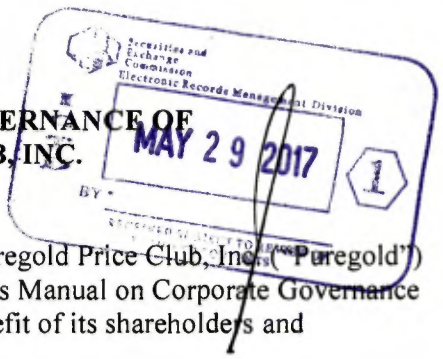

MANUAL ON CORPORATE GOVERNANCE OF PUREGOLD PRICE CLUB, INC.

The Board of Directors, key officers and employees of Puregold Price Club, Inc. ("Puregold") hereby commit themselves to the principles set forth in this Manual on Corporate Governance for the long-term success of the Company and for the benefit of its shareholders and stakeholders.

Principle 1

Puregold should be headed by a competent and working board of directors to foster the long-term success of the company, 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 stakeholders.

1. The Board of Directors of Puregold should be composed of directors with a collective working knowledge, experience or expertise that is relevant to retail industry. The Board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.

2. Puregold should provide relevant annual trainings for directors and key officers including an orientation program for first-time directors.

3. Puregold should maintain board members with diverse gender, culture, age, competence, and knowledge to ensure more effective decision-making.

4. The Board of Puregold should ensure that it is assisted in its duties by a Corporate Secretary and a Compliance Officer. The Compliance Officer should have a rank of Senior Vice President or an equivalent position with adequate stature and authority in the company. The Corporate Secretary and Compliance Officer should not be a member of the Board of Directors and should annually attend a training on corporate governance.

Principle 2

The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's article and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors of Puregold as well as to shareholders and other stakeholders.

1. The Board members of Puregold should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and all shareholders.

2. The Board members should oversee the development of and approve the company's business objectives and strategy, and monitor their implementation, in order to sustain Puregold's long-term viability and strength.

3. The Board of Puregold should be headed by a competent and qualified Chairperson.

4. The Board members of Puregold should adopt a policy on the retirement age for directors and key officers as part of management succession.

5. The Board members of Puregold should create a formal and transparent board nomination and election policy.

6. The Board should have the overall responsibility in ensuring that Puregold has a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.

7. The Board should be primarily responsible for approving the selection and assessing the performance of the management led by the President, and control functions led by the respective heads of Internal Audit, Compliance and Risk Management.

8. The Board should oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders of Puregold. The Board should also approve the Internal Audit Charter.

9. The Board should oversee that a sound enterprise risk management framework is in place to effectively identify, monitor, assess and manage key business risk. The risk management framework should guide the Board in identifying units/business lines and enterprise –level risk exposure, as well as the effectiveness of risk management strategies.

10. The Board of Puregold should have a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter should serve as a guide to the directors in the performance of their functions and should be publicly available and posted on the company's website.

Principle 3

Puregold should set up an Audit Committee and Corporate Governance Committee. The composition, functions and responsibilities of these committees should be contained in publicly available Committee Charter.

1. The Board of Puregold should establish 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. The Committee shall also be responsible for the oversight of Puregold's enterprise risk management system and review all material related party transactions of the company.

   The Audit Committee should be composed of a least three appropriately qualified non-executive directors, the majority of whom including the Chairman should be independent. All of the members of the committee must have relevant background, knowledge, skills and/or experience in the area of accounting, auditing, and finance. The Chairman of the Audit Committee should not be the chairman of the Board or of any other committees.

2. The Board of Puregold should establish a Corporate Governance Committee that should assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. It should be composed of at least three members, all of whom should be independent directors, including the Chairman.

3. The Audit Committee and Corporate Governance Committee shall have separate Committee Charters stating their respective purposes, memberships, structures,

operations, reporting processes, resources and other relevant information. The Charter should provide the standards for evaluating the performance of the Committees. It should also be fully disclosed on the company's website.

Principle 4

To show full commitment to Puregold, all 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 company's business.

1. Puregold directors should 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, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.

2. The non-executive directors of Puregold should concurrently serve as director to a maximum of five publicly listed companies only. This is to ensure that directors have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.

3. Puregold director should notify the Board before accepting a directorship in another company.

Principle 5

The Board of Directors of Puregold should endeavor to exercise objective and independent judgement on all corporate affairs.

1. The Board of Puregold should have at least three independent directors, or such number as to constitute at least one-third of the members of the Board, whichever is higher.

