

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

JOSE PATRICIO A. DURLAO

Contact Person

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Company Telephone Number

1	2
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Month

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Fiscal Year

ACGR

Form Type

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Day

Annual Meeting

IHU-GSED

Secondary License type, if applicable

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Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of
Stockholders

Domestic

Foreign

To be Accomplished by SEC Personnel concerned

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SEC FORM-ACGR (FOR PC/RI)

ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC COMPANIES AND REGISTERED ISSUERS

1. For the fiscal year ended **December 31, 2021**
2. SEC Registration Number **23269**
3. BIR Tax Identification Number **000-500-232**
4. Exact Name of the Issuer as specified in its charter **FIRST METRO INVESTMENT CORPORATION**
5. Province, Country or other jurisdiction of incorporation or organization **METRO MANILA, PH**
6. Address of Principal Office **45TH FLR GT TOWER INT'L., AYALA AVE COR H.V. DELA COSTA ST.,
MAKATI CITY**
7. Postal Code **1200**
8. Issuer's telephone number, including area code **(632) 8858-7900**
9. Former name, former address, and former fiscal year, if changed since last report
NOT APPLICABLE
10. Industry Classification Code (For SEC's use only)

ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC COMPANIES AND REGISTERED ISSUERS

RECOMMENDATION		COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
THE BOARD'S GOVERNANCE RESPONSIBILITIES				
Principle 1. ESTABLISHING A COMPETENT BOARD				
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 growth in a manner consistent with its corporate objectives and the long-term best interests of its shareholders/members and other stakeholders.				
Recommendation 1.1				
1	The Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	<p>FMIC ensures that the Board is composed of appropriate mix of individuals with collective, experience, competence or expertise that is relevant to the company's industry.</p> <p>1. Profile of each director are disclosed in the Company's SEC Form 17.A [page 47, item 9] filed with the Commission on 08 April 2022.</p> <p>The Company's website also discloses the names and credentials of the company's Board of Directors.</p> <p>https://www.firstmetro.com.ph/about-first-metro-investment-corporation/corporate-governance/board-of-directors</p> <p>However, the composition has changed since last election held on 28 April 2022.</p> <p>2. Qualification standards are embodied in the Company's Manual of Corporate Governance (pg. 3)</p>	
2	The Board has an appropriate mix of competence and expertise.	Compliant		
3	Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant		

			https://www.firstmetro.com.ph/about-first-metro-investment-corporation/corporate-governance	
Recommendation 1.2				
1	The Board is headed by a competent and qualified Chairperson.	Compliant	<p>Until his replacement, Mr. Francisco C. Sebastian was the Chairman of the FMIC Board of Directors.</p> <p>His competence and qualifications are disclosed in the Company's SEC Form 17.A [page 47, item 9] filed with the Commission on 08 April 2022.</p> <p>The Chairman's profile is also disclosed in the company's website. However, as of 28 Apr 2022, the website reflects the profile of the current chairman, Ms. Mary Mylene Caparas</p> <p>https://www.firstmetro.com.ph/about-first-metro-investment-corporation/corporate-governance/board-of-directors/117-mylene-a-caparas</p>	
Recommendation 1.3				
1	The company provides a policy on training of directors.	Compliant	<p>The Company's policy on training of directors can be found in page 34 of the MCG which can be downloaded at</p> <p>https://www.firstmetro.com.ph/about-first-metro-investment-corporation/corporate-governance</p>	
2	The company has an orientation program for first-time directors.	Compliant	<p>Policy on orientation program for first-time director can be found in page 34 of the MCG which can be downloaded at</p>	
3	The company has relevant annual continuing training for all directors.	Compliant		

			https://www.firstmetro.com.ph/about-first-metro-investment-corporation/corporate-governance Annual continuing training for all directors were held on two separate dates, 05 and 12 March 2021, conducted by the Institute Corporate Directors. This was attended by all the nine (9) incumbent directors. Attendance and certificate were filed with the Commission last 19 March 2021. The training covered the following topics: AMLA, Risk Management, Digital Transformation, and Building Business Resilience in the Corporate Strategy. The entire program ran for over a period of four (4) hours.	
Recommendation 1.4				
1	The Board has a policy on board diversity.	Compliant	Members of the board are from diversified background and work experiences, and well-known in the industry, though all of the board of directors are male. The policy can be found at page 3 <i>Board Composition</i> of the Company's MCG which can be downloaded at https://www.firstmetro.com.ph/about-first-metro-investment-corporation/corporate-governance	
Recommendation 1.5				
1	The Board is assisted by a Corporate Secretary.	Compliant	The Corporate Secretary is Ms. Alesandra T. Ty, while the Compliance Officer is Atty. Alexis K. Javelosa, Jr. Ms. Ty is not a member of the Board.	
2	The Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		
3	The Corporate Secretary is not a member of the Board of Directors.	Compliant		

