

COVER SHEET

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SEC Registration Number

P	U	R	E	G	O	L	D		P	R	I	C	E		C	L	U	B	,		I	N	C	.						

(Company's Full Name)

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

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(Contact Person)

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(Company Telephone Number)

1	2
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Month

3	1
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Day

I	A	C	G	R
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(Form Type)

0	8
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Month

1	8
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Day

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(Secondary License Type, If Applicable)

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Dept. Requiring this Doc

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Amended Articles Number/Section

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Total No. of Stockholders

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Domestic

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Foreign

SEC Personnel concerned

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File Number

LCU

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Document ID

Cashier



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended: **December 31, 2019**
2. SEC Identification Number: **199813754**
3. BIR Tax Identification No.: **201-277-095**
4. Exact name of issuer as specified in its charter: **PUREGOLD PRICE CLUB, INC.**
5. **Manila, Philippines**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **No. 900 Romualdez St., Paco, Manila**
Address of principal office
- 1007**
Postal Code
8. **02 – 8523 3055**
Issuer's telephone number, including area code
9. **None**
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	<i>All members of the board of directors are qualified and with adequate experience and competence in the retail industry.</i>	
2. Board has an appropriate mix of competence and expertise.		<i>Please download the company's Annual Report and Information Statement from the website.</i>	
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.		<i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf <i>#Definitive Information Statement -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statement.pdf	
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Non-compliant		<i>The board is composed of five executive directors and four non-executive directors.</i>
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	<i>The company provides policy on the training of directors in its Manual on Corporate Governance (MCG).</i>	

		<i>Please download the company's MCG from the website.</i> <i>Reference #MCG –</i> http://35.198.253.209/wp-content/pgold-data/Corporate%20Governance/Manual%20on%20Corporate%20Goverance/Manual%20on%20Corporate%20Governance%202017.pdf	
2. Company has an orientation program for first time directors.	Non-compliant		<i>The first-time directors join the annual continuing seminar for directors and key officers of the company.</i>
3. Company has relevant annual continuing training for all directors.	Compliant	<i>The company has relevant annual continuing training for all directors.</i> <i>Please download the company's Annual Report from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	<i>The members of the board are from diverse background – mostly from finance and business.</i> <i>Please download the company's Annual Report and Information Statement from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	

		A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	
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	<i>Baby Gerlie I. Sacro is the Corporate Secretary assisting the board. She is a separate individual from the Compliance Officer, and she is not a member of the board of directors.</i> <i>Please download the company's Annual Report and General Information Statement from the website.</i> <i>Reference #Annual Report –</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf <i>#General Information Sheet -</i> http://www.puregold.com.ph/wp-content/pgold-data/Our%20Company/General%20Information%20Sheet%202019.pdf	
2. Corporate Secretary is a separate individual from the Compliance Officer.			
3. Corporate Secretary is not a member of the Board of Directors.			
4. Corporate Secretary attends training/s on corporate governance.	Compliant	<i>The Corporate Secretary attends trainings on Corporate Governance.</i> <i>Please download the company's Annual Report from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	

		A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	-	-	-
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	<i>The board is assisted by a Compliance Officer, Atty. Candy H. Dacanay-Datuon.</i> <i>Please download the company's Annual Report from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf <i>#General Information Sheet -</i> http://www.puregold.com.ph/wp-content/pgold-data/Our%20Company/General%20Information%20Sheet%202019.pdf	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Non - Compliant		<i>The Compliance Officer does not have the rank of a Senior Vice President or any equivalent position.</i> <i>The Compliance Officer is a managerial employee of the company.</i>
3. Compliance Officer is not a member of the board.	Compliant	<i>Atty. Dacanay is not a member of the board.</i> <i>Please download the company's Annual Report and General Information Statement from the website.</i>	

		<i>Reference #General Information Sheet -</i> http://www.puregold.com.ph/wp-content/pgold-data/Our%20Company/General%20Information%20Sheet%202019.pdf	
4. Compliance Officer attends training/s on corporate governance.	Compliant	<i>The Compliance Officer regularly attends trainings on Corporate Governance.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club.%20Inc.%20Annual%20Report%20CY%202019.pdf	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	<i>The directors of the company act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</i> <i>Please download the company's Articles and Bylaws and Annual Report from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	<i>Every start of the year, the management presents to the board its business objectives and strategy for the latter's review and approval.</i>	

2. Board oversees and monitors the implementation of the company's business objectives and strategy.		<i>The board meets at least six times a year to review, discuss, and approve business objectives and strategies proposed or implemented by the management.</i> <i>Please download the company's Annual Report from the website.</i> Reference #Annual Report - http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	<i>The vision, mission, and core values of the company are presented on the website.</i> Reference # Company Website – http://www.puregold.com.ph/index.php/mission-and-vision/#	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	<i>The board meets at least six times a year to review, discuss business and programs implemented by the management.</i> <i>Please download the company's Annual Report from the website.</i> Reference #Annual Report - http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	
Recommendation 2.3			

1. Board is headed by a competent and qualified Chairperson.	Compliant	<i>Mr. Lucio L. Co is a competent and qualified Chairperson. His qualifications are outlined in the company's Annual Report and Definitive Information Statement.</i> <i>Please download the company's Annual Report and Definitive Information Statement from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf <i>#Definitive Information Statement –</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statement.pdf	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	<i>The company has a hierarchy of employee ranks, depending on their training and experiences. The children of the majority stockholder occupy executive positions in various companies or subsidiaries of the corporation.</i> <i>Please download the company's Annual Report from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	

