

COVER SHEET

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SEC Registration Number

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(Company's Full Name)

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

Atty. Riva Khristine V. Maala

(Contact Person)

(+632) 403-6910

(Company Telephone Number)

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Month Day
(Fiscal Year)

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(Form Type)

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Month *Day*
(Annual Meeting)

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(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

11/11/2019

Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **31 DECEMBER 2018**
2. SEC Identification Number **ASO-94-007160** 3. BIR Tax Identification No. **126-004-450-721**
4. Exact name of issuer as specified in its charter **ARTHALAND CORPORATION**
5. **METRO MANILA, PHILIPPINES** (SEC Use Only)
Province, Country or other jurisdiction of incorporation or organization Industry Classification Code:
7. **7F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street** **1634**
Bonifacio Global City, Taguig City
Address of principal office Postal
Code
8. **(+634) 403-6910**
Issuer's telephone number, including area code
9. **8/F Picadilly Star Building, 4th Avenue corner 27th Street**
Bonifacio Global City, Taguig City 1634
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			
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.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	The 2018 Annual Report https://www.arthaland.com/investor-relations/annual&quarterlyreports provides information on the academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of its directors, while the By-laws (Article III, Section 2) https://www.arthaland.com/investor-relations/AOlandByLaws outlines the qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of their performance.	
2. Board has an appropriate mix of competence and expertise.	Compliant		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant		
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	Out of 9 members of the Board, there are 4 non-executive directors, 2 executive directors and 3 independent directors. The 2018 Annual Report https://www.arthaland.com/investor-relations/annual&quarterlyreports identifies who these directors are.	

Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	Manual of Corporate Governance https://www.arthaland.com/investor-relations/corporategovernance	
2. Company has an orientation program for first time directors.	Compliant	It is already standard practice for ArthaLand to conduct an orientation of its first time directors, officers and employees about the company, its history, vision, mission and values, constitutive and other relevant documents, policies and everything to do with its business. The Manual of Corporate Governance https://www.arthaland.com/investor-relations/corporategovernance	
3. Company has relevant annual continuing training for all directors.	Compliant	provides that funds shall be allocated for the purpose of conducting training of directors, including an orientation program for first-time directors, and relevant annual continuing training for all directors. No new/first time director was given the orientation about ArthaLand and its group of related companies in 2018. ArthaLand did not arrange a separate annual continuing training for its directors for 2018 as most of its directors underwent such training in other listed companies of which they are directors. However, a whole-day continuing education seminar has	

		been arranged for ArthaLand's directors and executive officers sometime in the third quarter of 2019.	
Recommendation 1.4			
1. Board has a policy on board diversity.	Not Compliant	The Board is presently composed of all male directors as the lone female director resigned in February 2017. Arthaland had a female director in the Board since 2008.	ArthaLand does not look at the gender of the nominees for directorship but on their respective qualifications and how they can contribute to the company as a whole. The gender, if ever it is relevant, is just secondary. After all, the nomination is open to everyone qualified.
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.		Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity. Provide link or reference to a progress report in achieving its objectives.	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	2018 Annual Report https://www.arthaland.com/investor-relations/annual&quarterlyreports	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Not Compliant		The By-laws https://www.arthaland.com/investor-relations/AOI&ByLaws allows the same person to hold two or more positions concurrently, except that no one shall act as President and Treasurer or Secretary at the same time. The incumbent Corporate Secretary was assisting, if not performing the functions itself of, the Compliance Officer since her engagement on 01

			October 2012. The Board and Management are looking into the necessity of still hiring a full time Compliance Officer. Pending such, the Corporate Secretary oversees the overall compliance of ArthaLand and its group of companies, while the heads of the various departments monitor the requisite compliances of the company which are within the scope of their respective responsibilities in the organization. The Corporate Secretary will also secure the appropriate certification as compliance officer in the last quarter of 2019.
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		
4. Corporate Secretary attends training/s on corporate governance.	Compliant	The Corporate Secretary attended the SEC-accredited Corporate Governance and AMLA Seminar held on 18 December 2018 at the Dusit Thani Hotel, Ayala Center, Makati City, provided by the Philippine Corporate Enhancement and Governance, Inc. http://edge.pse.com.ph/CompanyDisclosures . The Corporate Secretary also complies every three years with the continuing legal education mandated for her profession, which includes corporate governance. The last training on this matter that she attended was in April 2019 at the University of the Philippines Law Center.	