			FMIC Executive Officers as of Dec 31, 2021, are listed on page 50 of SEC Form 17.A filed with the Commission on 08 April 2022.	
4	The Corporate Secretary attends annual training/s on corporate governance.	Compliant	The Corporate Secretary is required to attend the annual training/s on corporate governance. [<i>The Corporate Secretary</i> , p29, MCG]	
Recommendation 1.6				
1	The Board is assisted by a Compliance Officer.	Compliant	The Compliance Officer is Atty. Alexis K. Javelosa, Jr, VP and is not a member of the Board. FMIC Executive Officers as of Dec 31, 2021, are listed on page 50 of SEC Form 17.A filed with the Commission on 08 April 2022.	FMIC has just recently surrendered its QB License from BSP where the position of a Compliance Officer was only required to be at least on a VP-level. Atty. Javelosa's position still provides him with adequate stature and authority towards compliance matters in the Company.
2	The Compliance Officer has a rank of Senior Vice-President or an equivalent position with adequate stature and authority in the corporation.	Non- Compliant		
3	The Compliance Officer is not a member of the board.	Compliant		
4	The Compliance Officer attends annual training/s on corporate governance.	Compliant	The Compliance officer attended the annual training/s on corporate governance last March 2021. [<i>The Corporate Secretary</i> , p29, MCG]	
Principle 2. ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD				
The fiduciary roles, responsibilities, and accountabilities of the Board, as provided under the law, the company's articles of incorporation and bylaws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to shareholders/members and other stakeholders.				
Recommendation 2.1				
1	The Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company, shareholders and stakeholders.	Compliant	The Company's CGM provides the specific duties and responsibilities of a director. An annual performance evaluation is conducted to assess the director's performance of such duties and responsibilities.	

			<p>See CGM page 6, item 6 <i>Specific Duties and Responsibilities of a Director</i> and page 35, item N., <i>Annual Self-Assessment</i></p> <p>Directors' attendance to the meetings is likewise taken as a testament of their performance. In 2021, the Board had 12 meetings with the incumbent directors attending 100% of all meeting which exhibits active participation among the directors.</p> <p>This is disclosed in <i>Certificate on the Attendance of the Board of Directors</i> filed with the commission on 20 January 2022.</p>	
Recommendation 2.2				
1	The Board oversees the development and approval of the company's business objectives and strategy.	Compliant	The Board is responsible for approving First Metro's objectives and strategies and in overseeing the management implementation thereof. This is provided as part of the <i>Powers/Responsibilities and Duties of the Board</i> [MCG page 4, item 2.c.2]	
2	The Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant		Business objectives and strategies are developed and revisit at least on an annual basis.
Recommendation 2.3				
1	The Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	The retirement and succession policy are mandated in the Company's MCG (page 5-6, item 3)	
2	The Board adopts a policy for the retirement of directors and key officers.	Compliant		The Company's By-Laws provides that he tenure of the Board is until the next annual meeting of shareholders and until his successor shall have been elected and identified (Sec 3). Any vacancies occurring in the BOD other than removal by the shareholders or by

			<p>expiration of a term may be filled by the vote of at least the majority of the remaining Directors if still constituting a quorum; otherwise, said vacancies must be filled by the shareholders in a regular or special meeting called for the purpose. A Director shall be elected to fill a vacancy for the unexpired term of his predecessor in office. (Sec 7). Elections/appointments are subject to the qualifications as set forth in the existing MCG.</p> <p>The Company also provides a Retirement Plan for its employees. Retirement is compulsory for employees reaching their 55th birthday or completing a period of continuous service of 30 years, whichever comes first.</p>	
Recommendation 2.4				
1	The Board aligns the remuneration of key officers and board members with the long-term interests of the company.	Compliant	The compensation policy of the Board and key officers are indicated in the Company's MCG (page 5-6, item 3) As discussed in the Company's MCG, part of the duties and responsibilities of a director is to conduct fair business transaction with the Company and to ensure personal interest does not bias Board decisions. Directors should, whenever possible, avoid situations that would give rise to a conflict of interest. Directors are required to abstain from participating in Board discussion on particular agenda when they are conflicted.	
2	The Board adopts a policy specifying the relationship between remuneration and performance.	Compliant		
3	The Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant		
Recommendation 2.5				

