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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)

F I V E E - C O M C E N T E R P A L M C O A S T
A V E N U E C O R N E R P A C I F I C D R I V E
M A L L O F A S I A C O M P L E X P A S A Y
C I T Y M E T R O M A N I L A

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

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1 2 3 1

Month Day
Fiscal Year

CODE OF CORPORATE
GOVERNANCE

FORM TYPE

Last Wednesday of April

Month Day
Annual Meeting

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Secondary LicenseType, If Applicable

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Amended Articles Number/Section

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Total Amount of Borrowings

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Foreign

To be accomplished by SEC Personnel concerned

File Number

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Remarks = pls. use black ink for scanning purposes

25 May 2017

Securities and Exchange Commission
PICC Building, Pasay City

Attention: *Dir. Justina F. Callangan*
Corporate Governance and Finance Department

Philippine Stock Exchange, Inc.
3rd Floor, PSE Plaza, Ayala Triangle
Ayala Ave., Makati City

Attention: *Jose Valeriano B. Zuno III*
OIC-Head, Disclosure Department

Subject: *Code of Corporate Governance*



Gentlemen:

In compliance with SEC Memorandum Circular (MC) No. 8, Series of 2017 and MC No. 19, Series of 2016, Atlas Consolidated Mining and Development Corporation's ("AT" or the "Corporation") respectfully submits AT's new Code of Corporate Governance signed by the Chairman of the Board of Directors (BOD) and Compliance Officer and, as duly reviewed and approved by AT's BOD on 18 May 2017.

Thank you.

Best regards,

Atlas Consolidated Mining and Development Corporation
By:



Maria Eleonor A. Santiago
Compliance Officer/Asst. Corporate Secretary

CODE OF CORPORATE GOVERNANCE

**ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION
CARMEN COPPER CORPORATION
& SUBSIDIARIES**

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CODE OF CORPORATE GOVERNANCE
ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION
CARMEN COPPER CORPORATION
& SUBSIDIARIES



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

OBJECTIVE

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

The Board of Directors, Management, Employees and Shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will, therefore, undertake every effort necessary to create awareness thereon within the organization, for the good of all.

A. BOARD'S GOVERNANCE RESPONSIBILITIES

1. ESTABLISHING A COMPETENT BOARD

The Corporation shall be headed by a competent, working Board to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its Shareholders and other Stakeholders.

1.1 Composition

- 1.1.1 The Board shall be composed of eleven (11) Directors who shall be elected by the Corporation's Shareholders annually and shall hold office for one (1) year and until their successors are elected and qualified in accordance with the Corporation's By-Laws.
- 1.1.2 The Board shall consist of Directors with a collective working knowledge, experience or expertise relevant to the Corporation's industry/sector. The Board shall always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.
- 1.1.3 The Board shall be composed of an appropriate mix of Non-Executive Directors and Executive Directors who possess the necessary qualifications. Having a majority of Non-

Executive Directors helps secure objective independent judgment on corporate affairs and to substantiate proper checks and balances.

1.2 Training

- 1.2.1 The Corporation shall ensure that all its Directors are provided with comprehensive training, including an 8-hour orientation program for first-time Directors and 4-hour relevant annual continuing training for all Directors.

1.3 Diversity

- 1.3.1 The Corporation commits and affirms the benefits of a having a diverse Board which it deems essential in the attainment of its goals and strategic objectives, a move to avoid groupthink and ensures optimal decision making is achieved.
- 1.3.2 A diverse Board encourages different perspectives and ideas. Board diversity may refer to distinctions in age, ethnicity, culture, skills, competence, knowledge and gender among others.

1.4 Chairman of the Board

- 1.4.1 The Board shall be headed by a competent and qualified Chairman.
- 1.4.2 The duties and responsibilities of the Chairman include among others the following:
 - a. Ensures the meetings of the Board are held in accordance with the Corporation's By-Laws;
 - b. Supervises 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;
 - c. Facilitates discussion on key issues by fostering an environment conducive for constructive debate and openness, leveraging on the expertise of the Directors;
 - d. Maintains qualitative and timely lines of communication and information between the Board and Management;

1.5 Corporate Secretary

- 1.5.1 The Board is assisted in its duties by a Corporate Secretary, who shall be a Filipino citizen, a resident of the Philippines, an officer of the Corporation and separate individual from the Compliance Officer. The Corporate Secretary shall not be a member of the Board and shall annually attend training on corporate governance.
- 1.5.2 The Corporate Secretary shall have the following duties and responsibilities:
 - a. Ensures that the Board and all its members are reminded of their fiduciary responsibility to the Corporation and to all its Stakeholders;
 - b. Ensures that the Board is regularly informed of the significant investors of the

