



25 October 2019

Securities and Exchange Commission

Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City 1307

Attention: *Mr. Vicente Graciano P. Felizmenio, Jr.*
Director, Markets & Securities Regulation Department

Philippine Stock Exchange, Inc.

6th Floor PSE Tower
28th Street corner 5th Avenue
BGC, Taguig City

Attention: *Ms. Janet A. Encarnacion*
Head, Disclosure Department

Gentlemen:

In compliance with Securities and Exchange Commission (SEC) Memorandum Circular No. 10, Series of 2019, we hereby submit attached Atlas Consolidated Mining and Development Corporation's (AT) Material Related Party Transaction Policy.

The above information is being disclosed to the Securities and Exchange Commission ("SEC") and the Philippine Stock Exchange ("PSE") in accordance with the Securities Regulation Code (SRC) and the Disclosure Rules.

Thank you.

Atlas Consolidated Mining and Development Corporation

By:


Maria Eleonor A. Santiago
Compliance Officer

MATERIAL RELATED PARTY TRANSACTION POLICY

1. Purpose

The purpose of the Policy is to ensure that the Corporation conducts all Material Related-Party Transactions (RPTs) at an arms' length basis and market price in order to avoid conflict of interests, lopsided and disadvantageous transactions and draw proper checks and balances in its dealings and to ensure adherence to the principle of Corporate Governance and with legal and regulatory requirements.

2. Definition of Terms

Related parties - covers the reporting Publicly Listed Company's (PLC's) directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control, joint control or significant influence over the reporting PLC. It also covers the reporting PLC's parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.

Substantial Shareholder - any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

Affiliate - refers to an entity linked directly or indirectly to the reporting PLC through any one or a combination of any of the following:

- Ownership, control or power to vote, whether by permanent or temporary proxy or voting trust, or other similar contracts, by a company of at least ten percent (10%) or more of the outstanding voting stock of the PLC, or vice-versa;
- Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations;
- Common shareholders owning at least ten percent (10%) of the outstanding voting stock of the reporting PLC and the entity; or
- Management contract or any arrangement granting power to the reporting PLC to direct or cause the direction of management and policies of the entity, or vice-versa.

Associate - An entity over which the reporting PLC holds twenty percent (20%) or more of the voting power, directly or indirectly, or which the reporting PLC has significant influence.

Significant Influence - The power to participate in the financial and operating policy decisions of the company but has no control or joint control of those policies.

Control - A person or an entity controls a reporting PLC if and only if the person or entity has all of the following:

- Power over the reporting PLC;
- Exposure, or rights, to variable returns from its involvement with the reporting PLC; and
- The ability to use its power over the reporting PLC to affect the amount of the reporting PLC's returns.

Related Party Transactions – a transfer of resources, services or obligations between a reporting PLC and a related party, regardless of whether a price is charged. It shall be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.

Material Related Party Transactions - Any related party transaction/s, either individually, or in aggregate over a twelve (12) - month period with the same related party, amounting to ten percent (10%) or higher of a company's total assets based on its latest audited financial statement.

Materiality Threshold - Ten percent (10%) of the Company's total assets based on its latest audited financial statement. If the reporting PLC is a parent company, the total assets shall pertain to its total consolidated assets.

Related Party Registry - A record of the organized and structural composition, including any change thereon, of the Company and its related parties.

3. *Duties and Responsibilities of the Board of Directors and Senior Management*

The Board of Directors (the "Board") shall ensure that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interest of the company's shareholders and other stakeholders. Towards this end, the members of the Board shall have the following duties and responsibilities:

- 3.1 To institutionalize an overarching policy on the management of material RPTs to ensure effective compliance with existing laws, rules and regulations at all times and that material RPTs are conducted on an arm's length basis, and that no shareholder or stakeholder is unduly disadvantaged.
- 3.2 To approve all material RPTs that cross the materiality threshold and write-off of material exposures to related parties, as well as any renewal or material changes on the terms and conditions of material RPTs previously approved in accordance with this Policy.
- 3.3 To establish an effective audit, risk and compliance system to determine, identify and monitor related parties and material RPTs as well as measure and control risks arising from material RPTs and to continuously review and evaluate existing relationships between and among business and counterparties,

The system shall be able to define the related parties' extent of relationship with the Company; assess situations in which a non-related party (with whom a company has entered into a transaction) subsequently becomes a related party and vice versa; and generate information on the nature and amount of exposures of the company to a particular related party. The system as well as the overarching policies shall be subject to periodic assessment by the Internal Audit and compliance officers and shall be updated regularly for their sound implementation. The

overarching policies and the system shall be made available to the Securities and Exchange Commission (SEC) and audit functions for review. Any change in the policy and procedure shall be approved by majority of the Board and approved by majority of the shareholders constituting a quorum.

- 3.4 To oversee the integrity, independence, and effectiveness of the policies and procedures for whistleblowing. The Board shall ensure that senior management addresses legitimate issues on material RPTs that are raised. The Board shall take responsibility for ensuring that stakeholders who raise concerns are protected from detrimental treatment or reprisals.
- 3.5 Senior management shall implement appropriate controls to effectively manage and monitor material RPTs that are raised. The Board shall take responsibility for ensuring that stakeholders who raise concerns are protected from detrimental treatment or reprisals.
- 3.6 To review quarterly the Related Party Registry and ensure the same is updated to capture organizational and structural changes in the Company and its related parties.
- 3.7 Ensure that the Company clearly identifies the persons and companies that are considered as Company's related parties and prevent or manage any actual or potential conflicts of interest which may arise out or in connection with material RPTs.
- 3.8 To timely disclose any and all material facts, including their respective interests in material RPTs and abstain from discussion, approval and management of such transaction or matter affecting the Company.
- 3.9 To ensure that material RPTs are conducted at 'arms' length and the terms of material RPTs promote the best interest of the Company, its shareholders and other stakeholders and that no preferential treatment shall be given related parties that are not extended to non-related parties under similar circumstances.
- 3.10 To designate or appoint external independent party that will evaluate material RPTs prior to their execution and employ price discovery mechanism, such as external experts and the like for the best interest of the Company, shareholders and stakeholders.
- 3.11 To set a threshold lower than the materiality threshold if necessary and include the same in the policy and determine the risk of the RPT to cause damage to the Company and its shareholders.

