

COVER SHEET

SEC Registration Number

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COMPANY NAME

M	E	T	R	O		R	E	T	A	I	L		S	T	O	R	E	S		G	R	O	U	P	,		I	N	C

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

V	I	C	S	A	L		B	L	D	G.	,		C	O	R	N	E	R		O	F		C	.	D	.			
S	E	N	O		A	N	D		W	.	O	.		S	E	N	O		S	T	R	E	E	T	S	,			
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Form Type

A	C	G	R
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Department requiring the report

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Secondary License Type, if Applicable

N	/	A
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COMPANY INFORMATION

Company's Email Address

corporateaffairs@metroretail. .ph

Company's Telephone Number

(032) 236-8365

Mobile Number

N/A

No. of Stockholders

24

Annual Meeting (Month / Day)

First Friday of May

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Vincent E. Tomaneng

Email Address

vince.tomaneng@metroretail.ph

Telephone Number/s

(032) 236-8365

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

Vicsal bldg., Corner of C.D. Seno & W.O. Seno Sts., Guizo, North Reclamation Area, Mandaue City, Cebu

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



SEC FORM - I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended: **2021**
2. SEC Identification Number: **CS200315877** 3. BIR Tax Identification No.: **226-527-915**
4. Exact name of issuer as specified in its charter: **METRO RETAIL STORES GROUP, INC.**
5. **Cebu, Philippines**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **Vicsal Building, corner of C.D Seno and W.O Seno Sts., Guizo, North Reclamation Area, Mandaue
City, Cebu, Philippines**
Address of principal office **6014**
Postal Code
8. **(032) 236-8390**
Issuer's telephone number, including area code
9. -
Former name, former address, and former fiscal year, if changed since last report.

A handwritten signature in black ink, consisting of stylized, overlapping loops and lines, located in the bottom right corner of the page.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT
COMPLIANT/
NON-
COMPLIANT
The Board's Governance Responsibilities


EXPLANATION

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

<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	<p align="center">Compliant</p>	<p>Third Amended Manual of Corporate Governance of the Company ("AMCG"), Article IV, (A)</p>	
<p>2. Board has an appropriate mix of competence and expertise.</p>	<p align="center">Compliant</p>	<p>1) The Corporation should be headed by a competent and working Board to foster the long-term success of the Corporation, and to sustain its competitiveness, growth and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and stakeholders.</p>	
<p>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.</p>	<p align="center">Compliant</p>	<p>2) In the election of the members of its Board of Directors, the Corporation should be guided by the following standards: a) The Board should be composed of directors with a collective working knowledge, experience or expertise that is relevant to the Corporation's industry. The Board should always ensure that it has an appropriate mix of competence and expertise</p>	

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		<p>and that its members remain qualified for their positions individually and collectively to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.</p> <p>The Board consists of seven (7) members, of which two (2) are independent directors.</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>1. Frank S. Gaisano</td> <td>Chairman</td> </tr> <tr> <td>2. Jack S. Gaisano</td> <td>Director</td> </tr> <tr> <td>3. Edward S. Gaisano</td> <td>Director</td> </tr> <tr> <td>4. Margaret G. Ang</td> <td>Director</td> </tr> <tr> <td>5. Manuel C. Alberto</td> <td>Director</td> </tr> <tr> <td>6. Guillermo L. Parayno, Jr.</td> <td>Independent Director</td> </tr> <tr> <td>7. Ricardo Nicamor N. Jacinto</td> <td>Independent Director</td> </tr> </tbody> </table> <p>Messrs. Frank S. Gaisano, Jack S. Gaisano, Edward S. Gaisano, and Ms. Margaret G. Ang have served their respective offices since the incorporation of the Company on August 2003. Mr. Manuel C. Alberto was elected as Director on December 17, 2018, and assumed the position effective January 1, 2019. The independent directors, Mr. Guillermo L. Parayno, Jr. and Mr. Ricardo</p>	Name	Position	1. Frank S. Gaisano	Chairman	2. Jack S. Gaisano	Director	3. Edward S. Gaisano	Director	4. Margaret G. Ang	Director	5. Manuel C. Alberto	Director	6. Guillermo L. Parayno, Jr.	Independent Director	7. Ricardo Nicamor N. Jacinto	Independent Director	
Name	Position																		
1. Frank S. Gaisano	Chairman																		
2. Jack S. Gaisano	Director																		
3. Edward S. Gaisano	Director																		
4. Margaret G. Ang	Director																		
5. Manuel C. Alberto	Director																		
6. Guillermo L. Parayno, Jr.	Independent Director																		
7. Ricardo Nicamor N. Jacinto	Independent Director																		

Nicanor N. Jocinto, were elected on July 16 and 27, 2015, respectively. All 7 Board Members were re-elected to the Board during the Annual Stockholders' Meeting held last May 7, 2021, and subsequently on the latest Annual Stockholders' Meeting held last May 6, 2022.


2021 Board Of Directors - Brief Description and Experience

Frank S. Gaisano, 64, has been the Company's Chairman and Chief Executive Officer since 2012 and has served on the board of directors since 2003. He holds a Bachelor of Science degree in Civil Engineering, which he received from the Cebu Institute of Technology in 1978, and is a board-certified civil engineer. Presently, Mr. Gaisano also serves as Chairman of Pacific Mall Corporation. He is also a Director of AB Capital & Investment Corporation, Viscal Development Corporation, Filipino Fund, Inc., Taft Property Venture Development Corporation, Taft Punto Engaño Property Inc. and HTLand, Inc. Additionally, he is a Trustee of Viscal Foundation, Incorporated.

Jack S. Gaisano, 68, has been a Director of the Company since 2003. He received a Bachelor of Science degree in Chemical Engineering from the University of San Carlos, Cebu City in 1976 and is a board-certified chemical engineer. He currently also serves as Chairman and President of Taft Property Venture Development Corporation

	<p>and Midland Development Corporation. He is the President of HTLland, Inc. He is also a Director of Vicsal Development Corporation and Pacific Mall Corporation.</p> <p>Edward S. Gaisano, 66, has served as a Director of the Company since 2003. He has been a board-certified Doctor of Medicine since 1980. Mr. Gaisano is currently Chairman and President of Vicsal Development Corporation. He is also Chairman of Wealth Development Bank Corporation, Hyundai Alabang, Inc. and Hyundai Southern Mindanao, Inc. He is a Director of Taft Property Venture Development Corporation and is the President of Pacific Mall Corporation and former President of the Cebu Chamber of Commerce & Industry. Additionally, Mr. Gaisano is a member of the Society of Fellows of the Institute of Corporate Directors.</p> <p>Margaret G. Ang, 70, has served as Director of the Company since 2003 and its Corporate Secretary until July 26, 2015. Ms. Ang received a Bachelor of Science degree, major in Accounting (1974, Cum Laude), from the University of San Carlos, Cebu City and is a certified public accountant. She currently serves as Director, Corporate Secretary and Treasurer of Vicsal Development Corporation, Taft Property Venture Development Corporation and Vicsal Securities & Stock Brokerage, Inc. Ms. Ang is also the President of</p>	
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		<p>Filipino Fund, Inc. and of Grand Holidays, Inc. Additionally, she serves as a Director of Manila Water Consortium, Inc. and as a Trustee of Vical Foundation, Incorporated.</p> <p>Manuel C. Alberto, 56, was elected as Director of the Company, and appointed as President and Chief Operating Officer, on December 17, 2018, and assumed the position effective January 1, 2019. Before his election/appointment as President and Chief Operating Officer, he served as the Company's Chief Merchandising and Marketing Officer. He earned his Bachelor of Arts in Communication (1989) from Santa Clara University, California, USA and obtained his Master's degree in Management (1998) from the Asian Institute of Management. Before joining the Company, he served as President & General Manager of Philippine FamilyMart Inc. (2014-2018), VP & Business Unit Head (2013-2015) & VP of Operations (2001-2010) of Ruston Supercenters, Inc., National Operation Director of Jollibee Foods Corp. (2010-2013), Store General Manager of Pilipinas Makro Inc. (1998-2001) and Store Manager of Stroud's Linen, USA.</p> <p>Ricardo Nicanor N. Jacinto, 61, was elected as an independent Director of the Company on July 27, 2015. He obtained his Master's Degree in Business Administration from Harvard University in 1986. Mr. Jacinto is the Chairman of SBS Philippines Corporation and Chairman and Independent Director of Maybank ATR Kim Eng Capital Partners, Inc. He is a Director of Torre Lorenzo Development</p>	
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		<p>Corp., and Independent Director of Maybank ATR Kim Eng Securities, Inc., Maybank Securities (Thailand) Public Company Limited, and Etiqa Life and General Assurance Philippines, Inc.. He is a Trustee of the Judicial Reform Initiative and Institute of Corporate Directors, and a Lecturer of University of the Philippines - CE Virata School of Business. Mr. Jactno previously served as CEO of the Institute of Corporate Directors (2013-2017) and Managing Director of Ayala Corporation (1997-2011). During the last two years of his tenure at Ayala Corporation, he was seconded to Habitat for Humanity as its Chief Executive Officer.</p> <p>Guillermo L. Parayno, Jr., 73, was elected as an independent Director of the Company on July 16, 2015. Mr. Parayno is also the Chairman and CEO of E-Konek Pilipinas, Inc. and the Director and Vice Chairman of Philippine Veterans Bank. He is also President of the Parayno Consultancy Services on logistics and distribution, customs, information, technology and taxation, and the Chairman & President of Bagong Silang Farms, Inc. Previously, Mr. Parayno led several Asian Development Bank Missions relating to Trade Facilitation and served as Commissioner of Customs from 1992 to 1998, and Commissioner of the Bureau of Internal Revenue from 2002-2005.</p>	
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Recommendation 1-2

1. Board is composed of a majority of non-executive directors.

Compliant

AMCG, Article IV, (A), 2.


b. The Board should be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.