2. Puregold should ensure that independent directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position.

3. The Board's independent directors should serve for a maximum cumulative term of nine years. After which, the independent director should be perpetually barred from re-election as such in the same company, but may continue to qualify for nomination and election as a non-independent director. In the instance that Puregold wants to retain an independent director who has served for nine years, the Board should provide meritorious justification/s and seek shareholder's approval during the annual shareholders' meeting.

4. The positions of Chairman of the Board and President should be held by separate individuals and each should have clearly defined responsibilities.

5. The Board should designate a lead director among the independent directors if the Chairman of the Board is not independent, including if the positions of the Chairman of the Board and President are held by one person.

6. A director with a material interest in any transaction affecting the company should abstain from taking part in the deliberations for the same.

7. The non-executive directors of Puregold should have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation. The meetings should be chaired by the lead independent director.

Principle 6

The best measure of the Board's effectiveness is through as 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.

1. The Board should conduct a self-assessment of its performance, including the performance of the Chairman, individual members and committees.

Principle 7

Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

1. The Board of Puregold should adopt a Code of Business Conduct and Ethics, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code should be properly disseminated to the Board, senior management and employees. It should also be disclosed and made available to the public through the company website.

2. The Board members should ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.

Principle 8

Puregold should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

1. Puregold should establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.

2. The Board members and key officers of Puregold should disclose/report to the Chief Compliance Officer any dealings in Puregold's shares within three business days.

3. Puregold should fully disclose all relevant and material information on individual board members and key officers to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.

4. Puregold should provide a clear disclosure of its policies and procedure for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report. Also, companies should disclose the remuneration on an individual basis, including termination and retirement provisions.

5. Puregold should disclose its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions. The material or significant

RPTs reviewed and approved during the year should be disclosed in its Annual Corporate Governance Report.

6. Puregold should make 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, which could adversely affect the viability or the interest of its shareholders and other stakeholders.

7. Puregold's corporate governance policies, programs and procedures should be contained in its Corporate Governance Committee Charter, which should be submitted to the regulators and posted on the company's website.

Principle 9

Puregold should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same strengthen the external auditor's independence and enhance audit quality.

1. The Audit Committee should have a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the external auditor should be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For removal of the external auditor, the reasons for removal or change should be disclosed to the regulators and the public through the company website and required disclosures.

2. The Audit Committee Charter should include the Audit Committee's responsibility on assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Charter should also contain the Audit Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.

3. Puregold should disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest. The Audit Committee should be 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.

Principle 10

Puregold should ensure that the material and reportable non-financial and sustainability issues are disclosed.

1. The Board should have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance issues of its business, which underpin sustainability.

Principle 11

Puregold should maintain a comprehensive and cost-efficient communications channel for disseminating relevant information.

1. Puregold should include 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 investors.

Principle 12

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

1. Puregold should have an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business.

2. It should have 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.

3. It should have a qualified Chief Audit Officer, or an equivalent position, appointed by the Board. The Chief Audit Officer shall oversee and be responsible for the internal audit activity of the organization.

4. It should have a separate risk management function to identify, assess and monitor key risk exposures.

5. It should have a Chief Risk Officer, or an equivalent position, who is the ultimate champion of Enterprise Risk Management and has adequate authority, stature, resources and support to fulfill his/her responsibilities.

Principle 13

Puregold should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

1. Puregold should ensure that basic shareholder rights are disclosed in the Corporate Governance Committee Charter and on the company's website.

2. It should encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 30 days before the meeting.

3. Puregold should encourage 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. In addition, the Minutes of the Annual and Special Shareholders' Meeting should be available on the company website within five business days from the end of the meeting.

4. It should have an Investor Relations Officer to ensure constant engagement with its shareholders. The Investor Relations Officer should be present at every shareholder's meeting.

Principle 14

The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

1. Puregold should identify its various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability.

2. It should adopt a transparent framework and process that allow stakeholders to communicate with Puregold to obtain redress of the violation of their rights.

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.

1. Puregold should establish policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.

2. Puregold should set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. Further, the Board should disseminate the policy and program to employees across the organization through training or to embed them in the company's culture.

3. Puregold should establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.

Principle 16

Puregold 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.

1. Puregold should recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.

Signed this 26th day of May 2017, Manila, Philippines.

Lucio L. Co
Chairman of the Board

Atty. Candy H. Dacanay-Datuon
Compliance Officer