



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS



A. Use of Form I-ACGR

This SEC Form shall be used as a tool to disclose Publicly-Listed Companies' compliance/non-compliance with the recommendations provided under the Code of Corporate Governance for Publicly-Listed Companies, which follows the "comply or explain" approach, and for harmonizing the corporate governance reportorial requirements of the SEC and the Philippine Stock Exchange (PSE).

B. Preparation of Report

These general instructions are not to be filed with the report. The report shall contain the numbers and captions of all items.

The I-ACGR has four columns, arranged as follows:

RECOMMENDED CG PRACTICE/POLICY	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>Contains CG Practices/ Policies, labelled as follows:</p> <p>(1) "Recommendations" – derived from the CG Code for PLCs;</p> <p>(2) "Supplement to Recommendation" – derived from the PSE CG Guidelines for Listed Companies;</p> <p>(3) "Additional Recommendations" – CG Practices not found in the CG Code for PLCs and PSE CG Guidelines but are expected already of PLCs; and</p> <p>(4) "Optional Recommendation" – practices taken from the ASEAN Corporate Governance Scorecard</p> <p>*Items under (1) – (3) must be answered/disclosed by the PLCs following the "comply or explain" approach. Answering of items under (4) are left to the discretion of PLCs.</p>	<p>The company shall indicate compliance or non-compliance with the recommended practice.</p>	<p>The company shall provide additional information to support their compliance with the recommended CG practice</p>	<p>The PLCs shall provide the explanations for any non-compliance, pursuant to the "comply or explain" approach.</p> <p>Please note that the explanation given should describe the non-compliance and include how the overall Principle being recommended is still being achieved by the company.</p> <p>*"Not Applicable" or "None" shall not be considered as sufficient explanation</p>

C. Signature and Filing of the Report

- a. Three (3) copies of a fully accomplished I-ACGR shall be filed with the Main Office of the Commission **on or before May 30 of the following year for every year that the company remains listed in the PSE:**
- b. At least one (1) complete copy of the I-ACGR shall be duly notarized and shall bear **original and manual** signatures
- c. The I-ACGR shall be signed under oath by: (1) Chairman of the Board; (2) Chief Executive Officer or President; (3) All Independent Directors; (4) Compliance Officer; and (5) Corporate Secretary.
- d. The I-ACGR shall cover all relevant information from January to December of the given year.
- e. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended: **December 31, 2018**
2. SEC Identification Number **A1997-13456** 3. BIR Tax Identification No. **005-029-401-000**
4. Exact name of issuer as specified in its charter **CONCEPCION INDUSTRIAL CORPORATION**
5. **PHILIPPINES**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **308 Sen. Gil Puyat Avenue, Makati City, Philippines** **1209**
Address of principal office Postal Code
8. **+632 7721819**
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

EXPLANATION

ADDITIONAL INFORMATION

**COMPLIANT/
NON-
COMPLIANT**

The Board's Governance Responsibilities

Principle 1: The company should be headed by a competent, working board to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.

Recommendation 1.1

1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.
2. Board has an appropriate mix of competence and expertise.
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.

Compliant

Provide information or link/reference to a document containing information on the following:

1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors

The information is contained in the 2018 Information Statement of the Company; The Corporate Governance Manual ("CG Manual"); CIC Website

2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance

Please refer to the CG Manual

Recommendation 1.2

<p>1. Board is composed of a majority of non-executive directors.</p>	<p>Compliant</p>	<p>Identify or provide link/reference to a document identifying the directors and the type of their directorships</p> <p>2018 Information Statement 2018 Annual Report CIC Website https://www.cic.ph/download/information-statement-3/?wpdmdl=4208&refresh=5cda995cbb36e1557829980</p>	
Recommendation 1.3			
<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p>Compliant</p>	<p>Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.</p> <p>CG Manual pp.6</p>	
<p>2. Company has an orientation program for first time directors.</p>	<p>Non-Compliant</p>	<p>Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.</p> <p>CG Manual pp. 3 and 6 CIC Website</p>	<p>There have been no new directors of the company since 2012. The Company however ensure proper briefing for new directors moving forward.</p>
<p>3. Company has relevant annual continuing training for all directors.</p>	<p>Compliant</p>		
Recommendation 1.4			

1. Board has a policy on board diversity.	Compliant	<p>Provide information on or link/reference to a document containing information on the company's board diversity policy.</p> <p>CG Manual pp. 5; 2018 Information Statement; 2018 Annual Report; CIC Website</p> <p>Indicate gender composition of the board.</p> <p>The membership of the board is composed of three female directors and five male directors.</p>	
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.	Compliant	<p>Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity.</p> <p>CG Manual pp. 5</p> <p>Provide link or reference to a progress report in achieving its objectives.</p>	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.	
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		

		<p>2018 Information Statement 2018 Annual Report CIC Website: https://www.cic.ph/about/</p> <p>Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered</p> <p>2018 Information Statement CIC Website</p>	
<p>4. Corporate Secretary attends training/s on corporate governance.</p>	Compliant		
Optional Recommendation 1.5			
<p>1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.</p>	Compliant	<p>Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting</p> <p>CG Manual pp. 6</p>	
Recommendation 1.6			
<p>1. Board is assisted by a Compliance Officer.</p>	Non-Compliant	<p>Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.</p>	<p>The board has given the Chief Finance Officer the task of overseeing the compliance functions for the Company. The board deems the CFO best suited to perform this function during the nascent stage of the Company as a publicly listed enterprise considering her critical role in the management and oversight of the Company's internal accounting controls. Following the board's directive, the CFO</p>

			<p>established an organization within the Company for the performance of compliance functions that includes establishing, monitoring, reviewing, evaluating and ensuring compliance with relevant laws, regulations and issuances of regulatory agencies.</p>
<p>2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.</p>	<p>Non-Compliant</p>		<p>Same explanation as that in Recommendation 1.6 (1) above.</p>
<p>3. Compliance Officer is not a member of the board.</p>	<p>Non-compliant</p>		<p>Same explanation as that in Recommendation 1.6 (1) above.</p> <p>The CFO is not a member of the board</p>
<p>4. Compliance Officer attends training/s on corporate governance.</p>	<p>Non-Compliant</p>	<p>Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered</p>	<p>Same explanation as that in Recommendation 1.6 (1) above</p> <p>The CFO attends annual corporate governance training with the directors and other senior management officers.</p>
<p>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.</p>			
<p>Recommendation 2.1</p>			
<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>Compliant</p>	<p>Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)</p> <p>CG Manual pp. 9 and 10; Minutes of the Meetings of the Board</p>	

