



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended: **31 December 2022**
2. SEC Identification Number: **201619734** 3. BIR Tax Identification No. **009-393-167**
4. Exact name of issuer as specified in its charter:
CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP.
5. **Philippines**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **Stella Hizon Reyes Road, Bo. Pampanga**
Davao City
Address of principal office
8. **8000**
Postal Code
8. **+63 82 224 5373**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of Directors with collective working knowledge, experience or expertise that is relevant to the Company's industry/sector.	Compliant	See Chelsea Logistics 2022 SEC 17-A <i>pages 26-28</i> https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995	
2. Board has an appropriate mix of competence and expertise.	Compliant	See Chelsea Logistics 2022 SEC 17-A <i>pages 26-28</i> https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995	
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant	See Chelsea Logistics 2021 SEC 17-A <i>pages 26-28</i> https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995	
Recommendation 1.2			
1. Board is composed of a majority of non-executive Directors.	Compliant	Only two (2) Directors hold executive positions in the Company, as follows: <ol style="list-style-type: none"> 1. Chryss Alfonsus V. Damuy – President & CEO 2. Cherylyn C. Uy – Treasurer <p>The 6 other Directors do not exercise any executive functions in the Company.</p> <p>See Chelsea Logistics 2022 SEC 17-A, <i>pages 26-28</i> https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995</p>	

Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of Directors.	Compliant	<p>Article 2 – Board Governance, Section 3.2 (bb) of the Manual of Corporate Governance. See page 8 of the Manual of Corporate Governance.</p> <p>https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf</p> <p>See page 1 of Corporate Governance Committee Charter</p> <p>https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf</p>	
2. Company has an orientation program for first time directors.	Compliant	<p>Article 2 – Board Governance, Section 3.2 (bb) of the Manual of Corporate Governance. See page 8 of the Manual of Corporate Governance.</p> <p>https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf</p>	
3. Company has relevant annual continuing training for all Directors.	Compliant	<p>Article 2 – Board Governance, Section 3.2 (bb) of the Manual of Corporate Governance.</p> <p>https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf</p>	
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	<p>Article 2 – Board Governance, Section 1.0 of the Manual of Corporate Governance provides for adoption of policy on Board diversity.</p> <p>https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf</p> <p>Further, of the 8 Directors of the Company, 7 are male and 1 is female.</p>	
Optional: Recommendation 1.4			

1. Company has a policy on and discloses measurable objectives for implementing its Board diversity and reports on progress in achieving its objectives.	Non-Compliant		The Company has adopted Board diversity measures. To date, CLC Board is composed of men and a woman with diversified qualifications and experiences. However, these measures are yet to be formalized into a written Board policy.
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	<p>See Chelsea Logistics 2022 SEC 17-A page 29 https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995</p> <p>See Section 11 of the Manual of Corporate Governance. https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf</p>	
3. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	See Chelsea Logistics 2022 SEC 17-A page 29 https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995	
4. Corporate Secretary is not a member of the Board of Directors.	Compliant	See Chelsea Logistics 2022 SEC 17-A, pages 26, 29 https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995	
5. Corporate Secretary attends training/s on corporate governance.	Compliant	<p>Corporate Governance Seminar by Risks, Opportunities Assessment and Management (ROAM), Inc. held on 14 October 2022, 8:30 a.m – 12:30 p.m.</p> <p>Topics covered:</p> <ul style="list-style-type: none"> • Corporate Governance Regulatory Updates • 2022 Global and Regional Trends in Corporate Governance (Asia-Pacific, America, and Europe) • RP Economic Statistics (Key Statistics) 	

		<ul style="list-style-type: none"> Economic Challenges of the Incoming National Administration (Economic Challenges, Effect on Corporate Governance, Proposed Response) Personal Liability of Directors and Officers Under the Law (For Contracts, Liabilities to Employees, Criminal Liabilities, Other Liabilities) 	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for Board meetings at least five business days before scheduled meeting.	Compliant	The Board of Directors is notified of the Agenda and provided with board materials at least five business days prior to the meeting date.	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	See Chelsea Logistics 2022 SEC 17-A, page 30 https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Non-Compliant	See Chelsea Logistics 2022 SEC 17-A, page 30 https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995	
3. Compliance Officer is not a member of the Board.	Compliant	See Chelsea Logistics 2022 SEC 17-A, pages 26, 30 https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995 Section 12 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
4. Compliance Officer attends training/s on corporate governance.	Compliant	Corporate Governance Seminar by Risks, Opportunities Assessment and Management	

		<p>(ROAM), Inc. held on 14 October 2022, 8:30 a.m – 12:30 p.m.</p> <p>Topics covered:</p> <ul style="list-style-type: none"> • Corporate Governance Regulatory Updates • 2022 Global and Regional Trends in Corporate Governance (Asia-Pacific, America, and Europe) • RP Economic Statistics (Key Statistics) • Economic Challenges of the Incoming National Administration (Economic Challenges, Effect on Corporate Governance, Proposed Response) • Personal Liability of Directors and Officers Under the Law (For Contracts, Liabilities to Employees, Criminal Liabilities, Other Liabilities) 	
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Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company’s articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

Recommendation 2.1

1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company.	Compliant	<p>Acts and Resolutions of the Board of Directors for the Period covering February 8, 2022 to February 20, 2023</p> <p>See Chelsea Logistics 2022 Definitive Information Statement, <i>Annex C</i> https://edge.pse.com.ph/openDiscViewer.do?edge_no=37ab17ac7040c51f9e4dc6f6c9b65995</p>	
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Recommendation 2.2

1. Board oversees the development, review and approval of the Company’s business objectives and strategy.	Compliant	<p>The Board of Directors meets regularly on a quarterly basis.</p> <p>Acts and Resolutions of the Board of Directors for the Period covering February 8, 2022 to February 20, 2023. See Chelsea Logistics</p>	
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		2022 Definitive Information Statement, <i>Annex C</i> https://edge.pse.com.ph/openDiscViewer.do?edge_no=37ab17ac7040c51f9e4dc6f6c9b65995	
2. Board oversees and monitors the implementation of the Company's business objectives and strategy.	Compliant	Section 3 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf Acts and Resolutions of the Board of Directors for the Period covering February 8, 2022 to February 20, 2023. See Chelsea Logistics 2022 Definitive Information Statement, <i>Annex C</i> https://edge.pse.com.ph/openDiscViewer.do?edge_no=37ab17ac7040c51f9e4dc6f6c9b65995 The Board of Directors meets regularly on a quarterly basis.	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	The Vision, Mission Statement and Core Values of the Company can be found on its website. See page 4 of Chelsea Logistics 2022 Annual Report: https://www.chelsealogistics.ph/wp-content/uploads/2023/05/CHELSEA-2022-Annual-Report_Reset-Rebuild-Recover_Compressed.pdf See Chelsea Logistics website "About" https://www.chelsealogistics.ph/vision-mission-and-values/	

