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**SECURITIES AND EXCHANGE COMMISSION**

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines

Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

Barcode Page**The following document has been received:****Receiving Officer/Encoder** : Fernando T. Fernandez**Receiving Branch** : SEC Head Office**Receipt Date and Time** : July 31, 2014 04:31:38 PM**Received From** : Head Office**Company Representative****Doc Source****Company Information****SEC Registration No.** PW0000115A**Company Name** ATLAS CONSOLIDATED MINING**Industry Classification****Company Type** Stock Corporation**Document Information****Document ID** 107312014003245**Document Type** LETTER/MISC**Document Code** LTR**Period Covered** July 31, 2014**No. of Days Late** 0**Department** CED/CFD/CRMD/MRD/NTD**Remarks** ACGR

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)

CARMEN ROSE A. BASALLO-
ESTAMPADOR

Contact Person

(632) 584-9788

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

Annual Corporate Governance Report

FORM TYPE

Last Wednesday of April

Month Day

Annual Meeting

N/A

Secondary LicenseType. If Applicable

Dept. Requiring this Doc

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM -- ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year: 2012¹
2. Exact Name of Registrant as Specified in its Charter:
Atlas Consolidated Mining and Development Corporation
3. Address of Principal Office Postal Code
9th Floor Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City 1554
4. SEC Identification Number: 115 Pre-War 5. (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number: 000-154-572-000-V
7. Issuer's Telephone number, including area code: + 63 2 584 9788
8. Former name or former address, if changed from the last report: Not Applicable .

¹ Report also contains information reflecting developments occurring in 2013

TABLE OF CONTENTS

A. BOARD MATTERS	5
1) BOARD OF DIRECTORS	5
(a) Composition of the Board	5
(b) Corporate Governance Policy/ies	5
(c) Review and Approval of Vision and Vision	5
(d) Directorship in Other Companies	5
(e) Shareholding in the Company	6
2) CHAIRMAN AND CEO	6
3) PLAN FOR SUCCESSION OF CEO/MANAGING DIRECTOR/PRESIDENT AND TOP KEY POSITIONS	7
4) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS	7
5) CHANGES IN THE BOARD OF DIRECTORS	7
6) ORIENTATION AND EDUCATION PROGRAM	8
B. CODE OF BUSINESS CONDUCT & ETHICS	9
1) POLICIES	9
2) DISSEMINATION OF CODE	9
3) COMPLIANCE WITH CODE	9
4) RELATED PARTY TRANSACTIONS	9
(a) Policies and Procedures	9
(b) Conflict of Interest	10
5) FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS	10
6) ALTERNATIVE DISPUTE RESOLUTION	11
C. BOARD MEETINGS & ATTENDANCE	11
1) SCHEDULE OF MEETINGS	11
2) DETAILS OF ATTENDANCE OF DIRECTORS	11
3) SEPARATE MEETING OF NON-EXECUTIVE DIRECTORS	11
4) QUORUM REQUIREMENT	11
5) ACCESS TO INFORMATION	11
6) EXTERNAL ADVICE	12
7) CHANGES IN EXISTING POLICIES	12
D. REMUNERATION MATTERS	12
1) REMUNERATION PROCESS	12
2) REMUNERATION POLICY AND STRUCTURE FOR DIRECTORS	13
3) AGGREGATE REMUNERATION	13
4) STOCK RIGHTS, OPTIONS AND WARRANTS	14
5) REMUNERATION OF MANAGEMENT	15
E. BOARD COMMITTEES	15
1) NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES	15
2) COMMITTEE MEMBERS	15
3) CHANGES IN COMMITTEE MEMBERS	17
4) WORK DONE AND ISSUES ADDRESSED	17
5) COMMITTEE PROGRAM	17
F. RISK MANAGEMENT SYSTEM	17
1) STATEMENT ON EFFECTIVENESS OF RISK MANAGEMENT SYSTEM	17
2) RISK POLICY	17
3) CONTROL SYSTEM	18

G. INTERNAL AUDIT AND CONTROL.....	19
1) STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM.....	19
2) INTERNAL AUDIT.....	
(a) Role, Scope and Internal Audit Function.....	19
(b) Appointment/Removal of Internal Auditor.....	19
(c) Reporting Relationship with the Audit Committee.....	19
(d) Resignation, Re-assignment and Reasons.....	19
(e) Progress against Plans, Issues, Findings and Examination Trends.....	20
(f) Audit Control Policies and Procedures.....	20
(g) Mechanisms and Safeguards.....	20
H. ROLE OF STAKEHOLDERS.....	21
I. DISCLOSURE AND TRANSPARENCY.....	21
J. RIGHTS OF STOCKHOLDERS.....	23
1) RIGHT TO PARTICIPATE EFFECTIVELY IN STOCKHOLDERS' MEETINGS.....	23
2) TREATMENT OF MINORITY STOCKHOLDERS.....	26
K. INVESTORS RELATIONS PROGRAM.....	26
L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES.....	27
M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL.....	27
N. INTERNAL BREACHES AND SANCTIONS.....	27

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	11
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Actual number of Directors for the year	11
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(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type (Executive (ED), Non- Executive (NED) or Independent Director (ID))	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ²	Elected when (Annual /Special Meeting)	No. of years served as director
Alfredo C. Ramos	ED	Alakor Corporation	Alakor Corporation	1989	24 April 2013	Annual Meeting	24
Frederic C. DyBuncio	NED	SM Investments Corporation	SM Investments Corporation	12 August 2011	24 April 2013	Annual Meeting	3
Martin C. Buckingham	ED	Alakor Corporation	Alakor Corporation	4 December 1996	24 April 2013	Annual Meeting	17
Isidro A. Consunji	NED	SM Investments Corporation	SM Investments Corporation	20 April 2012	24 April 2013	Annual Meeting	1
Adrian Paulino S. Ramos	ED	Alakor Corporation	Alakor Corporation	18 July 2007	24 April 2013	Annual Meeting	6
Gerard Anton S. Ramos	NED	Alakor Corporation	Alakor Corporation	25 June 2010	24 April 2013	Annual Meeting	3
Jose T. Sio	NED	SM Investments Corporation	SM Investments Corporation	12 August 2011	24 April 2013	Annual Meeting	3
Fulgencio S. Factoran Jr.	ID	Alakor Corporation; SM Investments Corporation	No business relationship with the nominating entities	28 February 2012	24 April 2013	Annual Meeting	1
Richard J. Gordon	ID	Alakor Corporation	No business relationship with the nominating entity	5 April 2011	24 April 2013	Annual Meeting	2
Alfredo R. Rosal Jr.	ID	Alakor Corporation	No business relationship with the nominating entity	31 March 2003	24 April 2013	Annual Meeting	10
Laurito E. Serrano	ID	SM Investments Corporation	No business relationship with the nominating entity	22 August 2012	24 April 2013	Annual Meeting	0.75

² Reckoned from the election immediately following January 2, 2012.

- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Board has adopted a general policy enabling the Company to comprehensively pursue initiatives aimed at strengthening governance structures and systems. The Company intends to develop and formalize policies that will (i) promote the preservation of the interests of stakeholders, (ii) ensure adherence to reportorial obligations, and (iii) institutionalize a performance appraisal system for directors.

- (c) How often does the Board review and approve the vision and mission?

The Board reviews the Company's vision and mission whenever a change in the business plan requires such to be re-assessed and re-formulated.

- (d) Directorship in Other Companies

- (i) Directorship in the Company's Group³

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Alfredo C. Ramos	Carmen Copper Corporation; Berong Nickel Corporation; Atlas Exploration, Inc.; Aquatlas, Inc.; Ulugan Resources Holdings, Inc.; Nickeline Resources Holdings, Inc.	Executive Directors; Chairman
Frederic C. DyBuncio	Carmen Copper Corporation	Non-Executive Director
Martin C. Buckingham	Carmen Copper Corporation; Berong Nickel Corporation; Atlas Exploration, Inc.; Aquatlas, Inc.; Ulugan Resources Holdings, Inc.; Nickeline Resources Holdings, Inc.	Non-Executive Director
Isidro A. Consunji	Carmen Copper Corporation	Non-Executive Director
Adrian Paulino S. Ramos	Carmen Copper Corporation; Berong Nickel Corporation; Ulugan Resources Holdings, Inc.; Nickeline Resources Holdings, Inc.	Executive Director for Carmen Copper Corporation; Non-Executive Director for the rest
Gerard Anton S. Ramos	Carmen Copper Corporation	Non-Executive Director
Jose T. Sio	Carmen Copper Corporation	Non-Executive Director
Laurito E. Serrano	Carmen Copper Corporation	Non-Executive Director

- (ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

³ The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Alfredo C. Ramos	Anglo Philippine Holdings, Inc.; The Philodrill Corporation; Vulcan Industrial Mining Corporation; United Paragon Mining Corporation	Executive Director; Chairman
Frederic C. DyBuncio	Belle Corporation; Pacific Online Systems Corporation	Executive Director and Chairman of Belle Corporation; Non-Executive Director of Pacific Online Systems Corporation
Isidro A. Consunji	Semirara Mining Corporation	Executive Director
Adrian Paulino S. Ramos	The Philodrill Corporation; United Paragon Mining Corporation; Vulcan Industrial Mining Corporation; Anglo Philippine Holdings Corporation	Non-Executive Director
Gerard Anton S. Ramos	United Paragon Mining Corporation; Anglo Philippine Holdings Corporation	Non-Executive Director
Jose T. Sio	Belle Corporation; China Banking Corporation	Non-Executive Director

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Alfredo C. Ramos	Alakor Corporation	Mr. Ramos is the Chairman, President, and controlling shareholder of Alakor Corporation.
Frederic C. DyBuncio	SM Investments Corporation	Mr. DyBuncio is a Senior Vice-President at SM Investment Corporation
Jose T. Sio	SM Investments Corporation	Mr. Sio is

- (iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

Section 2.2.1.7 of the Company's Corporate Governance Manual (the "CG Manual") states as follows:

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.

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

As of 31 December 2013

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Alfredo C. Ramos	10,000,100	454,223,461 – through Alakor Corporation	22.37%
Frederic C. DyBuncio	1,001	None	0.0000%
Martin C. Buckingham	22,253,301	None	1.0723%
Isidro A. Consunji	1	95,991,304 – through DFC Holdings, Inc.	4.6253%
Adrian Paulino S. Ramos	5,833,010	None	0.2811%
Gerard Anton S. Ramos	8,136,000	None	0.3920%
Jose T. Sio	1,001	None	0.0000%
Fulgencio S. Factoran Jr.	110,000	None	0.0000%
Richard J. Gordon	1	None	0.0000%
Alfredo R. Rosal Jr.	1	None	0.0000%
Laurito E. Serrano	2,000	None	0.0001%
TOTAL	46,336,416	550,214,765	28.7408%

2) Chairman and CEO

- (a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Through the structured functioning of collegial corporate bodies such as (i) the Executive Committee that includes as members executive directors other than the Chairman and President, and (ii) the Management Committee that regularly reports to the Vice-Chairman, the Board is able to validate representations made by management regarding the state of the Company's affairs.

Yes ☐

No ☒

Identify the Chair and CEO: Not Applicable

Chairman of the Board	
CEO/President	

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

Section 2.2.1.3.1 of the CG Manual states as follows:

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.

The Company has not formally designated a Chief Executive Officer. But the President is principally accountable for:

- Guiding the formulation of the Company's vision and mission
 - Spearheading the development and execution of the Company's overall business strategy
 - Directing the work of other executive officers
 - Overseeing the Company's operations according to the strategic plan set by the management and the Board
 - Ensuring the effectivity and the efficiency of the organizational structure
- 3) Explain how the Board plans for the succession of the CEO/Managing Director/President and the top key management positions?

The Human Resource Department has been tasked by the Board and management to formulate and establish the succession plan for all principal executive officers.

- 4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

While the Company has yet to adopt a formal policy, the Nomination Committee considers how the collective business and/or professional qualifications and experiences of all nominees for election as directors will ensure a wide pool of perspectives and strategies.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

The vetting procedure adopted by the Nomination Committee with respect to the selection of nominees for election as directors ensures that there is an adequate number of Board members who have experience in the mining industry.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

Sections 2.2.1.4, 2.2.1.5, and 2.2.1.6 of the CG Manual state as follows:

2.2.1. Board of Directors

xxx

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.

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 insure a high standard of best practice for the Corporation and its stakeholders, the Board, within the bounds of reason and fair play, 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.
- 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, 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*

Provide the company's definition of "independence" and describe the company's compliance to the definition.

