SIGNATURE PAGE OF
INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT
FOR COSCO CAPITAL, INC.

MANILA, PHILIPPINES, ^{MAY 29 2019} _____, 2019



MR. LUCIO L. CO
Chairman



MR. LEONARDO B. DAYAO
President



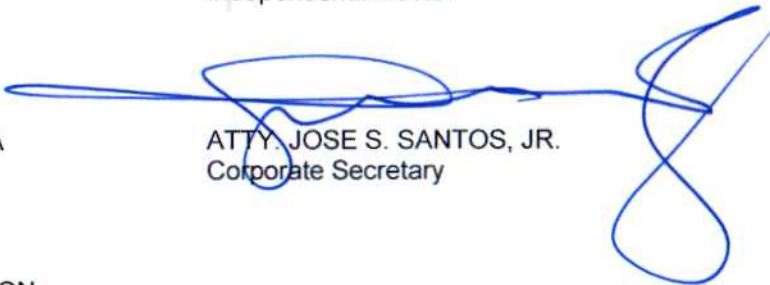
MR. ROBERT Y. COKENG
Independent Director



MR. OSCAR S. REYES
Independent Director

OUT OF THE COUNTRY

ATTY. BIENVENIDO E. LAGUESMA
Independent Director



ATTY. JOSE S. SANTOS, JR.
Corporate Secretary



ATTY. CANDY H. DACANAY-DATUON
Compliance Officer

MAY 29 2019

SUBSCRIBED AND SWORN TO before me this ___ day of May 2019, personally appeared the following with their respective valid identification documents:

Name

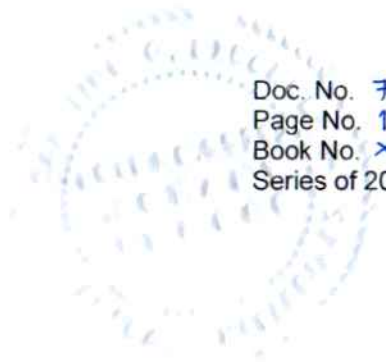
Competent Evidence of Identity

Lucio L. Co
Leonardo B. Dayao
Robert Y. Cokeng
Oscar S. Reyes

Philippine Passport No. P0886449A valid until November 11, 2021
Philippine Passport No. P8815926A valid until September 18, 2028
Philippine Passport No. P1965076A valid until February 19, 2022
Philippine Passport No. P5302920A valid until December 10, 2022

Jose S. Santos, Jr.
Candy H. Dacanay-Datuon

TIN : 136-370-998
Philippine Passport No. P4711458A valid until October 12, 2022

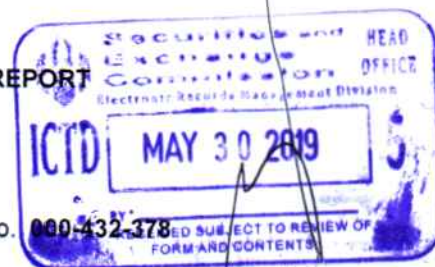


Doc. No. 71
Page No. 16
Book No. XIII
Series of 2019.

CAROLINE G. EXCONDE
Notary Public for the City of Manila
Commission No. 2018-035 until Dec. 31, 2019
Roll No. 55392 / 05-02-2008
IBP No. 09712 / 01-04-2019
PTR No. 8023120 / Manila 01-03-2019
MCLE Compliance No. V-0014291 / 02-16-2016
No. 900 Romualdo St., Paco, Manila 1007

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT



1. For the fiscal year ended **DECEMBER 31, 2018**
2. SEC Identification Number **147669**
3. BIR Tax Identification No. **000-432-378**
4. Exact name of issuer as specified in its charter **COSCO CAPITAL, INC.**
5. **MANILA, PHILIPPINES** (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. **NO. 900 ROMUALDEZ ST., PACO, MANILA** **1007**
Address of principal office Postal Code
8. **632-522-8801 TO 04**
Issuer's telephone number, including area code
9. **NONE**
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability 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 is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	The members of the Board of Directors are composed of 7 males and 1 female. All directors are considered leaders in their respective companies. All of them are qualified to be directors under the Securities and Regulation Code (SRC) and Manual on Corporate Governance (MCG) of the Company. pages 199-203 http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf pages 8-11 http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/Definitive_Information_Statement_(1).pdf	
2. Board has an appropriate mix of competence and expertise.			
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.			
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	Mr. Levi Labra, Mr. Roberto Juanchito T. Dispo, Mr. Robert Cokeng, Mr. Oscar Reyes, Atty. Bienvenido Laguesma are all non-executive directors.	

