

## **ATN ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY**

ATN Holdings Inc (ATN) acknowledges that the Company and its stakeholders have a key role in the economy, environment, and good social development. As part of nation building, it is our responsibility to contribute to national development via available resources and expertise that the company can provide. Integrating ESG Principles in our ATN operations is a work in progress yet it is a necessary step in creating a more sustainable environment.

ATN is involved in non-metallic mining, real estate development, and energy. Given its multi-industry context, the company contributes to economic and social development via providing resource supply for construction, employment, social development, and environmental protection. Proximity of ATN quarry and crusher operations to several Build-Build-Build infrastructure projects including but not limited to Manila Subway Project, North-South Commuter Railway Project, NLEX expansion, makes ATN competitive and energy efficient and resulting in lower carbon footprint on diesel fuel used for product deliveries.

ATN Holdings Inc (ATN) is committed to maintaining investment and operating policy that considers environmental, social, and corporate governance (ESG) risks and opportunities. ATN aspires to satisfy and protect the interests of its stakeholders and to reduce or eliminate any negative impacts on society and the environment. The company is also committed to an ongoing process of improving its approach to integrating ESG into its investment processes. As such, the current approach reflected in this policy will likely evolve over time to reflect changes in business practices, business structures, technology, regulation and the law.

The ATN ESG policy aims to attain the following objectives:

- Compliance of environment, public health, safety, governance and social issues
- Compliance with all applicable laws and regulations in the Philippines
- Human rights of those impacted by ATN's investment and operations are respected and labor policies are followed as provided by law.
- Value creation through investments and production operations, human capital development, mitigation of adverse impacts of ATN's operations, and exploring opportunities in ESG practice.
- Timely disclosure of ATN's financial and non-financial reports in ESG.

## **Roles, Responsibilities, and Monitoring**

ATN's Board of Directors is responsible for ensuring compliance of the ESG policy on issues of investment and operating decisions. The Compliance Officer is responsible for disclosing material reports on compliance of ESG. External resources providing expertise on relevant issues will be tapped when necessary. Monitoring and compliance of ESG Policy is the responsibility of top management.

## **Investment Decision**

ATN's ESG objective is integrated in its investment decision, to create value with the improvement of ESG performance and to mitigate adverse impacts of its quarrying operations on the environment and people in the vicinity of quarry site.

An assessment of ESG risks and value creation opportunities for potential investments will be considered through the Investment Committee evaluation and research process. When necessary, engagement of external advisors is made to provide advice with due consideration of the ESG policy.

- Red flags– ESG due diligence will focus on identifying and assessing potential ESG-related red flag issues in accordance with this policy.
- ESG role in investment decision–due diligence is conducted to quantify the effect of new investments on the current business of the holding company. ATN will give investment preference to sectors, companies, and businesses that are ESG compliant or have acceptable ESG standards at the time of the investment decision
- Tracking performance – ATN will appoint a person responsible for ESG issues and reporting to the Compliance Officer. A value creation action plan will be developed for each of the ESG areas.
- Oversight – ESG review will be part of regular board meetings and where management of, or performance on, a material issue is considered to need improvement, ATN management will develop an action plan.
- ESG reporting – The Compliance Officer will report progress of ATN ESG initiatives implemented in the current reporting period, and the planned ESG initiatives to its stakeholders.

## **Performance Standards**

ATN will apply prudence in assessing risks and opportunities related to material ESG issues. In support of this effort, ATN considers the applicability of existing voluntary performance standards as framework to achieve the ESG objectives during evaluation of investments.

ATN reporting both at the local, regional, and national level, in compliance with regulatory requirements and to meet the information needs of various stakeholders. Sustainability disclosure of measures at the mine-site level shall be made available for the communities affected by the quarry operations, and stakeholders including the government and investors.

ATN will continue using modern technology for real-time monitoring of environmental and health and safety data and adapt their communication to stakeholders, to report the environmental and social impacts at the quarry site level, taking into account the needs of the affected communities. When necessary or as required by regulatory bodies, independent third-party verification of the reported data shall be obtained.

Performance standards are set out in the reports on commitments contained in the ATN submissions to the Environmental Management Bureau and the Mine and Geoscience Bureau:

- Environmental Protection and Enhancement Program
- Social Development and Management Program
- Final Mine Rehabilitation Program
- Safety and Health Program for Quarry and Rock Crusher

## **PART 1: ENVIRONMENTAL**

Environmental criteria consider ATN's performance as a steward of nature. Environmental criteria include a company's energy use, waste, pollution, natural resource conservation, and biodiversity of animals. The criteria are used in evaluating ATN environmental risks and how the company manages the risks. The biggest environmental performance is the economic value in the conversion of land into a source of high value and contributor to economic development via production of rock aggregates, while government environmental regulations are complied with.

In its Environmental Protection and Enhancement Program (EPEP), ATN identifies the potential impacts of its quarry and rock crusher operation to the environment, and formulates mitigating measures to minimize and control the effects of these impacts.

- Changes in the natural topography in the project area. At the end of the project life, the site topography changes from a hilly terrain to a benched or terraced depression with a general wall slope not exceeding 45 degrees.
- The project may have adverse impacts on water resources by way of siltation of a stream. Mitigation involves collection and channeling of water run offs through drainage canals passing through silt traps and ponds for retention or removal of water borne sediments before discharge.
- Noise generation from heavy equipment operation and blasting is expected. Remote location of operation from the residential areas results in zero effect to health and well-being
- Operators and the personnel involved with blasting activities shall be required to wear Personal Protective Equipment (PPE).
- Air quality may be affected by excessive dust especially during summer months, or excessive fumes from exhaust gases of heavy equipment may contribute to air pollution. Mitigation by water spray shall be done, complemented by preventive maintenance of heavy equipment.
- The project site is within the outskirts of Metro Manila, there are no unique cultural traditions and practices that will be affected by the project operations.