The Company adopts and complies with the definition of "independence" under Section 38 of the Securities Regulation Code.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Company complies with the term limit imposed under SEC Memorandum Circular No. 9, Series of 2011.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
Walter C. Wassmer	Non-Executive Director	April 2012	Resignation
Jeremias L. Dolino	Independent Director	February 2012	Resignation

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

The directors of the Company are elected by the stockholders during their annual general meeting to hold office until removed or replaced by duly-elected and qualified candidates following their resignation/the expiration of their one-year term/their deaths.

The eligibilities of nominees for election as directors are evaluated by the Nomination Committee in accordance with the standards established in the CG Manual and the Revised Code of Corporate Governance.

On the qualification of the Company's directors, the CG Manual provides as follows:

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 Securities and Exchange Commission (SEC) 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 SEC 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 SEC or the Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the SEC 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 SEC, 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 SEC 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.

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.

Voting Result of the last Annual General Meeting

*The reckoning of the number of votes cast is based on the cumulative voting principle.

Name of Director	Votes Received
ALFREDO C. RAMOS	1,306,289,410
FREDERIC C. DYBUNCIO	1,306,207,410
MARTIN C. BUCKINGHAM	1,307,828,210
ISIDRO A. CONSUNJI	1,307,828,210
ADRIAN PAULINO S. RAMOS	1,306,398,310
GERARD ANTON S. RAMOS	1,306,833,010
JOSE T. SIO	1,306,398,310
FULGENCIO S. FACTORAN Jr.	1,307,828,210
RICHARD J. GORDON	1,307,828,210
ALFREDO R. ROSAL Jr.	1,307,828,210
LAURITO E. SERRANO	1,306,207,410

6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any.

All of the Company's directors are required to attend a seminar on corporate governance at the beginning of their terms.

- (b) State any in-house training and external courses attended by Directors and Senior Management⁴ for the past

⁴ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

three (3) years:

The members of the Company's Board and Senior Management attended a corporate governance seminar in June 2012.

- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

None in 2012.

B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p><i>The policies that the Company enforces on matters of business conduct and ethics are based on general principles of professionalism, integrity, and legal compliance, and are aimed primarily at maintaining the stability of the Company's organizational structure and preserving the Company's resources. Some of these policies are contained in a Code of Conduct that defines the norms of behavior and performance for all the members of the organization. Others have yet to be formalized through documentation, but are implemented through actions of the Company that are geared towards achieving the objectives described above.</i></p>		
(b) Conduct of Business and Fair Dealings			
(c) Receipt of gifts from third parties			
(d) Compliance with Laws & Regulations			
(e) Respect for Trade Secrets/Use of Non-public Information			
(f) Use of Company Funds, Assets and Information			
(g) Employment & Labor Laws & Policies			
(h) Disciplinary action			
(i) Whistle Blower			
(j) Conflict Resolution			

- 2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?
The Company is still in the process of documenting its formal Code of Ethics. Such a state of affairs, however, does not imply that the ethical standards that are supposed to define conduct within the organization are not established.
- 3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.
All managerial employees are responsible for ensuring compliance with the Code of Conduct. It is their duty to monitor adherence and to report deviations to the human resource department.
- 4) Related Party Transactions

- (a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	<i>All transactions to be entered into by the Company are reviewed by collegial corporate bodies (i.e., Management Committee, Executive Committee, Audit and Risk Management Committee, the Board) to ensure that they will be executed according to terms that are not in any manner prejudicial to the Company's interests.</i>
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

All of the transactions of the Company and its subsidiaries with parties related to the persons enumerated above are governed by terms that were negotiated at arms length.

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

The Company's audit protocols (both internal and external) are designed to spot indicia of irregularities arising from conflicts of interest involving directors/officers/significant shareholders.

The details of related-party transactions are reviewed by the Audit and Risk Management Committee with a view to monitoring potential conflict-of-interest issues and determining proper remedial action.

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,⁵ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
Alakor Corporation ("Alakor") and Anglo Philippine Holdings Corporation ("Anglo")	Affiliates	Alakor has controlling interest in Anglo

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Holders of significant equity have no relationship with the Company other than that which arises from their ownership of equity interest in the Company.

⁵ Family relationship up to the fourth civil degree either by consanguinity or affinity.

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

There is none.

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution (ADR) System
Corporation & Stockholders	None
Corporation & Third Parties	<i>The Company's contracts with third parties generally provide for a mechanism for ADR. The typical ADR protocol that is agreed to by the Company is arbitration.</i>
Corporation & Regulatory Authorities	None

C. BOARD MEETINGS & ATTENDANCE

- Are Board of Directors' meetings scheduled before or at the beginning of the year?
A regular meeting of the Company's Board of Directors is convened once every quarter. Notices for regular meetings are usually sent one month before the meeting date.
- Attendance of Directors

Board of Directors' Meetings from 01 January 2013 to 31 December 2013

NAME OF DIRECTOR	3/8/13	4/24/13	6/28/13	9/25/2013
1. Alfredo C. Ramos	P	P	P	P
2. Adrian Paulino S. Ramos	P	P	P	P
3. Martin C. Buckingham	P	P	P	P
4. Frederic C. DyBuncio	P	P	P	P
5. Gerard Anton S. Ramos	P	P	P	P
6. Alfredo R. Rosal, Jr.	P	P	P	P
7. Jose T. Sio	P	P	P	P
8. Isidro A. Consunji	P	P	P	P
9. Richard J. Gordon	P	P	P	P
10. Fulgencio S. Factoran, Jr.	P	P	P	P
11. Laurito E. Serrano	P	P	P	P

Legend: A – Absent; P – Present

- Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

The Audit and Risk Management Committee that is constituted by non-executive directors convenes regular monthly meetings.

- Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

Under the Company's By-Laws, the quorum for any meeting of the Board is constituted by only a majority of the members.

5) Access to Information

- (a) How many days in advance are board papers⁶ for board of directors meetings provided to the board?

One (1) day

- (b) Do board members have independent access to Management and the Corporate Secretary?

Members of the Board are able to communicate with management and the Corporate Secretary.

- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

Pursuant to the CG Manual, the Corporate Secretary (including the Assistant Corporate Secretary) 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, and stockholders*
- *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*

- (d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

The Company's Corporate Secretary and Assistant Corporate Secretary are both lawyers and have adequate experience in corporate secretarial practices.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes ☐

No ☒

While no formal procedure has been set, any director of the Company can easily obtain from management any information that they require to prepare for committee discussions/deliberations in advance of meetings.

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide

⁶ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

details:

There is no formal procedure, but there is no constraint upon the ability of any director to seek and receive advice from external consultants regarding the Company's operations.

