



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended 2023
2. SEC Identification Number 152249
3. BIR Tax Identification No. 050-000-840-355
4. Exact name of issuer as specified in its charter **ARANETA PROPERTIES, INC.**
5. Makati City, Philippines
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. 21st Floor, Citibank Tower, Paseo de Roxas, Makati City, Philippines 1228
Address of principal office Postal Code
8. (02) 88481501 to 04
Issuer's telephone number, including area code
9. Not applicable
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			
<p>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.</p>			
Recommendation 1.1			
<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	Compliant	<p>The Company's Manual on Corporate Governance which sets out the qualification of the board of directors provides:</p> <p>"1.2 c <i>With relevant experience and credentials such as previous business experience in a corporation, membership in good standing in relevant industry and membership in business or professional organizations and practical understanding of the business of the Company and its subsidiaries."</i></p>	
<p>2. Board has an appropriate mix of competence and expertise.</p>	Compliant	<p>Furthermore, while the Company specific experience or qualification is not provided for purposes of flexibility depending on the requirements of the company, the Company's Manual on Corporate Governance further provides that the Nomination Committee shall:</p>	
<p>3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.</p>	Compliant	<p>"2.2a <i>Evaluate the qualifications of all persons nominated for election to the Board of Directors and recommend such adjustments in the Board structure and the skills and expertise required to meet the needs of the Company"</i></p> <p>Aside from the above requirement, the Company's BOD is composed of directors of various experience and expertise as can be seen in our roster of directors. We have attached the Company's Revised Corporate Governance (CG) Manual for reference.</p>	

Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	Please see link providing for the list of officers and directors of the Company: Directors and Management (pse.com.ph)	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	3.1e of the manual on corporate governance provides that the chairman shall: "Assure(s) the availability of proper orientation for first-time directors and continuing training opportunities for all directors"	
2. Company has an orientation program for first time directors.	Compliant		
3. Company has relevant annual continuing training for all directors.	Compliant		
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	The Manual of Corporate Governance Paragraph 3 of item 1.1 provides that: "The Board shall be composed of directors of proven integrity and having the appropriate mix of core competencies that would be relevant to the Company and help build a sustainable business. The Board shall encourage diversity in its composition as to age, gender, culture, skills, competence and knowledge. It shall endeavor to exercise an objective and independent judgment in the performance of its duties and responsibilities." The board is composed of 9 male directors and 1 female directors, including the President, Corporate Secretary, and two Independent Directors.	
Optional: Recommendation 1.4			

1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	Non Compliant		While no explicit measurable objectives have been set specifically for implementing the board diversity policy, the Board and the Nomination Committee ensure that there is sufficient diversity in the Board's composition as their assessment and selection of a proposed candidate for director take into consideration diversity in background, skills and expertise, personal attributes and abilities so as to make a significant contribution to the Board, to the Company.
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	<p>Atty Christine P. Base is the appointed Corporate Secretary and assists the Board in the performance of its duties and responsibilities. She does not hold any other position in the Corporation except as a Director and as a part of the audit committee.</p> <p>Her biographical information and qualifications, including her present occupation and business experience, are described in the Company's Annual Report (17-A) and Information Statement (20:IS) duly submitted to the SEC and PSE. Pls see link below:</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=00db7ce0503826059e4dc6f6c9b65995</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=dfa2dbafd51a4ae23470cea4b051ca8f</p>	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Non Compliant		While the company intends to appoint a separate Compliance officer, its function is currently being performed by Ms. Base. Due to the relatively simple operations of the company, the position is currently being held without having any conflicts.

3. Corporate Secretary is not a member of the Board of Directors.	Non Compliant		Ms. Base was elected as the Company's Director by reason of her various experiencecounseling her clients from different types of industries. Furthermore, her position as a corporate secretary does not affect and does not conflict her responsibilities as a director.
4. Corporate Secretary attends training/s on corporate Governance.	Compliant	<p>The Corporate Secretary, Atty. Christine C. Base, has attended the following trainings on corporate governance:</p> <p>For 2021: AMLA Compliance in the Age of Digital World conducted by Institute of Corporate Directors attended on April 27, 2021</p> <p>For 2022: Corporate Governance Orientation Program conducted by Institute of Corporate Directors attended on February 23-24, 2022.</p> <p>For 2023: Corporate Governance Training: Corporate Governance Updates Sustainability Reporting Executive Briefing on Crisis Communication and Dealing with Controversies conducted by Center for Global Best Practices on April 25, 2023.</p>	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Compliant	As a general rule, agenda materials for consideration of the Board are distributed to them at least 5 business days before the scheduled meeting.	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	Atty Christine P. Base is the appointed Compliance Officer and assists the Board in the performance of its duties and responsibilities.	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant	Her biographical information and qualifications, including her present occupation and business experience, are described in the Company's Annual Report (17-A) and Information	

<p>3. Compliance Officer is not a member of the board.</p>	<p>Non Compliant</p>	<p>Statement (20:IS) duly submitted to the SEC and PSE. Please see link for reference.</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=00db7ce0503826059e4dc6f6c9b65995</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=dfa2dbafd51a4ae23470cea4b051ca8f</p> <p>Her duties as Compliance Officer are described in Part A, Section 3.5 of the Revised Manual of CG. Please see link for reference.</p> <p>http://www.aranetaproperties.com/pdf/Revised%20Manual%20Corporate%20Governance-%20ARANETA%20(2014).pdf</p>	<p>Currently, the office of the Corporate secretary is doing the Function of compliance officer.</p>
<p>4. Compliance Officer attends training/s on corporate governance.</p>	<p>Compliant</p>	<p>The Corporate Secretary, Atty. Christine C. Base, has attended the following trainings on corporate governance:</p> <p>For 2021: AMLA Compliance in the Age of Digital World conducted by Institute of Corporate Directors attended on April 27, 2021</p> <p>For 2022: Corporate Governance Orientation Program conducted by Institute of Corporate Directors attended on February 23-24, 2022.</p> <p>For 2023: Corporate Governance Training: Corporate Governance Updates Sustainability Reporting Executive Briefing on Crisis Communication and Dealing with Controversies conducted by Center for Global Best Practices on April 25, 2023.</p>	

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

The Board of Directors gives importance to its responsibilities as such. This can be seen in the meetings conducted by the company wherein acts of management are deliberated and approved by the board.

Recommendation 2.2

1. Board oversees the development, review and approval of the company's business objectives and strategy.

Compliant

Sections A.1.6 and 1.7 of the Corporation's Manual on Corporate Governance set out the Board responsibility for formulating the Corporation's business objectives and defining its strategic priorities for sustainability.

This can be seen in the meetings conducted by the Company wherein both the direction and the acts of management are deliberated and approved by the board.

2. Board oversees and monitors the implementation of the company's business objectives and strategy.

Compliant

The regular Board Meetings include in its agenda updates or reports on the progress of management's objectives.

Supplement to Recommendation 2.2

1. Board has a clearly defined and updated vision, mission and core values.

Compliant

The Company's vision and mission statement and core values are disclosed in the Annual Report of Management to the Shareholders (a copy of which made available through the Company's website at the following link: www.aranetaproperties.com)

The Board reviews the Company's vision and mission at least once a year and, when necessary, updates it.

2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	The board of directors, upon recommendation from management, deliberates the best possible direction of the Company. Upon approval, the board reviews the progress of this direction through its regular quarterly board meetings or its special board meetings when applicable.	
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Recommendation 2.3

1. Board is headed by a competent and qualified Chairperson.	Compliant	<p>GREGORIO MA. ARANETA III, 76 years old, Filipino, is the Chairman and Chief Executive Officer of Araneta Properties, Inc., He is President and Chairman of ARAZA Resources Corporation and Carmel Development Corporation, Chairman of Gregorio Araneta Inc., Gregorio Araneta Management Corporation, and Gamma Holdings Corporation., He is the President and Chairman of Energy Oil and Gas Holdings, Inc., He is the President and Chairman of Belisama Hydropower Corporation and Gregorio Araneta Energy Holdings, Inc., He is the Chairman of Philweb Corporation, He is also a director of ISM Telecommunications, Inc., Mr. Araneta studied at the University of San Francisco and Ateneo de Manila University where he earned his Bachelor of Arts Degree in Economics.</p> <p>His biographical information and qualifications, including his present occupation and business experience, are described in the Company's Annual Report (17-A) and Information Statement (20:IS) duly submitted to the SEC and PSE. Pls see link below:</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=54bdc8b9d029d063abca0fa0c5b4e4d0</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=9e71dabbef6b94549e4dc6f6c9b65995</p>	
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Recommendation 2.4

