

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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(Business Address: No. Street City/Town/Province)

Atty. Caesar A. Guerzon

Contact Person

636-54-11

Company Telephone Number

1	2
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Month

3	1
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Day

Fiscal Year

I-ACGR

FORM TYPE

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Month

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Day

Annual Meeting

Secondary License Type, If Applicable

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Dept. Requiring this Doc.

Amended Articles Number/Section

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Total Number of Stockholders

Total Amount of Borrowings

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Domestic

none

Foreign

To be accomplished by SEC Personnel concerned

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File Number

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SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **2017**
2. SEC Identification Number **A199910065** 3. BIR Tax Identification No. **203523208**
4. Exact name of issuer as specified in its charter **COL Financial Group, Inc.**
5. 6. (SEC Use Only)
- Province, Country or other jurisdiction of
incorporation or organization Industry Classification Code:
7. **Unit 24/F East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City 1605**
Address of principal office Postal Code
8. **(02) 636-5411**
Issuer's telephone number, including area code
9.
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<i>The Board's Governance Responsibilities</i>			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	The academic qualifications, industry knowledge, professional experience, and expertise of the Company's directors may be found in Part III, Item 10 of the Company's Annual Report (Annual Report) and also in its website under the Section entitled "Board of Directors, Management & Executive Officers." Annual Report: https://www.colfinancial.com/ape/Final2/home/disclosures/COL_17A_Dec2017.pdf Investor Relations Page: https://www.colfinancial.com/ape/Final2/home/investor_relations.asp#corporate_governance The above references also show that the Company's Board of Directors has an appropriate mix of competence and expertise necessary to run an online brokerage business and prove the	
2. Board has an appropriate mix of competence and expertise.	Compliant		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant		

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		<p>continuing qualifications of the Company's directors that enable them to fulfill their roles and responsibilities to COL and respond to the Company's needs.</p> <p>The qualifications and disqualifications of directors may be found in Art III, Sec 3.01 and 3.02 of the Company's Corporate Governance Manual (CG Manual).</p> <p>CG Manual: https://www.colfinancial.com/ape/Final2/home/governance/Corporate%20Governance%20Manual.pdf</p>	
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	<p>Only 2 out of the Company's 11 directors (Mr. Bate and Ms. Ong) are executive directors. The rest are non-executive directors. Kindly also refer to Art II Sec 1 of the Board Charter.</p> <p>Board Charter: https://www.colfinancial.com/ape/Final2/home/governance/Board%20Charter.pdf</p>	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a	Compliant	Kindly refer to Art VIII of the Board Charter and Art IX of the CG Manual.	

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
policy on training of directors.		Board Charter: https://www.colfinancial.com/ape/Final2/home/governance/Board%20Charter.pdf CG Manual: https://www.colfinancial.com/ape/Final2/home/governance/Corporate%20Governance%20Manual.pdf	
2. Company has an orientation program for first time directors.	Compliant	Kindly see the certificates of attendance of all directors of COL for the year 2017 attached as Annex “A”.	
3. Company has relevant annual continuing training for all directors.	Compliant		
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	Art II, Sec 2.01 of the CG Manual states that as much as practicable, the Board of Directors of the Company shall be composed of a mix of competent directors from diverse backgrounds, which will enable each member to have a unique perspective and provide valuable and independent judgment and insight in the formulation of sound corporate strategies and policies. CG Manual: https://www.colfinancial.com/ape/Final2/home/governance/Corporate%20Governance%20Manual.pdf	

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		<u>al.pdf</u> The same policy is reiterated in Art II, Sec 3 of the Board Charter. Board Charter: <u>https://www.colfinancial.com/ape/Final2/home/governance/Board%20Charter.pdf</u> With respect to gender diversity, we note that Ms. Ong is the only female member of the Board.	
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.			
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	Atty. Caesar A. Guerzon is the Corporate Secretary. His qualifications may be found in the Company's investor relations page under the heading "Board of Directors, Management & Executive Officers" and Part III, Item 10 of the Annual Report. Investor Relations Page: <u>https://www.colfinancial.com/ape/Final2/home/i</u>	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		<p><u>nvestor_relations.asp#management</u></p> <p>Annual Report: <u>https://www.colfinancial.com/ape/Final2/home/disclosures/COL_17A_Dec2017.pdf</u></p> <p>His duties and functions are in Art VII, Sec 6 of the Board Charter.</p> <p>Board Charter: <u>https://www.colfinancial.com/ape/Final2/home/governance/Board%20Charter.pdf</u></p> <p>The Company's Compliance Officer is Atty. Sharon T. Lim. Please note, however, that in the absence of Atty. Guerzon and Asst. Corporate Secretary, Mr. Juan Barredo, Atty. Lim assumes the role of alternate Asst. Corp. Secretary.</p> <p>While Atty. Guerzon was elected as member of the Board of Directors during the annual stockholders meeting last March 2017, he resigned as a director effective May 2017.</p>	
4. Corporate Secretary attends training/s on corporate governance.	Compliant	Please see Atty. Guerzon's certificate of attendance is attached as Annex "A." We likewise attach as Annex "A" the certification of training of the Assistant Corporate Secretaries, Mr. Barredo and Atty. Lim.	

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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>Atty. Lim has been appointed by the Board as its Compliance Officer. Her qualifications may be found in the Company's investor relations page page under the heading "Board of Directors, Management & Executive Officers" and Part III, Item 10 of the Annual Report.</p> <p>Investor Relations Page: https://www.colfinancial.com/ape/Final2/home/investor_relations.asp#management</p> <p>Annual Report: https://www.colfinancial.com/ape/Final2/home/disclosures/COL_17A_Dec2017.pdf</p> <p>Her duties and functions are in Art, V Sec. 5.07 of the CG Manual and Art VII, Sec 8 of the Board Charter.</p> <p>CG Manual: https://www.colfinancial.com/ape/Final2/home/governance/Corporate%20Governance%20Manu</p>	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant		
3. Compliance Officer is not a member of the board.	Compliant		

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		<u>al.pdf</u> Board Charter: <u>https://www.colfinancial.com/ape/Final2/home/governance/Board%20Charter.pdf</u> She has the rank of Asst. Vice President in the organization, is the Head of its Human Resources, Legal & Compliance Department, and is one of the Company's Associated Persons, all roles that provide her with adequate stature and authority to supervise the Company's compliance with applicable rules and regulations. She is not a member of the Board of Directors.	
4. Compliance Officer attends training/s on corporate governance.	Compliant	Please see Atty. Lim's certificate of attendance attached as Annex "A".	
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	The Directors review all board materials and actively take part in the discussions of the Board. A copy of all resolutions passed by the Board of Directors for 2017 may be found in Annex F of the Company's 2018 Definitive Information	

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		Statement (Information Statement). Information Statement: https://www.colfinancial.com/ape/Final2/Disclosures/Data/2018%20Definitive%20Information%20Statement.pdf	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company’s business objectives and strategy.	Compliant	At least on an annual basis, the Board reviews the Company’s business objectives and strategy. On a quarterly basis, the President submits the Company’s performance report for the review of the Board of Directors. In addition, the Board oversees all new initiatives of the Company and frequently requests for progress reports on existing Company projects.	
2. Board oversees and monitors the implementation of the company’s business objectives and strategy.	Compliant		
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	The vision of COL Financial is to be the best and most trusted financial service provider for Filipino investors. It has a three-fold mission, namely: (i) to provide the ultimate investing customer experience that will result in sustainable wealth creation; (ii) to provide the most conducive and rewarding work environment for its employees; and (iii) to provide its shareholders a sustainable return on capital. The Board has identified the values of passion, integrity, commitment,	

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		<p>excellence, and teamwork as critical to ensure that the vision and mission of the Company are realized.</p> <p>A copy of the vision, mission, and core values may be found in the Company's investor relations page, under the heading "Company Profile".</p> <p>Investor Relations Page: https://www.colfinancial.com/aqe/Final2/home/investor_relations.asp#management </p> <p>The mission, vision, and core values are reviewed at least once every two years.</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	On an annual basis, under the direction and supervision of the Board, the Company crafts its strategic objectives which must be consistent with the Company's mission, vision, and core values. Upon review and approval of the strategic objectives, each department then crafts its business plans, annual budgets including other resources needed, performance objectives, and key performance indicators to support the overall strategic objectives of the Company.	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	The information and qualifications of the Company's Chairman, Mr. Edward K. Lee, are in	