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

None, apart from policies aimed at strengthening the Company's corporate governance system.

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	These are determined by the Company's Remuneration Committee using industry standards and principles of fair compensation as principal parameters.	
(2) Variable remuneration		
(3) Per diem allowance		
(4) Bonus		
(5) Stock Options and other financial instruments		
(6) Others (specify)		

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

The Company has not adopted a formal system for the determination of the compensation packages of its directors. Currently, (i) non-executive directors receive an honorarium of PhP10,000.00 for every meeting that they attend, and (ii) independent directors are paid PhP50,000.00 every month during their term.

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

The Company's stockholders approved the terms of the Comprehensive Stock Option Plan covering directors, officers, and other qualified employees during their annual general meeting in 2007.

Stockholders who are represented on the Company's Board of Directors are able to participate in the process of formulating and implementing the remuneration scheme through their nominees.

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year (2012):

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	Approximately	Not applicable	PhP2,050,000.00

(b) Variable Remuneration	PhP18,000,000.00		Not applicable
(c) Per diem Allowance		Approximately PhP300,000.00	
(d) Bonuses			
(e) Stock Options and/or other financial instruments	2/3 of the total number of shares underlying their stock option awards vested in 2012	Not Applicable	Not Applicable

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	None		
2) Credit granted			
3) Pension Plan/s Contributions			
(d) Pension Plans, Obligations incurred			
(e) Life Insurance Premium			
(f) Hospitalization Plan			
(g) Car Plan			
(h) Others (Specify)			

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Shares of Stock Underlying Stock Options	% of Issued and Outstanding Capital Stock as of 31 December 2012
Alfredo C. Ramos	4,385,970	0.2114
Frederic C. DyBuncio	649,123	0.0313
Martin C. Buckingham	3,508,770	0.1691
Adrian Paulino S. Ramos	2,631,570	0.1269

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Not applicable.

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year (2012):

Name of Officer/Position	Total Remuneration
Fernando A. Rimando	<i>Approximately Php17,000,000.00</i>
Rene G. De Ocampo	
Carmen-Rose A. Basallo-Estampador	
Feliciano B. Alvarez	
Leila Marie P. Cabanes	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	3	3	0	The Executive Committee was constituted with the authority to exercise the powers of the Board during periods when the full membership is not convened. It meets at least once a month to evaluate and/or formulate corporate actions upon the direct reports presented by the line managers of Company and of the operating subsidiaries.			
Audit & Risk Management	0	2	2	The Audit and Risk Management Committee (i) oversees the establishment and implementation of policies and systems that ensure the Company's compliance with existing laws, rules and regulations, financial reporting obligations, audit and internal control procedures, and risk management protocols; (ii) examines and evaluates the extent of the Company's exposure to existing operational, financial, strategic, and compliance risks to determine the plans and policies that must be established to eliminate or mitigate the effects of realized risks; and (iii) directs the formulation and implementation of systems and programs for the effective identification, analysis, monitoring, reporting, and management of all types of risk to which the Company and its subsidiaries are exposed.			
Nomination	1	1	2	The Nominations Committee ensures that the Company is led by competent and dedicated individuals through an assessment of candidates who are nominated to become members of the Board, or to fill executive or management positions. The qualifications of candidates are vetted based on the parameters set under the CG Manual and on the requirements of the positions to be held.			
Remuneration	0	1	2	The Remuneration Committee establishes the policy for determining the optimal merit-based remuneration package for the officers, directors, and key personnel of the Company and its operating subsidiaries. Such policy is developed based on staffing strategy and performance-evaluation systems, and on principles of fair compensation			

2) Committee Members

(a) Executive Committee

Executive Committee Meetings from 01 January 2013 to 31 December 2013

NAME OF DIRECTOR	1/30/13	4/19/13	5/27/13	9/30/2013	11/4/2013	12/11/2013
1. Alfredo C. Ramos	P	P	P	P	P	P
2. Adrian Paulino S. Ramos	P	P	P	P	P	P
3. Martin C. Buckingham	P	P	P	P	P	P
4. Frederic C. DyBuncio	P	P	P	P	P	P
5. Jose T. Sio	P	P	P	P	P	A
6. Isidro A. Consunji	P	P	P	P	P	P

Legend: A – Absent; P – Present

(b) Audit and Risk Management Committee

(2012)

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Laurito E. Serrano	22 August 2012 (as member and Chairman)	12	12	100	Since 22 August 2012
Deputy Chairman (ID)	Alfredo R. Rosal Jr.	22 August 2012	12	12	100	Since 22 August 2012
Member (NED)	Frederic C. DyBuncio	22 August 2012	12	12	100	Since 22 August 2012
Member (NED)	Gerard Anton S. Ramos	22 August 2012	12	11	90	Since 22 August 2012

Disclose the profile or qualifications of the Audit and Risk Management Committee members.

- Mr. Serrano is currently in the private advisory practice, having served as a senior adviser in a number of companies. He is a former partner at SGV & Co. where he was part of the Corporate Finance Consulting Group. His professional experience which spans over 25 years covers, among others, audit services, project development, public debt/equity offerings, business acquisitions, investment promotion, transaction structuring, and other similar financial advisory services. He is a certified public accountant with an MBA from the Harvard Business School.
- Atty. Rosal is the Managing Partner of Rosal and Valera Law Offices. As a legal professional, he rendered services as general counsel to various local and foreign investment companies. He also served as President of the Natural Resources Development Corporation and Bukidnon Forest, Inc. He obtained his Bachelor of Laws from San Beda College of Law, and his MBA from the University of the Philippines. Rosal and Valera Law Offices does not act as legal counsel of the Company.
- Mr. DyBuncio is concurrently a Senior Vice President of SM Investments Corporation, President and Chief Executive Officer of APC Group, Inc. and Belle Corporation, Chairman and Chief Executive Officer of Philippine Geothermal Production Company and Director of Carmen Copper

Corporation, Indophil Resources NL and Pacific Online Systems Corporation. Prior to holding these posts, he was a career banker who spent over 20 years with JPMorgan Chase and its predecessor institutions. During his stint in the banking industry, he was assigned to various managerial/executive positions where he gained substantial professional experience in the areas of credit, relationship management and origination, investment banking, capital markets, and general management. He obtained his bachelor's degree in Business Management from the Ateneo de Manila University, and his MBA from the Asian Institute of Management.