2. Board adopts a policy on the retirement for directors and key officers.	Non-Compliant		<i>The company has no policy on retirement of directors. It has, however, a retirement plan for all its employees, including principal officers that is consistent with the retirement benefits under the Labor Code of the Philippines.</i>
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Non-compliant		<i>The executive directors and principal officers receive fixed remuneration.</i>
2. Board adopts a policy specifying the relationship between remuneration and performance.	Non-compliant		<i>The executive directors and principal officers receive fixed remuneration.</i>
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	<i>Directors do not participate in discussions or deliberations involving his/her remuneration. Directors only receive per diem allowance of P50,000 per board meeting and P20,000 per committee meeting.</i> <i>Please download the company's Annual Report from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	-	-	-
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with	-	-	-

long-term interest, such as claw back provision and deferred bonuses.			
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Non-compliant		<i>It is the practice of the company that any member of the board may nominate a potential candidate for members of the board.</i> <i>The Office of the Chairman screens the qualification of the candidates and make sure they are aligned with the interests and values of the company before endorsing them to the Corporate Governance Committee and the Board of Directors.</i>
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.			
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.			
4. Board nomination and election policy includes how the board shortlists candidates.			
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.			
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.			
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	-	-	-
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	The company has a Material Related Party Transaction (MRPT) Policy approved by the board on August 2, 2019.	

		<i>The MRPT Policy provides for appropriate review and approval of material RPTs, which guarantees fairness and transparency of the transactions and encompasses all entities within the group, taking into account their size, structure, risk profile, and complexity of operations.</i>	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant	<i>Please download the MRPT Policy from the website.</i> <i>Reference #MRPT Policy -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/Material%20Related%20Party%20Transaction%20Policy%20of%20Puregold%20Price%20Club,%20Inc..PDF	
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	Compliant	<i>The MRPT Policy of the company defines the threshold for disclosure and approval of RPTs and categorizes the transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval.</i> <i>Please download the MRPT Policy from the website.</i> <i>Reference #MRPT Policy -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/Material%20Related%20Party%20Transaction%20Policy%20of%20Puregold%20Price%20Club,%20Inc..PDF	
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	Compliant	<i>The MRPT Policy provides for a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</i>	

		Please download the MRPT Policy from the website. <i>Reference #MRPT Policy -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/Material%20Related%20Party%20Transaction%20Policy%20of%20Puregold%20Price%20Club,%20Inc..PDF	
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	<i>The board approves the appointment of the President, the Internal Auditor and the Compliance Officer during its Annual Organizational Meeting.</i> <i>Please download the company's Annual Report from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	
2. Board is primarily responsible for assessing the performance of management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	<i>Every quarter, the management presents the performance of the operation to the board of directors. During those meetings, the board assesses its performance by comparing them to its past and target performance.</i>	
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.	Non-compliant		<i>The company has not yet established an effective performance management framework that will assess the performance of the management.</i> <i>But every quarter, the management presents the performance of the operation to the board of directors.</i>

			<i>During those meetings, the board assesses the performance of the management by comparing them to its past and target performance.</i>
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.	Non-compliant		<i>The company has not yet established an effective performance management framework that will assess the performance of the personnel.</i> <i>But every quarter, the management presents the performance of the operation to the board of directors. During those meetings, the board assesses the performance of the management as a whole by comparing them to its past and target performance.</i>
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	<i>The Internal Auditor of the company is an ex-officio member of the Audit Committee, and she also reports directly to the board for her audit findings. The company has an Internal Audit Charter.</i> <i>Please download the Internal Audit Charter from the website.</i> <i>Reference #Internal Audit Charter - http://www.puregold.com.ph/wp-content/pgold-data/IACGR/Annex%20(44)-Internal%20Audit%20Charter.pdf</i>	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the management, members and shareholders.			
3. Board approves the Internal Audit Charter.			
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.	Non-Compliant		<i>Each business unit and department manages risk in consultation with the top management and the Internal Audit Department.</i>
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.			
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Non-Compliant		The company has no Board Charter yet. But the board's roles, responsibilities, and accountabilities in carrying out its fiduciary role and guide in the performance of their functions are incorporated in the Manual on Corporate Governance (MCG) of the company.
2. Board Charter serves as a guide to the directors in the performance of their functions.			
3. Board Charter is publicly available and posted on the company's website.			
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	The company is compliant with the disclosure rules required by the SEC and PSE re directors' dealings with the company's shares. Please download the Public Ownership Report from the website. #Public Ownership Report - http://www.puregold.com.ph/wp-content/pgold-data/Investor%20Relations/Share%20Information/Public%20Ownership/2019/Public%20Ownership%20Report%20as%20of%20December%2031,%202019.pdf	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	-	-	-
2. Company discloses the types of decision requiring board of directors' approval.	-	-	-

Principle 3: Board committees should be set up to the extent possible to support the effective performance of the board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

Recommendation 3.1

1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	<i>The board has two committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities: Audit Committee and Corporate Governance Committee.</i> <i>Please download the company's Annual Report from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	
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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	<i>The External Auditor is reporting to the Audit Committee. Every year, the External Auditor reports to the Audit Committee. One of the responsibilities of the Audit Committee is to appoint or remove the External Auditor.</i> <i>Please download the Audit Committee Charter from the website.</i> <i>Reference #Audit Committee Charter -</i> http://www.puregold.com.ph/wp-content/pgold-data/IACGR/Annex%20(16)-Audit%20Committee%20Charter.PDF	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	<i>The committee is composed of three qualified non-executive directors, and the Chairman is independent.</i> <i>The committee is headed by a Lead Independent Director – Mr. Edgardo G. Lacson.</i>	

