

# COVER SHEET

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S E C Registration Number

A T L A S C O N S O L I D A T E D M I N I N G A N D

D E V E L O P M E N T C O R P O R A T I O N

(Company's Full Name)

9 T H F L O O R Q U A D A L P H A C E N T R U M

1 2 5 P I O N E E R S T R E E T M A N D A L U Y O N G

(Business Address No Street City /Town / Province)

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**MANUAL OF CORPORATE GOVERNANCE**

**for**

**ATLAS CONSOLIDATED MINING AND  
DEVELOPMENT CORPORATION**

**and its**

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**SUBSIDIARIES**

**(as amended pursuant to SEC Memorandum Circular No. 9-2014)**

**MANUAL OF CORPORATE GOVERNANCE:  
ATLAS CONSOLIDATED MINING AND DEVELOPMENT  
CORPORATION and its SUBSIDIARIES**

**Table of Contents**

1. Objective
2. Compliance System
  - 2.1 Compliance Officer
  - 2.2 Plan of Compliance
    - 2.2.1 Board of Directors
    - 2.2.2 Board Committees
    - 2.2.3 Corporate Secretary
    - 2.2.4 External Auditor
    - 2.2.5 Internal Auditor
3. Communication Process
4. Training Process

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5. Reportorial or Disclosure System of Company's Corporate Governance Policies
6. Shareholders' Benefit
  - 6.1 Investor's Rights and Protection
    - 6.1.1 Rights of Investors/Minority Interests
    - 6.1.2 Voting right
    - 6.1.3 Pre-emptive Right
    - 6.1.4 Power of Inspection
    - 6.1.5 Right to Information
    - 6.1.6 Right to Dividends
    - 6.1.7 Appraisal Right
    - 6.1.8 Promoting Shareholders Right
  - 6.2 Effect of Violation and Non-Observance
7. Monitoring and Assessment
8. Accountability and Audit
9. Penalties for Non-Compliance with the Manual
10. Effectivity

**MANUAL OF CORPORATE GOVERNANCE  
for**

**ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION  
and its SUBSIDIARIES**



The Boards of Directors (the "Board") and Management of Atlas Consolidated Mining & Development Corporation and its Subsidiaries hereby commit themselves as far as practicable and to the best of their abilities to the principles and practices contained in this Manual and, with its guidance, undertake to pursue the same in the hope that they attain the company's goals.

**1. OBJECTIVE**

This Manual institutionalizes the principles of good corporate governance in the entire organization and its subsidiaries.

The Board and Management and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will, therefore, hand in hand undertake every effort necessary to create awareness thereon within the organization as soon as humanly possible, and for the good of all.

**2. COMPLIANCE SYSTEM**

**2.1 Compliance Officer**

2.1.1 To insure adherence to corporate principles and best practices, the Chairman of the Board shall designate a Compliance Officer who may hold the position of a Vice President or its equivalent. He shall have direct reporting responsibilities to the Chairman of the Board.

2.1.2 He shall perform the following duties and such other relative functions as the Board may from time to time direct:

- Monitor compliance with the provisions and requirements of this Manual and of the Code of Corporate Governance;
- In coordination with the Corporate Secretary, appear before the Securities and Exchange Commission (the "Commission") and other regulatory entities upon summon on matters concerning the Manual that need to be clarified by the same;
- Determine violation/s of the Manual and proceed therewith in accordance with clause 8.3;
- Issue to the appropriate regulatory agency a certification every January 30<sup>th</sup> of the year on the extent of the Corporation's compliance with this Manual for the completed year, explaining the reason/s of the latter's deviation from the same, if any, and



- Identify, monitor and control compliance risks.

2.1.3 The appointment of the Compliance Officer shall be immediately disclosed to the Commission on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to said officer.

## 2.2 Plan of Compliance

### 2.2.1. Board of Directors

Compliance with the principles of good corporate governance shall start with the Board of Directors which shall primarily be responsible for the governance of the Corporation.

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity and shall observe the diligence of a good father of a family in the performance of its duties, functions and responsibilities.

#### 2.2.1.1 Composition of the Board

The Board shall be composed of at least five (5), but not more than fifteen (15), members who are elected by stockholders. At least twenty per cent (20%) of such members shall be independent directors pursuant to Section 38 of the Securities Regulation Code.

The membership of the Board shall be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process.