- Mr. Ramos is concurrently the Vice President of Alakor Corporation, Vice President and Director of United Paragon Mining Corporation, Executive Vice President of Vulcan Materials Corporation, and Nominee of Alakor Securities Corporation. He obtained his bachelor's degree in Business Management from the Ateneo de Manila University.

Describe the Audit Committee's responsibility relative to the external auditor.

Section 5.4 of the charter of the Company's Audit and Risk Management Committee states as follows:

5. Duties and Responsibilities

xxx

5.4 With respect to its duty to oversee external audit review

- Assess the independence and professional qualifications of nominees for election as external auditor of Atlas and its significant subsidiary/s
- Review and approve the parameters of the audit work to be performed by the external auditor and the fees to be paid for such engagement
- Review and approve the terms of any non-audit service to be performed by the external auditor for Atlas or its significant subsidiary/s
- Review all reports on the results of the conduct of external audit examination
- Evaluate the performance of the external auditor
- Assess and address issues that give rise to disagreements between Management and the external auditor

(c) Nomination Committee

(2012)

Office	Name	Date of Appointment	No. of Meetings Held (during incumbency)	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Alfredo C. Ramos	22 August 2012	2	2	100	Since 2006
Member (ID)	Alfredo R. Rosal Jr.	22 August 2012	2	2	100	Since 2006
Member (NED)	Frederic C. DyBuncio	22 August 2012	1	1	100	Since 22 August 2012

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held (during	No. of Meetings Attended	%	Length of Service in the
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			incumbency)			Committee
Chairman	Jose T. Sio	22 August 2012	1	1	100	22 August 2012
Member (ID)	Fulgencio S. Factoran Jr.	22 August 2012	1	1	100	22 August 2012
Member (ID)	Richard J. Gordon	22 August 2012	1	1	100	22 August 2012

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

(2012)

Name of Committee	Name	Reason
Executive	Isidro A. Consunji vice Walter C. Wassmer	Resignation of Walter C. Wassmer
Audit	-	-
Nomination	-	-
Remuneration	-	-

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Significant Issues* Addressed
Executive	<i>All committees fulfilled their mandates by performing all actions required of them in relation to the conduct of the Company's day-to-day business operations and the accomplishment of the Company's organizational and financial goals for the fiscal year.</i>	<i>No issue that has a potential of having a material adverse economic or reputational impact upon the Company was brought to the attention of any of the Committees for remedial action.</i>
Audit and Risk Management		
Nomination		
Remuneration		

*It is our interpretation that the term "issues" is being used in this context to pertain to problems.

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	<i>Programs aimed at enhancing corporate governance in general</i>	<i>Institutionalization of initiatives on the improvement of corporate governance systems</i>
Audit and Risk Management	<i>Programs aimed at (i) strengthening internal control systems, and (ii) formalizing risk management protocols</i>	<i>Establishment of clearer procedures for assessing the effectivity of internal control systems; Lack of formality in the adoption of policies and protocols</i>
Nomination	<i>None yet</i>	<i>No particular issue has been identified yet</i>
Remuneration	<i>None yet</i>	<i>No particular issue has been identified yet</i>

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Company adopts a risk management approach that allows for the execution of adequate mitigation measures without imposing constraints upon the ability of the enterprise to optimize business opportunities.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The Audit and Risk Management Committee of the Company's Board of Directors regularly reviews the efficacy of existing risk assessment protocols and the adequacy of the risk mitigation strategies being implemented.

(c) Period covered by the review;

2012

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness;

The Company's Audit and Risk Management Committee convenes regular monthly meetings during which risk issues are presented and discussed.

(e) Where no review was conducted during the year, an explanation why not.

Not applicable.

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

The Company has yet to formalize its risk management program (for itself and its subsidiaries) that will allow for the formulation and documentation of policies to be adopted and implemented for the purpose of mitigating, in the most comprehensive manner achievable, the various forms of economic and operational risks to which the business enterprise is exposed.

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

The Company has yet to formalize a global risk management program (for itself and its subsidiaries) enabling the formulation and documentation of policies that will be adopted and implemented for the purpose of mitigating, in the most comprehensive manner achievable, the various forms of economic and operational risks to which the business enterprise is exposed.

Currently, the Company adopts an *ad hoc* strategy to commodity price risk management that is subject to the regular evaluation of the Audit and Risk Management Committee. The Company typically employs the use of price hedging instruments.

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

No shareholder (or group of shareholders) of the Company owns a controlling equity interest.

3) Control System Set Up

(a) Company and Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

The managers of all the organizational units of the Company (and its subsidiaries) are required to present, as part of their monthly reports, (i) the results of their regular assessments of risks attending such aspects of the operations to which their functions pertain, and (ii) the mitigation measures that they have adopted to address such risks. Material and high-probability risks that are identified are immediately reported to senior management (particularly the Management Committee) for immediate action.

(b) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

The Management Committee (that includes all the members of the Enterprise Risk Management Committee), the Executive Committee, and the Audit and Risk Management Committee are all tasked with (i) overseeing the regular implementation of existing risk management protocols, and (ii) reviewing and approving recommended remedial/mitigating measures.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

The internal control system of the Company encompasses all policies and protocols designed (i) to monitor and measure the use of the Company's resources for the avoidance of fraud and inefficiencies, (ii) to maintain the reliability of financial reports, and (iii) to ensure the Company's compliance with laws and regulations.

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Audit and Risk Management Committee of the Company's Board of Directors regularly reviews the efficacy and adequacy of the internal control system.

(c) Period covered by the review;

2012

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

The Company's Audit and Risk Management Committee convenes regular monthly meetings during which reports on the functioning of the internal control system are presented by the Chief Audit Executive.

(e) Where no review was conducted during the year, an explanation why not.

Not applicable

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
<p><i>The charter of the Company's internal audit function states as follows:</i></p> <ul style="list-style-type: none"> <i>The Role of the Internal Audit Group is to assist the management of Atlas Consolidated Mining and Development Corporation (ACMDC) and its subsidiary Carmen Copper Corporation (CCC) by providing independent advice on operations and performance and by assessing the effectiveness of internal control. The function aims to add value, improve operational efficiency, economy and effectiveness of management process, risk management and internal control systems.</i> <i>In order to fulfill its roles and objectives, the IA Group's scope of work within ACMDC and CCC shall include the following:</i> <ul style="list-style-type: none"> <i>Conduct of regular internal audit review in accordance with the audit plan approved by the ARMC.</i> <i>Examination and evaluation of the adequacy and effectiveness of the internal control systems.</i> <i>Review of the application and effectiveness of risk management procedures and risk assessment methodologies in various programs and activities.</i> <i>Review of the management</i> 		In-house	Feliciano B. Alvarez	The Chief Audit Executive reports directly to the Audit and Risk Management Committee.