Composition of the Board:

Name of Director	Type of Director (ED - Executive Director) (NED - Non-Executive Director) (ID - Independent Director)
Frank S. Gaisano	ED
Edward S. Gaisano	NED
Margaret G. Ang	NED
Jack S. Gaisano	NED
Manuel C. Alberto	ED
Guillermo L. Parayno, Jr.	ID and NED
Ricardo Nicanor N. Jacinto	ID and NED

Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	AMCG, Article IV, 2 c) First time directors are required to attend an orientation program to be provided by a training provider duly accredited by the Commission and all directors are required to attend an annual continuing training to be provided by such accredited training provider. The courses for the orientation program and continuing training shall comply with the applicable SEC rules and regulations.	
2. Company has an orientation program for first time directors.	Compliant	All directors have complied with SEC Memorandum Circular No. 20, series of 2013 and SEC Memorandum Circular No. 2, series of 2015. See PSE Disclosure http://edge.pse.com.ph/openDiscViewer.do?edge_no=0b1991e5204c29af3318251c9257320d#sthash.DrQFqjOX.dpbs https://edge.pse.com.ph/openDiscViewer.do?edge_no=c44a6a8a88da7d224efdfc1Sec263a54d	
3. Company has relevant annual continuing training for all directors.	Compliant	The members of the Board of Directors and the Corporate Officers attended the Company's Annual Corporate Governance Training for the year 2021 on September 27, 2021 conducted by the Institute of Corporate Directors duly accredited by the Securities and Exchange Commission.	
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	AMCG, Article IV, 2 d) Board diversity shall be a	

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		consideration in the nomination and election of the members of the Corporation's Board of Directors.	
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	-		
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	The Corporate Secretary of the Corporation is Atty. Vincent E. Tomaneng, while the Compliance Officer of the Corporation is Atty. Tara Tsarina B. Perez-Retuya. On February 1, 2022, Atty. Theresa Marie C. Puno-dela Peña assumed the position of Compliance Officer.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		
		<p>The Corporate Secretary is not a member of the Board.</p> <p>Vincent E. Tomaneng, 54, was appointed as the Corporate Secretary on July 27, 2015. He earned his Bachelor of Laws (1994) and Bachelor of Science in Accountancy (1988, Magna Cum Laude) degrees from the University of San Carlos in Cebu City. He is presently the Group General Counsel of Viscal Development Corporation and the Metro Gaisano Group of Companies. Prior to joining Viscal and the Metro Gaisano Group in May 2003, he has worked with Sycip Salazar Hernandez</p>	

		<p>& Gatmaitan Law Offices as a Senior Associate (1997 to 2003) and with Sycip Gorres Velayo & Co., CPA's as a Tax Supervisor (1988 to 1996). He is presently the Director and Corporate Secretary of Filipino Fund, Inc. from 2014, and Corporate Secretary of HTLand, Inc. from 2014, a Director of Pacific Mall Corporation from 2010, and the Vice-President-External of Vicsal Foundation, Incorporated since February 2021.</p>	
<p>4. Corporate Secretary attends training/s on corporate governance.</p>	<p>Compliant</p>	<p>The Corporate Secretary attended the Company's Annual Corporate Governance Training for the year 2021 on September 27, 2021 conducted by the Institute of Corporate Directors duly accredited by the Securities and Exchange Commission.</p>	

Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Compliant		
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	The Compliance Officer of the Corporation is Atty. Tara Isarina B. Perez-Retuya.	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Non-Compliant	On February 1, 2022, Atty. Theresa Marie C. Puno-dela Peña assumed the position of Compliance Officer.	The Compliance Officer of the Corporation need not have the rank of Senior Vice-President or an equivalent position so long as she is able to comply with her duties and responsibilities as Compliance Officer.
3. Compliance Officer is not a member of the board.	Compliant	AMCG, Article IV, (C), 14 Appoint a Compliance Officer. The Compliance Officer need not have the rank of Senior Vice-President or an equivalent position, but he/she must be able to faithfully comply with his/her duties and responsibilities.	
4. Compliance Officer attends training/s on corporate governance.	Compliant	The Compliance Officer attended the Company's Annual Corporate Governance Training for the year 2021 on September 27, 2021 conducted by the Institute of Corporate Directors duly accredited by the Securities and Exchange Commission.	


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

<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>Compliant</p>	<p>On 13 April 2015, the Board of Directors has adopted the Company's Manual on Corporate Governance, which aims to institutionalize the principles of good corporate governance (i.e. fairness, accountability, and transparency) in the entire organization (the "Manual"). In the Manual, the Company recognizes that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization. On May 5, 2017, the Company's Board of Directors has approved and ratified the First Amended Manual on Corporate Governance (the "AMCG") in</p>	
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Recommendation 2.2			
<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p> <p>2. Board oversees and monitors the implementation of the company's business objectives and strategy.</p>	Compliant	<p>compliance with Securities and Exchange Commission (SEC) Memorandum Circular No. 19 Series of 2016, (the "Code of Corporate Governance for Publicly Listed Companies") The Corporation's Second Amended Manual on Corporate Governance was approved by the Board of Directors on November 12, 2019. Subsequently, in compliance with SEC Memorandum Circular No. 24, series of 2019, the Company has approved on June 9, 2020 its Third Amended Manual on Corporate Governance.</p>	
<p>AMCG, Article IV (C) (2)</p> <p>Provide sound strategic policies and guidelines to the Corporation on major capital expenditures. Approve and oversee the development of the Corporation's business objectives, strategies, and programs in order to sustain the Corporation's long-term viability and strength.</p> <p>Periodically evaluate and monitor the implementation of such policies, strategies, and programs, including the business plans, operating budgets and Management's overall performance.</p>			

Supplement to Recommendation 2.2


<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p>Compliant</p>	<p>VISION STATEMENT</p> <p>By 2025, we will be an agile retail-based company in the Philippines that provides best-in-class customer experience through operational excellence</p> <p>MISSION - VALUES</p> <p>To delight MRSGL customers with products and services that give the best value for money in exciting ways</p>	
<p>2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.</p>	<p>Compliant</p>	<p>AMCG, Article IV, (C) (7)</p> <p>Approve the selection and assess the performance of Management led by the Key Officers.</p> <p>The Board shall establish an effective performance management framework that will ensure that the</p>	

		Management, and the personnel's performance are at par with the standards set by the Board and Senior Management.	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	Mr. Frank S. Gaisano, the Chairman of the Board of Directors, is highly competent and qualified.	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	AMCG, Article V, (B), (4) The Board, through its Nomination & Compensation Committee, ensures that there is a succession plan for the CEO, President & COO, and senior executives. The Nomination and Compensation Committee shall recommend a succession plan for board members and senior officers and establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates, and which shall be commensurate to corporate and individual performance. The remuneration policy should be aligned with the long-term interest of the Corporation and should specify the relationship between	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant		

Recommendation 2.5			remuneration and performance.
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	AMCG, Article IV, (I) REMUNERATION OF DIRECTORS AND OFFICERS	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant	The levels of remuneration of the Corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	The Corporation shall establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers, which shall be prepared by the Nomination and Compensation Committee. No director should participate in deciding on his remuneration.	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	Compliant	Please refer to Article V, (B), (4) of the AMCG.	

2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	-		
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	AMCG, Article V.(B) NOMINATION AND COMPENSATION COMMITTEE	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant		
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant		
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		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		<p>1) The Board shall create a Nomination and Compensation Committee which shall have at least three (3) members and one (1) of whom must be an independent director, to review and evaluate the qualifications of all individuals nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.</p> <p>2) At least, thirty calendar (30) days before the Annual Stockholders' Meeting, the Nomination and Compensation Committee shall accept, pre-screen, and</p>

		<p>shortlist all candidates nominated to become a member of the Board in accordance with the qualifications and disqualifications of a director. In the evaluation of the nominees, the Committee shall consider whether the candidates:</p> <ul style="list-style-type: none"> a) Possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the Corporation's business and risk profile. b) Have a record of integrity and good repute. c) Have sufficient time to carry out their responsibilities. d) Have the ability to promote a smooth interaction between board members. <p>The Nomination and Compensation Committee may engage the services of professional search firms or other external sources when searching for candidates to</p>	
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		<p>the Board.</p> <p>3) The Nomination and Compensation Committee shall fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	
Optional: Recommendation to 2.6			
<p>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.</p>	-		<p>The Company deems that this is not necessary.</p>
Recommendation 2.7			
<p>1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.</p>	Compliant	<p>AMCG, Article IV, (C)(9)</p> <p>Formulate and implement policies and procedures that would ensure the integrity and transparency of Related Party Transactions and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality.</p>	
<p>2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.</p>	Compliant		
<p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>	Compliant	<p>This is echoed under the functions of the Audit and Risk Committee as provided under the AMCG, Article V</p>	

		<p>Related Party Transactions Functions</p> <p>(A). (4). (c)</p> <p>a. Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all Related Parties are continuously identified, Related Party Transactions are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, Related Party Transactions and changes in relationships should be reflected in the relevant reports to the Board and regulators;</p> <p>b. Evaluates all material Related Party Transactions to ensure that these are not undertaken on more favorable economic terms (e.g. price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of</p>	
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		<p>the Corporation are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating Related Party Transactions, the Committee takes into account, among others, the following:</p> <ul style="list-style-type: none"> i. The Related Party's relationship to the Corporation and interest in the transaction; ii. The material facts of the proposed Related Party Transaction, including the proposed aggregate value of such transaction; iii. The benefits to the Corporation of the proposed Related Party Transaction; iv. The availability of other sources of comparable products or services; and v. An assessment of whether the proposed Related 	
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		<p>Party Transaction is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Committee shall ensure that the Corporation has an effective price discovery system in place and exercise due diligence in determining a fair price for Related Party Transactions.</p> <p>c. Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Corporation's Related Party Transactions exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Corporation's affiliation or transactions with other related</p>	
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<p>Supplement to Recommendations 27</p> <p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered de minimis or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior</p>	<p>Compliant</p>	<p>Please refer to the Corporation's Amended Policy on Related-Party Transactions to comply with Securities and Exchange Commission (SEC) Memorandum Circular No. 10, series of 2019, dated September 5, 2019.</p>	
		<p>d. Reports to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties.</p> <p>e. Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process.</p> <p>f. Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting Related Party Transactions, including a periodic review of Related Party Transactions policies and procedures.</p>	

<p>shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>		<p>https://edge.pse.com.ph/openDiscV1wer.do?edge_no=d60abe1996e709e42e1dc15ec263054d</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>	Compliant		
<p>Recommendation 2.8</p>			
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	Compliant	<p>AMCG, Article IV, (C) DUTIES AND FUNCTIONS To insure a high standard of best practices for the Corporation, its shareholders and stakeholders, the Board, in close coordination with the Corporation's Officers and Managers, shall conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:</p>	
<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	Compliant	<p>1. Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.</p>	

		<p>7. Approve the selection and assess the performance of Management led by the Key Officers.</p> <p>The Board shall establish an effective performance management framework that will ensure that the Management, and the personnel's performance are at par with the standards set by the Board and Senior Management.</p> <p>xxx</p>	
		<p>14. Appoint a Compliance Officer. The Compliance Officer need not</p>	


Appoint competent, professional, honest and highly motivated management officers. Adopt an effective succession planning program for directors and Management to ensure growth and a continued increase in the shareholders' value. The succession plan shall include, as far as practicable, a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the Corporation.