		<i>Please download the company's Annual Report and Information Statement from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf <i>#Definitive Information Statement -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statement.pdf	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	<i>All members of the Audit Committee have the relevant background, knowledge, skills, or experience in finance and audit.</i> <i>Please download the company's Annual Report and Information Statement from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf <i>#Definitive Information Statement -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statement.pdf	

4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	<i>The Chairman of the Audit Committee is not a Chairman of the Board or any other committee.</i> <i>Please download the company's Annual Report and Information Statement from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	<i>All services rendered by the external auditor are related to the audit and they are approved by the Audit Committee.</i> <i>Please download the company's Annual Report from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Non-compliant		<i>Audit Committee meetings are conducted in the presence of the management. However, members of the Audit Committee are free to discuss anything with the external auditor not hindered by the presence of any management team.</i>
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	Compliant	<i>The Audit Committee regularly convenes at least four times a year.</i>	

		<i>In 2019, the Audit Committee convened on March 26, 2019, July 29, 2019, November 4, 2019, and December 2, 2019.</i>	
2. Audit Committee approves the appointment and removal of the internal auditor.	-	-	-
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	<i>The company has 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.</i> <i>Please download the company's Annual Report and Information Statement from the website.</i> <i>Reference #Annual Report –</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf <i>#Definitive Information Statement -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statement.pdf	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Non - Compliant		<i>The Corporate Governance Committee is composed of four directors, two are independent, and two are executive directors.</i>
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	<i>The Chairman of the Corporate Governance Committee is Mrs. Marilyn V. Pardo, an Independent Director.</i>	

		<i>Please download the company's Annual Report and Information Statement from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club.%20Inc.%20Annual%20Report%20CY%202019.pdf <i>#Definitive Information Statement -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statement.pdf	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.	-	-	-
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Non-compliant		<i>The Audit Committee is performing the functions of the Board Risk Oversight Committee.</i>
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.			
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.			
4. At least one member of the BROC has relevant thorough knowledge 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.	Non-compliant		The Audit Committee is performing the functions of the Related Party Transactions (RPT) Committee.
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.			
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Non-compliant		The provisions in the MCG cover the individual purposes, memberships, structures, operations, reporting process, resources, and other relevant information of the board committees.
2. Committee Charters provide standards for evaluating the performance of the Committees.			
3. Committee Charters were fully disclosed on the company's website.			
4.			
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	The directors may attend meetings in person or through tele/videoconferencing.	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	The directors review meeting materials in advance.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	The directors ask important questions or seek clarifications and explanations during the Board and Committee meetings.	

		<i>Reference #Minutes of the board meeting</i>	
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Compliant	<i>There is no specific policy, but there is no incumbent director who concurrently serves in a maximum of five publicly listed companies.</i> <i>Please download the company's Annual Report and Information Statement from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf <i># Information Statement -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statement.pdf	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Non-compliant		<i>The directors are not required to notify the board before accepting a directorship in another company.</i>
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	-	-	-
2. Company schedules board of directors' meetings before the start of the financial year.	Compliant	<i>The company schedules board meetings before the start of every financial year.</i> <i>In 2019, board meetings were set on February 1, March 29, May 3, May 14, August 2 and November</i>	

		8. For 2020, board meetings were set on January 13, March 24, April 28, July 28, October 27 and December 8.	
3. Board of directors meet at least six times during the year.	Compliant	The board of directors meet at least six times during the year. The board of directors convened six times in 2019 - February 1, March 29, May 3, May 14, August 2 and November 8.	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	Compliant	The company requires as minimum quorum of at least 2/3 for board decisions. Please download the company's bylaws from the website. <i>Reference #Company's Bylaws Section 10, Article IV - http://35.198.253.209/wp-content/pgold-data/Our%20Company/By-Laws.pdf</i>	-

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

Recommendation 5.1

1. The board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Compliant	The board has three independent directors constituting one-third of the board. Please download the company's Annual Report, General Information Sheet and Information Statement from the website. <i>Reference #Annual Report - http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf</i>	
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Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	<i>The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</i> <i>Please download the company's Annual Report and Information Statement from the website.</i> Reference #Annual Report - http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf #Definitive Information Statement - http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statement.pdf	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	<i>The company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.</i>	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	<i>None of the independent directors serve for a cumulative term of more than nine years (reckoned from 2012).</i>	

		<i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf <i>#Definitive Information Statement -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statement.pdf	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	<i>The company adheres to the policy of fixing the term limit for independent directors.</i> <i>Please download the company's Annual Report and Information Statement from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf <i>#Definitive Information Statement -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statement.pdf	
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.	Compliant	<i>In case the company would like to retain an independent director in the same capacity after nine years, the board will provide meritorious justification. It will seek shareholders' approval during the annual shareholders' meeting.</i>	

Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	<i>The company's Chairman of the board is Mr. Lucio L. Co, and the company's President is Mr. Leonardo B. Dayao.</i> <i>Please download the company's Annual Report, General Information Sheet and Information Statement from the website.</i> <i>Reference #Annual Report - http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf</i> <i>#Definitive Information Statement - http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statement.pdf</i>	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Non-compliant	<i>Both officers have clearly defined responsibilities.</i> <i>Please download the company's bylaws from the website.</i> <i>Reference #bylaws - http://35.198.253.209/wp-content/pgold-data/Our%20Company/By-Laws.pdf</i>	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Compliant	<i>The Chairman of the board is not independent. But the company has designated a lead independent director.</i> <i>Please download the company's Annual Report, General Information Sheet and Information Statement from the website.</i>	