<p><i>and financial information systems, including the electronic information system.</i></p> <ul style="list-style-type: none"> ▪ <i>Review of the accuracy and reliability of accounting records, financial reports and transactional documents.</i> ▪ <i>Assessment of the effectiveness of specific internal control procedures in various programs and activities.</i> ▪ <i>Evaluation of compliance with legal and regulatory requirements and approved internal policies and procedures.</i> ▪ <i>Identification of opportunities for cost savings and formulation of strategies for improving cost efficiencies.</i> 			
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- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Yes.

- (c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The Chief Audit Executive that supervises and leads the internal audit group reports directly to the Audit and Risk Management Committee. He has unfettered access to (i) all the members of the Board/Board Committees, and (ii) all of the Company's records, properties, and personnel.

- (d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Nothing to disclose

- (e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

The internal audit function was formalized during the third quarter of 2012. Immediately after the appointment of the Chief Audit Executive, (i) the internal audit charter was adopted, (ii) the internal audit unit was reorganized, and (iii) the internal audit plan for the second semester of 2012 and for the whole of 2013 was formulated and was approved by the Audit and Risk Management Committee (ARMC).

The internal audit group's activities have progressed consistently according to plan. At the regular monthly meetings of the ARMC, the Chief Audit Executive reports on (i) the audit issues identified, (ii) the results of verification interviews with the pertinent officers/personnel, and (iii) the recommended measures for the resolution of the issues.

Written reports on the results of internal audit activities and the relevant deliberations of the ARMC are distributed monthly by the Chief Audit Executive to members of senior management and of the ARMC.

To date, there are no unresolved material audit findings.

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

The internal audit plan that has been approved by the Audit and Risk Management Committee and is *being implemented fully and consistently* by the internal audit group states as follows:

The methodology used for developing the Annual Audit Plan focuses upon the quantification of the risks associated with achieving Company objectives. Auditable areas have been selected and prioritized on a rational and objective basis following a systematic assessment such as:

- *Company control procedures;*
- *Company priorities and core operations;*
- *Legislative and regulatory impact;*
- *Financial impact; and*
- *Safety impact*

The above factors are used to determine a risk rating of high, medium or low to reflect the inherent risk or vulnerability. We ensure our coverage is proportionate and appropriately aligned; therefore, only medium and high priority risk reviews are included in the Annual Audit Plan. All low priority review areas are reassessed on an annual basis.

Our internal audit planning will be linked to the Company's ongoing business planning and risk management process.

The ARMC will be kept informed of progress against the Annual Audit Plan and agree any significant changes during the year.

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

The Company is still establishing the policy and system to address this.

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by

the Code and that internal mechanisms are in place to ensure that compliance.

The Company's Chairman, President, and Compliance Officer are required to execute such attestation. All directors, officers, and employees of the Company are aware of their duties as prescribed by the Code of Corporate Governance.

H. ROLE OF STAKEHOLDERS

- 1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	There is no formal policy on this. The Company has institutional customers.	
Supplier/contractor selection practice	Regular suppliers are required to go through an accreditation process as part of internal control procedures. Contractors for material service engagements and suppliers of major equipment are vetted through competitive bidding.	
Environmentally friendly value-chain	There is no formal policy on this.	
Community interaction	The Company has a comprehensive community relations program that ensures (i) regular communication with its host communities; and (ii) the effective implementation of CSR initiatives.	
Anti-corruption programs and procedures	There is no formal policy on this.	
Safeguarding creditors' rights	There is no formal policy on this.	

- 2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

The Company is already working on a sustainability report for 2013.

- 3) Performance-enhancing mechanisms for employee participation.

- (a) What are the company's policy for its employees' safety, health, and welfare?

The Company is vigilant in promoting the health and safety of its employees. It provides all its employees with a comprehensive health care cover as part of the standard benefits package. It also strictly implements safety regulations to avoid/minimize accidents in work areas.

- (b) Show data relating to health, safety and welfare of its employees.

The report below is contained in the Company's 2012 Annual Report:

The most notable achievement in safety management for 2012 was the attainment of a historic benchmark record of 10,395,599 manhours worked without incurring a single lost-time accident. This translates to 306 days of safe continuous operations. This milestone safety record breached the performance of 9,965,527 manhours in 2011.

The number of reported accidents was exactly identical to the 2011 record – one lost-time and 33 non-lost time cases. In terms of frequency rate (number of lost-time accidents per million man-hours worked), 2012 performed better than 2011 (0.08 vs. 0.1) resulting to a 25% improvement. The bigger number of manpower registered in 2012 translated to higher manhours count. Accident severity rate posted a higher value in 2012 than in 2011 because of longer lost days incurred. Strict adherence of the workforce to safety standards helped in achieving these improvements in safety practices.

Moreover, continuous training on best safety practices, and strict enforcement of wearing personal protective equipment contributed largely to fewer incidences of physical injuries and property damages. The Company remained compliant to government safety regulatory standards and permit requirements in 2012. As a result, Atlas Mining and Carmen Copper were not cited for serious infraction of safety rules or lapses in acquiring and renewing permits and licenses. To bring Carmen Copper's operations at par with international safety and environmental management standards and practices, the Company started to lay the groundwork for the application of an ISO 18001 and 14000 certification in 2013. Emergency Readiness Rapid reaction teams organized and trained by the Loss Control Section were always maintained round the clock for readiness in responding to emergency situations. These included firefighting crews, first aid brigades and mine rescue units. In February 2012, Atlas Mining through Carmen Copper dispatched a rescue team to the eastern seaboard of Negros Oriental where it successfully conducted a search and retrieval operation in the aftermath of a 6.9-magnitude earthquake. For this humanitarian act, Carmen Copper was commended by the Philippine Mine Safety and Environment Association (PMSEA) during the safety conference in Baguio last November 2012.

(c) State the company's training and development program for its employees. Show the data.

The Company's human resource department is currently developing a training program for employees.

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

The Company has a Comprehensive Stock Option Plan that covers officers and managerial employees.