Optional: Recommendation 1.5

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1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.		Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	2018 Annual Report https://www.arthaland.com/investor-relations/annual&quarterlyreports	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant		
3. Compliance Officer is not a member of the board.	Compliant		
4. Compliance Officer attends training/s on corporate governance.	Compliant	The Corporate Secretary attended the SEC-accredited Corporate Governance and AMLA Seminar held on 18 December 2018 at the Dusit Thani Hotel, Ayala Center, Makati City, provided by the Philippine Corporate Enhancement and Governance, Inc. http://edge.pse.com.ph/companyDisclosures . The Corporate Secretary also complies every three years with the continuing legal education mandated for her profession, which includes corporate governance. The last training on this matter that she attended was in April 2019 at the University of the Philippines Law Center.	
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	Manual of Corporate Governance https://www.arthaland.com/investor-relations and the By-laws (Article III, Sections 1, 5 and 8) https://www.arthaland.com/investor-relations/AOI&ByLaws	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	Manual of Corporate Governance https://www.arthaland.com/investor-relations/corporategovernance and the By-laws (Article III, Sections 1)	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant	https://www.arthaland.com/investor-relations/AOI&ByLaws At the beginning of each year, the Board and Management review ArthaLand's objectives, both short-, mid- and long term, whether they have been met the past year, and the strategies adopted/implemented, including how closer they are to such objectives or whether the same need to be changed accordingly given the circumstances.	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	ArthaLand's vision, mission and core values are in its website https://www.arthaland.com . ArthaLand complies with the Securities and Regulation Code (SRC) on the frequency of reviewing the vision, mission and core values. In	

		fact, such have been revised in the fourth quarter of 2018 and will be presented to the stockholders during the annual meeting on 28 June 2019.	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment and culture.	Compliant	Arthaland is fluid in its strategy execution process and is not bound by stringent rules. The Board knows when exactly and whom to delegate certain functions/responsibilities in order to achieve the overall (short-, mid- and long term) objectives of the company and its subsidiaries.	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	2018 Annual Report (Part III, Item 9) https://www.arthaland.com/investor-relations/annual&quarterlyreports	
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	Manual of Corporate Governance https://www.arthaland.com/investor-relations/corporategovernance	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant		
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	Manual of Corporate Governance https://www.arthaland.com/investor-relations/corporategovernance and the By-laws (Article III, Section 10) https://www.arthaland.com/investor-relations/AOI&ByLaws	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant		

3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	ArthaLand conducts annual performance evaluation of its employees, including the executive directors, to enable the Board and Management to determine the propriety of increasing or giving additional remuneration vis-à-vis financial and legal considerations.	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.		Provide proof of board approval	
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.		Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Manual of Corporate Governance https://www.arthaland.com/investor-relations/corporategovernance	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	and the By-laws (Article III, Section 2) https://www.arthaland.com/investor-relations/AOI&ByLaws	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant	ArthaLand makes the deadline for submission of nominations public (through disclosures to the PSE and SEC) to enable minority shareholders	

4. Board nomination and election policy includes how the board shortlists candidates.	Compliant	to nominate candidates to the board.	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant	There was no assessment made in 2018 on the effectiveness of the Board's processes in the nomination, election or replacement of a director as ArthaLand has not received any complaint nor comment on such matter. Nevertheless, ArthaLand has arranged a third-party assessment of the Board's overall performance this 2019.	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.		Identify the professional search firm used or other external sources of candidates	
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.	Compliant	Manual of Corporate Governance https://www.arthaland.com/investor-relations/corporategovernance The RPTs approved and duly disclosed are the non-interest bearing loans granted by related companies in favor of ArthaLand and advances made among ArthaLand's group of companies, all of which are duly reported and disclosed in the 2018 Annual Report	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant		

		https://www.arthaland.com/investor-relations/annual&quarterlyreports .	
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 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.	Compliant	To ensure transparency across Arthaland's group of companies, the Board, through the Audit Committee which is composed of all independent directors, approves all RPTs regardless of thresholds of materiality and disclosed accordingly thereafter.	
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	Not Compliant		There is no such voting established given that the Board approves and makes full disclosures of all RPTs regardless of thresholds of materiality.
Recommendation 2.8			
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).	Compliant	By-laws (Article IV, Section 2) https://www.arthaland.com/investor-relations/AOI&ByLaws The 2018 Annual Report (Part III, item 9, letter c) https://www.arthaland.com/investor-relations/annual&quarterlyreports identifies the Management team.	