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		<p>the Company's investor relations page under the heading "Board of Directors, Management & Executive Officers" and Part III, Item 10 of the Annual Report.</p> <p>Investor Relations Page: https://www.colfinancial.com/ape/Final2/home/investor_relations.asp#management</p> <p>Annual Report: https://www.colfinancial.com/ape/Final2/home/disclosures/COL_17A_Dec2017.pdf</p>	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers, and management.	Compliant	<p>The Board ensures that it appoints competent and qualified individuals to key positions in the organization. The Board, with the help of the Company's Human Resources Department, maps out the duties and functions of each position together with the key knowledge, skills, and experience required. A professional development plan is created for high potential candidates to ensure that they receive continuous training to further develop their skills and equip them with the right knowhow and expertise to ensure that they are able to do their jobs well. The Board likewise assesses the training needs of each incumbent and provides the opportunity for</p>	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant		

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		<p>them to further enhance their skills through internal or external trainings and seminars. The above likewise applies to the executives who may be elected as Board directors, including the Company's Chief Executive Officer, Chief Operating Officer, Chief Finance Officer, and the President.</p> <p>Under the Company's HR Manual, employees who reach the age of 60 shall be retired and entitled to a retirement benefit. The Company also allows early retirement at age 50 with 10 years of service. Employees who resign after a minimum of 5 years of service are also provided with separation pay.</p>	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	<p>In 2017, Board members received a remuneration of PhP10,000 per meeting attended, as disclosed in Part III, Item 11 of the Annual Report.</p> <p>Annual Report: https://www.colfinancial.com/ape/Final2/home/disclosures/COL_17A_Dec2017.pdf</p>	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	Aside from this, there are no other arrangements for compensation for directors.	

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		The Board reviews and bases the compensation of all employees, including its key officers, on several factors, including among others, the Company's overall performance, individual performance, the functions and responsibilities of the position, the qualifications and years of experience of the officer concerned, as well as market studies (as revealed in salary surveys).	
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.	Compliant	The board nomination and election policy may be found in Art III, Sec 2(a) of the Company's Amended By-Laws (By-Laws), Sec 5 of the Charter of the Nomination Committee, and Art IV of the CG Manual. By Laws:	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant	https://www.colfinancial.com/ape/Final2/home/governance/Amended%20By-Laws%20(2012).pdf	
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant	Nomination Committee Charter: https://www.colfinancial.com/ape/Final2/home/governance/Nomination%20Committee%20Charter.pdf	
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.	Compliant	CG Manual: https://www.colfinancial.com/ape/Final2/home/governance/Corporate%20Governance%20Manual.pdf	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		
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	Compliant	Please refer to the Company's Related Party Transaction (RPT) policy located in Part H of the	

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.		Company's Code of Business Conduct and Ethics.	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	Code of Business Conduct and Ethics: https://www.colfinancial.com/ape/Final2/home/governance/Code%20of%20Business%20Conduct%20and%20Ethics.pdf	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant		
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	RPTs are classified as material or de minimis. Material RPTs are those which do not fall under the exceptions provided in the Company's RPT policy and which meet the threshold value of the higher of PhP50 million or 5% of stockholder's equity. All Material RPTs must be approved by the Audit Committee. Material RPTs which meet the minimum threshold of the higher of PhP100 million or 10% of stockholder's equity must be ratified by the stockholder's during the stockholder's meeting. The stockholders shall approve or disapprove the RPT by ballot. The RPT policy is clearly discussed in Part H of the Code of Business Conduct and Ethics.	
2. Board establishes a voting system whereby a majority of non-related party	Compliant		

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
shareholders approve specific types of related party transactions during shareholders' meetings.		Code of Business Conduct and Ethics: https://www.colfinancial.com/ape/Final2/home/governance/Code%20of%20Business%20Conduct%20and%20Ethics.pdf	
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	<p>Please refer to Art VII, Sec 2(a) of the Board Charter on the Board's responsibility to appoint management officers.</p> <p>Board Charter: https://www.colfinancial.com/ape/Final2/home/governance/Board%20Charter.pdf</p> <p>For 2017, the Company's Management Team appointed by the Board was composed of:</p> <ul style="list-style-type: none"> - Conrado F. Bate (President & CEO) - Catherine L. Ong (SVP/ CFO) - Caesar A. Guerzon (SVP / Corporate Secretary) - Juan G. Barredo (VP / Head of Sales & Customer Support) - Nikos J. Bautista (VP / Chief Technology Officer) - Lorena E. Velarde (VP / Financial Controller) - April Lynn L. Tan (VP / Head of Research) - Melissa O. Ng (AVP / Head of Operations) 	

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		- Sharon T. Lim (AVP / Head of HR, Legal & Compliance Departments)	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	The Board assesses the performance of management on at least an annual basis. In evaluating its key officers, the Board considers, at the minimum, the following criteria: (i) Company performance; (ii) individual performance; (iii) roles and responsibilities of the persons; and (iv) alignment with Company's mission, vision, and values.	
Recommendation 2.9			
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.	Compliant	The Board assesses the performance of management on at least an annual basis. The Board considers the following criteria in its evaluation: (i) Company performance; (ii) individual performance; (iii) roles and responsibilities of the persons; and (iv) alignment with Company's mission, vision, and values.	
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.	Compliant	<p>Company personnel are likewise assessed during their probationary period and during the annual evaluation at the end of the year. Their performance is rated based, among others, on their job knowledge, quality, and quantity of work.</p> <p>On an annual basis, the Board likewise reviews</p>	

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		the performance management system to ensure that the same is in line with the Board's mission, vision, values, and strategic objectives.	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	Please refer to Art V, Sec 5.04 of the CG Manual. CG Manual: https://www.colfinancial.com/ape/Final2/home/governance/Corporate%20Governance%20Manual.pdf	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	Please refer to Parts C and H of the Code of Business Conduct and Ethics. Code of Business Conduct and Ethics: https://www.colfinancial.com/ape/Final2/home/governance/Code%20of%20Business%20Conduct%20and%20Ethics.pdf	
3. Board approves the Internal Audit Charter.	Non-Compliant		The Company plans to undertake a business review process to assess the effectivity of its internal controls and determine what internal audit structure best fits the organization. It is currently in discussions with a third party audit firm regarding the project. The Internal Audit Charter will be crafted based on the results and

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
			recommendations of the review.
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	The responsibility of the Board to oversee the establishment of a sound risk management framework may be found in Art VII, Sec 2(h) of the Board Charter.	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	<p>Board Charter: https://www.colfinancial.com/ape/Final2/home/governance/Board%20Charter.pdf</p> <p>A discussion on how the Company, through the leadership of the Board, manages its risks may be found in pages 12-19 of the Annual Report.</p> <p>Annual Report: https://www.colfinancial.com/ape/Final2/home/disclosures/COL_17A_Dec2017.pdf</p>	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	The Company's Board Charter may be found in https://www.colfinancial.com/ape/Final2/home/governance/Board%20Charter.pdf	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	The Charter includes, among others, the duties and responsibilities of the Board as a whole and of each Director.	

