



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended: **December 31, 2020**
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**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **No. 900 Romualdez St., Paco, Manila** **1007**
Address of principal office Postal Code
8. **02 – 8523 3055**
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	<i>Reference Page No. 25 – 29 Annual Report 2020 - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/SEC_Form_17-A_-_Annual_Report_2020.pdf</i>	
2. Board has an appropriate mix of competence and expertise.		<i>Reference Page No. 6 – 10 Definitive Information Statement - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/SEC_20-IS_Definitive_Information_Statement_July_28,_2020.pdf</i>	
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.		<i>Reference Page No. 1 Manual on Corporate Governance - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf</i>	
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	<i>The board is composed of four executive directors and five non-executive directors.</i> <i>Reference Page No. 25 – 29 Annual Report 2020 - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/SEC_Form_17-A_-_Annual_Report_2020.pdf</i> <i>Reference Page No. 6 – 10 Definitive Information Statement -</i>	

		http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC 20-IS Definitive Information Statement July 28, 2020.pdf	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	Reference Page No. 1 Manual on Corporate Governance - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf	
2. Company has an orientation program for first time directors.	Non-compliant		<i>The first-time directors join the annual continuing seminar for directors and key officers of the company.</i>
3. Company has relevant annual continuing training for all directors.	Compliant	Reference Page No. 37 Annual Report 2020 - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC Form 17-A - Annual Report 2020.pdf Reference Page No. 22 Definitive Information Statement - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC 20-IS Definitive Information Statement July 28, 2020.pdf	
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	Reference Page No. 25 – 29 Annual Report 2020 - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC Form 17-A - Annual Report 2020.pdf Reference Page No. 6 – 10 Definitive Information Statement -	

		http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC_20-IS_Definitive_Information_Statement_July_28,_2020.pdf Reference Page No. 1 Manual on Corporate Governance - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf	
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	Reference Page No. 30, 37 Annual Report 2020 - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC_Form_17-A_-_Annual_Report_2020.pdf Reference Page No. 11, 22 Definitive Information Statement - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC_20-IS_Definitive_Information_Statement_July_28,_2020.pdf Reference Page No. 1 Manual on Corporate Governance - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf	
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.			
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	<p>Reference Page No. 30 Annual Report 2020 - http://coscocalpitalbeta.webtogo.com.ph/images/itms/uploads/SEC_Form_17-A_-_Annual_Report_2020.pdf</p> <p>Reference Page No. 11 Definitive Information Statement - http://coscocalpitalbeta.webtogo.com.ph/images/itms/uploads/SEC_20-IS_Definitive_Information_Statement_July_28,_2020.pdf</p> <p>Reference Page No. 1 Manual on Corporate Governance - http://coscocalpitalbeta.webtogo.com.ph/images/itms/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf</p>	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Non - Compliant		<p><i>The Compliance Officer does not have the rank of a Senior Vice President or any equivalent position.</i></p> <p><i>The Compliance Officer is a managerial employee of the company.</i></p>
3. Compliance Officer is not a member of the board.	Compliant	<p>Reference Document General Information Sheet 2020 - http://coscocalpitalbeta.webtogo.com.ph/images/itms/uploads/Amended_General_Information_Sheet_2020.pdf</p>	
4. Compliance Officer attends training/s on corporate governance.	Compliant	<p>Reference Page No. 37 Annual Report 2020 - http://coscocalpitalbeta.webtogo.com.ph/images/ite</p>	

		ms/uploads/SEC Form 17-A - Annual Report 2020.pdf Reference Page No. 22 Definitive Information Statement - http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/SEC 20- IS Definitive Information Statement July 28, 2020.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	Reference Page No. 1 Manual on Corporate Governance - http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf Reference Page No. 37 – 39 Annual Report 2020 - http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/SEC Form 17-A - Annual Report 2020.pdf	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	<i>Every start of the year, the management presents to the board its business objectives and strategy for the latter's review and approval.</i>	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.		<i>The board meets at least six times a year to review, discuss, and approve business objectives and strategies proposed or implemented by the management.</i> Reference Page No. 37 – 39 Annual Report 2020 - http://coscocapitalbeta.webtogo.com.ph/images/items/uploads/SEC Form 17-A - Annual Report 2020.pdf	

		<p>ms/uploads/SEC Form 17-A - Annual Report 2020.pdf</p> <p>Reference Page No. 10 – 11 Company’s Bylaws - http://coscocalpitalbeta.webtogo.com.ph/images/itms/uploads/Certificate%20of%20Filing%20of%20Amended%20By-Laws%20dated%20October%2019,%202016.pdf</p>	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	<p><i>The vision, mission, and core values of the company are presented on the website.</i></p> <p>Link www.coscocalpital.com</p>	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company’s business environment, and culture.	Compliant	<p><i>The board meets at least six times a year to review, discuss business and programs implemented by the management.</i></p> <p>Reference Page No. 10 – 11 Company’s Bylaws - http://coscocalpitalbeta.webtogo.com.ph/images/itms/uploads/Certificate%20of%20Filing%20of%20Amended%20By-Laws%20dated%20October%2019,%202016.pdf</p> <p>Reference Page No. 37 – 39 Annual Report 2020 - http://coscocalpitalbeta.webtogo.com.ph/images/itms/uploads/SEC Form 17-A - Annual Report 2020.pdf</p> <p>Reference Page No. 1 Manual on Corporate Governance - http://coscocalpitalbeta.webtogo.com.ph/images/itms/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf</p>	
Recommendation 2.3			

<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>Compliant</p>	<p>Reference Page No. 25 Annual Report 2020 - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC_Form_17-A_-_Annual_Report_2020.pdf</p> <p>Reference Page No. 6 - 7 Definitive Information Statement - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC_20-IS_Definitive_Information_Statement_July_28,_2020.pdf</p> <p>Reference Page No. 1 Manual on Corporate Governance - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf</p> <p>Reference Page No. 14 Company's Bylaws - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/Certificate%20of%20Filing%20of%20Amended%20By-Laws%20dated%20October%202019,%202016.pdf</p>	
Recommendation 2.4			
<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	<p>Compliant</p>	<p><i>The company has a hierarchy of employee ranks, depending on their training and experiences. The children of the majority stockholder occupy executive positions in various companies or subsidiaries of the corporation.</i></p> <p>Reference Page No. 29 – 33 Annual Report 2020 - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC_Form_17-A_-_Annual_Report_2020.pdf</p> <p>Reference Page No. 11 - 13 Definitive Information Statement - http://coscocapitalbeta.webtogo.com.ph/images/ite</p>	

		ms/uploads/SEC 20- IS Definitive Information Statement July 28, 2020.pdf	
2. Board adopts a policy on the retirement for directors and key officers.	Non-Compliant		<i>The company has no policy on retirement of directors. It has, however, a retirement plan for all its employees, including principal officers that is consistent with the retirement benefits under the Labor Code of the Philippines.</i>
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Non-compliant		<i>The executive directors and principal officers receive fixed remuneration.</i>
2. Board adopts a policy specifying the relationship between remuneration and performance.	Non-compliant		<i>The executive directors and principal officers receive fixed remuneration.</i>
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	<p><i>Directors do not participate in discussions or deliberations involving his/her remuneration. Directors only receive per diem allowance of P50,000 per board meeting and P20,000 per committee meeting.</i></p> <p><i>Reference Page No. 34 – 35 Annual Report 2020 - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/SEC Form 17-A - Annual Report 2020.pdf</i></p> <p><i>Reference Page No. 14 - 15 Definitive Information Statement - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/SEC 20-IS Definitive Information Statement July 28, 2020.pdf</i></p>	