- 4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

The Company is still in the process of developing and establishing a "whistle blower" policy. The Audit and Risk Management Committee is mandated under its charter to oversee the formulation and implementation of such policy.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

As of 31 March 2013

Shareholder	Number of Shares	Percent	Beneficial Owner
SM Investments Corporation (SMIC)	602,785,791	29.04%	SMIC is a publicly-held corporation
Alakor Corporation	454,223,461	21.89%	Alfredo C. Ramos
Anglo Philippine Holdings Corporation (APHC)	171,570,500	8.27%	APHC is a publicly-held corporation

As of 31 March 2013

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
ALFREDO C. RAMOS	10,000,100	454,223,461 – through Alakor Corporation	22.37%
MARTIN C. BUCKINGHAM	22,253,301	-	1.0723%
ADRIAN PAULINO S. RAMOS	5,833,010	-	0.2811%
FERNANDO A. RIMANDO	-	-	-

RENE G. DE OCAMPO	-	-	-
CARMEN-ROSE A. BASALLO-ESTAMPADOR	-	-	-
TOTAL	38,086,411	454,223,461	23.7234%

2) Does the Annual Report/SEC Form 17-A disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	No
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) External Auditor's fee

The table below shows the aggregate amounts paid by the Group to SGV and Co. in 2012 (i) for audit work pertaining to the annual financial statements of the Group, (ii) for services pertaining to the conduct of review with respect to Carmen Copper Corporation's tax compliance, and (iii) for other related services involving the examination of the Company's or Carmen Copper Corporation's books of account:

Particulars		2012
Services related to the bond issue of CCC	PhP	14,500,000
Audit		3,474,409
Interim Review		800,000
Tax Compliance Review		396,000
Performance of agreed-upon procedures		110,000
TOTAL	PhP	19,280,409

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

- One-on-one meetings
- Print Materials and Electronic versions
- Email
- Mobile

- Website
- Events and Roadshows

5) Date of release of audited financial report: 15 April 2013

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) Disclosure of RPT

Below is Note 14 (a to e) of the notes to the Company's audited financial statements for the year ended 31 December 2012:

a. The Parent Company statements of financial position include the following amounts resulting from the various transactions with related parties:

	Nature of Relationship	2012	2011
<i>Receivable from related parties:</i>			
AEI (see Note 14a)	Subsidiary	P102,244	P98,824
BNC (see Note 14a)	Subsidiary	100,759	107,607
AI (see Note 14)	Subsidiary	31,336	30,980
Alakor* (see Note 14c)	Stockholder	28,464	30,202
CCC (see Note 14e)	Subsidiary	19,928	880,882
URHI (see Note 14a)	Subsidiary	3,006	3,006
NRHI (see Note 14a)	Subsidiary	1,224	1,224
UNC (see Note 14a)	Subsidiary	597	597
		<u>P287,558</u>	<u>P1,153,322</u>
<i>Payable to related parties:</i>			
AHI (see Note 14a)	Subsidiary	P2,725	P2,818
The Philodrill Corporation (see Note 14d)	Stockholder	–	73,213
		<u>P2,725</u>	<u>P76,031</u>

There were no sales transactions and purchases to and from related parties in 2012 and 2011.

*A portion of the payable to Alakor amounting to P21,986 that was accrued in 2010 as interest payable (see Note 11biv) is presented on the parent company statements of financial position as part of Accounts payable and accrued expenses.

The Parent Company's transactions consist mainly of receivable from and payable to related parties to

cover administrative and operating costs and expenses. These amounts are non-interest bearing and are due and demandable to be paid when sufficient funds are available.

- b. Receivable from officers and employees as of December 31, 2012 and 2011 amounting to ₱6,519 and ₱8,371, respectively, pertain to cash advances extended by the Parent Company to its officers and employees.
- c. In November 2008, the Parent Company contributed ₱22,068 for the payment of the purchase price of certain parcels of land which were conveyed by the Social Security System to Alakor. As the Parent Company was unable to participate in the transaction covering the conveyance of the properties, the amount contributed was treated as advances to Alakor which shall be repaid under terms to be subsequently determined and subject to the provisions of existing loan agreements executed by the Parent Company. The balance of the receivable from Alakor amounted to ₱28,464 and ₱30,202 as of December 31, 2012 and 2011, respectively.
- d. In December 2010, the Parent Company issued a promissory note to Philodrill Corporation for the principal amount of \$1,670 (the "Philodrill Note"). The loan shall accrue interest from January 22, 2010 at the rate of 10% per annum. The Parent Company incurred interest expense amounting to ₱3,102 and ₱7,320 in 2012 and 2011, respectively. In June 2012, the Parent Company discharged fully the loan obligation under the Philodrill Note amounting to ₱73,213.
- e. In 2012, CCC settled in tranches its payable to the Parent Company amounting to ₱860,954. In July 2011, CCC agreed to provide security for the loan obligations of the Parent Company to BDO under the BDO Facility and the 2011 BDO Loan (see Note 11). CCC (i) executed an irrevocable suretyship in favor of BDO whereby it became solidarily liable with the Parent Company for the discharge of all obligations under the BDO Facility, and (ii) created in favor of BDO mortgage liens over its real properties and chattels to secure the performance of the Parent Company's obligations under the 2011 BDO Loan.

AEI- Atlas Exploration, Inc.

BNC- Berong Nickel Corporation

AI – Aquatlas, Inc.

Alakor – Alakor Corporation

CCC – Carmen Copper Corporation

URHI – Ulugan Resources Holdings, Inc.

NRHI – Nickeline Resources Holdings, Inc.

UNC – Ulugan Nickel Corporation

AHI – Amosite Holdings, Inc.

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

All of the Company's transactions are reviewed by collegial corporate bodies that include independent directors as members.

J. RIGHTS OF STOCKHOLDERS

- 1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	Majority of issued and outstanding capital stock
-----------------	--

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

The system adopted and implemented by the Company is based on voting procedures and requirements provided under the Corporation Code.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

None

Dividends (For 2013)

Declaration Date	Record Date	Payment Date
8 March 2013	22 March 2013	19 April 2013

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

The Company intends to develop a program for the enhancement of shareholders' participation in meetings.

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
 - a. Amendments to the company's constitution
 - b. Authorization of additional shares
 - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

The Company complies with the requirements under the Corporation Code with respect to the above.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? Yes
 - a. Date of sending out notices: 13 March 2013
 - b. Date of the Annual/Special Stockholders' Meeting: 24 April 2013
4. State, if any, questions and answers during the 2013 Annual Stockholders' Meeting

The open forum at the end of the meeting allowed for discussions on the Company's (i) expansion project, (ii) income projection for 2013, (iii) dividend policy, (iv) growth strategy, and (v) procedure for paying dividends to non-resident shareholders. The officers and directors of the Company were able to comprehensively/satisfactorily address the queries from shareholders.