		Reference #Annual Report - http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf #GIS - http://www.puregold.com.ph/wp-content/pgold-data/Our%20Company/General%20Information%20Sheet%202019.pdf #Definitive Information Statement - http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statement.pdf	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	<i>Any director with a material interest in a transaction affecting the corporation is strongly encouraged to abstain from taking part in the deliberations on the transaction.</i> <i>However, no particular transaction transpired in 2019, where any director has a material interest in a transaction affecting the company.</i>	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Non-compliant		<i>The non-executive directors do not have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.</i>
2. The meetings are chaired by the lead independent director.	Non-compliant		<i>The Chairman of the board is the presiding Chairman of the meetings.</i>

Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	-	-	-
Principle 6: The best measure of the board's effectiveness is through an assessment process. The board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Non-compliant		The company has not yet established assessment procedures and criteria for the individual and collective performance of the board.
2. The Chairman conducts a self-assessment of his performance.			
3. The individual members conduct a self-assessment of their performance.			
4. Each committee conducts a self-assessment of its performance.			
5. Every three years, the assessments are supported by an external facilitator.			
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the board, individual directors and committees.	Non-compliant		The company has not yet established assessment procedures and criteria for the individual and collective performance of the board.
2. The system allows for a feedback mechanism from the shareholders.			
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	Non-compliant		The rules in business conduct and ethics like anti-bribery, conflict of interest, insider trading are in a different set of manuals.

practices in internal and external dealings of the company.			
2. The Code is properly disseminated to the board, senior management and employees.	Non-compliant		<i>The company has not yet disseminated to the Board, senior management, and employees a complete Code of Business Conduct and Ethics.</i>
3. The Code is disclosed and made available to the public through the company website.	Non-compliant		<i>The company has not disclosed and posted to the website a complete Code of Business Conduct and Ethics.</i>
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	<i>The company has a policy on conflict of interest, which includes measures against bribery and corruption.</i>	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	<i>Every quarter, the Internal Auditor presents to the Audit Committee results of the quarterly audit.</i> <i>At the end of the fiscal year, the Internal Auditor presents to the board the result of the annual audit.</i> <i>The audit results show violations of internal policies.</i> <i>All employees, regardless of rank, are covered by the internal policies of the company.</i>	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.			
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a	Compliant	<i>The company adheres to the disclosure rules of the Philippine Stock Exchange.</i> <i>Please refer to the PSE website and company website.</i>	

fair and complete picture of a company's financial condition, results and business operations.		www.puregold.com.ph	
Supplement to Recommendations 8.1			
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.	Non-compliant		<i>Consolidated financial statements are published within one hundred five (105) 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.</i>
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; crossholdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	Compliant	<i>The 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.</i> <i>Please download the company's Annual Report, from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	<i>The company has a policy requiring all directors and officers to disclose/report to the company any dealings in the company's shares within three business days.</i> <i>Reference #Beneficial Ownership Report -</i> http://35.198.253.209/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/	
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.		SEC%2023-AB/2017/Initial%20Statement%20of%20Beneficial%20Ownership%20of%20Securities%20by%20Jai%20Dela%20Rosa.pdf	
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Compliant	<i>The company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions), and controlling shareholders, including the company's purchase of its shares from the market.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf <i>#Buyback -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-C/2015/Puregold%20Buy%20Back%20Shares%20dated%20December%2010,%202015.pdf <i>#Beneficial Ownership -</i> http://35.198.253.209/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2023-AB/2017/Initial%20Statement%20of%20Beneficial%20Ownership%20of%20Securities%20by%20Jai%20Dela%20Rosa.pdf	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	<i>The company discloses directors' academic qualifications, share ownership in the company, membership on other boards, other executive positions, professional experiences, expertise, and relevant training attended.</i>	

		<i>Please download the company's Annual Report and Information Statement from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf <i>#Definitive Information Statement -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statement.pdf	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	<i>The company discloses principal officers' academic qualifications, share ownership in the company, membership on other boards, other executive positions, professional experiences, expertise, and relevant training attended.</i> <i>Please download the company's Annual Report and Information Statement from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf <i>#Definitive Information Statement -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statement.pdf	

Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Non-compliant		<i>The remuneration (per diem allowance) of directors is fixed at P50,000 per board meeting and P20,000 per committee meeting.</i>
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Non-compliant		<i>The executive remuneration is fixed at a certain amount subject to periodic review by the Chairman and the President.</i>
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Non-Compliant		<i>The company discloses the remuneration of the directors per group.</i>
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	<i>The company has MRPT policy in place, and related party transactions are fully disclosed in the Audited Financial Statements.</i> <i>Please download the company's Annual Report, Audited Financial Statements and MRPT Policy from the website.</i> <i>Reference #MRPT Policy -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/Material%20Related%20Party%20Transaction%20Policy%20of%20Puregold%20Price%20Club,%20Inc..PDF <i>#Annual Report –</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	

2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	<i>The company has an MRPT policy in place that provides for the review and approval process of material or significant RPTs.</i> <i>Please download the MRPT Policy from the website.</i> <i>Reference #MRPT Policy -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/Material%20Related%20Party%20Transaction%20Policy%20of%20Puregold%20Price%20Club,%20Inc..PDF	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	<i>No incident yet that any director discloses interests in any transactions or any other conflict of interest. But directors are expected to disclose any interest he or she may have in any transaction or any other conflict of interest.</i> <i>Reference #MRPT Policy -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/Material%20Related%20Party%20Transaction%20Policy%20of%20Puregold%20Price%20Club,%20Inc..PDF	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	Compliant	<i>The company ensures that RPTs are conducted in such a way to ensure that they are fair and at arms' length.</i> <i>Please download the MRPT Policy from the website.</i> <i>Reference #MRPT Policy -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/Material%20Related%20Party%20Transaction%20Policy%20of%20Puregold%20Price%20Club,%20Inc..PDF	