1	The Board has a formal and transparent board nomination and election policy.	Compliant	The Company's board and election policy is embodied in the Nomination Committee's rules and responsibilities as well as its charter. [MCG, page 23 <i>Nominations Committee</i>] Copy of the Chapter can be found in the last page of the MCG after the signature portion.	
2	The Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3	The Board nomination and election policy includes how the company accepted nominations from shareholders/members.	Compliant		
4	The Board nomination and election policy includes how the board reviews the qualifications of nominated candidates.	Compliant		
5	The Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement/removal of a director.	Compliant		
6	The Board has a process for identifying the quality of directors/trustees that is aligned with the strategic direction of the company.	Compliant		
Recommendation 2.6				
1	The Board has overall responsibility in ensuring that there is a policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	As discussed in the Company's MCG, part of the duties and responsibilities of a director is to conduct fair business transaction with the Company and to ensure personal interest does not bias Board decisions. Directors should, whenever possible, avoid situations that would give rise to a conflict of interest. Directors are required to abstain from participating in Board discussion on particular agenda when they are conflicted The Related Party Committee helps the Board in performing its role over RPTs. [MCG, pages 26-28, <i>Related Party Transactions Committee</i>] The Company also as a Board-approved Related Party Transactions Manual	
2	The RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant		

			The Related Party Transactions approved pursuant to the policy are indicated in the submitted SEC Form 17-A [Audited Financial Statement, page 89, note 25]	
Recommendation 2.7				
1	The Board is primarily responsible for approving the selection of Management, led by the Chief Executive Officer (CEO) or his/her equivalent, and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive, as may be applicable).	Compliant	<p>The board of directors shall approve the selection of the President/CEO and key members of the senior management and control functions and oversee their performance. [MCG, page 5, item 3.i on <i>Powers/Responsibilities and Duties of the Board</i>]</p> <p>The Senior Management Team members are disclosed in the Company's website:</p> <p>https://www.firstmetro.com.ph/about-first-metro-investment-corporation/corporate-governance/management-team</p> <p>FMIC Executive Officers as of Dec 31, 2021, are listed on page 50 of SEC Form 17.A filed with the Commission on 08 April 2022</p>	
2	The Board is primarily responsible for assessing the performance of Management, led by the CEO or his/her equivalent and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive, as may be applicable).	Compliant	As discussed in the Company's MCG, the Responsibilities of the Board include monitoring and overseeing the performance of senior management, including the President.	
Recommendation 2.8				
1	The Board establishes an effective performance evaluation framework that includes a standard or criteria for assessment and ensures that Management's	Compliant	As discussed in the Company's MCG, the board shall ensure that personnel's expertise and knowledge remain	

	performance is on par with the standards set by the Board and Senior Management.		relevant. The board of directors shall provide its personnel with regular training opportunities as part as of professional development program to enhance their competencies and stay abreast of developments relevant to their areas of responsibility. [MCG, page 6, item 3.v.]	
2	The Board establishes an effective performance evaluation framework that includes a standard or criteria for assessment and ensures that personnel's performance is on par with the standards set by the Board and Senior Management.	Compliant	The Company implements an annual performance evaluation of its personnel	
Recommendation 2.9				
1	The Board ensures that an appropriate internal control system is in place.	Compliant	The Board approves and oversees the implementation of policies governing major areas of FMIC's operations. The Board of directors regularly reviews these policies, as well as evaluate control functions (e.g. internal audit risk, risk management and compliance) with senior management to determine areas for improvement as well as promptly identify and address significant risks and issues. [MCG, page 5, item 2.4]	
2	The internal control system includes a mechanism for monitoring and managing potential/actual conflicts of interest of the board members/trustees, management and shareholders/members.	Compliant		
3	The Board adopts an Internal Audit Charter.	Compliant	Through the Audit Committee, the Board exercises oversight responsibility over the internal audit function. [MCG, page 24. Item 3 on <i>Audit Committee</i>] Internal auditing function is outsourced to Metrobank Internal Audit Group.	
Recommendation 2.10				
1	The Board ensures that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	The Risk Oversight Committee advises the Board on the First Metro's overall current and future risk appetite, oversee senior management's	

