

SECURITIES AND EXCHANGE COMMISSION
SEC FORM – ACGR
ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year 2014

2. Exact Name of Registrant as Specified in its Charter: COL Financial Group, Inc.

3. 24/F East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City 1605
Address of Principal Office Postal Code

4. SEC Identification Number A199910065
5. (SEC Use Only)
Industry Classification Code

6. BIR Tax Identification Number 203-523-208

7. (02) 636-5411
Issuer's Telephone number, including area code

8. Not Applicable
Former name or former address, if changed from the last report

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A. BOARD MATTERS

1) BOARD OF DIRECTORS

Number of Directors per Articles of Incorporation	11
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Actual number of Directors for the year	11
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(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type* (Executive (ED), Non-Executive (NED) or Independent Director (ID))	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual/Special Meeting)	No. of years served as director
Bate, Conrado F.	ED	n/a	Conrado F. Bate	03/31/04	03/31/14	Annual	11
Estacion, Manuel S.	ID	n/a	Conrado F. Bate – no relationship	03/30/01	03/31/14 3 years	Annual	14
Han, Paulwell	NED	n/a	Conrado F. Bate	03/30/10	03/31/14	Annual	4
Khoo Boo Boon	ID	n/a	Conrado F. Bate – no relationship	03/30/01	03/31/14 3 years	Annual	14
Lee, Edward K.	NED	n/a	Conrado F. Bate	03/20/00	03/31/14	Annual	15
Lim, Hernan G.	NED	n/a	Conrado F. Bate	03/10/06	03/31/14	Annual	9
Litman, Joel A.	NED	n/a	Conrado F. Bate	03/30/12	03/31/14	Annual	3
Ong, Catherine L.	ED	n/a	Conrado F. Bate	03/20/00	03/31/14	Annual	15
Yu, Alexander C.	NED	n/a	Conrado F. Bate	03/20/00	03/31/14	Annual	15
Yu, Raymond C.	NED	n/a	Conrado F. Bate	03/10/06	03/31/14	Annual	9
Yu, Wellington C.	NED	n/a	Conrado F. Bate	03/30/01	03/31/14	Annual	14

(b) Corporate Governance Policy

Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize on the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Board of Directors (“Board”) and Management, employees, and shareholders of COL Financial Group, Inc. (“COL”, “Company” or “Corporation”) believe that corporate governance is a necessary component of sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization. The Board respects the rights of the stockholders, strives to remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights. The Board publicly and timely discloses material information that could adversely affect the viability of the corporation or the interests of the stockholders and all disclosures are submitted to the Securities and Exchange Commission (“SEC”) through the Corporation’s Compliance Officer.

(c) Review and Approval of Vision Mission

How often does the Board review and approve the vision and mission?

The vision and mission are reviewed and approved by the Board of Directors on an annual basis.

(d) Directorship in Other Companies

(i) *Directorship in the Company’s Group⁴*

Identify, as and if applicable, the members of the Company’s Board of Directors who hold the office of director in other companies within its Group:

Director’s Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman
Lee, Edward K.	COL Securities (HK) Limited	Director
Yu, Alexander C.	COL Securities (HK) Limited	Director
Bate, Conrado F.	COL Securities (HK) Limited	Director
Ong, Catherine L.	COL Securities (HK) Limited	Director

(ii) *Directorship in Other Listed Companies*

Identify, as and if applicable, the members of the Company’s Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director’s Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman
n/a		

⁴ The Group is composed of the parent, subsidiaries, associates, and joint ventures of the Company

None of the Company's directors hold similar positions in other publicly-listed companies outside the Company's Group.

(iii) *Relationship within the Company and its Group*

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of Significant Shareholder	Description of the relationship
n/a		

No Director is related to a third party who is a significant shareholder of the Company. As used herein, the term "third party" refers to a person who is not a member of the Board of Directors.

(iv) *Has the Company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:*

While there is no fixed limit on the number of board seats which an individual director or the Chief Executive Officer ("CEO") may hold at the same time, please note that Part II(B) of the Company's Revised Manual on Corporate Governance ("Corporate Governance Manual") provides the following guidelines:

	Guidelines	Maximum Number of Directorship in other Companies
Executive Director	"The Board shall consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number shall take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities. "The Chief Executive Officer ("CEO") and other executive directors may be covered with a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised."	n/a
Non-Executive Director		
CEO		

(e) *Shareholding in the Company*

Complete the following table on the members of the Company's Board of Directors who directly and indirectly own shares in the Company:

Name of Director	Number of Direct Shares	Number of Indirect shares			% of Capital Stock
		Through PCD Nominee	By (Record owner)	By (Record owner) through PCD Nominee	
Bate, Conrado F.	100	17,483,600	-	-	3.73%
Estacion, Manuel S.	10,000	404,300	-	-	0.09%

Name of Director	Number of Direct Shares	Number of Indirect shares			% of Capital Stock	
		Through PCD Nominee	By (Record owner)			By (Record owner) through PCD Nominee
Han, Paulwell	100,000	29,977,900		-	-	6.42%
Khoo Boo Boon	1,000	822,900		-	-	0.18%
Lee, Edward K.	62,250,000	24,607,000	Lydia C. Lee Edmund C. Lee Ellee & Co., Inc.	1,000,000 - -	870,000 2,040,000 517,900	19.48%
Lim, Hernan G.	100,000	14,649,800	Doris Lim Nicole Ann Lim	- -	3,488,800 200,000	3.93%
Litman, Joel A.	1,000	33,000		-	-	0.01%
Ong, Catherine L.	50,000	7,765,000	Pablo J. Ong Carl Stephen L. Ong Eric Bradford L. Ong Adrian Roy L. Ong	- - - -	1,000,000 150,000 150,000 150,000	1.98%
Yu, Alexander C.	20,000,000	42,811,800		-	-	13.40%
Yu, Raymond C.	100,000	17,463,000	Mary Jane L. Yu Ronald Martin Yu	- -	500,000 153,400	3.89%
Yu, Wellington C.	10,000	551,900		-	-	0.12%
TOTAL	82,622,100	156,570,200		1,000,000	9,220,100	53.23%

2) CHAIRMAN AND CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes

No

Identify the Chair and CEO:

Chairman of the Board	Edward K. Lee
CEO/President	Conrado F. Bate

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities, and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	<p>Aside from the duties and functions of the Board as a whole and the duties and functions imposed on every director, the Chairman of the Board is expected to:</p> <ul style="list-style-type: none"> • Preside at the meetings of directors and the shareholders (Art. IV, Sec 2., By-laws); • Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary (Part III, C, Corporate Governance Manual); 	<p>As provided in Art. IV, Sec. 4 of the Company’s By-laws, the President shall exercise the following functions:</p> <ul style="list-style-type: none"> • Preside at the meetings of the Board of Directors and shareholders in the absence of the Chairman and Vice-Chairman; • Initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation;
Accountabilities	<ul style="list-style-type: none"> • Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management, and the Directors (Part III, C, Corporate Governance Manual); • Maintain qualitative and timely lines of communication and information between the Board and Management (Part III, C, Corporate Governance Manual); and 	<ul style="list-style-type: none"> • Supervise and manage the business affairs of the corporation upon the direction of the Board of Directors; • Implement the administrative and operational policies of the corporation under his supervision and control; • Appoint, remove, suspend or discipline employees of the corporation; prescribe their duties, and determine their salaries; • Oversee the preparation of the budgets and the statements of accounts of the corporation;
Deliverables	<ul style="list-style-type: none"> • Exercise such powers and perform such duties as the Board of Directors may assign to him (Art. IV, Sec 2., By-laws). 	<ul style="list-style-type: none"> • Represent the corporation at all functions and proceedings; • Execute on behalf of the corporation all contracts, agreements and other instruments affecting the interests of the corporation which require the approval of the Board of Directors; • Make reports to the Board of Directors and stockholders; • Sign certificates of stock; and • Perform other duties as are incident to his office or are entrusted to him by the Board of Directors.