- Corporation and that the ownership restrictions prescribed by law are complied with;
- c. Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its Committees, as well as other official records of the Corporation;
 - d. Keeps abreast on relevant laws, rules and regulations and all governance issuances and ensures compliance with the same and shall advise the Board and the Chairman on all relevant issues as they arise;
 - e. Works fairly and objectively with the Board, Management and Shareholders and contribute to the flow of information between the Board and Management, the Board and its Committees, and the Board and its Stakeholders, including Shareholders;
 - f. Ensures that appropriate committees of the Board are established, that they have terms of reference, and that those serving on them have appropriate knowledge, skills and experience to carry out their roles;
 - g. Keeps a record of what authority has been delegated to whom;
 - h. Develops an annual schedule of the Board and Committee meetings and assists the Chairs of the Board and its Committees to set agendas for the meetings;
 - i. Assists the Chairman with the composition of the Board and its Committees. This is usually done by producing a skills and experience matrix for the Board to ensure that it can carry out their responsibilities effectively;
 - j. Assists the Board and individual Directors when they need to take independent professional advice at the Corporation's expense;
 - k. Assists the Chairman in organizing the annual evaluation of the Board, its Committees and individual Directors;
 - l. Informs members of the Board, in accordance with the By-laws, of the agenda of their meetings at least five (5) working days in advance and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
 - m. Attends all Board meetings, except when justifiable causes such as, illness, death in the immediate family and serious accidents, preclude him or her from doing so;
 - n. Keeps abreast on relevant industry developments and the operations of the Corporation;
 - o. Performs required administrative functions; and
 - p. Performs such other duties and responsibilities as may be provided by the Securities and Exchange Commission (SEC).

1.6 Compliance Officer

1.6.1 The Board shall also be assisted in its duties by a Compliance Officer, who shall have a rank of Senior Vice President or an equivalent position with adequate stature and authority in the Corporation, and who is a member of the Corporation's Management Team in charge of compliance function. The Compliance Officer should not be a member of the Board of Directors and shall annually attend a training on corporate governance.

1.6.2 He shall have the following duties and such responsibilities:

- a. Ensures proper onboarding of new Directors (orientation on the Corporation's business, charter, Articles of Incorporation and By-laws, among others);
- b. Monitors, reviews and evaluates compliance by the Corporation with this Code and the

- rules and regulations of regulatory agencies;
 - c. If violations are found, reports the matter to the Board and recommends the imposition of appropriate disciplinary function;
 - d. Ensures integrity and accuracy of all documentary submissions to regulators;
 - e. In coordination with the Corporate Secretary, appears before the SEC and other regulatory entities when summoned in relation with this Code;
 - f. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;
 - g. Identifies possible areas of compliance issues and works towards the resolution of the same; and
 - h. Ensures attendance of Members of the Board and key Officers to relevant trainings and performance assessment of key Officers; and
 - i. Performs such other duties and responsibilities as may be necessary.
- 1.6.3 The appointment of the Compliance Officer shall be immediately disclosed to the SEC on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to said officer.

2. ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD

The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the Corporation's Articles and By-laws, and other legal pronouncements and guidelines shall be clearly made known to all Directors as well as to Shareholders and other Stakeholders.

- 2.1 The Board Members shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and all shareholders.
- 2.2 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 have, among others the following duties and responsibilities:
- a. The Board shall be headed by a competent and qualified Chairperson;
 - b. The Board shall actively provide sound strategic policies and guidance to the Corporation on objective setting as well as promote program that can sustain its long-term viability and strength;
 - c. The Board shall be responsible for ensuring and adopting an effective succession planning program for Directors, Key Officers and Management to ensure growth and a continued increase in the Shareholders' value. This shall include adopting a policy on the retirement age for Directors and Key Officers as part of management succession and to promote dynamism in the Corporation;
 - d. The Board shall align the remuneration of Key Officers and Board Members with long-term interests of the Corporation. In doing so, it shall formulate and adopt a policy specifying the relationship between remuneration and performance, which shall include specific financial and non-financial metrics to measure performance and set specific provisions for employees with significant influence on the over-all risk profile of the Corporation. Further, no Director shall participate in discussions or deliberations involving his own remuneration;
 - e. The Board shall disclose in this Code a formal and transparent board nomination and election

policy that include how it accepts nominations from minority Shareholders and reviews nominated candidates. The policy shall also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a Director. In addition, its process of identifying the quality of directors should be aligned with the strategic direction of the Corporation;

- f. The Board shall have the overall responsibility in ensuring that Related Party Transactions (RPTs) are handled in a sound and prudent manner, and in compliance with applicable laws and regulations to protect the interests of all Stakeholders;
- g. The Board shall be primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive);
- h. The Board shall oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, Board Members, and Shareholders. The Board shall also approve the Internal Audit Charter;
- i. The Board shall oversee that a sound Enterprise Risk Management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business line and enterprise-level risk exposures, as well as the effectiveness of risk management strategies;
- j. The Board shall establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer and personnel's performance is at par with the standards set by the Board and Senior Management;
- k. The Board shall have a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter shall serve as a guide to the Directors in the performance of their functions and shall be publicly available and posted on the Corporation's website;
- l. Other duties and responsibilities as may be required.