1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	<p>The board ensures that there is an effective succession plan for directors, key officers, and management.</p> <p>Employees with potential are given opportunities to hone their leadership skills through various trainings available and mentoring programs to be viable for more senior roles in the Company.</p>	
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<p>2. Board adopts a policy on the retirement for directors and key officers.</p>	<p>Non Compliant</p>	<p>Also, the Nomination Committee works to ensure that a short list of experts and professionals having the leadership experience, skills-set and expertise relevant to the business of the Corporation is available in case a director or key senior officer would be retiring.</p>	<p>The Board has yet to fix a specific retirement age policy for its directors and key officers. However, to aid in the Board renewal process, the Company adopts a robust performance evaluation for the Board and senior management and continuous assessment of Board skills set requirements.</p>
<p>Recommendation 2.5</p>			
<p>1. Board aligns the remuneration of key officers and board members with long-term interests of the company.</p> <p>2. Board adopts a policy specifying the relationship between remuneration and performance.</p>	<p>Compliant</p> <p>Non Compliant</p>	<p>Other than the payment of reasonable per diem allowances as discussed below, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director. The remuneration of key officers and board members are aligned with long-term interests of the company.</p>	<p>While not in a formal written policy, the board through the remuneration committee adopts a policy specifying the relationship between remuneration / promotion and performance. While not in writing, the same is applied by the board as can be seen in the performance of its employees.</p>
<p>3. Directors do not participate in discussions or deliberations involving his/her own remuneration.</p>	<p>Compliant</p>	<p>No director is involved indirectly deciding his/her remuneration. Upon management recommendation, the board ratifies any changes in the remuneration and the same is ratified by the shareholders during its regular meetings.</p> <p>Non-executive directors do not receive options, share-based incentives or bonuses.</p>	

		The director's compensation is also described in the Company's Annual Report (17-A) and Information Statement (20:IS) duly submitted to the SEC and PSE. the same can be accessed through Araneta Properties, Inc. website [" www.aranetaproperties.com "]	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	Non Compliant		While the Board do not approve remuneration of senior executives, the remuneration committee regularly reports to the board the rationale and process of determining executive compensation.
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.	Compliant	The variable remuneration packages of the President & the CEO and Top 4 senior officers is based on achievement of certain target performance criteria linked with the annual budget and other parameters.	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	The Board has adopted a formal and transparent board nomination and election policy. This policy is also disclosed in the Definitive Information Statement provided to the Shareholders in connection with the holding of the Corporation's Annual Stockholders' Meeting.	
2. Board nomination and election policy is disclosed in the company's Manual on	Alternative practice provided	In accordance with the mandate provided Company's By-Laws, the Nomination Committee has prescribed the procedures for the nomination and election of directors as well as screening policies and parameters in the review of the qualifications of the nominees for election to the Board of Directors. The qualification	The Board has adopted a formal and transparent board nomination and election. The procedure and criteria for board nomination and election is also provided in the Information Statement

<p>Corporate Governance.</p>		<p>standards for Independent directors and directors in general are also set out in the Company's Manual of Corporate Governance.</p> <p>In accordance with the Corporation Code, any shareholder, including minority shareholders, has a right to nominate candidates to the Board.</p>	<p>(copies of which are available in the Company's website at the following link : [www.aranetaproperties.com]) provided to the Shareholders in connection with the holding of the Annual Stockholders' Meeting for the election of directors, among others.</p> <p>This alternative practice not only addresses the same objectives to be achieved by the incorporation of such policies in the CG Manual but it also better ensures that this is communicated directly and adopted by the Nomination Committee who is tasked to implement the policy.</p>
<p>3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.</p> <p>4. Board nomination and election policy includes how the board shortlists candidates.</p> <p>5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or</p>	<p>Compliant</p> <p>Compliant</p> <p>Compliant</p>	<p>Written nominations by any stockholder's shall be received by the corporation not earlier than 40 days from the ASM but not later than 20 days before the date of the Annual General Meeting of the Stockholders.</p> <p>The Nomination Committee pre-screens and short lists the nominees for election by the shareholders during the annual meeting. This is provided for the by-laws of the company and is explained in the notice and information statements sent out by the Company which is submitted to the SEC, disclosed with the PSE, and furnished to all stockholders of record. The same can be accessed through Araneta Properties, Inc. website [www.aranetaproperties.com]</p> <p>The Company adopted general guidelines to assist the Board and its nominating committee in the effective and efficient search, screening and selection of candidates for election/re-election as members of the Board.</p> <p>A copy of the Nomination Committee Charter can be accessed through Araneta Properties, Inc. website [www.aranetaproperties.com]</p>	

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.	Compliant	The Board and Nomination Committee's assessment of a proposed candidate involve considerations of the diversity in the Board's composition including a review of the nominee's experience, specialized expertise in the industry, understanding of issues affecting the Company, as well as the current composition of the Board, the balance of management and independent directors, the need for independent oversight and evaluations.	
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of and dates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	Non Compliant		While we do not use professional search firms, we consult other external sources such as professionals we have and are currently working with, or top people we know in the industry to be of good qualification and reputation.
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.	Non Compliant		<p>While the Company has adopted written policies regarding transactions with related persons, the policy includes:</p> <ol style="list-style-type: none"> 1) The threshold of "PhP5 million" indicated as significant RPT's, and 2) Approval of at least 2/3 if the Board of Directors, with majority of the independent directors approving the transaction. <p>The audit committee looks into related party transactions to make sure that there are no</p>

			<p>conflict of interest with the directors, officers, and employees. As a matter of practice, all directors, officers and employees have to declare any interest which could conflict with the Company's interest and abstain from voting or approving on matters in which they have an interest.</p> <p>By practice, there is proper reporting, review and approval of transactions between the Company and/or its subsidiaries with any of its directors, officers, significant shareholders (beneficial share ownership of more than 10%), or certain entities or persons related to them ("Related Parties") with related parties to ensure that transactions entered by the Company or its subsidiaries with related parties will be on terms no less favorable to the Company and/or subsidiaries than those entered into within related parties on arm's length normal commercial terms and will not be prejudicial to the Company, its subsidiaries and its minority shareholders.</p>
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Non Compliant		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Non Compliant		
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	Non Compliant		<p>While we do not have a written policy, by practice, the audit committee looks into, reviews, and approves transaction which either individually or part of a series of transactions, other than recurrent related party transactions of revenue or trading nature or those necessary for its day-to-day operations, which exceeds Three Million Pesos (PhP3,000,000.00) in value per year.</p> <p>If the related party transaction exceeds Five Million Pesos (PhP5,000,000.00) the same is further</p>

<p>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.</p>			<p>subjected to the approval by the Board of Directors, and shall require further the approval of at least two third of independent directors who have no interest in the transaction.</p> <p>Compensation of directors and chief executive officer will be approved by the Remuneration Committee.</p>
<p>Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>Alternative practice provided</p>		<p>In lieu of a specific requirement on approval by majority vote of non-related/ public shareholders of transactions with related parties, the policy/practice adopted by the Board requires the approval by at least two third of independent directors of the transaction with related parties exceeding the threshold of P10 million in value. The independent directors act on behalf of the minority shareholders in approving or disapproving related party transactions.</p>
<p>Recommendation 2.8</p>			
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Non Compliant</p>	<p>Under Section B. 1.7 (q) of the Company's Revised Manual of Corporate Governance, it is the duty of the Board to approve the selection and appointment of the Chief Compliance Officer, the Chief Risk Officer and Chief Audit Executive.</p> <p>The Company's Bylaws attached herein for reference also provides for the duty of the Board to select and appoint the Chief Executive Officer.</p> <p>The list of individuals comprising the company's Management Team is available under the Company's website at the following link: ["www.aranetaproperties.com"]</p>	<p>While the Company has set forth a mechanism to appoint control functions, the company have yet to appoint them but intends to do after the upcoming organizational meeting.</p>

<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Compliant</p>	<p>Formal appraisals are conducted annually after the end of the year, during which the Management team are individually assessed based on the agreed key performance indicators in support the business strategies, objectives and financial goals.</p>	
<p>Recommendation 2.9</p>			
<p>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.</p>	<p>Compliant</p>	<p>The Board has adopted evaluation of executive performance.</p>	
<p>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.</p>	<p>Compliant</p>	<p>Same as above.</p>	
<p>Recommendation 2.10</p>			
<p>1. Board oversees that an appropriate internal control system is in place.</p>	<p>Compliant</p>	<p>Under Section B. 1.7 of the Company's Revised Manual of Corporate Governance, the Board has the responsibility to ensure the adoption, adequacy and effectiveness of organizational and operational internal controls. A copy of which made available through the Company's website at the following link: www.aranetaproperties.com</p>	

2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Non Compliant		While not in writing yet, the Company has implemented a Conflict of Interest mechanism for conflict avoidance and management.
3. Board approves the Internal Audit Charter.	Non Compliant		The Company is currently drafting an 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.	Compliant	Section B 1.7 of the Company's Revised Manual of Corporate Governance sets out the Board's responsibility to ensure that a sound ERP system is in place. A copy of which made available through the Company's website at the following link: www.aranetaproperties.com .	The Company is continuously monitoring and enhancing its risk management systems and is currently developing a formal enterprise-wide integrated risk management framework for a more comprehensive and coordinated risk response strategy.
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.	Non Compliant		
Recommendation 2.12			