3) SUCCESSION PLANNING

Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

The Board of Directors considers succession planning, particularly for key positions, to be integral to the long-term stability and evolution of the Company. The Board has programs in place that allow it to identify the competencies of employees as early as their initial recruitment, which allows the placement of those with management potential within the departments where they will have the best opportunity to fully develop. Employees who have displayed talents

that are in line with key management positions are frequently paired with such key managers, in order to familiarize them with the functions of the higher office, with the intent of creating a pool of understudies from amongst whom can be selected someone to be elevated to the position, if it is vacated. A lateral program is also implemented amongst the top positions of the Company, whereby one or more of the other key officers is made familiar with the functions of other key positions, to ensure that these functions can be divided amongst the remaining officers in the occasion of a vacancy, until a successor can be properly trained.

4) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS

Does the Company have a policy of ensuring diversity of experience and background of Directors in the Board? Please explain.

Below are the qualifications to become a Director in the Corporation:

- Holder of at least one (1) share of the capital stock of COL;
- College education or sufficient experience in managing a business to substitute for such formal education; and
- Practical understanding of the business of COL.

A director must have all the qualifications and none of the disqualifications as enumerated in the Company’s Corporate Governance Manual.

The Company believes that the non-restrictive nature of the qualifications as mentioned above allow for diversity of experience and background of Directors in the Board.

Does it ensure that at least one non-executive director has an experience in the sector or industry the Company belongs to? Please explain.

Yes. In fact, all Directors are required to have a practical understanding of the business of the Company.

Define and clarify the roles, accountabilities, and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	<p>The following roles, accountabilities, and deliverables apply to the Board of Directors as a whole (i.e., it applies to all directors of the Company, whether executive, non-executive, or independent):</p> <ol style="list-style-type: none"> 1. By-Laws (Art. III, Sec 1) <ul style="list-style-type: none"> • Exercise all the corporate powers of the corporation; • Conduct all business and hold and control all properties of the corporation; • From time to time, make and change rules and regulations not inconsistent with the By-laws for the management of the corporation’s business and affairs; 		
Accountabilities	<ul style="list-style-type: none"> • To purchase, receive, take, or otherwise acquire for and in the name of the corporation, any and all properties, rights, or privileges, including securities and bonds of other corporations, for such consideration and upon such terms and conditions as the Board may deem proper or convenient; • To invest the funds of the corporation in other corporations or for purposes other than those for which the corporation was organized, subject to such stockholders’ approval as may be required by law; • To incur such indebtedness as the Board may deem necessary, to issue evidence of 		

	Executive	Non-Executive	Independent Director
Deliverables	<p>indebtedness including without limitation, notes, deeds of trust, bonds, debentures, or securities, subject to such stockholders approval as may be required by law, and/or pledge, mortgage, or otherwise encumber all part of the properties of the corporation;</p> <ul style="list-style-type: none"> • To establish pension, retirement, bonus, or other types of incentives or compensation plans for the employees, including officers and directors of the corporation; • To prosecute, maintain, defend, compromise or abandon any lawsuit in which the corporation or its officer are either plaintiffs or defendants in connection with the business of the corporation; • To delegate, from time to time, any of the powers of the Board which may lawfully be delegated in the course of the current business of the corporation to any standing or special committee or to any officer or agent and to appoint any person to be the agent of the corporation with such powers and upon such terms as may be deemed fit; and • To implement the By-laws and to act on any matter not covered by the By-laws, provided such matters do not require the approval or consent of the stockholders under the Corporation Code. <p>2. Corporate Governance Manual</p> <p><u>Duties and Functions of the Board (Part II, F)</u></p> <ul style="list-style-type: none"> • Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Adopt an effective succession planning program for Management. • Provide sound strategic policies and guidelines to the corporation on major capital expenditures and periodically evaluate and monitor the implementation of such policies and strategies including the business plans, operating budgets, and Management’s overall performance. • Ensure the corporation’s faithful compliance with all applicable laws, regulations, and best business practices. • Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the corporation. • Identify the sectors in the community in which the corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely, and effective communication with them. • Adopt a system of check and balance within the Board. • Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to operational and financial viability. • Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions. • Constitute an Audit Committee and such other committees, as it deems necessary to assist the Board in the performance of its duties and responsibilities. • Establish and maintain an alternative dispute resolution system in the corporation. • Meet at such times or frequency as may be needed and the minutes of such meetings should be duly recorded. • Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules, and regulations. • Appoint a Compliance Officer. 		

	Executive	Non-Executive	Independent Director
	<p><u>Specific Duties and Responsibilities of a Director (Part II, G)</u></p> <ul style="list-style-type: none"> • Act in the best interest of the corporation in a manner characterized by transparency, accountability, and fairness. • Exercise leadership, prudence, and integrity in directing the corporation towards sustained progress. • Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the corporation. • Devote the time and attention necessary to properly and effectively perform his duties and responsibilities. • Act judiciously. • Exercise independent judgment. • Have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies. • Observe confidentiality. 		

Provide the Company's definition of "independence" and describe the Company's compliance to the definition.

A Director is considered as independent when, apart from his fees and shareholdings, which shareholdings do not exceed two percent (2%) of the shares of the Company and/or its related companies or any of its substantial shareholders, is independent of management and free from influence or control or free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a Director of the Corporation.

To ensure compliance with this definition, all nominees for Independent Director are pre-screened by the Company's Nomination Committee. Only nominees who pass the evaluation of the Nomination Committee and who appear on the final list of candidates promulgated by said Committee shall be eligible for election. Further, specific slots in the Board allocated to Independent Directors cannot be filled-up by unqualified nominees.

Does the Company have a term limit of five consecutive years for Independent Directors? If after two years the company wishes to bring back an Independent Director who had served for five years, does it limit the term for no more than four additional years? Please explain.

Independent Directors may serve the Company in such capacity for up to five (5) consecutive years. A two (2) year "cooling off" period is required before the same person may once again be elected as Independent Director. Said re-elected Independent Director can serve in such capacity for another five (5) consecutive years. Thereafter, the Independent Director shall be perpetually barred from being elected as such.

5) CHANGES IN THE BOARD OF DIRECTORS (EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
n/a			

No changes in the composition of the Board of Directors occurred during the period.

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement, and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement, and suspension of the members of the Board of Directors. Provide details of the processes adopted (including frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified. (Art. III, Sec. 2, By-laws)	Minimum qualifications for Directors of the Company: <ul style="list-style-type: none"> • Holder of at least one (1) share of the capital stock of COL; • College education or sufficient experience in managing a business to substitute for such formal education; • Practical understanding of the business of COL; and • Possess none of the disqualifications as enumerated below.
(ii) Non-Executive Directors		
(iii) Independent Directors	<p>Nomination of independent director/s shall be conducted by a Nomination Committee prior to a stockholders' meeting. All nominations of independent directors shall be made in writing and signed by the nominating stockholders, and shall include the acceptance and conformity by the would-be nominees.</p> <p>The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent directors.</p> <p>Only nominees whose names appear on the final list of candidates shall be eligible for election as independent director/s.</p> <p>The Chairman of the stockholders' meeting has the responsibility to inform all stockholders in attendance of the mandatory requirement of electing independent director/s and to ensure that an independent director/s is elected during the stockholders' meeting.</p> <p>Specific slot/s for independent directors shall not be filled up by unqualified nominees.</p> <p>In case of failure of election for independent director/s, the Chairman of the Meeting shall call</p>	In addition to the criteria mentioned above, an independent director must possess integrity and probity and be assiduous.