Recommendation 2.2	
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant
Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting)	Indicate frequency of review of business objectives and strategy CG Manual pp. 3;
Supplement to Recommendation 2.2	
1. Board has a clearly defined and updated vision, mission and core values.	Compliant
Indicate or provide link/reference to a document containing the company's vision, mission and core values. CG Manual pp.3; CIC Website https://www.cic.ph/about/	Indicate frequency of review of the vision, mission and core values.
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant
Provide information on or link/reference to a document containing information on the strategy execution process. CG Manual pp. 3	
Recommendation 2.3	

<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>Compliant</p>	<p>Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications</p> <p>2018 Information Statement 2018 Annual Report CIC Website https://www.cic.ph/about/</p>	
Recommendation 2.4			
<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	<p>Compliant</p>	<p>Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation</p>	
<p>2. Board adopts a policy on the retirement for directors and key officers.</p>	<p>Compliant</p>	<p>CG Manual pp. 3 CIC Website https://www.cic.ph/governance/</p>	
Recommendation 2.5			
<p>1. Board aligns the remuneration of key officers and board members with long-term interests of the company.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.</p>	
<p>2. Board adopts a policy specifying the relationship between remuneration and performance.</p>	<p>Compliant</p>	<p>Consistent with the alignment of the remuneration of key officers and board members with the long-term interests of the company, the board</p>	
<p>3. Directors do not participate in discussions or deliberations involving his/her own remuneration.</p>	<p>Compliant</p>		

			<p>approved a Long-Term Share Incentive Plan during its meeting in April 2018 and ratified by the shareholders during their annual meeting in July 2018.</p> <p>CG Manual pp. 3 and 6 CIC Website: https://www.cic.ph/governance/</p>	
Optional: Recommendation 2.5				
1. Board approves the remuneration of senior executives.	Compliant	Provide proof of board approval	CG Manual Minutes of Board Meeting	
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.	Compliant	Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.	The Long-Term Share Incentive Plan is considered a measurable standard to align performance-based remuneration.	
Recommendation 2.6				
1. Board has a formal and transparent board nomination and election policy.	Compliant	Provide information or reference to a document containing information on the company's nomination and		

2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders.	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant	Provide proof if minority shareholders have a right to nominate candidates to the board	
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant	Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	
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.	Complaint	CG Manual pp. 3; Company By-Laws Art II Sec 7, Art III Sec 3	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		
Optional: Recommendation 16 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.	Compliant	Identify the professional search firm used or other external sources of candidates The Nomination Committee is allowed to use external sources to further enhance the search for and widen the base of candidates for membership in the Board.	
Recommendation 2.7			

<p>1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.</p> <p>2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.</p> <p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>	<p>Compliant</p> <p>Compliant</p> <p>Compliant</p>	<p>Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs</p> <p>Identify transactions that were approved pursuant to the policy.</p> <p>Policy on Related Party Transactions; 2018 Annual Report</p>	
Supplement to Recommendations 2.7			
<p>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.</p> <p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>Compliant</p> <p>Non-Compliant</p>	<p>Provide information on a materiality threshold for RPT disclosure and approval, if any.</p> <p>Provide information on RPT categories</p> <p>The Policy on Related Party Transactions defines Material RPTs as transactions with a Related Party which involves an aggregate value of more than Php50 million or 5% of entity's total assets, whichever is less.</p> <p>Provide information on voting system, if any.</p>	<p>Considering that no single shareholder has majority control of the Company and majority control of the board, a voting system as called for under this Recommendation 2.7 (2) has not been established.</p>

			Non-related party transactions are disclosed in the Company's annual audited financial statements provided to shareholders.
Recommendation 2.8			
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	Compliant	<p>Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management.</p> <p>CG Manual pp. 9 and 10</p> <p>Identify the Management team appointed</p> <p>The Board approves the appointment of the CEO and has given the CEO the authority to define and appoint key control functions. The names and position of the officers of the Company may be accessed at the CIC Website and is disclosed in the 2018 Annual Report</p>	
<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	Compliant	<p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>CG Manual pp. 3</p> <p>Provide information on the assessment process and indicate</p>	

		frequency of assessment of performance.	
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	Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.	
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	CG Manual pp. 3	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	CG Manual pp. 16; Corporate Governance and Audit Charter	
3. Board approves the Internal Audit Charter.	Compliant	Provide reference or link to the company's Internal Audit Charter CIC Website	
Recommendation 2.11			

<p>1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.</p> <p>2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.</p>	Compliant	<p>Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.</p> <p>CG Manual pp.16</p> <p>Provide proof of effectiveness of risk management strategies, if any.</p>	
Recommendation 2.12			
<p>1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.</p>	Compliant	<p>Provide link to the company's website where the Board Charter is disclosed.</p>	
<p>2. Board Charter serves as a guide to the directors in the performance of their functions.</p>	Compliant	<p>The board's roles, responsibilities and accountabilities are clearly indicated in the Company's By-Laws and the CG Manual. The applicable sections in the Company By-Laws and CG Manual serves as a guide to the directors in the discharge of their functions and provides standards for evaluating their performance.</p> <p>https://www.cic.ph/governance/ https://www.cic.ph/?s=manual</p>	
<p>3. Board Charter is publicly available and posted on the company's website.</p>	Compliant		
Recommendation 2.13			
<p>1. Board has a clear insider trading policy.</p>	Compliant	<p>Provide information on or link/reference to a document</p>	

		<p>showing company's insider trading policy.</p> <p>Policy on Insider Trading: CG Manual: Code of Ethics https://www.cic.ph/governance/</p>	
Optional: Principle 2			
<p>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.</p>	Compliant	<p>Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.</p> <p>Policy on Conflict of Interests: CG Manual</p> <p>There has been no instance when the Company has granted any loans to directors.</p>	
<p>2. Company discloses the types of decision requiring board of directors' approval.</p>	Compliant	<p>Indicate the types of decision requiring board of directors' approval and where there are disclosed.</p> <p>Company's Table of Authority provides types of transactions and decisions requiring Board approval.</p>	
<p>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.</p>			

Recommendation 3.1		
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	Provide information or link/reference to a document containing information on all the board committees established by the company. CG Manual pp. 7, 8 and 9; Company By-Laws Art III Sec 11 and 12, Art VI Sec 2
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	Provide information or link/reference to a document containing information on the Audit Committee, including its functions. Corporate Governance and Audit Committee Charter; CG Manual pp.7 Company By-Laws Art VI Sec 2 CIC Website: https://www.cic.ph/governance/ Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Non-Compliant	Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship. The Corporate Governance and Audit Committee is composed of three non-executive directors, only one of whom is an independent director who also sit as chairman of the committee. The absence of a majority of independent directors in

<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.</p> <p>2018 Information Statement; 2018 Annual Report; CG Manual pp.7 Company By-Laws Art VI Sec 2</p>	<p>the committee's membership has not prevented the committee from performing its mandate of establishing and maintaining an effective and efficient internal control framework.</p>
<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the Audit Committee</p> <p>2018 Information Statement; 2018 Annual Report; CIC Website: https://www.cic.ph/governance/#board</p>	
<p>Supplement to Recommendation 3.2</p>			
<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	<p>Compliant</p>	<p>Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.</p>	

		Corporate Governance and Audit Committee Charter	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present. Corporate Governance and Audit Committee Charter	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	Non-Compliant	Indicate the number of Audit Committee meetings during the year and provide proof	The Corporate Governance and Audit Committee had two regular meetings in 2018, on March 15 and August 13, and a special meeting on November 21, which fulfills the minimum number of meetings provided in the Governance and Audit Committee Charter.
2. Audit Committee approves the appointment and removal of the internal auditor.	Compliant	Provide proof that the Audit Committee approved the appointment and removal of the internal auditor. Corporate Governance and Audit Committee Charter	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities,	Compliant	Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions.	