2. Board has a strategy execution process that facilitates effective management performance and is attuned to the Company's business environment, and culture.	Compliant	<p>Section 6 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf</p> <p>Acts and Resolutions of the Board of Directors for the Period covering February 8, 2022 to February 20, 2023. See Chelsea Logistics 2022 Definitive Information Statement, Annex C https://edge.pse.com.ph/openDiscViewer.do?edge_no=37ab17ac7040c51f9e4dc6f6c9b65995</p>	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	<p>Chelsea Logistics 2022 SEC 17-A, page 26 https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995</p>	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for Directors, key officers and management.	Non-compliant		<p>The Company implements a succession planning program for key officers and Management. However, no particular program has been implemented yet for the Board of Directors. The present Directors, particularly the Independent Directors, have been carefully selected and are expected to serve the full terms allowed by the By-Laws.</p>
2. Board adopts a policy on the retirement for Directors and key officers.	Compliant	<p>Directors are elected for a term of one (1) year, and until their successors are elected and qualified. Independent Directors may only serve for a maximum cumulative term of nine (9) years.</p> <p>The Company has a retirement plan for key officers and employees.</p>	

		See Chelsea Logistics 2022 SEC 17-A, Note 18.2 (<i>Post-employment Defined Benefits</i>) of Audited Financial Statements: https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and Board members with long-term interests of the Company.	Compliant	Salaries of key officers are at par with industry counterparts. Directors are entitled to per diem for each Board meeting attended. See Chelsea Logistics 2022 SEC 17-A, page 33 https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant	The Company implements performance-based appraisal every year for all its employees. This is the basis of the promotions and salary increases and/or incentives granted to the employees and officers of the Company every year.	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	At present, there is no remuneration for Directors except for per diem for each Board meeting attended.	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	Non-compliant		The Board has not yet fully adopted the optional recommendations in its Annual Corporate Governance Report. Nevertheless, the Company shall endeavor to adopt and implement this recommendation soon as practicable.
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	Compliant	The Company has an existing Stock Option Plan (ESOP) which was first approved by the Board of Directors on February 13, 2019 and by the Stockholders on March 15, 2019. An Amended ESOP was approved was approved by the Board of Directors at its March 29,	

		2022 meeting, and by the Stockholders on May 3, 2022.	
		The ESOP will benefit qualified employees and officers of the Company based on (i) tenure, and (ii) individual performance appraisal.	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Article 3, Section 13 of the Amended By-Laws of the Company provides the procedure for nomination and election of Directors. https://www.chelsealogistics.ph/wp-content/uploads/2019/05/C-AAOI_07-May-2019-1.pdf	
2. Board nomination and election policy is disclosed in the Company's Manual on Corporate Governance.	Compliant	Article 2 – Board Governance, Section 8.2 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
3. Board nomination and election policy includes how the Company accepted nominations from minority shareholders.	Compliant	Article 5 – Stockholders' Rights and Protection of Minority Stockholders' Interest of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
4. Board nomination and election policy includes how the Board shortlists candidates.	Compliant	Article 2 – Board Governance, Section 8.2 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a Director.	Compliant	Article 2 – Board Governance, Section 8.2 of the Manual of Governance Manual https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
6. Board has a process for identifying the quality of Directors that is aligned with the strategic direction of the Company.	Compliant	Article 2 – Board Governance, Section 8.2 of the Manual of Corporate Governance	

		https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	Non-compliant		For the initial set of Directors, they were selected on the basis of their known expertise and experience which would benefit the Company, and personally known to the majority stockholder as persons of integrity and commitment.
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	Article III, Section 17 of the Amended By-Laws of the Company; Article 2, Section 8.6 of the Manual of Corporate Governance Manual https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
2. RPT Policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	Article 2, Section 8.6 of the Manual of Corporate Governance Manual https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
3. RPT Policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant	Article 2, Section 8.6 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for	Compliant	The Corporation has adopted a Policy on Related Party Transactions, as required under SEC Memorandum Circular No. 10, Series of 2019. https://www.chelsealogistics.ph/policies-and-manuals/	

<p>purposes of applying the thresholds for disclosure and approval.</p>			
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>Compliant</p>	<p>All individual Material RPTs shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the Independent Directors voting to approve the material RPT. In case that a majority of the Independent Directors' vote is not secured, the material RPT may be ratified by the vote of the stockholders representing at least 2/3s of the outstanding capital stock. For aggregate RPT transactions within a 12-month period that breaches the materiality threshold of Php 1,000,000,000, the same Board approval would be required for the transactions that meet and exceed the materiality threshold covering the same related party.</p> <p>Approval and ratification of the acts of the Board of Directors and Management was made during the 2022 Annual Stockholders' Meeting where minority stockholders were given the opportunity to vote. https://www.chelsealogistics.ph/policies-and-manuals/</p> <p>See Chelsea Logistics 2022 Definitive Information Statement, <i>Annex C</i> https://edge.pse.com.ph/openDiscViewer.do?edge_no=37ab17ac7040c51f9e4dc6f6c9b65995</p>	
<p>Recommendation 2.8</p>			

1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Non-compliant		The Board has not yet fully adopted the optional recommendations in its Annual Corporate Governance Report. Nevertheless, the Company shall endeavor to adopt and implement this recommendation soon as practicable.
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Non-compliant		The Board has not yet fully adopted the optional recommendations in its Annual Corporate Governance Report. Nevertheless, the Company shall endeavor to adopt and implement this recommendation soon as practicable.

Recommendation 2.9

1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	The Company has a performance appraisal framework for all of its employees, including officers. This system is Company-wide KRAs/KPIs. This framework measures the performance of each employee and subsequently each Department. The resulting ratings are combined and calculated based on appointed weight, which would then comprise the total Company Performance Level for the whole year. The KRAs/KPIs are visited quarterly for continuous monitoring of progress against budget.	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant	The Company has a performance appraisal framework for all of its employees, including officers. This system is Company-wide KRAs/KPIs. This framework measures the performance of each employee and each Department. The resulting ratings are combined and calculated based on appointed weight, which would then comprise the total Company Performance Level for the whole year. The KRAs/KPIs are visited quarterly for continuous monitoring of progress against budget.	

Recommendation 2.10

1. Board oversees that an appropriate internal control system is in place.	Compliant	Article 2, Section 3.3 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	Article 2, Section 3.3 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
3. Board approves the Internal Audit Charter.	Compliant	The Audit Charter was reviewed and approved by the Board on October 18, 2018. https://www.chelsealogistics.ph/wp-content/uploads/2019/05/Audit-Committee-Charter-vF.pdf	
Recommendation 2.11			
1. Board oversees that the Company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	Article 2, Section 8.5 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
2. The Risk Management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Non-Compliant		The Company has no formal risk management framework, but the Board ensures that all business undertakings are carefully studied and evaluated prior to execution.
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	The roles, responsibilities, and accountabilities of the Board of Directors are clearly stated in the By-Laws and Corporate Governance Manual of the Company. https://www.chelsealogistics.ph/wp-content/uploads/2019/05/C-ABL_07-May-2019.pdf	
2. Board Charter serves as a guide to the Directors in the performance of their functions.	Compliant	The roles, responsibilities, and accountabilities of the Board of Directors are clearly stated in the By-Laws and Corporate Governance Manual of the Company.	