Procedure	Process Adopted	Criteria
	<p>a separate election during the same meeting to fill up the vacancy.</p> <p>Any controversy or issue arising from the selection, nomination, or election of independent directors shall be resolved by the SEC by appointing independent directors from the list of nominees submitted by the stockholders. (Art. III, Sec. 2a, By-laws)</p>	
b. Re-appointment		
(i) Executive Directors	<p>The procedure for re-appointment is the same as the procedure for initial appointment/election of directors.</p>	<p>The criteria for re-appointment of executive and non-executive directors are the same as the criteria for initial appointment of directors.</p>
(ii) Non-Executive Directors		
(iii) Independent Directors		<p>Please note additional term limit disqualifications of independent directors, as explained below.</p>
c. Permanent Disqualification		
(i) Executive Directors	<p>Below are the grounds for permanent disqualification of a director as enumerated under Part II(E) of the Corporate Governance Manual:</p> <p>a) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that: (i) involves the purchase or sale of securities, as defined in the Securities Regulation Code (“SRC”); (ii) arises out of the person’s conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (iii) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them.</p> <p>b) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (i) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (ii) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (iii) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) or (b) above or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the SEC or any court or administrative body denying, revoking, or suspending any registration, license, or permit issued to him under the Corporation Code, SRC, or any other law administered by the SEC or the Bangko Sentral ng Pilipinas (“BSP”), or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation, or association with a member or participant of the organization.</p> <p>c) Any person convicted by final judgment or order by a court or competent</p>	
(ii) Non-Executive Directors		

Procedure	Process Adopted	Criteria
	<p>administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury, or other fraudulent acts.</p> <p>d) Any person who has been adjudged by final judgment or order of the SEC, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced, or procured the violation of any provision of the Corporate Code, SRC, or any other law administered by the SEC or BSP, or any of its rule, regulation, or order.</p> <p>e) Any person judicially declared as insolvent.</p> <p>f) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (a) to (d) above.</p> <p>g) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code within five (5) years prior to the date of his election or appointment.</p>	
(iii) Independent Directors	<p>In addition to the grounds for permanent disqualification of directors mentioned above, below are the additional grounds applicable to independent directors:</p> <p>a) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation (Part II(E)(1)(e), Corporate Governance Manual); and</p> <p>b) An independent director who has served in such capacity for ten (10) years (SEC Memorandum Circular [MC] 9-2011).</p>	
d. Temporary Disqualification		
(i) Executive Directors	<p>Below are the grounds for temporary disqualification of a director, as enumerated under Part II(E)(2) of the Corporate Governance Manual:</p> <p>a) Refusal to comply with the disclosure requirements of the SRC and its Implementing Rules and Regulations.</p>	
(ii) Non-Executive Directors	<p>b) Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident.</p> <p>c) Dismissal or termination for cause as director of any corporation covered by the Code.</p> <p>d) If any judgments or orders cited in the grounds for permanent disqualification has not yet become final.</p> <p>A director temporarily disqualified may take the appropriate action to remedy or correct the disqualification within sixty (60) business days from such disqualification. The disqualification shall then become permanent if he fails or refuses to do so for unjustified reasons.</p>	
(iii) Independent Directors	<p>In addition to the grounds for temporary disqualification of directors mentioned above, below are the additional grounds applicable to independent directors:</p> <p>a) If the beneficial equity ownership of an independent director in COL or its subsidiaries and affiliates, if any, exceeds two percent (2%) of its subscribed capital stock. (Part III(E)(2)(d), Corporate Governance Manual)</p> <p>b) For an independent director who has served for five (5) consecutive years, he shall be ineligible for election unless he has undergone a two (2) year “cooling off”</p>	

Procedure	Process Adopted	Criteria
	period (SEC MC 9-2011). c) Grounds for disqualification as enumerated under SEC MC 16-2002.	
e. Removal		
(i) Executive Directors	Any director may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock of the Corporation. The removal shall take place either at a regular meeting of the Corporation or at a special meeting called for the purpose and after previous notice to stockholders of the intention to propose such removal at the meeting. A special meeting of the stockholders for the purpose of removal of directors must be called by the secretary on order of the president or upon written demand of the stockholders representing at least a majority of the outstanding capital stock of the Corporation. Removal may be with or without cause; Provided, that removal without cause cannot be used to deprive minority stockholders of the right of representation.	
(ii) Non-Executive Directors		
(iii) Independent Directors		
f. Re-instatement		
(i) Executive Directors	Assuming that all procedural requirements for removal of directors are complied with, a director previously removed without cause cannot be reinstated during the same term. On the other hand, if removal is for cause, he may be re-elected during the same term: (i) if he has cleared himself from any involvement in the cause that gave rise to his removal; and (ii) during an election to fill up a vacancy in the Board of Directors.	
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	The Board may implement rules, procedure, and criteria in relation to the suspension of directors.	
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Bate, Conrado F.	344,985,200
Estacion, Manuel S.	344,985,200
Han, Paulwell	344,985,200
Khoo Boo Boon	344,985,200
Lee, Edward K.	344,985,200
Lim, Hernan G.	344,985,200
Litman, Joel A.	344,985,200

Name of Director	Votes Received
Ong, Catherine L.	344,985,200
Yu, Alexander C.	344,985,200
Yu, Raymond C.	344,985,200
Yu, Wellington C.	344,985,200

6) ORIENTATION AND EDUCATION PROGRAM

- (a) Disclose details of the company's orientation program for new directors, if any.

As only persons with a practical understanding of COL's business may be elected as directors of the Corporation, it is not necessary to implement a formal orientation program for new directors.

- (b) State any in-house training and external courses attended by Directors and Senior Management⁵ for the past three (3) years:

Name of Director/ Officer	Date of Training	Program	Name of Training Institution
Melissa O. Ng	November 2010	Securities Representative Certification Seminar	Philippine – SEC Institute Foundation
Melissa O. Ng	August 18, 2011	User Training Course for the eCS System-Equities	Philippine Dealing System Holdings Corp. & Subsidiaries
Melissa O. Ng	September 2011	PSE-PAM Training Program	Philippine Stock Exchange
Joel A. Litman	December 14, 2011	Corporate Governance & Anti-Money Laundering Act Seminar	Philippine Securities Consultancy Corporation (PHILSECC)
Lorena E. Velarde	February 1, 2013	Top Secrets of Handling BIR Audit	Powermax Consulting Group, Inc.
Lorena E. Velarde	February 7, 2013	Understanding Transfer Pricing: A Briefing on the Newly-Issued Philippine Transfer Pricing Regulations.	SyCip, Gorres, Velayo & Co.
All members of Senior Management, Executive Directors, and the Chairman and Vice-Chairman of the Board	Annually	Strategic Planning Session	In-house
All members of the Board of Directors, Senior Officers, and Associated Persons	March 29, 2014	Corporate Governance Seminar Program	Risks, Opportunities, Assessment and Management (ROAM), Inc.

⁵ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing, and controlling the activities of the company.

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

No programs/seminars for 2014.

B. CODE OF BUSINESS CONDUCT & ETHICS

1) POLICIES

Discuss briefly the Company's policies on the following business conduct or ethics affecting directors, senior management, and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	A director must ensure that his personal interest does not conflict with the interests of the corporation.	No employee shall engage in the same or similar business or function as that carried on by the Company. Financial interests held by employee or by his immediate family members in a company with the same or similar business interest must be disclosed to determine if conflict of interest exists. It shall be at the sole discretion of the Company to either dismiss or continue the employment of an employee who has engaged in activities that are in conflict with the Company's business interest.	
(b) Conduct of Business and Fair Dealings	A director must conduct fair business transactions with the Corporation. He is expected to act in the best interest of the company in a manner characterized by transparency, accountability, and fairness.	Company employees are expected to conduct fair business transactions with the Company. Depending on the nature of the act, failure to do so may be considered as a violation of the Code of Discipline.	
(c) Receipt of gifts from third parties	A director must act judiciously and exercise integrity.	The Company's Code of Discipline prohibits the unauthorized collection or receiving of fees, charges, kickbacks, commissions from clients, suppliers, or collectors.	
(d) Compliance with Laws & Regulations	A director is expected to have a working knowledge of the statutory and regulatory requirements that affect the Corporation including, among others, the rules and regulations of the SEC and where applicable, the requirements of relevant regulatory agencies.	All employees are expected to be familiar with the laws, rules, and regulations that are related to their respective job functions.	
(e) Respect for Trade Secrets/Use of Non-public Information	A director is required to observe confidentiality.	It shall be the responsibility of all employees to safeguard sensitive company information. The disclosure, transmission, or communication of confidential records or data to unauthorized persons	

Business Conduct & Ethics	Directors	Senior Management	Employees
		is strictly prohibited.	
(f) Use of Company Funds, Assets and Information	A director must always act in the best interest of the Corporation in a manner characterized by transparency, accountability, and fairness.	Each employee must take care of Company property and assets and maintain the confidentiality of confidential information. The Company's Code of Discipline penalizes the unauthorized use of Company funds and assets and unauthorized disclosure of confidential information, among others.	
(g) Employment & Labor Laws & Policies	The Company considers the collective efforts of all its employees as instrumental to the overall success of the Company's performance. The Company respects the rights of its employees and complies with applicable employment laws, rules, and issuances.		
(h) Disciplinary action	The Board may implement rules, procedure, and criteria in relation to disciplinary actions against its directors.	The Company believes that positive and supportive actions, and not punitive measures, are effective in promoting professionalism, harmony, and discipline among employees. The Company aims to demonstrate commitment to promote discipline among employees (regardless of status or position) by providing guidelines and implementing such with fairness and objectivity.	
(i) Whistle Blower	The Company promotes an environment of trust and camaraderie amongst its various stakeholders. Nevertheless, in the pursuit of its commitment to ethical service, COL provides several avenues by which these persons can, confidentially, air personal grievances, or to report actions, of their peers or superiors which are, or which in good faith they suspect to be, contrary to ethics, laws, or regulations.		
(j) Conflict Resolution	The Board encourages all directors to air any grievances and to exert good faith efforts to resolve them.	All employees must be treated fairly and allowed to present their valid grievances freely and without fear of reprisal. If not addressed immediately, grievances may affect the productivity and morale of employees.	