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
3. Board Charter is publicly available and posted on the company's website.	Compliant		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	Kindly refer to Item E of the Code of Business Conduct and Ethics. Code of Business Conduct and Ethics: https://www.colfinancial.com/ape/Final2/home/governance/Code%20of%20Business%20Conduct%20and%20Ethics.pdf	
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			

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	The Board established the following committees to aid in the performance of its roles and responsibilities: Audit Committee, Nomination Committee, and Remuneration Committee.	
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	<p>Please refer to Art VII, Sec 8.01 of the CG Manual on the discussion of the Audit Committee, including its functions as well as the Audit Committee Charter.</p> <p>It should be noted that under Art VIII, Sec 8.01(d)(v) of the CG Manual and Sec 3.4(e) of the Audit Committee Charter, the Audit Committee is responsible for, among others, recommending to the Board the appointment, reappointment, removal, and fees of the external auditor.</p> <p>CG Manual: https://www.colfinancial.com/aqe/Final2/home/governance/Corporate%20Governance%20Manual.pdf</p> <p>Audit Committee Charter: https://www.colfinancial.com/aqe/Final2/home/governance/Audit%20Committee%20Charter.pdf</p>	
2. Audit Committee is composed of at least	Non-	The members of the Audit Committee are Mr.	The Company only has 2 independent

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three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	<p>Wellington C. Yu, Mr. Raymond C. Yu, and Mr. Hernan G. Lim, all of whom are non-executive directors. Mr. Wellington Yu, an independent director, chairs the committee. The qualifications of said directors may be found in the Company's Investor Relations page under the heading "Board of Directors, Management & Executive Officers."</p> <p>Investor Relations Page: https://www.colfinancial.com/ape/Final2/home/investor_relations.asp#management </p>	<p>directors, with the other independent director, Mr. Khoo Boo Boon, taking on the chairmanship of the Nomination Committee. Given the workload of both Committees, the Board believes that it will be in the Company's best interest that each committee would have different members.</p> <p>The Company believes that even with its current composition, the Committee is able to effectively perform its duties and functions.</p> <p>The above notwithstanding, and in recognition of the recommendations of the Commission, we further note that, subject to the existing policies and procedures on nomination and election of directors, the Company intends to add another independent director in the succeeding Board.</p>
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	Please refer to the Company's Investor Relations page under the heading "Board of Directors, Management & Executive Officers" for a discussion of the background, knowledge, skills, and experience of the members of the Audit Committee.	

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		Investor Relations Page: https://www.colfinancial.com/ape/Final2/home/investor_relations.asp#management	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	Mr. Welling ton Yu, the Audit Committee Chairman, is neither the Chairman of the Board nor of any other committee.	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	For 2017, the Company's external auditor did not conduct any non-audit services for the Company.	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	The external audit team directly coordinates with the Audit Committee for their meetings to discuss the Company's financial statements. Members of management are not informed of nor are they allowed to join these meetings.	
Optional: Recommendation 3.2			
1. Audit Committee meets at least four times during the year.			
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	Compliant	The Nomination Committee is in charge of assisting the Board in the performance of its	

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the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.		<p>corporate governance functions. Please refer to Sec 4.1 of the Nomination Committee Charter.</p> <p>Prior to the election of directors, it is the responsibility of the Nomination Committee to review the credentials of all nominees to ensure their alignment with the strategic direction, mission, vision, and values of the Board.</p> <p>Nomination Committee Charter: https://www.colfinancial.com/ape/Final2/home/governance/Nomination%20Committee%20Charter.pdf</p>	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Non-Compliant	The members of the Nomination Committee are Mr. Khoo Boo Boon, Mr. Alexander C. Yu, and Atty. Caesar A. Guerzon.	<p>From the members, only Mr. Khoo Boo Boon is an independent director. As previously noted, the Company only has 2 independent directors, with the other independent director, Mr. Wellington Yu, taking on the chairmanship of the Audit Committee. Given the workload of both Committees, the Board believes that it will be in the Company's best interest that each committee would have different members.</p> <p>The Company believes that even with its current composition, the Committee</p>

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			<p>is able to effectively perform its duties and functions.</p> <p>The above notwithstanding, and in recognition of the recommendations of the Commission, we further note that, subject to the existing policies and procedures on nomination and election of directors, the Company intends to add another independent director in the succeeding Board.</p>
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	Mr. Khoo Boo Boon, an independent director, is the Chairman of the Nomination Committee.	
Optional: Recommendation 3.3			
1. Corporate Governance Committee meets 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.	Compliant	<p>Given the relative small size of the Company, the Board deemed it best that the Audit Committee takes on the task of overseeing the Company's risk management framework. Kindly refer to Sec 3.2 (a) of the Audit Committee Charter.</p> <p>Audit Committee Charter: https://www.colfinancial.com/ape/Final2/home/governance/Audit%20Committee%20Charter.pdf </p>	

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2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Non-Compliant	<p>The members of the Audit Committee are Mr. Wellington C. Yu, Mr. Raymond C. Yu, and Mr. Hernan G. Lim, all of whom are non-executive directors. Mr. Wellington Yu, an independent director, chairs the committee. The qualifications of said directors may be found in the Company's Investor Relations page under the heading "Board of Directors, Management & Executive Officers."</p> <p>Investor Relations Page: https://www.colfinancial.com/ape/Final2/home/investor_relations.asp#management</p>	<p>The Company only has 2 independent directors, with the other independent director, Mr. Khoo Boo Boon, taking on the chairmanship of the Nomination Committee. Given the workload of both Committees, the Board believes that it will be in the Company's best interest that each committee would have different members.</p> <p>The Company believes that even with its current composition, the Committee is able to effectively perform its duties and functions.</p> <p>The above notwithstanding, and in recognition of the recommendations of the Commission, we further note that, subject to the existing policies and procedures on nomination and election of directors, the Company intends to add another independent director in the succeeding Board.</p>
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	Mr. Wellington Yu, the Audit Committee Chairman, is neither the Chairman of the Board nor of any other committee.	
4. At least one member of the BROC has	Compliant	The members of the Audit Committee have more	

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relevant thorough knowledge and experience on risk and risk management.		than 100 years combined experience in the business sector, and as such they have more than sufficient knowledge and experience in the management of risks that are inherent in every business.	
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.	Compliant	Given the limited RPTs, if any, entered into by the Company, the Audit Committee is able to review all material RPTs.	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Non-Compliant	<p>The members of the Audit Committee are Mr. Wellington C. Yu, Mr. Raymond C. Yu, and Mr. Hernan G. Lim, all of whom are non-executive directors. Mr. Wellington Yu, an independent director, chairs the committee. The qualifications of said directors may be found in the Company's Investor Relations page under the heading "Board of Directors, Management & Key Officers."</p> <p>Investor Relations Page: https://www.colfinancial.com/ape/Final2/home/investor_relations.asp#management </p>	<p>The Company only has 2 independent directors, with the other independent director, Mr. Khoo Boo Boon, taking on the chairmanship of the Nomination Committee. Given the workload of both Committees, the Board believes that it will be in the Company's best interest that each committee would have different members.</p> <p>The Company believes that even with its current composition, the Committee is able to effectively perform its duties and functions.</p> <p>The above notwithstanding, and in recognition of the recommendations of</p>

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			the Commission, we further note that, subject to the existing policies and procedures on nomination and election of directors, the Company intends to add another independent director in the succeeding Board.
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	The committee charters of each Board committee may be found in the following links: Audit Committee: https://www.colfinancial.com/ape/Final2/home/governance/Audit%20Committee%20Charter.pdf	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant	Nomination Committee: https://www.colfinancial.com/ape/Final2/home/governance/Nomination%20Committee%20Charter.pdf	
3. Committee Charters were fully disclosed on the company's website.	Compliant	Remuneration Committee: https://www.colfinancial.com/ape/Final2/home/governance/Remuneration%20Committee%20Charter.pdf Said charters contain, among others, the standards for evaluating the performance of each of the Committees.	