<p>including the functions that were formerly assigned to a Nomination and Remuneration Committee.</p>		<p>Company By-Laws; CG Manual pp.7; Corporate Governance and Audit Committee Charter</p> <p>Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.</p>	
<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	<p>Non-Compliant</p>	<p>Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.</p>	<p>The Company has 2 independent directors at this time, consistent with Section 38 of the Securities Regulations Code. Hence, it is unable to have three independent directors as members of the Governance and Audit Committee.</p> <p>With 2 non-executive directors and 1 independent director, who is also the committee chairman, constituting the Governance and Audit Committee, the corporate governance objective that there be a sufficient number of directors who exercise independent judgement is substantially achieved.</p> <p>The Board has recently approved the increase in the number of directors from 8 to 9 to accommodate another independent director in the board of directors.</p>

<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee. Corporate Governance and Audit Committee Charter https://www.cic.ph/governance/</p>	
<p>Optional: Recommendation 3.3.</p>			
<p>1. Corporate Governance Committee meet at least twice during the year.</p>	<p>Compliant</p>	<p>Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof. The Committee held three meetings in 2018: March 15, August 13 and November 21.</p>	
<p>Recommendation 3.4</p>			
<p>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.</p>	<p>Non-Compliant</p>	<p>Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions</p>	<p>The Company does not operate in multiple industries and thus, the risk profile is not high. In any event, the Company has a Risk Management and Assurance Group that assists the board in ensuring there is an effective and integrated risks management process in place.</p>
<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>Non-Compliant</p>	<p>Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship</p>	<p>Same explanation as in Recommendation 3.4 (1)</p>
<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	<p>Non-Compliant</p>	<p>Provide information or link/reference to a document containing</p>	<p>Same explanation as in Recommendation 3.4 (1)</p>

		information on the Chairman of the BROC		
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Non-Compliant	Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.		Same explanation as in Recommendation 3.4 (1)
Recommendation 3.5				
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Non-Compliant	Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.		The Company has implemented a policy where material RPTs are discussed and approved by the board and as such establishing a separate RPT Committee was unnecessary.
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Non-Compliant	Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.		Same explanation as in Recommendation 3.5 (1)
Recommendation 3.6				
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Non-Compliant	Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.		With the exception of the Corporate Governance and Audit Committee, the charters of the other board committees are currently being prepared for adoption within the year. Nevertheless, the CG Manual and the By-Laws clearly defines the purposes, functions and membership of each board committee.
2. Committee Charters provide standards for evaluating the performance of the Committees.	Non-Compliant			Same explanation as in Recommendation 3.6 (1)

<p>3. Committee Charters were fully disclosed on the company's website.</p>	<p>Non-Compliant</p>	<p>Provide link to company's website where the Committee Charters are disclosed.</p> <p>Corporate Governance and Audit Committee Charter</p> <p>https://www.cic.ph/download/cic-corp-governance-audit-comm-charter-2018/?wpdmdl=4317&refresh=5ceb9c8a3752b1558944906</p>	<p>The Charters of all Board Committees will be uploaded on the Company Website after they are adopted during the year.</p>
<p>Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.</p>			
<p>Recommendation 4.1</p>			
<p>1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the process and procedure for tele-/videoconferencing board and/or committee meetings.</p> <p>Company By-Laws Art III Sec 9; CG Manual pp. 5</p> <p>Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.</p>	

<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>Compliant</p>	<p>CG Manual pp. 6</p> <p>Meeting materials are sent to the members prior to the meetings of the board or committee to enable them to review the materials before the meeting.</p>	
<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors</p> <p>Questions raised and clarification and explanation sought by directors are indicated in the Minutes of the Meetings of the Board of Directors.</p>	
Recommendation 4.2			
<p>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.</p>	<p>Compliant</p>	<p>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies</p> <p>CG Manual pp. 6</p> <p>Information on the directorships of the Company's directors in other</p>	

			corporations can be found in the 2018 Annual Report and the 2018 Information Statement	
Recommendation 4.3				
1. The directors notify the company's board before accepting a directorship in another company.	Compliant		Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed. The Board members advise the rest of the Board members by email.	
The two independent directors have been members of other listed companies outside of the group even prior to their election as members of the board of the Company.				
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Non-Compliant		Minutes of Board Meeting	
2. Company schedules board of directors' meetings before the start of the financial year.	Compliant		Indicate the number of board meetings during the year and provide proof The board held meetings on the following dates in 2018:	The By-laws of the Company requires the board to meet at least once every quarter, and this has been complied with in 2018. Given the homogeneous nature of the group's business, the board does not need to meet more than the required amount to fulfill its oversight duties.
3.				
4. Board of directors meet at least six times during the year.	Non-Compliant			
5. Company requires as minimum quorum of at least 2/3 for board decisions.	Non-Compliant		Indicate the required minimum quorum for board decisions	The quorum requirement in the By-Laws is consistent with the Corporation Code

			<p>which provides that at least a majority of the number of directors as fixed in the articles of incorporation shall constitute a quorum, and every decision of at least a majority of the directors present in a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the board.</p> <p>At least 2/3 of the members of the board were present in all the meetings of the board in 2018, and all matters decided upon during these meetings were based on the votes of at least 2/3 of the total board membership.</p>
<p>Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs</p>			
<p>Recommendation 5.1</p>			
<p>1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.</p>	<p>Non-Compliant</p>	<p>Provide information or link/reference to a document containing information on the number of independent directors in the board</p>	<p>The Company has 2 independent directors representing at least 20% of the total membership of the board, and is therefore compliant with Section 38 of the SRC.</p> <p>Given the number of independent directors, the board has been able to achieve its objective of exercising independent judgment on corporate affairs and proper oversight of management performance.</p> <p>The Board has recently approved (subject to the approval of shareholders) the</p>

			addition of a third independent Board member.
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	Provide information or link/reference to a document containing information on the qualifications of the independent directors. Company By-Laws Art III Sec 4; CG Manual pp. 4; 2018 Information Statement	
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	Provide link/reference to a document containing information that directors are not constrained to vote independently. The Company is not a party to any agreement or other arrangement that constrains the directors to vote independently CG Manual pp. 10	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	Provide information or link/reference to a document showing the years IDs have served as such. CG Manual pp. 5; 2018 Information Statement	