2.3 Nomination and Election of the Board of Directors

2.3.1 The Corporate Secretary shall set a reasonable period for the nominations of candidates for election to the Board of Directors. All nominations for Directors submitted in writing to the Corporate Secretary within such nomination period shall be valid. A Shareholder of record, including a minority Shareholder, entitled to notice of and to vote at the regular meeting of the Shareholders for the election of Directors shall be qualified to be nominated as a Director.

2.3.2 The Corporation may engage the services of professional search firms or use other external sources of candidates when searching for candidates to the Board of Directors.

2.3.3 The Corporate Governance (CG) Committee meets, pre-screens and check the qualifications of, and deliberates on all persons nominated to be elected to the Board of Directors from the pool of candidates submitted by the nominating Shareholders. The CG Committee shall prepare a final list of Candidates after considering the qualifications and disqualifications. Only nominees qualified by the CG Committee and whose names appear on the Final List of Candidates shall be eligible for election as Directors. No other nomination shall be entertained after the Final List of candidates shall have been prepared.

2.4 Qualifications of Directors:

- a. Holder of at least one (1) share of stock of the Corporation;
- b. At least a college graduate or has sufficient experience in business management to substitute for such formal education;
- c. At least twenty one (21) years old;
- d. Possess integrity and probity; and
- e. Assiduous and objective in the discharge of the functions of his office.

2.5 The following may be considered as grounds for the Permanent Disqualification from election to the Corporation's Board of Directors:

- a. 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;
- b. 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), Bangko Sentral ng Pilipinas (BSP) 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) above, or willfully violating the laws that govern securities and banking activities;

The disqualification shall also apply if such person is (a) currently the subject of an order of the SEC, BSP 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 (SRC) or any other law administered by the SEC or BSP, or (b) 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 (c) 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;

- c. 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;
- d. 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.

- e. Any person who has been judicially declared as insolvent;
- f. 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;
- g. 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.;
- h. Other grounds as the SEC may provide.

2.6 Temporary Disqualifications. Any of the following shall be a ground for the temporary disqualification of a Director:

- a. Refusal to fully disclose the extent of his business interest as required under the SRC and its Implementing Rules and Regulations (SRC IRR). This disqualification shall be in effect as long as his refusal persists;
- b. Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency or within any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election;
- c. 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;
- d. If the beneficial equity ownership of an Independent Director in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification is lifted if the limit is later complied with;
- e. Being under preventive suspension by the Corporation;
- f. For an Independent Director, becoming an officer or employee of the Corporation;
- g. 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.

3. *ESTABLISHING BOARD COMMITTEES*

Board Committees shall be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established shall be contained in a publicly available

Committee Charter.

3.1 The Board shall establish Board Committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.

3.2 All established Committees shall be required to have Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information. The Charters shall provide the standards for evaluating the performance of the Committees. It shall also be fully disclosed on the Corporation's website.

3.3 The Executive Committee

3.3.1 The Board of Directors, if it deems such action necessary, may choose from its own members, an Executive Committee of at least three (3), of whom one shall be the Chief Executive Officer.

3.3.2 Once such Executive Committee is appointed, it shall possess and may exercise all the powers of the Board which may be lawfully delegated in the management and direction of the affairs of the Corporation in all cases in which specific directions shall not have been given by the Board of Directors, either by resolutions, power of attorney, or contracts entered into with other parties, during the intervals between the meeting of the Board of Directors.

3.3.3 All actions by the Executive Committee shall be reported to the Board at its meeting next succeeding such action, and shall be subject to revision and alteration by the Board; provided, that no rights of third parties shall be affected by such revision or alteration.

3.3.4 Regular minutes of the proceedings of the Executive Committee shall be kept in a book provided for that purpose. Vacancies in the Executive Committee may be filled by the Board. A majority of the Executive Committee shall be necessary to constitute a quorum and in every case the affirmative vote of the majority of the members shall be necessary for the passage of any resolution. The Executive Committee may act by the written resolution of a quorum thereof, although not formally convened; it shall fix its own rules of procedure and shall meet as provided by such resolution or by resolution of the Board, and shall also meet at the call of the Chairman or of any member of the Committee.