5. Result of 2013 Annual Stockholders' Meeting's Resolutions.

Stockholders representing 63.02% of the Company's outstanding capital stock as of 5 March 2013 (record date) approved / ratified the following reports / proposals / acts:

- a. Audited Financial Statements for the fiscal year ended 31 December 2012
- b. Minutes of the Annual General Stockholders' Meeting held on 22 August 2012
- c. Acts and resolutions of the Board of Directors and Management during the period beginning 22 August 2012 and ending 24 April 2013

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

On the date of the Annual Meeting (immediately after the meeting was adjourned)

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

None

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held: (24 April 2013 Annual Meeting)

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	<p><i>DIRECTORS</i></p> <ul style="list-style-type: none"> • Alfredo C. Ramos • Frederic C. DyBuncio • Martin C. Buckingham • Isidro A. Consunji • Adrian Paulino S. Ramos • Gerard Anton S. Ramos • Jose T. Sio • Fulgencio S. Factoran Jr. • Richard J. Gordon • Alfredo R. Rosal Jr. • Laurito E. Serrano <p><i>OFFICERS</i></p> <ul style="list-style-type: none"> • Fernando A. Rimando • Rene G. de Ocampo • Carmen-Rose A. Basallo-Estampador • Roderico V. Puno • Leila Marie P. Cabanes 	24 April 2013	The Chairman held proxies representing more than the number of shares required to approve all matters presented for action during the meeting.	0.48%	62.54% (in favor of the Chairman)	63.02%
Special	None for 2012	-	-	-	-	-

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

No.

- (iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution, submission, acceptance of proxies	<i>The Company (i) follows the form prescribed under the rules and regulations implementing the Securities Regulation Code; and (ii) accepts proxy submissions until a date that is not less than five (5) calendar days prior to the date of the meeting</i>
Notarization	<i>Only certifications attesting to (i) the authority of the corporate shareholder to execute the proxy, and (ii) the appointment of the representative of the corporate shareholder are required to be notarized</i>
Several Proxies	<i>This is acceptable to the Company</i>
Validity of Proxy	<i>A proxy is valid only for the meeting to which it pertains and to any adjournment thereof</i>
Proxies executed abroad	<i>These are accepted by the Company as long as formal requirements as to authentication (whenever applicable) are complied with</i>
Invalidated Proxy	<i>Any proxy embodying a clear definition and delegation of authority is generally accepted</i>
Validation of Proxy	<i>At least two (2) days prior to the date of meeting</i>
Violation of Proxy	<i>The Company resolves issues of this nature based on the principle of preserving the shareholder's right to participate in the meeting.</i>

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Notices are sent by regular mail at least thirty five (35) days prior to the date of the meeting.

(i) Definitive Information Statements and Management Report

The information provided below pertains to the 24 April 2013 Annual General Meeting of the Company's shareholders.

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	2,074,366,980
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	1 April 2013
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	1 April 2013

State whether CD format or hard copies were distributed	CD Format
If in CD format, indicate whether requesting stockholders were provided hard copies	Yes

- (j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Will be included as applicable
The amount payable for final dividends.	Will be included as applicable
Documents required for proxy vote.	Yes

The above are contained in the Information Statement pertaining to the meeting.

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

- (a) State the company's policies with respect to the treatment of minority stockholders.

The CG Manual states as follows:

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.

xxx

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".

6.1.8 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.

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes.

K. INVESTORS RELATIONS PROGRAM

- 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

The Company has an external and internal communication policy in place that provides guidance to all departments/ employees on the procedure for disclosing information on an internal and external basis. Such policy is reviewed annually.

The Corporate Communications committee is composed of the EVP, CFO, AVP for Corporate Governance and the Investor Relations (IR) unit. The IR team prepares and composes the drafts of the materials required for external disclosure. All major company announcements undergo the approval of the EVP, CFO and AVP for Corporate Governance.

- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	Effectively communicate and accurately represent the business performance and strategic direction of the Company and maintain progressive relations with the Investor Community to ensure that the Company achieves a fair valuation and investment recommendation

(2) Principles	<ul style="list-style-type: none"> • Clarity, accuracy, integrity, and efficacy of external communications • Timeliness of reports • Primacy of interests of stakeholders
(3) Modes of Communications	<ul style="list-style-type: none"> • One-on-one meetings • Print Materials and Electronic versions • Email • Mobile • Website • Events and Roadshows
(4) Investors Relations Officer	Michael Anthony Garcia T 5849788 local 135 F 635 4495 mlgarcia@atlasphilippines.com

- 3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

The Company has yet to establish formal policies and protocols for this.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
<i>Social Development Management Program</i>	<i>Multi-purpose cooperatives located in Toledo City, Cebu engaged in shoemaking, furniture-crafting, rubber-making, livestock-raising</i>
<i>Construction of a 3-classroom building</i>	<i>Blga Elementary School and community in Toledo City, Cebu</i>
<i>Renovation of the Cebu Provincial Public Safety Company</i>	<i>Philippine National Police and Barangay Officials of Toledo City, Cebu</i>
<i>Donation of emergency rescue vehicles, ambulances</i>	<i>Community of Toledo City, Cebu</i>
<i>Feeding Programs and comprehensive medical and dental missions</i>	<i>Community of Toledo City, Cebu</i>
<i>Reforestation and Tree planting activities</i>	<i>Operating environment in Toledo City, Cebu</i>
<i>Tree planting activities</i>	<i>Public schools, LGUs, religious organizations, and various civic and private organizations</i>

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

The Company is still working on the development of its performance appraisal system.

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees.

Section 9 of the CG Manual states as follows:

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 commission 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;

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _____ on _____, 20____.

SIGNATURES

ALFREDO C. RAMOS
Chairman of the Board/President

ADRIAN PAULINO S. RAMOS
Executive Vice-President

LAURITO E. SERRANO
Independent Director

ALFREDO R. ROSAL Jr.
Independent Director

CARMEN-ROSE A. BASALLO-ESTAMPADOR
Compliance Officer

SUBSCRIBED AND SWORN to before me this _____ day of _____, 20____, affiant(s) exhibiting to me their _____, as follows:

NAME/NO.

DATE OF ISSUE

PLACE OF ISSUE

Doc No. _____

Page No. _____

Book No. _____

Series of 2013.