		https://www.chelsealogistics.ph/wp-content/uploads/2019/05/C-ABL_07-May-2019.pdf	
3. Board Charter is publicly available and posted on the Company's website.	Compliant	The By-Laws and Corporate Governance Manual of the Company are available on the Company's website. http://www.chelsealogistics.ph/corporate-governance	
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	See Insider Trading Policy https://www.chelsealogistics.ph/wp-content/uploads/2019/05/CLIC-Insider-Trading-Policy-vFinal-05-15-2019.pdf	
Optional: Principle 2			
1. Company has a policy on granting loans to Directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	Compliant	Article 2, Section 8.6 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
2. Company discloses the types of decision requiring Board of Directors' approval.	Compliant	Article III of the Amended By-Laws of the Company. https://edge.pse.com.ph/openDiscViewer.do?edge_no=1c5962e9af3d9e29efdfc15ec263a54d	
Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			
Recommendation 3.1			
1. Board establishes Board committees that focus on specific Board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	Article III, Sections 12 – 17 of the Amended By-Laws; Article 2, Section 8 of the Corporate Governance Manual, page 15 https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	

Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the Company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	<p>Article III, Section 14 of the Amended By-Laws of the Company; Article 2, Section 8.3 of the Corporate Governance Manual, page 16</p> <p>https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf</p> <p>Included in the functions of the Audit Committee is its task to recommend to the Board, the appointment, re-appointment, removal and fees of the External Auditor.</p>	
2. Audit Committee is composed of at least three (3) appropriately qualified non-executive Directors, the majority of whom, including the Chairman is independent.	Compliant	<p>The members of the Audit Committee are:</p> <ul style="list-style-type: none"> • Jesus S. Guevara II – Chairman, Independent Director • Dennis A. Uy – Member, Chairman of the Board • Miguel Rene A. Dominguez – Member, Independent Director <p>See page 66 of Chelsea Logistics 2022 Annual Report: https://www.chelsealogistics.ph/wp-content/uploads/2023/05/CHELSEA-2022-Annual-Report_Reset-Rebuild-Recover_Compressed.pdf</p>	
3. All the members of the Committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	<p>Chelsea Logistics 2022 SEC Form 17-A, pages 26, 28</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995</p> <p>See page 66 of Chelsea Logistics 2022 Annual Report: https://www.chelsealogistics.ph/wp-content/uploads/2023/05/CHELSEA-2022-Annual-Report_Reset-Rebuild-Recover_Compressed.pdf</p>	

Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	Article 2, Section 8.3 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf See Chelsea Logistics Definitive Information Statement, pages 25-26 https://edge.pse.com.ph/openDiscViewer.do?edge_no=37ab17ac7040c51f9e4dc6f6c9b65995	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from Management present.	Compliant	The Audit Committee met with Punongbayan & Araullo on November 28, 2022 to discuss the 2022 audit plans. On March 24, 2023 the Audit Committee was convened for the approval of the 2022 AFS as presented by Punongbayan & Araullo.	
Optional: Recommendation 3.2			
1. Audit Committee meets at least four times during the year.	Compliant	There were four (4) Audit Committee meetings in 2022: March 28, May 10, November 7, and 28, 2022.	
2. Audit Committee approves the appointment and removal of the internal auditor.	Compliant	The Chief Audit Executive was appointed by the Board of Directors on May 8, 2019.	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	Article 2, Section 8.4 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
2. Corporate Governance Committee is composed of at least three (3) members, all of whom should be independent directors.	Non-compliant	See page 67 of Chelsea Logistics 2022 Annual Report: https://www.chelsealogistics.ph/wp-content/uploads/2023/05/CHELSEA-2022-Annual-Report_Reset-Rebuild-Recover_Compressed.pdf	The present members of the Corporate Governance Committee are: <ul style="list-style-type: none"> • Miguel Rene A. Dominguez – Chairman, Independent Director • Jesus S. Guevara II – Member, Independent Director

			Independent Director Gener T. Mendoza passed away on 31 July 2022, and no Independent Director has been elected to replace him.
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	Miguel Rene A. Dominguez is an Independent Director. See page 72 of Chelsea Logistics 2022 Annual Report: https://www.chelsealogistics.ph/wp-content/uploads/2023/05/CHELSEA-2022-Annual-Report_Reset-Rebuild-Recover_Compressed.pdf	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meets at least twice during the year.	Non-compliant		In 2022, all of the items on the Agenda that needed to be discussed and approved by different Committees, and subsequently by all of the Directors, were discussed during the regular quarterly Board meetings for expediency.
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	Article 2, Section 8.5 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	The members of the Committee are: <ul style="list-style-type: none"> • Jesus S. Guevara II – Chairman, Independent Director • Arthur Kenneth L. Sy – Member, Director • Miguel Rene A. Dominguez – Member, Independent Director See page 67 of Chelsea Logistics 2022 Annual Report: https://www.chelsealogistics.ph/wp-content/uploads/2023/05/CHELSEA-2022-Annual-Report_Reset-Rebuild-Recover_Compressed.pdf	

3. The Chairman of the BROCC is not the Chairman of the Board or of any other committee.	Non-compliant		BROCC Chairman Jesus S. Guevara II is the Chairman of the Audit Committee.
4. At least one member of the BROCC has relevant thorough knowledge and experience on risk and risk management.	Compliant	See pages 67 of Chelsea Logistics 2022 Annual Report: https://www.chelsealogistics.ph/wp-content/uploads/2023/05/CHELSEA-2022-Annual-Report_Reset-Rebuild-Recover_Compressed.pdf	
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the Company.	Compliant	Article III, Section 17 of the Amended By-Laws and Article 2, Section 8.6 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Non-Compliant	The members of the RPT Committee are: <ul style="list-style-type: none"> • Eduardo A. Bangayan – Chairman, Director • Jesus S. Guevara II – Member, non-executive and Independent Director • Efren E. Uy – Member, non-executive Director See page 67 of Chelsea Logistics 2022 Annual Report: https://www.chelsealogistics.ph/wp-content/uploads/2023/05/CHELSEA-2022-Annual-Report_Reset-Rebuild-Recover_Compressed.pdf	All the members of the RPT Committee are non-executive Directors but only 1 is an Independent Director.
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Non-compliant		4 out of 5 Committee Charters are posted in the Company website. The Charter for Nomination Committee will be submitted for approval of the Board soon as practicable.

			https://www.chelsealogistics.ph/corporate-charter-documents/#1541583855443-9351862b-006a
2. Committee Charters provide standards for evaluating the performance of the Committees.	Non-compliant		4 out of 5 Committee Charters are posted in the Company website. The Charter for Nomination Committee will be submitted for approval of the Board soon as practicable. https://www.chelsealogistics.ph/corporate-charter-documents/#1541583855443-9351862b-006a
3. Committee Charters were fully disclosed on the Company's website.	Non-compliant		4 out of 5 Committee Charters are posted in the Company website. The Charter for Nomination Committee will be submitted for approval of the Board soon as practicable. https://www.chelsealogistics.ph/corporate-charter-documents/#1541583855443-9351862b-006a

Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

Recommendation 4.1

1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/video conferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	For the 5 meetings of the Board of Directors for 2022, 7 of the 9 Directors were present in all meetings. Independent Director Gener T. Mendoza who passed away on 31 July 2022, and Director Efren E. Uy, each attended 3 of the 5 meetings. See page 62 of Chelsea Logistics 2021 Annual Report: https://www.chelsealogistics.ph/wp-content/uploads/2023/05/CHELSEA-2022-Annual-Report_Reset-Rebuild-Recover_Compressed.pdf	
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2. The Directors review meeting materials for all Board and Committee meetings.	Compliant	Agenda and Board materials are sent to the Directors at least a week before the scheduled meeting.	
3. The Directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	During Board meetings, the Directors actively participate and ask necessary questions, and give their inputs on matters being discussed.	
Recommendation 4.2			
1. Non-executive Directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Compliant	See Directorship in Other Reporting Companies of Chelsea Logistics 2022 SEC 17-A, <i>pages 28</i> https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995	
Recommendation 4.3			
1. The Directors notify the Company's Board before accepting a directorship in another company.	Compliant	To date, Directors have not accepted additional Board positions in other companies.	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Compliant	Chryss Alfonsus V. Damuy and Cherylyn C. Uy are the only executive Directors of CLC. Ms. Uy is also a member of the Board of Phoenix Petroleum Philippines, Inc., PH Resorts Group Holdings, Inc., and Dito CME Holdings Corp. which are all under the Udenna Group.	
2. Company schedules Board of Directors' meetings before the start of the financial year.	Compliant	CLC Board meetings are held every quarter, exact dates of which are determined before the start of the financial year.	
3. Board of Directors meet at least six times during the year.	Non-compliant		For 2022, there were 4 Board meetings – 29 March; 10 May; 9 August; and 8 November 2022. The Organizational Meeting of the Board of Directors was held on May 3, 2022 after the Annual Stockholders' Meeting.
4. Company requires as minimum quorum of at least 2/3 for Board Decisions.	Non -Compliant		The quorum provided in the Amended By-Laws is majority of the Directors.

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

Recommendation 5.1

<p>1. The Board has at least 3 Independent Directors or such number as to constitute one-third of the board, whichever is higher.</p>	<p>Non-compliant</p>	<p>See page 72 of Chelsea Logistics 2022 Annual Report: https://www.chelsealogistics.ph/wp-content/uploads/2023/05/CHELSEA-2022-Annual-Report_Reset-Rebuild-Recover_Compressed.pdf</p>	<p>There are 2 Independent Directors – Miguel Rene A. Dominguez and Jesus S. Guevara II. Independent Director Gener T. Mendoza passed away on July 31, 2022. See page 28 of Chelsea Logistics 2021 SEC 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995</p>
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Recommendation 5.2

<p>1. The Independent Directors possess all the qualifications and none of the disqualifications to hold the positions.</p>	<p>Compliant</p>	<p>Article III, Section 4 of the Amended By-laws of the Company enumerate all the qualifications for Independent Directors. https://www.chelsealogistics.ph/wp-content/uploads/2019/05/C-ABL_07-May-2019.pdf See Chelsea Logistics 2022 SEC 17-A <i>page 28</i> https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995</p>	
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Supplement to Recommendation 5.2

<p>1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the Directors’ ability to vote independently.</p>	<p>Compliant</p>	<p>Article 1, Section 3 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf</p>	
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Recommendation 5.3

<p>1. The Independent Directors serve for a cumulative term of nine years (reckoned from 2017).</p>	<p>Compliant</p>	<p>Article III, Section 4 of the Amended By-Laws of the Company. https://www.chelsealogistics.ph/wp-content/uploads/2019/05/C-ABL_07-May-2019.pdf</p>	
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2. The Company bars an Independent Director from serving in such capacity after the term limit of nine (9) years.	Compliant	Article III, Section 4 of the Amended By-Laws of the Company. https://www.chelsealogistics.ph/corporate-charter-documents/#1540352201178-dfbd56d5-4980	
3. In the instance that the Company retains an Independent Director in the same capacity after nine (9) years, the Board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant	To date, the Independent Directors have served for six (6) years.	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	The Chairman of the Board is Dennis A. Uy while the President & CEO is Chrissy Alfonsus V. Damuy.	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	Article III, Section 3 of the Amended By-Laws of the Company enumerate the roles and responsibilities of the Chairman. Article IV, Section 2 of the Amended By-Laws of the Company enumerates the roles and responsibilities of the Chief Executive Officer of the Company, while Article IV, Section 3 of the Amended By-laws enumerates the roles and responsibilities of the President. https://www.chelsealogistics.ph/wp-content/uploads/2019/05/C-ABL_07-May-2019.pdf	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the Board designates a lead Director among the Independent Directors.	Compliant	On May 8, 2019, Jesus S. Guevara II was nominated and elected as Lead Independent Director of the Company.	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	No such transaction has taken place.	
Recommendation 5.7			

1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Non-compliant		In 2022, all of the items on the Agenda that needed to be discussed and approved by different Board Committees, and subsequently by all of the Directors, were discussed during the regular quarterly Board meetings for expediency.
2. The meetings are chaired by the lead independent director.	Non-compliant		On May 8, 2019, Jesus S. Guevara II was nominated and elected as the Lead Independent Director, who shall chair these meetings, as necessary, moving forward.
Optional: Principle 5			
1. None of the Directors is a former CEO of the Company in the past 2 years.	Compliant		
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	Each of the Company's Directors has signed an Individual Suitability Certification relating to his/her integrity and capability to serve in the Company. At the May 11, 2021 Board of Directors' meeting, the Directors approved the Board Evaluation Form which will be utilized by the Directors for their annual performance assessment.	
2. The Chairman conducts a self-assessment of his performance.	Compliant	Each of the Company's Directors has signed an Individual Suitability Certification relating to his/her integrity and capability to serve in the Company. At the May 11, 2021 Board of Directors' meeting, the Directors approved the Board Evaluation Form which will be utilized by the Directors for their annual performance assessment.	
3. The individual members conduct a self-assessment of their performance.	Compliant	Each of the Company's Directors has signed an Individual Suitability Certification relating	

		to his/her integrity and capability to serve in the Company. At the May 11, 2021 Board of Directors' meeting, the Directors approved the Board Evaluation Form which will be utilized by the Directors for their annual performance assessment.	
4. Each committee conducts a self-assessment of its performance.	Compliant		.
5. Every three years, the assessments are supported by an external facilitator.	Non-compliant		The first assessment with the support of an external facilitator is targeted to be conducted in 2023.
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual Directors and Committees.	Compliant	At the May 11, 2021 Board of Directors' meeting, the Directors approved the Board Evaluation Form which will be utilized by the Directors for their annual performance assessment.	
2. The system allows for a feedback mechanism from the shareholders.	Non-compliant		The Board has not yet fully adopted the optional recommendations in its Annual Corporate Governance Report. Nevertheless, the Company shall endeavor to adopt and implement this recommendation soon as practicable.
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	The Group has an established Code of Conduct that contains the rules and regulations of the Company regarding the discipline which is applicable to both sea-based and land-based employees. This Code of Conduct was approved by the Board of Directors at its August 8, 2019 Meeting. https://www.chelsealogistics.ph/policies-and-manuals/	