3.4 The Audit Committee

3.4.1 The Audit Committee shall be established to enhance the Board's oversight capability over the Corporation's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.

3.4.2 The Committee shall be composed of at least three (3) appropriately qualified Non-Executive Directors, the majority of whom, including the Chairman, shall be independent. All of the members of the Committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit

Committee shall not be the Chairman of the Board or of any other Committees.

3.4.3 The Audit Committee shall have the following duties and responsibilities

- a. Recommends the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- b. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances shall be in place in order to (a) safeguard the Corporation's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the Corporation's financial data, and (d) ensure compliance with applicable laws and regulations;
- c. Oversees the Internal Audit Department, and recommends the appointment/removal and grounds for approval/removal of an internal audit head or Chief Audit Executive (CAE). The Audit Committee shall also approve the terms and conditions for outsourcing internal audit services;
- d. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he shall directly report to the Audit Committee;
- e. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;
- f. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- g. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Corporation's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the Corporation's Annual Report (AR) and Annual Corporate Governance Report (ACGR);
- h. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters: (i) Any change/s in accounting policies and practices; (ii) Areas where a significant amount of judgment has been exercised; (iii) Significant adjustments resulting from the audit; (iv) Going concern assumptions; (v) Compliance with accounting standards; and (vi) Compliance with tax, legal and regulatory requirements
- i. Reviews the disposition of the recommendations in the External Auditor's management letter;
- j. Performs oversight functions over the corporation's Internal and External Auditors to ensure the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to

- perform their respective audit functions;
- k. Coordinates, monitors and facilitates compliance with contracts, laws, rules and regulations;
- l. Recommends to the Board the approval of the IA Charter and the appointment of an External Auditor duly accredited by the SEC who undertakes an independent audit of the Corporation, and provides an objective assurance on the manner by which the financial statements shall be prepared and presented to the Shareholders;
- m. Meets at least every quarter with the Board without the presence of the CEO or other Management Team members; and
- n. Periodically meets with the head of the internal Audit.

3.5 The Corporate Governance Committee

- 3.5.1 The Corporate Governance (CG) Committee shall be tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.
- 3.5.2 It shall be composed of at least three (3) members, all of whom shall be Independent Directors, including the Chairman.
- 3.5.3 The CG Committee is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. It has the following duties and functions, among others:
 - a. Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the Corporation's size, complexity and business strategy, as well as its business and regulatory environments;
 - b. Oversees the periodic performance evaluation of the Board and its Committees as well as Executive Management, and conducts an annual self-evaluation of its performance;
 - c. Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
 - d. Recommends continuing education/training programs for Directors, assignment of tasks/projects to Board Committees, succession plan for the Board members and senior officers, and remuneration packages for corporate and individual performance;
 - e. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
 - f. Proposes and plans relevant trainings for the members of the Board;
 - g. Determines the nomination and election process for the Corporation's Directors and has the special duty of defining the general profile of Board members that the Corporation may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and
 - h. Establishes a formal and transparent procedure to develop a policy for determining the remuneration of Directors and Officers that is consistent with the Corporation's culture and strategy as well as the business environment in which it operates.

- 3.5.4 The establishment of a CG Committee does not preclude the Corporation from establishing separate Remuneration or Nomination Committees, if deemed necessary.

3.6 The Board Risk Oversight Committee

- 3.6.1 A separate Board Risk Oversight Committee (BROC) shall be established responsible for the oversight of the Corporation's Enterprise Risk Management system to ensure its functionality and effectiveness.
- 3.6.2 The BROC shall be composed of at least three (3) members, majority of whom shall be Independent Directors, including the Chairman. The Chairman shall not be the Chairman of the Board or of any other Committee. At least one (1) Member of the Committee must have relevant thorough knowledge and experience on risk and risk management.
- 3.6.3 Enterprise risk management is integral to an effective corporate governance process and the achievement of the Corporation's value creation objectives. Thus, the BROC has the responsibility to assist the Board in ensuring that there is an effective and integrated risk management process in place. With an integrated approach, the Board and top Management will be in a confident position to make well-informed decisions, having taken into consideration risks related to significant business activities, plans and opportunities.
- 3.6.4 The BROC has the following duties and responsibilities, among others:
- a. Develops a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;
 - b. Oversees the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The BROC conducts regular discussions on the Corporation's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
 - c. Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The BROC revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;
 - d. Advises the Board on its risk appetite levels and risk tolerance limits;
 - e. Reviews at least annually the Corporation's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Corporation;
 - f. Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance

- and stability of the corporation and its stakeholders;
- g. Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
 - h. Reports to the Board on a regular basis, or as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