<p>1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.</p> <p>2. Board Charter serves as a guide to the directors in the performance of their functions.</p> <p>3. Board Charter is publicly available and posted on the company's website.</p>	<p>Non Compliant</p> <p>Non Compliant</p> <p>Non Compliant</p>		<p>The Company is currently drafting its board charter.</p>
Additional Recommendation to Principle 2			
<p>1. Board has a clear insider trading policy.</p>	<p>Non Compliant</p>		<p>The Company is currently drafting its insider trading policy.</p>
Optional: Principle 2			
<p>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.</p>	<p>Compliant</p>	<p>While no loans are being granted to directors, any such transaction will be governed and monitored by audit oversight committee of internal audit.</p>	
<p>2. Company discloses the types of decision requiring board of directors' approval.</p>	<p>Compliant</p>	<p>Section B 1.7 of the Company's Revised Manual of Corporate Governance lists the matters under the responsibility and authority of the Board to act upon. Significant matters approved by the Board are immediately disclosed by the Company through the PSE Edge Disclosure System and reported to the SEC under SEC Form 17-C, copies of which are available in this website at the following link : Company Disclosures (pse.com.ph)</p>	

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

Section B.2 of the Company's Revised Manual of Corporate Governance sets out the standing committees of the Board. copies of which are available in the Company website at the following link :[Directors and Management List](https://edge.pse.com.ph/companyPage/Directors_and_Management_List.do?company_id=38) and https://edge.pse.com.ph/openDiscViewer.do?edge_no=9e71dabbe6b94549e4dc6f6c9b65995e/directors_and_management_list.do?company_id=38nagement (pse.com.ph)

<p>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.</p>	<p>Compliant</p>	<p>Section B.2.1 of the Company's Revised Manual of Corporate Governance sets out duties and responsibilities of the Audit Committee, including its responsibility to recommend for the appointment and removal of the Company's external auditor. copies of which are available in the Company website at the following link :www.aranetaproperties.com</p>	
<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the chairman</p>	<p>Non Compliant</p>	<p>The composition of the Audit Committee is set out in Section B.2.1 of the Company's Manual of Corporate Governance and it provides: "The Board shall constitute an Audit Committee wherein the Chairman shall be an independent Director. As far as practicable, the Chairman of the Committee shall not be a Chairman of the Board and of any other Committee. Each member of the Committee shall have relevant background, knowledge, skills and/or experience in the areas of financial and risk management systems."</p>	
<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>Compliant</p>	<p>Information on the chairperson and members of the Committee, including their qualifications and type of directorship, the background, knowledge, skills, and/or experience are available through the Company's website at the following link :["www.aranetaproperties.com"]</p>	
<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>Compliant</p>		

1. Audit Committee approves all non audit services conducted by the external auditor.	Non Compliant		While not formally done, management consults the committee for non-audit services by the external auditor.
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present	Non Compliant		Audit committee conducts regular dialogues with the external audit team without anyone from management present
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	Non Compliant		The Audit committee meets as the need arises.
2. Audit Committee approves the appointment and removal of the internal auditor.	Non Compliant		The Company's Internal Auditor is hired through regular hiring process and not via board or AC appointment. The Board, however, ratifies and confirms such
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.	Non Compliant	Section B 1.7 of the Company's Revised Manual of Corporate Governance provide for the organization of the CG Committee. copies of which are available in the Company website at the following link : www.aranetaproperties.com	The audit committee is currently performing the functions laid out by the Company's CG Manual.

<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>			
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>			
<p>Optional: Recommendation 3.3.</p>			
<p>1. Corporate Governance Committee meet at least twice during the year.</p>	<p>Non Compliant</p>		<p>The audit committee is performing envisioned CG Committee's function.</p>
<p>Recommendation 3.4</p>			
<p>1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>	<p>Non Compliant</p>	<p>Section B 1.7 of the Company's Revised Manual of Corporate Governance provide for the organization of the Board Risk Oversight Committee</p>	<p>The Board has yet to establish the Board Risk Oversight committee.</p>

2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Non Compliant		
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Non Compliant		
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Non Compliant		
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	Section B 1.7 of the Company's Revised Manual of Corporate Governance provide for the organization of the RPT Committee	The board has yet to establish the Committee. However, the function is currently being performed by the Audit Committee.
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Non Compliant		
Recommendation 3.6			

<p>1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.</p>	<p>Non Compliant</p>		<p>The Company is currently drafting the respective manuals of the committees. However, the board through the existing committees endeavors to run the company under a best practices principle.</p>
<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>			
<p>3. Committee Charters were fully disclosed on the company's website.</p>			

Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

Recommendation 4.1

<p>1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>	<p>Compliant</p>	<p>The Board of Directors are present majority of the time in person and actively participate in the same. Prior to meetings, the board is furnished with materials to be briefed on the upcoming agenda items and are given an opportunity to raise questions, suggest alternative solutions to items raised.</p>	
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>Compliant</p>	<p>The directors are furnished with the agenda and accompanying materials prior to each Board meeting for their review.</p>	

3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	The directors are given the opportunity to discuss each item on the agenda of the Board meeting, and clarify any queries they may have.	
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	The Revised CG Manual provides that: The non-executive directors of the Board shall concurrently serve in other directorships up to a maximum of five publicly listed companies to demonstrate their commitment and availability to attend to the affairs of the Company and carry out their duties adequately. All directors shall submit to a low indicative limit on director appointments in other non-listed non-group companies.	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	The members of the Board of Directors discuss with both management and with the rest of the board of directors whenever they accept directorship in other companies. There were no such instance in the period.	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Compliant	The backgrounds of the executive directors are provided in the Information Statements filed with both SEC and PSE, copies of which may be accessed at: https://edge.pse.com.ph/	
2. Company schedules board of directors' meetings before the start of the financial year.	Non Compliant		The Company schedules its organizational meetings after the general shareholders' meetings.

			The Company schedules its meetings as they deem fit.
4. Board of directors meet at least six times during the year.	Non Compliant		The board schedules 4 regular meetings annually but conducts special meetings as they deem fit.
5. Company requires as minimum quorum of at least 2/3 for board decisions.	Non Compliant		The Board only requires majority votes as required by law. However, the board as much as practicable tries to vote unanimously. Thus, when there are pending questions on agenda items. The board as much as practicable defers the resolution of the same until the same is resolved unanimously.

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		
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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	Please refer to the link [" www.aranetaproperties.com "] proving for the backgrounds of the directors, including the IDs.	
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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	The Company's IS provides for this statement.	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	Summary of the backgrounds including the terms of the directors are provided for in the Annual Report and the is filed with the SEC and disclosed with the PSE and may be accessed through the Company website: www.aranetaproperties.com	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	1.3 of the revised CG manual provides: An independent director who has served the maximum cumulative term of 9 years as independent director shall be disqualified from being re-elected as independent director of the Company	
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.	Not applicable.	The Company has never had such instance and so this is not applicable.	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.		The Chairmanship is held by Mr. Gregorio Araneta while the position of President is held by Mr. Luis M. Araneta	

2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.

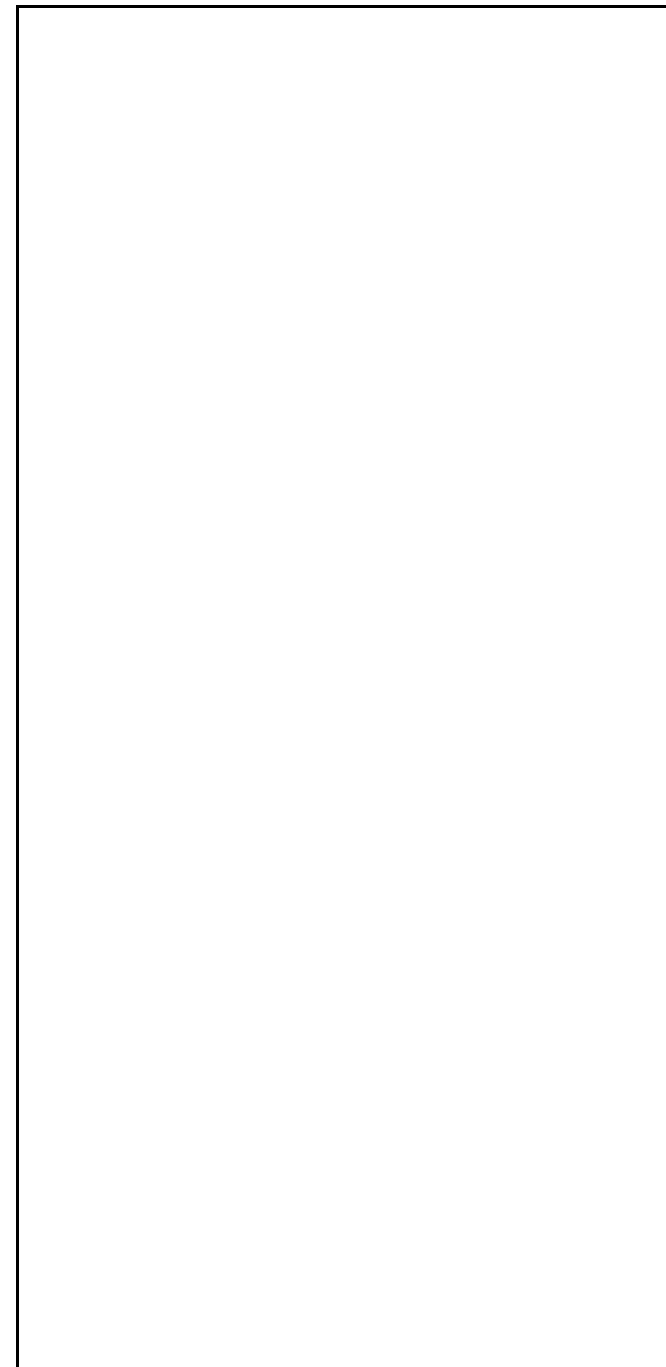
The revised CG manual provides:

3.1 In addition to his duties and responsibilities under the By-Laws, the Chairman of the Board, shall have the following roles and responsibilities, among others:

- a. Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Company, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- b. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- c. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- d. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- e. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors;
- F. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on; and
- g. Maintain qualitative and timely lines of communication and information between the Board and Management.