2	The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	adherence to the risk appetite statement, and report on the state of risk culture of the First Metro [MCG, page 25, <i>Risk Oversight Committee</i>]	
Recommendation 2.11				
1	The Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	Compliant	The duties and responsibilities of the Board of Directors are written in the Corporate Governance Manual which serves also as the Board Charter. https://www.firstmetro.com.ph/about-first-metro-investment-corporation/corporate-governance	
2	The Board Charter serves as a guide to the directors/trustees in the performance of their functions.	Compliant		
3	The Board Charter is publicly available.	Compliant		
Principle 3. ESTABLISHING BOARD COMMITTEES				
The 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, compliance and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all the board committees should be contained in their respective board committee charters.				
Recommendation 3.1				
1	The Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	The Board has established board committee, namely: Executive Committee, Nominations Committee, Audit Committee, Risk Oversight Committee, Corporate Governance and Compensation Committee, and Related Party Transactions Committee: [MCG, pages 23-28, <i>Board Committees</i>]	
Recommendation 3.2				
1	The 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	The Audit Committee is one of the Committee established by Board of FMIC Directors,. [MCG, pages 23-28, <i>Board Committees</i>] The Audit Committee recommend the appointment and removal of the external auditor. Please refer to	

			<i>Definitive information Statement</i> submitted to the Commission last 04 April 2022 (page 16)	
2	The Audit Committee is composed of at least three (3) qualified non-executive directors, the majority of whom, including the Chairperson, are independent directors.	Compliant	<p>The Audit Com is composed of at least three (3) members of the board of directors, who shall all be non-executive directors, majority of whom are independent directors, including the Chairperson: The Chairperson of the audit committee is not the Chairperson of the board of directors or of any other board-level committees. MCG, pages 23-28, <i>Board Committees</i>]</p> <p>The Audit Com composition for the year 2021-2022 is disclosed in <i>Annex B of SEC 17-C submitted to the Commission on 05 May 2021</i>.</p> <p>Their competence and qualifications are disclosed in the Company's SEC Form 17.A [page 47, item 9] filed with the Commission on 08 April 2022.</p>	
3	All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	Their competence and qualifications are disclosed in the Company's SEC Form 17.A [page 47, item 9] filed with the Commission on 08 April 2022.	
4	The Chairperson of the Audit Committee is not the Chairperson of the Board or of any other committee.	Compliant	The Audit Com composition for the year 2021-2022 is disclosed in Annex B of SEC 17-C submitted to the Commission on 05 May 2021	
Recommendation 3.3				

1	The 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	The FMIC Board has established Corporate Governance Committee and a separate Nomination Committee to evaluate the qualification of nominees to the Board.	
2	The Corporate Governance Committee is composed of at least three (3) members, majority of whom, including the Chairperson, should be independent directors.	Compliant	The CG Com composition for the year 2021-2022 is disclosed in <i>Annex B of SEC 17-C submitted to the Commission on 05 May 2021</i>	

Recommendation 3.4

1	The Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	[MCG, pages 23-28, <i>Board Committees</i>]	
2	The BROC is composed of at least three (3) members, the majority of whom should be independent directors, including the Chairperson.	Compliant	The ROC composition for the year 2021-2022 is disclosed in <i>Annex B of SEC 17-C submitted to the Commission on 05 May 2021</i>	
3	At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	Their competence and qualifications of the ROC members are disclosed in the Company's SEC Form 17.A [page 47, item 9] filed with the Commission on 08 April 2022.	

Recommendation 3.5

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.	Compliant	All Board Committees have Board-approved Charters which are reviewed at least annually	
2	The Committee Charters provide standards for evaluating the performance of a committee and its members.	Compliant	[MCG, pages 23-28, <i>Board Committees</i>]	

Principle 4. FOSTERING COMMITMENT

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/members in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	The Directors attend and actively participates in all meetings of the Board, Committees, and Shareholders in accordance with existing rules and regulations.	
2	The Directors review meeting materials for all Board and Committee meetings.	Compliant	This is supported by various minutes of the meetings filed and kept by the Office of the Corporate Secretary and the respective committee secretariats.	
3	The Directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	This is supported by various minutes of the meetings filed and kept by the Office of the Corporate Secretary and the respective committee secretariats	
Recommendation 4.2				
1	Non-executive directors concurrently serve in not more than ten (10) public companies and/or registered issuers. If concurrently sitting in at least three (3) publicly listed companies, the maximum concurrent directorships shall be five (5) public companies and/or registered issuers.	Compliant	The Directors' concurrent positions are are disclosed in the Company's SEC Form 17.A [page 47, item 9] filed with the Commission on 08 April 2022	
Recommendation 4.3				
1	The Directors notify the company's board before accepting a directorship in another company.	Compliant	As part of their specific duties, Directors should devote sufficient time to familiarize themselves with the institution's business. They must be constantly aware of the institution's condition and be knowledgeable enough to contribute meaningfully to the board's work. They must attend and actively participate in board and committee meetings, request and review meeting materials, ask questions, and request explanations. If a person cannot give sufficient time and attention to the affairs of the institution, he should neither accept his nomination nor run for election as member of the board.	