		<p>Mr. Lucio L. Co, Mrs. Susan P. Co and Mr. Leonardo B. Dayao are the only executive directors in the Board.</p> <p>pages 199-203 http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf</p> <p>pages 8-11 http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Definitive_Information_Statement_(1).pdf</p>	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	<p>The Company holds annual training for directors and key officers.</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Certificate_of_Attendance_of_Directors_andOfficers_to_Corporate_Governance_dated_February_23,_2018.pdf</p>	
2. Company has an orientation program for first time directors.			
3. Company has relevant annual continuing training for all directors.			
Recommendation 1.4			
1. Board has a policy on board diversity.	Non-Compliant		<p>The Company has not issued yet a Policy on Board Diversity. But the Company has members coming from diverse but relevant sectors.</p>

			Mr. Co, Mrs. Co, Mr. Dayao, and Mr. Labra are from retail and supply distribution; Mr. Dispo from investment banking; Mr. Cokeng from other holding company with investments in real estate, power generation and information technology; Mr. Reyes from conglomerate utility companies and Atty. Laguesma from the Academe with expertise on labor matters.
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.			
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	Atty. Jose S. Santos III is the Corporate Secretary and Atty. Candy H. Dacanay-Datuon is the Compliance Officer.	
2. Corporate Secretary is a separate individual from the Compliance Officer.			
3. Corporate Secretary is not a member of the Board of Directors.			
4. Corporate Secretary attends training/s on corporate governance.			
		Atty. Santos is not a member of the Board and he attends trainings on corporate governance.	
		pages 203-204 http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/SEC Form 17-A Annual Report 2018.pdf	
		http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/Certificate of Attendance of Directors and Officers to Corporate Governance dated February 23, 2018.pdf	
Optional: Recommendation 1.5			

1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.			
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	The Board is assisted by a Compliance Officer - Atty. Candy H. Dacanay-Datuon. page 204 http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Non-Compliant		Atty. Dacanay-Datuon is not holding a Vice President position or any equivalent rank.
3. Compliance Officer is not a member of the board.	Compliant	Atty. Dacanay-Datuon is not a member of the Board. page 204 http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
4. Compliance Officer attends training/s on corporate governance.	Compliant	The Dacanay-Datuon attends trainings on Corporate Governance every year. http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Certificate_of_Attendance_of_Directors_andOfficers_to_Corporate_Governance_dated_February_23,_2018.pdf	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
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	Directors participate during Board and Committee meetings. They seek clarification and provide their inputs on matters taken up at the meetings. They give recommendations	

		<p>when necessary or appropriate to protect the interests of the Company and its stakeholders.</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Exerpts_from_the_Minutes_of_the_Meeting_dated_May_8,_2018_of_Cosco_Capital_Inc.pdf</p>	
Recommendation 2.2			
<ol style="list-style-type: none"> 1. Board oversees the development, review and approval of the company's business objectives and strategy. 2. Board oversees and monitors the implementation of the company's business objectives and strategy. 	Compliant	<p>Every quarter the Board meets for the financial and operational performance review of the Company.</p> <p>The head of each business unit presents to the Board the quarterly result of their operation and the Comptroller consolidates the financial results quarterly and presents to the Audit Committee and the Board of Directors.</p> <p>During those meetings, the Board and the members of the Audit Committee shares input and recommends actions on how to be more effective in the implementation of the company's business objectives and strategy.</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Exerpts_from_the_Minutes_of_the_Meeting_dated_May_8,_2018_of_Cosco_Capital_Inc.pdf</p>	
Supplement to Recommendation 2.2			

