

THE PHILIPPINE STOCK EXCHANGE, INC.

**Corporate Governance Guidelines
for Listed Companies**

Disclosure Template for the Year 2016

	APPLY	EXPLAIN
Guidelines No.1: DEVELOPS AND EXECUTES A SOUND BUSINESS STRATEGY		
1.1 Have a clearly defined vision, mission and core values.	Yes	
1.2 Have a well-developed business strategy.	Yes	
1.3 Have a strategy execution process that facilitates effective performance management, and is attuned to the company's business environment, management style and culture.	Yes	

	APPLY	EXPLAIN
1.4 Have its board continually engaged in discussions of strategic business issues.	Yes	

	APPLY	EXPLAIN
Guidelines No.2: ESTABLISHES A WELL-STRUCTURED AND FUNCTIONING BOARD		
2.1 Have a board composed of directors of proven competence and integrity.	Yes	
2.2 Be led by a chairman who shall ensure that the board functions in an effective and collegial manner.	Yes	

CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: ARANETA PROPERTIES, INC.

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	APPLY	EXPLAIN
2.3 Have at least three (3) or thirty percent (30%), whichever is higher, of its directors as independent directors.	Yes	
2.4 Have in place written manuals, guidelines and issuances that routine procedures and processes.	Yes	

	APPLY	EXPLAIN
2.5 Have Audit, Risk, Governance and Nomination and Election Committees.	Yes	
2.6 Have its Chairman and CEO positions held separately by individuals who are not related to each other.	No	Mr. Gregorio Ma. Araneta holds both the positions of Chairman and CEO. However, the position of President is held by a different person, Crisanto Alcid.

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	APPLY	EXPLAIN
2.7 Have a director nomination and election process that ensures that all shareholders are given the opportunity to nominate and elect directors individually based on the number of shares voted.	Yes	
2.8 Have in place a formal board and director development program.	Yes	

	APPLY	EXPLAIN
2.9 Have a corporate secretary.	Yes	
2.10 Have no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Yes	

	APPLY	EXPLAIN
Guideline No. 3: MAINTAINS A ROBUST INTERNAL AUDIT AND CONTROL SYSTEM		
3.1 Establish the internal audit function as a separate unit in the company which would be overseen at the Board level.	Yes	
3.2 Have a comprehensive enterprise-wide compliance program that is annually reviewed.	Yes	

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	APPLY	EXPLAIN
3.3 Institutionalize quality service programs for the internal audit function.	Yes	
3.4 Have in place a mechanism that allows employees, suppliers and other stakeholders to raise valid issues.	Yes	
3.5 Have the 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.	Yes	

	APPLY	EXPLAIN
Guidelines No. 4: RECOGNIZES AND MANAGES ITS ENTERPRISE RISKS		
4.1 Have its board oversee the company's risk management function.	Yes	

	APPLY	EXPLAIN
<p>4.2 Have a formal risk management policy that guides the company's risk management and compliance processes and procedures.</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 activities. This risk management includes</p> <p>1) Financial Risk Management Objectives and Policies –This covers the management monitoring and risk management of the Company's principal financial instruments consist of cash and cash equivalents and receivables</p> <p>2) Liquidity Risk is the risk that the Company will not be able to meet its financial obligations as they fall due.</p>

	APPLY	EXPLAIN
		<p>The Company’s objective in managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking adverse effect to the Company’s credit standing.</p> <p>The Company seeks to manage its liquid funds through cash planning on a monthly basis. The Company uses historical figures and experiences forecasts from its collection and disbursement.</p> <p>3) Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables. Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company’s performance to developments affecting a particular industry or geographical location.</p>

	APPLY	EXPLAIN
		<p>4) Capital Risk Management-The primary objective of the Company's capital management is to ensure that it maintains a strong credit standing and stable capital ratios in order to support its business and maximize shareholder value.</p> <p>The Company manages its capital structure and makes adjustments to it, in light of changes in economic condition.</p>
<p>4.3 Design and undertake its Enterprise Risk Management (ERM) activities on the basis of, or in accordance with, internationally recognized frameworks such as but not limited to, COSO (The Committee of Sponsoring Organizations of the Treadway Commission) I and II.</p>	N/A	<p>The business segment of the company is purely real estate project development, Thus, ERM in relation to COSO is not relevant with the Company operation</p>
<p>4.4 Have a unit at the management level, headed by the Risk Management Officer (RMO).</p>	Yes	<p>Risk Management Officer (RMO)</p> <p>The company has in-placed its RMO composed of :</p> <ol style="list-style-type: none"> 1) Chief Financial Officer –RMO Head 2) Chief Internal Audit-Member 3) Chief Accountant -Member