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).	Compliant	Manual of Corporate Governance https://www.arthaland.com/investor-relations and the By-laws (Article III, Section 10) https://www.arthaland.com/investor-relations/AOI&ByLaws ArthaLand conducts annual performance evaluation of its employees, including executive directors, to enable the Board and Management to determine the propriety of increasing or giving additional remuneration vis-à-vis financial and legal considerations.	
Recommendation 2.9			
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.	Compliant	ArthaLand conducts annual performance evaluation of its employees, including executive directors, to enable the Board and Management to determine the propriety of increasing or giving additional remuneration vis-à-vis financial and legal considerations.	
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.	Compliant		
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	Manual of Corporate Governance https://www.arthaland.com/investor-relations/corporategovernance	

2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	and the By-laws (Article III, Section 13) https://www.arthaland.com/investor-relations/AOI&By-laws	
3. Board approves the Internal Audit Charter.	Not Compliant		The Audit Committee has yet to recommend an internal audit charter for the Board's approval. Arthaland's Internal Auditor resigned in January 2018 and the replacement will be appointed by the Board during its organizational meeting on June 2019.
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.	Not Compliant		The Board has yet to assess the effectiveness of risk management strategies adopted.
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.	Not Compliant		
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	The By-Laws https://www.arthaland.com/investor-relations/AOI&ByLaws enumerates the functions and responsibilities of the Board as whole and the duties of the directors.	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant		

3. Board Charter is publicly available and posted on the company's website.	Compliant		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	The Board complies with the policies provided by its primary regulators on the matter.	
Optional: Principle 2			
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.		Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.	
2. Company discloses the types of decision requiring board of directors' approval.		Indicate the types of decision requiring board of directors' approval and where there are disclosed.	
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	By-laws (Article III, Sections 12-13) https://www.arthaland.com/investor-relations/AOI&ByLaws	
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit	Compliant	The By-laws (Article III, Section 13) https://www.arthaland.com/investor-relations/AOI&By-Laws mandates the creation of an Audit Committee.	

processes, and compliance with applicable laws and regulations.		The Audit Committee is responsible for the appointment of the internal auditor as well as the independent external auditor, among other functions. This includes their removal.	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	2018 Annual Report https://www.arthaland.com/investor-relations/annual&quarterlyreports	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	2018 Annual Report (Part III, Item 9, letter a) https://www.arthaland.com/investor-relations/annual&quarterlyreports	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	2018 Annual Report (Part III, Items 9 and 10) https://www.arthaland.com/investor-relations/annual&quarterlyreports	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	Under the Manual of Corporate Governance https://www.arthaland.com/investor-relations/corporategovernance , the Audit Committee is responsible for the appointment of the independent external auditor, among other functions. Non-audit work may be given to the external auditor provided, it does not conflict with his/its duties as an independent auditor or does not pose a threat to	

		his/its independence. There was no such work given to the external auditor in 2018.	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	Manual of Corporate Governance http://www.arthaland.com/investor-relations/corporategovernance	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.		Indicate the number of Audit Committee meetings during the year and provide proof	
2. Audit Committee approves the appointment and removal of the internal auditor.		Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.	
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.	Not Compliant		The Board as a whole oversees ArthaLand's corporate governance functions and responsibilities.
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Not Compliant		
3. Chairman of the Corporate Governance Committee is an independent director.	Not Compliant		

Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.		Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.	
Recommendation 3.4			
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.	Not Compliant		The Board, through the Audit Committee, continues to oversee ArthaLand's risk functions and responsibilities. While a Risk Management Committee was created in 2018, it has yet to come out with its own charter and an enterprise risk management program.
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Not Compliant		
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Not Compliant		
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Not 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.	Not Compliant		The Audit Committee, which is composed of independent (and non-executive) directors, reviews and approves all RPTs prior to presentation and approval of the Board.

2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Not Compliant		The Audit Committee, which is composed of independent (and non-executive) directors, reviews and approves all RPTs prior to presentation and approval of the Board.
Recommendation 3.6			
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.	Not Compliant		The By-laws (Article III, Sections 12-13) https://www.arthaland.com/investor-relations/AOI&By-Laws outlines the duties and responsibilities of each committee. The Board Committees are working on their respective charters at this time.
2. Committee Charters provide standards for evaluating the performance of the Committees.	Not Compliant		
3. Committee Charters were fully disclosed on the company's website.	Not Compliant		
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			
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.	Compliant	<p>Manual of Corporate Governance https://www.arthaland.com/investor-relations/corporategovernance</p> <p>A disclosure is filed with the SEC in January every year on the attendance and participation of directors to Board, Committee and shareholders' meetings.</p>	

2. The directors review meeting materials for all Board and Committee meetings.	Compliant	Together with the notice of the meeting, the agenda and all meeting materials are sent by the Corporate Secretary (https://www.arthaland.com/investor-relations/AOI&By-laws) to the directors to enable them to review the matters to be taken up and thereby enable them to participate in the meeting accordingly.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	The minutes of meeting present substantially the discussion during meetings of the Board and committees.	