		Policy%20of%20Puregold%20Price%20Club,%20In c..PDF	
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	<i>The company makes a full, fair, accurate, and timely disclosure to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets.</i> <i>Reference #SEC Form 17-C (Lawson)</i>	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	<i>No transaction in 2019 that requires the appointment of an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</i> <i>But MRPT Policy of the company provides an appointment of an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</i> <i>Reference #MRPT Policy -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/Material%20Related%20Party%20Transaction%20Policy%20of%20Puregold%20Price%20Club,%20In c..PDF	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	<i>The company has no shareholders agreements, voting trust agreements, confidentiality agreements, or such other agreements that may impact the control, ownership, and strategic direction of the company.</i> <i>Please download the company's Annual Report from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-	

		data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	<i>The MCG policy of the company is submitted to the SEC and PSE and is posted on the company website. It covers the company's corporate governance policies, programs and procedures.</i> <i>Please download the MCG Policy from the website.</i> <i>Reference #MCG –</i> http://35.198.253.209/wp-content/pgold-data/Corporate%20Governance/Manual%20on%20Corporate%20Goverance/Manual%20on%20Corporate%20Governance%202017.pdf	
2. Company's MCG is submitted to the SEC and PSE.			
3. Company's MCG is posted on its company website.			
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Non-compliant		<i>The company has not yet updated its MCG.</i>
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	Compliant	<i>The company is disclosing those information in its Annual Report.</i> <i>Please download the company's Annual Report from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	
a. Corporate Objectives			
b. Financial performance indicators			
c. Non-financial performance indicators			
d. Dividend Policy			
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors			

f. Attendance details of each director in all directors meetings held during the year			
g. Total remuneration of each member of the board of directors			
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Compliant	<i>The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance.</i> <i>Please download the company's Annual Report from the website.</i> <i>#Annual Report</i>	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	-	-	-
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	-	-	-
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant	<i>The company discloses in the Annual Report the key risks to which the company is materially exposed to.</i> <i>Please download the company's Annual Report from the website.</i> <i>#Annual Report</i>	

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, re-appointment, removal, and fees of the external auditors.	Compliant	<i>The appointment and fees of the external auditor pass through the approval of the Audit Committee.</i>	
2. The appointment, re-appointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the board and ratified by the shareholders.	Compliant	<i>In the 2019 Annual Stockholders' Meeting, 89% of the outstanding shares of the company voted in favor of the re-appointment of the external auditor.</i> <i>Please download the company's Annual Report from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	<i>There is no incident of removal of an external auditor. But the company will disclose if there would be any such incident, including the reason for removal or change.</i>	

Supplement to Recommendation 9.1

1. Company has a policy of rotating the lead audit partner every five years.	Compliant	<i>The company has a policy of rotating the lead audit partner every five years.</i> <i>Please download the company's Annual Report from the website.</i> <i>Reference #MCG -</i> http://35.198.253.209/wp-content/pgold-data/Corporate%20Governance/Manual%20on%20Corporate%20Governance/Manual%20on%20Corporate%20Governance%202017.pdf	
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		#Audit Charter - http://www.puregold.com.ph/wp-content/pgold-data/IACGR/Annex%20(44)-Internal%20Audit%20Charter.pdf	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	Compliant	<i>The company has an Audit Committee Charter.</i> <i>Please download the Audit Committee Charter from the website.</i> <i>Reference #Audit Committee Charter - http://www.puregold.com.ph/wp-content/pgold-data/IACGR/Annex%20(16)-Audit%20Committee%20Charter.PDF</i>	
2. Audit Committee Charter contains the committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant	<i>Please download the Audit Committee Charter from the website.</i> <i>Reference #Audit Committee Charter - http://www.puregold.com.ph/wp-content/pgold-data/IACGR/Annex%20(16)-Audit%20Committee%20Charter.PDF</i>	
Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Compliant	<i>Please download the Audit Committee Charter from the website.</i> <i>Reference #Audit Committee Charter - http://www.puregold.com.ph/wp-content/pgold-data/IACGR/Annex%20(16)-Audit%20Committee%20Charter.PDF</i>	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant	<i>Please download the Audit Committee Charter from the website.</i>	

		<i>Reference #Audit Committee Charter -</i> http://www.puregold.com.ph/wp-content/pgold-data/IACGR/Annex%20(16)-Audit%20Committee%20Charter.PDF	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	<i>There are no non-audit services performed by the external auditor in 2019.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	<i>The Audit Committee stays alert for a potential conflict of interest situations arising from non-audit services.</i> <i>Reference #MCG –</i> http://35.198.253.209/wp-content/pgold-data/Corporate%20Governance/Manual%20on%20Corporate%20Governance/Manual%20on%20Corporate%20Governance%202017.pdf <i>#Audit Charter -</i> http://www.puregold.com.ph/wp-content/pgold-data/IACGR/Annex%20(44)-Internal%20Audit%20Charter.pdf	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	<i>There are no non-audit services performed by the external auditor in 2019.</i>	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	<i>The company's external auditor is R.G. Manabat & Co. with office address at The KPMG Center, 9/F 6787 Ayala Avenue, Makati City Philippines 1226 +63 (2) 885 7000</i>	