2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	During on-boarding of new employees, a copy of the Code of Conduct is shown to the new hire and he/ she is advised to read the same and refer to HR Department for further clarifications, if any.	
3. The Code is disclosed and made available to the public through the company website.	Compliant	https://www.chelsealogistics.ph/policies-and-manuals/	
Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing Company involvement in offering, paying and receiving bribes.	Compliant	These policies are contained in the Group's Code of Conduct, wherein the prohibited acts and corresponding penalties are clearly defined.	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Non-Compliant		The Code of Conduct enumerates the proscribed acts and the corresponding penalties for violations of the Code. The Code also provides for the Committee on Discipline which is convened to investigate possible violations and affords the subject employee / officers due process for the charges brought against them. The Committee on Discipline submits its findings / recommendations to the Senior Management. Moving forward the plan is to involve the Directors through the Corporate Governance Committee.
2. Board ensures the proper and efficient implementation and monitoring of compliance with Company internal policies.	Non-Compliant		Same as the response to Recommendation 7.2.1
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture	Compliant	Article 7 of the Manual of Corporate Governance Manual https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	

<p>of a Company's financial condition, results and business operations.</p>		<p>The Company complies with the PSE's rules on required disclosures and also discloses other information regarding the Company which informs shareholders of events / transactions regarding the business operations of the Company.</p> <p>Company Disclosures for 2022 are on PSE Edge</p>	
<p>Supplement to Recommendations 8.1</p>			
<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	<p>Compliant</p>	<p>The Company complies with the disclosure requirements of the SEC and the PSE on financial reports of the Company.</p> <p>The Company distributed its annual consolidated reports on April 19, 2022, 109 days from the end of fiscal year.</p> <p>The latest quarterly report (Q1 2023 results) was disclosed on May 15, 2023.</p>	
<p>2. Company discloses in its annual report the principal risks associated with the identity of the Company's controlling shareholders; the degree of ownership concentration; cross-holdings among Company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the Company.</p>	<p>Compliant</p>	<p>The Company's Audited Financial Statements cites Related Party Transactions.</p>	
<p>Recommendation 8.2</p>			
<p>1. Company has a policy requiring all Directors to disclose/report to the Company any dealings in the Company's shares within three business days.</p>	<p>Compliant</p>	<p>See Insider Trading Policy which covers the Directors, Officers, and employees of the Company.</p> <p>https://www.chelsealogistics.ph/policies-and-manuals/</p>	

2. Company has a policy requiring all officers to disclose/report to the Company any dealings in the Company's shares within three business days.	Compliant	See Insider Trading Policy which covers the Directors, Officers, and employees of the Company. https://www.chelsealogistics.ph/policies-and-manuals/	
Supplement to Recommendation 8.2			
1. Company discloses the trading of the Corporation's shares by Directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the Company's purchase of its shares from the market (e.g. share buy-back program).	Compliant		
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual Board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	See pages 26-28 of Chelsea Logistics 2022 SEC 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	See pages 29-30 of Chelsea Logistics 2022 SEC 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	No remuneration package has been established for Directors. Directors are only entitled to per diem for each Board meeting attended. See page 33 of Chelsea Logistics 2022 SEC 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Compliant	See pages 33-34 of Chelsea Logistics 2022 SEC 17-A	

		https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	The Company complies with the SEC requirement of disclosing the aggregate compensation paid to the executive officers of the Company. See page 33-34 of Chelsea Logistics 2022 SEC 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995	
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual of Corporate Governance.	Compliant	Article 2, Section 8.6 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	2022 Audited Financial Statements Note 19 Related Party Transactions of SEC 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995	
Optional : Recommendation 8.5			
1. Company requires Directors to disclose their interests in transactions or any other conflict of interests.	Compliant	See Conflict of Interest Policy which applies to Directors, Officers and employees of the Company. https://www.chelsealogistics.ph/policies-and-manuals/	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	Compliant	Article 2, Section 8.6 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or	Compliant	See Company Disclosures on PSE Edge https://edge.pse.com.ph/openDiscViewer.do?edge_no=1d0b1e3db448395e3470cea4b051ca8f	

disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.		https://edge.pse.com.ph/openDiscViewer.do?edg_e_no=20605345670672583470cea4b051ca8f https://edge.pse.com.ph/openDiscViewer.do?edg_e_no=4546f2f3684568913470cea4b051ca8f https://edge.pse.com.ph/openDiscViewer.do?edg_e_no=4dfa19f24893c52a3470cea4b051ca8f https://edge.pse.com.ph/openDiscViewer.do?edg_e_no=a98090d24bd1347e3470cea4b051ca8f https://edge.pse.com.ph/openDiscViewer.do?edg_e_no=72b6df6201d6f28f3470cea4b051ca8f https://edge.pse.com.ph/openDiscViewer.do?edg_e_no=ccc33612b7c07a573470cea4b051ca8f https://edge.pse.com.ph/openDiscViewer.do?edg_e_no=b398be53866c3bf63470cea4b051ca8f https://edge.pse.com.ph/openDiscViewer.do?edg_e_no=3f13f09dddb390963470cea4b051ca8f https://edge.pse.com.ph/openDiscViewer.do?edg_e_no=6ddf4ccb7c6f16483470cea4b051ca8f	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Non-compliant		An independent party has not been appointed for this purpose. However, on every merger and acquisition transaction, the Management engages third-party firms, such as financial advisor, legal counsel, and/or tax counsel, to ensure the viability of the particular project.
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the Company.	Compliant	There are no shareholder agreements, voting trust agreements or such other agreements as may impact the control, ownership and strategic direction of the Company.	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual of Corporate Governance (MCG).	Compliant	https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
2. Company's MCG is submitted to the SEC and PSE.	Compliant	This was submitted to SEC and PSE together with the Registration Statement for the Initial Public Offering in 2017.	

		The Manual of Corporate Governance was uploaded to the Company website on 11 January 2018.	
3. Company's MCG is posted on its Company website.	Compliant	https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	The Manual of Corporate Governance is in accordance with the latest SEC requirements. There have been no changes in the Company's governance policies since the Code was adopted on 27 March 2017.	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:		See Chelsea Logistics 2022 SEC 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995	
a. Corporate Objectives	Compliant	See Chelsea Logistics 2022 SEC 17-A Key Strategies and Objectives pages 14-15	
b. Financial performance indicators	Compliant	See Chelsea Logistics 2022 SEC 17-A Key Performance Indicators, page 12 of Annex A – Management Report	
c. Non-financial performance indicators	Compliant	See Chelsea Logistics 2022 SEC 17-A Principal Competitive Strengths of the Company pages 13-15	
d. Dividend Policy	Compliant	See Chelsea Logistics 2022 SEC 17-A Dividends page 24	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant	See Chelsea Logistics 2022 SEC 17-A Board of Directors pages 26-28	
f. Attendance details of each Director in all Directors meetings held during the year	Compliant	See page 62 of Chelsea Logistics 2022 Annual Report: https://www.chelsealogistics.ph/wp-content/uploads/2023/05/CHELSEA-2022-	