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	<p>Manual of Corporate Governance https://www.arthaland.com/investor-relations/corporategovernance</p> <p>2018 Annual Report (Part III, Item 9, letter a) https://www.arthaland.com/investor-relations/annual&quarterlyreports</p> <p>The Information Statement https://www.arthaland.com/investor-relations/stockholdersmeeting filed with the SEC and distributed to all stockholders also include the Certification of Independent Directors on the qualifications/affiliations.</p>	
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Recommendation 4.3

1. The directors notify the company's board before accepting a directorship in another company.	Not Compliant		Notification is not always in writing. Each director is professional enough to advise the Chairman of the Board at the very least before accepting a directorship in another company, listed or otherwise, to enable the Board to assess if his present responsibilities and commitment to ArthaLand will be affected and if said director can still adequately provide what is expected of him/her. No written notification was received by the Board in 2018.
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.			
2. Company schedules board of directors' meetings before the start of the financial year.			
3. Board of directors meet at least six times during the year.		Indicate the number of board meetings during the year and provide proof	
4. Company requires as minimum quorum of at least 2/3 for board decisions.		Indicate the required minimum quorum for board decisions	
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	2018 Annual Report (PART III, Item 9, letter a)	

		https://www.arthaland.com/investor-relations/annual&quarterlyreports	
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	2018 Annual Report (PART III, Item 9, letter a) https://www.arthaland.com/investor-relations/annual&quarterlyreports	
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	Manual of Corporate Governance https://www.arthaland.com/investor-relations/corporategovernance	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	ArthaLand complies with the directives of its primary regulators as reflected in the 2018 Annual Report https://www.arthaland.com/investor-relations/annual&quarterlyreports .	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant		
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.	Compliant		To date, ArthaLand has not retained an independent director in the same capacity after 9 years.
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	Mr. Ernest K. Cuyegkeng is the Chaiman of the Board, while Mr.	

		Jaime C. Gonzalez is the Vice Chairman and President.	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	By-Laws (Article IV, Section 5) https://www.arthaland.com/investor-relations/AOI&By-Laws The Chairman of the Board of ArthaLand is not in any way related to its Vice Chairman and President.	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Not Compliant		In the absence of the Chairman of the Board, the lead director appointed is the Vice Chairman and President. The Board is given the discretion during its organizational meeting to determine the lead director in the absence of the Chairman of the Board.
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	In RPTs of ArthaLand, the affected/involved director always abstain from the discussion and voting on the transaction. Such abstention is disclosed in reports submitted to ArthaLand's regulators and reflected in the minutes of meetings.	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal	Not Compliant		All directors, including NEDs, have free access to the external auditor and all executives of ArthaLand. It is not

audit, compliance and risk functions, without any executive present.			necessary to set formal meetings for the purpose and/or minuting the same.
2. The meetings are chaired by the lead independent director.	Not Compliant		
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	Compliant	The former President and CEO of ArthaLand was Ms. Angela de Villa Lacson. She retired on 28 February 2017.	
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.	Not Compliant		For the period covered by this Report, the Board has not found it necessary to do an annual assessment of its performance as a whole or of its individual directors.
2. The Chairman conducts a self-assessment of his performance.	Not Compliant		
3. The individual members conduct a self-assessment of their performance.	Not Compliant		
4. Each committee conducts a self-assessment of its performance.	Not Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Not Compliant		The Board arranged for an external assessment for 2019.
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to	Not Compliant		The Board has not found it necessary in the past to establish any system to

determine the performance of the Board, individual directors and committees.			determine, nor to do an annual assessment of, its performance as a whole or of its individual directors, but has arranged for an external assessment for 2019.
2. The system allows for a feedback mechanism from the shareholders.	Not Compliant		

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.	Compliant	ArthaLand has a Code of Business Conduct and Ethics, which provides standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings thereof. However, this Code has not been made available to the public.	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	Upon election, appointment or engagement, first time directors and all employees undergo an orientation which includes a discussion on the Code.	
3. The Code is disclosed and made available to the public through the company website.	Not Compliant		ArthaLand has not made the Code available to the public. The company website is presently undergoing maintenance and Management will consider having ArthaLand's policies (or the simplified versions) available therein beginning 2019.