3.2 Chief Executive Officer

In addition to his duties and responsibilities under the By-Laws, the Chief Executive Officer shall have the following responsibilities:



		<p>a. Provide general supervision of the business, affairs, and property of the Company and over its employees and officers;</p> <p>b. see that all orders and resolutions of the Board of Directors are carried into effect;</p> <p>c. Submit to the Board as soon as possible after the close of each fiscal year, and to the stockholders at the annual meeting, a complete report of the operations of the Company for the preceding year, and the state of its affairs; and</p> <p>Report to the Board from time to time all matters within his knowledge which will have a bearing on the interest of the Company and may require to be brought to the Board's attention.</p> <p>The Chairman and the CEO is not related by affinity or consanguinity.</p>	
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Recommendation 5.5			
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1.If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Non Compliant		The Company's Chairman is not an ID. Furthermore, the Company has yet to appoint a lead ID but intends to do so in its upcoming organizational meeting.
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Recommendation 5.6			
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1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	There were no Related Parties Transaction involving the directors during the period.	
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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		The internal audit team meets with the external auditors. At present, the Chief Financial Officer attends these meetings.
2. The meetings are chaired by the lead independent director.	Non Compliant		While an independent director chairs the Audit Committee meetings, He is not, at present, designated as a lead independent director.
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	Non Compliant		Mr. Luis M. Araneta, is the Company's President, he was appointed by the board this year 2024.
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		While there is no written record of the assessment, the Board continually conducts self-assessment and evaluation of its performance
2. The Chairman conducts a self-assessment of his performance.	Non Compliant		The Chairman of the Board conducts self-assessment of his performance as Chairman although no written report is submitted to the Board.

3. The individual members conduct a self-assessment of their performance.	Non Compliant		The Members of the Board conduct self-assessment of their performance although no written report is submitted
4. Each committee conducts a self-assessment of its performance.	Non Compliant		While Committee performance is evaluated, there is no written record of self-assessment on the part of the members of the committees.
5. Every three years, the assessments are supported by an external facilitator.	Non Compliant	Identify the external facilitator and provide proof of use of an external facilitator.	The board is yet to conduct its assessment of the board performance with the support of 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		While the Company has not yet approved a process, the shareholders are given the opportunity to judge and elect its directors based on the performance of its 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 practices in internal and external dealings of the company.	Non Compliant		The board is currently drafting a Code of Business Conduct and Ethics. While it has not yet been finalized the board through the audit committee sees to it that the company adopts best practices as suggested by the relevant rules of the SEC and the Exchange.
2. The Code is properly disseminated to the Board, senior management and employees.	Non Compliant	Information on or discuss how the company disseminated the Code to its Board, senior management and employees can be viewed at www.aranetaproperties.com	The board is currently drafting a Code of Business Conduct and Ethics.
3. The Code is disclosed and made available to the public through the company website.	Non Compliant		The board is currently drafting a Code of Business Conduct and Ethics. It will be disclosed and available to the public once approved by the Board
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.	Non Compliant		The Company is currently drafting a whistle blowing policy in order to prevent any bribery.
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the	Non Compliant		The board is currently drafting a Code of Business Conduct and Ethics.

Code of Business Conduct and Ethics.	Compliant	The Board, through its executives, conducts proper monitoring of compliance with all laws and regulations, as well as all Company internal policies.	
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 fair and complete picture of a company's financial condition, results and business operations.	Non Compliant		The board follows the relevant disclosure rules of the SEC and the PSE and regularly inform the directors, officers and employees of the same.
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Supplement to Recommendations 8.1

<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	<p>Non Compliant</p>		<p>The AFS is submitted and disclosed at least 105 days from the end of the audit period while the quarterly FS is submitted and disclosed within 45 days from the end of the reporting period.</p>
<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>		<p>Please refer to the company's annual report where the following are disclosed: the link: Company Disclosures (pse.chhttps://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=38om.ph)"]</p> <ol style="list-style-type: none"> 1. Principal risks to minority shareholders associated with the identity of the company's controlling shareholders; 2. Cross-holdings among company affiliates; and 3. any imbalances between the controlling shareholders' voting power and overall equity position in the company. 	

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.	Partially Compliant		While the Company does not have a written policy on the same, the board regularly reminds its members as well as the key officers about the requirement to disclose within 2-3 days to give the company ample time to disclose the same with the SEC and the PSE.
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.			
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	<p>Please refer to the top 100 shareholders as disclosed. www.aranetaproperties.com</p> <p>Please refer to the company's Conglomerate Map.["www.aranetaproperties.com".]</p>	
Recommendation 8.3			

<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>Compliant</p>	<p>The qualifications of the directors and key officers are provided in its IS and annual reports, please refer to</p>	
<p>2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>Compliant</p>	<p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=00db7ce0503826059e4dc6f6c9b65995</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=9e71dabbef6b94549e4dc6f6c9b65995</p>	
<p>Same as above</p>			

Recommendation 8.4

<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p>	<p>Non Compliant</p>		<p>While policies for board remuneration have not been set in writing yet, the company through the remuneration committee is currently drafting the policy.</p>
<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	<p>Non Compliant</p>		<p>The Company intends to provide guidelines with regard to the standards to follow in setting executive remuneration.</p>

3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Non Compliant		The Company discloses the top executive compensation lumped as a group. The remuneration of executives are competitive and within industry standard.
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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.	Non Compliant		While the Manual on Corporate Governance discusses the rights of Stockholders, the Company's is drafting a policy on Related Party Transactions.
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2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	The Annual Report (with AFS) of the Company refers to related party transactions. A copy of the Annual Report may be found at Company Disclosures (pse.com.ph)	
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Supplement to Recommendation 8.5

1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	While there have been no such incidents of conflict of interest between the Company and the Board of Directors in the former's transactions, the members of the board are continuously reminded to disclose any conflict of interest in the event that one occurs.	
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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.	Non Compliant		The Company is currently drafting its RPT policies. However, the audit committee is monitoring any RPTs of the Company.
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	While the website of the Company as well as PSE EDGE is used for purposes of disclosing to the public such transactions, there have been no disposal of significant assets.	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Non Compliant		The Company relies mainly on its own officers with years of experience in the field, as well as professionals in determining fairness of transaction prices. While no formal engagements are made, the Company's management consults professionals in determining fairness of transactions.
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	The Company's 20-IS provides for such statement and the same can be accessed through this link: https://edge.pse.com.ph/openDiscViewer.do?edge_no=9e71dabbef6b94549e4dc6f6c9b65995	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	The CG policies and programs are all in the revised manual. Said manual is attached herein and was duly submitted to the SEC.	
2. Company's MCG is submitted to the SEC and PSE.	Compliant		
3. Company's MCG is posted on its company website.	Compliant		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	The revised manual was submitted with the SEC.	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	Compliant	The company's Annual Report containing the said information can be viewed at Annual Report (pse.com.ph)	
	Compliant		

a. Corporate Objectives		The company's Annual Report containing the said information can be viewed at Annual Report (pse.com.ph)	
b. Financial performance indicators	Compliant		
c. Non-financial performance indicators	Compliant	The company's Annual Report containing the said information can be viewed at Annual Report (pse.com.ph)	
d. Dividend Policy	Compliant	The company's Annual Report containing the said information can be viewed at Annual Report (pse.com.ph)	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant	The company's Annual Report containing the said information can be viewed at Annual Report (pse.com.ph)	
f. Attendance details of each director in all directors meetings held during the year	Non Compliant	The Corporate objectives are stated in the Annual Report. A copy of the report may be found in the link above.	This is not a requirement. However, the company previously provides this in the old CGR form
g. Total remuneration of each member of the board of directors	Compliant		
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Non Compliant		The CGR was no longer required to be attached in the annual report. However, the Company always adhered to the rules of the Code of Corporate Governance.

<p>3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.</p>	<p>Non Compliant</p>		<p>While no such disclosure was made as this was not required, the directors actually conduct a review of the company's material controls.</p>
<p>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.</p>	<p>Non Compliant</p>		<p>While no such disclosure was made as this was not required, the Audit Committee and the Board actually conduct a review of the company's internal controls.</p>
<p>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).</p>	<p>Compliant</p>	<p>Risks are found in part I of the annual report than can be viewed at Annual Report (pse.com.ph)</p>	

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.

Non
Compliant

Compliant

Compliant

The Company is currently drafting the committee manual which will also cover the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.