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		<p><i>It is the practice of the company that any member of the board may nominate a potential candidate for members of the board.</i></p> <p><i>The Office of the Chairman screens the qualification of the candidates and make sure they are aligned with the interests and values of the company before endorsing them to the Corporate Governance Committee and the Board of Directors.</i></p>
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.			
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	Reference Document Material Related Party Transactions Policy - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/Amended_Material_Related_Party Transactions Policy of Cosco Capital, Inc..pdf	
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 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.	Compliant	Reference Document Material Related Party Transactions Policy - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/Amended_Material_Related_Party Transactions Policy of Cosco Capital, Inc..pdf	
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.			
Recommendation 2.8			

<p>1. Board is primarily responsible for approving the selection of management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Compliant</p>	<p><i>Reference Document Result of Organizational Meeting -</i> http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/Result_of_Organizational_Meeting_of_Cosco_Capital_Inc_dated_August_18_2020.pdf</p> <p><i>Reference Page No. 2 Manual on Corporate Governance -</i> http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf</p> <p><i>Reference Page No. 13 - 15 Company's Bylaws -</i> http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/Certificate%20of%20Filing%20of%20Amended%20By-Laws%20dated%20October%202019,%202016.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>Compliant</p>	<p><i>Every quarter, the management presents the performance of the operation to the board of directors. During those meetings, the board assesses its performance by comparing them to its past and target performance.</i></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>Non-compliant</p>		<p><i>The company has not yet established an effective performance management framework that will assess the performance of the management.</i></p> <p><i>But every quarter, the management presents the performance of the operation to the board of directors. During those meetings, the board assesses the performance of the management by comparing them to its past and target performance.</i></p>

<p>2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.</p>	<p>Non-compliant</p>		<p><i>The company has not yet established an effective performance management framework that will assess the performance of the personnel.</i></p> <p><i>But every quarter, the management presents the performance of the operation to the board of directors. During those meetings, the board assesses the performance of the management as a whole by comparing them to its past and target performance.</i></p>
<p>Recommendation 2.10</p>			
<p>1. Board oversees that an appropriate internal control system is in place.</p>	<p>Compliant</p>	<p><i>The Internal Auditor of the company is an ex-officio member of the Audit Committee, and she also reports directly to the board for her audit findings. The company has an Internal Audit Charter.</i></p> <p><i>Reference Document Internal Audit Charter - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/Group_Internal_Audit_Charter.pdf</i></p>	
<p>2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the management, members and shareholders.</p>			
<p>3. Board approves the Internal Audit Charter.</p>			
<p>Recommendation 2.11</p>			
<p>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.</p>	<p>Non-Compliant</p>		<p><i>Each business unit and department manages risk in consultation with the top management and the Internal Audit Department.</i></p>
<p>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.</p>			
<p>Recommendation 2.12</p>			

1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Non-Compliant		<i>The company has no Board Charter yet. But the board's roles, responsibilities, and accountabilities in carrying out its fiduciary role and guide in the performance of their functions are incorporated in the Manual on Corporate Governance (MCG) of the company.</i>
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	<i>The company is compliant with the disclosure rules required by the SEC and PSE re directors' dealings with the company's shares.</i> <i>Reference Document Public Ownership Report - http://coscocapitalbeta.webtoqo.com.ph/images/its/uploads/Cosco_Public_Ownership_as_of_December_31,_2020.pdf</i>	
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	<i>The board has three committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities:</i>	

		<p><i>Executive Committee, Audit Committee and Corporate Governance Committee.</i></p> <p><i>Reference Page No. 39 Annual Report 2020 - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/SEC_Form_17-A_-_Annual_Report_2020.pdf</i></p> <p><i>Reference Page No. 24 Definitive Information Statement - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/SEC_20-IS_Definitive_Information_Statement_July_28,_2020.pdf</i></p> <p><i>Reference Page No. 2 -3 Manual on Corporate Governance - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf</i></p> <p><i>Reference Page No. 10, 16 – 17 Company’s Bylaws - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/Certificate%20of%20Filing%20of%20Amended%20By-Laws%20dated%20October%202019,%202016.pdf</i></p>	
Recommendation 3.2			
<p>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.</p>	<p>Compliant</p>	<p><i>The External Auditor reports to the Audit Committee every year. One of the responsibilities of the Audit Committee is to appoint or remove the External Auditor.</i></p> <p><i>Reference Document Audit Committee Charter - http://coscocalpitalbeta.webtogo.com.ph/multipage/uploads/2771/25462/Annex%20(16)-Audit%20Committee%20Charter.pdf</i></p>	

		<p>Reference Page No. 16 Company's Bylaws - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/Certificate%20of%20Filing%20of%20Amended%20By-Laws%20dated%20October%2019,%202016.pdf</p>	
<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	Compliant	<p><i>The committee is composed of three qualified non-executive directors, and the Chairman is independent.</i></p> <p><i>The committee is headed by a Lead Independent Director – Mr. Robert Y. Cokeng.</i></p> <p>Reference Page No. 28, 39 Annual Report 2020 - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC Form 17-A - Annual Report 2020.pdf</p> <p>Reference Page No. 24, 8 -9 Definitive Information Statement - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC 20-IS Definitive Information Statement July 28, 2020.pdf</p> <p>Reference Page No. 2 -3 Manual on Corporate Governance - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf</p>	
<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	Compliant	<p>Reference Page No. 39 Annual Report 2020 - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC Form 17-A - Annual Report 2020.pdf</p> <p>Reference Page No. 24 Definitive Information Statement - http://coscocapitalbeta.webtogo.com.ph/images/its/</p>	