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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	<p>The certification on the attendance of the Board for 2017 is disclosed in the Company website.</p> <p>Please note that in 2017, all meetings of the Board, its Committees, and with shareholders were conducted in person (no tele-/videoconferencing).</p> <p>Certification on Attendance: https://www.colfinancial.com/ape/Final2/home/governance/2017%20Attendance%20of%20the%20Board%20of%20Directors.pdf. </p>	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	The Board members are provided with copies of all materials which they review in order to actively participate in the Board meetings.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	During the meetings, the Board members are actively engaged by asking intelligent questions that are pertinent to the topic at hand.	
Recommendation 4.2			

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1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Compliant	<p>Art II Sec 2.02 of the CG Manual and Art III, Sec 1 of the Board Charter require non-executive directors to limit their directorships to a maximum of 5 listed companies.</p> <p>We note that none of the directors concurrently sit in any other publicly-listed company.</p> <p>CG Manual: https://www.colfinancial.com/ape/Final2/home/governance/Corporate%20Governance%20Manual.pdf</p> <p>Board Charter: https://www.colfinancial.com/ape/Final2/home/governance/Board%20Charter.pdf</p>	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	For 2017, the members of the Board did not accept new directorships in any other company.	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.			
2. Company schedules board of directors'			

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meetings before the start of the financial year.			
3. Board of directors meets at least six times during the year.			
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.	Non-Compliant		<p>Currently, the Board has 2 independent directors.</p> <p>The Company believes that even with its current composition, the Board is able to effectively perform its duties and functions and the independent directors are provided with sufficient avenues and opportunities to raise their concerns, if any.</p> <p>The above notwithstanding, and in recognition of the recommendations of the Commission, we further note that, subject to the existing policies and procedures on nomination and election</p>

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			of directors, the Company intends to add another independent director in the succeeding Board.
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	Kindly refer to the certificates of the independent directors attached as Annex "C" of the Information Statement. Information Statement: https://www.colfinancial.com/aqe/Final2/Disclosures/Data/2018%20Definitive%20Information%20Statement.pdf	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	There are no existing shareholder agreements, by law provisions, or other arrangements that constrain the director's ability to vote independently. By-laws: https://www.colfinancial.com/aqe/Final2/home/governance/Amended%20By-Laws%20(2012).pdf	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	Please refer to Art II, Sec 2.04 of the CG Manual on the term requirements of independent directors.	

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2. The company bars an independent director from serving in such capacity after the term limit of nine years.		We note that the 9 year period reckoned from 2012 is the year 2021 and thus, the justification requirement does not apply.	
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.		CG Manual: https://www.colfinancial.com/ape/Final2/home/governance/Corporate%20Governance%20Manual.pdf	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	The Chairman of the Board is Mr. Edward K. Lee while Mr. Conrado F. Bate is the Company’s Chief Executive Officer.	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	Please refer to Art II, Sec 2.03 of the CG Manual for the relationship between the Company’s Chairman and Chief Executive Officer. Their roles and responsibilities may be found in Art 5, Sec 5.01 and 5.05 of the same Manual and Art 7, Sec 3 and 5 of the Board Charter. CG Manual: https://www.colfinancial.com/ape/Final2/home/governance/Corporate%20Governance%20Manual.pdf	

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		Board Charter: https://www.colfinancial.com/ape/Final2/home/governance/Board%20Charter.pdf	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Compliant	As the Chairman is not an independent director, the Board appointed Mr. Wellington Yu as the lead independent director.	
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	For 2017, no director entered into a material related party transaction with the Company.	
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.	Compliant	The non-executive officers have delegated this task to the Audit Committee. The Audit Committee conducts regular meetings with the external audit team without any members of the executive present.	
2. The meetings are chaired by the lead independent director.	Compliant	The meetings are chaired by Mr. Wellington Yu, who is the lead independent director.	
Optional: Principle 5			
1. None of the directors is a former CEO of			

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the company in the past 2 years.			
Principle 6: The best measure of the Board’s effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Non-Compliant		The Board understands and appreciates the importance of the assessment process. It is currently reviewing possible self-assessment tools that would fit the requirements of the Company, together with the criteria and process that best suits the needs of the organization. It is considering obtaining the services of a third party to assist the Board in the conduct of its assessment.
2. The Chairman conducts a self-assessment of his performance.			
3. The individual members conduct a self-assessment of their performance.			
4. Each committee conducts a self-assessment of its performance.			
5. Every three years, the assessments are supported by an external facilitator.			
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Non-Compliant		The Board understands and appreciates the importance of the assessment process. It is currently reviewing possible self-assessment tools that would fit the requirements of the Company, together with the criteria

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			and process that best suits the needs of the organization. It is considering obtaining the services of a third party to assist the Board in the conduct of its assessment.
2. The system allows for a feedback mechanism from the shareholders.	Compliant	The shareholders are given ample opportunities to provide their feedback. They are able to raise their concerns, if any, during the annual meetings and in direct interactions with the Chairman or executive directors during company events. They may also easily get in touch with the corporate secretary and the investor relations office of the Company.	
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	The Board has adopted the Code of Business Conduct and Ethics, a copy of which may be found at https://www.colfinancial.com/ape/Final2/home/governance/Code%20of%20Business%20Conduct%20and%20Ethics.pdf	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	The Code of Business Conduct and Ethics was reviewed by the Board and Senior Management prior to its implementation. Its salient provisions	

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		are integrated in the Company's Employee Manual and Office Handbook which are discussed with all personnel upon joining the Company and annually during the HR Roadshow.	
3. The Code is disclosed and made available to the public through the company website.	Compliant	The Code of Business Conduct and Ethics is disclosed through the Company website at https://www.colfinancial.com/ape/Final2/home/governance/Code%20of%20Business%20Conduct%20and%20Ethics.pdf	
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	The Company's Anti-Bribery and Anti-Corruption Policy may be found in Part F of the Code of Business Conduct and Ethics. Code of Business Conduct and Ethics: https://www.colfinancial.com/ape/Final2/home/governance/Code%20of%20Business%20Conduct%20and%20Ethics.pdf	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	All directors, officers, employees, and agents are required to comply with the Code of Business Conduct & Ethics. The Company's HR Department is responsible for monitoring compliant and resolving violations of the same, if any. For 2017, there were no findings of non-compliance.	
2. Board ensures the proper and efficient implementation and monitoring of	Compliant		

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compliance with company internal policies.			
<i>Disclosure and Transparency</i>			
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	<p>Kindly refer to Part J of the Code of Business Conduct and Ethics for the Company's Disclosure Policy.</p> <p>Code of Business Conduct and Ethics: https://www.colfinancial.com/ape/Final2/home/governance/Code%20of%20Business%20Conduct%20and%20Ethics.pdf</p> <p>All company reports / disclosures to shareholders may be found in the Company's website.</p> <p>Disclosures: https://www.colfinancial.com/ape/Final2/Disclosures/COL_Disclosures2.asp</p>	
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special	Compliant	The Company files its annual and quarterly reports within the period allowed under the pertinent SEC laws, rules, and regulations. The	

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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.		interim reports were submitted on 19 May 2017, 22 August 2017, and 20 November 2017. The Annual Report was submitted on 18 April 2017.	
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	Compliant	<p>The identity of the Company's controlling shareholders and their respective degrees of ownership concentration are indicated in page 38 of the Annual Report.</p> <p>Annual Report: https://www.colfinancial.com/ape/Final2/home/disclosures/COL_17A_Dec2017.pdf</p> <p>We note that the Company has no material cross holdings, if any, and there are no imbalances between the voting power of the controlling shareholders and their overall equity position in the Company.</p> <p>The Company believes that the above discussions in the Annual Report, together with other disclosures in the Information Statement on the absence of a voting trust or similar agreement, provide the shareholders with sufficient information regarding the principal risks associated with shareholder ownership.</p>	

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Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	Kindly refer to Part J of the Code of Business Conduct and Ethics. Code of Business Conduct and Ethics: https://www.colfinancial.com/ape/Final2/home/governance/Code%20of%20Business%20Conduct%20and%20Ethics.pdf	
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.	Compliant	All disclosures on changes in Company shareholdings are disclosed to the PSE and uploaded in the PSE Edge website with the template name "Change in Shareholdings of Directors and Principal Officers." PSE Edge: http://edge.pse.com.ph/companyDisclosures/form.do?cmpr_id=601	
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Compliant	The Company discloses the trading of the corporation's directors and officers to the PSE and uploaded in the PSE Edge website under the template name "Change in Shareholdings of Directors and Principal Officers". The company likewise discloses in the same site its public ownership report which can be found in	

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		<p>the same site with the template name “Public Ownership Report.”</p> <p>PSE Edge: http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=601</p>	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	The relevant and material information on directors and key officers are disclosed in the Company’s Investor Relations page under the heading “Board of Directors, Management & Executive Officers.”	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	<p>Their shareholdings, on the other hand, are disclosed to the PSE and uploaded in the PSE Edge website may be found in under the template name “Public Ownership Report.”</p> <p>Investor Relations Page: https://www.colfinancial.com/ape/Final2/home/investor_relations.asp</p> <p>PSE Edge: http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=601 u</p>	
Recommendation 8.4			