<p>2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.</p> <p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures</p>		<p>The shareholders approved Reyes Tacandong and Co. as the external auditor by 100% of those present and represented in the meeting</p> <p>There have been no such incident, In the event such instance occurs, the company shall disclose to the regulators the incident of removal, as well as to the public through the company website and required disclosures to the appropriate offices.</p>	
Supplement to Recommendation 9.1			
<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	Compliant	<p>5.1B provides that: The Company's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier or the signing partner of the external auditing firm assigned to the Company, shall be changed with the same frequency.</p>	
Recommendation 9.2			

<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <p>i. assessing the integrity and independence of external auditors;</p> <p>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</p> <p>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</p>	<p>Non Compliant</p>		<p>The Company is currently drafting the manual.</p>
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	<p>Non Compliant</p>		

<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	<p>Compliant</p>	<p>The duties and responsibilities of the audit committee are in the CG manual.</p> <p>Said manual is attached herein and was duly submitted to the SEC.</p>	
<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	<p>Compliant</p>	<p>The duties and responsibilities of the audit committee are in the CG manual.</p> <p>Said manual is attached herein and was duly submitted to the SEC.</p>	

Recommendation 9.3

<p>1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.</p>	<p>Compliant</p>	<p>There were no non-audit services that were provided by the external auditor as disclosed in SEC 17-A report.</p>	
<p>2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.</p>	<p>Non Compliant</p>	<p>The duties and responsibilities of the audit committee are in the CG manual.</p> <p>Said manual is attached herein and was duly submitted to the SEC.</p>	

Supplement to Recommendation 9.3

<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>		<p>There were no fees paid to the external auditor for non-audit services.</p>	
Additional Recommendation to Principle 9			
<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<p>Compliant</p>	<p>3. Date Accredited <u>#97380 – SEC 2020 Audit period until</u></p> <p>4. Expiry date of accreditation, and <u>2024 Audit period</u></p> <p>1. Michelle R. Mendoza-Cruz 2. Firm's SEC Registration No. PP201007009* 3. SEC Registration Date is May 6, 2010 4. Accreditation expiry date - not applicable 5. Michelle R. Mendoza-Cruz, BDO Towers Valero, 8741 Paseo de Roxas, Makati City 1226 Philippines, +632 8 982 9100</p> <p><i>*Based on the Supreme Court decision dated January 27, 2023, the Supreme Court has declared the circulars issued by the SEC, requiring accreditation of Certified Public Accountants acting as external auditors of corporations issuing registered securities and possessing secondary licenses, as null and void.</i></p>	
<p>2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the</p>	<p>Compliant</p>	<p>Reyes Tacandong & Co. has been subjected to SOAR inspection program conducted by the SEC's OGA last July 2023.</p> <p>Members of the engagement teams subjected to the inspection program were provided to the SEC during the inspection.</p>	

General Accountant (OGA).			
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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	The Company submitted a Sustainability Report attached to its Annual Report, detailing its framework in sustainability and non-financial issues. A copy of the Annual Report may be found in the Company website: www.aranetaproperties.com	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.			

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.	Non Compliant		While the company do not use communication channels, management invites media in shareholder meetings as well as uploads updates in its websites at www.aranetaproperties.com
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Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	Compliant	All disclosures are submitted to the SEC online via edge and the can also be viewed at the company website www.aranetaproperties.com	
a) Financial statements / reports (latest quarterly)	Compliant	Company Disclosures (pse.com.phhttps://edge.pse.com.ph/companyDisclosures/form.do?company_id=38h)	
b) Materials provided in briefings to analysts and media	Compliant		
c) Downloadable annual report	Compliant		
d) Notice of ASM and/or SSM	Compliant		
e) Minutes of ASM and/or SSM	Compliant		
f. Company's Articles of Incorporation and By-Laws	Compliant		
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Compliant	The corporate website may be found in the link below: www.aranetaproperties.com	
Internal Control System and Risk Management Framework			
<p>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.</p>			
Recommendation 12.1			

<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p>Compliant</p>	<p>The Company's Internal Audit Department conducts review of the internal control system to improve the adequacy and effectiveness of controls. Internal audit reviews are conducted periodically throughout the year.</p>	
<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>Compliant</p>	<p>1. Company's risk management procedures and processes:</p> <p>The Company has risk management policies that systematically view the risks that could prevent the Company from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Company's objectives are achieved. The Company's risk management takes place in the context of day-to-day operations and normal business processes such as strategic planning and business planning. Management has identified each risk and is responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the Company's established business objectives</p> <p>2. Key risks the company is currently facing</p> <p>The current risk the Company facing is, the Global effect of CoVid-19 pandemics.</p> <p>On March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. This measure is expected to result to disruptions to businesses and economic activities. TO ADD EXPECTED IMPACT TO ITS BUSINESS/OPERATIONS.]</p> <p>The Company implemented compliance measures to the Enhanced Community Quarantine (ECQ) protocols in conjunction with the National Government's strategy to flatten the curve and/or to combat the outbreak:</p>	

a) Full-shutdown of Makati Offices started on March 16, 2020. All employees received their salaries for the period March 16 to 31, 2020 in full;

b) After March 31, 2020, employees were encouraged to utilize their available leave credits;

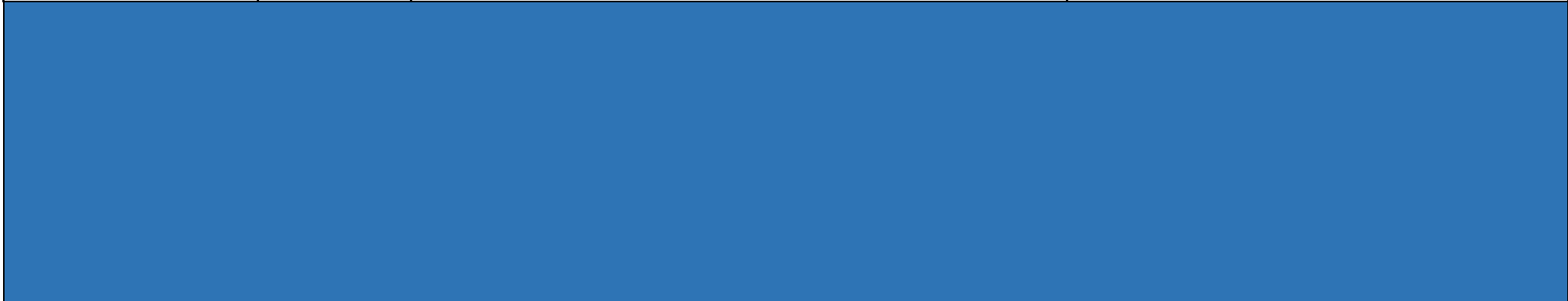
c) Other measures are being implemented to ease the impact of the ECQ on the employees, e.g. the early release of the prorated 13th month pay, extend cash advances to regular employees in the event that the ECQ is extended.

The significant impact on business operations of the Company caused by the extension of ECQ Luzon-wide, have totally been paralyzed, specifically the cash inflows. Presently, the Company concentrates on Cash Management to be able to rationalize and insure availability of funds.

[The Company considers the measure taken by the government as a non-adjusting subsequent event, which does not impact its financial position and performance as of and for the year ended December 31, 2019. However, it could have a material impact (or an impact) on its 2020 financial results and even periods thereafter. Considering the evolving nature of this outbreak, the Company cannot determine at this time the impact to its financial position, performance and cash flows. CAN OPT TO DISCLOSE THE MEASURES IT HAS TAKEN TO MANAGE THE RISKS/UNCERTAINTIES BROUGHT ABOUT BY THE OUTBREAK.]

The Company will continue to monitor the situation, and should the GCQ is further prolonged, the Board may at anytime form a Crisis Management Team/Committee that will focus on the impact both to Revenue and Operation, or implement assessment tools to measure and/or benchmark costs and expenses or anticipate scenario beyond "Covid-19", upon assumption of work and "Normal" operation.

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<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	<p>Compliant</p>	<p>The company, through its management, monitors strict compliance to any and all relevant regulatory requirements.</p>	
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Optional: Recommendation 12.1

<p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p>	<p>Compliant</p>	<p>The Company's IT Department has set procedures and systems on handling of servers, server protection, virus prevention, employee responsibility, and website integrity.</p>	
<p>Recommendation 12.2</p>			
<p>1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.</p>	<p>Compliant</p>	<p>The Company has an in-house internal auditor monitoring the day-to-day business transaction of the Company.</p>	
<p>Recommendation 12.3</p>			
<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>	<p>Non Compliant</p>		<p>The board has yet to appoint a CAE.</p>
<p>2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.</p>	<p>Non Compliant</p>		<p>The Company has yet to hire a CAE. The internal audit function is currently being performed through the Audit Committee.</p>

3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Compliant	The Company does not outsource internal audit activity. However, in the event internal audit is outsourced, the Company intends to assign a senior management personnel to supervise and monitor such activity.	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Non Compliant		The Company has yet to appoint a chief risk officer but intends to meet with the board to discuss the necessity of the same considering the size and nature of operations of the company.
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Non Compliant		Due to the relatively minimal requirements of the Company, there is no need for technical support in risk management. The same will be implemented when the needs of the Company would require it.
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		The Company has yet to appoint a chief risk officer but intends to meet with the board to discuss the necessity of the same considering the size and nature of operations of the Company. The risk management function is currently being performed by the CFO.