1. Board has a clearly defined and updated vision, mission and core values.	Compliant	https://www.coscocapital.com/about.do?id=19561	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.			
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	<p>Mr. Lucio L. Co is an entrepreneur for more than 40 years. He currently holds the following positions in other publicly-listed companies: Chairman of Puregold Price Club, Inc. and Da Vinci Capital Holdings, Inc., and Director of Philippine Bank of Communications.</p> <p>Mr. Co is also the Chairman of the following privately-owned companies: Bellagio Holdings, Inc., Invescap Incorporated, P.G. Holdings, Inc., Puregold Duty Free (Subic), Inc., Puregold Duty Free, Inc., Puregold Finance, Inc., Puregold Properties, Inc., Puregold Realty Leasing & Management, Inc., San Jose City I Power Corp., Union Energy Corporation, and Union Equities, Inc.</p> <p>He is also a Director of the following privately-owned companies: Tower 6789 Corporation, Catuiran Hydropower Corporation, Karayan Hydropower Corporation, LCKK & Sons Realty Corporation, League One Finance and Leasing Corporation, and PPCI Subic, Inc.</p> <p>He is a member of the Board of Trustees of Adamson University and Luis Co Chi Kiat Foundation, Inc.</p>	

Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	The children of the majority stockholder occupy executive positions in various companies or subsidiaries of the Corporation.	
2. Board adopts a policy on the retirement for directors and key officers.			
		The Company has a hierarchy of employee ranks depending on their trainings and experiences.	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	The non-executive Board members receive only per diem allowance every meeting.	
2. Board adopts a policy specifying the relationship between remuneration and performance.			
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.			
		Directors do not participate in discussions or deliberations involving his/her own remuneration.	
		http://coscocapitalbeta.webtogo.com.ph/multi_page_uploads/2771/25458/ANNEX%20(12)-Managers%20Accomplishment%20Report.pdf	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	-	-	-
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	-	-	-
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Non-Compliant		The members of the Board are nominated either by the Chairman or the President and screened by the Nominations Committee.
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.			

3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.			The Board approves the list of nominees before they are sent to the stockholders for election.
4. Board nomination and election policy includes how the board shortlists candidates.			
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.			
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.			
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.			
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	Transactions between related parties are in arms-length basis in a manner similar to transactions with non-related parties. The terms under which the Company binds itself with related parties are comparable to those available from unrelated parties. To ensure this, the Company uses terms and provisions it has in place for similar contracts with unrelated parties as a benchmark for its agreements with related parties. As a matter of financial policy, all RPT are properly disclosed in the Company's financial statements and annual reports.	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.			
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.			
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions	Compliant	All RPT, regardless of amount, are adequately disclosed. They are approved in	

<p>according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>		<p>the ordinary course of business by the top management of the Company.</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf</p>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>Non-Compliant</p>		<p>All RPT, regardless of amount, are adequately disclosed. They are approved in the ordinary course of business by the top management of the Company. These transactions are subject to regular internal and external audit.</p> <p>#AFS</p>
<p>Recommendation 2.8</p>			
<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>	<p>Compliant</p>	<p>High-ranking officers of the Company are appointed or confirmed by the Board of Director during the annual board organizational meeting.</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Result%20of%20Annual%20Stockholders%20Meeting%20dated%20June%202018.pdf</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>Recommendation 2.9</p>			
<p>1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.</p>	<p>Compliant</p>	<p>The Board reviews the operation and finances of the Company every quarter of the year.</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Cosco_Capital_Inc._3rd_Quarterly_Report.pdf</p>	
<p>2. Board establishes an effective performance management framework that ensures that personnel's performance is at</p>			

par with the standards set by the Board and Senior Management.			
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	The Board has an Audit Committee that specifically supervises internal audit activities and reviews internal audit reports. The Company has Internal Audit Charter approved by the Board on August 10, 2018.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.			
3. Board approves the Internal Audit Charter.			
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.	Non-Compliant		Each business units and departments manages risk in consultation with the top management and reviewed by the Internal Audit.
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.			
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Non-Compliant		The Board has no separate Board Charter document but its functions, responsibilities and accountabilities in carrying out its fiduciary role are clearly contained in the MCG of the Company.
2. Board Charter serves as a guide to the directors in the performance of their functions.			
3. Board Charter is publicly available and posted on the company's website.			
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	The Company is disclosing promptly all trading of shares conducted by any of its directors or officers.	
Optional: Principle 2			

1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	-	-	-
2. Company discloses the types of decision requiring board of directors' approval.	-	-	-

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

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	<p>The Board has Audit Committee and Corporate Governance Committee to aid the Board in the performance of its roles and responsibilities.</p> <p>http://coscocalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf</p> <p>http://coscocalbeta.webtogo.com.ph/images/items/uploads/Result%20of%20Annual%20Stockholders%20Meeting%20dated%20June%2029,%202018.pdf</p>	
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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	<p>The Audit Committee is composed of:</p> <p>Robert Cokeng – Chairman Oscar Reyes – Member Bienvenido Laguesma – Member Leonardo Dayao – Member Susan P. Co – Member</p>	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.			