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1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	The remuneration of the directors may be found in Part III, Item 11 of the Annual Report. Annual Report: https://www.colfinancial.com/ape/Final2/home/disclosures/COL_17A_Dec2017.pdf	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Compliant	Executive remuneration is approved by the Board based on industry practice, as revealed by compensation surveys, the qualifications and responsibilities of said executive, as well as his/her past performance.	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Non-Compliant		<p>The Company provides a clear disclosure of its policies and procedure for Board and Executive remuneration, in accordance with industry standards.</p> <p>It is the position of the Company that while it discloses the remuneration of the Executives and Officers in an aggregated basis, the same complies with Principle 8 in a manner that balances the interest of the public with regard to disclosures vis-a-vis what is practical to the Company. There are several practical benefits to the aggregate nature of the compensation disclosures concerning top executives,</p>

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			<p>such as allowing the Company a degree of flexibility with regard to the same, ensuring the security and safety of our Executives and Officers, as well as discouraging the poaching of top executives, which would be easier if competitors had access to individual remuneration.</p> <p>Disclosing the remuneration of top executives in an aggregate manner still allows interested parties to draw a linear correlation between such remuneration and the Company's performance, particularly because the Company encourages a culture of shared responsibility, where its top executives operate and are held accountable as a team, rather than as individuals.</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	<p>Please refer to Art XV of the CG Manual.</p> <p>CG Manual: https://www.colfinancial.com/ape/Final2/home/governance/Corporate%20Governance%20Manual.pdf </p>	

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2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	<p>The Company's material RPTs for 2017 are disclosed under Part III, Item 13 of the Annual Report and Note 19 of the Audited Financial Statements attached to the same.</p> <p>We note that these RPTs mostly consist of related parties who availed of the Company's brokerage services and advances to Company employees.</p> <p>Annual Report: https://www.colfinancial.com/ape/Final2/home/disclosures/COL_17A_Dec2017.pdf</p>	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	<p>Kindly refer to the Company's RPT Policy in Part H of the Code of Business Conduct and Ethics.</p> <p>Code of Business Conduct and Ethics: https://www.colfinancial.com/ape/Final2/home/governance/Code%20of%20Business%20Conduct%20and%20Ethics.pdf</p>	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.			
Recommendation 8.6			

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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	All Company disclosures of material facts / events are disclosed to the PSE and uploaded in the PSE Edge website under the template name "Material Information/ Transactions." PSE Edge: http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=601	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	The Company did not acquire or dispose substantial assets in 2017.	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	The Company is not aware of any shareholder agreements, voting trust agreements, confidentiality agreements, or such other agreements that may impact the control, ownership, or strategic direction of the Company.	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	The CG Manual may be found at https://www.colfinancial.com/ape/Final2/home/governance/Code%20of%20Business%20Conduct%20and%20Ethics.pdf	

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2. Company’s MCG is submitted to the SEC and PSE.	Compliant		
3. Company’s MCG is posted on its company website.	Compliant		
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.	Compliant	The Company submitted its updated CG Manual to the SEC on 28 May 2018. The same was likewise disclosed to the PSE. CG Manual: https://www.colfinancial.com/ape/Final2/home/governance/Corporate%20Governance%20Manual.pdf	
Optional: Principle 8			
1. Does the company’s Annual Report disclose the following information:			
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			

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

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Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).			
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	The Audit Committee annually reviews the work and remuneration of the external auditors against best practices and industry standards. Upon finding the work satisfactory and the fees reasonable given, the Audit Committee recommends the reappointment of the external auditor to the Board. If the Board agrees with the recommendations of the Audit Committee, it will present the resolution for approval of the shareholders during the annual meeting.	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	The reappointment of the external auditor was recommended by the Audit Committee, approved by the Board, and ratified by 100% of the shareholders present during the 2017 Annual Stockholders Meeting.	
3. For removal of the external auditor, the	Compliant	The external auditor was reappointed.	

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reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.			
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	<p>The Company's policy on rotating the lead partner every 5 years may be found in Sec 3.4(e)(vi) of the Audit Committee Charter.</p> <p>Audit Committee Charter: https://www.colfinancial.com/ape/Final2/home/governance/Audit%20Committee%20Charter.pdf </p>	
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 	Compliant	<p>The Audit Committee Charter indicates the Audit Committee's responsibility in various areas, including among others, oversight over the external auditors, the audit process, and the external auditors' integrity, independence, objectivity, suitability, and effectiveness.</p> <p>Audit Committee Charter: https://www.colfinancial.com/ape/Final2/home/governance/Audit%20Committee%20Charter.pdf </p>	

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
professional and regulatory requirements.			
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant		
Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Compliant	The Audit Committee is responsible for ensuring that the external auditor is able to dispense his responsibilities well by, among others, reviewing his qualifications and audit procedures.	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant	Audit Committee Charter: https://www.colfinancial.com/ape/Final2/home/governance/Audit%20Committee%20Charter.pdf	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	For 2017, the Company's external auditor did not perform any non-audit services for the Company.	
2. Audit Committee stays alert for any potential conflict of interest situations,	Compliant	Sec 3.4 (e)(v) of the Audit Committee Charter provides guidelines on non-audit services.	

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given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.		Audit Committee Charter: https://www.colfinancial.com/ape/Final2/home/governance/Audit%20Committee%20Charter.pdf	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	For 2017, the Company's external auditor did not perform any non-audit services for the Company.	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	The audit partner assigned to handle the Company's account is Ms. Janeth T. Nuñez-Javier with SEC Accreditation No. 1328-AR-1, valid until 28 July 2019. SGV's head office is located at 6760 Ayala Avenue, Makati City. Other details may be found on page 4 of the Audited Financial Statements, attached to the Annual Report. Annual Report: https://www.colfinancial.com/ape/Final2/home/disclosures/COL_17A_Dec2017.pdf	
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	To date, the Company's external auditor, SGV, has not been subjected to the SOAR inspection.	

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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	Kindly refer to Part J of the Code of Business Conduct and Ethics. Code of Business Conduct and Ethics: https://www.colfinancial.com/ape/Final2/home/governance/Code%20of%20Business%20Conduct%20and%20Ethics.pdf	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Non-Compliant		The Company's Sustainability Report is usually included in its annual report to shareholders (to be distinguished from the SEC Form 17A Annual Report). Unfortunately, to date, the Company is still finalizing its 2017 annual report to shareholders.
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	Compliant	The Company regularly prepares and upon request, disseminates investor briefing materials to interested parties. Copies of investor	

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dissemination of public, material and relevant information to its shareholders and other investors.		presentations may be found in the Company’s investor relations page under the heading “Disclosures and Presentations.” Investor Relations Page: https://www.colfinancial.com/ape/Final2/home/investor_relations.asp#corporate_governance	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	Compliant	All materials may be found in the Company’s Investor Relations page under the heading “Disclosures and Presentations.” Investor Relations Page: https://www.colfinancial.com/ape/Final2/home/investor_relations.asp#corporate_governance	
a. Financial statements/reports (latest quarterly)			
b. Materials provided in briefings to analysts and media			
c. Downloadable annual report			
d. Notice of ASM and/or SSM			
e. Minutes of ASM and/or SSM			
f. Company’s Articles of Incorporation and By-Laws			
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Compliant	Kindly refer to the Company’s website: www.colfinancial.com	
Internal Control System and Risk Management Framework			

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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.	Non-Compliant		The Company plans to undertake a business review process to assess the effectivity of its internal controls and determine what internal audit structure best fits the organization. It is currently in discussions with a third party audit firm regarding the project.
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	Kindly refer to pages 12-19 of the Annual Report for a discussion of its enterprise risk management framework. Annual Report: https://www.colfinancial.com/ape/Final2/home/disclosures/COL_17A_Dec2017.pdf	
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said	Compliant	The Company, on at least an annual basis, reviews its compliance with existing and new laws and regulations. Upon notice of a new law or regulation that is relevant to the Company's business and operations, the Legal and Compliance Department (LCD) informs the Department Heads of the same. It is the duty of the Department Heads to assess whether the	