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.	Compliant	ArthaLand has a strict policy on conflicts of interests which includes penalizing any involvement in offering, paying and receiving bribes. The penalty includes dismissal and filing of criminal charges, as appropriate.	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	The Board, through the heads of each department of ArthaLand, are responsible in monitoring the compliance by all employees with the Code of Business Conduct and Ethics and other internal policies. This is reflected in the Human Resource (HR) Policies.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	There has been no violation of the Code in 2018.	
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.	Not Compliant		ArthaLand complies with the requirements of its regulators. The Board has not found the necessity to come out with separate disclosure policies and procedures which will just be a replica of those imposed by the company's regulators.
Supplement to Recommendations 8.1			

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.	Not Compliant		Annual Reports are made available not later than 105 days from the end of the fiscal year while quarterly/interim reports are filed within 45 days from the end of the reporting period.
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.	Compliant	2018 Annual Report (Item 6) https://www.arthaland.com/investor-relations/annual&quarterlyreports	
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.	Compliant	ArthaLand complies with the directives of its regulators on disclosures of any dealings in its shares by the directors and officers.	
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.	Compliant	None of its directors or officers dealt with ArthaLand's shares in 2018.	
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	Compliant	ArthaLand complies with the directives of its regulators on disclosures of any dealings in its shares by the directors and officers.	

the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).		There has been no such trading nor any buy-back in 2018.	
Recommendation 8.3			
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.	Compliant	2018 Annual Report (PART III, Item 9, letter a) https://www.arthaland.com/investor-relations/annual&quarterlyreports	
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.	Compliant	2018 Annual Report (PART III, Item 9, letters a, b and c) https://www.arthaland.com/investor-relations/annual&quarterlyreports	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	2018 Annual Report https://www.arthaland.com/investor-relations/annual&quarterlyreports and By-laws (Article III, Section 10) https://www.arthaland.com/investor-relations/AOI&ByLaws	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Not Compliant		Under the By-laws (Article IV, Section 7) https://www.arthaland.com/investor-relations/AOI&By-laws , the Chairman, or such other officer(s) as the Board of Directors may authorize, shall determine the compensation of all the officers and employees of the Corporation.

3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Not Compliant		Compensation is disclosed in total as it is considered confidential in ArthaLand, and Management do not have the consent of the directors and concerned executives to disclose the same, even to the regulators.
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.	Compliant	Manual of Corporate Governance https://www.arthaland.com/investor-relations The directors of ArthaLand are professional enough to know when there is a conflict of interest on their part and to abstain from the deliberation of that particular transaction.	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	ArthaLand discloses RPTs as they are approved by the Board and reflects the same in its annual reports https://www.arthaland.com/investor-relations/annual&quarterlyreports .	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	Prior to the Nomination Committee deliberating on the qualifications of the nominees to the Board for the succeeding term, all directors are required to make full disclosures of their interests in other companies, including the government.	

		Also, the directors of ArthaLand are professional enough to know when there is a conflict of interest on their part and to abstain from the deliberation of that particular transaction during meetings. The abstention is reflected in the minutes of these meetings.	
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.		Provide link or reference where this is disclosed, if any	
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	This is done through http://edge.pse.com.ph/CompanyDisclosures and SEC Form 17C.	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	2018 Annual Report https://www.arthaland.com/investor-relations/annual&quarterlyreports ArthaLand secures the services of independent appraisers in evaluating the fairness of the transaction price. The appraiser, including the rules and procedures used, differs every time.	
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	ArthaLand complies with directives of its primary regulators on the subject. 2018 Annual Report https://www.arthaland.com/investor-relations/annual&quarterlyreports	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Manual of Corporate Governance https://www.arthaland.com/investor-relations/corporategovernance	
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	Manual of Corporate Governance https://www.arthaland.com/investor-relations/corporategovernance The Manual was last revised/updated in May 2017.	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:		Provide link or reference to the company's Annual Report containing the said information.	
a. Corporate Objectives			
b. Financial performance indicators			

c. Non-financial performance indicators			
d. Dividend Policy			
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors			
f. Attendance details of each director in all directors meetings held during the year			
g. Total remuneration of each member of the board of directors			
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.		Provide link or reference to where this is contained in the Annual Report	
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.		Provide link or reference to where this is contained in the Annual Report	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting		Provide link or reference to where this is contained in the Annual Report	

on the adequacy of the company's internal controls/risk management systems.			
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).		Provide link or reference to where these are contained in the Annual Report	
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.	Compliant	By-laws (Article III, Section 13a) https://www.arthaland.com/investor-relations/AOI&ByLaws	
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.	Compliant	By-laws (Article III, Section 13a, and Article V, Section 1) https://www.arthaland.com/investor-relations/AOI&ByLaws While the Board is granted the full authority to appoint the external auditor annually, the same is submitted for ratification of the shareholders during annual meetings.	
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.	Compliant	ArthaLand complies with the directives of its primary regulators. Its external auditor was last changed in 2012 as stated in the 2018 Annual Report	