			The MCG also provides for Multiple Board Seat (Page 22, item 11)	
			No actual case recorded for 2021	
Principle 5. REINFORCING BOARD INDEPENDENCE				
The Board should endeavor to exercise an objective and independent judgment on all corporate affairs.				
Recommendation 5.1				
1	The Board is composed of a majority of non-executive directors who possess the necessary qualifications.	Compliant	Directorship status is disclosed in the Company's SEC Form 17.A [page 47, item 9] filed with the Commission on 08 April 2022.	
Recommendation 5.2				
1	The Board has at least two (2) independent directors or such number as to constitute one-third (1/3) of the board, whichever is higher.	Compliant	Three (3) of nine directors of First Metro are independent directors. Directorship status is disclosed in the Company's SEC Form 17.A [page 47, item 9] filed with the Commission on 08 April 2022.	
Recommendation 5.3				
1	The independent directors possess all the qualifications and none of the disqualifications to hold the position.	Compliant	The qualifications for independent directors are discussed in the Company's MCG (pages 14 – 16). It serves as the basis of the Nominations Committee in assessing nominees for the said position	
Recommendation 5.4				
1	The company perpetually bars an independent director from serving in such capacity after the term limit of nine (9) years.	Compliant	The qualifications, including term limits, for independent directors are discussed in the Company's MCG (pages 14 – 16).	
2	In the instance that the company retains an independent director in the same capacity after nine (9) years, the Board provides meritorious justification and seeks shareholders'/members' approval during the annual regular meeting.	Compliant	All the independent directors have less than 9 years in their position.	
Recommendation 5.5				

1	The positions of Chairperson of the Board and Chief Executive Officer (or its equivalent) are held by separate individuals.	Compliant	The Chairman of the Board in 2021 is Mr. Francisco C. Sebastian, while the President is Mr. Patricio Dumlao	
2	The Chairperson of the Board and Chief Executive Officer (or its equivalent) have clearly defined responsibilities.	Compliant	The positions of Chairman of the Board and President are held by two separate individuals and their responsibilities were clearly defined in the Bank's CGM, Amended By-Laws and Annual Report.	

Recommendation 5.6

1	The Board designates a lead director among the independent directors if the Chairperson of the Board is not an independent director.	Non-Compliant		FMIC is yet to designate a lead director. Nonetheless, the Independent Directors lead key Board Committee functions such as CGCom, RPTC, ROC and Aud Com. One of the independent directors lead each Non-Executive Director meeting whenever conducted.
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Recommendation 5.7

1	The Directors/Trustees with material interest in a transaction affecting the corporation fully disclose his/her adverse interest, abstain from taking part in the deliberations for the same, and recuse from voting on the approval of transaction.	Compliant	The Company's MCG provides that Directors should conduct fair business transactions with the Company and ensure that personal interest does not bias Board decisions..	
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Recommendation 5.8

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 directors present.	Compliant	The NED conducts meeting at least annually with external auditors and heads of the internal audit, compliance, and risk functions. No executive directors attended such meetings and one of the Independent Directors leads each of the meetings.	
2	The meetings are chaired by the lead independent director, if applicable.	Compliant	In 2021, the NED meeting was held on 23 November.	

Principle 6. ASSESSING BOARD PERFORMANCE

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	The Board conducts an annual self-assessment of its performance as a whole.	Compliant	Performance assessment of the Board, Chairman of the Board, President, Board Committees and each of the individual directors using Board-approved rating sheets through the Corporate Governance and Compensation Committee (CGCOM) The company has adopted an internal self-rating system and procedures to determine and measure compliance vis-à-vis good corporate governance principles and practices as prescribed in the Code of Corporate Governance. It uses a four-point rating scale. See Annual Report and MCG for the policy	
2	The Chairperson conducts an annual self-assessment of his performance.	Compliant		
3	The individual members conduct a self-assessment of their performance.	Compliant		
4	Each committee conducts a self-assessment of its performance.	Compliant		

Recommendation 6.2

1	The Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors/trustees and committees.	Compliant	Please refer to MCG page35 <i>N. Annual Self-Assessment</i> . The Company has a system for feedback mechanism from the shareholders through the Stockholders' meetings where the Company conducts open forum and voting mechanism in ratifying the acts of the directors. Shareholders are also given access to communicate anytime through the Investor Relations/Corporate Communications Hotline posted on the Company's website.	
2	The system allows for a feedback mechanism from the shareholders/members.	Compliant		