3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.		Directors Cokeng, Reyes and Laguesma are all independent directors.	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.		All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	The Company has not engaged the external auditor for any non-audit services.	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Non-Compliant		All meetings of Audit Committee with external auditor were conducted in the presence of officers from the management team. However, the members of the Audit Committee or external auditor were free to discuss anything and not hindered by the presence of anyone from the management team.
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	Compliant	The Audit Committee meets quarterly. The Audit Committee approves the appointment of the Internal Auditor.	
2. Audit Committee approves the appointment and removal of the internal auditor.			
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	The members of the Corporate Governance Committee are: Oscar Reyes –Chairman Robert Cokeng - Member	

2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.		Bienvenido Laguesma – Member Leonardo Dayao – Member Lucio L. Co – Member	
3. Chairman of the Corporate Governance Committee is an independent director.		Cokeng, Reyes and Laguesma are all independent directors. http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/Result%20of%20Annual%20Stockholders%20Meeting%20dated%20June%2029,%202018.pdf	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.			
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.	Non-Compliant		Risk management is handled by each department /business unit and reviewed by the Internal Audit.
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.			
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.			
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.			
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Non-Compliant		RPT transactions are reviewed by the Audit Committee and the Board.
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.			
Recommendation 3.6			

1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Non-Compliant		The Board is yet to establish Committee Charter. But currently the MCG provides for the respective purposes, memberships, structures, operations, reporting process, resources and other relevant information about the Audit Committee and Corporate Governance Committee.
2. Committee Charters provide standards for evaluating the performance of the Committees.			
3. Committee Charters were fully disclosed on the company's website.			
<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.</p>			
<p>Recommendation 4.1</p>			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	The attendance of the directors in percentage for the year 2018 is as follows:	
2. The directors review meeting materials for all Board and Committee meetings.			
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.			
<p>Mr. Lucio L. Co – 100% Mrs. Susan P. Co – 71% Mr. Leonardo B. Dayao – 100% Mr. Levi Labra - 86% Mr. Roberto Juanchito T. Dispo – 71% Mr. Oscar Reyes – 86% Mr. Robert Cokeng – 100% Atty. Bienvenido Laguesma – 86%</p>		<p>All directors review meeting materials for all board and committee meetings and ask necessary questions and seek clarifications and explanations during the Board and Committee meetings.</p> <p>http://coscocalcapitalbeta.webtogo.com.ph/images/items/uploads/Exerpts_from_the_Minutes</p>	

		<u>of the Meeting dated May 8, 2018 of Cosco Capital, Inc.pdf</u>	
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Compliant	No director in the Company serves more than five publicly-listed companies.	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	The MCG requires any director to notify the Board before accepting directorship in another company. page 3 - http://coscocalpitalbeta.webtogo.com/ph/images/items/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Compliant	No executive director serves more than two boards of listed companies outside of the group. http://coscocalpitalbeta.webtogo.com/ph/images/items/uploads/SEC Form 17-A Annual Report 2018.pdf	
2. Company schedules board of directors' meetings before the start of the financial year.	Compliant	Schedule of regular board meetings for the coming year is set in advance before the start of the new calendar year. For 2018, there were 7 board meetings: February 9, April 12, May 8, June 29, August 10, October 18, and November 9.	

		For 2019, there are 6 board meetings set: February 1, March 29, May 3, May 14, August 2 and November 8.	
3. Board of directors meet at least six times during the year	Compliant	For 2018, there were 7 board meetings: February 9, April 12, May 8, June 29, August 10, October 18, and November 9. For 2019, there are 6 board meetings set: February 1, March 29, May 3, May 14, August 2 and November 8.	-
4. Company requires as minimum quorum of at least 2/3 for board decisions.	Compliant	Article IV, Section 10 of the Company's bylaws states that: "Section 10 – Two-thirds (2/3) of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business provided that at least one independent director be present." Page 9 http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Certificate%20of%20Filing%20of%20Amended%20By-Laws%20dated%20October%202019_%202016.pdf	-