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		have the rank of Senior Vice-President or an equivalent position, but he/she must be able to faithfully comply with his/her duties and responsibilities.	
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	AMCG, Article IV, (C) (7) Approve the selection and assess the performance of Management led by the Key Officers.	
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 Board shall establish an effective performance management framework that will ensure that the Management, and the personnel's performance are at par with the standards set by the Board and Senior Management.	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	AMCG, Article II DEFINITION OF TERMS xxx Internal Control – the process designed and effected by the Board of Directors and Management, to provide reasonable assurance on the achievement of the Corporation's objectives through efficient and effective operations: reliable,	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant		

		<p>complete and timely financial and management information; and compliance with applicable laws, regulations and the Corporation's policies and procedures;</p> <p>AMCG, Article IV (C) (6)</p> <p>DUTIES AND FUNCTIONS OF THE BOARD:</p> <p>Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the Corporation's internal control system in order to maintain its adequacy and effectiveness.</p> <p>AMCG, Article IV (E)</p> <p>INTERNAL CONTROL RESPONSIBILITIES OF THE BOARD</p> <p>The Board shall oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, the Board members, and shareholders.</p>	
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		<p>The control environment of the Corporation shall consist of the following:</p> <ol style="list-style-type: none"> 1) The Board which ensures that the Corporation is properly and effectively managed and supervised. 2) A Management that actively manages and operates the Corporation in a sound and prudent manner. 3) The organizational and procedural controls which are duly supported by effective management information and risk management reporting systems. 4) An independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including the reliability and integrity of 	
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		<p>The minimum internal control mechanisms for the performance of the Board's oversight responsibility shall include:</p> <ol style="list-style-type: none"> 1) Definition of the duties and responsibilities of the Chairman/Chief Executive Officer ("CEO") and President/Chief Operating Officer ("COO") who are ultimately accountable for the Corporation's organizational and operational controls. 2) Selection of the persons who possess the ability, integrity and expertise essential for the positions of Chairman/CEO and 	<p>financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.</p>
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		<p>President/COO.</p> <p>3) Evaluation of proposed senior management appointments.</p> <p>4) Selection and appointment of qualified and competent management officers.</p> <p>5) Review of the Corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.</p> <p>6) Approval the Corporation's Internal Audit Charter.</p> <p>AMCG, Article V (A) (1)</p> <p>The Audit and Risk Committee is responsible for overseeing the senior management in establishing and maintaining an adequate, effective, and efficient internal control framework. It ensures that systems and processes are designed to</p>	
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		<p>provide assurance in areas including reporting and monitoring compliance with laws, regulations, and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.</p> <p>AMCG, Article X (1) The Corporation shall establish and implement an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business, taking into account its size, risk profile, and complexity of operations.</p>	
3. Board approves the Internal Audit Charter.	Compliant	<p>Please refer to the functions of the Audit and Risk Committee under Article V (A) of the AMCG.</p>	
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	<p>AMCG, Article IV (C), (15) DUTIES AND FUNCTIONS OF THE BOARD:</p>	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	<p>Implement a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess, and manage key business risks. In this connection, the Board shall be responsible for defining the Corporation's level of risk tolerance and provide oversight over its risk management policies and</p>	

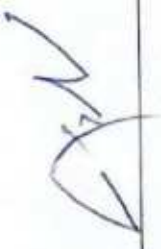
		<p>procedures.</p> <p>The Audit and Risk Committee shall have the following functions under the AMCG:</p> <p>Risk Oversight Functions</p> <ul style="list-style-type: none"> d. Assess the probability of each risk becoming a reality and shall estimate its possible effect and cost. b. Define the strategies for managing and controlling the major risks. Identify practical strategies to reduce the chance of harm and failure, or minimize losses if the risk becomes real. c. Oversee the implementation of the risk management strategies and policies. d. Develop a formal enterprise risk management plan which contains the following elements: <ul style="list-style-type: none"> (i) common language or register of risks, (ii) well-defined risk management goals, objectives and oversight, (iii) uniform processes of assessing risks and developing strategies to manage prioritized risks, (iv) designing and implementing risk 	
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		<p>management strategies, and (v) continuing assessments to improve risk strategies, processes and measures.</p> <p>e. Oversee the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The Committee conducts regular discussion on the Corporation's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks.</p> <p>f. Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Committee revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant development that seriously impact the likelihood of harm or loss.</p>	
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		<p>g. Advise the Board on its risk appetite levels and risk tolerance limits.</p> <p>h. Review at least annually the Corporation's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Corporation.</p> <p>i. Assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Corporation and its stakeholders.</p> <p>j. Provides oversight over Management's activities in managing credit, market liquidity, operational, legal and</p>	
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		<p>other risk exposures of the Corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management.</p> <p>k. Report to the Board on a regular basis, or as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommend further actions or plans, as necessary.</p> <p>AMCG Article X. (4)</p> <p>The Corporation shall have a separate risk management function to identify, assess and monitor key risk exposures. The risk management function involves the following activities, among others:</p> <p>a) Defining a risk management strategy.</p> <p>b) Identifying and analyzing key risks exposure relating to economic, environmental, social and governance factors and achievement of the organization's strategic objectives.</p>	
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<p>Recommendation 2.12</p> <p>1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.</p> <p>2. Board Charter serves as a guide to the directors in the performance of their functions.</p>	<p>Compliant</p> <p>Compliant</p>	<p>Please refer to the Corporation's Code of Conduct for Directors and Senior Management.</p> <p>www.melroretail.com.ph</p>	
		<p>c) Evaluating and categorizing each identified risk using the Corporation's predefined risk categories and parameters.</p> <p>d) Establishing a risk register with clearly defined, prioritized and residual risks.</p> <p>e) Developing a risk mitigation plan for the most important risks to the Corporation, as defined by the risk management strategy.</p> <p>f) Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Audit and Risk Committee.</p> <p>g) Monitoring and evaluating the effectiveness of the organization's risk management processes.</p>	


3. Board Charter is publicly available and posted on the company's website.	Compliant		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	<p>Please refer to the Corporation's Code of Conduct for Directors and Senior Management.</p> <p>Further, this insider trading policy is contained in the Guidelines on Transactions concerning MRSGL shares issued on February 4, 2016.</p>	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is	Compliant	<p>Please refer to the Corporation's Code of Conduct for Directors and Senior Management.</p>	

conducted at arm's length basis and at market rates.			
2. Company discloses the types of decision requiring board of directors' approval.	Compliant	Please refer to the Corporation's disclosures in the PSE Edge.	

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	The Corporation has the following Board Committees: 1. Audit and Risk Committee 2. Corporate Governance Committee 3. Nomination and Compensation Committee 4. Investment Committee	

Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	AMCG, Article IV, C DUTIES AND FUNCTIONS To insure a high standard of best practices for the Corporation, its stockholders and stakeholders, the Board, in close coordination with the Corporation's Officers and Managers, shall conduct itself with honesty and integrity in the performance of,	

		<p>among others, the following duties and functions:</p> <p>10) Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.</p> <p>Please refer to the constitution of the Audit and Risk Committee and its functions under AMCG, Article V. (A)</p> <p>1) The Audit and Risk Committee is responsible for overseeing the senior management in establishing and maintaining an adequate, effective, and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in areas including reporting and monitoring compliance with laws, regulations, and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.</p> <p>2) The Audit and Risk Committee shall be responsible for the oversight of the Corporation's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>	
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<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>Compliant</p>	<p>3) The Audit and Risk Committee shall consist of three (3) non-executive directors, who shall preferably have accounting and finance backgrounds, majority of whom shall be independent directors. The chair of the Audit and Risk Committee should be an independent director, and should not be the Chairperson of the Board or any other committees. At least one member of the committee must have relevant thorough knowledge and experience on risk management.</p> <p>4) The committee shall have the following functions:</p> <ul style="list-style-type: none"> a. Audit Functions b. Risk Oversight Functions c. Related Party Transactions Functions 	
		<p>AMCG, Article V, (A), (3) The Audit and Risk Committee shall consist of three (3) non-executive directors, who shall preferably have accounting and finance</p>	


<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>Compliant</p>	<p>The members of the Company's Audit and Risk Management Committee (2021) are:</p> <ol style="list-style-type: none"> 1. Guillermo L. Parayno, Jr. - Chairman, Independent Director, Non-Executive Director 2. Margaret G. Ang - Member, Non-Executive Director 3. Ricardo Nicanor N. Jacinto - Member, Independent Director, Non-Executive Director <p>who are all highly qualified and competent to act as such.</p>	<p>backgrounds, majority of whom shall be independent directors. The chair of the Audit and Risk Committee should be an independent director, and should not be the Chairperson of the Board or any other committees. At least one member of the committee must have relevant thorough knowledge and experience on risk management.</p>
<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>Compliant</p>	<p>The Chairman of the Audit and Risk Committee, Mr. Guillermo L. Parayno, Jr., is not the Board Chairman nor a Chairman of any other committee.</p>	

Supplement to Recommendation 3.2



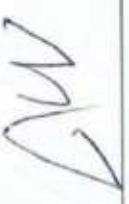
<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	<p>Compliant</p>	<p>AMCG, Article V, (A), (4)(a)(n) AUDIT AND RISK COMMITTEE Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The Audit and Risk Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Corporation's Annual Report and Annual Corporate Governance Report.</p>	
<p>2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p>Compliant</p>	<p>AMCG, Article V, (A), (4)(a) (o) As far as practicable, the Audit and Risk Committee shall endeavour to meet with the Board at least every quarter without the presence of the CEO or other management team members, and periodically meets with the head of the internal audit.</p>	