Principle 7. STRENGTHENING BOARD ETHICS

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

Recommendation 7.1

1	The Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of board members.	Compliant	The Board has adopted the Code of Ethics which is applicable to all directors, employees, consultants and advisors of First Metro. [MCG, Page 37]	
2	The Code is properly disseminated to the members of Board.	Compliant	The code is given to the directors who are annually required to sign a conforme attesting to their agreement and compliance with the provisions enumerated therein.	
3	The Code is disclosed and made available to the public through the company website.	Compliant	https://www.firstmetro.com.ph/about-first-metro-investment-corporation/corporate-governance	

Recommendation 7.2

1	The Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	As an extension of the Board of Directors, the Audit Committee (AUDITCOM) assists the Board of Directors in fulfilling its statutory and fiduciary responsibilities, which include among others, ensuring compliance with company policies, and applicable laws, rules and regulations and code of conduct; ensuring adequate and effective internal controls.	
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DISCLOSURE AND TRANSPARENCY

Principle 8. ENHANCING COMPANY DISCLOSURE POLICIES AND PROCEDURES

The Board should establish corporate disclosure policies and procedures that are practical and in accordance with generally accepted best practices and regulatory expectations.

Recommendation 8.1

1	The Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders/members and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	The Company's MCG provides for a reportorial/disclosure system of company's corporate governance policies [MCG page 36]	
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Recommendation 8.2

1	The company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within five (5) business days.	Compliant	Part of the disclosure system is for the Board to at all times to fully disclose material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.	
2	The company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within five (5) business days.	Compliant	Further, the Company dutifully complies with its Policy on Insider Trading and Personal Account Dealing Policy to uphold applicable laws and ensure the protection of the shareholders from individuals who may take advantage of information not readily available in the market.	

Recommendation 8.3

1	The company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	The Company has board approved Manual of Corporate Governance which is posted in the company website	
2	The company's MCG is submitted to the SEC.	Non-Compliant		The MCG is submitted to the Commission on 29 June 2022
3	The company's MCG is posted on the company website.	Compliant		

Recommendation 8.4

1	The company's corporate governance policies and practices and all relevant information are disclosed in its Annual Corporate Governance Report (ACGR).	Compliant	Commencing with this 2021 ACGR, the same shall be submitted to SEC and published in FMIC website.	
2	The company's ACGR is submitted to the SEC.	Compliant		
3	The company's ACGR is posted on the company website.	Compliant		

Principle 9. STRENGTHENING EXTERNAL AUDITOR'S INDEPENDENCE AND IMPROVING AUDIT QUALITY

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	The Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of external auditors.	Compliant	The process of approving and recommending the appointment, reappointment, removal, and fees of external auditors are indicated in the Audit Committee's Charter.	
2	The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and the shareholders/members.	Compliant	The process of approving and recommending the appointment, reappointment, removal, and fees of external auditors are indicated in the Audit Committee's Charter.	
3	For the removal of external auditor, the reasons for such removal or change are disclosed to the SEC, the shareholders/members, and the public through the company website and required disclosures.	Compliant	There was no case or incident of removal or change of external auditor in 2021	
Recommendation 9.2				
1	The 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	As stated in the Audit Committee Charter, under Duties and Responsibilities 1.n.iii, the Audit Committee shall assess and monitor the integrity, independence and objectivity of external auditor, and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	
2	The Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant	Audit Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis is stated in the Audit Committee Charter under Duties and Responsibilities.	
Recommendation 9.3				
1	The company discloses the nature of non-audit services performed by its external auditor in the Annual Report to manage potential conflict of interest cases.	Compliant	It is part of the Audit Com's duties and responsibilities to evaluate and determine non-audit work by external	

2	The 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	auditor and keep under review the non-audit fees paid to the external auditor both in relation to their significance to the total annual income of the external auditor and in relation to the Company's total expenditure on consultancy and disallow any nonaudit work that will conflict with or pose a threat to the independence of the external auditor. The non-audit work, if allowed, should be disclosed in the Annual Report and Annual Corporate Governance Report; No instance on non-audit services in 2021.	
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Principle 10. INCREASING FOCUS ON NON-FINANCIAL AND SUSTAINABILITY REPORTING

The Board should ensure that the company discloses material and reportable non-financial and sustainability issues.