2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Non Compliant		The Company has not appointed a separate CRO, but the CFO is performing such functions.
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.	Non Compliant		The CEO and Internal auditor will attest to the soundness of the internal audit, control and compliance system once the relevant policies have been drafted and approved by the board.
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	Section 8 of the revised CG Manual of the Company provides for the basic rights of shareholders. The Manual may be accessed at the company's website www.aranetaproperties.com	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	The Manual may be accessed at the company's website www.aranetaproperties.com	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	The Company's Bylaws provide that one share is one vote. A copy of the Bylaws may be found in the link below: www.aranetaproperties.com	

<p>2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.</p>	<p>Compliant</p>	<p>Please refer to rights of the shareholders:</p> <ul style="list-style-type: none"> (i) Right to vote on all matters that require their consent or approval; (ii) Right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. (iii) Exercise cumulative voting in the election of directors. (iv) No director shall not be removed without cause if it will deny minority shareholders representation in the Board. (v) Right to inspect corporate books and records; (vi) Right to information; (vii) Right of minority shareholders to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purpose. (viii) Right to receive dividends that may be declared by the Board (ix) Appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided under Section 82 of the Corporation Code 	
<p>3. Board has an effective, secure, and efficient voting system.</p>	<p>Compliant</p>	<p>The Company's voting procedure can be found in the Company's By-Laws. Please see link below: www.aranetaproperties.com</p>	

<p>4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.</p>	<p>Compliant</p>	<p>Please refer to 13.1.2 above. While this is allowed, no such instance occurred during the period.</p>	
<p>5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.</p>	<p>Compliant</p>	<p>While this is allowed, no such instance occurred during the period. Please refer to 13.1.2 above.</p>	
<p>6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.</p>	<p>Compliant</p>	<p>Please refer to 13.1.2 above. The Company has no restrictions that will limit the ability to pay dividends on common equity. But the Company, as a general rule, shall only declare from surplus profit as determined by the Board of Directors as long as such declaration will not impair the capital of the Company. Please refer to the link. www.aranetaproperties.com</p>	
<p>7. Company has a transparent and specific dividend policy.</p>	<p>Compliant</p>	<p>Although, here were no dividends declared nor paid by the company. The company follows the PSE rules on declaration of dividends and payment thereof from the date of record date.</p>	
<p>Optional: Recommendation 13.1</p>			

1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Non Compliant		The Company's office of the corporate secretary and transfer agent, both of whom are external, handles vote validation.
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.	Non Compliant		The company follows the minimum rules of the SEC and PSE that Notice of Annual and Special Stockholders' Meeting shall be given at least 21 business days before the meeting. A copy of the Agenda is included in the Company's Information Statement, which may be found in the link below: [."www.aranetaproperties.com".]
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Compliant	A copy of the Company's Notice of Annual Shareholders' Meeting may be found in the link below: [."www.aranetaproperties.com".]	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	The profiles of the directors may be found in the IS. [."www.aranetaproperties.com".]	
b. Auditors seeking appointment/re-appointment	Compliant	The Auditor seeking appointment/re-appointment is stated in the Notice and in the Agenda. [."www.aranetaproperties.com".]	
c. Proxy documents	Non Compliant		The Company provides draft proxy documents for those who requests the same.

Optional: Recommendation 13.2

1. Company provides rationale for the agenda items for the annual stockholders meeting

Not applicable.

The ASM for the period did not have any material agenda item that requires explanation or rationale.

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

The external auditors, counsels, and transfer agents were present during the ASM. Voting was done by hand and all the agenda items were all unanimously approved. Opportunity to ask questions were given but none was made. Provide link to minutes of meeting in the company website.

[."www.aranetaproperties.com".]

The external auditors, counsels, and transfer agents were present during the ASM.

The external auditors, counsels, and transfer agents were present during the ASM. Voting was done by hand and all the agenda items were all unanimously approved. Opportunity to ask questions were given but none was made.

The Company intends to make ADR available in resolving intra corporate disputes. The external auditors, counsels, and transfer agents were present during the ASM.

The Company intends to make ADR available in resolving intra corporate disputes.

1.7 of the revised CG manual provides for the requirement to establish a dispute resolution mechanism. Provide link to minutes of meeting in the company website.

[."www.aranetaproperties.com".]

The external auditors, counsels, and transfer agents were present during the ASM.

No relevant questions were raised during the latest ASM.

<p>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.</p>	<p>Compliant</p>	<p>A copy of the minutes of meeting may be found in the company website.</p> <p>[."www.aranetaproperties.com".]</p> <p>Voting was done by hand and all the agenda items were all unanimously approved. Opportunity to ask questions were given but none was made.</p>	
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Supplement to Recommendation 13.3

<p>1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.</p>	<p>Compliant</p>	<p>The external auditors, counsels, and transfer agents were present during the ASM.</p>	
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Recommendation 13.4

<p>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.</p>	<p>Compliant</p>	<p>The Company intends to make ADR available in resolving intra corporate disputes.</p>	
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<p>2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.</p>	<p>Compliant</p>	<p>1.7 of the revised CG manual provides for the requirement to establish a dispute resolution mechanism.</p>	
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Recommendation 13.5

<p>1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.</p>	<p>Compliant</p>	<p>Investor Relations:</p> <p>Gerardo D. Deloso/Jose O. Eustaquio III/Crisanto B. Alcid</p> <p>2. Telephone number (632) 848 1501 to 04</p> <p>of the revised CG manual provides for the requirement to establish a dispute resolution mechanism.</p> <p>Disclose the contact details of the officer/office responsible for investor relations, such as:</p> <p>1. Gerardo D. Deloso/Jose O. Eustaquio III/Crisanto B. Alcid</p> <p>2. Telephone number (632) 848 1501 to 04</p>	
<p>2. IRO is present at every shareholder's meeting.</p>	<p>Non Compliant</p>		<p>The Company has yet to appoint an IRO.</p>

Supplemental Recommendations to Principle 13

<p>1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group</p>	<p>Compliant</p>	<p>The Board has not done any act or measure that will be considered as anti-takeover measure.</p>	
<p>2. Company has at least thirty percent (30%) public float to increase liquidity in the market.</p>	<p>Non Compliant</p>		<p>Company has 24.43% public float as of December 31, 2023.</p>

Optional: Principle 13

1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Non Compliant		While the company do not have written policies, the company encourages shareholders to be active with the company through the notices and disclosures it makes public.
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Non Compliant		The Board intends to amended the Company's By-Laws allowing for electronic voting in absentia

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	While there is no written policy on the matter, the Company promotes cooperation with its stakeholders.	
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Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	While there is no written policy on the matter, the Company promotes cooperation with its stakeholders.	
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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.	Non Compliant		The Company is currently drafting its whistle blowing policy.
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Non Compliant		The Company has yet to establish an alternative dispute resolution system. However, the company intends to engage in ADR when the need for such arises
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	The Company has not sought any exemption from the application of any law or regulation.	

2. Company respects intellectual property rights.	Compliant	The Company registers all its brand names and marks before the Intellectual Property Office. It recognizes the need to protect intellectual property rights, and complies with the necessary requirements in order to respect others' intellectual property rights.	
Optional Principle 14			
1. Company discloses its policies and practices that address customers' welfare	Non Compliant		The Company has not adopted relevant written policies but has adopted best practices when addressing customers' welfare as well as supplier selection process
2. Company discloses its policies and practices that address supplier/contractor selection procedures	Non Compliant		While the Company does not have a written policy with regard to its contractor procedure, it conducts a bidding process in the procurement of supplies and awarding of projects to contractors.
<p>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.</p>			
<p>Recommendation 15.1</p>			

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.			All employees of the company are provided their own copy of Company's employees manual
Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Non Compliant		All employees of the Company are giving merits and incentive based on performance, At present, no other scheme such as ESOPs are granted.
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	Aside from the Social Security System and Philhealth Insurance coverage, the Company has an in-house health insurance coverage and as well as provision for employees retirement benefit	
3. Company has policies and practices on training and development of its employees.	Non Compliant		Employees are subject to training and development to enhance their corresponding skills such as MCLE and other related seminar such as taxation.
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.	Non Compliant		The company policy programs and practices on anti-corruption and other related violation are company designed policies that are disseminated to all employee of the Company. The company is still formulating its policy and collatilla for whistle-blowing for employees

<p>2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.</p>	<p>Compliant</p>	<p>The employee is oriented upon onboarding on the Company policies and programs.</p> <p>The company policy disseminated to employees individually and will be form part of their 201 files</p>	
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Supplement to Recommendation 15.2

<p>1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.</p>	<p>Non Compliant</p>		<p>The company is still formulating its policy and collatilla for whistle-blowing for employees</p>

Recommendation 15.3

<p>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</p>	<p>Non Compliant</p>		<p>The company is still formulating its policy and collatilla for whistle-blowing for employees</p>
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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.	Non Compliant		The Company is drafting its whistle blowing policy.
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Non Compliant		The Company is drafting its whistle blowing policy.
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	Non Compliant		While no written policy was approved, the company is required by the relevant government agencies to ensure environmental compliance. The Company also promotes sustainable development as can be seen in its Sustainability Report attached to its Annual Report. A copy of the Report may be found in the Company's website [."www.aranetaproperties.com".]
2. Company exerts effort to interact positively with the communities in which it operates	Compliant	The Company through its corporate social responsibility activities contributes to the improvement of the communities it operates in.	
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			
Company recognizes and places importance on the interdependence	Non-compliant		Due to minimal operations, the Company has not engaged in promotional activities but the same will be adopted when the business of the Company requires.