Optional: Recommendation 3.2

<p>1. Audit Committee meet at least four times during the year.</p>	<p>Compliant</p>	<p>In 2021, the Audit Committee met 4 times on the following dates: March 12, 2021 June 16, 2021 October 15, 2021 October 29, 2021</p>	
<p>2. Audit Committee approves the appointment and removal of the internal auditor.</p>	<p>Compliant</p>	<p>AMCG, Article V, (A), (a) (f) FUNCTIONS OF THE AUDIT AND RISK COMMITTEE: (f) Organize and oversee the internal Audit Department, and recommends the appointment and/or grounds for approval of an Internal Audit Head, as well as approve the terms and conditions for internal audit services, if necessary.</p>	
<p>Recommendation 3.3</p>			
<p>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.</p>	<p>Compliant</p>	<p>AMCG, Article V, (C) GOVERNANCE COMMITTEE 1) The Corporate Governance Committee is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. 2) The Governance Committee shall consist of three (3) directors, one (1) of whom shall be an independent director.</p>	

		<p>3) The Committee shall have the following functions, among others that may be delegated by the Board:</p> <ul style="list-style-type: none"> a) Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the Corporation's size, complexity and business strategy, as well as its business and regulatory environments. b) Oversees the periodic performance evaluation of the Board and its committees as well as Management, and conducts an annual self-evaluation of its performance. c) Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans 	
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		<p>are developed and implemented to address the identified areas for improvement.</p> <p>d) Recommends continuing education and/or relevant training programs for directors.</p> <p>e) Develop, review and recommend to the Board a set of corporate governance policies and guidelines applicable to the Corporation, including the amendments or revisions to this Manual, and ensures that these are reviewed and updated regularly.</p> <p>f) Responsible for overseeing the Corporation's implementation and effectiveness of its corporate governance, including the annual accomplishment of the scorecard on the scope, nature and extent of the actions undertaken by the Corporation to meet the objectives of this Manual.</p>	
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		<p>g) To maintain an informed status on issues related to the Corporation's corporate social responsibility, public policy and philanthropy, and those affecting the name, reputation and goodwill of the Corporation.</p>	
<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	<p>Non-Compliant</p>	<p>The members of the Company's Corporate Governance Committee (2021) are:</p> <ol style="list-style-type: none"> 1. Edward S. Gaisano - Chairman and Non-Executive Director 2. Margaret G. Ang - Member, Non-Executive Director 3. Guillemo L. Parayno, Jr. - Member, Independent Director 4. Ricardo Niccanor N. Jacinto - Member, Independent Director 5. Manuel C. Alberto - Member, Executive Director 	<p>Two (2) independent directors sit in this committee, while the Chairperson is an ICD Fellow.</p>
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	<p>Non-compliant</p>		<p>The incumbent Chairman, Mr. Edward S.</p>



			<p>Gaisano, is not an independent director, but has relevant background, knowledge, skills, and/or experience in the area of corporate governance being a member of the Society of Fellows of the Institute of Corporate Directors.</p>
<p>Optional: Recommendation 3.3.</p> <p>1. Corporate Governance Committee meet at least twice during the year.</p>			
<p>Recommendation 3.4</p>			
<p>1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>	<p>Compliant</p>	<p>AMCG, Article V, (A), (4), (b)</p> <p>The Audit and Risk Committee is tasked, among others, to:</p> <ul style="list-style-type: none"> a) Assess the probability of each risk becoming a reality and shall estimate its possible effect and cost. b) Define the strategies for managing and controlling the major risks. Identify practical strategies to reduce the chance of harm and failure, or minimize losses if the risk becomes real. c) Oversee the implementation of the risk management strategies and policies. d) Develop a formal enterprise risk management plan which contains the following elements: 	

		<p>(i) common language or register of risks, (ii) well-defined risk management goals, objectives and oversight, (iii) uniform processes of assessing risks and developing strategies to manage prioritized risks, (iv) designing and implementing risk management strategies, and (v) continuing assessments to improve risk strategies, processes and measures.</p> <p>e) Oversee the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The Committee conducts regular discussion on the Corporation's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks.</p> <p>f) Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Committee revisits defined risk</p>	
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		<p>management strategies, looks for emerging or changing material exposures, and stays abreast of significant development that seriously impact the likelihood of harm or loss.</p> <p>g) Advise the Board on its risk appetite levels and risk tolerance limits.</p> <p>h) Review at least annually the Corporation's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Corporation.</p> <p>i) Assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur</p>	
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		<p>and to impact the performance and stability of the Corporation and its stakeholders.</p> <p>j) Provides oversight over Management's activities in managing credit, market liquidity, operational, legal and other risk exposures of the Corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management.</p> <p>k) Report to the Board on a regular basis, or as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommend further actions or plans, as necessary.</p>	
<p>2. BROOC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>Complaint</p>	<p>The members of the Company's Audit and Risk Committee (2021) are:</p> <ol style="list-style-type: none"> 1. Guillermo L. Parayno, Jr. - Chairman, Independent Director, Non-Executive Director 2. Margaret G. Ang - Member, Non-Executive Director 3. Ricardo Nilcanor N. Jacinto - 	

		Member, Independent Director, Non-Executive Director	
3. The Chairman of the BROOC is not the Chairman of the Board or of any other committee.	Compliant	The Chairman of the Audit and Risk Committee, Mr. Guillermo L. Parayno, Jr., is not a Board Chairman nor a Chairman of any other committee.	
4. At least one member of the BROOC has relevant thorough knowledge and experience on risk and risk management.	Compliant	Messrs. Parayno and Jacinto possess the necessary knowledge, competence, and experience on risk and risk management.	
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	AMCG, Article V, (A), (4), (c) The Audit and Risk Committee is tasked with reviewing all material related party transactions of the Corporation, and specifically: a) Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all Related Parties are continuously identified, Related Party Transactions are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, Related Party Transactions and changes in	The tasks of the RPT Committee are performed by the Audit and Risk Committee.




		<p>relationships should be reflected in the relevant reports to the Board and regulators:</p> <p>b) Evaluates all material Related Party Transactions to ensure that these are not undertaken on more favorable economic terms (e.g. price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Corporation are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating Related Party Transactions, the Committee takes into account, among others, the following:</p> <p>i. The Related Party's relationship to the Corporation and interest in the transaction;</p> <p>ii. The material facts of the</p>	
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		<p>proposed Related Party Transaction, including the proposed aggregate value of such transaction;</p> <p>iii. The benefits to the Corporation of the proposed Related Party Transaction;</p> <p>iv. The availability of other sources of comparable products or services; and</p> <p>v. An assessment of whether the proposed Related Party Transaction is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Committee shall ensure that the Corporation has an effective price discovery system in place and exercise due diligence in determining a fair price for Related Party Transactions.</p> <p>c) Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Corporation's Related Party Transactions exposures, and</p>	
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		<p>policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Corporation's affiliation or transactions with other related parties.</p> <p>d) Reports to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties.</p> <p>e) Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process.</p> <p>f) Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting Related Party Transactions, including a periodic review of</p>	
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	Compliant	<p>Related Party Transactions policies and procedures.</p> <p>The members of the Company's Audit and Risk Management Committee (2021) are:</p> <ol style="list-style-type: none"> Guillermo L. Parayno, Jr. - Chairman, Independent Director, Non-Executive Director Margaret G. Ang - Member, Non-Executive Director Ricardo Nicanor N. Jacinto - Member, Independent Director, Non-Executive Director
Recommendation 3.6		
<p>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.</p>	Compliant	<p>Please refer to the specific functions of the Board Committees under Article V of the AMCG.</p>
<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>	Compliant	
<p>3. Committee Charters were fully disclosed on the company's website.</p>	Compliant	<p>https://www.metroretail.com.ph/index.php/disclosures/charter-documents</p>
<p>Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.</p>		

Recommendation 4.1

<p>1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>	<p>Compliant</p>	<p>AMCG, Article IV, (G)</p> <p>The members of the Board should attend and actively participate in the regular and special meetings of the Board in person or through videoconferencing and teleconferencing conducted in accordance with the rules and regulations of the SEC and the By-laws.</p> <p>Independent directors should always attend Board meetings. To promote transparency, the presence of at least one independent director shall be required in all its meetings.</p> <p>Attendance of the BOD is disclosed in the Company's Definitive Information Statement which is distributed to its shareholders.</p> <p>See Definitive Information Statement https://edge.pse.com.ph/openDiscVierwer.do?edge_no=6b1b91868e0d09323470ceca4b051ca8f</p>	
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>Compliant</p>	<p>AMCG, Article IV, (D), (2)</p>	
<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>Compliant</p>	<p>DUTIES AND RESPONSIBILITIES OF THE BOARD:</p> <p>Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.</p>	

		<p>A director should devote sufficient time to familiarize himself with the Corporation's business. He should be constantly aware of and knowledgeable with the Corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.</p>	
Recommendation 4.2			
<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>	Compliant	<p>No non-executive director of the Corporation serves in more than five publicly-listed companies. AMCG, Article IV, (H)</p> <p>BOARD SEATS The non-executive directors of the Board should not concurrently serve as directors to more than ten (10) public companies and/or registered issuers. However, the maximum concurrent directorships shall be five (5) public companies and/or registered issuers if the director also sits in at least three (3) publicly-listed companies.</p>	

Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	AMCG, Article IV, (H), 2 nd paragraph xxx A director should notify the Board where he is an incumbent director before accepting a directorship in another company.	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Compliant	No executive director of the Corporation serves in more than two (2) boards of listed companies outside of the group.	
2. Company schedules board of directors' meetings before the start of the financial year.	-		
3. Board of directors meet at least six times during the year.	-	In 2021, the Board met 5 times.	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	-		

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

Recommendation 5.1

<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>The Board has two (2) independent directors, out of the seven (7) seats, namely: 1. Guillermo L. Parayno, Jr. 2. Ricardo Nicanor N. Jacinto</p>	<p>The Corporation is compliant with Section 3 of SEC Memorandum Circular No. 16, series of 2002 which provides:</p> <p>GUIDELINES ON THE NOMINATION AND ELECTION OF INDEPENDENT DIRECTORS</p> <p>III. NUMBER OF INDEPENDENT DIRECTORS. All companies are encouraged to have independent directors. However, issuers of registered securities and public companies are required to have at least two (2) independent directors or at least 20% of its board size, whichever is the lesser. Provided further that said companies may choose to have more independent directors in their boards than as above required.</p> <p>Further, the Corporation is also compliant the Revised Code of Corporate Governance under Article 3 of SEC Memorandum Circular No. 6, series of 2009 which provides:</p> <p>Article 3 (a) The Board shall be composed of at least five (5), but not more than fifteen (15), members who are elected by the stockholders.</p> <p>All companies covered under this Code shall have at least two (2) independent</p>
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			<p>directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2). All other companies are encouraged to have independent directors in their boards.</p>
Recommendation 5.2			
<p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p>	Compliant	<p>Independent Directors submit a certification for independent directors annually. The same is submitted with the Annual Report.</p>	
Supplement to Recommendation 5.2			
<p>1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.</p>	Compliant	<p>The Company does not have any shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.</p>	
Recommendation 5.3			
<p>1. The independent directors serve for a cumulative term of nine years.</p>	Compliant	<p>Guillermo L. Parayno, Jr. - Independent Director Date First Elected: July 16, 2015 Date Last Elected: May 6, 2022 No. of Years Served as Director: six (6) years and ten (10) months Ricardo Nicanor N. Jacinto - Independent Director Date First Elected: July 27, 2015 Date Last Elected: May 6, 2022 No. of Years Served as Director: six(6) years and ten (10) months</p>	