<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director</p> <p>CG Manual pp. 5</p>	
<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.</p>	<p>Compliant</p>	<p>Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.</p> <p>No independent director has ever served for a cumulative term of nine years.</p>	
Recommendation 5.4			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>Non-Compliant</p>	<p>Identify the company's Chairman of the Board and Chief Executive Officer</p>	<p>The board has elected the Chairman in concurrent capacity as President & CEO in their judgment that he can best serve the interest of the Company and the stakeholders during its nascent years as a publicly listed enterprise.</p> <p>However, there are structures in place that ensure the board gets the benefit of independent views and exercises independent judgement and decision making on all corporate affairs: (a) the duties and responsibilities of the Chairman and the President are clearly defined, (b) the two independent directors and three non-executive directors constitute the bulk of the board membership, (c) the membership of the board committees is limited to independent directors and non-</p>

			executive directors, with the exception of the Nominations Committed, and (d) the company has policies and procedures established to manage conflict of interest situations.
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer. Company By-Laws Art IV Sec 2 and 4; CG Manual pp. 12 Identify the relationship of Chairman and CEO.	
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.	Non-Compliant	Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any. Indicate if Chairman is independent.	There are proper mechanisms already in place that ensures that independent views and perspectives are given weight in the board, and this is assured by the presence of three non-executive directors and two independent directors in the board, who comprise majority of its membership. See explanation on Recommendation 5.4 (1).
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	Provide proof of abstention, if this was the case Abstentions by individual directors, if there are any, on matters acted upon	

		by the board are recorded in the Minutes of Board Meeting.	
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	Provide proof and details of said meeting, if any. The Corporate Governance and Audit Committee, which is composed of two non-executive directors and an independent director who acts as its chair has separate meetings with external auditors and the head of internal audit. The CFO is present only to answer questions as deemed appropriate and necessary by the Committee members. Corporate Governance and Audit Committee Charter	Meetings of the Corporate Governance and Audit Committee is chaired by an independent director
2. The meetings are chaired by the lead independent director.	Non-Compliant	Provide information on the frequency and attendees of meetings.	
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	Non-Compliant	Provide name/s of company CEO for the past 2 years Mr. Raul Joseph A. Concepcion has been the CEO of the Company for the past 2 years.	The Corporation Code requires the President of the corporation to be a director. Considering that in the Company the positions of President & CEO are merged, it follows that the CEO of the Company will always be a director as well.
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.	Compliant	Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees	
2. The Chairman conducts a self-assessment of his performance.	Compliant		
3. The individual members conduct a self-assessment of their performance.	Compliant	CG Manual pp.3; Corporate Governance and Audit Committee Charter	
4. Each committee conducts a self-assessment of its performance.	Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Non-Compliant	Identify the external facilitator and provide proof of use of an external facilitator.	The annual board and executive management evaluation, as well as the directors' peer evaluation has always been done by the Corporate Governance and Audit Committee, as mandated under the CG Manual. Nevertheless, the board has given the said Committee authority to engage an external facilitator to conduct an assessment for the coming year.
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.	Compliant	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders	
2. The system allows for a feedback mechanism from the shareholders.	Compliant	CG Manual pp. 3	
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			

<p>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.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to the company's Code of Business Conduct and Ethics. Code of Ethics https://www.cic.ph/governance/</p>	
<p>2. The Code is properly disseminated to the Board, senior management and employees.</p>	<p>Compliant</p>	<p>Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees. The Code of Ethics is disseminated to the board, senior management and employees online through the Company's website and intranet system, it is also included in the annual corporate governance training program for employees and orientation program for new employees.</p>	
<p>3. The Code is disclosed and made available to the public through the company website.</p>	<p>Compliant</p>	<p>Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/disclosed. CIC Website: https://www.cic.ph/governance/</p>	
Supplement to Recommendation 7.1			
<p>1. Company has clear and stringent policies and procedures on curbing and penalizing</p>	<p>Compliant</p>	<p>Provide information on or link/reference to a document</p>	

<p>company involvement in offering, paying and receiving bribes.</p>		<p>containing information on the company's policy and procedure on curbing and penalizing bribery</p> <p>Code of Ethics</p>	
<p>Recommendation 7.2</p>			
<p>1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.</p>	<p>Compliant</p>	<p>Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.</p>	
<p>2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.</p>	<p>Compliant</p>	<p>Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.</p> <p>All senior executives and employees are required to complete the Annual Ethics Training through an online course and submit Conflict of Interest Declaration by the first quarter of each year.</p>	
<p>Disclosure and Transparency</p>			
<p>Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.</p>			
<p>Recommendation 8.1</p>			
<p>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and</p>	<p>Compliant</p>	<p>Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders</p>	

<p>complete picture of a company's financial condition, results and business operations.</p>		<p>CIC Website: https://www.cic.ph/governance/;</p>	
<p>Supplement to Recommendations 8.1</p>			
<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	<p>Compliant</p>	<p>Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.</p> <p>2018 Annual Report; 2018 Information Statement; CIC Website: Disclosures on 17Q and 17A https://www.cic.ph/investor-relations/</p>	
<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>Compliant</p>	<p>Provide link or reference to the company's annual report where the following are disclosed:</p> <ol style="list-style-type: none"> 1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders; 2. cross-holdings among company affiliates; and 3. any imbalances between the controlling shareholders' voting power and overall equity position in the company. 	

		2018 Annual Report	
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	Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.	
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	Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction. Policy on Insider Trading: CIC Website: https://www.cic.ph/disclosure/	
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	Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders. Provide link or reference to the company's Conglomerate Map. CIC Website: https://www.cic.ph/disclosure/	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience	Compliant	Provide link or reference to the directors' academic qualifications, share ownership in the company.	