3.7 The Related Party Transaction Committee

- 3.7.1 The Related Party Transaction (RPT) Committee shall be established which shall be tasked with reviewing all material related party transactions of the Corporation.
- 3.7.2 It shall be composed of at least three (3) Non-Executive Directors, two (2) of whom shall be Independent, including the Chairman.
- 3.7.3 The following are the functions of the RPT Committee, among others:
 - a. Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships shall be reflected in the relevant reports to the Board and regulators/supervisors;
 - b. Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Corporation are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:
 - 1. The related party's relationship to the Corporation and interest in the transaction;
 - 2. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - 3. The benefits to the Corporation of the proposed RPT;
 - 4. The availability of other sources of comparable products or services; and
 - 5. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Corporation shall have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;
 - c. Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Corporation's RPT exposures, and policies on

conflicts of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Corporation's affiliation or transactions with other related parties;

- d. Reports to the Board on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- e. Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
- f. Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

4. FOSTERING COMMITMENT

To show full commitment to the Corporation, the Directors shall devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the Corporation's business.

- 4.1 The Directors shall attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the SEC, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the Director shall review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.
- 4.2 The Non-Executive Directors of the Board shall concurrently serve as Directors to a maximum of five (5) publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the Corporation.
- 4.3 A Director shall notify the Board where he/she is an incumbent Director before accepting a directorship in another company.

5. REINFORCING BOARD INDEPENDENCE

The Board shall endeavor to exercise an objective and independent judgment on all corporate affairs.

- 5.1 The Board shall have at least three (3) Independent Directors, or such number as to constitute at least one-third (1/3) of the members of the Board, whichever is higher.
- 5.2 Independent Director

5.2.1 The Board shall ensure that its Independent Directors possess the necessary qualifications and none of the disqualifications for an Independent Director to hold the position.

5.2.2 An Independent Director refers to a person who, ideally:

- a. Is not, or has not been a senior officer or employee of the Corporation unless there has been a change in the controlling ownership of the company;
- b. Is not, and has not been in the three (3) years immediately preceding the election, a Director of the Corporation; a director, officer, employee of the Corporation's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the Corporation's substantial shareholders and its related companies;
- c. Has not been appointed in the Corporation, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election;
- d. Is not an owner of more than two percent (2%) of the outstanding shares of the Corporation, its subsidiaries, associates, affiliates or related companies;
- e. Is not a relative of a Director, Officer, or substantial Shareholder of the Corporation or any of its related companies or of any of its substantial Shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
- f. Is not acting as a nominee or representative of any Director of the Corporation or any of its related companies;
- g. Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
- h. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Corporation, any of its related companies or substantial Shareholder, or is otherwise independent of Management and free from any business or other relationship within the three (3) years immediately preceding the date of his election;
- i. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the Corporation or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;
- j. Is not affiliated with any non-profit organization that receives significant funding from the Corporation or any of its related companies or substantial shareholders; and
- k. Is not employed as an executive officer of another company where any of the Corporation's executives serve as directors.

Related companies, as used in this section, refer to (a) the covered entity's holding/parent company; (b) its subsidiaries; and (c) subsidiaries of its holding/parent company.

5.2.3 The Board's Independent Directors shall serve for a maximum cumulative term of nine (9) years. After which, the Independent Director shall be perpetually barred from re-election as such in the same company, but may continue to qualify for nomination and election as a Non-Independent Director. In the instance that the Corporation wants to retain an Independent Director who has served for nine (9) years, the Board shall provide meritorious justification/s and seek Shareholders' approval during the Shareholders' Annual General Meeting (AGM).

5.3 The positions of Chairman of the Board and Chief Executive Officer (CEO)/President shall be held by separate individuals and each shall have clearly defined responsibilities.

5.4 Lead Director

5.4.1 The Board shall designate a lead Director among the Independent Directors if the Chairman of the Board is not independent, including if the positions of the Chairman of the Board and Chief Executive Officer (CEO) are held by one person.

5.5 A Director with a material interest in any transaction affecting the Corporation shall abstain from taking part in the deliberations for the same.

5.6 The Non-Executive Directors (NEDs) shall have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any Executive Directors present to ensure that proper checks and balances are in place within the Corporation. The meetings should be chaired by the lead Independent Director.

6. *ASSESSING BOARD PERFORMANCE*

The best measure of the Board's effectiveness is through an assessment process. The Board shall regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

6.1 The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual Members and Committees. Every three (3) years, the assessment shall be supported by an external facilitator.

6.2 The Board shall have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual Directors, Committees and such system shall allow for a feedback mechanism from the Shareholders.

7. *STRENGTHENING BOARD ETHICS*

Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all Stakeholders.