The non-executive directors shall possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

#### 2.2.1.2. Qualification of Directors

##### 2.2.1.2.1. Minimum Qualifications

- Holder of at least one (1) share of stock of the Corporation;
- He shall be at least a college graduate or has sufficient experience in business management to substitute for such formal education;
- He shall be at least twenty one (21) years old;
- He should possess integrity and probity; and
- He should be assiduous and objective in the discharge of the functions of his office.

#### 2.2.1.2.2. Disqualifications

The following shall be permanently disqualified from election to the Corporation's Board of Directors:

- Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in the preceding clauses (a) and (b), or willfully violating the laws that govern securities and banking activities.

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

- Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts.
- Any person who has been adjudged by final judgment or order of the Commission, court or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the



violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or the BSP, or an of its rule, regulation or order.

- Any person who, after being elected as an independent director, becomes an officer, employee or consultant of the Corporation.
- Any person who has been judicially declared as insolvent.
- Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in the above paragraphs.
- Any person convicted by final judgment of an offense punishable by imprisonment of more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.

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Any of the following shall be a ground for the temporary disqualification of a director:

- Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists.
- Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his incumbency or within any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election.
- Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity.
- Being under preventive suspension by the Corporation.
- For an independent director, becoming an officer or employee of the Corporation.
- Conviction for an offense that would be a cause for permanent disqualification, if such conviction has not become final.

A director subject to temporary disqualification shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy the cause of the disqualification.

If he fails or refuses to do so for any reason, the disqualification shall become permanent.

#### 2.2.1.3 Chairman of the Board

2.2.1.2.1. If the positions of Chairman and Chief Executive Officers (CEO) are concurrently held by the same person, the Board shall establish policies that will ensure proper checks and balances.

2.2.1.3.1. The duties and responsibilities of the Chairman shall include *inter alia* the following:

- Ensuring that the meetings of the Board are held in accordance with the by-laws;
- Supervising the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors; and
- Maintaining qualitative and timely lines of communication and information between the Board and Management.

#### 2.2.1.4 General Responsibility

It is the Board's responsibility to foster the long-term success of the Corporation and to sustain its competitiveness and profitability in a manner consistent with corporate objectives and the best interests of the Corporation's stockholders and other stakeholders.

The Board shall formulate the Corporation's vision, mission, strategic objectives, policies and procedures which shall guide the activities of the Board and Management.

#### 2.2.1.5 Specific Duties and Functions

To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, the Board, with honesty and integrity, shall:

- Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly-motivated management officers. Adopt an effective succession planning program for Management..
- Determine the Corporation's purpose, its vision and mission and strategies to carry out its objectives.
- Adopt measures to enable the Corporation to comply with all relevant laws, regulations and codes of best business practices.



- Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Corporation.
  - Adopt a system of objective internal checks and balances, the effectiveness of which shall be regularly reviewed.
  - Identify key risk areas and key performance indicators and monitor these factors with due diligence to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability.
  - Identify the sectors in the community in which the Corporation operates or which are directly affected by the Corporation's operations, and formulate a clear policy on promoting accurate, timely and effective communication with such sectors.
  - Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted.
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- Exercise Board authority and responsibility within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulation.
  - Provide sound strategic policies and guidelines to the Corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.
  - Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation's subsidiaries, major stockholders, officers and directors.
  - Constitute an Audit Committee and such other committees deemed necessary to assist the Board in the performance of its duties and responsibilities.
  - Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders.
  - Appoint a Compliance Officer who shall have the rank of at least Vice-President.

#### 2.2.1.6. Duties and Responsibilities of a Director

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

A director, subject to the provisions of law and orders of competent authority, must:

- Conduct fair business transactions with the Corporation and ensure that personal interest does not conflict with the interests of the Corporation
- Devote time and attention necessary to properly discharge his duties and responsibilities
- Act judiciously
- Exercise independent and impartial judgment
- Have a reasonable working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission and, where applicable, the requirements of other regulatory agencies.
- Observe confidentiality
- Ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment

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

#### 2.2.1.8. Board Meetings and Quorum Requirement

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

Independent directors should always attend Board meetings. Unless otherwise provided in the Corporation's By-Laws, their absence should not affect the reckoning of compliance with the quorum requirement.

To allow the SEC to monitor the compliance of the Corporation's directors with the attendance requirements,



the Corporation shall submit to the SEC on or before 30 January of each year a certification on the attendance of directors at board meetings held during the year preceding the date of the certification.

#### **2.2.1.9. Right to Information**

To enable the members of the Board to properly fulfill their duties and responsibilities, Management should provide them with complete, adequate and timely information about the matters to be taken in their meetings.

Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the members of the Board should be given independent access to Management and the Corporate Secretary.

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

### **2.2.2. Board Committees**

To aid in complying with principles of good corporate governance, the Board may, as far as it is practicable, constitute Committees. The following Committees shall not mean to delimit or restrict the Committees that the Board, conformably with the Corporation's By Laws and applicable law, rules or regulations, may be empowered to create, re-structure or dissolve.

#### **2.2.1 Nomination Screening Committee**

The Board shall create a Nomination Screening Committee which shall be composed of at least three (3) members, one of whom should be an independent director. The Committee shall have and exercise the following functions and such other functions as the Board shall from time to time direct:

2.2.2.1.1. It shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the following qualifications and disqualifications. For this purpose, nominations for the election of members of the Board of Directors shall be submitted to the Board at least one (1) month prior to the election or up to such time as the Board may determine.

2.2.2.1.2. The Nomination Committee may consider the following guidelines in the determination of the number of directorships that a Member of the Board may hold:

- The nature of the business of the Corporations where he is a director;
- Age of the director;



- Number of directorships/active memberships and officerships in other corporations or organizations; and
- Possible conflict of interest.

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

#### 2.2.2.2 Compensation and Remuneration Committee

2.2.2.2.1. The Compensation or Remuneration Committee shall be composed of at least three (3) members, one of whom shall be an independent director.

2.2.2.2.2. Duties and Responsibilities. The Committee shall do and perform the following duties and responsibilities and such other relevant functions as the Board may from time to time task it with.

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

policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met at their respective posts;

- Or, in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above;
- It is understood that the acts and deeds discharged by the Committee on all the foregoing shall be recommendatory in its nature, the final decision on its adoption and implementation being the prerogative of the Board;

#### **2.2.2.3. Audit Committee**

2.2.2.3.1. The audit committee may be composed of at least three (3) members of the Board, one (1) of whom shall be an independent director. Each member shall have adequate understanding, at least, or be competent at most of the company's financial management systems and environment.

#### **2.2.2.3.2. Duties and Responsibilities**

The audit committee shall:

- Assist the Board in the performance of its oversight responsibility with respect to the Corporation's financial reporting process, system of internal control, audit process, and compliance with applicable laws, rules and regulations
- Provide oversight of Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation (this function shall include regular receipt from Management of information on risk exposures and risk management activities)
- Perform oversight functions with respect to the conduct of internal and external audit of the Corporation and ensure that the internal and external auditors act independently of each other and that both are given unrestricted access to all records, properties and personnel that are required to enable them to satisfactorily perform their functions
- Review the annual internal audit plan to ensure conformity thereof with the Corporation's objectives and to see whether it properly describes the scope of audit work and the resources required to implement the same
- Discuss with the external auditor the nature, scope and cost of any audit work to be conducted on the Corporation
- Organize an internal audit department and consider the appointment of an independent internal auditor



- Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security
  - Review the reports prepared and presented by the internal and external auditors
  - Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
    - a. Any change in accounting policies and practices
    - b. Major judgmental areas
    - c. Significant adjustments resulting from the audit
    - d. Going concern assumptions
    - e. Compliance with accounting standards
    - f. Compliance with tax, legal and regulatory requirements
  - Coordinate, monitor and facilitate compliance with laws, rules and regulations
- 
- Determine and evaluate the non-audit work performed by the external auditor for the Corporation, if any
  - Disallow the external auditor from performing non-audit work that would conflict with external audit functions
  - Ensure that any allowable non-audit work performed by the external auditor for the Corporation is disclosed in the annual report
  - Identify and establish the reporting line of the internal auditor
  - Ensure independence of internal auditor

#### 2.2.2.4.

The acts and deeds discharged by the committees shall be recommendatory in nature, the final decision on their adoption and implementation being the sole prerogative of the Board.

#### 2.2.2.5.

The Committees shall perform such further duties relevant to their tasks as the Board may from time to time direct;

### 2.2.3 Corporate Secretary

The Corporate Secretary who must be a Filipino citizen and a resident of the Philippines shall be an officer of the Corporation.