<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p>Compliant</p>	<p>AMCG, Article IV, (F), Independent Directors (4)</p> <p><u>INDEPENDENT DIRECTORS</u> Term and Cessation of Independent Directorship</p> <p>The Board's independent directors should serve for a maximum cumulative term of nine (9) years. After which, the independent director should be perpetually barred from re-election as such in the Corporation, but may continue to qualify for nomination and election as non-independent director. In the instance that the Corporation intends to retain an independent director who has served for nine (9) years, as a non-independent director, the Board shall provide meritorious justifications and obtain shareholders' approval during the annual shareholders meeting.</p>	
<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.</p>	<p>Not applicable</p>	<p>No independent director has served in the same capacity for more than nine years.</p>	
<p>Recommendation 5.4</p>			
<p>1. The positions of Chairman of the Board</p>	<p>Non-</p>	<p>Mr. Franks S. Gaisano is the Chairman</p>	<p>Although held by one and the same</p>

<p>and Chief Executive Officer are held by separate individuals.</p>	<p>Compliant</p>	<p>and Chief Executive Officer.</p>	<p>person, the Corporation's Fourth Amended By-Laws and AMCG specifically delineated the functions of the Chairman and the Chief Executive Officer, and President and Chief Operating Officer, in order to provide checks and balances to ensure that the Board gets the benefit of independent views and perspectives.</p>
<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>Compliant</p>	<p>Please refer to the delineated and specific functions of the Chairman and the Chief Executive Officer, and President and Chief Operating Officer, as enumerated under Article V of the Fourth Amended By-Laws and Article VI and VII of the AMCG.</p>	
<p>Recommendation 5.5</p> <p>1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.</p> <p>Compliant</p> <p>The AMCG (VI) provides that if the positions of Chairman and CEO are not separate and matters for resolution of the Board involve the accountability of Management and there is a perceived conflict of interest in relation thereto, the Chairman shall appoint a lead director from among the independent directors to temporarily preside in the meeting to ensure the independence of the Board.</p>			
<p>Recommendation 5.6</p> <p>1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.</p> <p>Compliant</p> <p>Code of Conduct for Directors and Senior Management</p> <p>The Board Members and senior</p>			



		<p>managers shall at all times:</p> <p>disclose any personal interest that they may have regarding any matters that may come before the Board, and abstain from discussion, voting, or otherwise influencing a decision on any matter in which the concerned director, or senior manager has, or may have such interest:</p> <p>xxx abstain from discussion, voting, or otherwise influencing a decision on any matters that may come before the Board in which they may have a conflict or potential conflict of interest. xxx</p>	
Recommendation 5.7			
<p>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.</p>	Compliant	<p>AMCG, Article V, (A), (4), (g), (o)</p> <p>As far as practicable, the Audit and Risk Committee shall endeavour to meet with the Board at least every quarter without the presence of the CEO or other management team members, and periodically meets with the head of the internal audit.</p>	
<p>2. The meetings are chaired by the lead independent director.</p>	Compliant	<p>Mr. Guillermo Parayno, Jr., an independent director, Chairman of</p>	


		the Audit and Risk Committee, and non-executive director, leads the meetings with the external and internal auditors.	
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	AMCG, Article IV, (J) ASSESSMENT OF BOARD PERFORMANCE	
2. The Chairman conducts a self-assessment of his performance.	Compliant		
3. The individual members conduct a self-assessment of their performance.	Compliant		
4. Each committee conducts a self-assessment of its performance.	Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Compliant		


1) The Board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. The assessment may be supported by an external facilitator.

2) Upon recommendation of the Corporate Governance Committee, the Board shall prescribe the criteria and process to determine the performance of the Board, the individual directors,

			committees, and provide for a feedback mechanism from the shareholders.	
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		Please refer to Article IV, (J) of the AMCG.	
2. The system allows for a feedback mechanism from the shareholders.	Compliant			
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.				
Recommendation 7.1				
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant		The Board has adopted a Code of Conduct for Directors and Senior Management.	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant		The Code of Conduct for Directors and Senior Management is properly disseminated to the Board of Directors and Senior Management. https://www.metroretail.com.ph/	
3. The Code is disclosed and made available to the public through the company website.	Compliant			
Supplement to Recommendation 7.1				
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying	Compliant		Code of Conduct for Directors and Senior Management	

and receiving bribes.		<p>The Board Members and senior managers shall at all times:</p> <p>act honestly, fairly, ethically, and with integrity:</p> <p>xxx</p> <p>will not accept from or give to stakeholders gifts or other benefits not customary in normal social intercourse:</p> <p>xxx</p>	
Recommendation 7.2			
<p>1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.</p>	Compliant	Code of Conduct for Directors and Senior Management	
<p>2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.</p>	Compliant	Directors and Senior Management shall annually sign a confirmation that they have read, have complied with and will continue to comply with the Code.	
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			
<p>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other</p>	Compliant	AMCG, Article IV, (C), 18 DUTIES AND FUNCTIONS	

<p>stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.</p>	<p>To insure a high standard of best practices for the Corporation, its shareholders and stakeholders, the Board, in close coordination with the Corporation's Officers and Managers, shall conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:</p> <p>The Board should establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and stakeholders, that gives a fair and complete picture of the Corporation's financial condition, results and business operations.</p> <p>The disclosure policy shall include disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance issues of its business, which underpin sustainability. The Corporation shall adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.</p> <p>This is echoed under Article XV (1) of the AMCG which provides as follows:</p> <p>All material information about the Corporation which could affect its</p>	
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		<p>viability or the interests of its shareholders and stakeholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of material assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information shall be disclosed through the appropriate Exchange mechanisms and submissions to the SEC.</p>	
Supplement to Recommendations 8.1			
<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>	Compliant	<p>See Annual Report https://edge.pse.com.ph/openDiscV/ewer.do?edge_no=4d9a9940d046f3d403470c9ca4b051ca8f</p> <p>The Annual Report contains the Company's Audited Financial Statements for the year ended December 31, 2021.</p> <p>The Audited Financial Report for year ended December 31, 2021 was duly received by the BIR on April 7, 2022 and the SEC on April 11, 2022.</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>	Compliant	<p>See Annual Report https://edge.pse.com.ph/openDiscV/ewer.do?edge_no=4deq9404046f3d403470cca4b051ca8f</p>	
Recommendation 8.2			
<p>1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.</p>	Compliant	<p>AMCG, Article XV (4) All directors and officers shall disclose/report to the Corporation's Compliance Officer any dealing in the Corporation's shares within three (3) business days from the date of the transaction.</p>	
<p>2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.</p>	Compliant		
Supplement to Recommendation 8.2			
<p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p>	Compliant	<p>The trading of the Corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders is duly reported to the SEC and the PSE. See Annual Report https://edge.pse.com.ph/openDiscV/ewer.do?edge_no=4deq9404046f3d403470cca4b051ca8f</p>	

Recommendation 8.3			
<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	Compliant	<p>See Annual Report https://edge.pse.com.ph/openDiscV/ever.do?edge_no=4de09404046f3d403470ce04b051c08f</p>	
<p>2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	Compliant		
Recommendation 8.4			
<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p>	Compliant	<p>AMCG, Article IV, (I) REMUNERATION OF DIRECTORS AND OFFICERS</p>	
<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	Compliant	<p>The levels of remuneration of the Corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.</p> <p>The Corporation shall establish formal and transparent procedures for the development of a policy on</p>	

		<p>executive remuneration or determination of remuneration levels for individual directors and officers, which shall be prepared by the Nomination and Compensation Committee. No director should participate in deciding on his remuneration.</p>	
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	Compliant	<p>This is disclosed in the 2021 Annual Report.</p>	
Recommendation 8.5			
<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>	Compliant	<p>AMCG, Article XV, 5 The Corporation should disclose its policies governing Related Party Transactions. The material or significant RPTs reviewed and approved during the year should be disclosed in its Annual Corporate Governance Report. Further, the Corporation has adopted a Policy on Related Party Transactions.</p>	
<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	Compliant	<p>See Annual Report https://edge.pse.com.ph/openDiscVwer.do?edge_no=4dec9404046f3d403470ce94b051cab8f</p>	

Supplement to Recommendation 8.5

<p>1. Company requires directors to disclose their interests in transactions or any other conflict of interests.</p>	<p>Compliant</p>	<p>AMCG, Article IV, D. 1. SPECIFIC DUTIES AND RESPONSIBILITIES OF A DIRECTOR A director shall have the following duties and responsibilities: 1) Conduct fair business transactions with the Corporation, and ensure that his personal interest does not conflict with the interests of the Corporation. The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Corporation, or stands</p>	
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		<p>acquire or gain financial advantage at the expense of the Corporation.</p> <p>A director who has a continuing material conflict of interest should seriously consider resigning from his position.</p> <p>Article XV (2) of the AMCG Provides: The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the SEC for the interest of its shareholders and stakeholders.</p> <p>Code of Conduct for Directors and Senior Management provides: The Board members and senior managers shall at all times:</p> <ul style="list-style-type: none"> • Disclose any personal interest that they may have regarding any matters that may come before the Board and abstain from discussion, voting or otherwise influencing a decision on any matter in which the concerned Director or senior manager has or may have such an interest; • Abstain from discussion, voting or otherwise influencing a decision on any matters that may come before the Board in which they have a conflict or potential conflict of interest. 	
<p>Optional : Recommendation 8.5</p> <p>1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.</p>	Compliant	This is duly disclosed in the 2021 Annual Report.	
<p>Recommendation 8.6</p> <p>1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.</p>	Compliant	AMCG, Article XV, (1) All material information about the Corporation which could affect its viability or the interests of its shareholders and stakeholders should be publicly and timely disclosed.	