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issuances.		new law or regulation will affect their processes and procedures and if so, coordinate with LCD on the implementation of the necessary changes to ensure compliance. Said review is conducted on at least an annual basis. Further, in coordination with the HR Department, the LCD conducts annual training sessions with the employees and agents on compliance issues.	
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.			
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Non-Compliant		<p>The Company plans to undertake a business review process to assess the effectivity of its internal controls and determine what internal audit structure best fits the organization. It is currently in discussions with a third party audit firm regarding the project.</p> <p>The completion of the business review process is critical as it would properly guide the Company on creating an</p>

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			internal audit function that is best suited to the needs of the organization.
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	Ms. Catherine L. Ong has been appointed by the Board as the Company’s Chief Audit Executive. Her duties and functions may be found in Art VII, Sec 9 of the Board Charter. Board Charter: https://www.colfinancial.com/ape/Final2/home/governance/Board%20Charter.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.			
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.			
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Non-Compliant		Given the Company’s relative small size, risk profile, and the nature of its operations, the Company currently does not have a separate risk management function. Risk management is handled by the concerned department facing the risk. A discussion on the Company’s risk factors and risk management may be

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			found in pages 12-14 of the Annual Report. Annual Report: https://www.colfinancial.com/ape/Final2/home/disclosures/COL_17A_Dec2017.pdf
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally	Compliant	The Company remains primarily responsible in ensuring that its risks are properly managed. However, to help address the risks enumerated in pages 12-19 of the Annual Report and depending on the kind and nature of the risk, the Company has engaged the services of various vendors. Annual Report: https://www.colfinancial.com/ape/Final2/home/disclosures/COL_17A_Dec2017.pdf	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Compliant	Ms. Catherine L. Ong has been appointed by the Board as the Company's Chief Risk Officer. Her duties and responsibilities are indicated in Art VII, Sec 10 of the Board Charter. Board Charter: https://www.colfinancial.com/ape/Final2/home/	

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		<u>governance/Board%20Charter.pdf</u>	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	Ms. Ong is an Executive Director of the Company. She currently serves as its Senior Vice President, Chief Financial Officer, and Treasurer. Her positions in the Company give her more than adequate authority, stature, and resources to support her in the fulfillment of her role.	
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Non-Compliant		The Company plans to undertake a business review process to assess the effectivity of its internal controls and determine what internal audit structure best fits the organization. It is currently in discussions with a third party audit firm regarding the project. The execution of such an attestation, prior to the completion of the business review process, may be pre-mature.
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	Shareholder rights are disclosed in Sec XI of the CG Manual. CG Manual:	

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		https://www.colfinancial.com/ape/Final2/home/governance/Corporate%20Governance%20Manual.pdf	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	A list of the rights of shareholders are disclosed in the Company's website. Shareholder Rights: https://www.colfinancial.com/ape/Final2/home/governance/Shareholder%20Rights.pdf	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	Each share is entitled to one vote as stated in Item 4 of the Information Statement. Information Statement: https://www.colfinancial.com/ape/Final2/Disclosures/Data/2018%20Definitive%20Information%20Statement.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	The Company only issues common shares. The same rules govern the voting, subscription, and transfer of all common shares.	
3. Board has an effective, secure, and efficient voting system.	Compliant	The voting procedure is included in Item 4 of the Information Statement. Voting is by poll.	

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		Information Statement: https://www.colfinancial.com/aqe/Final2/Disclosures/Data/2018%20Definitive%20Information%20Statement.pdf	
4. Board has an effective shareholder voting mechanisms such as supermajority or “majority of minority” requirements to protect minority shareholders against actions of controlling shareholders.	Non-Compliant		The Board believes that given the relative size of the Company and the ease by which its shareholders are able to interact with the Board members, the rights of all shareholders, minority or otherwise, are adequately protected and as such, the implementation of shareholder voting mechanisms such as supermajority or majority of minority may not be necessary.
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.	Compliant	Under Art II Sec 2 of the By-laws, shareholders representing a majority of the Company’s outstanding capital stock may call for a special meeting. In 2017, shareholders did not exercise this right. By-laws: https://www.colfinancial.com/aqe/Final2/home/governance/Amended%20By-Laws%20(2012).pdf	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	Please refer to Art XII of the CG Manual. https://www.colfinancial.com/aqe/Final2/home/governance/Corporate%20Governance%20Manu	

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		<u>al.pdf</u>	
7. Company has a transparent and specific dividend policy.	Compliant	<p>The Board approved a policy of declaring annual regular cash dividends of 20% of its net income. Under Art VI, Sec 3 of the By-laws, the payment of dividends shall be taken out of unappropriated retained earnings.</p> <p>For 2017, the Company declared regular and special cash dividends of PhP0.14 and PhP0.46 per share, respectively. The declaration was made during the annual stockholders meeting on 30 March 2017 and was paid on 12 May 2017, or 43 days after.</p> <p>By-laws: <u>https://www.colfinancial.com/ape/Final2/home/governance/Amended%20By-Laws%20(2012).pdf</u></p>	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.			
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant	Compliant	The notice of shareholders meeting was disclosed on 6 February 2017, or 52 days before the annual stockholders meeting on 30 March 2017. The agenda contains, among others, the approval of	

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information at least 28 days before the meeting.		the 2016 Audited Financial Statements which contains information regarding remuneration. Information Statement: https://www.colfinancial.com/ape/Final2/Disclosures/Data/2018%20Definitive%20Information%20Statement.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	The profiles of the Company's directors are included as Annex "A" of the Information Statement. Information Statement: https://www.colfinancial.com/ape/Final2/Disclosures/Data/2018%20Definitive%20Information%20Statement.pdf	
b. Auditors seeking appointment/re-appointment	Compliant	The identity of the external auditor seeking re-appointment is disclosed in Item 7 of the Information Statement. Information Statement: https://www.colfinancial.com/ape/Final2/Disclosures/Data/2018%20Definitive%20Information%20Statement.pdf	

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		<u>OStatement.pdf</u>	
c. Proxy documents	Compliant	The Company does not require shareholders to send proxy documents.	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting			
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	The minutes of the 2017 annual stockholders meeting, containing the votes taken by poll, and questions asked and answers thereto, if any, are disclosed in the Company website. Minutes of Annual Stockholders Meeting: <u>https://www.colfinancial.com/aqe/Final2/home/governance/Minutes%20of%20Annual%20Stockholders'%20Meeting%202018.pdf</u>	
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		
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	The external auditor, as well as other relevant individuals, was present during the annual stockholders meeting.	

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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.	Compliant	The alternative dispute mechanism instituted by the Company for the amicable and effective resolution of intra-corporate disputes may be found in Art XVI of the CG Manual.	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	CG Manual: https://www.colfinancial.com/ape/Final2/home/governance/Corporate%20Governance%20Manual.pdf	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	The Company's investor relations office may be reached by email through iro@colfinancial.com .	
2. IRO is present at every shareholder's meeting.	Compliant	It is the Company's policy that representatives of the IRO are present every shareholders' meeting.	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group.	Compliant	There were no anti-takeover measures or similar devices attempted in 2017.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Non-Compliant		As of 31 December 2017, the Company's public float is 27.18%. Regardless of the public float, the Board treats all shareholders fairly and

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			equitably and ensures the protection of their rights.
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	The Company recognizes its various stakeholders, including, among others, its clients, employees, suppliers, and shareholders. The Company has various investor education programs which it offers to its clients. The Company touches base with its shareholders during the annual meetings as well as during its regular disclosures. The Company, through its HR Department, creates various programs for the benefit and continued training of its employees. Lastly, the Company	

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		has also instituted certain policies in order to protect its suppliers, including the whistleblower policy.	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Kindly refer to the additional information provided under Recommendation 14.1.	
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>A copy of the Company's Whistleblower policy may be found in Part J of the Code of Business Conduct and Ethics. Reports should be submitted to the HR Department (hr@colfinancial.com) or Legal & Compliance Department (compliance@colfinancial.com) and may be addressed to the Compliance Officer.</p> <p>Code of Business Conduct and Ethics: https://www.colfinancial.com/aqe/Final2/home/governance/Code%20of%20Business%20Conduct%20and%20Ethics.pdf .</p>	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key	Compliant	The Company's alternative dispute resolution system may be found in Part XVI of the CG Manual.	