2) DISSEMINATION OF CODE

Has the code of ethics or conduct been disseminated to all directors, senior management, and employees?

All parties are made aware of the Company's policies with respect to business conduct and ethics.

3) COMPLIANCE WITH CODE

Discuss how the Company implements and monitors compliance with the code of ethics or conduct.

Directors and COL employees are expected to comply with the business conduct and ethical policy of the Company and report instances of violation of the same. With respect to employees, in particular, the Company's Human Resources Department is tasked with monitoring compliance and resolving violations thereof, if any.

4) RELATED PARTY TRANSACTIONS

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	Transactions between related parties are based on terms similar to those offered to nonrelated parties. The transactions are done in the normal conduct of operations and are recorded in the same manner as transactions that are entered into with other parties.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/ parents	
(7) Directors including spouse/children/siblings/ parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

(i) *Directors/Officers and 5% or more Shareholders*

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	No actual or probable conflict of interest foreseen to which directors, officers, or 5% or more shareholders may be involved.
Name of Officer/s	
Name of Significant Shareholders	

(ii) *Mechanism*

Describe the mechanism laid down to detect, determine, and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	Any and all contracts must first be reviewed by Legal to determine any possible conflict of interest.
Group	

5) FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS

(a) Indicate, if applicable, any relation of a family,⁶ commercial, contractual, or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the Company:

⁶ Family relationship up to the fourth civil degree either by consanguinity or affinity.

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
Lee, Edward K. and Yu, Alexander C.	Business	Mr. Lee and Mr. Yu are members of the Board of Citisecurities, Inc.

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more), and the Company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
Lee, Edward K.	Business	Mr. Lee is the Chairman of the Company's Board of Directors.
Han, Paulwell	Business	Mr. Han is a member of the Company's Board of Directors.
Yu, Alexander C.	Business	Mr. Yu is the Vice-Chairman of the Company's Board of Directors.

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Names of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
n/a		

The Company is not aware of any existing shareholder agreements that may impact its control, ownership, and strategic direction.

6) ALTERNATIVE DISPUTE RESOLUTION

Describe the alternative dispute resolution system adopted by the Company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	No conflicts or differences encountered for the last three (3) years.
Corporation & Third Parties	
Corporation & Regulatory Authorities	

C. BOARD MEETINGS & ATTENDANCE

1) SCHEDULE OF MEETINGS

Are Board of Directors' meetings scheduled before or at the beginning of the year?

Board of Directors' meetings are scheduled at least a week before the date of meetings.

2) ATTENDANCE OF DIRECTORS

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Lee, Edward K.	04/12/13	10	10	100%
Member	Bate, Conrado F.	04/12/13	10	10	100%
Member	Han, Paulwell	04/12/13	10	10	100%
Member	Lim, Hernan G.	04/12/13	10	9	90%
Member	Litman, Joel A.	04/12/13	10	10	100%
Member	Ong, Catherine L.	04/12/13	10	10	100%
Member	Yu, Alexander C.	04/12/13	10	10	100%
Member	Yu, Raymond C.	04/12/13	10	10	100%
Member	Yu, Wellington C.	04/12/13	10	10	100%
Independent	Estacion, Manuel S.	04/12/13	10	10	100%
Independent	Khoo Boo Boon	04/12/13	10	9	90%

3) SEPARATE MEETING OF NON-EXECUTIVE DIRECTORS

Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

No, there are no separate meetings for non-executive Directors.

4) QUORUM REQUIREMENT

Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

The vote of a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, as provided for in the By-laws of the Corporation.

5) ACCESS TO INFORMATION

(a) How many days in advance are board papers⁷ for board of directors meetings provided to the board?

Board papers are provided on the day of the board meeting.

(b) Do board members have independent access to Management and the Corporate Secretary?

Yes, all directors may contact Management and the Corporate Secretary independently.

⁷ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc.?

Under the Corporate Governance Manual, the Corporate Secretary should:

- Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the Corporation.
- Be loyal to the mission, vision, and objectives of the Corporation.
- Work fairly and objectively with the Board, Management, and stockholders.
- Have appropriate administrative and interpersonal skills.
- Have a working knowledge of the operations of the Corporation.
- Inform the members of the Board, in accordance with the By-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.
- Attend all Board meetings, except when justifiable causes prevent him from doing so.
- Ensure that all Board procedures, rules, and regulations are strictly followed by the members.

- (d) Is the Company Secretary trained in legal, accountancy, or company secretarial practices? Please explain should the answer be in the negative.

Yes, the Corporate Secretary is a member of the Integrated Bar of the Philippines.

- (e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes No

Committee	Details of the procedures
Executive	Any Director may ask for the materials from the Corporate Secretary.
Audit	
Nomination	
Remuneration	
Others (specify)	

6) EXTERNAL ADVICE

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
	The directors may approach the Company's legal and accounting departments for any concerns. Said departments may handle the concern in-house or endorse the same to external advisers.

7) CHANGE/S IN EXISTING POLICIES

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
No change in existing policy which may affect the Company's business.		

D. REMUNERATION MATTERS

1) REMUNERATION PROCESS

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Amount determined and approved by the Board of Directors	
(2) Variable remuneration	Determined based on Company's performance during the previous fiscal year	
(3) Per diem allowance	Amount determined and approved by the Board of Directors	
(4) Bonus	Determined based on Company's performance during the previous fiscal year	
(5) Stock Options and other financial instruments	Amount determined and approved by the Board of Directors	
(6) Others (specify)	None	

2) REMUNERATION POLICY AND STRUCTURE FOR EXECUTIVE AND NON-EXECUTIVE DIRECTORS

Disclose the Company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Each Director is entitled to a per diem of Five Thousand Pesos (₱5,000) per meeting. There are no other arrangements for compensation either by way of payments for committee participation or special assignments.		
Non-Executive Directors			

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
No change in the remuneration scheme of the board of directors for the last three (3) years.	

3) AGGREGATE REMUNERATION

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than Independent Directors)	Independent Directors
(a) Fixed remuneration	9,264,352.94	-	-
(b) Variable remuneration	15,012,653.21	-	-
(c) Per diem allowance	150,000.00	445,000.00	145,000.00
(d) Bonus	-	-	-
(e) Stock Options and other financial instruments		200,000 shares	640,000 shares
(f) Others (specify)	-	-	-
Total	24,427,006.15	445,000.00	145,000.00

Other Benefits	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
1) Advances	-	-	-
2) Credit granted	650,247.57	-	-
3) Pension Plan/s Contributions	-	-	-
4) Pension Plans, Obligations incurred	-	-	-
5) Life Insurance Premium	584,713.79	-	-
6) Hospitalization Plan	26,989.35	-	-
7) Car Plan	-	-	-
8) Others (specify)	-	-	-
Total	1,261,950.71	-	-

4) STOCK RIGHTS, OPTIONS AND WARRANTS

(a) Board of Directors

Complete the following table, on the members of the Company's Board of Directors who own or are entitled to stock rights, options, or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/ Warrants	Number of Indirect Option/Rights/ Warrants	Number of Equivalent Shares	Total % from Capital Stock
Conrado F. Bate	5,500,000	-	5,500,000	0.55%
Manuel S. Estacion	400,000	-	400,000	0.04%
Wellington C. Yu	250,000	-	250,000	0.02%

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
No amendments/discontinuation of any incentive program.		