<p>2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p>	Compliant	<p>Such information should include, among others, earnings results, acquisition or disposition of material assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information shall be disclosed through the appropriate Exchange mechanisms and submissions to the SEC.</p> <p>The Corporation did not dispose any of its assets for the year 2021.</p>	
<p>Supplement to Recommendation 8.6</p>			
<p>1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.</p>	Compliant	<p>There are no shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the Corporation.</p>	
<p>Recommendation 8.7</p>			
<p>1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).</p>	Compliant	<p>See PSE Disclosure on Amended Manual of Corporate Governance</p> <p>https://edge.pse.com.ph/openDisclosure.do?edge_no=305ebd9a609d03340de8473cebbdd6407</p>	
<p>2. Company's MCG is submitted to the SEC and PSE.</p>	Compliant		

3. Company's MCG is posted on its company website.	Compliant		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	<p>The Corporation has amended its Manual on Corporate Governance in order to comply with SEC Memorandum Circular No. 19 series of 2016 or the Code of Corporate Governance for Publicly-Listed Companies.</p> <p>See PSE Disclosure on Amended Manual of Corporate Governance http://edge.pse.com.ph/openDiscViewer.do?edge_no=2e57add90d247e22e3318251c9257320d#sthash:pieHR00e.dpbs</p> <p>This was disclosed to the PSE on May 30, 2017.</p> <p>On November 12, 2019, the Corporation approved its Second Amended Manual on Corporate Governance. Subsequently, on June 9, 2020 and in compliance with SEC Memorandum Circular No. 24, series of 2019, the Corporation adopted its Third Amended Manual on Corporate Governance.</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=305ebbd9a609d03340de8473cebbdd6407</p>	

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Optional: Principle 8

<p>1. Does the company's Annual Report disclose the following information:</p>			<p>See Annual Report and Definitive Information Statement</p>
a. Corporate Objectives	Compliant	<p>https://edge.pse.com.ph/openDiscV/ewer.do?edge_no=4de09404046f3d403470ce04b051ca8f</p>	
b. Financial performance indicators	Compliant		
c. Non-financial performance indicators	Compliant	<p>https://edge.pse.com.ph/openDiscV/ewer.do?edge_no=6b1b91868e0d09323470ce04b051ca8f</p>	
d. Dividend Policy	Compliant		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant		
f. Attendance details of each director in all directors meetings held during the year			
g. Total remuneration of each member of the board of directors	Compliant		
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Compliant	<p>See Annual Report</p> <p>https://edge.pse.com.ph/openDiscV/ewer.do?edge_no=4de09404046f3d403470ce04b051ca8f</p>	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational,	Compliant	<p>See Annual Report</p> <p>https://edge.pse.com.ph/openDiscV/ewer.do?edge_no=4de09404046f3d403470ce04b051ca8f</p>	

financial and compliance controls) and risk management systems.		See Annual Report	
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	https://edge.pse.com.ph/openDiscView?edge_no=4ded9404046f3d403470cea4b051ca8f	
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 Annual Report https://edge.pse.com.ph/openDiscView?edge_no=4ded9404046f3d403470cea4b051ca8f	
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	AMCG, Article V, (A), (4), (a), m. Recommends to the Board the appointment, reappointment, removal and fees of the external auditor, duly accredited by the Commission, who undertakes an independent audit of the Corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the shareholders. For this purpose, the Audit and Risk Committee should establish the procedure for	


		<p>approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal and fees of the external auditor should be recommended by the Audit and Risk Committee, approved by the Board, and ratified by the shareholders.</p>	
<p>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.</p>	Compliant	<p>Please see attached the Corporation's disclosure on the Results of the 2021 and 2022 Annual Stockholders' Meeting wherein SyCip, Gorres, Velayo & Co. was re-appointed as external auditor.</p> <p>https://edge.pse.com.ph/openDiscVierwer.do?edge_no=bbl1e9d0af8ee6285d542af61e997b9 https://edge.pse.com.ph/openDiscVierwer.do?edge_no=62281f3164cef9493470cea4b051c08f</p>	
<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.</p>	Compliant	<p>The Company has not removed or changed its external auditor.</p>	
Supplement to Recommendation 9.1			
<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	Compliant	<p>AMCG, Article XII, (1) (E) ACCOUNTABILITY AND AUDIT</p> <p>The external auditor should be</p>	


Recommendation 9.2			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	Compliant	<p>AMCG, Article V. (A) (4) (a), m.</p> <p>Recommends to the Board the appointment, reappointment, removal and fees of the external auditor, duly accredited by the Commission, who undertakes an independent audit of the Corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the shareholders. For this purposes, the Audit and Risk Committee should establish the procedure for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal and fees of the external auditor should be recommended by the Audit and Risk Committee, approved by the Board, and ratified by the shareholders.</p>	<p>rotated or changed every five (5) years, or the signing partner of the external auditing firm assigned to the Corporation, should be changed with the same frequency.</p>
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual</p>	Compliant	<p>AMCG Article V (A), (4), (a), c., e., k., m</p> <p>The Audit and Risk Committee shall</p>	

basis.		<p>have the following functions:</p> <p>a. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations.</p> <p>xxx</p> <p>c. Perform oversight functions over the Corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.</p> <p>xxx</p> <p>e. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.</p>	
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		<p>xxx</p> <p>k. Reviews the recommendations in the external auditor's management letter.</p> <p>xxx</p> <p>m. Recommends to the Board the appointment, reappointment, removal and fees of the external auditor, duly accredited by the Commission, who undertakes an independent audit of the Corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the shareholders. For this purpose, the Audit and Risk Committee should establish the procedure for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal and fees of the external auditor should be recommended by the Audit and Risk Committee, approved by the Board, and ratified by the shareholders.</p> <p>xxx</p>	
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Supplement to Recommendations 9.2

<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	<p>Compliant</p>	<p>Please refer to Article V (A), (4), (c) a., c., e., k., m of the AMCG.</p>	
<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	<p>Compliant</p>	<p>Please refer to Article V (A), (4), (c) a., c., e., k., m of the AMCG.</p>	
<p>Recommendation 9.3</p>			
<p>1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.</p>	<p>Compliant</p>	<p>No non-audit services were performed by the external auditor for 2021.</p>	
<p>2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.</p>	<p>Compliant</p>	<p>AMCG, Article V.(A), (4),(g), n. The Audit and Risk Committee shall have the following functions: Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The Audit and Risk Committee shall disallow any</p>	

		<p>non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Corporation's Annual Report and Annual Corporate Governance Report.</p>	
Supplement to Recommendation 9.3			
<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	Compliant	<p>No non-audit services were performed by the external auditor for 2021.</p>	
Additional Recommendation to Principle 9			
<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	Compliant	<ol style="list-style-type: none"> 1. Name of the audit engagement partner: MA. GENALIN Q. AREVALO 2. Accreditation number: SEC Accreditation No. 1561-AR-1 (Group A) BIR Accreditation No. 08-001998-119-2019 3. Date Accredited: SEC Accreditation on January 31, 2019 BIR Accreditation on January 28, 2019 4. Expiry date of accreditation: and SEC Accreditation valid until January 30, 2022 BIR Accreditation valid until January 27, 2022 5. Name of firm: Sycip Gorres Velayo & Co. 	

<p>2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).</p>	<p>Compliant</p>	<p>Sycip Gorres Velayo & Co. has agreed to this. Date it was subjected to SOAR inspection – November 12-23, 2018</p>	
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Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

<p>Recommendation 10.1</p>			
<p>1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.</p>	<p>Compliant</p>	<p>AMCG, Article XV DISCLOSURE AND TRANSPARENCY</p>	
<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>Compliant</p>	<p>1) All material information about the Corporation which could affect its viability or the interests of its stockholders and shareholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of material assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information shall be disclosed through the appropriate Exchange mechanisms and submissions to the SEC.</p>	

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

Recommendation 11.1

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

Compliant

AMCG, Article XV, (6)

The Corporation, through its Investor Relations Office, shall regularly conduct 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.

2) The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the SEC for the interest of its shareholders and stakeholders.

Supplemental to Principle 11

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

Compliant


<http://www.metroretail.com.ph/index.php>


a. Financial statements/reports (latest quarterly)


Compliant

b. Materials provided in briefings to analysts and media	Compliant		
c. Downloadable annual report	Compliant		
d. Notice of ASM and/or SSM	Compliant		
e. Minutes of ASM and/or SSM	Compliant		
f. Company's Articles of Incorporation and By-Laws	Compliant		
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Compliant	The Corporation is compliant with SEC Memorandum Circular No. 11, series of 2014, and SEC Memorandum Circular No 2, series of 2018 on the SEC prescribed website template.	
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	AMCG, Article X, 1 and 2 INTERNAL CONTROL SYSTEM AND ENTERPRISE RISK MANAGEMENT FRAMEWORK 1) The Corporation shall establish and implement an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business, taking	


		<p>into account its size, risk profile, and complexity of operations.</p> <p>2) The Corporation shall establish an independent internal audit function that provides an independent and objective assurance and consulting services designed to add value and improve the Corporation's operations. The following are the functions of the internal audit, among others:</p> <p>a) Provides an independent risk-based assurance to the Board, Audit and Risk Committee and Management, focusing on reviewing the effectiveness of the governance and control process in (i) promoting the right values and ethics, (ii) ensuring effective performance management and accounting in the organization, (iii) communicating risk and control information, and (iv) coordinating the activities and information among the Board, external and internal auditors, and Management.</p>	
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		<ul style="list-style-type: none"> b) Performs regular and special audit as contained in the annual audit plan and/or based on the Corporation's risk assessment. c) Performs consulting and advisory services related to governance and controls as appropriate for the organization. d) Performs compliance audit on relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization. e) Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of the Corporation. f) Evaluates operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned. g) Evaluates specific operations at the request of the Board or 	
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<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>Compliant</p>	<p>Management as appropriate.</p> <p>h) Monitors and evaluates governance process.</p> <p>AMCG, Article X, (4) INTERNAL CONTROL SYSTEM AND ENTERPRISE RISK MANAGEMENT FRAMEWORK</p> <p>The Corporation shall have a separate risk management function to identify, assess and monitor key risk exposures. The risk management function involves the following activities, among others:</p> <ul style="list-style-type: none"> a) Defining a risk management strategy. b) Identifying and analyzing key risks exposure relating to economic, environmental, social and governance factors and achievement of the organization's strategic objectives. c) Evaluating and categorizing each identified risk using the Corporation's predefined risk categories and parameters. d) Establishing a risk register with clearly defined, prioritized and residual risks. e) Developing a risk mitigation plan for the most important risks to the Corporation, as 	
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		<p>defined by the risk management strategy.</p> <p>f) Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Audit and Risk Committee.</p> <p>g) Monitoring and evaluating the effectiveness of the risk management processes.</p>	
Supplement to Recommendations 12.1			
<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	Compliant	<p>AMCG, Article IV, (C), (3) DUTIES AND FUNCTIONS OF THE BOARD: Ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices. AMCG, Article IX, 2.B and 2.C THE COMPLIANCE OFFICER B. Monitors, reviews, evaluates and ensures compliance by the Corporation with this Manual and the rules and regulations of regulatory</p>	