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stakeholders is settled in a fair and expeditious manner.		CG Manual: https://www.colfinancial.com/aqe/Final2/home/governance/Corporate%20Governance%20Manual.pdf	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	The Company did not seek any exemption from any law, rule, or regulation related to a corporate governance issue.	
2. Company respects intellectual property rights.	Compliant	The Company respects IP rights. It is noted that it did not encounter any intellectual property related claims or demands in 2017.	
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			

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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	Departments conduct planning meetings to discuss strategic plans and objectives for the ensuing year. During said meetings, Company employees are given the opportunity to make proposals on how Company goals can be achieved.	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	The Company adopts a compensation policy that ensures that personnel costs do not exceed an identified portion of the Company's resources. In addition, the Company has a retirement plan for its employees which they may enjoy upon separation from the Company.	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	<p>The Company's policies on the health, safety, and welfare of its personnel may be found in Part M of the Code of Business Conduct and Ethics.</p> <p>The Company is further compliant with labor laws that require the appointment and certification of a safety officer and first aider. The Company also offers health insurance for all regular employees and, in coordination with its external provider,</p>	

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		conducts an annual physical exam. Code of Business Conduct and Ethics: https://www.colfinancial.com/ape/Final2/home/governance/Code%20of%20Business%20Conduct%20and%20Ethics.pdf	
3. Company has policies and practices on training and development of its employees.	Compliant	The Company's HR Department regularly coordinates with the different department heads to determine the training needs of its employees and addresses the same to the best of its abilities. The list of trainings attended for 2017 is attached herein as Annex "B".	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	The Company's Anti-Bribery and Anti-Corruption Policy is included as Part F of the Code of Business Conduct and Ethics. Code of Business Conduct and Ethics: https://www.colfinancial.com/ape/Final2/home/governance/Code%20of%20Business%20Conduct%20and%20Ethics.pdf	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	The Anti-Bribery and Anti-Corruption Policy is likewise integrated in the Company's Office Manual, which is disseminated to all Company personnel.	
Supplement to Recommendation 15.2			

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	<p>Please refer to the Anti-Bribery and Anti-Corruption policy located in Part F of the Code of Business Conduct and Ethics .</p> <p>For 2017, there were no findings of violations of this policy.</p> <p>Code of Business Conduct and Ethics: https://www.colfinancial.com/ape/Final2/home/governance/Code%20of%20Business%20Conduct%20and%20Ethics.pdf</p>	
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	<p>The Company's Whistleblower policy is included as Part I of the Code of Business Conduct and Ethics. Reports should be submitted to the HR Department (hr@colfinancial.com) or Legal & Compliance Department (compliance@colfinancial.com) and may be addressed to the Compliance Officer.</p> <p>Code of Business Conduct and Ethics: https://www.colfinancial.com/ape/Final2/home/governance/Code%20of%20Business%20Conduct%20and%20Ethics.pdf</p>	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant		
3. Board supervises and ensures the enforcement of the whistleblowing	Compliant	The Board approved the Whistleblowing policy and framework prior to its implementation. It regularly reviews the framework and its	

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framework.		enforcement to ensure that it remains relevant and accessible to all concerned persons.	
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	<p>The Company's focus is to tap the underserved retail investors, with the goal of becoming the champion of the Filipino investor. It is the aim of the Company to make investing more accessible to the retail market through its online platform. The Company empowers the everyday Filipino investor through its various educational campaigns which are available to both clients and non-clients.</p> <p>Aside from the above, as part of its commitment to protect the environment, the Company regularly partners with environmental organizations. In 2017, the Company conducted a coastal clean-up event together with Haribon Foundation. In 2018, the Company became an official affiliate/ member of Haribon Foundation, an organization focused on biodiversity conservation.</p>	
Optional: Principle 16			

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

ANNEX “A”

CERTIFICATION OF ATTENDANCE



**CENTER FOR TRAINING
AND DEVELOPMENT, INC.**

This

Certificate of Attendance

is presented to

Edward K. Lee

for participating in the seminar on

“Corporate Governance: Getting Ahead”

Held on March 31, 2017

Caylum Training Room, 23/F East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas
Center, Pasig City

ANGELO D. BERNALDO
President



**CENTER FOR TRAINING
AND DEVELOPMENT, INC.**

This

Certificate of Attendance

is presented to

Alexander C. Yu

for participating in the seminar on

“Corporate Governance: Getting Ahead”

Held on March 31, 2017

Caylum Training Room, 23/F East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas
Center, Pasig City

ANGELO D. BERNALDO
President



**CENTER FOR TRAINING
AND DEVELOPMENT, INC.**

This

Certificate of Attendance

is presented to

Conrado F. Bate

for participating in the seminar on

“Corporate Governance: Getting Ahead”

Held on March 31, 2017

Caylum Training Room, 23/F East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas
Center, Pasig City

ANGELO D. BERNALDO
President



**CENTER FOR TRAINING
AND DEVELOPMENT, INC.**

This

Certificate of Attendance

is presented to

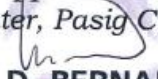
Paulwell Han

for participating in the seminar on

“Corporate Governance: Getting Ahead”

Held on March 31, 2017

Caylum Training Room, 23/F East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas
Center, Pasig City


ANGELO D. BERNALDO
President



**CENTER FOR TRAINING
AND DEVELOPMENT, INC.**

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Certificate of Attendance

is presented to

Hernan G. Lim

for participating in the seminar on

“Corporate Governance: Getting Ahead”

Held on March 31, 2017

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Center, Pasig City

ANGELO D. BERNALDO
President



**CENTER FOR TRAINING
AND DEVELOPMENT, INC.**

This

Certificate of Attendance

is presented to

Raymond C. Yu

for participating in the seminar on

“Corporate Governance: Getting Ahead”

Held on March 31, 2017

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Center, Pasig City

ANGELO D. BERNALDO
President



**CENTER FOR TRAINING
AND DEVELOPMENT, INC.**

This

Certificate of Attendance

is presented to

Joel A. Litman

for participating in the seminar on

“Corporate Governance: Getting Ahead”

Held on March 31, 2017

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Center, Pasig City*

ANGELO D. BERNALDO
President



**CENTER FOR TRAINING
AND DEVELOPMENT, INC.**

This

Certificate of Attendance

is presented to

Catherine L. Ong

for participating in the seminar on

“Corporate Governance: Getting Ahead”

Held on March 31, 2017

Caylum Training Room, 23/F East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas
Center, Pasig City

ANGELO D. BERNALDO
President



**CENTER FOR TRAINING
AND DEVELOPMENT, INC.**

This

Certificate of Attendance

is presented to

Khoo Boo Boon

for participating in the seminar on

“Corporate Governance: Getting Ahead”

Held on March 31, 2017

*Caylum Training Room, 23/F East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas
Center, Pasig City*

ANGELO D. BERNALDO
President



**CENTER FOR TRAINING
AND DEVELOPMENT, INC.**

This

Certificate of Attendance

is presented to

Wellington C. Yu

for participating in the seminar on

“Corporate Governance: Getting Ahead”

Held on March 31, 2017

Caylum Training Room, 23/F East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas
Center, Pasig City


ANGELO D. BERNALDO
President



presents this

CERTIFICATE OF ATTENDANCE

to

Hokushin Kido

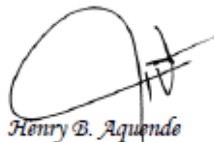
for participating in the seminar

CORPORATE GOVERNANCE: BOARD EFFECTIVENESS BEST PRACTICES

held on Friday, November 10, 2017 at

**MAKATI SHANGRI-LA HOTEL
MAKATI CITY, PHILIPPINES**

Given this 10th day of November 2017



Henry B. Aquino
Founder & President
Center for Global Best Practices



Judith V. Lopez, CPA
Resource Speaker
Center for Global Best Practices



Jonathan L. Ravelas
Resource Speaker
Center for Global Best Practices



**CENTER FOR TRAINING
AND DEVELOPMENT, INC.**

This

Certificate of Attendance

is presented to

Caesar A. Guerzon

for participating in the seminar on

“Corporate Governance: Getting Ahead”