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	APPLY	EXPLAIN
4.5 Disclose sufficient information about its risk management procedures and processes as well as the key risks the company is currently facing including how these are being managed.	Yes	<p>The company has established various risk management policies. Risk managements includes Financial Risk Management Objectives and Policies, Liquidity Risk, Credit risk, and Capital Risk Management</p> <p>This risk managements are regularly monitor to insure proper management if said risk is occurred.</p> <p>The company are not facing any risk</p>
4.6 Seek external technical support in risk management when such competence is not available internally.	N/A	The company have management support group to diagnose and identify risk issues and competent ready to correct and manage such risk
Guidelines No. 5: ENSURES THE INTEGRITY OF FINANCIAL REPORTS AS WELL AS ITS EXTERNAL AUDITING		

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	APPLY	EXPLAIN
5.1 Have the board Audit Committee approve all non-audit services conducted by the external auditor. The Committee should ensure that the non-audit fees do not outweigh the fees earned from the external audit.	Yes	
5.2 Ensure that the external auditor is credible, competent, and should have the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Yes	

	APPLY	EXPLAIN
5.3 Ensure that the external auditor has adequate quality control procedures.	Yes	
5.4 Disclose relevant information on the external auditors.	Yes	

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	APPLY	EXPLAIN
5.5 Ensures that the external audit firm is selected on the basis of a fair and transparent tender process.	Yes	
5.6 Have its audit committee conduct regular meetings and dialogues with the external audit team without anyone from management present.	Yes	

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	APPLY	EXPLAIN
5.7 Have the financial reports attested to by the Chief Executive Officer and Chief Financial Officer.	Yes	
5.8 Have a policy of rotating the lead audit partner every five years.	Yes	
Guidelines No. 6: RESPECTS AND PROTECTS THE RIGHTS OF ITS SHAREHOLDERS, PARTICULARLY THOSE THAT BELONG TO THE MINORITY OR NON-CONTROLLING GROUP		

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	APPLY	EXPLAIN
6.1 Adopt the principle of "one share, one vote."	Yes	
6.2 Ensure that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Yes	

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	APPLY	EXPLAIN
6.3 Have an effective, secure, and efficient voting system.	Yes	
6.4 Have effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Yes	

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	APPLY	EXPLAIN
6.5 Provide all shareholders with the notice and agenda of the annual general meeting (AGM) at least thirty (30) days before a regular meeting and twenty (20) days before a special meeting.	No.	The Company complies with the 15 business day notice requirement, but intends to adopt the 30 notice period as much as practicable.
6.6 Allow shareholders to call a special shareholders meeting, submit a proposal for consideration at the AGM or the special meeting, and ensure the attendance of the external auditor and other relevant individuals to answer shareholder questions in such meetings.	Yes	

	APPLY	EXPLAIN
6.7 Ensure that all relevant questions during the AGM are answered.	Yes	
6.8 Have clearly articulated and enforceable policies with respect to treatment of minority shareholders.	Yes	

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	APPLY	EXPLAIN
6.9 Avoid anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group.	Yes	
6.10 Provide all shareholders with accurate and timely information regarding the number of shares of all classes held by controlling shareholders and their affiliates.	Yes	

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	APPLY	EXPLAIN
6.11 Have a communication strategy to promote effective communication with shareholders.	Yes	
6.12 Have at least thirty percent (30%) public float to increase liquidity in the market.	No.	<i>The Company has a public float of 24.42, which is still above the minimum public float of 15%</i>
6.13 Have a transparent dividend policy.	Yes	

	APPLY	EXPLAIN
Guidelines No. 7: ADOPTS AND IMPLEMENTS AN INTERNATIONALLY-ACCEPTED DISCLOSURE AND TRANSPARENCY		
7.1 Have written policies and procedures designed to ensure compliance with the PSE and SEC disclosure rules, as well as other disclosure requirements under existing laws and regulations.	Yes	
7.2 Disclose 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.	Yes	

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	APPLY	EXPLAIN
7.3 Disclose its director and executive compensation policy.	Yes	
7.4 Disclose names of groups of individuals who hold five percent (5%) or more ownership interest in the company, significant cross-shareholding relationship and cross guarantees, as well as the nature of the company's other companies if it belongs to a corporate group.	Yes	