7.1 The Board shall adopt a Code of Business Conduct and Ethics, which shall provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code shall be properly disseminated to the Board, Senior Management and Employees. It shall also be disclosed and made available to the public through the Corporation website.

7.2 The Board shall ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.

B. DISCLOSURE AND TRANSPARENCY

8. ENHANCING COMPANY DISCLOSURE POLICIES AND PROCEDURE

The Corporation shall establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

8.1 The Board shall establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to Shareholders and other Stakeholders that gives a fair and complete picture of the Corporation's financial condition, results and business operations.

8.2 Material and significant financial transactions relating to the Corporation and its subsidiaries shall be disclosed in accordance with the Philippine Financial Reporting Standards (PFRS) or the International Financial Reporting Standards (IFRS) and with the regulatory expectations.

8.3 The Corporation shall have a policy requiring all Directors and Officers to disclose/report to the Corporation any dealings in the company's shares within three (3) business days.

8.4 The Board shall fully disclose all relevant and material information on individual Board Members and Key Executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.

8.5 The Corporation shall provide a clear disclosure of its policies and procedure for setting Board and Executive remuneration, as well as the level and mix of the same in the ACGR.

8.6 The Corporation shall disclose its policies governing RPTs and other unusual or infrequently occurring transactions in this Code. The material or significant RPTs reviewed and approved during the year shall be disclosed in its ACGR.

8.7 The Corporation shall abide by the rules of the regulatory authorities, including the SEC, BSP and PSE, on the definition and coverage of RPTs, particularly, with the Corporation's obligation to disclose all material or significant transactions, especially those that pass certain thresholds of materiality.

8.8 Full, fair, accurate and timely disclosure to the public of every material fact or event that occurs,

particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its Shareholders and other Stakeholders shall be made by the Corporation. Moreover, the Board of the offeree company shall appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.

- 8.9 The Corporation's corporate governance policies, programs and procedures shall be contained in this Code, which shall be submitted to the regulators and posted on the Corporation's website.

9. STRENGTHENING THE EXTERNAL AUDITOR'S INDEPENDENCE AND IMPROVING AUDIT QUALITY

The Corporation shall establish standards for the appropriate selection of an External Auditor, and exercise effective oversight of the same to strengthen the External Auditor's independence and enhance audit quality. The External Auditor shall be accountable to the Shareholders and owe a duty to the Corporation to exercise due professional care in the conduct of audit.

- 9.1 The Audit Committee shall have a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the external auditor shall be recommended by the Audit Committee, approved by the Board and ratified by the Shareholders. For removal of the External Auditor, the reasons for removal or change shall be disclosed to the regulators and the public through the Corporation website and required disclosures.
- 9.2 The Audit Committee Charter shall include the Audit Committee's responsibility on assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Charter shall also contain the Audit Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.
- 9.3 The Corporation shall disclose the nature of non-audit services performed by its External Auditor in the Annual Report to deal with the potential conflict of interest. The Audit Committee shall be alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the External Auditor's objectivity.
- 9.4 The External Auditor shall perform his duties in accordance with Philippine Standards on Auditing (PSA). Also, it is the responsibility of the Audit Committee to exercise effective oversight and ensure that the External Auditor, in the exercise of his work, comply with the PSA.

10. INCREASING FOCUS ON NON-FINANCIAL AND SUSTAINABILITY REPORTING

The Corporation shall ensure that the material and reportable non-financial and sustainability issues are disclosed.

- 10.1 The Board shall have a policy on the disclosure of material non-financial information, with

emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability. The Corporation shall adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.

11. PROMOTING A COMPREHENSIVE AND COST-EFFICIENT ACCESS TO RELEVANT INFORMATION

The Corporation shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, Stakeholders and other interested users.

11.1 The Corporation shall have a website in accordance with the SEC-prescribed template to ensure a comprehensive, cost-efficient, transparent and timely manner of disseminating relevant information to the public.

11.2 The Corporation shall include media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its Shareholders and other investors.

C. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK

12. STRENGTHENING THE INTERNAL CONTROL SYSTEM AND ENTERPRISE RISK MANAGEMENT FRAMEWORK

To ensure the integrity, transparency and proper governance in the conduct of its affairs, the Corporation shall have a strong and effective internal control system and enterprise risk management framework.

12.1 The Corporation shall have an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business, taking into account its size, risk profile and complexity of operations.

12.2 Internal Audit Function

12.2.1 The Corporation shall have in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the Corporation's operations.

12.3 Chief Audit Executive

12.3.1 The Corporation may either have an in-house or outsourced Internal Audit (IA) Department. The IA Department may be headed by a qualified Chief Audit Executive (CAE) appointed by the Board. The CAE shall oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider. In case of a fully outsourced internal audit activity, a qualified

Independent Executive or Senior Management personnel shall be assigned the responsibility for managing the fully outsourced internal audit activity.