		<i>The lead audit partner is Mr. Dindo Marco M. Dioso with CPA License No. 0095177 with SEC Accreditation No. 1387-AR-1 (Group A) valid until May 31, 2020.</i>	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Compliant	<i>R.G. Manabat & Co. had agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).</i>	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	<i>Please download the company's Sustainability Report from the website.</i> <i>Reference #Annual Report #Sustainability Report - http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf</i>	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	<i>The company adopts the reporting standards provided by the Global Reporting Initiatives and the Sustainability Accounting Standard Board in reporting sustainability and non-financial issues.</i> <i>Please download the company's Sustainability Report from the website.</i> <i>Reference #Annual Report #Sustainability Report – http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf</i>	

		A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	
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	Please refer to www.puregold.com.ph for media and analysts' briefings.	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	Compliant	Please refer to www.puregold.com.ph for the Audited Financial Statements, Analysts' Briefing materials, Annual Report, Definitive Information Statements, Articles and Bylaws.	
a. Financial statements/reports (latest quarterly)			
b. Materials provided in briefings to analysts and media			
c. Downloadable annual report			
d. Notice of ASM and/or SSM			
e. Minutes of ASM and/or SSM			
f. Company's Articles of Incorporation and By-Laws			
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Compliant	Please refer to www.puregold.com.ph	
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	<i>Internal Audit Annual Plan includes the following: Financial Audit, Compliance Audit, Inventory Audit, and IT Audit, where the frequency of review is outlined on the Audit Plan. Revisions are typically done based on identified risks.</i>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	<i>Enterprise Risk Management is based on Control Environment, Risk Assessment, Information, and immediate communication, Monitoring Activities, and continuous enhancements of existing control environment based identified risks.</i> <i>The review is generally done every month with each division heads and top management.</i>	
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	Compliant	<i>The company is compliant with laws and relevant regulations affecting its operation, although it is not written in one formal document nor presented in a comprehensive program.</i>	
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	-	-	-
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	<i>The in-house internal audit of the company comprises more than 300 employees, ensuring that control and systems are in place in the daily operation of the company.</i>	
Recommendation 12.3			

1. Company has a qualified Chief Audit Executive (CAE) appointed by the board.	Compliant	<i>The company has an Internal Auditor duly appointed by the board.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider.	Compliant	<i>The company's Internal Auditor is responsible for the internal audit activity of the organization.</i> <i>Please download the Audit Committee Charter from the website.</i>	
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.	Compliant	<i>There is no outsourced internal audit activity.</i>	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Non-compliant		<i>Each business unit and department manages risk in consultation with the top management and the Internal Audit Department.</i>
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	<i>The company will seek external technical support in risk management when such competence is not available internally.</i>	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Non-compliant		<i>Each business unit and department manages risk in consultation with the top management and the Internal Audit Department.</i>

2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Non-compliant		<i>Each business unit and department manages risk in consultation with the top management and the Internal Audit Department.</i>
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	<i>The CEO and CAE attest in writing, at least annually, that a sound internal audit, control, and compliance system are in place and working effectively.</i> <i>#Certification</i>	
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	<i>Please download the MCG from the website.</i>	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Non-compliant		<i>Fundamental shareholder rights are those stated in the MCG.</i>
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	<i>The company's common share has one vote for one share.</i> <i>Please download the company's Annual Report and Information Statement from the website.</i> <i>Reference #Annual Report –</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf <i>#Information Statement -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/	

		SEC%2020- IS/2019%20Definitive%20Information%20Statemen t.pdf	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	<i>All shareholders of the same class are treated equally.</i> <i>Please download the company's Annual Report and Information Statement from the website.</i> <i>Reference #Annual Report –</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf <i>#Definitive Information Statement -</i> <a href="http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statemen
t.pdf">http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statemen t.pdf	
3. Board has an effective, secure, and efficient voting system.	Compliant	<i>The company has an effective, secure, and efficient voting system.</i> <i>Please download the company's Annual Report and Information Statement from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf <i>#Definitive Information Statement -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/	

		SEC%2020- IS/2019%20Definitive%20Information%20Statemen t.pdf	
4. Board has an effective shareholder voting mechanisms such as supermajority or “majority of minority” requirements to protect minority shareholders against actions of controlling shareholders.	Compliant	<i>The company is compliant with the rules of the Philippine Stock Exchange that require a majority of the minority in related party transactions involving shares of the company.</i>	
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.	Non-compliant		<i>There is no procedure yet for minority shareholders to call shareholders’ meetings and submit an agenda item. However, minority shareholders are not precluded from calling a meeting and submit an agenda item. The company has an Investor Relations Officer who can handle stockholders’ concerns.</i>
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	<i>Please download the company’s Annual Report and Information Statement from the website.</i> Reference #Annual Report - http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf #Definitive Information Statement - <a href="http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statemen
t.pdf">http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statemen t.pdf	
7. Company has a transparent and specific dividend policy.	Compliant	<i>The company has a dividend policy in place.</i>	

		On February 1, 2019, the company declared a regular cash dividend of P0.20 per share and a special cash dividend of P0.20 per share with record date February 15, 2019, and payable on March 1, 2019. Please download the company's Annual Report from the website. Reference #Annual Report - http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Compliant	The Company appoints its Stock Transfer Agent to count and validate the votes at the Annual Stockholders' Meeting. The stock transfer agent of the company is BDO – Trust Department. Please download the company's Information Statement from the website. Reference #Definitive Information Statement - http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statement.pdf	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	The company send notices to stockholder at least 30 days before the meeting. Please download the company's Information Statement from the website.	