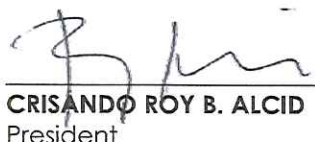
<p>between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>			
Option: Principle 16			
<p>Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>Non-compliant</p>		<p>While no written policy was approved, the company is required by the relevant government agencies to ensure environmental compliance. The Company also promotes sustainable development as can be seen in its Sustainability Report attached to its Annual Report. A copy of the Report may be found in the Company's website: www.aranetaproperties.com</p>
<p>Company exerts effort to interact positively with the communities in which it operates</p>	<p>Compliant</p>	<p>The Company through its corporate social responsibility activities contributes to the improvement of the communities it operates in.</p>	

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 _____ on _____, 2024.

SIGNATURES



GREGORIO Ma. ARANETA III
Chairman of the Board



CRISANDO ROY B. ALCID
President

LAZARO MADARA
Independent Director
On leave



PERRY PE
Independent Director



ALFREDO D. ROA III
Independent Director



CHRISTINE P. BASE
Compliance Officer/Corporate Secretary

MAY 30 2024

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2024 affiants exhibiting to me their respective competent evidence of identity, as follows:

NAME	Identification Cards No.
GREGORIO Ma. ARANETA III	TIN: 136-998-184
CRISANDO ROY B. ALCID	TIN: 107-973-163
PERRY PE	TIN: 106-199-198
ALFREDO D. ROA III	TIN: 104-725-152
CHRISTINE P. BASE	TIN: 198-818-199

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Page No. 95
Book No. 15
Series of 2024.

ATTY. JOEL FERRER FLORES
Notary Public for Makati City
Until December 31, 2024
Appointment No. M-115(2023-2024)
Roll Of Attorney No. 77376
MCLE Compliance VIII No. 0001393
Jan. 3, 2023 until Apr. 12, 2028
PTR NO. 10073945/Jan. 2, 2024/Makati City
IBP No. 330740/Jan. 2, 2024/Pasig City
107 Bataan St., Guadalupe Nuevo, Makati City

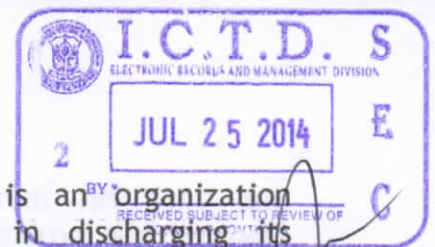
ARANETA PROPERTIES, INC.

**Revised Manual on
Corporate Governance**

ARANETA PROPERTIES, INC.

REVISED MANUAL ON CORPORATE GOVERNANCE

© 2014 ARANETA PROPERTIES, Inc.



ARANETA PROPERTIES, INC. ("API" or the "Company") is an organization committed to high standards of corporate governance in discharging its obligations to ensure an orderly and fair market, to act in the interests of the public, and to enhance shareholders' value. The Company's Board of Directors (the "Board") and Management strongly supports the principles of corporate governance and is committed to maintaining the highest standards and best practices within the Company.

The Board of Directors and Management of the Company hereby commit themselves to the principles and best practices contained in this Manual, and acknowledge that the same may guide the attainment of our corporate goals.

MAIN OBJECTIVES

The principal goal of Management and the Board is to create an enduring company in the stock market, one which recognizes the legitimate interest of all its stakeholders and is centered on creating consistent, long-term shareholder value.

This Manual shall institutionalize the principles of good corporate governance in the entire organization.

The Company believes that a high standard of corporate governance practice is fundamental to the Company's continued success and will therefore undertake every effort necessary to create awareness within the organization as soon as possible.

I. DEFINITIONS

- a) **Corporate Governance** - the framework of rules, systems and processes in the corporation that governs the performance by the Board of Directors and Management of their respective duties and responsibilities to the stockholders and other stakeholders which include among others, customers, employees, suppliers, financiers, government and community in which it operates;
- b) **Board of Directors** - the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties;
- c) **Exchange** - an organized market place or facility that brings together buyers and sellers, and executes trades of securities and/or commodities;
- d) **Management** - the body given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the corporation;

- e) **Independent director** - a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director;
- f) **Executive director** - a director who is also the head of a department or unit of the corporation or performs any work related to its operation;
- g) **Non-executive director** - a director who is not the head of a department or unit of the corporation nor performs any work related to its operation;
- h) **Non-audit work** - the other services offered by an external auditor to a corporation that are not directly related and relevant to its statutory audit functions, such as, accounting, payroll, bookkeeping, reconciliation, computer project management, data processing, or information technology outsourcing services, internal audit, and other services that may compromise the independence and objectivity of an external auditor;
- i) **Internal control** - the system established by the Board of Directors and Management for the accomplishment of the corporation's objectives, the efficient operation of its business, the reliability of its financial reporting, and faithful compliance with applicable laws, regulations and internal rules;
- j) **Internal control system** - the framework under which internal controls are developed and implemented (alone or in concert with other policies or procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the corporation is exposed;
- k) **Internal audit** - an independent and objective assurance activity designed to add value to and improve the corporation's operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes;
- l) **Internal audit department** - a department or unit of the corporation and its consultants, if any, that provide independent and objective assurance services in order to add value to and improve the corporation's operations;
- m) **Internal Auditor** - the highest position in the corporation responsible for internal audit activities. If internal audit activities are performed by outside service providers, he is the person responsible for overseeing the service contract, the overall quality of these activities, and follow-up of engagement results.

II. RULES OF INTERPRETATION

All references to the masculine gender in the salient provisions of this Code shall likewise cover the feminine gender.

All doubts or questions that may arise in the interpretation or application of this Code shall be resolved in favor of promoting transparency, accountability and fairness to stockholders and investors of the Company.

III. COMPLIANCE SYSTEM

A. Compliance Officer

To insure adherence to corporate principles and best practices, the Chairman of the Board shall designate a Compliance Officer who shall be registered as an Associated Person with the Commission. He shall have direct reporting responsibilities to the Chairman of the Board.

He shall perform the following duties.

- Monitor compliance by the Company with this Code and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;
- Appear before the Commission when summoned in relation to compliance with this Code;
- Issue a certification every January 30th of the year on the extent of the Company's compliance with this Code for the completed year and, if there are any deviations, explain the reason for such deviation.
- Determine violation/s of the Manual and recommend penalty for violation thereof for further review and approval of the Board; and
- Identify, monitor and control compliance risks.

B. Plan of Compliance

B.1 Board of Directors

Compliance with the principles of good corporate governance shall start with the Board of Directors.

The Board of Directors (the “Board”) is primarily responsible for the governance of the Company. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.

B.1.1 Composition of the Board

The Board shall be composed of at least five (5), but not more than fifteen (15), members who are elected by the stockholders. The number of independent directors in the Board shall at least be two (2) or of such number that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2).

B.1.2 Responsibilities, Duties and Functions of the Board

General Responsibility

It is the Board’s responsibility 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 best interest of its stockholders and other stakeholders.

The Board should formulate the Company’s vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management’s performance.

Duties and Functions

To ensure a high standard of best practice for the Company and its stockholders and other stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

- Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly-motivated management officers. Adopt an effective succession planning program for Management.
- Provide sound strategic policies and guidelines to the Company on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies,

including the business plans, operating budgets and Management's overall performance.

- Ensure the Company's faithful compliance with all applicable laws, regulations and best business practices.
- Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Company. If feasible, the Company's CEO or chief financial officer shall exercise oversight responsibility over this program.
- Identify the corporation's stakeholders in the community in which the Company operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.
- Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the Company's internal control system in order to maintain its adequacy and effectiveness.
- Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the Company to anticipate and prepare for possible threats to its operational and financial viability.
- Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.
- Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.

- Establish and maintain an alternative dispute resolution system in the Company that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities.
- Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration.
- Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.
- Appoint a Compliance Officer who shall have the rank of at least vice president. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

B.1.3 Specific Duties and Responsibilities of a Director

A director's office is one of trust and confidence. A director should act in the best interest of the Company in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the Company towards sustained progress.

A director should observe the following norms of conduct:

- a) **Conduct fair business transactions with the Company, and ensure that his personal interest does not conflict with the interests of the Company.**

The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.

A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Company,

or stands to acquire or gain financial advantage at the expense of the Company.

- b) **Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.**

A director should devote sufficient time to familiarize himself with the Company's business. He should be constantly aware of and knowledgeable with the Company's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

- c) **Act judiciously.**

Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.

- d) **Exercise independent judgment.**

A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to the Company.

- e) **Have a working knowledge of the statutory and regulatory requirements that affect the Company, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.**

A director should also keep abreast with industry developments and business trends in order to promote the Company's competitiveness.

- f) **Observe confidentiality.**

A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.