5) REMUNERATION OF MANAGEMENT

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Caesar A. Guerzon – SVP, Head of HRAD, Legal & Compliance	27,168,895.70
Juan G. Barredo – VP, Head of Customer Service and Sales Support	
Nikos J. Bautista – VP, Chief Technology Officer	
April Lynn L. Tan – VP, Head of Research	
Lorena E. Velarde – VP, Financial Controller	

E. BOARD COMMITTEES

1) NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-Executive Director (NED)	Independent Director (ID)				
Executive	Not Applicable						
Audit	0	2	1		<ul style="list-style-type: none"> • Assist the Board in the performance of its oversight responsibility for the financial reporting process, audit process, and monitoring of compliance with applicable laws, rules, and regulations. • Provide oversight over Management’s activities in managing credit, market, liquidity, operational, legal, and other risks of the corporation. • Perform oversight functions over the corporation’s external auditors. • Discuss with the external auditor the nature, scope, and expenses of the audit prior to its commencement. • Monitor and evaluate the adequacy and effectiveness of the corporation’s internal control system, including financial reporting control and information technology security. • Review the reports submitted by external auditors. • Review the quarterly, half-year, and annual financial statements before their submission to the Board; and • Coordinate, monitor, and facilitate compliance with laws, rules, and regulations. 		
Nomination	0	1	1		<ul style="list-style-type: none"> • Review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board’s processes and procedures in the election and replacement of directors. 		

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-Executive Director (NED)	Independent Director (ID)				
Remuneration	1	2	1		<ul style="list-style-type: none"> Establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration of directors and officers to ensure that their compensation is consistent with the corporation's culture, strategy and the business environment in which it operates. 		
Others (specify)	Not Applicable						

2) COMMITTEE MEMBERS

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of service in the Committee
Chairman	Not Applicable					
Member (ED)						
Member (NED)						
Member (ID)						
Member						

The Board has not constituted an Executive Committee.

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of service in the Committee
Chairman (ID)	Estacion, Manuel S.	04/12/13	1	1	100%	7 yrs.
Member (ED)						
Member (NED)	Yu, Raymond C. Lim, Hernan G.	04/12/13	1	1	100%	7 yrs.
Member (ID)						
Member						

Disclose the profile qualification of the Audit Committee members.

Manuel S. Estacion, 69, Filipino, is a Bachelor of Science in Commerce graduate of San Beda College. He is presently engaged by The Hong Kong and Shanghai Banking Corporation (HSBC) as the Bank Representative in the remaining labor related cases pending in Court. He previously served HSBC in various capacities and was Vice President Human Resources from 1996 to 1999 after which he acted as a Consultant to HSBC prior to his present engagement. Mr. Estacion is a Charter Member and a Director of the Rotary Club of Ortigas Center for the Rotary Year 2012-2013.

Raymond C. Yu, 60, Filipino, is a Bachelor of Science in Commerce graduate of De La Salle University in 1974. He is currently the President of Winner Industrial Corporation and a Director of more than 16 years of the following corporations: Citisecurities, Inc., CWC Development, Inc., Barrington Carpets, Inc., Citimex, Inc., and CWC International, Inc.

Hernan G. Lim, 62, Filipino, is currently the President of Hoc Po Feeds Corporation and the Executive Vice President of HGL Development Corporation. He has also been a Director of Citimex, Inc., Citisecurities, Inc., CWC Development, Inc., Barrington Carpets, Inc., and CWC Industries, Inc. for more than 10 years. He holds a degree in Bachelor of Science in Electronic and Communication Engineering at the University of Santo Tomas. He also took the Basic Management Course at the Asian Institute of Management.

Describe the Audit Committee's responsibility relative to the external auditor.

In relation to the external auditor, the Audit Committee must:

- Perform oversight functions over the Corporation's external auditors.
- Discuss with the external auditor the nature, scope, and expenses of the audit prior to its commencement.
- Review the reports submitted by external auditors.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of service in the Committee
Chairman (ID)	Khoo Boo Boon	04/12/13	1	1	100%	7 yrs.
Member (ED)						
Member (NED)	Yu, Alexander C.	04/12/13	1	1	100%	3 yrs.
Member (ID)						
Member	Guerzon, Caesar A.	04/12/13	1	1	100%	7 yrs.

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of service in the Committee
Chairman	Yu, Wellington C.	04/12/13				7 yrs.
Member (ED)	Ong, Catherine L.	04/12/13				7 yrs.

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of service in the Committee
Member (NED)	Yu, Alexander C.	04/12/13				7 yrs.
Member (ID)	Estacion, Manuel S.	04/12/13				3 yrs.
Member						

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of service in the Committee
Chairman	Not Applicable					
Member (ED)						
Member (NED)						
Member (ID)						
Member						

There are no other board committees aside from the ones already mentioned above.

3) CHANGES IN COMMITTEE MEMBERS

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	Not Applicable	
Audit		
Nomination		
Remuneration		
Others (specify)		

No changes in committee membership occurred during the previous year.

4) WORK DONE AND ISSUES ADDRESSED

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	Not Applicable	
Audit	Complied with its duties and responsibilities as enumerated in E(1) above	No significant issue encountered in 2012
Nomination	Complied with its duties and responsibilities as enumerated in E(1) above	No significant issue encountered in 2012
Remuneration	Complied with its duties and responsibilities as enumerated in E(1) above	No significant issue encountered in 2012
Others (specify)	Not Applicable	

5) COMMITTEE PROGRAM

Provide a list of programs that each committee plans to undertake to address the relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Not Applicable	
Audit	Constant review and revisiting of existing policies and procedures	No significant issue; Improvement of procedures to ensure that the same is always consistent with global best practices
Nomination		
Remuneration		
Others (specify)	Not Applicable	

F. RISK MANAGEMENT SYSTEM

1) STATEMENT OF EFFECTIVENESS OF RISK MANAGEMENT SYSTEM

Disclose the following:

- (a) Overall risk management philosophy of the company;

The analysis of risk and the identification of opportunities in evolving situations are inherent to the business of a stock brokerage. A stock brokerage does not avoid risk so much as engage it, identifying factors, isolating trends, and maneuvering its clients into advantageous positions.

This is an attitude towards risk that COL carries into its corporate affairs. In line with the principle that managed risk presents opportunity, COL endeavors to create an environment where a chain of command and clear division of responsibilities allows employees to exercise supervised initiative, allowing for the controlled evolution of established systems. These systems and processes are regularly evaluated and subject to audits intended to streamline the procedures, eliminate loopholes, and improve responsiveness.

- (b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The COL management periodically reviews the organizational structure, work flow, and auditing processes of the Company. While these regular reviews have introduced incremental improvements in the systems, the underlying procedures have proven to be sufficient and capable in institutionalizing the risk management philosophy of the Company.

- (c) Period covered by the review;

The last review was conducted in 2012.

- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

The risk management is regularly reviewed on an annual basis, and supplemented by intermittent and targeted reviews in the middle of the year.

- (e) Where no review was conducted during the year, an explanation why not.

Inapplicable, as a review was conducted during the year, and was found to be sufficient.

2) RISK POLICY

- (a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Risk associated with the Stock Brokerage Business	COL expects its online electronic brokerage services to continue to account for substantially all of its revenues in the near and foreseeable future. Like other securities firms, revenues are basically influenced by trading volume and prices. In periods of low volume and transaction revenue, COL's financial performance may be adversely affected because certain expenses remain relatively fixed.	COL believes that the market for its services will eventually lead to a borderless and seamless environment especially in the flow of transactions and capital in various markets. COL is strategically prepared to allocate resources to develop its infrastructure to meet this need. Additional revenue opportunities will also be pursued such as subscription-based revenues, educational seminars, and additional add-on services.
Risks Associated with an Early and Evolving Market	COL has embarked on several programs that will promote the usage of technology to take advantage of the investment opportunities of the stock market.	Corporate roadshows and presentations on the use of the online trading platform will be done nationwide through co-marketing activities with business groups such as the chambers of commerce, business/civic clubs as well as universities and graduate schools. Furthermore, with the current low penetration rate of investors in the stock market, COL believes that there is a huge potential for investor growth in the Philippine market.