<p>and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>		<p>membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p> <p>2018 Annual Report; 2018 Information Statement</p>	
<p>2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>Compliant</p>	<p>Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p> <p>2018 Annual Report; 2018 Information Statement</p>	
<p>Recommendation 8.4</p>			
<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p>	<p>Compliant</p>	<p>Disclose or provide link/reference to the company policy and practice for setting board remuneration</p> <p>CG Manual pp. 6</p>	
<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	<p>Compliant</p>	<p>Disclose or provide link/reference to the company policy and practice for determining executive remuneration</p> <p>CG Manual pp. 6</p>	
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>Non-Compliant</p>	<p>Provide breakdown of director remuneration and executive</p>	<p>The Company does not disclose remuneration on an individual basis but discloses the aggregate compensation of</p>

		compensation, particularly the remuneration of the CEO.	the President & CEO and four most highly compensated executive officers in accordance with applicable regulations, for security reasons.
Recommendation 8.5			
<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>	Compliant	<p>Disclose or provide reference/link to company's RPT policies</p> <p>Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.</p> <p>2018 Annual Report; Policy on Related Party Transactions</p>	
<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	Compliant	<p>Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:</p> <ol style="list-style-type: none"> 1. name of the related counterparty; 2. relationship with the party; 3. transaction date; 4. type/nature of transaction; 5. amount or contract price; 6. terms of the transaction; 7. rationale for entering into the transaction; 8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and 	

		9. other terms and conditions Relevant information on material RPTs are disclosed in the 2018 Annual Report	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	Indicate where and when directors disclose their interests in transactions or any other conflict of interests. Policy on Conflict of Interest; Code of Ethics	
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.	Non-Compliant	Provide link or reference where this is disclosed, if any	While the Company may not disclose this, it ensures that its RPTs are made under comparable conditions and circumstances as a transaction with an independent party.
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	Provide link or reference where this is disclosed https://www.cic.ph/disclosure/	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	Identify independent party appointed to evaluate the fairness of the transaction price Cuervo Appraisers, Inc.	

		Disclose the rules and procedures for evaluating the fairness of the transaction price, if any. Transaction price is usually based on fair market value.		
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	Provide link or reference where these are disclosed. https://www.cic.ph/disclosure/		
Recommendation 8.7				
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Provide link to the company's website where the Manual on Corporate Governance is posted. https://www.cic.ph/?s=Manual+on+Corporate+Governance		
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.	Non-Compliant	Provide proof of submission.		The Company is still in the process of updating its CG Manual
Optional: Principle 8				

<p>1. Does the company's Annual Report disclose the following information:</p>		<p>Provide link or reference to the company's Annual Report containing the said information. https://www.cic.ph/?s=SEC+Form+17</p>	
<p>a. Corporate Objectives</p>	<p>Compliant</p>		
<p>b. Financial performance indicators</p>	<p>Compliant</p>	<p>See Part II of the Annual Report</p>	
<p>c. Non-financial performance indicators</p>	<p>Compliant</p>	<p>See Part II of the Annual Report</p>	
<p>d. Dividend Policy</p>	<p>Compliant</p>	<p>See Part II item 5 (3) of the Annual Report</p>	
<p>e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors</p>	<p>Compliant</p>	<p>See Part III of the Annual Report</p>	
<p>f. Attendance details of each director in all directors meetings held during the year</p>	<p>Non-Compliant</p>		<p>The Annual Report discusses the meetings conducted but the attendance of the directors is not included.</p>
<p>g. Total remuneration of each member of the board of directors</p>	<p>Non-Compliant</p>		<p>The Company does not disclose remuneration on an individual basis but discloses the aggregate compensation of the Directors, President & CEO and four most highly compensated executive officers in accordance with applicable regulations, for security reasons.</p>
<p>2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance</p>	<p>Compliant</p>	<p>Provide link or reference to where this is contained in the Annual Report</p>	

and where there is non-compliance, identifies and explains reason for each such issue.		https://www.cic.ph/?s=SEC+F ORM+17	
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.	Compliant	Provide link or reference to where this is contained in the Annual Report https://www.cic.ph/?s=SEC+F ORM+17	
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.	Compliant	Provide link or reference to where this is contained in the Annual Report https://www.cic.ph/?s=SEC+F ORM+17	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant	Provide link or reference to where these are contained in the Annual Report https://www.cic.ph/?s=SEC+F ORM+17	
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	Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.	

		See Sec. 5.2 of Audit Committee charter	
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	<p>Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.</p> <p>The appointment of Isla Lipana & Co as the external auditor was approved by the stockholders representing at least a majority of the company's outstanding capital stock.</p>	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.	
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years. https://www.cic.ph/?s=Manual+	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on:	Compliant	Provide link/reference to the company's Audit Committee Charter	

<ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; exercising effective oversight to review and monitor the external auditor's independence and objectivity; and ii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 		<p>See Section 5.2 of the Audit Committee Charter</p>	
<ul style="list-style-type: none"> 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	<p>Provide link/reference to the company's Audit Committee Charter</p> <p>See Sec. 5.2.4 of the Audit Committee Charter</p>	
Supplement to Recommendations 9.2			
<ul style="list-style-type: none"> 1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions. 	Compliant	<p>Provide link/reference to the company's Audit Committee Charter</p> <p>See Section 5.2 of the Audit Committee Charter</p>	
<ul style="list-style-type: none"> 2. Audit Committee ensures that the external auditor has adequate quality control procedures. 	Compliant	<p>Provide link/reference to the company's Audit Committee Charter</p> <p>See Section 5.2.2 of the Audit Committee Charter</p>	

Recommendation 9.3			
<p>1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.</p>	Compliant	<p>Disclose the nature of non-audit services performed by the external auditor, if any.</p> <p>See Part II Item 8 of the Annual Report</p>	
<p>2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.</p>	Compliant	<p>Provide link or reference to guidelines or policies on non-audit services</p> <p>See 5.2.2 of the Audit Committee Charter</p>	
Supplement to Recommendation 9.3			
<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	Compliant	<p>Provide information on audit and non-audit fees paid.</p> <p>See Part II Item 8 of the Annual Report</p>	
Additional Recommendation to Principle 9			
<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	Compliant	<p>Provide information on company's external auditor, such as:</p> <ol style="list-style-type: none"> 1. Name of the audit engagement partner: Cherrylin M. Javier 2. Accreditation number: 0055-AR-4 3. Date Accredited: 01 May 2016 4. Expiry date of accreditation; 	<p>The accreditation is currently being renewed by Ms. Javier / Isla Lipana & Co.</p>

	<p>01 May 2019</p> <p>5. Name, address, contact number of the audit firm: Isla Lipana & Co. Philamlife Tower, 8767 Paseo de Roxas, Makati City</p>		
	<p>Provide information on the following:</p> <ol style="list-style-type: none"> 1. Date it was subjected to SOAR inspection, if subjected; 2. Name of the Audit firm; and 3. Members of the engagement team inspected by the SEC. <p>Isla Lipana & Co agreed to be subjected to SOAR but has not yet been selected for review.</p>	Compliant	<p>2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).</p>
<p>Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.</p>			
<p>Recommendation 10.1</p>			
<p>The Company is still in the process of establishing the policy and framework on sustainability reporting based on the recently issued SEC Memorandum Circular No. 4, Series of 2019.</p>	<p>Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.</p>	Non-Compliant	<p>1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (ESG) issues of its business, which underpin sustainability.</p>
<p>Same explanation as that in Recommendation 10.1 (1) above.</p>	<p>Provide link to Sustainability Report, if any. Disclose the standards used.</p>	Non-Compliant	<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>

Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.