		Annual-Report_Reset-Rebuild-Recover_Compressed.pdf	
g. Total remuneration of each member of the Board of Directors	Compliant	No remuneration package has been established for Directors. Directors are only entitled to per diem for each Board meeting attended. See Chelsea Logistics 2022 SEC 17-A page 33. https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995	
2. The Annual Report contains a statement confirming the Company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Compliant	See Chelsea Logistics 2022 SEC 17-A pages 40-41 https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995	
3. The Annual Report/Annual CG Report discloses that the Board of Directors conducted a review of the Company's material controls (including operational, financial and compliance controls) and risk management systems.	Non-Compliant		The Board has not yet fully adopted the optional recommendations in its Annual Corporate Governance Report. Nevertheless, the Company shall endeavor to adopt and implement this recommendation soon as practicable.
4. The Annual Report/Annual CG Report contains a statement from the Board of Directors or Audit Committee commenting on the adequacy of the Company's internal controls/risk management systems.	Compliant	At the November 28, 2022 Audit Committee meeting with the external auditors, the members of the Audit Committee stated that they were not aware of any report on fraud instances in 2022. The Committee believes that the internal controls are adequate and that the Internal Audit Team is active in ensuring that the system is in place and constantly improving.	
5. The Company discloses in the Annual Report the key risks to which the Company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant	See Chelsea Logistics 2022 SEC 17-A, Risk Relating to the Company pages 81-84; and Note 25 (Risk Management Objectives and Policies) of the 2022 Audited Financial Statements https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995	

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

Recommendation 9.1

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	Article 2, Section 8.3 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	At the May 3, 2022 Annual Stockholders' Meeting, on motion duly made and seconded, the stockholders appointed Punongbayan & Araullo as the external auditor of the Company for the calendar year 2023.	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the Company website and required disclosures.	Compliant	This is a material transaction, which if it occurs, will be disclosed by the Company.	

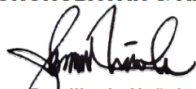
Supplement to Recommendation 9.1

1. Company has a policy of rotating the lead audit partner every five years.	Compliant	Article 2, Section 13 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
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Recommendation 9.2

1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	Compliant	Section 1 and 3 of the Audit Committee Charter https://www.chelsealogistics.ph/wp-content/uploads/2019/05/Audit-Committee-Charter-vF.pdf	
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2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant	Section 5 of the Audit Committee Charter, page 3 https://www.chelsealogistics.ph/wp-content/uploads/2019/05/Audit-Committee-Charter-vF.pdf	
Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Compliant	Punongbayan & Araullo is an SEC-accredited Group A auditor, which means it has passed the thorough process with proper credentials, qualifications and internal procedures in place. Further, it is a member firm of an internationally recognized organization – Grant Thornton. Article 2, Section 8.3 (i) of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant	Punongbayan & Araullo is an SEC-accredited Group A auditor, which means it has passed the thorough process with proper credentials, qualifications and internal procedures in place. Further, it is a member firm of an internationally recognized organization – Grant Thornton. Article 2, Section 8.3 (i) of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	No non-audit services were performed by the External Auditor during the last fiscal year.	

		See Information on Independent Accountant and Other Related Matters page 25 of Chelsea Logistics 2022 SEC 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	Article 2, Section 8.3 (g) of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	No non-audit services were performed by the External Auditor during the last fiscal year. See Information on Independent Accountant and Other Related Matters page 25 of Chelsea Logistics 2022 SEC 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	<p>PUNONGBAYAN & ARAULLO</p>  <p>By: Ramilito L. Nañola Partner</p> <p>CPA Reg. No. 0090741 TIN 109-228-427 PTR No. 9566640, January 3, 2023, Makati City SEC Group A Accreditation Partner - No. 90741-SEC (until financial period 2025) Firm - No. 0002 (until Dec. 31, 2024) BIR AN 08-002511-019-2020 (until Dec. 21, 2023) Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)</p> <p>March 24, 2023</p>	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Compliant	Punongbayan & Araullo received the notification from SEC on May 24, 2018 and it has agreed to be subjected to the SOAR.	

		Punongbayan & Araullo had a SOAR in September 2018 and no other notifications have been received.	
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Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

Recommendation 10.1

1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	<p>The Company conducts various Corporate Social Responsibility activities.</p> <p>See Corporate Social Responsibility, pages 9-13 of Chelsea Logistics 2022 SEC 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995</p> <p>See pages 51-58 of Chelsea Logistics 2022 Annual Report: https://www.chelsealogistics.ph/wp-content/uploads/2023/05/CHELSEA-2022-Annual-Report_Reset-Rebuild-Recover_Compressed.pdf</p>	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Non-compliant		The Board has not yet fully adopted the optional recommendations in its Annual Corporate Governance Report. Nevertheless, the Company shall endeavor to adopt and implement this soon as practicable.

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

Recommendation 11.1

1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	<p>The Company uses the following channels in communicating with its stakeholders:</p> <ol style="list-style-type: none"> Company website: https://www.chelsealogistics.ph/ Conferences 	
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		<p>3. Press Releases: https://www.chelsealogistics.ph/disclosures/press-releases/</p> <p>4. Annual/Quarterly/Current Reporting: https://www.chelsealogistics.ph/financial-performance/</p> <p>See Company Disclosures on PSE Edge under Recommendation 8.6 (1) of this Report</p> <p>See Disclosures and News Report posted in the Company Website: https://www.chelsealogistics.ph/disclosures/ https://www.chelsealogistics.ph/disclosures/press-releases/</p>	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	Compliant	<p>See Disclosures and News Report posted in the Company Website</p> <p>https://www.chelsealogistics.ph/disclosures/ https://www.chelsealogistics.ph/disclosures/press-releases/</p>	
a. Financial statements/reports (latest quarterly)	Compliant	https://edge.pse.com.ph/openDiscViewer.do?edge_no=6be5cb9f619106029e4dc6f6c9b65995	
b. Materials provided in briefings to analysts and media	Compliant	The Company conducts analysts' briefings when needed.	
c. Downloadable annual report	Compliant	<p>Chelsea Logistics 2022 Annual Report</p> <p>https://www.chelsealogistics.ph/wp-content/uploads/2023/05/CHELSEA-2022-</p>	

		Annual-Report_Reset-Rebuild-Recover_Compressed.pdf	
d. Notice of ASM and/or SSM	Compliant	Notice of Annual Stockholders' Meeting (May 3, 2022) https://edge.pse.com.ph/openDiscViewer.do?edge_no=7e46f0ed49d60aed3470cea4b051ca8f	
e. Minutes of ASM and/or SSM	Compliant	Minutes of Annual Stockholders' Meeting https://www.chelsealogistics.ph/wp-content/uploads/2023/04/Minutes-of-ASM-May-3-2022.pdf	
f. Company's Articles of Incorporation and By-Laws	Compliant	https://www.chelsealogistics.ph/corporate-charter-documents/	

Additional Recommendation to Principle 11

1. Company complies with SEC-prescribed website template.	Compliant		
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Internal Control System and Risk Management Framework

Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

Recommendation 12.1

1. Company has an adequate and effective internal control system in the conduct of its business.	Non-compliant		The Internal Audit Team is working on the establishment of a sound technology-driven internal control system company-wide. The Internal Audit Team currently focuses on departmental process improvements to ensure adequate and effective internal controls are in place. It should be noted that the Finance Department has already started using SAP for bookkeeping and approval of majority of its transactions.
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Non-compliant		The Company shall establish a Risk Management Department which shall be tasked with recommending a suitable enterprise risk management framework for the Group.