Risk Exposure	Risk Management Policy	Objective
Risk associated with dependence on key personnel	COL's operations largely depend on its ability to retain the services of existing senior officers and to attract qualified senior managers and key personnel in the future. The proponents of COL are professionals from the finance and information technology industries as well as entrepreneurs with decades of experience in the Philippine stock market.	The separation from the service of any key personnel could have a material adverse effect on COL's business and financial performance. The fact, however, that certain key officers have an equity stake in COL reduces this risk. In addition, some technical personnel are covered by employment contracts which allow COL to plan for expected personnel movements. COL also owns the source codes for its operating software, giving it the ability to replace technical personnel at minimal, if at all, disruptions in operations.
Risk associated with Local and Foreign-based competition	COL expects to encounter direct and indirect competition from local and foreign firms offering online brokerage services, established Trading Participants, as well as software development companies, banks and other financial institutions which in the future might establish their own online securities system and integrate this with their other product lines.	With its customer-centered business model complemented by its trading infrastructure and business center expansion, COL anticipates that it will be able to compete actively with other participants in the online stock trading market. COL also believes that the cost structure of foreign-based online companies and the relative size of stock market investors in the Philippines presently limit potential foreign competitors from aggressively participating in the local market.
Technology Risks	COL is well capitalized with over ₱500.0 million in paid-up capital thereby giving it the ability to make its system flexible and adaptable to new technologies and changing customer needs. It also has a strong and excellent team of IT programmers and consultants with years of experience and proficiency in the intricacies of trading-related programs.	COL maintains the necessary level of system security through the installation of appropriate firewalls and application of SSL encryption technology. COL also maintains digital certificates for client authentication. Likewise, the system is designed to be redundant to ensure continuity of operations. The system has two (2) parallel servers concurrently operating at two (2) secured sites that are connected to different ISPs and we are currently looking at adding another Disaster Recovery site to be hosted at a major telecoms facility.
Risk of Power Interruption/Power Failure	Power interruption and power failure can adversely affect the efficient execution of COL's transactions and operations.	COL's development strategy includes the deployment of all appropriately configured backup hardware and software in a backup data center. The backup site will be of a 'Hot' nature. A Hot backup site has a virtual mirror image of COL's current data center, with all systems configured. All trading and customer data are transferred from the main site to the backup facility at the end of each trading day to ensure that in case of complete failure on the primary site, only one day's worth of data at the most will be lost. Any and all changes

Risk Exposure	Risk Management Policy	Objective
		made to system and application software are also done to the backup site systems.
Administrative and Operation Risks	An effective customer service team is necessary to handle client needs and is critical to COL's success. However, COL's customer service capacity may be severely constrained at times. Suboptimal customer service could damage COL's brand name and affect the quality of service it provides to its customers.	Recognizing the importance of customer service, COL has established a customer service team which went through a rigorous training program to address the technical and website navigation concerns of the customers. The customer service team can be expanded, as the need arises, to meet COL's operational requirements. A Relationship Manager desk was also set up to assist the needs of high-end customers and a team of New Account Officers was formed to respond to navigational, technical and account queries of walk-in customers. COL also has a full complement of support staff from its information technology and research departments trained to serve as additional customer service officers.
Fiduciary Risk	Where there is a relationship of trust and reliance between a broker and a customer, that relationship gives rise to a fiduciary relationship. A fiduciary, like a trustee, is subject to rigorous duties of loyalty and care and must conduct its activities with the utmost good faith and integrity while keeping the customer's best interest in mind. A breach of fiduciary duties to customers could result in a potential financial or reputational loss.	A comprehensive and detailed set of procedures have been established to ensure that obligations to clients are discharged faithfully and in accordance with the governing legal and regulatory requirements especially in the custody and processing of customers' cash and securities.
Credit Risk	Virtually all capital markets and trading transactions are exposed to credit risk. Credit risk is the risk of economic loss from the failure of the obligor to perform the terms and conditions of a contract or agreement. It is inherent to the stock brokerage business as potential losses may arise due to the failure of its customers and counterparties to fulfill their trading obligations on settlement dates or the possibility that the value of collateral held to secure obligations becoming inadequate due to adverse market conditions.	The business model of COL minimizes its exposure to credit risk since customer accounts are opened on a prepaid basis. Customers' purchase transactions are limited to the available cash balance in their accounts. COL has established policies and procedures in evaluating and approving applications for margin financing as well as the review of credit performance and limits. In addition, a set of criteria have been established to identify securities that are eligible for margin trading. This list of marginable stocks is monitored to ensure that they continue to qualify. Finally, while there are statutory requirements relative to margin limits and cover, COL has put in place a more conservative set of requirements for monitoring the daily activities of its margin

Risk Exposure	Risk Management Policy	Objective
		accounts.
Risk of Infringement	COL may receive notices of claims of infringement on the proprietary rights of other groups.	COL uses proprietary systems and maintains a policy of purchasing hardware/software only from licensed dealers/manufacturers.

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Same as above		

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
That all major decisions would result in an affirmative or negative vote by the controlling shareholders.

3) CONTROL SYSTEM SET UP

(a) Company

Briefly describe the control systems set up to assess, manage, and control the main issue/s faced by the Company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Please refer to #2(a)		

(b) Group

Briefly describe the control systems set up to assess, manage, and control the main issue/s faced by the Company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Please refer to #2(a)		

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Audit Committee	The Committee monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security.	

G. INTERNAL AUDIT AND CONTROL

1) STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM

Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

The control environment of the Corporation consists of the following:

- i. A Board which ensures that the corporation is properly and effectively managed and supervised;
- ii. A Management Team which actively manages and operates the corporation in a sound and prudent manner;
- iii. The organizational and procedural controls supported by effective management information and risk management reporting systems; and
- iv. An audit mechanism to monitor the adequacy and effectiveness of the corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Board of Directors periodically reviews the company's internal control system and believes the same to be effective and adequate.

(c) Period covered by the review;

The last review was made in 2012.

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

Review is conducted at least once a year.

(e) Where no review was conducted during the year, an explanation why not.

Not applicable.

2) INTERNAL AUDIT

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Review and analyze COL's corporate governance, risk management system, and internal processes.	All risks the Company is exposed to	COL is still in the process of hiring an internal auditor to fulfill this role	n/a	The internal auditor is to report directly to the Audit Committee, which Committee shall report to the Board of Directors.

(b) Appointment/Removal of Internal Auditor

Does the appointment and/or removal of the Internal Auditor or the accounting/auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Yes. Any appointments/removals must first be approved by the Audit Committee.

(c) Reporting Relationship with the Audit Committee

Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties, and personnel?

The internal auditor reports directly to the Audit Committee and is given unrestricted access to all records, properties, and personnel (including members of the Board of Directors) to enable him to perform his functions.

(d) Resignation, Re-assignment, and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
n/a	COL is still in the process of hiring an internal auditor.

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings, and examination trends.

Progress Against Plans	Not applicable. COL is still in the process of hiring an internal auditor.
Issues	
Findings	

Examination Trends	
---------------------------	--

[The relationship among progress, plans, issues, and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;*
- 2) Conduct of examination based on the plan;*
- 3) Evaluation of the progress in the implementation of the plan;*
- 4) Documentation of issues and findings as a result of the examination;*
- 5) Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;*
- 6) Conduct of the foregoing procedures on a regular basis.]*

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies, and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies, and procedures have been implemented under the column “implementation”.

Policies & Procedures	Implementation
Draft policies and procedures are currently being reviewed by the Audit Committee.	

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks, and rating agencies (example, restrictions on trading in the company’s shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
Unrestricted access to all records, properties, and personnel of the Company	n/a	n/a	n/a
Appointment/ removal of auditors may only be done with approval of the Audit Committee. In case of external auditors, the appointment must be approved by majority of the Company’s shareholders.			
Internal auditor reports directly to the Audit Committee			
Periodic evaluation and review of non-audit work of, and non-audit fees paid to, external auditors, if any.			
Disallowance of any non-audit work which will compromise external auditor’s independence.			
Rotation of external auditor or lead partner having primary responsibility of the audit every five (5) years.			