Compliant

Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.).
Provide links, if any.

<https://www.cic.ph/>

Supplemental to Principle 11

1. Company has a website disclosing up-to-date information on the following:

a. Financial statements/reports (latest quarterly)

Compliant

Provide link to company website
<https://www.cic.ph/>

See Governance

b. Materials provided in briefings to analysts and media

Compliant

See Investor Relations

c. Downloadable annual report

Compliant

See Governance

d. Notice of ASM and/or SSM

Compliant

See Disclosures

e. Minutes of ASM and/or SSM

Compliant

See Governance / Disclosures

f. Company's Articles of Incorporation and By-Laws

Compliant

See Governance

<p>1. Company complies with SEC-prescribed website template.</p>	<p>Non-Compliant</p>		<p>The company has undertaken measures to significantly comply with SEC-prescribed template but is in the process of continuously improving and updating its website to comply with the SEC-prescribed template.</p>
<p>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.</p>			
<p>Recommendation 12.1</p>			
<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p>Compliant</p>	<p>List quality service programs for the internal audit functions.</p> <ul style="list-style-type: none"> a. Design Effectiveness Audit b. Operating Effectiveness Audit c. Compliance Audit d. Ad Hoc Investigation <p>Indicate frequency of review of the internal control system</p> <p>Annual</p>	
<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>Compliant</p>	<p>Identify international framework used for Enterprise Risk Management</p> <p>COSO ERM Framework</p> <p>Provide information or reference to a document containing information on:</p> <ul style="list-style-type: none"> 1. Company's risk management procedures and processes 	

		<p>a. Control environment b. Risk assessment c. Control Activities d. Information and Communication e. Monitoring</p> <p>2. Key risks the company is currently facing The Company has identified the types of risks that it usually faces and, on an annual basis, the Internal Audit team together with the Audit Committee come up with a focus area and the audits for that year will revolve around that chosen focus area.</p> <p>3. How the company manages the key risks CIC ERM Framework and regular audits</p> <p>Indicate frequency of review of the enterprise risk management framework. Annual and as necessary</p>	
Supplement to Recommendations 12.1			
<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness</p>	Non-Compliant	<p>Provide information on or link/reference to a document containing the company's compliance program covering compliance with laws and relevant regulations.</p>	<p>No formal comprehensive policy or program but each accountable group ensures compliance, that is –</p> <ul style="list-style-type: none"> - Business permit requirement audit

<p>initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>		<p>Indicate frequency of review.</p>	<p>and monitoring by Legal, Governance & Compliance</p> <ul style="list-style-type: none"> - Tax compliance check by Tax team - HR compliance check by HR team <p>Checks and reviews are done annually and as necessary.</p>
Optional: Recommendation 12.1			
<p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p>	<p>Non-Compliant</p>	<p>Provide information on IT governance process</p>	<p>The Company is currently in the process of establishing / formalizing the IT governance process.</p>
Recommendation 12.2			
<p>1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.</p>	<p>Compliant</p>	<p>Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.</p> <p>The Company has an in-house Internal Audit team.</p>	
Recommendation 12.3			
<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>	<p>Non-Compliant</p>	<p>Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.</p>	<p>The company does not have a CAE/Internal Audit Executive (IAE) at the moment, but the CFO was appointed as the acting CAE/IAE since the board deemed her best suited to perform this function given her role in the management and oversight of the Company's internal controls.</p>

2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Non-Compliant		The CFO, in her capacity as acting CAE/IAE, is responsible for the internal audit activities of the Company.
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.	Not applicable	Identify qualified independent executive or senior management personnel, if applicable.	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	Provide information on company's risk management function. The Company has a Risk Management and Assurance Group that is both responsible for Risk Management as well as Internal Audit.	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Non-Compliant	Identify source of external technical support, if any.	The Company is in the process of establishing its ERM policies and framework.
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Non-Compliant	Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.	The Company does not operate in multiple industries and thus, the risk profile is not high. In any event, the Company has a Risk Management and Assurance Group that assists the board in ensuring there is an effective and integrated risks management process in place.

2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Non-Compliant		The Company has a Risk Management and Assurance Group that assists the board in ensuring there is an effective and integrated risks management process in place.
<hr/>			
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.	Compliant	Provide link to CEO and CAE's attestation The Company and its affiliates comply with the provisions of SOX Section 302.	
<hr/>			
Cultivating a Synergic Relationship with Shareholders			
<hr/>			
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	Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed. CG Manual pp. 17-19	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Provide link to company's website https://www.cic.ph/?s=manual The basic shareholders rights are indicated in the Company's By-Laws and CG Manual, while all matters or actions that will require the vote of the stockholders will be submitted in a meeting with voting procedures, requirements and method of counting of votes indicated in	

		required reports submitted to the SEC and PSE and disclosed accordingly.	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant		
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	Provide information on all classes of shares, including their voting rights if any. The Company's capital stock is comprised of common shares only.	
3. Board has an effective, secure, and efficient voting system.	Compliant	Provide link to voting procedure. Indicate if voting is by poll or show of hands. Voting is by poll. 2018 Information Statement; https://www.cic.ph/download/information-statement-3/?wpdmdl=4208&refresh=5cdbc1574edc61557905751	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Compliant	Provide information on shareholder voting mechanisms such as supermajority or "majority of minority", if any. The Company complies with the Corporation Code which allows cumulative voting which enables minority shareholder representation in	

			<p>the Board and supermajority or at least two thirds votes for fundamental corporate actions. No single stockholder owns two thirds of the outstanding capital stock, hence, the minority stockholders votes are indispensable to achieve supermajority voting requirement.</p>	
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	<p>Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)</p> <p>Company By-Laws Art II Sec 2</p> <p>No special meeting of the stockholders was called and convened in 2018.</p>		
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	<p>Provide information or link/reference to the policies on treatment of minority shareholders</p> <p>CG Manual pp. 17, 18 and 19</p>		
7. Company has a transparent and specific dividend policy.	Compliant	<p>Provide information on or link/reference to the company's dividend Policy.</p> <p>CIC Website: https://www.cic.ph/download/q2-2018-ir-kit/?wpdmdl=4223&refresh=5cda6c9c2af691557818524</p>		