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4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	<p>Reference Page No. 28, 39 Annual Report 2020 - http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC Form 17-A - Annual Report 2020.pdf</p> <p>Reference Page No. 24, 8 – 9 Definitive Information Statement - <a href="http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC 20-
IS Definitive Information Statement July 28, 2020.pdf">http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC 20- IS Definitive Information Statement July 28, 2020.pdf</p> <p>Reference Page No. 2 -3 Manual on Corporate Governance - http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf</p> <p>Reference Document General Information Sheet - http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/Amended General Information Sheet 2020.pdf</p>	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	<p>Reference Page No. 16 Definitive Information Statement - http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC 20-</p>	

		IS Definitive Information Statement July 28, 2020.pdf	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Non-compliant		<i>Audit Committee meetings are conducted in the presence of the management. However, members of the Audit Committee are free to discuss anything with the external auditor not hindered by the presence of any management team.</i>
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	Compliant	Reference Page No. 39 Annual Report 2020 - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/SEC Form 17-A - Annual Report 2020.pdf Reference Page No. 24 Definitive Information Statement - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/SEC 20-IS Definitive Information Statement July 28, 2020.pdf	
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	<i>The company has 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.</i>	

		<p>Reference Page No. 39 Annual Report 2020 - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC_Form_17-A_-_Annual_Report_2020.pdf</p> <p>Reference Page No. 24 Definitive Information Statement - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC_20-IS_Definitive_Information_Statement_July_28,_2020.pdf</p> <p>Reference Page No. 2 - 3 Manual on Corporate Governance - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf</p>	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Non - Compliant		<i>The Corporate Governance Committee is composed of four directors, two are independent, and two are executive directors.</i>
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	<p>Reference Page No. 39 Annual Report 2020 - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC_Form_17-A_-_Annual_Report_2020.pdf</p> <p>Reference Page No. 24 Definitive Information Statement - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC_20-IS_Definitive_Information_Statement_July_28,_2020.pdf</p> <p>Reference Page No. 2 - 3 Manual on Corporate Governance - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf</p>	

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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		<i>The Audit Committee is performing the functions of the Board Risk Oversight Committee.</i>
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		<i>The Audit Committee is performing the functions of the Related Party Transactions (RPT) Committee.</i>
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	Non-compliant		<i>The provisions in the MCG cover the individual purposes, memberships,</i>

purposes, memberships, structures, operations, reporting process, resources and other relevant information.			<i>structures, operations, reporting process, resources, and other relevant information of the board committees.</i>
2. Committee Charters provide standards for evaluating the performance of the Committees.			
3. Committee Charters were fully disclosed on the company's website.			
4.			
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors 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	<i>Due to COVID 19 restrictions, all board meetings in 2020 were conducted through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.</i> <i>Reference Page No. 3 Manual on Corporate Governance -</i> http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	<i>The directors review meeting materials in advance.</i>	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	<i>The directors ask important questions or seek clarifications and explanations during the Board and Committee meetings.</i>	
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	Compliant	<i>There is no specific policy, but there is no incumbent director who concurrently serves in a maximum of five publicly listed companies.</i>	

<p>proposals/views, and oversee the long-term strategy of the company.</p>		<p>Reference Page No. 6 - 10 Definitive Information Statement - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC_20-IS_Definitive_Information_Statement_July_28,_2020.pdf</p> <p>Reference Page No. 25 – 29 Annual Report 2020 - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC_Form_17-A_-_Annual_Report_2020.pdf</p> <p>Reference Page No. 3 Manual on Corporate Governance - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf</p>	
Recommendation 4.3			
<p>1. The directors notify the company's board before accepting a directorship in another company.</p>	<p>Compliant</p>	<p>Reference Page No. 3 Manual on Corporate Governance - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf</p>	
Optional: Principle 4			
<p>1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.</p>	<p>-</p>	<p>-</p>	<p>-</p>
<p>2. Company schedules board of directors' meetings before the start of the financial year.</p>	<p>Compliant</p>	<p><i>The company schedules board meetings before the start of every financial year.</i></p> <p><i>In 2020, the Board held meetings nine times: February 3, June 9, August 11, August 18, November 6 and December 18</i></p>	

		Reference Page No. 38 Annual Report 2020 - http://coscocalpitalbeta.webtogo.com.ph/images/ite_ms/uploads/SEC_Form_17-A - Annual_Report_2020.pdf	
3. Board of directors meet at least six times during the year.	Compliant	<i>The board of directors meet at least six times during the year.</i> <i>In 2020, the Board held meetings nine times: February 3, June 9, August 11, August 18, November 6 and December 18</i> <i>Reference Page No. 38 Annual Report 2020 - http://coscocalpitalbeta.webtogo.com.ph/images/ite_ms/uploads/SEC_Form_17-A - Annual_Report_2020.pdf</i>	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	-	-	-

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	Reference Page No. 6 - 10 Definitive Information Statement - http://coscocalpitalbeta.webtogo.com.ph/images/ite_ms/uploads/SEC_20-IS_Definitive_Information_Statement_July_28,_2020.pdf Reference Page No. 25 - 29 Annual Report 2020 - http://coscocalpitalbeta.webtogo.com.ph/images/ite_ms/uploads/SEC_Form_17-A - Annual_Report_2020.pdf	
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Recommendation 5.2

<p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p>	<p>Compliant</p>	<p>Reference Page No. 9 – 10 <i>Company’s Bylaws</i> - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/Certificate%20of%20Filing%20of%20Amended%20By-Laws%20dated%20October%2019,%202016.pdf</p> <p>Reference Page No. 6 - 10 <i>Definitive Information Statement</i> - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC 20-IS Definitive Information Statement July 28, 2020.pdf</p> <p>Reference Page No. 25 - 29 <i>Annual Report 2020</i> - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC Form 17-A - Annual Report 2020.pdf</p>	
Supplement to Recommendation 5.2			
<p>1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors’ ability to vote independently.</p>	<p>Compliant</p>	<p>Reference Page No. 35 <i>Annual Report 2020</i> - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC Form 17-A - Annual Report 2020.pdf</p> <p>Reference Page No. 15 <i>Definitive Information Statement</i> - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC 20-IS Definitive Information Statement July 28, 2020.pdf</p>	
Recommendation 5.3			
<p>1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).</p>	<p>Compliant</p>	<p><i>As of 2020, none of the independent directors serve for a cumulative term of more than nine years (reckoned from 2012).</i></p> <p>Reference Page No. 3 <i>Manual on Corporate Governance</i> -</p>	