(h) Officers to Attest to Company's Compliance

State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers, and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The Associated Person shall attest to the company's full compliance with the SEC Code of Corporate Governance. Said attestation shall be countersigned by the Company's CEO.

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	COL strives to make successful investors out of every Filipino by providing easy access to financial products and services that suit the different investment profiles and objectives of its customers.	<ul style="list-style-type: none"> • Conduct of free seminars to COL client to help them with their investment decisions. • Access to research materials provided in COL's website. • Maintenance of Customer service hotline where clients can contact COL for any concerns • Relationship Manager desk instituted to assist high-end customers • New Account Officers hired to respond to the concerns of walk-in customers
Supplier/contractor selection practice	COL engages reliable and creditable suppliers who can provide products that best suit the needs of the Company.	<ul style="list-style-type: none"> • Canvassing at least three (3) potential suppliers before making a final decision on who to contract with. • Supplier to submit corporate documents prior to engagement (i.e. DTI permit, SEC registration, Mayor's Permit, etc.) • Review of all contracts by the Company's Legal Department.
Environmentally friendly value-chain	The Company recognizes the need to protect and sustain the environment.	<ul style="list-style-type: none"> • Conduct of annual environmental corporate social responsibility activities to increase awareness among employees. • Reduction of paper wastage by discouraging employees from printing documents when such is not necessary and encouraging the use of scratch paper.
Community interaction	The Company believes that with the right tools, every Filipino can successfully invest in the stock market.	<ul style="list-style-type: none"> • Tie-ups with different organizations to promote financial literacy. • Free EIP seminar available to clients and non-clients alike.
Anti-corruption programmes and	COL is committed to conducting its business in an ethical	<ul style="list-style-type: none"> • Periodic review by Management of all company policies, rules, and procedures to ensure ethical

	Policy	Activities
procedures	manner, in compliance with all applicable laws and regulations.	practices and reduce opportunities for corruption. <ul style="list-style-type: none"> Streamlining functions in relation to handling payments both from internal and external sources.
Safeguarding creditors' rights	The Company strives to reduce credit risk by ensuring prompt payment of all obligations.	<ul style="list-style-type: none"> Establishing clear payment terms with existing suppliers/ creditors. Payment is immediately processed upon completion of all documentation.

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

No, the Company does not have a separate report for corporate responsibility.

3) Performance-enhancing mechanisms for employee participation.

(a) What are the Company's policy for its employees' safety, health, and welfare?

To ensure the employees' safety, the Company's premises are monitored by CCTV cameras. Further, the Company employs security guards around the clock.

As part of their compensation, the Company provides all regular employees with health and group life insurance coverage. The Company likewise arranges for the annual physical examination of and the administration of drug tests to all regular employees to be conducted within the Company premises and during working hours. Senior officers, on the other hand, are provided with executive check-ups which they can avail of in accredited hospitals.

As part of employee welfare, the Company organizes company activities which give employees opportunities to unwind from the pressures of work and eliminate work monotony and boredom.

(b) Show data relating to health, safety, and welfare of its employees.

In 2012, all employees tested negative for drugs. In addition, there were no significant findings in during the employees' annual physical examination.

(c) State the company's training and development programmes for its employees. Show the data.

Employees are encouraged to attend seminars, symposia, or other short training courses that are deemed beneficial to the employee's work in the Company. The training must: (i) be relevant to the deserving employee's work or responsibilities; (ii) potentially enhance such employee's skills and allow him to perform his responsibilities more effectively; and (iii) prepare such employee for his future assignments in the Company.

Seminar	Attendees
Training/Review Course for Prospective Certified Securities Representatives	11
Fundamentals of Human Resource Management	1
CFA Seminars	10
Briefing - Corporate Titans	18
HMO Orientation	Employees
Company Policies, New Benefits & House Rules (HR Roadshow)	Employees

Seminar	Attendees
Investing in Stock Market Today	Employees
Introduction to Technical Analysis	Employees
COL Easy Investment Program Briefing	Employees
Technical Trading Strategies	Employees
AMLA	New hires
Product Training	New hires
Briefing on New Products and Services	New hires
SRC Rules, PSE Rules, Tax and Accounting Updates	All concerned

- (d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.

The Company provides for mid-year and Christmas bonuses to regular employees. In addition, employees who have served in the Company for at least five (5) consecutive years are entitled to a resignation benefit.

- 4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behavior? Explain how employees are protected from retaliation.

All employees must be treated fairly and allowed to present their valid grievances freely and without fear of reprisal. As much as possible, it is preferable that the grievance be resolved informally and promptly by the Supervising Officer and the employee with a grievance. In case the above is not possible, the aggrieved employee may raise his concerns with the HR Department. In case the HR Department is unable to resolve the issue, the same may be referred to the Grievance Committee.

I. DISCLOSURE AND TRANSPARENCY

- 1) Ownership Structure

- (a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corp.	94,860,600	20.24%	Citisecurities, Inc.
PCD Nominee Corp.	88,162,100	18.81%	COL Financial Group, Inc.
Edward K. Lee	91,284,900	19.48%	
Alexander C. Yu	62,811,800	13.40%	
Paulwell Han	30,077,900	6.42%	

Name of Senior Management	Number of Direct Shares	Number of Indirect shares/Through (name of record owner)	% of Capital Stock
Conrado F. Bate	100	17,498,500/PCD Nominee Corp.	3.74%
Catherine L. Ong	50,000	7,765,000/PCD Nominee Corp.	1.67%

Caesar A. Guerzon	1,000	3,550,000/PCD Nominee Corp.	0.76%
Juan Jaime G. Barredo	-	2,314,900/PCD Nominee Corp.	0.49%
Nikos J. Bautista	-	660,200/PCD Nominee Corp.	0.14%
Lorena E. Velarde	-	463,000/PCD Nominee Corp.	0.10%
April Lynn L. Tan	-	2,000,000/PCD Nominee Corp.	0.43%
TOTAL	51,100	34,251,600//PCD Nominee Corp.	7.33%

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorship of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	No
Number of board of directors/commissioners meetings held during the year	No
Attendance details of each director/commissioner in respect of meetings held	No
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

The details of the Company's whistle blowing policy, training or continuing education programs attended the by the directors, number of meetings held during the year, and attendance details thereof are not required to be included in the Annual Report or SEC Form 17-A.

3) External Auditor's Fee

Name of auditor	Audit Fee	Non-audit Fee
Sycip, Gorres, Velayo & Co.	1,135,000	0

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

- Electronic mail
- Telephone including facsimile and short messaging system
- Postal service

5) Date of release of audited financial report:

3 March 2014

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	No
Shareholding structure	Yes
Group corporate structure	Not applicable
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	No

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

The same is publicly accessible through the SEC. It should be noted that the Company's Articles of Incorporation and By-laws may also be found among the disclosures forwarded to the Philippine Stock Exchange and is available for download at their website.

7) Disclosure of RPT

RPT	Relationship	Nature	Value
No RPT transactions			

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

Transactions between related parties are based on terms similar to those offered to nonrelated parties. The transactions are done in the normal conduct of operations and are recorded in the same manner as transactions that are entered into with other parties.

J. RIGHTS OF STOCKHOLDERS

1) RIGHT TO PARTICIPATE EFFECTIVELY IN AND VOTE IN ANNUAL/SPECIAL STOCKHOLDERS' MEETINGS

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	Majority of the outstanding stock
------------------------	-----------------------------------

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Approved by the Board of Directors and ratified by the stockholders during the Annual Stockholders' Meeting.
Description	

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
None	

All stockholder rights are consistent with the rights provided under the Corporation Code.

Dividends

Declaration Date	Record Date	Payment Date
March 31, 2014	April 15, 2014	On or before May 14, 2014

(d) Stockholders' Participation

1. State, if any, the measure adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
Shareholders are given an opportunity and encouraged to address questions to the Chairman and the Board members as well as to the Chairpersons of the Audit, Compensation and Nomination Committees.	Viva voce

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
 - a. Amendments to the company's constitution
 - b. Authorization of additional shares
 - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

The affirmative vote of a majority of the Board of Directors and the stockholders representing two-thirds (2/3) of the outstanding capital stock are required in cases (a) to (c) above.