		<p>C. Reports to the Board if violations are found and recommends the imposition of appropriate disciplinary action.</p>	
<p>Optional: Recommendation 12.1</p> <p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p>			
<p>Recommendation 12.2</p> <p>1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.</p>			
	Compliant	<p>AMCG, Article X. (3)</p> <p>INTERNAL CONTROL SYSTEM AND ENTERPRISE RISK MANAGEMENT FRAMEWORK</p> <p>The Corporation shall have a qualified Internal Audit Head appointed by the Board. The Internal Audit Head shall oversee and be responsible for the internal audit</p>	

Recommendation 12.3			
<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>	Compliant	<p>activity of the organization, including that portion that is outsourced to a third party service provider.</p> <p>The in-house internal auditor of the Corporation is Ms. Kareen A. Tablizo, CPA, who has at least ten (10) years of audit experience.</p>	
<p>2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.</p>	Compliant	<p>AMCG, Article X. (3) INTERNAL CONTROL SYSTEM AND ENTERPRISE RISK MANAGEMENT FRAMEWORK</p> <p>The following are the responsibilities of the Internal Audit Head, among others:</p> <ul style="list-style-type: none"> a) Periodically reviews the internal audit charter and presents it to senior management and the Audit and Risk Committee for approval. b) Establishes a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals. c) Communicates the internal 	

<p>3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.</p>	<p>Not Applicable</p>	<p>audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to senior management and the Audit and Risk Committee for review and approval. d) Spearheads the performance of the internal audit activity to ensure it adds value to the organization. e) Reports periodically to the Audit and Risk Committee on the internal audit activity's performance relative to its plan. f) Presents findings and recommendations to the Audit and Risk Committee and gives advice to senior management and the Board on how to improve internal processes.</p>	<p>There was no instance wherein the Corporation had outsourced the internal audit activity.</p>
<p>Recommendation 12.4</p>			
<p>1. Company has a separate risk management function to identify, assess and monitor key risk exposures.</p>	<p>Compliant</p>	<p>AMCG, Article X, 4 and 5</p>	

		<p style="text-align: center;">INTERNAL CONTROL SYSTEM AND ENTERPRISE RISK MANAGEMENT FRAMEWORK</p> <p>4. The Corporation shall have a separate risk management function to identify, assess and monitor key risk exposures. The risk management function involves the following activities, among others:</p> <ul style="list-style-type: none"> a) Defining a risk management strategy. b) Identifying and analyzing key risks exposure relating to economic, environmental, social and governance factors and achievement of the organization's strategic objectives. c) Evaluating and categorizing each identified risk using the Corporation's predefined risk categories and parameters. d) Establishing a risk register with clearly defined, prioritized and residual risks. e) Developing a risk mitigation plan for the most important risks to the Corporation, as defined by the risk management strategy. f) Communicating and reporting significant risk exposures including business 	
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		<p>risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Audit and Risk Committee.</p> <p>g) Monitoring and evaluating the effectiveness of the organization's risk management processes.</p> <p>5. In managing the Corporation's Risk Management System, the Corporation should have a Risk Management Officer (RMO), who is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resource and support to fulfill his/her responsibilities, subject to the Corporation's size, risk profile and complexity of operations. There should be clear communication between the Audit and Risk Committee and the RMO. The RMO has the following functions, among others:</p> <p>d. Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of</p>	
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<p>Supplement to Recommendation 12.4</p> <p>1. Company seeks external technical support in risk management when such competence is not available internally.</p>	<p>Compliant</p>	<p>ERM processes and documentation.</p> <p>b. Communicates the top risks and the status of implementation of risk management strategies and action plans to the Audit and Risk Committee.</p> <p>c. Collaborates with the Chairman/CEO and President/COO in updating and making recommendations to the Audit and Risk Committee.</p> <p>d. Suggest ERM policies and related guidance, as may be needed.</p> <p>e. Provides insights on the following:</p> <ul style="list-style-type: none"> i) Risk management processes are performing as intended. ii) Risk measures reported are continuously reviewed by risk owners for effectiveness. iii) Established risk policies and procedures are being complied with. <p>Technical support in risk management is being handled by the Risk Management Officer of the Corporation. She is allowed to seek external help and support when necessary.</p>	
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Recommendation 12.5		
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Compliant	The Corporation's Chief Risk Officer (CRO) is Ms. Floradema Jayme, CPA.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	The Corporation also has a Crisis Management Committee ("CMC") which is responsible for working with all departments to help aggregating risk outputs from all departments to form an enterprise level risk register, have all the key risks analyzed, evaluated, and report to the Senior Management and Board on critical and emerging risks as per Board requirements.
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.	Compliant	The Audit and Risk Committee and the Board of Directors annually discuss, approve, and act on the findings and recommendations of the External Auditor.
Cultivating a Synergic Relationship with Shareholders		
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.		
Recommendation 13.1		
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	These are contained under Articles XIII and XIV of the AMCG.
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	http://www.metroretail.com/ph/index.php
Supplement to Recommendation 13.1		
1. Company's common share has one vote for one share.	Compliant	Shareholders shall have the right to vote the number of shares of stock

<p>2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.</p>	<p>Compliant</p>	<p>standing, on record date, in his own name on the stock and transfer book of the Corporation; and such shareholder may vote such number of shares for as many individuals as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; Provided that, the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the whole number of directors to be elected.</p> <p>This can be found in the online Voting Ticket that all registered shareholders are given access to prior to the Annual Stockholders' Meeting.</p>	
<p>3. Board has an effective, secure, and efficient voting system.</p>	<p>Compliant</p>	<p>Please refer to Section 8, Article III of the Corporation's Fourth Amended By-Laws.</p> <p>Please refer to Guidelines for Participating via Remote Communication and Voting in Absentia in the Definitive Information Statement.</p>	

<p>4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.</p>	<p>Not Applicable</p>		<p>The Corporation has no supermajority or "majority of minority" requirements.</p>
<p>5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.</p>	<p>Compliant</p>	<p>AMCG, Article XIII</p> <p>Although all shareholders should be treated equally or without discrimination, the Board should give minority shareholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.</p>	
<p>6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.</p>	<p>Compliant</p>	<p>Please refer to Article XIII of the AMCG.</p>	

<p>7. Company has a transparent and specific dividend policy.</p>	<p>Compliant</p>	<p>Fourth Amended By-Laws, Article VIII Section 3. Dividends – Dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property or stock to all stockholders on the basis of outstanding stock held by the, as often and at such times as the Board of Directors may determine in accordance with law. The Corporation has also adopted a Dividend Policy under Board Resolution No. 0138-8-15.</p>	
<p>Optional Recommendation 13.1</p>			
<p>1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.</p>	<p>Compliant</p>	<p>This is done by Stock Transfer Service Inc., the Corporation's stock transfer agent.</p>	
<p>Recommendation 13.2</p>			
<p>1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.</p>	<p>Compliant</p>	<p>The 2021 and 2022 Notices of the Annual Stockholders' Meeting and the Agenda were sent to the stockholders of record at least two (2) weeks prior to the date designated for the 2021 and 2022 Annual Stockholders' Meetings pursuant to Section 4, Article II of the Amended By-laws. The Agenda for the 2021 and 2022 Annual Stockholders' Meetings were uploaded and disclosed to PSE Edge at:</p>	

See PSE Disclosure:
https://edge.pse.com.ph/openDiscViewer.do?edge_no=ba93558fb54a149b5d542af61e997b9

See PSE Disclosure:
https://edge.pse.com.ph/openDiscViewer.do?edge_no=e1e56300e2d365053470cead4b051ca8f

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<p>1. Company's Notice of Annual Stockholders' Meeting contains the following information:</p>			
<p>a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)</p>	Compliant	Profiles of Directors including age, academic qualifications, date of first appointment, experience and directorship in other listed companies are disclosed in the Annual Report.	
<p>b. Auditors seeking appointment/re-appointment</p>	Compliant	See PSE Disclosure on Notice of Annual Stockholders' Meeting https://edge.pse.com.ph/openDiscVwer.do?edge_no=ba93558fb54a149b5d542af61e997b9	
<p>c. Proxy documents</p>	Compliant	See PSE Disclosure on Notice of Annual Stockholders' Meeting https://edge.pse.com.ph/openDiscVwer.do?edge_no=ba93558fb54a149b5d542af61e997b9	
Optional: Recommendation 13.2			
<p>1. Company provides rationale for the agenda items for the annual stockholders meeting</p>	Non-Compliant		The Corporation's Notice of Annual Stockholders' Meeting does not provide the rationale for the agenda items for these are self-explanatory.
Recommendation 13.3			
<p>1. Board encourages active shareholder participation by making the result of the</p>	Compliant	The results of the Annual Stockholders' Meeting are disclosed within ten (10) minutes after the said meeting.	


votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.		within ten (10) minutes after the said meeting.	
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	http://www.metroretail.com.ph/index.php	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	Representatives from Sycip, Gorres Velayo & Co. ("SGV&Co."), the external auditor of the Corporation were present during the Annual Stockholders Meeting.	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	AMCG, Article IV, (C), (19) DUTIES AND FUNCTIONS OF THE BOARD: The Board should approve and implement a policy on alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant		
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	AMCG, Article XIII, last paragraph The Corporation shall establish an Investor Relations Office (IRO) to ensure constant engagement with its shareholders. The IRO should be	