He or she must –

- Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Corporation
- Be loyal to the mission, vision, and objectives of the Corporation
- Work fairly and objectively with the Board, Management, stockholders, and other stakeholders
- Have appropriate administrative and interpersonal skills
- Be aware of the laws, rules and regulations that he or she must comply with in the performance of his or her duties and responsibilities
- Have a working knowledge of the operations of the Corporation
- Inform the members of the Board, in accordance with the Corporation's By-Laws, of the agenda of their meetings
- Ensure that the members of the Board have adequate and accurate information that will enable them to make well-informed decisions on matters that will be presented to them for approval during board meetings
- Attend all board meetings, except when justifiable causes preclude him or her from doing so
- Ensure that all Board protocols are observed by the directors
- Perform all the duties and responsibilities of the Compliance Officer as provided under this Manual if concurrently holding such office

#### 2.2.4. External Auditor

2.2.4.1. An external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the company. An external auditor shall be selected and appointed by the stockholders upon recommendation of the Audit Committee.

2.2.4.2 The reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the company's annual and current reports. Said report may include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

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

2.2.4.4. The company's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier.

2.2.4.5. If an external auditor believes that the statements made in the company's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.

#### **2.2.5. Internal Auditor**

2.2.5.1. The Corporation may have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate and complied with.

2.2.5.2. The Internal Auditor shall report to the Audit Committee.

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

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

### **3. COMMUNICATION PROCESS**

- 3.1. This Manual shall be available for inspection by any stockholder of record and in good standing of the Corporation at reasonable hours on business days.
- 3.2. All directors, executives, division and department heads are tasked to ensure the thorough dissemination of this Manual to relevantly concerned or affected employees and related third parties, and to likewise enjoin compliance in the process.
- 3.3. An adequate number of printed copies of this Manual must be reproduced under the supervision of HRD, with a minimum of at least one (1) hard copy of the Manual per department.

### **4. TRAINING PROCESS**

- 4.1 If necessary, funds shall be allocated by the CFO or its equivalent officer for the purpose of conducting an orientation program or workshop to operationalize this Manual.
- 4.2 A director shall endeavor to study and learn this Manual and, prior to assumption of his office, he shall execute an "Oath of Office" wherein he shall pledge to comply, at all times and during his incumbency, with the intent and letter of this Manual and he shall likewise be required by the Corporation to



attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institution.

## **5. REPORTORIAL OR DISCLOSURE SYSTEM OF COMPANY'S CORPORATE GOVERNANCE POLICIES**

- 5.1. The reports or disclosures required under this manual and relevant laws, rules and regulations shall be prepared and submitted to the Commission and/or the appropriate Stock Exchange by the responsible Committee or officer through the Corporation's Compliance Officer.
- 5.2. Whenever required by law, rule or regulation, all material information about the Corporation that could adversely affect its viability or the interest of its stockholders and other stakeholders shall be disclosed publicly and timely. Such information shall include earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes of ownership.
- 5.3. Information relative to remuneration (including stock options) of all directors and senior management corporate strategy and off balance sheet transactions shall be considered as material information.
- 5.4. All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report.
- 5.5. The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.

## **6. SHAREHOLDERS' BENEFIT**

The company recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore, the following provisions are adopted for the guidance of all internal and external parties concerned as governance covenant between the company and all its investors:

### **6.1 INVESTORS' RIGHTS AND PROTECTION**

#### **6.1.1 Rights of Investors/Minority Interests**

The Board shall be committed to respect and give due consideration to the following rights of the stockholders.

#### **6.1.2 Voting Right**

- 6.1.2.1 Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.



6.1.2.2 Cumulative voting shall, unless otherwise exercised by the Shareholder, be used in the election of directors.

6.1.2.3 A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

### **6.1.3 Pre-emptive Right**

All stockholders shall have pre-emptive rights to subscribe to the capital stock of the Corporation, unless the same is denied in the articles of incorporation or an amendment thereto. The Articles of Incorporation shall lay down the specific rights and powers of shareholders with respect to the particular shares they hold and shall be subject to the Corporation Code.

### **6.1.4 Power of Inspection**

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

### **6.1.5 Right to Information**

6.1.5.1 The Shareholders shall be provided, upon lawful and reasonable request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings in the company, dealings with the company, relationships among directors and key officers and the aggregate compensation of directors and officers.

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

6.1.5.3 The minority shareholders shall have lawful and reasonable access to any and all information relating to matters for which the management is accountable for and to those relating to matters affecting shareholder's interest. The management shall include such information in the periodic reports and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

### **6.1.6 Right to Dividends**

6.1.6.1 Shareholders shall have the right to receive dividends, subject to the discretion of the Board.

6.1.6.2 The company shall be compelled, subject to due process of law, to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board; or b) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation such as when there is a need for special reserve for probable contingencies.