Recommendation 10.1

1	The Board has a clear and focused strategy on the disclosure of non-financial information.	Non-Compliant		As a matter of corporate governance policy and practice, First Metro ensures that all material information about the corporation are publicly and timely disclosed to the stockholders. However, the extent of disclosure as to sustainability is still underway being a non-publicly listed company.
2	The company discloses to all shareholders/members and other stakeholders the company's strategic and operational objectives with emphasis on the management of environmental, economic, social and governance (EESG) issues of its business which underpin sustainability.	Non-Complaint		

Principle 11. PROMOTING A COMPREHENSIVE AND COST-EFFICIENT ACCESS TO RELEVANT INFORMATION

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

Recommendation 11.1

1	The company has a website to ensure a comprehensive, cost-efficient, transparent and timely manner of disseminating relevant information to the public.	Compliant	https://www.firstmetro.com.ph/	
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INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORKS

Principle 12. STRENGTHENING INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

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 system.

Recommendation 12.1

1	The company has an adequate and effective internal control system in the conduct of its business.	Compliant	<p>Internal Audit function is outsourced from Metrobank. Nonetheless, the Audit Committee is responsible for the appointment/selection, remuneration, and dismissal of internal auditor. It shall review and approve the audit scope and frequency. The committee also ensures that the scope covers the review of the effectiveness of the First Metro's internal controls, including financial, operational and compliance controls, and risk management system. The committee also functionally meets with the head of the internal audit and such meetings are duly minuted and adequately documented.</p> <p>The Internal Audit is conducted based on the program and SLA with Metrobank IAG Group</p>	
2	The company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	Company's Risk Management Framework to is discussed in MCG page 32, <i>H. Risk Management</i> .	

Recommendation 12.2

1	The company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	The Internal Audit is conducted based on the program and SLA with Metrobank IAG Group	
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CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS/MEMBERS

Principle 13. PROMOTING SHAREHOLDER/MEMBER RIGHTS

The company should treat all shareholders/members fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

Recommendation 13.1

1	The Board ensures that basic shareholder/member rights are disclosed in the Manual on Corporate Governance.	Compliant	The Shareholder's Rights are enumerated in the MCG, pages 9-11	
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1	The Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders'/Members' Meeting with sufficient and relevant information at least twenty-one (21) days before the meeting.	Compliant	<p>The company published the Notice of the Annual Stockholders meeting on the following dates:</p> <p><i>April 28, 2022 meeting – April 6 and 7, 2022 (based on Affidavit submitted to the Commission on 02 May 2022)</i></p> <p><i>April 30, 2021 meeting – April 8 and 9, 2021 (based on Affidavit submitted to the Commission on 11 May 2022)</i></p> <p>https://www.firstmetro.com.ph/asm-2021</p>	
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Recommendation 13.3

1	The Board encourages active shareholder/member participation by making the result of the votes taken during the most recent Annual or Special Shareholders'/Members' Meeting publicly available the next working day.	Compliant	<p>During the stockholders' meeting, the host launched the poll question for each of the agenda item and the stockholders casted their votes. Preliminary voting results are presented after the voting tabulation.</p> <p>Minutes of the ASM showing the active participation of the shareholders are filed with the OCS.</p>	
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2	The minutes of the Annual and Special Shareholders'/Members' Meetings were made available on the company website within five (5) business days from the date of the meeting.	Non-Compliant		Minutes of the ASM showing the active participation of the shareholders are filed with the OCS instead of publishing in AMI's website. The Minutes are available upon request of the stockholders and made available also along with the materials for the next ASM. https://www.firstmetro.com.ph/asm-2022
Recommendation 13.4				
1	The Board makes available, at the option of a shareholder/member, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Non-Compliant		First Metro is 99.24% owned by Metropolitan Bank and Trust Company ("Metrobank"). In the past, there are limited concerns being brought up by the other shareholders. Nonetheless, this alternative dispute mechanism for shareholders/members is yet to be included in the 2021 Manual of Corporate Governance.
Recommendation 13.5				
1	The Board establishes an Investor Relations Office (IRO) or Customer Relations Office (CRO) or its equivalent to ensure constant engagement with its shareholders/members.	Compliant	First Metro has not set up a separate investor relations office since the company is 99.24% owned by Metrobank. Nonetheless, any concerns or transactions with the shareholders are handled by the Corporate Services and Operations Group (CSOG) and the office of the Corporate Secretary. CSOG Head: Atty, Nimfa B. Pastrana <i>Telephone number:(632)88405706</i> <i>E-mail :</i> <i>nimfa.pastrana@firstmetro.com.ph</i>	
2	The IRO or CRO or its equivalent is present at every shareholders'/members' meeting.	Compliant	Dr. Pastrana is present every Annual Stockholders Meeting.	