		<p>http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf</p> <p>Reference Page No. 6 - 10 Definitive Information Statement - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC 20-IS Definitive Information Statement July 28, 2020.pdf</p> <p>Reference Page No. 25 - 29 Annual Report 2020 - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC Form 17-A - Annual Report 2020.pdf</p>	
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p>Compliant</p>	<p>As of 2020, none of the independent directors serve for a cumulative term of more than nine years (reckoned from 2012).</p> <p>Reference Page No. 3 Manual on Corporate Governance - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf</p> <p>Reference Page No. 6 - 10 Definitive Information Statement - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC 20-IS Definitive Information Statement July 28, 2020.pdf</p> <p>Reference Page No. 25 - 29 Annual Report 2020 - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC Form 17-A - Annual Report 2020.pdf</p>	

<p>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.</p>	<p>Compliant</p>	<p><i>In case the company would like to retain an independent director in the same capacity after nine years, the board will provide meritorious justification. It will seek shareholders' approval during the annual shareholders' meeting.</i></p>	
<p>Recommendation 5.4</p>			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>Compliant</p>	<p><i>The company's Chairman of the board is Mr. Lucio L. Co, and the company's President is Mr. Leonardo B. Dayao.</i></p> <p><i>Mr. Lucio Co and Mr. Leonardo B. Dayao are not related to each other.</i></p>	
<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>Compliant</p>	<p><i>Reference Page No. 14 - 15 Company's Bylaws - http://coscocalpitalbeta.webtogo.com.ph/images/itms/uploads/Certificate%20of%20Filing%20of%20Amended%20By-Laws%20dated%20October%202019,%202016.pdf</i></p>	
<p>Recommendation 5.5</p>			
<p>1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.</p>	<p>Compliant</p>	<p><i>Reference Document General Information Sheet - http://coscocalpitalbeta.webtogo.com.ph/images/itms/uploads/Amended_General_Information_Sheet_2020.pdf</i></p> <p><i>Reference Page No. 8 – 9 Definitive Information Statement - http://coscocalpitalbeta.webtogo.com.ph/images/itms/uploads/SEC_20-IS_Definitive_Information_Statement_July_28,_2020.pdf</i></p> <p><i>Reference Page No. 28 Annual Report 2020 - http://coscocalpitalbeta.webtogo.com.ph/images/itms/uploads/SEC_Form_17-A_-_Annual_Report_2020.pdf</i></p>	

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	<p><i>Any director with a material interest in a transaction affecting the corporation is strongly encouraged to abstain from taking part in the deliberations on the transaction.</i></p> <p><i>However, no particular transaction transpired in 2020, where any director has a material interest in a transaction affecting the company.</i></p>	
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		<i>But during the board meetings and committee meetings, NEDs are encouraged to freely discuss any matter and raise any question to the internal and external auditors.</i>
2. The meetings are chaired by the lead independent director.	Non-compliant		<i>The Chairman of the board is the presiding Chairman of the meetings.</i>
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		<i>The company has not yet established assessment procedures and criteria for the individual and collective performance of the board.</i>
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		<i>The company has not yet established assessment procedures and criteria for the individual and collective performance of the board.</i>
2. The system allows for a feedback mechanism from the shareholders.	Compliant	<i>The contact details of the officer responsible for investor relations:</i> 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	
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	<i>The rules in business conduct and ethics like anti-bribery, conflict of interest, insider trading are in a different set of manuals.</i>	
2. The Code is properly disseminated to the board, senior management and employees.	Non-compliant		<i>The company has not yet disseminated to the Board, senior management, and employees a complete Code of Business Conduct and Ethics.</i>
3. The Code is disclosed and made available to the public through the company website.	Non-compliant		<i>The company has not disclosed and posted to the website a complete Code of Business Conduct and Ethics.</i>

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	<i>The company has a policy on conflict of interest, which includes measures against bribery and corruption.</i>	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	<i>Every quarter, the Internal Auditor presents to the Audit Committee results of the quarterly audit.</i>	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.		<i>At the end of the fiscal year, the Internal Auditor presents to the board the result of the annual audit.</i> <i>The audit results show violations of internal policies.</i> <i>All employees, regardless of rank, are covered by the internal policies of the company.</i>	
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	<i>The company adheres to the disclosure rules of the Securities and Exchange Commission and the Philippine Stock Exchange.</i> <i>Reference Document Annual Report 2020 - http://coscocalpitalbeta.webtoqo.com.ph/images/its/uploads/SEC_Form_17-A_-_Annual_Report_2020.pdf</i> <i>Reference Document Definitive Information Statement - http://coscocalpitalbeta.webtoqo.com.ph/images/its/uploads/SEC_20-IS_Definitive_Information_Statement_July_28,_2020.pdf</i>	

		<p>Reference Document Public Ownership Report - http://coscocalpitalbeta.webtogo.com.ph/images/ite ms/uploads/Cosco Public Ownership as of December 31, 2020.pdf</p> <p>Reference Document Quarterly Report - http://coscocalpitalbeta.webtogo.com.ph/images/ite ms/uploads/Third Quarterly Report(1).pdf</p> <p>Reference Document Number of Stockholders Report - http://coscocalpitalbeta.webtogo.com.ph/images/ite ms/uploads/as of December 31, 2020.pdf</p> <p>Reference Document Foreign Ownership Report - http://coscocalpitalbeta.webtogo.com.ph/images/ite ms/uploads/as of December 31, 2020 (1).pdf</p>	
Supplement to Recommendations 8.1			
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.	Non-compliant		<i>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.</i>
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; crossholdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	Compliant	Reference Page No. 36 Annual Report 2020 - http://coscocalpitalbeta.webtogo.com.ph/images/ite ms/uploads/SEC Form 17-A - Annual Report 2020.pdf	
Recommendation 8.2			

<p>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.</p>	<p>Compliant</p>	<p><i>Reference Document Beneficial Ownership Report - http://coscocapitalbeta.webtogo.com.ph/images/ite_ms/uploads/Statement_of_Changes_in_Beneficial_Ownership_of Mr. Lucio L. Co dated September 1, 2020.pdf</i></p>	
<p>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.</p>		<p><i>Reference Document Public Ownership Report - http://coscocapitalbeta.webtogo.com.ph/images/ite_ms/uploads/Cosco Public Ownership as of December 31, 2020.pdf</i></p>	
<p>Supplement to Recommendation 8.2</p>			
<p>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).</p>	<p>Compliant</p>	<p><i>Reference Page No. 6 Definitive Information Statement - http://coscocapitalbeta.webtogo.com.ph/images/ite_ms/uploads/SEC 20-IS Definitive Information Statement July 28, 2020.pdf</i></p> <p><i>Reference Page No. 36 Annual Report 2020 - http://coscocapitalbeta.webtogo.com.ph/images/ite_ms/uploads/SEC Form 17-A - Annual Report 2020.pdf</i></p> <p><i>Reference Document Beneficial Ownership Report - http://coscocapitalbeta.webtogo.com.ph/images/ite_ms/uploads/Statement_of_Changes_in_Beneficial_Ownership_of Mr. Lucio L. Co dated September 1, 2020.pdf</i></p> <p><i>Reference Document Public Ownership Report - http://coscocapitalbeta.webtogo.com.ph/images/ite_ms/uploads/Cosco Public Ownership as of December 31, 2020.pdf</i></p>	
<p>Recommendation 8.3</p>			