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs

Recommendation 5.1

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Compliant	The independent directors of the Company are: Mr. Robert Cokeng, Mr. Oscar Reyes, and Atty. Bienvenido Laguesma.	
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		http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	No independent directors have yet served cumulative term of nine years (reckoned from 2012).	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.			
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.			
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	Mr. Lucio L. Co is the Chairman and Mr. Leonardo Dayao is the President. They have different roles and responsibilities in the Company.	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.			
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Compliant	Mr. Robert Cokeng is the lead independent director of the Company. http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	

Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	There is no transaction in 2018 that involves any director having personal and material interest in it.	
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 present.	Non-Compliant		The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions with at least one executive director present.
2. The meetings are chaired by the lead independent director.	Compliant	Mr. Robert Cokeng is the lead independent director and he is also the Chairman of the Audit Committee. http://coscocalphabeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	-	-	-
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Non-Compliant		The Board has not adapted yet an assessment process to appraise its performance as a body and as individual directors.
2. The Chairman conducts a self-assessment of his performance.			
3. The individual members conduct a self-assessment of their performance.			
4. Each committee conducts a self-assessment of its performance.			

5. Every three years, the assessments are supported by an external facilitator.			
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Non-Compliant		The Board has not adapted yet an assessment process to appraise its performance as a body and as individual directors.
2. The system allows for a feedback mechanism from the shareholders.			
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 provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	The Company has a Code of Discipline.	
2. The Code is properly disseminated to the Board, senior management and employees.	Non-Compliant		The Company will adopt a system on proper dissemination of the Code of Discipline to the Board, senior management and employees, and disclosure to the public through the Company website.
3. The Code is disclosed and made available to the public through the company website.			
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	Every quarter, the Internal Audit Department issues reports showing results of compliance or audit findings.	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	Every quarter, the Internal Audit Department issues reports showing results of compliance or audit findings.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.			
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. 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>It is the policy and practice of the Company to disclose financial reports properly and promptly to shareholders and other stakeholders that give a fair and complete picture of a company's financial condition, results and business operations.</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Cosco_Capital_Inc._-3rd_Quarterly_Report.pdf</p>	
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Supplement to Recommendations 8.1

<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	<p>Non-Compliant</p>		<p>Consolidated financial statements are published within one hundred five (105) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>
<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>Compliant</p>	<p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf</p>	

Recommendation 8.2

1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	The Company reports directors and officers' dealings with company's shares in less than 3 days.	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.		http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Statament%20of%20Changes%20in%20Beneficial%20wnership%20of%20Securities%20of%20M.s.%20Katrina%20Marie%20P.%20Co%20dated%20May%204,%2020181.pdf	
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Compliant	http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Buy Back of shares dated December 11, 2018.pdf	
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	http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC Form 17-A Annual Report 2018.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.		http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Definitive Information Statement (1).pdf	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	The complete compensation of the members of the Board are fully disclosed in the Annual Report and the Information Statement of the Company.	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.			

3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.		http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	The Company's Annual Report provides for all related party transactions.	
2. Company discloses material or significant RPTs reviewed and approved during the year.		http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	<p>The Company's MCG requires directors to disclose their interests in transactions or any other conflict of interests.</p> <p>In 2018, there is no incident that any director discloses any interests in any transactions or any other conflict of interests.</p> <p>page 4 - http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf </p>	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	Compliant	http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	

Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/SEC_17-C_re_Philippine_Competition_Commission_Decision_dated_January_17,_2019.pdf	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.			
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.p df	
2. Company's MCG is submitted to the SEC and PSE.			
3. Company's MCG is posted on its company website.			
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Non-Compliant		The Company has not yet updated its MCG.
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	Compliant	http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
a. Corporate Objectives			
b. Financial performance indicators			
c. Non-financial performance indicators			
d. Dividend Policy			
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant			

experience, and other directorships in listed companies) of all directors			
f. Attendance details of each director in all directors meetings held during the year			
g. Total remuneration of each member of the board of directors			
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.			
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.			
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.			
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).			

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

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	http://coscocalphabeta.webtogo.com.ph/multi_page_uploads/2771/25462/Annex%20(16)-Audit%20Committee%20Charter.pdf	
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.			
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	The Company will disclose any case of removal or change of external auditor.	

Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	<p>In 2018, the company changed its lead audit partner from Mr. Darwin Virocel to Mr. Dindo Marco M. Dioso.</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Definitive_Information_Statement_(1).pdf</p>	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> 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	<p>http://coscocalpitalbeta.webtogo.com.ph/multi_page_uploads/2771/25462/Annex%20(16)-Audit%20Committee%20Charter.pdf</p>	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.			
Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Compliant	<p>http://coscocalpitalbeta.webtogo.com.ph/multi_page_uploads/2771/25462/Annex%20(16)-Audit%20Committee%20Charter.pdf</p>	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.			
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	There have been no non-audit services performed by the external auditor in 2018.	
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.		page 21 - http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	There have been no non-audit services performed by the external auditor in 2018. page 21 - http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	The company's external auditor is R.G. Manabat & Co. with office address at The KPMG Center, 9/F 6787 Ayala Avenue, Makati City Philippines 1226 +63 (2) 885 7000	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).		The lead audit partner is Mr. Dindo Marco M. Dioso with CPA License No. 0095177 with SEC Accreditation No. 1387-AR-1 (Group A) valid until May 31, 2020. R.G. Manabat & Co. agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	

		#AFS Report of Independent Directors page 1 - http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
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 underpin sustainability.	Compliant	The Company will follow the sustainability reporting required by the SEC effective 2019.	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.			
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. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/Cosco_9M_2018_Investor_Presentation_NOV_2018_Final.pdf	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	Compliant	https://www.coscocapital.com	
a. Financial statements/reports (latest quarterly)			
b. Materials provided in briefings to analysts and media			
c. Downloadable annual report			
d. Notice of ASM and/or SSM			
e. Minutes of ASM and/or SSM			

f. Company's Articles of Incorporation and By-Laws			
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Compliant	www.coscocapital.com	
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	The Company has an internal audit department headed by its Chief Audit Officer.	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.		The Company has Internal Audit Charter and every year the Chief Audit Officer presents internal audit plan to the Audit Committee and the Board.	
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	Compliant		
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.			
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	The company has internal audit department though in-house is independent and objective.	
Recommendation 12.3			

1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	The company's Chief Audit Executive appointed by the Board is Ms. Emerlinda Llamado. http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/Result%20of%20Annual%20Stockholders%20Meeting%20dated%20June%202029,%20202018.pdf	
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		
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 Company has no fully outsourced internal audit activity.	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Non-Compliant		The risk management function is currently performed by each of the department and reviewed by the Audit Department.
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	The Company will seek external technical support in risk management when necessary.	
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Non-Compliant		Each business units and departments manages risk in consultation with the top management and reviewed by the Internal Audit.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.			
Additional Recommendation to Principle 12			

1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Non-Compliant		The directors of the Company have reviewed the effectiveness of the Company's internal control system and consider them effective and adequate. Any major findings that cannot be resolved at the management level are elevated to the Audit Committee of the Board. For the past year, there has been no matter elevated to the Audit Committee.
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	http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf	
2. Board ensures that basic shareholder rights are disclosed on the company's website.			
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	Please see Section 6 Article III of the Company's ByLaws, to read as follows: "Section 6. Vote – At each meeting of the stockholders, every stockholders shall be entitled to vote in person or by proxy, and he shall have one vote for each share of stock standing in his name on the books of the corporation at the time of the closing of the transfer books on the day preceding the meeting; provided, that all meetings for the election of directors, the shares of stocks will be voted as provided in Section 24 of the Corporation Code."	

		<p>page 4 - http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Certificate%20of%20Filing%20of%20Amended%20By-Laws%20dated%20October%2019,%202016.pdf</p>	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.		<p>The Company has only one class of share: common share. All shareholders are treated equally with respect to voting rights, subscription rights and transfer rights.</p> <p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Definitive Information Statement (1).pdf</p> <p>page 6 - http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf</p>	
3. Board has an effective, secure, and efficient voting system.		<p>http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Definitive Information Statement (1).pdf</p>	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Non-Compliant		The Board has not yet adopted an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders

			against actions of controlling shareholders.
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Non-Compliant		There is no procedure yet for minority shareholders' to call shareholders meeting and submit agenda item. However, minority shareholders are not precluded from calling a meeting and submitting agenda item. The Company has an investor Relations Officer who can handle stockholders concerns, if there are any.
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	The company treats all shareholders fairly and equitably. page 6 - http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf	
7. Company has a transparent and specific dividend policy.	Compliant	Please see Section 2 Article VIII of the Company's By Laws, to read as follows: "Section 2. Dividends shall be declared only from the surplus profit and shall be payable at such times and in such amounts as the Board of Directors shall determine, and shall be payable in cash or shares of stock as said Board Directors shall determine. No dividends shall be declared that will impair the capital of the corporation and no stock dividends shall be issued except as now or may hereafter be authorized and provided by	