DUTIES TO STAKEHOLDERS

Principle 14. RESPECTING RIGHTS OF STAKEHOLDERS AND EFFECTIVE REDRESS FOR VIOLATION OF STAKEHOLDER'S RIGHTS

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	The Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	FAMI, the company's fund manager, has put in place mechanism to deal directly with stockholders/investors.	
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Recommendation 14.2

1	The Board establishes clear policies and programs to provide a mechanism on the fair treatment, protection and enforcement of the rights of stakeholders.	Compliant	FAMI, the company's fund manager, has put in place mechanism to deal directly with stockholders/investors	
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Principle 15. ENCOURAGING EMPLOYEES' PARTICIPATION

A mechanism for employee participation should be developed to create a symbiotic working environment consistent with the realization of the company's objectives and good corporate governance goals.

Recommendation 15.1

1	The 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	The Company has established policies and programs for its employees covering among others, health, safety and welfare, training and development, reward/compensation, which encourage them to perform better and motivate them to a more dynamic role in the Company.	
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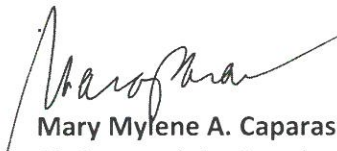
Recommendation 15.2

1	The Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Business Conduct and Ethics.	Compliant	The Company adopts a Code of Ethics which is applicable to all directors, employees, consultants and advisors of First Metro.	
2	The Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	The Company implement an annual review and certification of its key policies among its directors and employees. This includes: Chinese Wall, Insider Dealing, Code of Ethics, and Acceptable Usage Policy. Likewise, the Company conducts annual eLearning	

			for Information Security, Data Privacy, and AMLA regulations.	
Recommendation 15.3				
1	The 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	All employees are encouraged to play their part in improving the overall effectiveness and success of FMIC and in strengthening its system of integrity.	
2	The 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	<p>FMIC has a whistle-blowing policy which aims to guide officers and staff on reporting complaints related to fraud, malpractice, conflict of interest or violation of internal/regulatory policies, procedures and controls.</p> <p>[MCG, page 36, item 0.6 on <i>Whistle-Blowing</i>]</p> <p>The Policy on Whistleblowing is appended to the Code of Ethics</p> <p>https://www.firstmetro.com.ph/about-first-metro-investment-corporation/corporate-governance</p>	
3	The Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	<p>Part of the Board's responsibilities is to oversee the integrity, independence, and effectiveness of First Metro's policies and procedures for whistleblowing. It shall allow employees to communicate, with protection from reprisal, legitimate concerns about illegal, unethical, or questionable practices directly to the board of directors or to any independent unit. [MCG, page 5, item 3]</p> <p>The establishment of the whistle blowing mechanism is part of the duties of the Audit Committee [MCG, page 25, item 7 of Audit Committee duties and responsibilities]</p>	

Principle 16. ENCOURAGING SUSTAINABILITY AND SOCIAL RESPONSIBILITY				
The company should be socially responsible in all its dealings with the communities in which 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	The 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	FAMI, the company's fund manager, has put in place mechanism to encourage employees' adherence to company goals, policies and procedures.	

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


Mary Mylene A. Caparas
Chairman of the Board


Jose Patricio A. Dumlao
President


Raphael Perpetuo M. Lotilla
Independent Director


Rufino Luis T. Manotok
Independent Director


Benedicto Jose R. Arcinas
Independent Director


Alexis K. Javelosa, Jr.
Compliance Officer

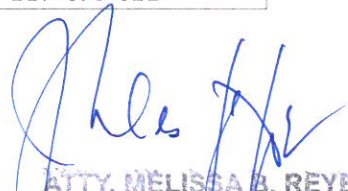

Alesandra T. Ty
Corporate Secretary

SUBSCRIBED AND SWORN to before me this JUN 30 2022 day of _____, affiant(s) exhibiting to me their TIN, as follows:

Name	ID	ID Number
Mary Mylene A. Caparas	TIN	106-968-584
Jose Patricio A. Dumlao	TIN	107-470-277
Raphael Perpetuo M. Lotilla	TIN	110-843-846
Rufino Luis T. Manotok	TIN	132-204-750
Benedicto Jose R. Arcinas .	TIN	121-519-041
Alexis K. Javelosa, Jr.	TIN	161-157-302
Alesandra T. Ty	TIN	219-493-622

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Series of 2022.


ATTY. MELISSA B. REYES
Notary Public for Makati City until June 30, 2022
Roll No. 41639 / Appointment No. M-120
IBP 054764 / PTR No. 6618489
45/F GT Tower International, Ayala Avenue
Corner H.V. Dela Costa, Makati City