		<p>Indicate if company declared dividends. If yes, indicate the number of days within which the dividends were paid after declaration. In case the company has offered scrip-dividends, indicate if the company paid the dividends within 60 days from declaration</p> <p>Relevant information on dividends are disclosed in the Annual Report</p>	
Optional: Recommendation 13.1			
<p>1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.</p>	Compliant	<p>Identify the independent party that counted/validated the votes at the ASM, if any.</p> <p>Isla Lipana & Co.</p>	
Recommendation 13.2			
<p>1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.</p>	Compliant	<p>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS)</p>	

		https://www.cic.ph/download/informafion-statement-3/?wpdm_dl=4208&refresh=5cdbc1574edc61557905751	
Supplemental to Recommendation 13.2			
<p>1. Company's Notice of Annual Stockholders' Meeting contains the following information:</p>		<p>Provide link or reference to the company's notice of Annual Shareholders' Meeting</p> <p>2018 Information Statement</p> <p>https://www.cic.ph/download/informafion-statement-3/?wpdm_dl=4208&refresh=5cda33dc95df31557803996</p> <p>2018 Information Statement</p> <p>https://www.cic.ph/download/informafion-statement-3/?wpdm_dl=4208&refresh=5cda33dc95df31557803996</p>	
<p>a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)</p>	Compliant		
<p>b. Auditors seeking appointment/re-appointment</p>	Compliant	<p>2018 Information Statement</p> <p>https://www.cic.ph/download/informafion-statement-3/?wpdm_dl=4208&refresh=5cda33dc95df31557803996</p>	
<p>c. Proxy documents</p>	Compliant	<p>2018 Information Statement</p>	
Optiandl: Recommendation 13.2			

1. Company provides rationale for the agenda items for the annual stockholders meeting		Provide link or reference to the rationale for the agenda items	
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.	Non-Compliant	Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.	<p>Although the results of the votes taken during a stockholders meeting is not made publicly available the next working day, the minutes of all stockholders' meetings are available for inspection by any stockholder at the Company's office during business hours and upon prior notice.</p> <p>The Company's website is being updated to include, among others, results of votes taken during stockholders' meetings and the minutes of the stockholders' meetings.</p> <p>Same explanation as in Recommendation 13.3 (1)</p>
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.	Non-Compliant	<p>Provide link to minutes of meeting in the company website.</p> <p>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</p> <p>Indicate also if the voting on resolutions was by poll.</p> <p>Include whether there was opportunity to ask question and the answers given, if any</p>	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant	Compliant	Indicate if the external auditor and other relevant individuals were	

<p>individuals to answer shareholders questions during the ASM and SSM.</p>		<p>present during the ASM and/or special meeting</p> <p>Isla Lipana & Co., the Company's independent auditors, were present during the ASM in 2018. There was no special meeting of the stockholders called during 2018.</p>	
<p>Recommendation 13.4</p>			
<p>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.</p>	<p>Compliant</p>	<p>Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes</p> <p>The Company complies with, abides and is guided by the policy set forth in Republic Act No. 9285, otherwise known as the "Alternative Dispute Resolution Act of 2004", in handling conflicts or differences between the Company and its stockholders as well as third parties in that:</p> <p>1. The Company promotes party autonomy in the resolution of disputes or the freedom of the parties to make its own arrangements, together with the counter-party, to resolve their disputes.</p> <p>2. The Company resorts to Alternative Dispute Resolution (ADR) as an important means to achieve speedy and impartial justice and declog court dockets.</p>	

		<p>3. The Company considers ADR as an efficient tool and an alternative procedure for the resolution of appropriate cases.</p> <p>4. The Company considers and explores with the other party or parties involved mutually acceptable alternative means or procedures for resolving such dispute that are provided by law prior to resorting to court action, to the extent that such is feasible and will not prejudice the rights and interests of the Company.</p>	
<p>2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.</p>	<p>Non-Compliant</p>	<p>Provide link/reference to where it is found in the Manual on Corporate Governance</p>	<p>The CG Manual mandates the board to provide an adequate avenue to seek timely redress of for any breach of their rights, and a copy of the CG Manual can be accessed in the Company's website.</p>
<p>Recommendation 13.5</p>			
<p>1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.</p>	<p>Compliant</p>	<p>Disclose the contact details of the officer/office responsible for investor relations, such as:</p> <ol style="list-style-type: none"> 1. Name of the person 2. Telephone number 3. Fax number 4. E-mail address <p>Grace Z. Velasco Vice President, Investor Relations and Corporate Planning Direct Line: +63-2-850-1367 loc. 461 Mobile: +63-998-959-0344 Email: grace.velasco@cic.ph</p>	

2. IRO is present at every shareholder's meeting.	Compliant	Indicate if the IRO was present during the ASM. The IRO was present during the ASM	
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	Provide information on how anti-takeover measures or similar devices were avoided by the board, if any. The Articles of Incorporation and By-Laws do not contain any anti-takeover measures or similar measures that may entrench ineffective management or existing controlling shareholder group.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Compliant	Indicate the company's public float. Public ownership is at 30.61%	
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Shareholders' Meeting	Compliant	Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM CG Manual	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.		Disclose the process and procedure for secure electronic voting in absentia, if any.	

Duties to Stakeholders		
<p>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.</p>		
Recommendation 14.1		
<p>1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.</p>	<p>Compliant</p>	<p>Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.</p> <p>The Company's duties to its stakeholders can be found in its CG Manual, the Code of Ethics and the CIC Website: Governance</p>
Recommendation 14.2		
<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	<p>Compliant</p>	<p>Identify policies and programs for the protection and fair treatment of company's stakeholders</p> <p>Code of Ethics</p>
Recommendation 14.3		
<p>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.</p>	<p>Compliant</p>	<p>Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</p>

	<p>Stakeholders may communicate their concerns to any of the following:</p> <p>Chief Finance Officer at: victoria.bellita@cic.ph</p> <p>Investor Relations Officer at : grace.velasco@cic.ph</p> <p>Chief Governance Officer at: omar.taccad@cic.ph</p>	<p>Provide information on whistleblowing policy, practices and procedures for stakeholders</p> <p>The Company has a Whistleblowing Policy that encourages reporting of any violation of corporate governance rules and stakeholders may communicate their concerns through any of the following means:</p>	
	<p>a) Website at: https://proactivehotline.punongbayan-airaulo.com/report/concepcion</p>	<p>b) Face to face with the Ethics and Compliance Officer</p>	<p>c) Dedicated hotline number</p>

Supplement to Recommendation 14.3

<p>1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.</p>	<p>Non-Compliant</p>	<p>Provide information on the alternative dispute resolution system established by the company.</p>	<p>To date there has been no dispute between the Company and key stakeholders that would require the adoption of an alternative dispute mechanism. However, agreements and partnerships have defined clauses on alternative dispute resolutions through arbitration.</p>
<p>Additional Recommendations to Principle 14</p>			
<p>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.</p>	<p>Compliant</p>	<p>Disclose any requests for exemption by the company and the reason for the request.</p> <p>No such request for exemption was made by the Company</p>	
<p>2. Company respects intellectual property rights.</p>	<p>Compliant</p>	<p>Provide specific instances, if any.</p> <p>Licensing Agreements with its partners eg. Carrier and Midea on the use of their intellectual property rights</p> <p>All software used by the Company are duly licensed</p>	
<p>Optional: Principle 14</p>			
<p>1. Company discloses its policies and practices that address customers' welfare</p>	<p>Compliant</p>	<p>Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.</p>	