3. Does the company observe a minimum of 21 business days for giving out notices to the AGM where items to be resolved by shareholders are taken up?

The Company sends out notices at least fifteen (15) business days prior to the AGM, in compliance with SEC rules.

a. Date of sending out notices: 10 March 2014

b. Date of Annual/Special Stockholders' Meeting: 31 March 2014

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

A stockholder inquired as to the nature of the office in Makati. The Chairman replied that while the same was intended to be a business center, pending SEC approval, said facility is only housing the back-up server of the Company.

5. Result of Annual/Special Stockholders' Meetings Resolutions

Resolution	Approving	Dissenting	Abstaining
Approving the agenda of the stockholders' meeting	Unanimous	n/a	n/a
Approving the minutes of the meetings held on 12 April 2013	Unanimous	n/a	n/a
Approving the President's report for 2013	Unanimous	n/a	n/a
Ratification of the Resolution of the BOD approving the change in the principal office of the Company.	Unanimous	n/a	n/a
Ratification of all acts, investments, and resolutions of the Board of Directors for the year 2013	Unanimous	n/a	n/a
Approval of 2013 Audited Financial Statements of the Company	Unanimous	n/a	n/a
Election of the following Directors for the year 2014-2015: a. Mr. Edward K. Lee b. Mr. Conrado F. Bate c. Mr. Raymond C. Yu d. Mr. Joel Litman e. Ms. Catherine L. Ong f. Mr. Manuel S. Estacion g. Mr. Alexander C. Yu h. Mr. Hernan G. Lim i. Mr. Paulwell Han j. Mr. Wellington C. Yu k. Mr. Khoo Boo Boon	Unanimous	n/a	n/a
Appointment of SyCip, Gorres, & Velayo as the Company's external auditor	Unanimous	n/a	n/a

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

As the resolutions were approved unanimously, there was no need to publish the votes taken for the same.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
No modifications were made in the regulations governing annual/special stockholders' meetings.	

Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board Members/Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Mr. Edward K. Lee Mr. Alexander C. Yu Mr. Conrado F. Bate Mr. Manuel Estacion Mr. Paulwell Han Mr. Khoo Boo Boon Mr. Hernan G. Lim Mr. Joel Litman Ms. Catherine Ong Mr. Raymond C. Yu Mr. Wellington C. Yu Atty. Caesar A. Guerzon Mr. Juan G. Barredo Ms. Lorena E. Velarde Ms. Melissa O. Ng	03/31/14	By ballot	52.00%	21.61%	73.61%
Special	No special stockholders' meeting held for 2014					

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Only the Corporate Secretary and staff/s of the Stock Transfer Agent are authorized to count the votes.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes, the Company's common shares carry one vote for one share.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	Proxies must be received by the Secretary at least ten (10) working days prior to the meeting. It may be revoked by the stockholder/s either in writing duly presented to the Secretary prior to the meeting or by the stockholder's presence at the meeting.
Notary	Proxies need not be notarized.
Submission of Proxy	Proxies must be received by the Secretary at least ten (10) working days prior to the meeting.
Several Proxies	The shareholder may issue as many proxies as he has shares in the Company.
Validity of Proxy	Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary.
Proxies executed abroad	For as long as the proxy is received within the time specified above, no distinction in the policy for proxies executed in the Philippines and abroad.
Invalidated Proxy	Invalidated proxies will not be honored. The person holding such proxy will not be admitted to the meeting.
Validation of Proxy	Proxy forms are reviewed by the Secretary prior to the meeting to ensure compliance with the Company's policies.
Violation of Proxy	The Secretary notes down any restrictions indicated in the proxy form and ensure that such is followed during the meeting.

(h) Sending of Notices

State the company's policies and procedures on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
Notices of Annual/Special Stockholders' Meeting should be sent out at least fifteen (15) business days prior to the date of the meeting.	The PSE shall be given a written notice of the Annual/Special Stockholders' Meeting at least ten (10) trading days prior to the Record Date. Notices of Annual/Special Stockholders' Meeting are sent out fifteen (15) business days prior to the date of meeting in CDs containing both the notice and the definitive information statement to stockholders as of record date.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	All stockholders of record are entitled to receive the DIS as well as other materials.
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	10 March 2014

Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	10 March 2014
State whether CD format or hard copies were distributed	CD format
If yes, indicate whether requesting stockholders were provided hard copies	Yes

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	No
Documents required for proxy vote.	No

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

At the time of release of Notice of Annual Stockholders' Meeting, no dividends have yet been declared. The documents for proxy vote are made available to all stockholders, upon request.

2) TREATMENT OF MINORITY STOCKHOLDERS

(a) State the company's policies with respect to the treatment of minority shareholders.

Policies	Implementation
All stockholders shall be treated equally or without discrimination.	The Board gives the minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes.

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

COL meets the requirement of the PSE in disclosing material public information. Disclosure to both employees and the public are done at the same time so as to avoid the possibility of insider trading.

Disclosures and major company announcements are reviewed and approved by the President, the CFO, and the Board of Directors.

- 2) Describe the company’s investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders, and the public in general. Disclose the contact details (e.g. telephone, fax, and email) of the officer responsible for investor relations.

	Details
(1) Objectives	To provide information that would aid shareholders in determining whether or not the company, its board and its management team are acting responsibly as stewards of public money.
(2) Principles	The Board shall publicly and timely disclose material information that could adversely affect the viability of the corporation or the interests of the stockholders.
(3) Modes of Communication	Postings in the Company's website www.colfinancial.com, emailing presentations to investors to discuss major developments (ex. Earnings reports), meeting investors who request face to face meetings.
(4) Investors Relations Officer	Depending on the nature of the concern, the investor may approach any of the members of the Board of Directors or Senior Management.

- 3) What are the company’s rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

No mergers or sales of substantial portions of corporate assets contemplated.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

None.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
Investor education initiatives (ongoing)	Open to the Public
Tree Planting Activity (2012)	Old Sanitary Landfill, Antipolo City
Protect a Hectare (2013)	La Mesa Watershed

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	Assessment through formal and informal board discussion and interviews with members of Senior Management.	
Board Committees		

Individual Directors	
CEO/President	

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees.

Violations	Sanctions
Any violation of the Corporate Governance Manual	The sanctions as indicated in the Company's Code of Discipline shall apply. In case the violation is by a non-executive director, the sanction shall be subject to the approval of the Board of Directors.

REPUBLIC OF THE PHILIPPINES)
CITY OF PASIG) S.S.

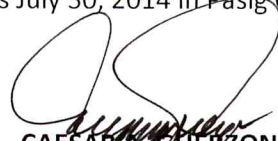
SECRETARY'S CERTIFICATE

I, **CAESAR A. GUERZON**, of legal age, Filipino, with office address at 2401B East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, after having been duly sworn to in accordance with law, hereby depose and say:

1. That I am the Corporate Secretary of **COL FINANCIAL GROUP, INC.** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Philippines, with office address at 2401B East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City;
2. That at the regular meeting of the Board of Directors of the Corporation held on July 24, 2014, at which a quorum was present and voting throughout, the following resolution was passed and approved:


"RESOLVED, that the Board of Directors of **COL Financial Group, Inc.** hereby approves the consolidated changes in the Annual Corporate Governance Report for the year 2013 and as of 30 June 2014.

IN WITNESS WHEREOF, I have hereunto affixed my signature this July 30, 2014 in Pasig City.


CAESAR A. GUERZON
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 30th July 2014 in Pasig City, affiant exhibiting to me his Passport No. EB2801974 issued at DFA Manila on 27 June 2011.

Doc. No. 413 ;
Page No. 84 ;
Book No. I ;
Series of 2014.


ATTY. SHARON T. LIM
Notary Public for the Cities of Pasig, Taguig, &
San Juan and Municipality of Pateros
Until 12-31-15/Appt. No. 27 (2014-2015)
2401B East Tower, Phil. Stock Exchange Centre,
Exchange Rd., Ortigas Center, Pasig City 1605
Roll No. 53601/IBP No. 942274/10-23-13/RSM
PTR No. 9856974/1-14-14/Pasig
MCLE Compliance No. IV-0010699/12-20-12/Pasig