<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>Compliant</p>	<p>Reference Page No. 6 - 10 Definitive Information Statement - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/SEC_20-IS_Definitive_Information_Statement_July_28,_2020.pdf</p> <p>Reference Page No. 25 - 29 Annual Report 2020 - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/SEC_Form_17-A_-_Annual_Report_2020.pdf</p>	
<p>2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>Compliant</p>	<p>Reference Page No. 11 - 13 Definitive Information Statement - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/SEC_20-IS_Definitive_Information_Statement_July_28,_2020.pdf</p> <p>Reference Page No. 29 - 33 Annual Report 2020 - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/SEC_Form_17-A_-_Annual_Report_2020.pdf</p>	
Recommendation 8.4			
<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p>	<p>Non-compliant</p>		<p><i>The remuneration (per diem allowance) of directors is fixed at P50,000 per board meeting and P20,000 per committee meeting.</i></p>
<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	<p>Non-compliant</p>		<p><i>The executive remuneration is fixed at a certain amount subject to periodic review by the Chairman and the President.</i></p>
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>Non-Compliant</p>		<p><i>The company discloses the remuneration of the directors per group.</i></p>

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	Reference Document Material Related Party Transactions Policy - http://coscocalpitalbeta.webtogo.com.ph/images/ite/ms/uploads/Amended_Material_Related_Party_Tra nsactions_Policy_of_Cosco_Capital,_Inc..pdf	
2. Company discloses material or significant RPTs reviewed and approved during the year.			
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	No incident yet that any director discloses interests in any transactions or any other conflict of interest. But directors are expected to disclose any interest he or she may have in any transaction or any other conflict of interest.	
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	Reference Document Material Related Party Transactions Policy - http://coscocalpitalbeta.webtogo.com.ph/images/ite/ms/uploads/Amended_Material_Related_Party_Tra nsactions_Policy_of_Cosco_Capital,_Inc..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	Reference Document Result of Board Meeting - http://coscocalpitalbeta.webtogo.com.ph/images/ite/ms/uploads/Result_of_Board_Meeting_dated_Dece mber_18,_2020.pdf	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	No transaction in 2020 that requires the appointment of an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	

		<p><i>But MRPT Policy of the company provides an appointment of an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</i></p> <p><i>Reference Document Material Related Party Transactions Policy -</i> http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/Amended_Material_Related_Party_Transactions_Policy_of_Cosco_Capital_Inc..pdf</p>	
Supplement to Recommendation 8.6			
<p>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.</p>	Compliant	<p><i>Reference Page No. 15 Definitive Information Statement -</i> http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/SEC_20-IS_Definitive_Information_Statement_July_28,_2020.pdf</p> <p><i>Reference Page No. 35 Annual Report 2020 -</i> http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/SEC_Form_17-A_-_Annual_Report_2020.pdf</p>	
Recommendation 8.7			
<p>1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).</p>	Compliant	<p><i>The MCG policy of the company is submitted to the SEC and PSE and is posted on the company website. It covers the company's corporate governance policies, programs and procedures.</i></p> <p><i>Reference Document Manual on Corporate Governance -</i> http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf</p>	
<p>2. Company's MCG is submitted to the SEC and PSE.</p>			
<p>3. Company's MCG is posted on its company website.</p>			
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		<i>The company has not yet updated its MCG.</i>
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	Compliant	<p><i>Reference Page No. 25 – 33, 38, 34 – 35, 37 Annual Report 2020 -</i> http://coscocapitalbeta.webtogo.com.ph/images/ite/ms/uploads/SEC_Form_17-A_-_Annual_Report_2020.pdf</p> <p><i>Reference Document Management Discussion and Analysis (Annex B) and Sustainability Report (Annex D) of Annual Report 2020 -</i> http://coscocapitalbeta.webtogo.com.ph/images/ite/ms/uploads/SEC_Form_17-A_-_Annual_Report_2020.pdf</p>	
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.	Compliant	<p><i>Reference Page No. 37 Annual Report 2020 -</i> http://coscocapitalbeta.webtogo.com.ph/images/ite/ms/uploads/SEC_Form_17-A_-_Annual_Report_2020.pdf</p>	
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).	Compliant	Reference Page No. 15- 17 Annual Report 2020 - <u>http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC_Form_17-A_-_Annual_Report_2020.pdf</u>	

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, re-appointment, removal, and fees of the external auditors.	Compliant	<i>The appointment and fees of the external auditor pass through the approval of the Audit Committee.</i>	
2. The appointment, re-appointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the board and ratified by the shareholders.	Compliant	<i>Reference Document Result of Annual Stockholders Meeting - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/Result_of_Annual_Stockholders_Meeting_of_Cosco_Capital_Inc_dated_August_18_2020.pdf</i>	
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	<i>There is no incident of removal of an external auditor. But the company will disclose if there would be any such incident, including the reason for removal or change.</i>	

Supplement to Recommendation 9.1

1. Company has a policy of rotating the lead audit partner every five years.	Compliant	<i>The company has a policy of rotating the lead audit partner every five years.</i>	
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Recommendation 9.2

<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <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. 	<p>Compliant</p>	<p><i>Reference Document Audit Committee Charter - http://coscocalpitalbeta.webtogo.com.ph/multipage/uploads/2771/25462/Annex%20(16)-Audit%20Committee%20Charter.pdf</i></p>	
<p>2. Audit Committee Charter contains the committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>			
Supplement to Recommendations 9.2			
<p>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.</p>	<p>Compliant</p>	<p><i>Reference Document Audit Committee Charter - http://coscocalpitalbeta.webtogo.com.ph/multipage/uploads/2771/25462/Annex%20(16)-Audit%20Committee%20Charter.pdf</i></p>	
<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>			
Recommendation 9.3			
<p>1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.</p>	<p>Compliant</p>	<p><i>There are no non-audit services performed by the external auditor in 2020.</i></p> <p><i>Reference Page No. 16 Definitive Information Statement - http://coscocalpitalbeta.webtogo.com.ph/images/items/uploads/SEC_20-IS_Definitive_Information_Statement_July_28,_2020.pdf</i></p>	