Supplement to Recommendations 12.1

1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	Non-compliant		The Company shall establish a Risk Management or Compliance Department which shall be tasked with formulating a comprehensive enterprise-wide compliance program for the Group.
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the Board.	Compliant	The Company has an established process on disruption and disaster recovery system, which can easily be triggered during emergency situations. The Company's IT system has also been designed to efficiently identify threats to cyber security.	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the Company's operations.	Compliant	The Company has an in-house internal audit team that provides an independent and objective assurance, and consulting services to each Department. Article 2, Section 14 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	On May 8, 2019, the Board of Directors appointed Ms. Katherine Agbay as the Chief Audit Executive of the Company.	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider.	Compliant	Article 2, Section 14 of the Manual of Corporate Governance, page 24 https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the	Compliant	The Company has a full-time CLC-employed Internal Audit Head in the person of Ms. Katherine Agbay. She was appointed as Chief Audit Executive effective May 8, 2019.	

responsibility for managing the fully outsourced internal audit activity.			
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	Article 2, Section 8.5 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	The Company will identify source of technical support as needed.	
Recommendation 12.5			
1. In managing the company's Risk Management System, the Company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Non-compliant		The Company has yet to appoint its CRO. As of this review period, the risk assessment duties are covered by the Management and Board of Directors. Nevertheless, the Company shall endeavor to adopt and implement this recommendation soon as practicable.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Non-compliant		The Company has yet to appoint its CRO. Nevertheless, the Company shall endeavor to adopt and implement this recommendation soon as practicable.
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Non-compliant		The Internal Audit Team is currently working on the establishment of a sound technology-driven internal control system company-wide.
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual of Corporate Governance.	Compliant	Article 5 of the Manual of Corporate Governance Manual https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	

2. Board ensures that basic shareholder rights are disclosed on the Company's website.	Compliant	The Manual of Corporate Governance is available on the Company's website. Article 5 of the Corporate Governance Manual https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	See Item 4 - Voting Rights in Chelsea Logistics 2023 Definitive Information Statement, page 3. https://edge.pse.com.ph/openDiscViewer.do?edge_no=37ab17ac7040c51f9e4dc6f6c9b65995	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	Article II of the Amended By-Laws of the Corporation. https://www.chelsealogistics.ph/wp-content/uploads/2019/05/C-AAOI_07-May-2019-1.pdf	
3. Board has an effective, secure, and efficient voting system.	Compliant	Article II of the Amended By-Laws of the Corporation. https://www.chelsealogistics.ph/wp-content/uploads/2019/05/C-AAOI_07-May-2019-1.pdf	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Compliant	Article 5 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	Article 5 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	Article 5 of the Manual of Corporate Governance	

		https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
7. Company has a transparent and specific dividend policy.	Compliant	See Dividends on page 24 of Chelsea Logistics 2022 SEC 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995 To date, no dividends have been declared by the Company.	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Compliant	BDO Unibank, Inc. – Trust and Investments Group, Securities Service and Corporate Agencies Department 2022 Definitive Information Statement, page 25-26 https://edge.pse.com.ph/openDiscViewer.do?edge_no=37ab17ac7040c51f9e4dc6f6c9b65995	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Non-compliant		For the Annual Stockholders' Meeting held on May 3, 2022, the Definitive Information Statement was first released to the stockholders on 6 April 2022, 27 days before the scheduled ASM. This is in compliance with SEC requirements on distribution of the DIS.
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:			
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	2022 Definitive Information Statement, pages 6-9 https://edge.pse.com.ph/openDiscViewer.do?edge_no=37ab17ac7040c51f9e4dc6f6c9b65995	
b. Auditors seeking appointment/re-appointment	Compliant	2022 Definitive Information Statement, page 22	

		https://edge.pse.com.ph/openDiscViewer.do?edge_no=37ab17ac7040c51f9e4dc6f6c9b65995	
c. Proxy documents	Compliant	The proxy form was provided to respective stockholders in electronic form. https://www.chelsealogistics.ph/wp-content/uploads/2023/04/Proxy-Ballot-ASM2023-F.pdf	
Optional: Recommendation 13.2			
1. Company provides rationale for the Agenda items for the Annual Stockholders Meeting	Compliant	Itemized description of each Agenda item was provided in the DIS. 2022 Definitive Information Statement https://edge.pse.com.ph/openDiscViewer.do?edge_no=37ab17ac7040c51f9e4dc6f6c9b65995	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	Results of the Annual Stockholders' Meeting were published on PSE Edge immediately after the meetings. https://edge.pse.com.ph/openDiscViewer.do?edge_no=16c9a4cf5702e5803470cea4b051ca8f	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the Company website within five business days from the end of the meeting.	Compliant	The results of the ASM were posted on the Company website a day after the meetings. https://www.chelsealogistics.ph/wp-content/uploads/2023/03/SEC-Form-17-C-Results-of-ASM.pdf	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholder questions during the ASM and SSM.	Compliant	The External Auditor and key Officers of the Company were present at the Annual Stockholders' Meeting to answer shareholders' questions.	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Non-Compliant		This recommendation is provided for in the Manual of Corporate Governance and shall be implemented soon as practicable.

			Article 2 of the Manual of Corporate Governance, <i>page 7</i> . https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf
2. The alternative dispute mechanism is included in the Company's Manual on Corporate Governance.	Non-Compliant		This recommendation is provided for in the Manual of Corporate Governance and shall be implemented soon as practicable. Article 2 of the Corporate Governance Manual, <i>page 7</i> . https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Non-Compliant	Article 2 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	The Company's Investor Relations Officer Hannah Cecille L. Chan resigned effective July 5, 2020. As of date of this report, the Company is still in the process of hiring a suitable replacement for the IRO role.
2. IRO is present at every shareholder's meeting.	Non-Compliant		
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Non-Compliant		The Board has not yet fully adopted the optional recommendations in its Annual Corporate Governance Report. Nevertheless, the Company shall endeavor to adopt and implement this recommendation as soon as possible.
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Non-Compliant		As of end December 31, 2022, the Company's public float was 29.87%
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the Company beyond the Annual Stockholders' Meeting	Compliant	The Investors Relations Officer interacts with the shareholders and/or their representatives during one-on-one meetings and sends key company updates via email from time to time.	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Compliant	For the virtual Annual Stockholders' Meeting held on May 3, 2022, the Company e-mailed and posted on its website Proxy forms for	

		stockholders who wanted to attend the Annual Stockholders' Meeting.	
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the Company's various stakeholders and promotes cooperation between them and the Company in creating wealth, growth and sustainability.	Compliant	Article 2, Section 3.2 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Article 5 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf	
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the Company and to obtain redress for the violation of their rights.	Compliant	Article 5 of the Manual of Corporate Governance https://www.chelsealogistics.ph/wp-content/uploads/2018/10/CLC-CorporateGovernanceManual.pdf http://www.chelsealogistics.ph/investor-relations/contact-us	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Non-Compliant		The Board has not yet fully adopted the optional recommendations in its Annual Corporate Governance Report. Nevertheless, the Company shall endeavor to adopt and implement this recommendation as soon as practicable.
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the Company discloses the reason for such action, as well as presents the	Compliant	No requests for exemption from application of a law, rule or regulation has been filed by the Company.	