		<p>law. Participation in the profits or earnings from operations before taxes, shall be paid to directors and officers of the corporation in the amount of 5% only thereof to be distributed in the manner, amounts and proportion as the Board of Directors may determine.”</p> <p>Every year, the Company declares dividends.</p> <p>Pages 10-11 http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Certificate%20of%20Filing%20of%20Amended%20By-Laws%20dated%20October%2019,%202016.pdf</p> <p>page 20 - http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf</p>	
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Compliant	The Company appoints the stock transfer agent (RCBC Stock Transfer Department) to count or validate attendance and votes of the stockholders.	
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 28 days before the meeting.	Compliant	<p>Notice and agenda of the Annual Stockholders Meeting is sent to all stockholders 30 days before the meeting.</p> <p>page 3 - http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf</p>	

		es/items/uploads/Certificate%20of%20Filing%20of%20Amended%20By-Laws%20dated%20October%2019,%202016.pdf	
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Compliant	http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Cosco%20Preliminary%20Information%20Statement.pdf http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Definitive Information Statement (1).pdf	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)			
b. Auditors seeking appointment/re-appointment			
c. Proxy documents			
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting.	Compliant	http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Cosco%20Preliminary%20Information%20Statement.pdf http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Definitive Information Statement (1).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>The Results of the Annual or Special Stockholders' Meeting was posted in the PSE Website on the same day, June 29, 2018.</p> http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Result%20of%20Annual%20Stockholders%20Meeting%20dated%20June%2029,%202018.pdf	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.			
Supplement to Recommendation 13.3			

1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	The external auditor represented by the handling partner was present during the ASM http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/Definitive Information Statement (1).pdf	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Non-Compliant		The Board will adopt a policy on an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.			
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	The contact details of the officer/office responsible for investor relations: 1. Name of the person: Mr. John Hao 2. Telephone number: 523-3055 3. Fax number: 523-3055 4. E-mail address: john.hao@puregold.com.ph	
2. IRO is present at every shareholder's meeting.			
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	The Company's Amended By-Laws do not contain anti-takeover measures, no issuance of "poison pill" preferred stocks, no standstill agreement, premium stock repurchases, etc.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Non-Compliant		The Company has 24.69% public float as of December 31, 2018 as seen on the Public Ownership report of the Company.
Optional: Principle 13			

1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	-	-	-
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	-	-	-

Duties to Stakeholders

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

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	http://www.puregold.com.ph/index.php/news_room/learn-how-to-grow-your-business-with-our-ka-aseenso-masters/	
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Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/Cosco_-_9M_2018_Investor_Presentation_NOV_2018_Final.pdf	
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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>Stockholders may contact the IRO to communicate with the company and to obtain redress for the violation of their rights.</p> <p>1. Name of the person: Mr. John Hao 2. Telephone number: 523-3055 3. Fax number: 523-3055 4. E-mail address: john.hao@puregold.com.ph</p>	
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Supplement to Recommendation 14.3

1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Non-Compliant		The Company will establish an alternative dispute resolution system.
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	The Company did not request for any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue.	
2. Company respects intellectual property rights.	Compliant	The Company has various trademarks registered under its name from the Intellectual Property Office. pages 11 to 12 - http://coscocalphabeta.webtogo.com.ph/images/items/uploads/SEC_Form_17-A_Annual_Report_2018.pdf	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	-	-	-
2. Company discloses its policies and practices that address supplier/contractor selection procedures	-	-	-
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	The Company conducts regular performance review of employees and provides incentives or salary adjustments depending on the result of the review.	
Supplement to Recommendation 15.1			