<p>2. Company discloses its policies and practices that address supplier/contractor selection procedures</p>	<p>Compliant</p>	<p>CIC website: https://www.cic.ph/governance/</p> <p>Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.</p> <p>CIC Website: https://www.cic.ph/governance/</p>	
<p>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.</p>			
<p>Recommendation 15.1</p>			
<p>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.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.</p> <p>CIC Website: https://www.cic.ph/governance/; Code of Ethics; Policy on Whistleblowing; Policy on Conflict of Interest</p>	
<p>Supplement to Recommendation 15.1</p>			
<p>1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.</p>	<p>Compliant</p>	<p>Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns</p>	

		<p>their interests with those of the shareholders.</p> <p>The Company has a policy on annual merit increase and performance incentive awards that are tied-up to employees' performance assessment. The Company also established a Long-Term Share Incentives Plan which is a merit-based performance incentive mechanism.</p>	
<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	<p>Compliant</p>	<p>Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any.</p> <p>The Company has an Environment Health and Safety Policy, procedures, programs and standards which reflect and are consistent with health, environmental protection and workers safety requirements under the laws.</p>	
<p>3. Company has policies and practices on training and development of its employees.</p>	<p>Compliant</p>	<p>Disclose and provide information on policies and practices on training and development of employees. Include information on any training conducted or attended.</p> <p>Training Policy which includes the requirement for orientation courses for new employees, as well as soft</p>	

		skills, hard skills and technical skills development programs.	
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	Identify or provide link/reference to the company's policies, programs and practices on anti-corruption Code of Ethics; Policy on Corrupt Payments	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	Identify how the board disseminated the policy and program to employees across the organization Policies and programs are posted on the Company's intranet and disseminated through emails. Annual trainings are conducted online and by the Human Resource Group.	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices. Code of Ethics; Policy on Corrupt Payments; Code of Conduct Include any finding of violations of the company policy.	

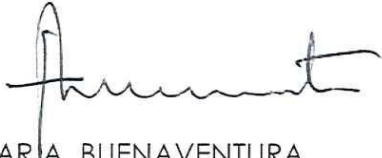
<p>Recommendation 15.3</p>									
<p>1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation</p>		Compliant	<p>Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.</p> <p>Policy on Whistleblowing</p> <p>Any unethical behavior is reported via:</p> <p>a) Website at: https://proactivehotline.punongbayan-arraulto.com/report/concepcion</p> <p>b) Face to face with the Ethics and Compliance Officer</p> <p>c) Dedicated hotline number</p>	<p>Indicate if the framework includes procedures to protect the employees from retaliation.</p> <p>Provide contact details to report any illegal or unethical behavior.</p> <p>Policy on Whistleblowing</p>					
<p>2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.</p>		Compliant							

<p>3. Board supervises and ensures the enforcement of the whistleblowing framework.</p>	<p>Compliant</p>	<p>Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.</p> <p>The Chief Executive Officer regularly reports on the Ethics Programs of the Company, which includes those reported under the Policy on Whistleblowing.</p>	
<p>Principle 16: The company should be socially responsible in all its dealings with the communities where it operates, it should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.</p>			
<p>Recommendation 16.1</p>			
<p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p>Compliant</p>	<p>Provide information or reference to a document containing information on the company's community involvement and environment-related programs.</p> <p>Environment Health and Safety Policy; Annual CSR programs eg tree planting and repainting of schools were the Company operates.</p>	
<p>Optional Principle 16</p>			
<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>Compliant</p>	<p>Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is</p>	

		<p>consistent with promoting sustainable development.</p> <p>Environment Health and Safety Policy</p>	
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p>Compliant</p>	<p>Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.</p> <p>Environment Health and Safety Policy; Annual CSR programs eg tree planting and repainting of schools were the Company operates.</p>	

Pursuant to the requirements of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant, Concepcion Industrial Corporation, in the City of Muntinlupa this ____ day of May, 2019.

By:

A handwritten signature in black ink, appearing to read 'Cesaria Buenaventura', with a stylized, cursive script.

CESARIA. BUENAVENTURA
Independent Director

A handwritten signature in blue ink, appearing to read 'Betita', with a stylized, cursive script.

MARIA VICTORIA A. BETITA
Chief Finance Officer

A handwritten signature in blue ink, appearing to read 'Jayson L. Fernandez', with a stylized, cursive script.

JAYSON L. FERNANDEZ
Corporate Secretary

Pursuant to the requirements of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant, Concepcion Industrial Corporation, in the City of Muntinlupa this ____ day of May, 2019.

By:

A handwritten signature in black ink, appearing to read "Raul Joseph A. Concepcion". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

RAUL JOSEPH A. CONCEPCION
Chairman of the Board and President & CEO

ACKNOWLEDGMENT

BEFORE ME, a Notary Public for and in MUNTINLUPA CITY this 28 day of MAY, 2019 personally appeared:

Name	Valid ID Number	Date/Place of Issue
Maria Victoria Betita	SSS No. 33-2548348-0	
Raul Joseph Concepcion	Passport No. P6306423A	March 6, 2018/DFA Manila
Cesar Buenaventura	Passport No. EC1421010	June 17, 2014/DFA Manila
<u>Jayson L. Fernandez</u>	<u>IBP No. 09377</u>	

who executed the foregoing document. The above signatory/ies acknowledged to me that the same is the free and voluntary act and deed of the above signatory/ies and that of the company that the above signatory/ies represent/s.

The Document to which this Acknowledgment is attached consists of _____ (____) pages, including this page wherein this Acknowledgment appears, signed by the parties and their instrumental witnesses on each and every page hereof.

WITNESS MY HAND AND SEAL on the date and at the place first above written.

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Page No. : 104
Book No. : 243
Series of : 7019

PATRICIO L. BONCAYAO, JR.
NOTARY PUBLIC
2ND FLOOR, KLC (FORMERLY ANCESTRY) BLDG.
ROTONDA, ALABANG, MUNTINLUPA CITY
MCLE COMPLIANCE NO. VI-0008192
ISSUED ON 04-23-18
UNTIL APRIL 14, 2022
IBP LIFETIME MEMBER # 1010785-11-06-15
PASAY CITY
PTR # 3252088-01-03-19
MUNTINLUPA CITY
UNTIL 12-31-19
TIN 137-734-581
ROLL # 33796
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