		<p>Reference Page No. 24 Annual Report 2020 - http://coscocapitalbeta.webtogo.com.ph/images/itms/uploads/SEC_Form_17-A - Annual_Report_2020.pdf</p>	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	<p>Reference Document Audit Committee Charter - http://coscocapitalbeta.webtogo.com.ph/multipage/uploads/2771/25462/Annex%20(16)-Audit%20Committee%20Charter.pdf</p> <p>Reference Page No. 5 Manual on Corporate Governance - http://coscocapitalbeta.webtogo.com.ph/images/itms/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf</p>	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	<p><i>There are no non-audit services performed by the external auditor in 2020.</i></p> <p>Reference Page No. 16 Definitive Information Statement - http://coscocapitalbeta.webtogo.com.ph/images/itms/uploads/SEC_20-IS_Definitive_Information_Statement_July_28,_2020.pdf</p> <p>Reference Page No. 24 Annual Report 2020 - http://coscocapitalbeta.webtogo.com.ph/images/itms/uploads/SEC_Form_17-A - Annual_Report_2020.pdf</p>	
Additional Recommendation to Principle 9			

1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	<p><i>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</i></p> <p><i>The lead audit partner is Mr. Dindo Marco M. Dioso with CPA License No. 0095177 with SEC Accreditation No. 95177 (Group A) valid until 2023</i></p>	
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).	Compliant	<p><i>R.G. Manabat & Co. had agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).</i></p>	

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	<p><i>Reference Document Sustainability Report - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/SEC_Form_17-A_-_Annual_Report_2020.pdf</i></p>	
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	Compliant	<p><i>Reference Document Notice of Analysts' Briefing - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/Notice_of_Analyst_Briefing_3rd_Quarte</i></p>	
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and relevant information to its shareholders and other investors.		r 2020 Results to be held on November 13, 2020.pdf	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	Compliant	Please refer to www.coscocapital.com.ph for:	
a. Financial statements/reports (latest quarterly)		Reference Document Annual Report - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC_Form_17-A - Annual Report 2020.pdf	
b. Materials provided in briefings to analysts and media		Reference Document Audited Financial Statements - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC_Form_17-A - Annual Report 2020.pdf	
c. Downloadable annual report		Reference Document Analysts' Briefing materials - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/Company Presentation for Analyst Briefing to be held on November 13, 2020.pdf	
d. Notice of ASM and/or SSM		Reference Document Definitive Information - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC 20-IS Definitive Information Statement July 28, 2020.pdf	
e. Minutes of ASM and/or SSM		Reference Document Notice of ASM - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/Notice of Annual Stockholders' Meeting of Cosco Capital Inc .pdf	
f. Company's Articles of Incorporation and By-Laws		Reference Document Minutes of ASM - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/Minutes of the ASM Meeting 08 18 2020 DRAFT.pdf	

		<p>Reference Document Result of ASM - http://coscocapitalbeta.webtogo.com.ph/images/ite ms/uploads/Result of Annual Stockholders Meeti ng of Cosco Capital Inc dated August 18 202 0.pdf</p> <p>Reference Document Articles of Incorporation - http://coscocapitalbeta.webtogo.com.ph/images/ite ms/uploads/Certificate%20of%20Filing%20of%20A mended%20Articles%20of%20Incorporation%20dat ed%20October%2019,%202016.pdf</p> <p>Reference Document Company's Bylaws - http://coscocapitalbeta.webtogo.com.ph/images/ite ms/uploads/Certificate%20of%20Filing%20of%20A mended%20By- Laws%20dated%20October%2019,%202016.pdf</p>	
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Compliant	Please refer to www.coscocapital.com.ph	
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	<i>Internal Audit Annual Plan includes the following: Financial Audit, Compliance Audit, Inventory Audit, and IT Audit, where the frequency of review is outlined on the Audit Plan. Revisions are typically done based on identified risks.</i>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	<i>Enterprise Risk Management is based on Control Environment, Risk Assessment, Information, and immediate communication, Monitoring Activities,</i>	

		<p><i>and continuous enhancements of existing control environment based identified risks.</i></p> <p><i>The review is generally done every month with each division heads and top management.</i></p>	
Supplement to Recommendations 12.1			
<p>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.</p>	Compliant	<p><i>The company is compliant with laws and relevant regulations affecting its operation, although it is not written in one formal document nor presented in a comprehensive program.</i></p>	
Optional: Recommendation 12.1			
<p>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.</p>	-	-	-
Recommendation 12.2			
<p>1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.</p>	Compliant	<p><i>The in-house internal audit of the company is ensuring that control and systems are in place in the daily operation of the company.</i></p>	
Recommendation 12.3			
<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the board.</p>	Compliant	<p><i>Reference Page No. 31 Annual Report 2020 - http://coscocapitalbeta.webtogo.com.ph/images/itms/uploads/SEC_Form_17-A_-_Annual_Report_2020.pdf</i></p> <p><i>Reference Page No. 12 Definitive Information Statement - http://coscocapitalbeta.webtogo.com.ph/images/ite</i></p>	

		ms/uploads/SEC 20-IS Definitive Information Statement July 28, 2020.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	<i>There is no outsourced internal audit activity.</i>	
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	<i>There is no outsourced internal audit activity.</i>	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Non-compliant		<i>Each business unit and department manages risk in consultation with the top management and the Internal Audit Department.</i>
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	<i>The company will seek external technical support in risk management when such competence is not available internally.</i>	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Non-compliant		<i>Each business unit and department manages risk in consultation with the top management and the Internal Audit Department.</i>
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Non-compliant		<i>Each business unit and department manages risk in consultation with the top management and the Internal Audit Department.</i>

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		<i>The CEO and CAE attest verbally during audit committee meetings that a sound internal audit, control, and compliance system are in place and working effectively.</i>
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	Reference Document Manual on Corporate Governance - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/COSCO%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Non-compliant		<i>Fundamental shareholder rights are those stated in the Manual on Corporate Governance.</i>
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	Reference Page No. 5 Definitive Information Statement - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC 20-IS Definitive Information Statement July 28, 2020.pdf	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	Reference Page No. 19 - 20 Definitive Information Statement - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC 20-IS Definitive Information Statement July 28, 2020.pdf	