specific steps being taken to finally comply with the applicable law, rule or regulation.			
2. Company respects intellectual property rights.	Compliant	The Company adheres to intellectual property protection under the law.	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	Non-Compliant		The Company has no formal policy in addressing its customers' welfare but has always considered this in all its business endeavors. The Company through its subsidiaries conducts survey via social media or actual survey during scheduled trips of its vessels. The Company's offices have dedicated helpdesks and information centers for all inquiries and concerns of passengers and cargo owners.
2. Company discloses its policies and practices that address supplier/contractor selection procedures	Non-Compliant		The accreditation process and requirements were not posted in the Company's website but the same were directly emailed to the suppliers. The supplier and contractor accreditation process will be posted in the Company's website upon adoption/approval by the Board of Directors.
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the Company's goals and in its governance.	Compliant	This is embedded in the KRAs/KPIs Company-wide program of CLC, wherein delivery of its commitments to customers, stockholders, suppliers and other stakeholders are measured and rated. This rating system is used to score the overall performance of the Company, which would then be the basis of the promotions and incentives granted to the employees.	
Supplement to Recommendation 15.1			

1. Company has a reward/compensation policy that accounts for the performance of the Company beyond short-term financial measures.	Compliant	<p>On May 3, 2022, the Employees' Stock Option Plan (ESOP) as amended, upon the recommendation of its Board of Directors, was approved by the stockholders of the Company.</p> <p>The ESOP will be applicable to qualified employees and officers of the Company based on (i) tenure, and (ii) individual performance appraisal.</p>	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	<p>The Company has written policies on health, safety and welfare of its employees, and imposes practices for the same through in-house safety trainings, employee's health awareness and welfare seminars through private (HMO provider, vaccination program) and public institutions (e.g. Philhealth, SSS).</p>	
3. Company has policies and practices on training and development of its employees.	Compliant	<p>A general statement on the benefits given to the employees, including proper training and development and opportunities is indicated in the SEC 17-A of CLC.</p> <p>See 2022 SEC 17-A page 9 https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995</p>	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	<p>The Group has an established Code of Conduct that contains the rules and regulations of the Company regarding the discipline which is applicable to both sea-based and land-based employees. Provisions on anti- corruption and bribery are included in the said Code.</p> <p>This Code of Conduct was approved by the Board of Directors at its August 8, 2020 Meeting.</p>	

2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the Company's culture.	Non-Compliant		<p>The Code of Conduct enumerates the proscribed acts and the corresponding penalties for violations of the Code. The Code also provides for the Committee on Discipline which is convened to investigate possible violations and affords the subject employee / officers due process for the charges brought against them.</p> <p>The Committee on Discipline submits its findings / recommendations to the Senior Management. Moving forward the plan is to involve the Directors through the Corporate Governance Committee.</p>
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	<p>The Group has an established Code of Conduct that contains the rules and regulations of the Company regarding the discipline which is applicable to both sea-based and land-based employees. Provisions on anti- corruption and bribery are included in the said Code.</p> <p>This Code of Conduct was approved by the Board of Directors at its August 8, 2020 Meeting.</p>	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Non-compliant		The Board has not yet fully adopted the optional recommendations in its Annual Corporate Governance Report. Nevertheless, the Company shall endeavor to adopt and implement this recommendation as soon as practicable.
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Non-compliant		The Board has not yet fully adopted the optional recommendations in its Annual Corporate Governance Report. Nevertheless, the Company shall endeavor to adopt and implement this recommendation as soon as practicable.
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Non-compliant		The Board has not yet fully adopted the optional recommendations in its Annual Corporate Governance Report. Nevertheless, the Company

			shall endeavor to adopt and implement this recommendation as soon as practicable.
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society and promotes a mutually beneficial relationship that allows the Company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	<p>CSR Activities of CLC</p> <p>See pages 9-13 of Chelsea Logistics 2022 SEC Form 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995</p> <p>See pages 51-58 of Chelsea Logistics 2022 Annual Report https://www.chelsealogistics.ph/investor-relations-program/</p>	
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	Compliant	Our vessels are compliant with pollution regulations. Our vessels secure Oil Pollution Prevention Certificates and Sewage Pollution Prevention Certificates.	
2. Company exerts effort to interact positively with the communities in which it operates.	Compliant	<p>CSR Activities of CLC</p> <p>See pages 9-13 of Chelsea Logistics 2022 SEC Form 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a702c6df0ae64999e4dc6f6c9b65995</p>	

IN WITNESS WHEREOF, we have hereunto set our hands this ^{26 MAY 2023} ___ day of May 2023 at Taguig City.



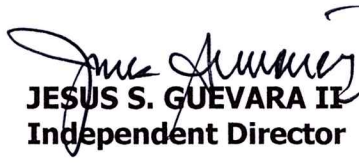
DENNIS A. UY
Chairman



CHRYSS ALFONSUS V. DAMUY
President & CEO



MIGUEL RENE A. DOMINGUEZ
Independent Director



JESUS S. GUEVARA II
Independent Director



MA. HENEDINA V. SAN JUAN
Corporate Secretary



LEANDRO E. ABARQUEZ
Compliance Officer

ACKNOWLEDGMENT

Republic of the Philippines)
Taguig City)

BEFORE ME, a Notary Public for and in Taguig City, this ^{26 MAY 2023} ___ day of May 2023, personally appeared the following:

- Dennis A. Uy
- Chryss Alfonsus V. Damuy
- Miguel Rene A. Dominguez
- Jesus S. Guevara II
- Leandro E. Abarquez
- Ma. Henedina V. San Juan

known to me and to me known to be the same persons who executed SEC FORM I-ACGR of Chelsea Logistics and Infrastructure Holdings Corp. and acknowledged to me that the same is their free and voluntary act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand this ^{26 MAY 2023} ___ day of May 2023 at Taguig City.

Doc. No. *222*
Page No. *45*
Book No. *XXIV*
Series of 2023.



ATTY. IRISH S. PRECION
Notary Public for Taguig City
Appointment No. 23 (2023-2024)
Roll No. 69281/05.31.17 / IBP No. 197085/01.07.22
PTR No. A-5726883/01.03.23/Taguig City
MCLE Compliance No. VII-0020815 valid until 04-14-25
Ground Floor FTI Old Admin. Bldg. FTI Complex, Taguig City
precionirishs@gmail.com / 09988534549