		https://www.arthaland.com/investor-relations/annual&quarterlyreports .	
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	ArthaLand complies with the directives of its primary regulators on the subject. The lead audit partner of Its external auditor was changed in 2017. 2018 Annual Report https://www.arthaland.com/investor-relations/annual&quarterlyreports	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	Compliant	ArthaLand's Audit Committee Charter outlines the responsibilities, among others, of the Audit Committee. The Charter was filed with the SEC but it is not available to the public at this time.	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's	Compliant	ArthaLand's Audit Committee Charter, among others, outlines the responsibilities of the Audit Committee insofar as monitoring the	

suitability and effectiveness on an annual basis.		external auditor. The Charter was filed with the SEC but it is not available to the public at this time.	
Supplement to Recommendations 9.2			
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.	Compliant	By-laws (Article III, Section 13) https://www.arthaland.com/investor-relations/AOI&ByLaws	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant		
Recommendation 9.3			
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.	Compliant	2018 Annual Report https://www.arthaland.com/investor-relations/AOI&ByLaws	
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.	Compliant	The entire organization of ArthaLand looks out for potential conflicts of interests in all aspects thereof. Such is not left to the responsibility of the Audit Committee alone. Any possible conflict is immediately elevated, even to the level of the Board when necessary.	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	The external auditor's fees are based on the estimated time that would be spent on an engagement and ALCO is charged on the experience level of	

		<p>the professional staff members who will be assigned to work on the engagement and generally, on the complexity of the issues involved and the work to be performed, as well as the special skills required to complete the work.</p> <p>Audit and non-audit fees paid by ArthaLand are disclosed in its annual reports. https://www.arthaland.com/investor-relations/annual&quarterlyreports</p>	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	<p>ArthaLand's external auditor is:</p> <ol style="list-style-type: none"> 1. Reyes, Tacandong & Co. 2. SEC Accreditation No.: Partner – No. 1499-AR-1 Group A 3. Information not available 4. Valid until 17 July 2021 5. 26/F Citibank Tower 8741 Paseo de Roxas, Makati City 1226 +632.982.9100 	
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 General Accountant (OGA).	Compliant	ArthaLand's external auditor has not been subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	
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.	Not Compliant		ArthaLand will be coming out by 2020 with policies and practices on the management of non-financial information, including EESG issues, and the propriety of disclosing the same in a Sustainability Report.
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Not Compliant		ArthaLand will come out with a Sustainability Report in April 2020.
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.	Not Compliant		ArthaLand communicates through submissions of reports to its primary regulators, its website and as appropriate, through media briefings and press conferences.
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	Compliant	http://www.arthaland.com/investor-relations	
a. Financial statements/reports (latest quarterly)	Compliant		
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.	Not Compliant		ArthaLand is still working on updating its website given the number of changes in its organization and internal policies the past two years. The above notwithstanding, ArthaLand upload to its current website all disclosures filed with its primary regulators where appropriate (or under Other Disclosures).
Internal Control System and Risk Management Framework			
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.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	The Board, with the assistance of the Audit Committee and the Internal Audit Department, oversees very closely ArthaLand's internal control system. Said internal control system is presently under review, especially since the position of internal auditor will only be filled in June 2019.	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Not Compliant		For 2018, the Board, through the Audit Committee, oversees ArthaLand's risk functions and responsibilities. The Board

			created a Risk Management Committee in 2018 but is still working on the appropriate framework in the conduct of ArthaLand's business.
Supplement to Recommendations 12.1			
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.	Not Compliant		<p>The Corporate Secretary oversees the overall compliance of ArthaLand while the heads of various departments monitor the requisite compliances of the company which are within the scope of their responsibilities in the organization.</p> <p>The Board and Management are looking into the necessity of still hiring a full time Compliance Officer. Pending such, the Corporate Secretary oversees the overall compliance of ArthaLand and its group of companies, while the heads of the various departments monitor the requisite compliances of the company which are within the scope of their respective responsibilities in the organization.</p>
Optional: Recommendation 12.1			
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.		Provide information on IT governance process	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance,	Compliant	ArthaLand has an Internal Audit Department.	