12.3.2 The CAE, in order to achieve the necessary independence to fulfill his/her responsibilities, directly reports functionally to the Audit Committee and administratively to the CEO. The following are the responsibilities of the CAE, among others:

- a. Periodically reviews the IA Charter and presents it to Senior Management and the Board Audit Committee for approval;
- b. Establishes a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals;
- c. Communicates the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to Senior Management and the Audit Committee for review and approval;
- d. Spearheads the performance of the internal audit activity to ensure it adds value to the organization;
- e. Reports periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and
- f. Presents findings and recommendations to the Audit Committee and gives advice to senior Management and the Board on how to improve internal processes.

12.4 Enterprise Risk Management System

12.4.1 The Corporation shall have a separate risk management function to identify, assess and monitor key risk exposures.

12.4.2 The risk management function involves the following activities, among others:

- a. Defining a risk management strategy;
- b. Identifying and analyzing key risks exposure relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives;
- c. Evaluating and categorizing each identified risk using the Corporation's predefined risk categories and parameters;
- d. Establishing a risk register with clearly defined, prioritized and residual risks;
- e. Developing a risk mitigation plan for the most important risks to the Corporation, as defined by the risk management strategy;
- f. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and
- g. Monitoring and evaluating the effectiveness of the organization's risk management processes.

12.5 Chief Risk Officer

12.5.1 In managing the Corporation's Risk Management System, the Corporation may have a

Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfill his/her responsibilities, subject to the Corporation's size, risk profile and complexity of operations.

12.5.2 The CRO has the following functions, among others:

- a. Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
- b. Communicates the top risks and the status of implementation of risk management strategies and action plans to the BROCC;
- c. Collaborates with the CEO in updating and making recommendations to the BROCC;
- d. Suggests ERM policies and related guidance, as may be needed; and
- e. Provides insights on the following: (i) Risk management processes are performing as intended; (ii) Risk measures reported are continuously reviewed by risk owners for effectiveness; and (iii) Established risk policies and procedures are being complied with.

12.5.3 There shall be clear communication between the BROCC and the CRO.

D. CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS

13 PROMOTING SHAREHOLDER RIGHTS

The Corporation shall treat all Shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

13.1 The Board shall ensure the organized, meaningful and effective exercise of Shareholders' rights.

13.2 Basic Shareholder rights shall be disclosed in the Code and on the Corporation website.

13.3 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.

13.4 The Board shall encourage active Shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 35 days before the meeting.

13.5 The Board shall encourage active Shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be

available on the Corporation website within five (5) business days from the end of the Meeting.

13.6 The Board shall make available, at the option of a Shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.

13.7 The Board shall establish an Investor Relations Office (IRO) to ensure constant engagement with its Shareholders. The IRO shall be present at every Shareholders' meeting.

13.8 The Board shall be committed to respect and give due consideration to the following rights of the Shareholders:

13.8.1 Voting Right.

- a. Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
- b. Cumulative voting shall, unless otherwise exercised by the Shareholder, be used in the election of directors.
- c. A Director shall not be removed without cause if it will deny minority Shareholders representation in the Board.

13.8.2 Pre-emptive Right

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

13.8.3 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.

13.8.4 Right to Information

- a. 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.
- b. 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.
- c. 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 Shareholders' meeting, being within the definition of "legitimate purposes".

13.8.5 Right to Dividends

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

13.8.6 Appraisal Right

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

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

E. DUTIES TO STAKEHOLDERS

14 RESPECTING RIGHTS OF STAKEHOLDERS AND EFFECTIVE REDRESS FOR VIOLATION OF STAKEHOLDER'S RIGHTS

The rights of Stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where Stakeholders' rights and/or interests are at stake, stakeholders shall have the opportunity to obtain prompt effective redress for the violation of their rights.

14.1 The Board shall identify the Corporation's various Stakeholders and promote cooperation between them and the Corporation in creating wealth, growth and sustainability.

14.2 The Board shall establish clear policies and programs to provide a mechanism on the fair treatment and protection of Stakeholders.

14.3 The Board shall adopt a transparent framework and process that allow Stakeholders to communicate with the Corporation and to obtain redress for the violation of their rights

15 ENCOURAGING EMPLOYEES' PARTICIPATION

A mechanism for Employee participation shall be developed to create a symbiotic environment, realize the Corporation's goals and participate in its corporate governance processes.

15.1 The Board shall establish policies, programs and procedures that encourage Employees to actively participate in the realization of the company's goals and in its governance.