4. *Coverage of Material RPT Policy*

- 4.1 Material RPT Policy shall cover all transactions meeting the materiality threshold.
- 4.2 Transaction amounting to ten percent (10%) or more of the total assets that were entered into with an unrelated party who subsequently becomes a related party may be excluded from the limits and approval process required in the policy provided there is no alteration to the terms and conditions, or increase in exposure level, related to the said transactions after the non-related party becomes a related party.
- 4.3 The preceding section is without prejudice to regulatory actions that may be enforced for transactions noted to have not been conducted on an arm's length basis.

5. *Approval of Material RPTs*

- 5.1 All individual material RPTs shall be approved by at least two-thirds (2/3) vote of the Board, with at least a majority of the independent directors voting to approve the material RPT.
- 5.2 In the event, majority vote of the independent directors is not secured, the material RPT may be ratified by the vote of the shareholders representing at least two-thirds (2/3) of the outstanding capital stock.
- 5.3 For aggregate RPT within a twelve (12)-month period that breaches the materiality threshold of ten (10%) of the Company's total assets, the same Board approval would be required for the transaction/s that meets and exceeds the materiality threshold covering the same related party.
- 5.4 In case of a director with personal interest in the transaction, the former shall abstain from participating in the discussions and voting on the same. Should he or she refuse, his or her attendance shall not be counted for the purposes of assessing quorum and his or her vote shall not be counted for purposes of determining approval.
- 5.5 Related party relationship exists when one party has the ability to control, directly or indirectly through one or more subsidiaries, the other party or significant influence over the other party in making decisions. It also exists between and/or among entities which are under common control with the Company or between and/or among the Company and its key management personnel, directors or shareholders.

6. *Disclosures*

- 6.1 Summary, advisement report, forms and any other document pertaining to RPTs shall be appropriately disclosed and submitted to the SEC in accordance with prevailing disclosure standards, relevant laws, rules and regulation.
- 6.2 Directors, Substantial Shareholders and Key Executive Officers shall fully disclose to the Board all material facts related to the material RPTs as well as their direct and indirect financial interest in any transaction or matter that may affect or is affecting the Company.
- 6.3 The disclosure in clause 6.2 may be made (i) before or during the board meeting where the material RPT will be presented for approval and (ii) before the completion or execution of the material RPT.
- 6.4 Summary of RPTs shall be disclosed in the Company's Integrated Annual Corporate Governance Report in accordance with the prevailing laws, rules and regulation every May 30.

7. *Whistle Blowing Mechanisms*

- 7.1 The provisions of the Company's current Whistle Blowing Policy shall be read and incorporated into this Policy.
- 7.2 The Company's various stakeholders are encouraged to communicate confidentially and without risk of reprisal, legitimate concerns about illegal, unethical and questionable material RPTs. manner in this Policy.

7.3 Any stakeholder may raise his or her concern through any of the various channels; Human Resources; Internal Audit; Legal Department and Compliance Officer.

8. *Evaluation and Review*

8.1 The internal audit shall conduct a periodic review of the effectiveness of the company's system and internal controls governing material RPTs to assess consistency with the board-approved policies and procedure. The resulting audit reports, including exceptions or breaches in limits, shall be communicated directly to the Audit Committee.

8.2 The Company's Compliance Officer shall ensure that the Company complies with relevant rules and regulations and is informed of regulatory developments in areas affecting related parties. He or she shall aid in the review of the Company's transaction and identify any potential material RPT that would require review by the Board. He or she shall ensure that the Company's Material RPT policy is kept updated and is properly implemented throughout the company.

9. *Remedies For Abusive Material RPTs and Penalties*


9.1 Transactions considered abusive material RPTs after notice and hearing of the Company and/or the relevant bodies tasked to conduct hearing/s shall be declared null and void. This is to cut losses and allow recovery of losses or opportunity costs incurred by the Company arising out of or in connection with abusive material RPTs. The Board shall decide on abusive material RPTs matters that involve significant shareholders, directors and/or officers of the Company.

9.2 To ensure strict compliance and implement the provisions of this Policy, the Board and Key Officers shall determine and impose penalties in accordance with the Company's Code of Conduct, Policies and other Rules and Regulations for Directors, Key Officers and other personnel who may have been either remiss in their duties in handling material RPTs in accordance with this Policy, or violated this Policy intentionally.

9.3 The preceding sections are without prejudice to the penalty imposed by the Revised Corporation Code (Section 26 and 27) which provides that an interested director or officer of a corporation shall be disqualified from being a director, trustee or officer of any other corporation on the basis of final judgment rendered by a court of competent jurisdiction against the interested director or officer for abusive material RPTs.

10. *Miscellaneous*

This Policy has been adopted by the BOD of AT/CCC and any material amendment to the terms of this Policy must be approved by the BOD. This Policy shall take effect upon approval by the latter and shall apply prospectively. The same shall be reviewed by the BOD annually.


Adrian Paulino S. Ramos
President


Alfredo C. Ramos
Chairman .0/25


Maria Eleonor A. Santiago
Compliance Officer/Asst. Corp. Sec.