		<i>Reference #Definitive Information Statement -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statement.pdf	
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:			
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	<i>Please download the company's Information Statement from the website.</i> <i>Reference #Definitive Information Statement -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statement.pdf	
b. Auditors seeking appointment/re-appointment	Compliant	<i>Please download the company's Information Statement from the website.</i> <i>Reference #Definitive Information Statement -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statement.pdf	
c. Proxy documents	Compliant	<i>Please download the company's Information Statement from the website.</i> <i>Reference #Definitive Information Statement -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statement.pdf	

		IS/2019%20Definitive%20Information%20Statement.pdf	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	<i>Please download the company's Information Statement from the website.</i> <i>Reference #Definitive Information Statement -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statement.pdf	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	<i>The results of the annual meeting are released to the public by submitting reports to the Philippine Stock Exchange.</i> <i>Reference #Result of ASM -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-C/2019/Result%20of%20Annual%20Stockholders%20Meeting,%20Organizational%20Meeting%20and%20Board%20Meeting%20dated%20May%202014,%202019.pdf	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Non-compliant		<i>The company has not yet established rules on disclosing minutes of the ASM within five business days from the end of the meeting.</i> <i>But the company is disclosing the result of the ASM immediately after the meeting.</i>
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer	Compliant	<i>The external auditor always attends the ASM to answer shareholders' questions during ASM.</i>	

shareholders questions during the ASM and SSM.		<i>Please download the company's Information Statement from the website.</i> <i>Reference #Definitive Information Statement - http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2020-IS/2019%20Definitive%20Information%20Statement.pdf</i>	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Non-compliant		<i>The company has not yet established an alternative dispute mechanism to resolve intra-corporate disputes.</i>
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Non-compliant		<i>The company has not yet established an alternative dispute mechanism.</i>
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	<i>The contact details of the officer responsible for investor relations:</i> <i>1. Name of the person: Mr. John Hao</i> <i>2. Telephone number: 8523-3055</i> <i>3. Fax number: 8523-3055</i> <i>4. E-mail address: john.hao@puregold.com.ph</i>	
2. IRO is present at every shareholder's meeting.	Compliant	<i>The IRO always attends the ASM.</i>	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	<i>The board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group.</i>	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Compliant	<i>As of December 31, 2019, the company's public float is 34.88%.</i>	

Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	-	-	-
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	-	-	-
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	<i>The company's stakeholders are its employees, customers, suppliers, investors, and the community.</i> <i>The company has programs for its stakeholders.</i> <i>Please download the company's Sustainability Report from the website.</i> <i>Reference #Annual Report #Sustainability Report - http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf</i>	.
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Non-compliant		<i>The company has not established yet clear policies and programs to provide a mechanism on fair treatment and protection of stakeholders.</i>
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	<i>The stakeholders may contact the Investors Relations Officer:</i> <i>1. Name of the person: Mr. John Hao</i>	

		2. Telephone number: 8523-3055 3. Fax number: 8523-3055 4. E-mail address: john.hao@puregold.com.ph	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Non-compliant		<i>The company has not yet established an alternative dispute resolution system.</i>
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	<i>The company does not seek exemption from any application of a law, rule, or regulation, especially when it refers to a corporate governance issue.</i>	
2. Company respects intellectual property rights.	Compliant	<i>The company protects its intellectual property rights by registering its trademarks.</i> <i>In case there is a complaint of intellectual property rights, the company immediately addresses the issue and require the concessionaire or supplier to remove the items in our stores.</i> <i>Please download the company's Annual Report from the website.</i> <i>Reference #Annual Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	
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	Compliant	<i>Please download the company's Sustainability Report from the website.</i> <i>Reference #Sustainability Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	

Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

Recommendation 15.1

1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	<i>Workplace policies and programs are in place to articulate the company's vision and values to its employee, not merely to ensure compliance with the law but also to ensure the accountability of both the management and the employees. Some of which are as follows :</i> <i>Rules and Regulations Against Sexual Harassment</i> <i>Breastfeeding Policy</i> <i>Company Policy and Rule on STD/HIV/AIDS</i> <i>Company Safety Policies</i> <i>Drug-Free Workplace Policy</i> <i>Family Welfare Program</i> <i>Workplace Policy on Mental Health</i> <i>Workplace Policy and Program on Expanded Maternity Leave</i> <i>Workplace Policy and Program on Tuberculosis (TB) Prevention and Control</i> <i>Workplace Policy and Program on Hepatitis B</i> <i>Workplace Policy and Program on Leave for Victims of Violence Against Women and Children</i> <i>Workplace Policy and Program on Paternity Leave</i> <i>Workplace Policy and Program on Solo Parents</i>	
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		<i>Workplace Policy and Program on Special Leave for Women</i> <i>Relocation Allowance Policy</i> <i>Scholarship program for Employees' Children</i> <i>Workplace Policy in the Prevention and Control of Covid-19</i>	
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	<i>1. The performance of each employee is reviewed twice a year. Yearly, performance of the employees is ranked per department per rank. Upper 50% will get corresponding merit increase, ranging from 5% to 10% of current salary. Those in the lower 50% will get 3% of the current salary.</i> <i>2. Service Awards - employee's loyalty is recognized every year with corresponding tokens of appreciation depending on awardees' tenure.</i> <i>3. Scholarship program for employees' children - qualified and deserving employees' dependents enjoy a full scholarship to premiere university and any state university in the country</i>	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	<i>The company complies with the occupational health and safety standards of the Department of Labor and Employment.</i> <i>Currently, the company has 380 Safety Officers and 343 First Aiders.</i> <i>The company provides the following benefits to its employees pertaining to health and safety: health insurance benefits and group personal accident insurance.</i> <i>For 2019, the company spent more than P28.5M on medical expenses of its employees, while total enrollment to accident insurance for 2019 is P1.9M.</i>	