and consulting services designed to add value and improve the company's operations.			
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Not Compliant		ArthaLand's Internal Auditor resigned in January 2018. The replacement will be appointed by the Board in June 2019.
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.	Compliant	By-laws (Article V) https://www.arthaland.com/investor-relations/AOI&ByLaws	
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	In the event the internal audit function will be outsourced subsequently, ArthaLand will identify qualified independent executive/s or senior management personnel who will manage the matter.	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Not Compliant		For 2018, the Board, through the Audit Committee, oversees ArthaLand's risk functions and responsibilities.
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant		For 2018, the Board, through the Audit Committee, oversees ArthaLand's risk functions and responsibilities. If external support is necessary, the Board Management do not hesitate to seek for the same.
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).	Not Compliant		For 2018, the Board, through the Audit Committee, oversees ArthaLand's risk functions and responsibilities. Whether a Risk Officer will be engaged is yet to be determined by the Board.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Not Compliant		
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.	Not Compliant		Whether ArthaLand has a sound internal audit, control and compliance system in place and working effectively is not attested to in writing, but the same are overseen by the Board and Management, through the Audit Committee Chair and the President.
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	Manual of Corporate Governance https://www.arthaland.com/investor-relations/corporategovernance	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Not Compliant		ArthaLand provides the shareholders' rights mandated by law and it is not necessary to disclose the same in its website.
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	By-laws (Article II, Section 4) https://www.arthaland.com/investor-relations/AOI&ByLaws	

2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	By-laws (Article II, Section 4) https://www.arthaland.com/investor-relations/AOI&ByLaws	
3. Board has an effective, secure, and efficient voting system.	Compliant		
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.	Compliant	ArthaLand complies with the provisions of the Corporation Code on matters requiring the vote of more than majority.	
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.	Compliant	ArthaLand complies with the provisions of the Corporation Code on matters allowing any shareholder to request convening a special meeting among shareholders outside the annual meeting.	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	ArthaLand complies with the provisions of the Corporation Code on matters involving minority shareholders, which include appraisal rights.	
7. Company has a transparent and specific dividend policy.	Compliant	2018 Annual Report (Part II, Item 5, letter c) https://www.arthaland.com/investor-relations/annual&quarterlyreports	

Optional: Recommendation 13.1

1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.		Identify the independent party that counted/validated the votes at the ASM, if any.	
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.	Compliant	<p>The notice and agenda of annual meetings are disclosed to primary regulators and made public as early as March of each year, while the annual meeting is fixed on the last Friday of June each year.</p> <p>Approval of remuneration or any changes therein is not included in the agenda of shareholders' meeting.</p> <p>https://www.arthaland.com/investor-relations/StockholdersMeeting</p>	
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:			
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	<p>The information is available in the Information Statement</p> <p>https://www.arthaland.com/investor-relations/StockholdersMeeting</p>	
b. Auditors seeking appointment/re-appointment	Compliant		
c. Proxy documents	Compliant		

Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting		Provide link or reference to the rationale for the agenda items	
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.	Not Compliant		Minutes of Stockholders' meetings are made available in ArthaLand's website but not in the next working day as the same undergoes review of the directors present during the meeting before the Chairman of the Board signs off.
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.	Not Compliant		Minutes of Stockholders' meetings are made available in ArthaLand's website only when the same is approved at the succeeding meeting. Moving forward, ArthaLand will comply with immediate disclosure of said minutes.
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	The minutes enumerates the relevant parties present during ASM and SSM. https://www.arthaland.com/investor-relations/StockholdersMeeting	
Recommendation 13.4			
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.	Compliant	There is no alternative dispute mechanism available at this time but the Board always open in adopting any proposal on the subject so long as the same is in the best interests of ArthaLand.	

2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Not Compliant		There is no alternative dispute mechanism available at this time but the Board always welcome adopting any proposal on the subject so long as the same is in the best interests of ArthaLand.
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	The officer/office responsible for investor relations is: 1. Ms. Sheryll P. Verano 2. Phone +632 4036910 3. Fax +632 4036910 4. investor.relations@arthaland.com	
2. IRO is present at every shareholder's meeting.	Compliant	The IRO was present at the 2018 ASM. https://www.arthaland.com/investor-relations/StockholdersMeeting	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	ArthaLand respects all its shareholders and gives them their rights as mandated by the Corporation Code.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Not Compliant		The public ownership percentage as of 31 December 2018 is 25.864%.
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting		Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM	

2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.		Disclose the process and procedure for secure electronic voting in absentia, if any.	
Duties to Stakeholders			
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	ArthaLand does not have any specific policy and program for any particular stakeholder other than those reflected in its Articles of Incorporation and By-laws https://www.arthaland.com/investor-relations/AOI&ByLaws and Manual of Corporate Governance https://www.arthaland.com/investor-relations/corporategovernance .	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	ArthaLand respects all its shareholders and gives them their rights as mandated by the Corporation Code.	
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.	Not Compliant		Anyone of the Corporate Secretary and the IRO may be contacted by stakeholders to voice their concerns and/or complaints for possible violation of their rights. Contact details are: 1. Phone +632 4036910 2. Fax +632 4036910

			3. Email investor.relations@arthaland.com
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.	Not Compliant		ArthaLand is working on coming out with an alternative dispute resolution system applicable to it.
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	ArthaLand did not request for any such exemption in 2018.	
2. Company respects intellectual property rights.	Compliant	There is no specific instance this was manifested in 2018 but ArthaLand is law-abiding.	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare		Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.	
2. Company discloses its policies and practices that address supplier/contractor selection procedures		Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.	