B.1.4 Internal Control Responsibilities of the Board

The control environment of the Company consists of (a) the Board which ensures that the Company is properly and effectively managed and supervised; (b) a Management that actively manages and operates the Company in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Company's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

The minimum internal control mechanisms for the performance of the Board's oversight responsibility includes:

- (i) Definition of the duties and responsibilities of the CEO who is ultimately accountable for the Company's organizational and operational controls;
- (ii) Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;
- (iii) Evaluation of proposed senior management appointments;
- (iv) Selection and appointment of qualified and competent management officers; and
- (v) Review of the Company's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.

B.1.5 Board Meetings and Quorum Requirement

The members of the Board should attend its regular and special meetings in person or through teleconferencing conducted in accordance with the rules and regulations of the Commission.

Independent directors should always attend Board meetings. Unless otherwise provided in the by-laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one independent director in all its meetings.

B.1.6 Board Committees

To aid in complying with the principles of good corporate governance, the Board shall constitute Committees. In cases when the Board Committees is not able to discharge its duties, the Board of Directors shall undertake to perform the duties and responsibilities of the Board Committees.

a) Nomination Committee

The Board shall create a Nomination Committee, which shall be composed of at least three (3) members and one of whom should be an independent director, to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;

The Nomination Committee shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the following qualifications and disqualifications:

Qualifications:

- Holder of at least one (1) share of stock of the Company;
- At least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- At least twenty one (21) years old;
- Proven to possess integrity and probity,
- He shall be assiduous.

Disqualifications

➤ Permanent Disqualification

The following shall be grounds for the permanent disqualification of a director:

- (i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as

defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;

(ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

(iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;

(iv) Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully

aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;

(v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;

(vi) Any person judicially declared as insolvent;

(vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above;

(viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.

➤ Temporary Disqualification

The Board may provide for the temporary disqualification of a director for any of the following reasons:

(i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.

(ii) Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.

(iii) Dismissal or termination for cause as director of any corporation covered by this Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.

- (iv) If the beneficial equity ownership of an independent director in the Company or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.

- (v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

In consultation with the executive or management committee/s, the nomination committee shall re-define the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times

The Nomination Committee shall consider the following guidelines in the determination of the number of directorships for the Board:

- The nature of the business of the Corporations which he is a director;
- Age of the director;
- Number of directorship / active memberships and officerships in other corporations or organizations; and
- Possible conflict of interest.

The optimum number shall be related to the capacity of a director to perform his duties diligently in general.

The Chief Executive Officer (CEO) and other executive directors shall submit themselves to a low indicative limit on membership in other corporate Boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.

b) Compensation and Remuneration Committee

The Board shall create a Compensation and Remuneration Committee, which shall be, composed of at least three (3) members and one of whom should be an independent director.

Duties and Responsibilities

- Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and control environment.
- Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully.
- Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers.
- Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.
- Disallow any director to decide his or her own remuneration.
- Provide in the Company's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year.
- Review (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.

- Or in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.

c) Audit Committee

There shall be an audit committee, or in lieu thereof, an auditor or audit group whose person or members shall not be the external auditor of the company. Such auditing or audit group shall be appointed and supervised by the Board. The members of the audit committee or audit group or auditor shall have adequate understanding at least or competence at most, of the company's financial management systems and environment.

The audit committee shall also perform independent internal audit function through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.

Duties and Responsibilities

- Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
- Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
- Perform oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it;

- Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security
- Review the reports submitted by the internal and external auditors;
- Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Major judgmental areas
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements.
- Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report;
- Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee.

The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

For Philippine branches or subsidiaries of foreign corporations covered by this Code, their Internal Auditor should be independent of the Philippine operations and should report to the regional or corporate headquarters.

B.2 The Corporate Secretary

Qualifications:

- The Corporate Secretary is an officer of the Company, and perfection in performance is expected of him. Likewise, his loyalty to the mission, vision and specific business objectives of the corporate entity come with his duties.
- The Corporate Secretary shall be a Filipino citizen and must be a resident of the Philippines.
- Considering his varied functions and duties, he must possess administrative and interpersonal skills. While he shall have some legal, financial and accounting skills, the Human Resources Division (HRD) or some comparable committee however, shall determine his qualifications. The Corporate Secretary need not be a Director of the company.

Duties and Responsibilities

- Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Company;
- Be loyal to the mission, vision and objectives of the Company;
- Work fairly and objectively with the Board, Management, stockholders and other stakeholders;
- Have appropriate administrative and interpersonal skills;
- If he is not at the same time the Company's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;

- Have a working knowledge of the operations of the Company;
- Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;
- Ensure that all Board procedures, rules and regulations are strictly followed by the members; and
- If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Code.

B.3 External Auditor

An external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the Company. An external auditor shall be selected and appointed by the stockholders upon recommendation by the Board, after consultations with the Audit Committee.

The reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the Company's annual and current reports. Said report shall include a discussion of any disagreement between him and the Company on accounting principles or practices, financial disclosures or auditing scope or procedure which the former auditor of the Company failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the Company to the external auditor before its submission.

The external auditor of the Company shall not at the same time provide the services of an internal auditor to the same client. The Company shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor.

The Company's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier or the signing partner of the external auditing firm assigned to the Company, should be changed with the same frequency.

If an external auditor believes that the statements made in the Company's annual report, information statement or any report filed with the Commission or any regulatory body during the period of his engagement incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

B.4 Internal Audit Function

The Company shall have in place an independent internal audit function which shall be performed by the Audit Committee, through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.

The Internal Auditor/Audit Committee shall report to the Board of Directors.

The minimum internal control mechanisms for management's operational responsibility shall center on the CEO, being ultimately accountable for the Company's organizational and procedural controls.

The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

IV. COMMUNICATION PROCESS

This manual shall be available for inspection by any stockholder of the Company at reasonable hours on business days.

All directors, executives, division and department heads are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.

An adequate number of this Manual, either in printed or electronic form, must be reproduced and disseminated, with a minimum of at least one (1) hard copy of the Manual per Department.

V. TRAINING PROCESS

If necessary, funds shall be allocated by the CFO or its equivalent officer for the purpose of conducting an orientation program or workshop to operationalize this Manual.

A director shall be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute. A reasonable timetable shall be given the said director in compliance thereof, and training/s had with other companies shall be considered sufficient compliance which shall not exceed six (6) months from the effectivity of the manual or assumption into office.

VI. ADEQUATE AND TIMELY INFORMATION

The Management shall provide the Board with complete, adequate and timely information about the matters to be taken in their meetings.

The members of the Board are given independent access to Management and the Corporate Secretary.

The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

The members, either individually or as a Board, and in furtherance of their duties and responsibilities, may have access to independent professional advice at the Company's expense.

VII. STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS'

The Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely:

- A) Right to vote on all matters that require their consent or approval;
 - A.1 Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
 - A.2 Cumulative voting shall be used in the election of directors.
 - A.3 A director shall not be removed without cause if it will deny minority shareholders representation in the Board.
- B) Pre-emptive right to all stock issuances of the Company;

- B.1 All Stockholders shall have pre-emptive rights, unless the same is denied in the articles of incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Company. The Articles of Incorporation shall lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with Corporation Code.

- C) Right to inspect corporate books and records;
 - C.1 All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

- D) Right to information;
 - D.1 The shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the company's shares, dealing with the company, relationships among directors and key officers, and the aggregate compensation of directors and officers.

 - D.2 The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purpose.

 - D.3 The minority share holders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

- E) Right to dividends
 - E.1 Shareholders shall have the right to receive dividends subject to the discretion of the Board.

 - E.2 The Company shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board or b) when the Company

is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies.

F) Appraisal right.

F.1 The shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:

- In case any amendment to the articles of incorporation has the effect of changing or restriction the rights of any stockholders or class of shares of any class, or of extending or shortening the term of corporate existence;
- In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all substantially all of the corporate property and assets as provided in the Corporation Code; and
- In case of merger or consolidation.

G. The directors are tasked to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Company. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the

stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Company.

VIII. MONITORING AND ASSESSMENT

If applicable each Committee or its substitute shall report regularly to the Board of Directors.

The Compliance Officer shall establish an evaluation system, to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under Part 8 of this Manual.

This Manual shall be subject to annual review unless the said frequency is amended by the Board or ordered changed by the Commission.

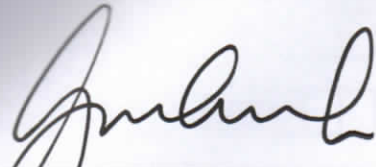
All business process and practices being performed within any department or business unit of the Company that are not consistent with any portion of this manual shall be deemed superseded, unless reviewed to the level of compliance required by the Code.

IX. REPORTORIAL OR DISCLOSURE SYSTEM OF COMPANY'S CORPORATE GOVERNANCE POLICIES

The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or officer through the Company's Compliance Officer;

The Board shall commit at all times to fully and timely disclose material information dealings which could adversely affect its viability or the interest

of its stockholders and other stakeholders. It shall cause filing of all required information through the appropriate Exchange mechanisms for listed companies and submission to the Commission for the interest of its stockholders and other stakeholders..



GREGORIO MA. ARANETA III
C.E.O and Chairman of the Board



CRISANTO ROY B. ALCID
President