3. Company has policies and practices on training and development of its employees.	Compliant	<i>The company extends practical and best applicable programs of employee training and development, which promote maximum efficiency in the performance of functions, duties, and responsibilities, and improve employee morale.</i> <i>From entry to retention, training programs progressively address both operational and behavioral requirements of different positions in the company.</i> <i>All new hires and candidates for promotion in Operations, for supervisory and managerial positions, undergo the Training Course for Section Supervisors (TCSS) and Training Course for Management Trainees (TCMT), while new hires in the office undergo a Departmental Training Course (DTC).</i> <i>It is in this way that the company communicates how vital their roles would be in the organization. It is also a useful tool for welcoming, nurturing, and retaining new hires and employees with a great deal of potential.</i> <i>Generally, training programs are tailor-fitted based on the department's requirements. Training programs are focused on leadership skills, functional training programs, customer service, communication skills, and culture building.</i> <i>Employees are also sent to external training to enhance their technical and leadership skills. Because of these development programs, an average of 6% of the workforce got promoted every year for the last five years.</i>	
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Recommendation 15.2

1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	<i>Article C Section 61 of the company's Code of Conduct states that Accepting or offering money, gift, anything of value, commission, preferential treatment, promise, in consideration of any act, contract, decision, or service-connected with the discharge of employee's work.</i> <i>First offense, if proven after due process, is punishable by dismissal from work.</i> <i>The company also observes a no-gift policy. Poster on No Gift Policy is in conspicuous areas in the stores and the Head Office.</i> <i>Every year, the company releases a memorandum reiterating the No Gift Policies, programs, and practices on anti-corruption.</i>	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	<i>All new hires undergo a new Employee Orientation Program (NEOP), where all matters about the code of discipline are made known to employees across the organization.</i> <i>The soft skills training programs of the company on Culture Building include the following modules: Values in Action, conducted from supervisory to managerial levels, while modules Nurturing our Company Culture and Person of Integrity are conducted to all levels. These programs, primarily, aim to deepen one's commitment to aligning personal values with corporate values.</i>	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	<i>For the last five years, the company has no case on employee involvement related to bribery.</i> <i>The last case was in 2014 when an employee committing such violation was placed under preventive suspension and eventually tendered his resignation. Report and recommendation of the Legal Department, after the conduct of the due</i>	

		<i>process, shows that if the employee had not resigned, he should have been dismissed for serious misconduct, conflict of interest, grave abuse of authority, asking or accepting things of value.</i>	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	<i>The company has a whistleblowing policy, but it is currently being reviewed to make it more efficient.</i>	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the board or a unit created to handle whistleblowing concerns.	Compliant	<i>Top management encourages its employees to report all acts of dishonesty, theft, pilferage, and other anomalous incidents in the workplace directly to the Chairman.</i>	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	<i>The company has a whistleblowing policy, but it is currently being reviewed to make it more efficient.</i>	
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	<i>Please download the company's Sustainability Report from the website.</i> <i>Reference #Sustainability Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	Compliant	<i>Please download the company's Sustainability Report from the website.</i> <i>Reference #Annual Report #Sustainability Report -</i> http://www.puregold.com.ph/wp-content/pgold-	-

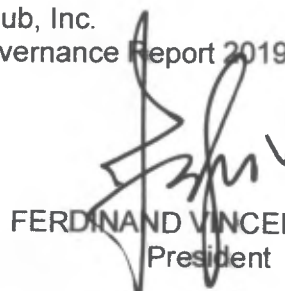
		data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	
2. Company exerts effort to interact positively with the communities in which it operates	Compliant	<i>Please download the company' s Sustainability Report from the website.</i> <i>Reference #Annual Report #Sustainability Report -</i> http://www.puregold.com.ph/wp-content/pgold-data/Corporate%20Governance/Disclosures_SEC/SEC%2017-A/Puregold%20Price%20Club,%20Inc.%20Annual%20Report%20CY%202019.pdf	-

SIGNATURES

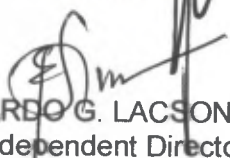
Puregold Price Club, Inc. Integrated Annual Corporate Governance Report 2019



LUCIO L. CO
Chairman



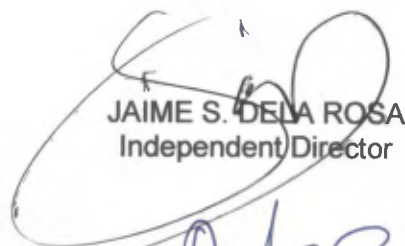
FERDINAND VINCENT P. CO
President



EDGARDO G. LACSON
Lead Independent Director



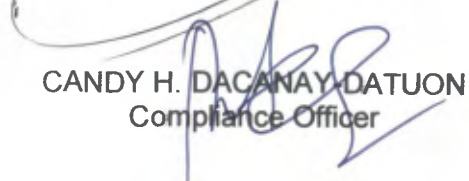
MARILYN V. PARDO
Independent Director



JAIME S. DELA ROSA
Independent Director



BABY GERLIE I. SACRO
Corporate Secretary



CANDY H. DACANAY-DATUON
Compliance Officer

Subscribed and sworn to before me this JUL 07 2020 day of July 2020 at Manila, Philippines.

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Series of 2020



EMMA RHEAB. SADURAL-CAPISTRANO
Notary Public for the City of Manila
Commission No. 2019-100 until December 31, 2020
Roll No. 55724
IBP Lifetime Member No. 07476
PTR No. 9123615 / 01-03-2020 / Mla
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