3. Board has an effective, secure, and efficient voting system.	Compliant	<p>Reference Page No. 19 - 20 Definitive Information Statement - http://coscocalpitalbeta.webtogo.com.ph/images/ite ms/uploads/SEC 20- IS Definitive Information Statement July 28, 202 0.pdf</p> <p>Reference Page No. 7 – 9 Company's Bylaws - http://coscocalpitalbeta.webtogo.com.ph/images/ite ms/uploads/Certificate%20of%20Filing%20of%20A mended%20By- Laws%20dated%20October%2019,%202016.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.	Compliant	<p><i>The company is compliant with the rules of the Philippine Stock Exchange that require a majority of the minority in related party transactions involving shares of the company.</i></p>	
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		<p><i>There is no procedure yet for minority shareholders to call shareholders' meetings and submit an agenda item. However, minority shareholders are not precluded from calling a meeting and submit an agenda item. The company has an Investor Relations Officer who can handle stockholders' concerns.</i></p>
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	<p>Reference Page No. 6 Manual on Corporate Governance - http://coscocalpitalbeta.webtogo.com.ph/images/ite ms/uploads/COSCO%20MANUAL%20ON%20COR PORATE%20GOVERNANCE.pdf</p>	
7. Company has a transparent and specific dividend policy.	Compliant	<p>Reference Page No. 21 Definitive Information Statement - http://coscocalpitalbeta.webtogo.com.ph/images/ite</p>	

		ms/uploads/SEC 20- IS Definitive Information Statement July 28, 2020.pdf Reference Page No. 23 Annual Report 2020 - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/SEC Form 17-A - Annual Report 2020.pdf	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Compliant	<i>The Company appoints its Stock Transfer Agent to count and validate the votes at the Annual Stockholders' Meeting.</i> <i>The stock transfer agent of the company is RCBC – Trust Department.</i> Reference Page No. 2 Definitive Information Statement - <a href="http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/SEC 20-
IS Definitive Information Statement July 28, 2020.pdf">http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/SEC 20- IS Definitive Information Statement July 28, 2020.pdf	
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	Reference Document Notice of Stockholders Meeting - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/Notice_of_Annual_Stockholders'_Meeting_of_Cosco_Capital_Inc_.pdf Reference Document Minutes of Stockholders Meeting - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/Minutes_of_the_ASM_Meeting_08_18_2020_DRAFT.pdf	
Supplemental to Recommendation 13.2			

1. Company's Notice of Annual Stockholders' Meeting contains the following information:			
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	Reference Page No. 6 - 10 Definitive Information Statement - http://coscocalpitalbeta.webtogo.com.ph/images/itms/uploads/SEC_20-IS_Definitive_Information_Statement_July_28,_2020.pdf	
b. Auditors seeking appointment/re-appointment	Compliant	Reference Page No. 1, 3, 16 Definitive Information Statement - http://coscocalpitalbeta.webtogo.com.ph/images/itms/uploads/SEC_20-IS_Definitive_Information_Statement_July_28,_2020.pdf	
c. Proxy documents	Compliant	Reference Documents Proxy Form - http://coscocalpitalbeta.webtogo.com.ph/images/itms/uploads/SEC_20-IS_Definitive_Information_Statement_July_28,_2020.pdf	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	Reference Page No. 3 Definitive Information Statement - http://coscocalpitalbeta.webtogo.com.ph/images/itms/uploads/SEC_20-IS_Definitive_Information_Statement_July_28,_2020.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	Compliant	Reference Documents SEC 17C Result of Annual Stockholders Meeting - http://coscocalpitalbeta.webtogo.com.ph/images/ite	

Shareholders' Meeting publicly available the next working day.		ms/uploads/Result of Annual Stockholders Meeting of Cosco Capital Inc dated August 18 2020.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.	Compliant	Reference Documents Minutes of the Annual Stockholders Meeting - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/Minutes of the ASM Meeting 08 18 2020 DRAFT.pdf	
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	Reference Documents Minutes of the Annual Stockholders Meeting - http://coscocalpitalbeta.webtogo.com.ph/images/its/uploads/Minutes of the ASM Meeting 08 18 2020 DRAFT.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		<i>The company has not yet established an alternative dispute mechanism to resolve intra-corporate disputes.</i>
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Non-compliant		<i>The company has not yet established an alternative dispute mechanism.</i>
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	<i>The contact details of the officer responsible for investor relations:</i> <i>1. Name of the person: Mr. John Hao</i> <i>2. Telephone number: 523-3055</i> <i>3. Fax number: 523-3055</i> <i>4. E-mail address: john.hao@puregold.com.ph</i>	
2. IRO is present at every shareholder's meeting.	Compliant	<i>The IRO always attends the ASM.</i>	

		Reference Documents Minutes of the Annual Stockholders Meeting - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/Minutes of the ASM Meeting 08 18 2020_DRAFT.pdf	
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	<i>The board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group.</i>	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Non-Compliant		<i>As of December 31, 2020, the company's public float is 22.99%.</i>
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	Reference Document Sustainability Report - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC Form 17-A - Annual Report 2020.pdf	.
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Reference Document Sustainability Report - http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC Form 17-A - Annual Report 2020.pdf	

		ms/uploads/SEC Form 17-A - Annual Report 2020.pdf	
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><i>The stakeholders may contact the Investors Relations Officer:</i></p> <p>1. <i>Name of the person: Mr. John Hao</i> 2. <i>Telephone number: 523-3055</i> 3. <i>Fax number: 523-3055</i> 4. <i>E-mail address: john.hao@puregold.com.ph</i></p>	
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		<i>The company has not yet established an alternative dispute resolution system.</i>
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	<i>In 2020, the company did not seek exemption from any application of a law, rule, or regulation, especially when it refers to a corporate governance issue.</i>	
2. Company respects intellectual property rights.	Compliant	<p><i>The company protects its intellectual property rights by registering its trademarks.</i></p> <p><i>In case there is a complaint of intellectual property rights, the company immediately addresses the issue and require the concessionaire or supplier to remove the items in our stores.</i></p> <p><i>Reference Document Annual Report 2020, Annex "E" – List of Trademarks -</i></p>	

		http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC_Form_17-A - Annual_Report_2020.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	Compliant	<i>Reference Document Sustainability Report -</i> http://coscocapitalbeta.webtogo.com.ph/images/its/uploads/SEC_Form_17-A - Annual_Report_2020.pdf	
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	<i>Workplace policies and programs are in place to articulate the company's vision and values to its employee, not merely to ensure compliance with the law but also to ensure the accountability of both the management and the employees. Some of which are as follows :</i> <i>Rules and Regulations Against Sexual Harassment</i> <i>Breastfeeding Policy</i> <i>Company Policy and Rule on STD/HIV/AIDS</i> <i>Company Safety Policies</i> <i>Drug-Free Workplace Policy</i> <i>Family Welfare Program</i> <i>Workplace Policy on Mental Health</i> <i>Workplace Policy and Program on Expanded Maternity Leave</i> <i>Workplace Policy and Program on Tuberculosis (TB) Prevention and Control</i> <i>Workplace Policy and Program on Hepatitis B</i>	