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.

Recommendation 15.1

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.	Compliant	ArthaLand holds CSR activities and enjoins its employees' participation in order to impart what ArthaLand is really all about.	
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Supplement to Recommendation 15.1

1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	ArthaLand has an employee stock option plan (ESOP) as discussed in the 2018 Annual Report (Part III, Item 10, letter b) https://www.arthaland.com/investor-relations/annual&quarterlyreports .	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	Manual on Corporate Governance https://www.arthaland.com/investor-relations ArthaLand also provides its employees HMO coverage and conducts regular seminars on safety and their welfare.	
3. Company has policies and practices on training and development of its employees.	Compliant	Manual on Corporate Governance https://www.arthaland.com/investor-relations Each year, ArthaLand sends certain employees to various trainings and seminars relevant to the work they do and for their respective career	

		growth, all of which at the company's expense.	
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.	Compliant	Policies on and practices against corruption are reflected in ArthaLand's Code of Business Ethics and Conduct which are made available to all employees, especially at the time of their respective engagement.	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	Policies on and practices against corruption are reflected in ArthaLand's Code of Business Ethics and Conduct which are made available to all employees, especially at the time of engagement.	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	<p>ArthaLand has a strict policy on conflicts of interests which includes penalizing any involvement in offering, paying and receiving bribes.</p> <p>The penalty includes dismissal and filing of criminal charges, as appropriate.</p> <p>There is no finding on this matter for 2018.</p>	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to	Compliant	Arthaland has in its HR Policies specific policies and procedure on	

freely communicate their concerns about illegal or unethical practices, without fear of retaliation		whistle-blowing of employees. Everything is treated with utmost confidentiality in order to protect the affected employees from retaliation. ArthaLand's General Counsel, HR Head, and Audit Committee Chair are just among those in the organization whom any employee may approach on issues about their unethical behavior of colleagues.	
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.	Compliant	ArthaLand's Audit Committee Chair is among those in the organization whom any employee may approach for unethical behavior without fear of any retaliation from the concerned person, whether director, executive or employee. The Audit Committee reports directly to the Board.	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	ArthaLand's Audit Committee Chair is among those in the organization whom any employee may approach for unethical behavior without fear of any retaliation from the concerned person, whether director, executive or employee. The Audit Committee reports directly to the Board.	

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

1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	It is ArthaLand's policy to hold CSR activities annually and it enjoins its employees' participation in order to impart to them what ArthaLand is really all about. ArthaLand does not brag about these events by posting the same on its website.	
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Optional: Principle 16

1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development		Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.	
2. Company exerts effort to interact positively with the communities in which it operates		Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.	

- Nothing follows. -

SIGNATURE PAGE

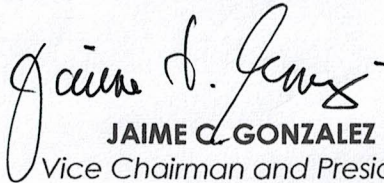
Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed in **Taguig City** on this **8th** day of **May 2019**.

ARTHALAND CORPORATION

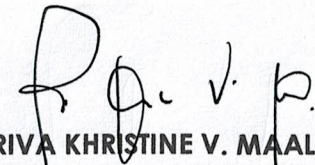
By:



ERNEST K. CUYEGKENG
Chairman of the Board



JAIME C. GONZALEZ
Vice Chairman and President



RIVA KRISTINE V. MAALA
Corporate Secretary and Compliance Officer



EMMANUEL A. RAPADAS
Independent Director



ANDRES B. STA. MARIA
Independent Director



HANS B. SICAT
Independent Director

SUBSCRIBED AND SWORN to before me this **8th** day of **May 2019** at **Taguig City, Philippines**, affiants exhibiting to me competent evidence of their respective identities as above indicated.

Doc. No. **24**
Page No. **6**
Book No. **13**
Series of **2019**.



GAUDENCIO A. BARBOZA JR.
NOTARY PUBLIC
UNTIL DEC. 31, 2020
PTR NO. A-4252429 / 1-3-19 TAGUIG CITY
IBP NO. 053715 / 11-6-2018 RSM (FOR YR. 2019)
ROLL NO. 41969
MCLE COMP. V No. 0021481
MAY 2, 2016
APP No. 32(2019-2020),