1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	The Company has existing performance evaluation system that measure the grant of salary increase for the employees.	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	The Company complies with labor standards of the Philippines.	
3. Company has policies and practices on training and development of its employees.	Compliant	The Company has policies and practices on training and development of its employees.	
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.	Non-Compliant		The board will adopt an anti-corruption policy program in its Code of Conduct.
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.			
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	The company has policy against conflict of interest which includes prohibition and penalty against employees offering, paying and receiving bribes. http://coscocapitalbeta.webtogo.com.ph/multi_page_uploads/2771/25470/Annex%20(24)-Conflict%20of%20Interest%20Policy.pdf	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	Compliant	http://coscocapitalbeta.webtogo.com.ph/multi_page_uploads/2771/25487/Annex%20(41)-Whistleblowing%20Policy.pdf	
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.			
3. Board supervises and ensures the enforcement of the whistleblowing framework.			

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

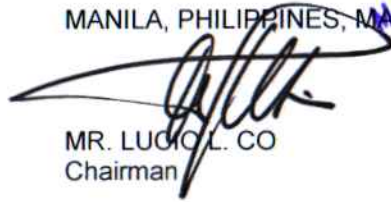
<p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p>Compliant</p>	<p>The company has programs for deserving scholars in state universities and helps sari-sari store owners to grow their business.</p> <p>http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/COSCO%20AR%202017%20for%20web.pdf</p>	
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Optional: Principle 16

<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>-</p>	<p>-</p>	<p>-</p>
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p>-</p>	<p>-</p>	<p>-</p>

SIGNATURE PAGE OF
INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT
FOR COSCO CAPITAL, INC.

MANILA, PHILIPPINES, ^{MAY 29 2019}____, 2019



MR. LUCIO L. CO
Chairman



MR. LEONARDO B. DAYAO
President



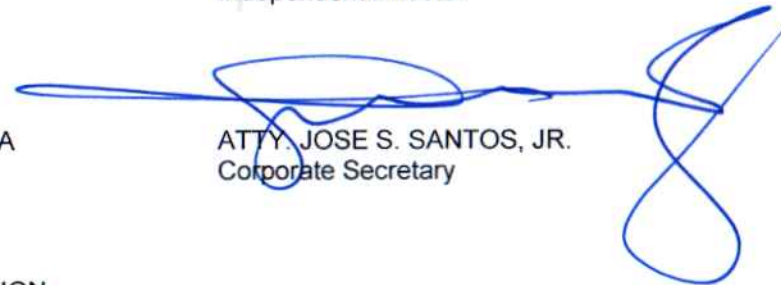
MR. ROBERT Y. COKENG
Independent Director



MR. OSCAR S. REYES
Independent Director

OUT OF THE COUNTRY

ATTY. BIENVENIDO E. LAGUESMA
Independent Director



ATTY. JOSE S. SANTOS, JR.
Corporate Secretary



ATTY. CANDY H. DACANAY-DATUON
Compliance Officer

MAY 29 2019

SUBSCRIBED AND SWORN TO before me this _____ day of May 2019, personally appeared the following with their respective valid identification documents:

Name

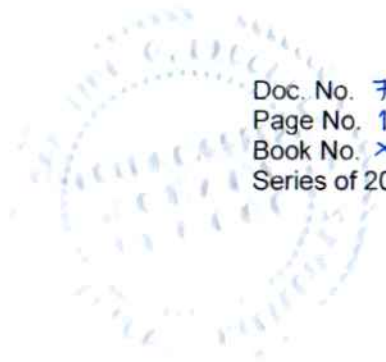
Competent Evidence of Identity

Lucio L. Co
Leonardo B. Dayao
Robert Y. Cokeng
Oscar S. Reyes


Philippine Passport No. P0886449A valid until November 11, 2021
Philippine Passport No. P8815926A valid until September 18, 2028
Philippine Passport No. P1965076A valid until February 19, 2022
Philippine Passport No. P5302920A valid until December 10, 2022

Jose S. Santos, Jr.
Candy H. Dacanay-Datuon

TIN : 136-370-998
Philippine Passport No. P4711458A valid until October 12, 2022



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Series of 2019.


CAROLINE G. EXCONDE
Notary Public for the City of Manila
Commission No. 2018-035 until Dec. 31, 2019
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IBP No. 09712 / 01-04-2019
PTR No. 8023120 / Manila 01-03-2019
MCLE Compliance No. V-0014291 / 02-16-2016
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