

Metro Retail Stores Group Inc.

Whistle-Blowing Policy - 1

Metro Retail Stores Group Inc. ("MRSGI" or the "Company") seeks to conduct its business honestly and with integrity. The Company expects all employees to maintain high standards of business conduct and to report any wrongdoing that falls short of these fundamental principles. It is the responsibility of all employees, suppliers/contractors, and those working for and/or dealing with the Company to raise any concerns that they might have about malpractice within the workplace.

This policy sets out the procedure by which an individual can report concerns about workplace practices.

A. Responsibility for Implementation of Policy

The Audit and Risk Committee has overall responsibility for this policy (subject to ratification by the Company's Board of Directors), but has delegated day-to-day responsibility for overseeing and implementing it to the Internal Audit Department of the Company. Responsibility for monitoring and reviewing the operation of the policy and any recommendations for action resulting from investigations into complaints lies with the Audit and Risk Committee.

Management shall ensure that all employees feel able to raise their concerns without fear of reprisals. All employees should ensure that they take steps to disclose any wrongdoing or malpractice of which they become aware. If you have any questions about the content or application of this policy, you should contact the Internal Audit Head of the Company.

B. Definition of Malpractice or Wrongdoing

A genuine concern should be reported if there are reasonable grounds to believe that:

1. A criminal offense has been committed (such as fraud, tax evasion) is being committed, or is likely to be committed; or
2. A person has failed, is failing, or is likely to fail to comply with his/her legal obligations (for instance by making misleading or deceitful statements to the authorities, self-dealing, not disclosing related third-party transactions, accepting/giving bribes or kickbacks or commissions, aiding or not reporting incidences of money-laundering); or
3. The health and safety of any individual has been, is being, or is likely to be endangered; or
4. A violation or infraction of the applicable Company Rules and Regulations where whistle-blowing is allowed/permitted, has been committed, is being committed, or about to be committed.
5. Any of the above are being, or are likely to be, deliberately concealed.

In general, this policy covers actions or omissions that are illegal, contrary to policy or established procedure, or outside the scope of any individual's authority, actions which could damage the Company's reputation, and conflicts of interest.

C. Disclosure Process

1. For the purposes of this procedure, employees, in the first instance, are asked to raise concerns about any form of malpractice or wrongdoing with their line manager or a senior manager in their department. If the employee is unable to do this, he/she should contact the Internal Audit Head of MRSGI or phone the confidential whistle-blowing line at 0908-8956-861;
2. If the disclosure is extremely serious or in any way involves the Internal Audit Department of the Company, employees should report it directly to the Chairman

3. Concerns may be raised orally or in writing and should specify whether the employee wishes his/her identity to be kept confidential or not. Employees shall formalize their concerns in writing either before or after the first meeting (or if no meeting occurs, via email or phone conversation). The immediate superior or the Internal Audit Head will acknowledge receipt of the formal written disclosure and keep a record of further action taken;
4. MRSGI recognizes that disclosure made under this policy may involve highly confidential and sensitive matters and that employees are allowed to make an anonymous disclosure. The Company shall make best effort to investigate all reported concerns and issues. However, proper investigation may prove impossible if the investigator cannot obtain further information from the reporting employee, provide feedback, or ascertain whether the disclosure was made in good faith.

D. Investigation of Disclosure

1. Following the submission of a formal written disclosure, the Internal Audit Head will acknowledge receipt within five (5) working days and make appropriate arrangements for an initial investigation;
2. The Internal Audit Department shall then carry out an initial assessment of the disclosure to determine whether there are grounds for a more detailed investigation to take place. A report will be produced and copies will be provided to the Audit and Risk Committee and, where appropriate, to the reporting employee;
3. If a longer investigation is considered necessary, the Internal Audit Department shall designate an investigator or investigative team including personnel with experience of operating workplace procedures or specialist knowledge of the subject matter or the disclosure;
4. In so far as the Internal Audit Department considers it appropriate and practicable, reporting employees will be kept informed of the progress of the investigation. However, the need for confidentiality may prevent the Company from giving specific details of the investigation or actions taken;
5. It is likewise recognized that there may be matters that cannot be dealt with internally and in respect of which external authorities will need to be notified and become involved either during or after the investigation. MRSGI, through its Audit and Risk Committee, shall endeavor to inform the appropriate stakeholders that a referral to an external authority is about to or has taken place.

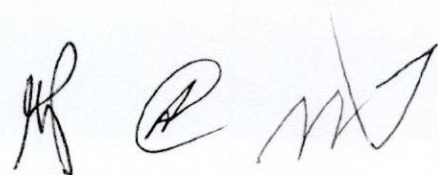
E. Confidentiality

Every effort will be made to keep the identity of an individual who makes a disclosure under this policy confidential. In order not to jeopardize the investigation into the alleged malpractice or wrongdoing, reporting employees are likewise expected to keep the case confidential, as well as the nature of the concern and the identity of those involved.

F. Protection and Support for Whistleblowers

No employee who raised genuinely-held concerns in good faith under this procedure will be dismissed or subjected to any detriment as a result of such action. Detriment includes unwarranted disciplinary action and victimization. Should the reporting employee believe that he/she is being subjected to a detriment within the workplace as a result of raising concerns under this procedure, such employee shall immediately inform the Audit and Risk Committee. Employees who victimize or retaliate against those who have raised concerns under this policy will be subjected to disciplinary action.

A confidential support and counseling hotline is available to those who make disclosures under this policy and can be contacted on 0908-8956-861.

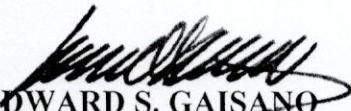


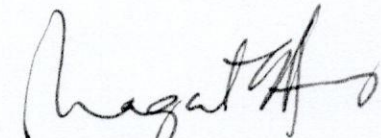
If an investigation under this procedure concludes that a disclosure has been made maliciously, vexatiously, in bad faith or with a view to personal gain, the whistleblower may be subjected to disciplinary action. Any such determination is however subject to review by the Audit and Risk Committee.

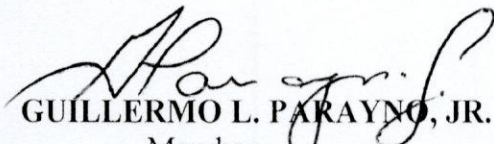
G. Corrective Action and Compliance

As part of the investigation into disclosures made under this policy, recommendations for action will be invited from the Internal Audit Department and its investigative team to enable the Company to minimize the risk of the recurrence of any malpractice or impropriety which has been uncovered. The Audit and Risk Committee will be responsible for reviewing these recommendations and for reporting on any actions required to the Board and the Chief Executive Officer.

Signed and adopted by the members of the Governance Committee on March 16, 2016 in Mandaue City.


EDWARD S. GAISANO
Chairman


MARGARET G. ANG
Member


GUILLERMO L. PARAYNO, JR.
Member


ARTHUR EMMANUEL
Member