Held on March 31, 2017

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Center, Pasig City*

ANGELO D. BERNALDO
President



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Certificate of Attendance

is presented to

Juan G. Barredo

for participating in the seminar on

“Corporate Governance: Getting Ahead”

Held on March 31, 2017

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Center, Pasig City*

ANGELO D. BERNALDO
President



**CENTER FOR TRAINING
AND DEVELOPMENT, INC.**

This

Certificate of Attendance

is presented to

Sharon T. Lim

for participating in the seminar on

“Corporate Governance: Getting Ahead”

Held on March 31, 2017

Caylum Training Room, 23/F East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas
Center, Pasig City

ANGELO D. BERNALDO
President

ANNEX “B”

2017 INTERNAL TRAINING PROGRAM


This list is culled from the 2017 Internal Training Program report submitted to the PSE and CMIC. Due to the requirements of the Data Privacy Act, the names of the speakers and participants were redacted.

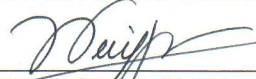
	Seminar Dates	Seminar Topics
1.	22 Jan 2017- 19 Feb 2017 (Sundays)	Cisco-CCNA Bootcamp
2.	27 Jan 2017	PDTC EQ Depository System
3.	28 Jan and 5 Aug 2017	Premium Market Outlook
4.	4 Feb and Aug 12 2017	Retail Market Outlook
5.	7-9 Feb 2017	People Handling Skills
6.	16 Feb 2017	Health and Wellness Seminar
7.	22 Feb 2017	Culture is your ultimate competitive advantage
8.	4 Mar 2017	Social Media Management Workshop
9.	14-17 Mar 2017	Financial Modeling & Valuation 2017
10.	25 Mar 2017	Signature Verification
11.	27-29 Mar 2017	Certified Securities Representative Certification Program
12.	31 Mar 2017	Corporate Governance
13.	31 Mar 2017	5th Asia Pacific Estate Investment Summit Philippines
14.	6 Apr 2017	Effective Presentations and Communications
15.	20 Apr 2017	Retirement, DOLE Ruling on ENDO, LLCO
16.	22 Apr and 25 Nov 2017	Trading to Alpha
17.	24-26 Apr 2017	Sales Training and Workshop
18.	11 May 2017	Efficacy in the Workplace and in Life
19.	12-13 May 2017	Data Story Telling for Business
20.	18 May 2017	SEC Roundtable discussion
21.	24 May 2017	5th Annual GGAPP Forum
22.	24-25 May 2017	Digital Transformation
23.	29 May 2017	Pasig City Industry Relations and Business Forum on k-12 Immersions and Addressing the skills Job Mismatch
24.	31 May 2017	Effective HR Social Media Strategies for Recruitment and Employer Branding
25.	16 Jun 2017	Public Orientation and Seminar on Company Registration System
26.	Jun-Nov 2017	Certified Digital Marketing Professional Program
27.	1 July 2017	Betting on the Philippines

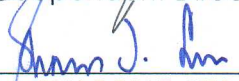
	Seminar Dates	Seminar Topics
28.	7 Jul 2017	Understanding Financial Statements
29.	12 Jul 2017	Career Driven Strategy
30.	18 Jul 2017	Orientation on Modules 1-6 of the SEC Modularized Exam for Prospective Capital Market Professional
31.	20 Jul 2017	Adobe End User Summit
32.	26 Jul 2017	PDTC EQ Depository
33.	10 Aug 2017	Data Privacy Forum
34.	16-17 Aug 2017	11th HR Congress
35.	18 Aug 2017	Business Ethics
36.	24,25,29 Aug 2017	HR Roadshow
37.	5-6 Sept 2017	Professional Executive Assistant Training
38.	14 Sept 2017	Social Media Crisis Seminar: How to Building Foundations of Crisis Management Capabilities for Social Media”
39.	19 Sept 2017	Data Privacy Act
40.	18-21 Sept 2017	Red Cross First Aid Seminar
41.	21 Sept 2017	Data Privacy Act
42.	26-29 Sept 2017	BOSH
43.	7 Oct 2017	Property Market Outlook
44.	3 Oct 2017	PDTC ED Depository System
45.	18-19 Oct 2017	Data Storytelling for Business Visualization Course
46.	14, 21, 28 Oct- 4,11 Nov 2017	Administering SQL Database Infrastructures
47.	19 Oct 2017	IAS19: More than just Compliance
48.	2 Nov 2017	Orientation for Online Capital Market Participans Registry System
49.	3 Nov 2017	Orientation for Online Capital Market Participans Registry System
50.	10 Nov 2017	Individual Investing: Getting Rich Slowly but Surely
51.	10 Nov 2017	Corporate Governance: Board Effectiveness Best Practices
52.	16 Nov 2017	HR in 2018 & Beyond (Webinar)
53.	22 Nov 2017	4th SEC-PSE Corporate Governance Forum
54.	23 Nov 2017	Measuring the ROI of Training and Performance Improvement Programs Overview
55.	28 Nov 2017	2017 PSE Annual Disclosure Rules Seminar

	Seminar Dates	Seminar Topics
56.	11, 12, 18 Dec 2017	Anti-Money Laundering Act (AMLA) Seminar
57.	When needed	Anti-Money Laundering Act (AMLA) Seminar
58.	Twice a week	COL Easy Investment Program: Simple Stock Market Investing
59.	Twice a week	Investing in the Stock Market Today
60.	Twice a month	Introduction to Fundamental Analysis
61.	Twice a month	A Primer into Technical Analysis
62.	Once a week	Online Trading Power
63.	Twice a week	Investing in Mutual Funds
64.	Upon request	Building Wealth Through Online Trading
65.	When needed	Product Training
66.	When needed	Briefing on New Products and Services
67.	When needed	Securities Regulation Code and its Amended Implementing Rules and Regulations
68.	Whenever there is an update	Updates on PSE and SEC Rules/ Provisions
69.	Whenever there is an update	Tax and Accounting Updates


Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized in the City of Pasig on 29 May 2018.



EDWARD K. LEE
 Chairman of the Board

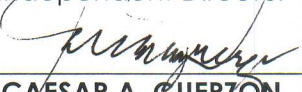

WELLINGTON C. YU
 Independent Director


SHARON T. LIM
 Compliance Officer

SIGNATURES


CONRADO F. BATE
 President and Chief Executive Officer



KHOO BOO BOON
 Independent Director


CAESAR A. GUERZON
 Corporate Secretary

SUBSCRIBED AND SWORN to before me this ^{MAY 30 2018} 29th day of May 2018, affiants personally appeared and exhibited to me their competent evidence of identification as follows:

<u>Name</u>	<u>Type of Identification</u>	<u>Number</u>	<u>Date of Issue</u>	<u>Place of Issue</u>
Edward K. Lee	Passport	EC5602768	6 October 2015	DFA NCR East
Conrado F. Bate	Passport	EC3662119	13 March 2015	DFA NCR East
Wellington C. Yu	Driver's License	N10-61-017152	5 September 2016	Quezon City
Khoo Boo Boon	Driver's License	X01-98-041523	11 April 2016	Quezon City
Caesar A. Guerzon	Passport	EC6883267	1 March 2016	DFA NCR East
Sharon T. Lim	Passport	P1784587A	27 January 2017	DFA NCR East

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 Book No. 7
 Series of 2018
 MANDALUYONG CITY


ATTY. JAMES K. ABUGAN
 NOTARY PUBLIC
 Until Dec. 31, 2018
 IBP No. 021498/1-5-2018
 Rizal Chapter
 Roll No. 26890
 MCLE No. V-0004484-10/31/2014
 PTR.# 3369935 - 01/05/2018
 Mandaluyong City
 TIN # 116-239-956
 Tel. 631-40-90