15.2 The Board shall set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. Further, the Board shall disseminate the policy and program to employees across the organization through trainings to embed them in the Corporation's culture.

15.3 The Board shall establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an Independent Member of the Board or a unit created to handle whistleblowing concerns. The Board shall be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.

16 ENCOURAGING SUSTAINABILITY AND SOCIAL RESPONSIBILITY

The Corporation shall be socially responsible in all its dealings with the communities where it operates. It shall ensure that its interactions serve its environment and Stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

16.1 The Corporation shall recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the Corporation to grow its business, while contributing to the advancement of the society where it operates.

F. INTERPRETATION, DEFINITION OF TERMS and EFFECTIVITY

17 RULES OF INTERPRETATION

Doubts or questions arising from the interpretation or implementation of this Code shall be resolved in favor of transparency, accountability and fairness to the Stakeholders of the Corporation

18 DEFINITION OF TERMS

a. *Corporate Governance.* The system of stewardship and control to guide organizations in fulfilling

their long-term economic, moral, legal and social obligations towards their stakeholders.

Corporate governance is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and senior management accountable for ensuring ethical behavior – reconciling long-term customer satisfaction with shareholder value – to the benefit of all stakeholders and society.

Its purpose is to maximize the organization's long-term success, creating sustainable value for its shareholders, stakeholders and the nation.

- b. *Board of Directors.* The governing body elected by the Shareholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties.
- c. *Management.* A group of executives given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the Corporation.
- d. *Independent Director.* A person who is independent of Management and the controlling Shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a Director.
- e. *Executive Director.* A director who has executive responsibility of day-to-day operations of a part or the whole of the organization.
- f. *Non-Executive Director.* A director who has no executive responsibility and does not perform any work related to the operations of the Corporation.
- g. *Internal control.* A process designed and effected by the Board of Directors, senior management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations, and the organization's policies and procedures.
- h. *Business Risk.* A risk resulting from significant conditions, events, circumstances, actions or inactions that could adversely affect the Corporation's ability to achieve its objectives and execute its strategies, or from the setting of inappropriate objectives and strategies.
- i. *Enterprise Risk Management.* –A process, effected by the Corporation's Board of Directors, Management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the Corporation, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of the Corporation objectives.
- j. *Related Party.* Shall cover the Corporation's subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the Corporation exerts direct or indirect control over or that exerts direct or indirect control over the Corporation; the Corporation's directors; officers; shareholders and related interests (DOSRI), and their close family

members, as well as corresponding persons in affiliated companies. This shall also include such other person or juridical entity whose interest may pose a potential conflict with the interest of the Corporation.

- k. *Related Party Transactions.* A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It shall be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party. These shall include, but not limited to the following: on-and-off balance sheet credit exposures and claims and write-offs; investments; consulting or professional service contracts; asset purchases and sales; construction contracts; lease agreements; trading and derivative transactions; borrowings and commitments; and sale, purchase or supply of any goods or materials.
- l. *Stakeholders.* Any individual, organization or society at large who can either affect and/or be affected by the Corporation's strategies, policies, business decisions and operations, in general. This includes, among others, customers, creditors, employees, suppliers, investors, as well as the government and community in which it operates.

20. EFFECTIVITY

This Code of Corporate Governance has been approved by the Board on 18 May 2017 and shall supersede the previous Manual of Corporate Governance dated 2014. This Code shall take effect upon approval by the Board.

This certifies that the Code of Corporate Governance of Atlas Consolidated Mining and Development Corporation, Carmen Copper Corporation and subsidiaries was approved by the Board of Directors on 18 May 2017.

Done this 18th day of May 2017 in Pasay City.



ALFREDO C. RAMOS

Chairman



MARIA ELEONOR A. SANTIAGO

Compliance Officer

Approved:



ALFREDO C. RAMOS
Chairman



MARTIN C. BUCKINGHAM
Director



ADRIAN PAULINO S. RAMOS
Director




GERARD ANTON S. RAMOS
Director

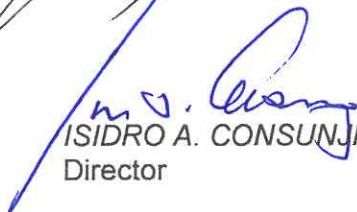
LAURITO E. SERRANO
Independent Director
(for AT and CCC)



JAY Y. YUVALLOS
Independent Director
(for AT and CCC)



FREDERIC C. DYBUNCIO
Vice-Chairman



ISIDRO A. CONSUNJI
Director



JOSE T. SIO
Director



ENRICO C. NERA
Director (for CCC)



FULGENCIO S. FACTORAN Jr.
Independent Director
(for AT and CCC)



ALFREDO R. ROSAL Jr.
Independent Director
(for AT)