### **6.1.7 Appraisal Right**

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

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

### **6.1.8 Promoting Shareholders Right**

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



## 6.2 Effect of Violation and Non-Observance

Any act or deed done in contravention of clause 6.1 shall be deemed void and shall produce no effect whatsoever unless the affected minority shareholder shall condone or ratify such act or deed.

## 7. MONITORING AND ASSESSMENT

- 7.1 Each Committee that may be formed shall report regularly to the Board of Directors.
- 7.2 The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual.
- 7.3 The establishment of such evaluation system, including the features thereof, shall be disclosed in the company's annual report (SEC Form 17-A) or in such form of report that is applicable to the Corporation. The adoption of such performance evaluation system must be covered by a Board approval.
- 7.4 All business processes and practices being performed within any department or business unit of Atlas Consolidated Mining & Development Corporation that are not consistent with any portion of this manual shall be revoked within a reasonable period of time unless upgraded to the compliant extent.

## 8. ACCOUNTABILITY AND AUDIT

- 8.1 The Board shall be primarily accountable to the stockholders. It shall provide stockholders with a balanced and comprehensive assessment of the Corporation's performance, position and prospects on a regular basis through reports other than those required by law or regulation.
- 8.2 Management shall provide all members of the Board with accurate and timely information necessary for the fulfillment of the Board's duties and responsibilities to the stockholders.
- 8.3 Management shall formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:
  - The extent of the responsibility of Management and the external auditor in the preparation of the financial statements of the Corporation shall be clearly explained.
  - An effective system of internal control that will ensure the integrity of the financial reports and the protection of the assets of the Corporation shall be maintained for the benefit of all stockholders and other stakeholders.
  - On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Corporation's governance, operations and information



systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations.

- The Corporation shall consistently comply with the financial reporting requirements imposed by the SEC.
- The external auditor or the signing partner of the auditing firm serving as the Corporation's external auditor shall be changed every five (5) years or oftener.
- The internal auditor shall submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities, and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report shall include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management.
- The internal auditor shall certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he or she does not, he shall disclose to the Board and Management the reasons why he or she has not fully complied with such standards.

8.4 The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the SEC who shall undertake an independent audit of the Corporation, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented. The external auditor shall not, at the same time, provide internal audit services to the Corporation. While the Corporation may engage the external auditor to provide non-audit services, the terms of such engagement must not affect the external auditor's independence.

8.5 If the external auditor resigns, is dismissed or ceases to perform his or her duties, the reason/s for and the date of the effectivity of such action shall be disclosed in the Corporation's annual and current reports. The reports shall, if relevant, include a discussion on any unresolved disagreement between the external auditor and the Corporation regarding accounting principles or practices, financial disclosures or audit procedures. The draft of such reports shall be given by the Corporation to the external auditor prior to submission.

## **9. PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL**

9.1 To strictly observe and implement the provisions of this Manual, the following penalties may be imposed, after notice and hearing, on the infractor in case of violation of any of the provision of this Manual:


- In case of **first violation**, the subject person shall be reprimanded;

- Suspension from office shall be imposed in case of **second violation**. The duration of the suspension shall depend on the gravity of the violation;
  - **For third violation**, the maximum penalty of removal from office with forfeiture of emoluments shall be imposed.
- 9.2 The of a third violation of this Manual by any member of the board of the company or its subsidiaries and affiliates may be a sufficient cause for removal from directorship.
- 9.3 The Compliance Officer shall be responsible for determining violation/s after due notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation which shall be subject to review and approval of the Board.
- 9.4 The foregoing penalties shall be without prejudice to such penalties and actions as may be provided by law, rules or regulations;

## 10. EFFECTIVITY

- 10.1 This Manual, as amended, shall take effect as soon as it is filed with the Commission.
- 10.2 The Board may create a committee to review or introduce revision or modification of this Manual semi-annually or as frequently as the Board may direct, or adopt such revision or modification that the Commission may require or recommend.
- 10.3 The Board may, by majority vote or in compliance with an order issued by the Commission, amend, revise or modify any provision of this Manual. Such modification shall become effective upon the approval thereof by Commission, or upon the filing of the revised Manual with the Commission, as applicable.

ADOPTED and APPROVED this 25<sup>th</sup> day of July 2014 in Mandaluyong City.

  
**ALFREDO C. RAMOS**  
 Chairman of the Board