		<p><i>Workplace Policy and Program on Leave for Victims of Violence Against Women and Children</i></p> <p><i>Workplace Policy and Program on Paternity Leave</i></p> <p><i>Workplace Policy and Program on Solo Parents</i></p> <p><i>Workplace Policy and Program on Special Leave for Women</i></p> <p><i>Relocation Allowance Policy</i></p> <p><i>Scholarship program for Employees' Children</i></p> <p><i>Workplace Policy in the Prevention and Control of Covid-19</i></p>	
Supplement to Recommendation 15.1			
<p>1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.</p>	Compliant	<p><i>1. The performance of each employee is reviewed twice a year. Yearly, performance of the employees is ranked per department per rank. Upper 50% will get corresponding merit increase, ranging from 5% to 10% of current salary. Those in the lower 50% will get 3% of the current salary.</i></p> <p><i>2. Service Awards - employee's loyalty is recognized every year with corresponding tokens of appreciation depending on awardees' tenure.</i></p> <p><i>3. Scholarship program for employees' children - qualified and deserving employees' dependents enjoy a full scholarship to premiere university and any state university in the country</i></p>	
<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	Compliant	<p><i>The company complies with the occupational health and safety standards of the Department of Labor and Employment.</i></p> <p><i>Currently, the company has 380 Safety Officers and 343 First Aiders.</i></p> <p><i>The company provides the following benefits to its employees pertaining to health and safety: health</i></p>	

		<i>insurance benefits and group personal accident insurance.</i>	
3. Company has policies and practices on training and development of its employees.	Compliant	<p><i>The company extends practical and best applicable programs of employee training and development, which promote maximum efficiency in the performance of functions, duties, and responsibilities, and improve employee morale.</i></p> <p><i>From entry to retention, training programs progressively address both operational and behavioral requirements of different positions in the company.</i></p> <p><i>All new hires and candidates for promotion in Operations, for supervisory and managerial positions, undergo the Training Course for Section Supervisors (TCSS) and Training Course for Management Trainees (TCMT), while new hires in the office undergo a Departmental Training Course (DTC).</i></p> <p><i>It is in this way that the company communicates how vital their roles would be in the organization. It is also a useful tool for welcoming, nurturing, and retaining new hires and employees with a great deal of potential.</i></p> <p><i>Generally, training programs are tailor-fitted based on the department's requirements. Training programs are focused on leadership skills, functional training programs, customer service, communication skills, and culture building.</i></p> <p><i>Employees are also sent to external training to enhance their technical and leadership skills. Because of these development programs, an average of 6% of the workforce got promoted every year for the last five years.</i></p>	

Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	<p><i>Article C Section 61 of the company's Code of Conduct states that Accepting or offering money, gift, anything of value, commission, preferential treatment, promise, in consideration of any act, contract, decision, or service-connected with the discharge of employee's work.</i></p> <p><i>First offense, if proven after due process, is punishable by dismissal from work.</i></p> <p><i>The company also observes a no-gift policy. Poster on No Gift Policy is in conspicuous areas in the stores and the Head Office.</i></p> <p><i>Every year, the company releases a memorandum reiterating the No Gift Policies, programs, and practices on anti-corruption.</i></p>	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	<p><i>All new hires undergo a new Employee Orientation Program (NEOP), where all matters about the code of discipline are made known to employees across the organization.</i></p> <p><i>The soft skills training programs of the company on Culture Building include the following modules: Values in Action, conducted from supervisory to managerial levels, while modules Nurturing our Company Culture and Person of Integrity are conducted to all levels. These programs, primarily, aim to deepen one's commitment to aligning personal values with corporate values.</i></p>	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee	Compliant	<i>For the last five years, the company has no case on employee involvement related to bribery.</i>	

involvement in offering, paying and receiving bribes.		<i>The last case was in 2014 when an employee committing such violation was placed under preventive suspension and eventually tendered his resignation. Report and recommendation of the Legal Department, after the conduct of the due process, shows that if the employee had not resigned, he should have been dismissed for serious misconduct, conflict of interest, grave abuse of authority, asking or accepting things of value.</i>	
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	<i>The company has a whistleblowing policy, but it is currently being reviewed to make it more efficient.</i>	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the board or a unit created to handle whistleblowing concerns.	Compliant	<i>Top management encourages its employees to report all acts of dishonesty, theft, pilferage, and other anomalous incidents in the workplace directly to the Chairman.</i>	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	<i>The company has a whistleblowing policy, but it is currently being reviewed to make it more efficient.</i>	
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	<i>Reference Document Sustainability Report - http://coscocalpitalbeta.webtoqo.com.ph/images/its/uploads/SEC_Form_17-A_-_Annual_Report_2020.pdf</i>	
Optional: Principle 16			

1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	Compliant	Reference Document Sustainability Report - http://coscocalpitalbeta.webtogo.com.ph/images/itms/uploads/SEC_Form_17-A - _Annual_Report_2020.pdf	
2. Company exerts effort to interact positively with the communities in which it operates	Compliant	Reference Document Sustainability Report - http://coscocalpitalbeta.webtogo.com.ph/images/itms/uploads/SEC_Form_17-A - _Annual_Report_2020.pdf	

SIGNATURE PAGE

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated **Annual Corporate Governance Report** is signed on behalf the registrant by the undersigned, thereunto duly authorized, in the City of Manila on 25 May 2021.


LUCIO L. CO
Chairman


ROBERT Y. COKENG
Independent Director


BIENVENIDO E. LAGUESMA
Independent Director


LEONARDO B. DAYAO
President


OSCAR S. REYES
Independent Director

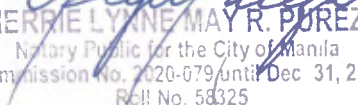

CANDY H. DACANAY - DATUON
Assistant Corporate Secretary & Compliance Officer

SUBSCRIBED AND SWORN to before me this JUN 01 2021 day of May 2021 in the City of Manila, Philippines.

Name
Lucio L. Co
Leonardo B. Dayao
Robert Y. Cokeng
Oscar S. Reyes
Bienvenido E. Laguesma
Candy H. Dacanay – Datuon

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TIN ID No. 108-975-971
TIN ID No. 135-546-815
TIN ID No. 100-868-503
TIN ID No. 136-623-569
TIN ID No. 135-071-243
TIN ID No. 233-200-394

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Book No. 28
Series of 2021.


CHERRIE LYNNE MAY R. PUREZA
Notary Public for the City of Manila
Commission No. 2020-079 until Dec 31, 2021
Rc# No. 58325
IBP Lifetime Member No. 09093
PTR No. 9824725 / 01-05-2021 / Mia.
MCLE Compliance No. VI-0022488 / 04-16-19
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