		<p>present at every shareholders' meeting.</p> <p>1. Name of IRO: Mr. Jonathan Juan D.C. Moreno</p> <p>2. Telephone number (032) 236-8390</p> <p>3. Fax number (032) 236-8365</p> <p>4. E-mail address j.moreno@metroretail.ph</p>	
<p>2. IRO is present at every shareholder's meeting.</p>	Compliant	<p>On March 7, 2022, Mr. Arnold M. Leoncio assumed the position of IRO.</p> <p>Mr. Jonathan Juan D.C. Moreno was present during the 2021 ASM.</p> <p>Mr. Arnold M. Leoncio was present during the 2022 ASM.</p>	
Supplemental Recommendations to Principle 13			
<p>1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group</p>	Compliant	<p>There are no any anti-takeover measures or similar devices that may entrench ineffective management or existing controlling shareholders group.</p>	
<p>2. Company has at least thirty percent (30%) public float to increase liquidity in the market.</p>	Non-compliant	<p>The public float of the Corporation based on its Public Ownership Report is 19.81% as of December 31, 2021.</p> <p>See PSE Disclosure on Public Ownership Report https://edge.pse.com.ph/openDiscView.do?edgde_no=1d6e2fe03007411e3470ce94d051ca8f</p>	<p>The legally required minimum public float on Initial Public Offerings is only twenty percent (20%) pursuant to SEC Memorandum Circular No. 13, series of 2017. For existing publicly listed companies, the legally required minimum public float to date is ten percent (10%).</p>

Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	-		
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Compliant	Please refer to Guidelines for Participating via Remote Communication and Voting in Absentia in the Definitive Information Statement.	
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	See Annual Report https://edge.pse.com.ph/openDiscView.war.do?edge_no=4de09404046f3d403470ce04b051c08f	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Please refer to Article XIV of the AMCG.	
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	Please refer to the Corporation's Whistle-Blowing Policy.	
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.	Compliant	AMCG, Article IV, C. 11 Establish and maintain an alternative dispute resolution system in the	

		Corporation that can amicably settle conflicts or differences between the Corporation and its shareholders, and the Corporation and third parties, including the regulatory authorities.	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	The Corporation has not sought or is not seeking any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue.	
2. Company respects intellectual property rights.	Compliant	The Corporation has not violated any intellectual property rights.	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	-		
2. Company discloses its policies and practices that address supplier/contractor selection procedures	-		
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	Compliant	The Board has adopted a Whistle Blowing Policy, and Code of	


actively participate in the realization of the company's goals and in its governance.		Conduct for Directors & Senior Management which encourage employees to actively participate in the realization of the company's goals and in its governance.	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	The Corporation's compensation philosophy is to pay competitive base salaries and to reward employees for their individual performance. Salary increases are dependent upon the company's performance and the employee's performance rating. The employee stock option plan (ESOP) is still being developed.	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	All regular full-time active employees of the Corporation who are between 18 to 64 years old are eligible to participate and are covered by Life, Hospitalization and Accident insurance policies with various insurers. Health and wellness of its employees are a priority for the Corporation. For the Corporation prevention is key to wellness, thus, the need to establish health and safety programs for the welfare of its employees. The Corporation ensures that its employees are all well and healthy	

		<p>on a regular basis through the Annual Physical Examination given to the Corporation's employees.</p> <p>Physicians have also been retained for every store on a weekly basis to ensure proper consultation is done. A full shift nurse is likewise assigned to on-site clinics of every store as well as the Corporate Office to ensure delivery of medical services on real time.</p> <p>Apart from the readily available facilities, employees are covered with hospitalization benefits to cater to cases needing admission.</p> <p>In addition to the foregoing, the Corporation offers its employees various programs and activities relative to health and wellness:</p> <p>Health Talks:</p> <ul style="list-style-type: none"> • Hypertension and Obesity • Pneumonia • Common Heart Diseases • Influenza • Cervical Cancer • Eye Care and Safety • HIV/AIDS Awareness • Caring for our mental health in the time of Covid - 19 	
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		<ul style="list-style-type: none"> • COVID 19: Case Management Plan General Orientation • Covid-19 Safety Protocol Refresher • Get Vaccinated: Possible Side Effects after Getting the COVID-19 Vaccine • Wellness Talk on Emerging Sars-Cov2 Variants and Vaccines: What We Need To Know <p>Health Bulletins posted at Boards:</p> <ul style="list-style-type: none"> • Hand Hygiene Technique • Causes and Symptoms of Heart Attack • Breast Cancer Awareness • Hepatitis Prevention • Chicken Pox • Blood type Diet • How to eat Right • Viral Hepatitis • Malaria Awareness • Social Distancing at Canteen • Workplace Preparedness 101 • Distribution of face mask with logo • Mandatory wearing of face shield and face mask • Covid-19 Vaccine Survey and Registration Form • Covid-19 Vaccination: Our Frontline Health Professionals' Message 	
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		<ul style="list-style-type: none"> • Covid-19 Vaccination: Here's your Dose of Hope from our Doctors <p>Other Activities:</p> <ul style="list-style-type: none"> • Flu Vaccine • Cervical Vaccine • Hepatitis B Vaccine • Blood Donation • Race To Beauty Fun Run • Free Eye Check Up • HIV Screening • Ergonomic Exercise • Zumba • Mobile Blood Donation <p>To ensure compliance with Labor Standards on health and safety of the Corporation's employees, the following policies have also been established:</p> <ul style="list-style-type: none"> • Occupational Health and Safety & Administration Standards Manual • Drug Free Workplace Policy • Tuberculosis Prevention Program in the Workplace • Workplace Program and Policy on Hepatitis B • HIV/Aids Workplace Program and Policy 	
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<p>3. Company has policies and practices on training and development of its employees.</p>	<p>Compliant</p>	<ul style="list-style-type: none"> • Covid Management of Workplace <p>Safety practices are likewise of priority to the Company. Fire and Earthquake Drills, lectures and orientations are done thrice a year for all Hypermarket and Big Store Formats. The Security Teams are given lectures on Updates on Safety and Security Practices in coordination with the Fire Department, National Bureau of Investigation (NBI) and the Armed Forces of the Philippines (AFP).</p>	
<p>Recommendation 152</p>			
<p>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.</p>	<p>Compliant</p>	<p>Code of Conduct for Directors and Senior Management</p> <p>The Board Members and senior managers shall at all times: xxx</p> <p>1. Will not accept from or give to stakeholders gifts or other benefits not customary in normal social intercourse;</p>	

<p>2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.</p>	<p>Compliant</p>	<p>2. Not use any information or opportunity received by them in their capacity as Directors or senior managers in a manner that would be detrimental or prejudicial to the interest of the Corporation xxx</p> <p>All policies adopted by the Board are disseminated to concerned employees across the organization through trainings to embed them in the company's culture.</p>	
<p>Supplement to Recommendation 1.5.2</p>			
<p>1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.</p>	<p>Compliant</p>	<p>Code of Conduct for Directors and Senior Management</p> <p>Any concern involving malpractice or wrongdoing by any member of the Board of Directors or any senior manager of the Corporation shall be reported to the Chief Strategy and Governance Officer. The Corporation's Governance Committee shall proceed to investigate the said concern and report directly, and make the appropriate recommendations, to the Chairman and Chief Executive Officer.</p>	
<p>Recommendation 1.5.3</p>			
<p>1. Board establishes a suitable framework for</p>	<p>Compliant</p>	<p>The Board has adopted a Whistle</p>	

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<p>whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation</p>	<p>Compliant</p>	<p>Blowing Policy that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.</p>	
<p>2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.</p>	<p>Compliant</p>	<p>The Board has adopted a Whistle Blowing Policy that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.</p>	
<p>3. Board supervises and ensures the enforcement of the whistleblowing framework.</p>	<p>Compliant</p>	<p>Please refer to the Whistle-Blowing Policy of the Corporation.</p>	

Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

Recommendation 16.1

<p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p>Compliant</p>	<p>The Corporation embraces its civic and social responsibility by continuously supporting communities where it operates through sustainable civic outreach programs, environmental conservation efforts, skills training, livelihood and other employment generating activities. Please see link on Corporate Social Responsibility http://www.metroretail.com.ph/index.php/corporate-affairs/corporate-social-responsibility</p>	<p>Yearly, the Corporation donates to Viscal Foundation, Incorporated, a</p>
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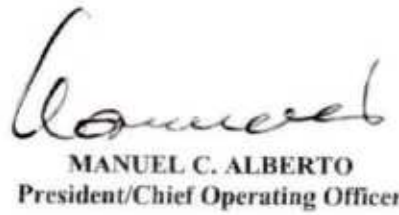
		duly registered non-stock, non-profit organization which is duly accredited with the Philippine Council for NGO Certification.	
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	-		
2. Company exerts effort to interact positively with the communities in which it operates	-		

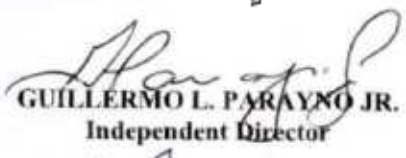
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Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in _____ on May 30, 2022

SIGNATURES


FRANK S. GAISANO
Chairman of the Board/Chief Executive Officer


MANUEL C. ALBERTO
President/Chief Operating Officer


GUILLERMO L. PARAYNO JR.
Independent Director


RICARDO NICANOR N. JACINTO
Independent Director


ATTY. VINCENT E. TOMANENG
Corporate Secretary


ATTY. THERESA MARIE C. PUNO-DELA PEÑA
Compliance Officer

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2022, affiants exhibiting to me the following competent evidence of identities:

<u>NAME</u>	<u>IDENTIFICATION</u>	<u>DATE/PLACE ISSUED</u>
FRANK S. GAISANO		
MANUEL C. ALBERTO		
GUILLERMO L. PARAYNO JR.		
RICARDO NICANOR N. JACINTO		
ATTY. VINCENT E. TOMANENG		
ATTY. THERESA MARIE C. PUNO-DELA PEÑA		

Doc. No. 54 ;
Page No. 12 ;
Book No. 06 ;
Series of 2022.


ATTY. ARJAM B. BONGSUCAN, CPA
Attorney's Roll No. 70585
Notary Public for and in the City of Cebu
Notarial Commission No. 77-2018, valid until 31 December 2023
IBP OR No. 147979; 23 November 2021; Cebu Chapter
PTR No. CEB 3438620; 10 December 2021; Cebu City
MCLE Compliance No. VII-0005723, valid until 14 April 2025
Room 406 Bldg, S Phase 1 UDH Tisa Bldg. Tisa, Cebu City