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	APPLY	EXPLAIN
7.5 Disclose annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements shall be published within ninety (90) days from the end of the financial year, while interim reports shall be published within forty-five (45) days from the end of the reporting period.	No.	While the Company files the annual and quarterly report as soon as practicable, the Company files its annual report 135 days, and its quarterly report within 45 days from the end of the reporting period.
7.6 Disclose to shareholders and the Exchange any changes to its corporate governance manual and practices, and the extent to which such practices conform to the SEC and PSE CG Guidelines.	Yes	
7.7 Publish and/or deliver to its shareholders in a timely fashion all information and materials relevant to corporate actions that require shareholder approval.	Yes	

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7.8 Disclose the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This shall also include the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Yes	
7.9 Disclose in its annual report the principal risks to minority shareholders 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.	Yes	

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	APPLY	EXPLAIN
Guidelines No. 8: RESPECTS AND PROTECTS THE RIGHTS AND INTEREST OF EMPLOYEES, COMMUNITY, ENVIRONMENT, AND OTHER STAKEHOLDERS		
8.1 Establish and disclose a clear policy statement that articulates the company's recognition and protection of the rights and interests of key stakeholders specifically its employees, suppliers and customers, creditors as well the community, environment and other key stakeholder groups.	Yes	
8.2 Have in place a workplace development program.	Yes	
8.3 Have in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.	No	The Compensation committee is still working on the mechanism as well formula to use. The study includes a complete definition and the extent of the subject performance incentive.

	APPLY	EXPLAIN
8.4 Have in place a community involvement program.	Yes	
8.5 Have in place an environment-related program.	Yes	
8.6 Have clear policies that guide the company in its dealing with its suppliers, customers, creditors, analysts, market intermediaries and other market participants.	Yes	
Guidelines No. 9: DOES NOT ENGAGE IN ABUSIVE RELATED-PARTY TRANSACTIONS AND INSIDER TRADING		

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	APPLY	EXPLAIN
9.1 Develop and disclose a policy governing the company's transactions with related parties.	Yes	
9.2 Clearly define the thresholds for disclosure and approval for RPTs and categorize such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate of RPT within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	Yes	
9.3 Establish a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions in shareholders meetings.	Yes	

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9.4 Have its independent directors or audit committee play an important role in reviewing significant RPTs.	Yes	
9.5 Be transparent and consistent in reporting its RPTs. A summary of such transactions shall be published in the company's annual report.	Yes	
9.6 Have clear policy in dealing with material non-public information by company insiders.	Yes	

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	APPLY	EXPLAIN
<p>9.7 Have a clear policy and practice of full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management.</p>	<p>Yes</p>	
<p>Guidelines No. 10: DEVELOPS AND NURTURES A CULTURE OF ETHICS, COMPLIANCE, AND ENFORCEMENT</p>		
<p>10.1 Formally adopt a code of ethics and proper conduct that guides individual behavior and decision making, clarify responsibilities, and inform other stakeholders on the conduct expected from company personnel.</p>	<p>Yes</p>	

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10.2 Have a formal comprehensive compliance program covering compliance with laws and relevant regulations. The program should include appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	Yes	

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10.3 Not seek exemption from the application of a law, rule regulation especially when it refers to a corporate governance issue. Should it do so, it has to disclose the reason for such action as well as present the specific steps being taken to finally comply with the applicable law, rule or regulation.	Yes	

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	APPLY	EXPLAIN
10.4 Have clear and stringent policies and procedures on curbing and penalizing company or employee involvement in offering, paying, and receiving bribes.	Yes	
10.5 Have a designated officer responsible for ensuring compliance with all relevant laws, rules, and regulation, as well as all regulatory requirements.	Yes	


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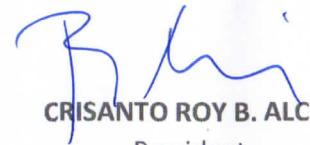
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	APPLY	EXPLAIN
10.6 Respect intellectual property rights.	Yes	
10.7 Establish and commit itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner.	Yes	

This is to certify that the undersigned reviewed the contents of this document and to the best of my knowledge and belief, the information contained Set forth in this documents is true, complete and correct.



PERRY D. DE
Chairman (Independent director)



CRISANTO ROY B. ALCID
President