- Progressive rehabilitation shall be done to minimize the impact to natural environment.
- Mined out and other disturbed areas shall be rehabilitated as soon as these sites are no longer need in the project operations.
- Revegetation of indigenous plant species are preserved in the affected sites.
- The quarry site is planned to be used as a Special Economic Zone after it is mined out.
- Environmental Protection and Enhancement Program (EPEP) cost for 14 years of quarry operation is provisioned at P 68 million.

## **1. Climate Change**

- **Carbon Emission**

ATN operating efficiency in the quarry and crusher in the same location ensures minimizes use of diesel fuel. Rock extraction in the quarry is done using new equipment operating at high efficiencies, while the crusher uses electric motors properly maintained by operating personnel.

- **Product Carbon Footprint**

All ATN products, components or substances as well as all production processes must meet the requirements of all applicable law, including any rules, regulations or policies on environmental matters, pollution prevention and resource reduction, hazardous substances, wastewater and solid waste, air emissions, materials restrictions, storm water management, and/or energy consumption and greenhouse gas emissions.

The carbon footprint of product rock aggregates consists of diesel fuel used in the removal of soil overburden in construction of benches, and hauling of rock boulders to crusher plant. Additional diesel is consumed in the delivery of rock aggregates to customers in Metro Manila, particularly the infrastructure projects of the government under the Build, build, Build Program. The ATN quarry is strategically located with

respect to large infrastructure projects that are located within 20 km from quarry site.

- **Financing Environmental Impact**

Financing the environmental impact of ATN operations is embedded in the design of operating scheme and proper selection of equipment complement, sustained by internally generated funds from operations which is expected to be financially viable from operating margins generated by sales of rock and pre-mixed concrete products.

The ATN quarry environmental impact of solid and liquid waste generation is mitigated by investments in settling ponds of sufficient capacity to eliminate particulates in the liquid effluent. Water recycling facility is installed to maximize recirculation and reuse of water for washing rock aggregate products.

ATN complies with its commitment to government regulatory on Environmental Protection and Enhancement Program (EPEP) by allocating 2.0% funds on top of quarry production operating costs. The EPEP cost amounts to P 5.1 million per year.

- **Climate Change Vulnerability**

Flooding in the quarry at elevation of 200 meters above sea level is not possible. Downstream flooding due to excessive rains is mitigated by a drainage system, with runoff water from quarry and crusher operations conveyed by box culverts going to the settling pond, constructed in compliance with environmental regulator to remove solids, and control overflow thru the natural waterways.

The quarry bench system of extraction of rock boulders minimize landslides that otherwise during occurrence of abnormal level of rainfall.

## **2. Natural Resources**

- **Water Stress**

Water resource in ATN quarry site comes from natural spring and rain water that flow in creeks passing thru the crusher plant and solids sedimentation ponds. While utilization of water is minimal, ATN practices recirculation of water used in the washing of rock aggregate products. Natural water from a spring upstream is augmented by rain accumulated in the settling pond. There is no extraction of underground water.

- **Biodiversity and Land Use**

The extraction of rocks contained in 254 hectares of quarry area is intended to (1) add value to natural resource and make it useful in the construction of infrastructure projects under the Build, Build, Build Program of the government, and (2) flatten the terrain for land use in housing subdivision and solar projects. Availability of the rock aggregates for the infrastructure projects gives ATN the big opportunity of serving society and earn significant income from the undertaking to reward its shareholders and share the profits with the local community.

Disturbance of biodiversity is mitigated by planting of trees in accordance with the rules of the regulatory agency, the Environmental Management Bureau. The Final Mine Rehabilitation Decommissioning cost is budgeted at P5 million to:

- Remove all unnecessary facilities and equipment used in operations and rehabilitate the areas prior to the takeover of the next land use.
- Rehabilitate and re-vegetate all the disturbed areas affected by the project operations.
- Introduce self-sustaining vegetation

- **Raw Material Sourcing**

ATN raw material is provided by nature in its quarry site. The rock boulders raw material comes from its quarry containing 200 million tons of proven reserves, which is projected to last for 14 years of extraction under its mining plan. As such, there is no supplier problem since the quarry site is a private property owned by the company.

Cement and gypsum to be used in ATN concrete batching plant for making pre-mixed concrete is purchased in bulk from nearby local cement manufacturers to conserve foreign exchange and to achieve fast deliveries of pre-mix concrete to customers.

### **3. Pollution and Waste**

- **Toxic Emission and Waste**

ATN quarry and crusher operations do not generate toxic waste or emissions. Blasting materials used by the blasting contractor are properly documented with government permits, and kept in a safe magazine located in a safe spot inside the quarry. ATN monitors the operations of blasting contractor to comply with government regulations.

- **Packaging Materials and Waste**

Deliveries of bulk cement input to the batching plant in transport trucks obviates the use of cement bags and generation of paper waste materials. In case bulk cement is not available at certain times, paper packaging of cement in bags shall be burned in the quarry site. Plastic packaging is not used in the quarry and rock crusher operations; ATN rock aggregate products and rock boulders do not need any packaging

- **Electronic Waste**

ATN quarry and crusher operations do not generate toxic waste or emissions. However, any electronic waste generated from electrical and electronic components of machine control systems shall be disposed of properly thru EMB-accredited transporters /treaters of said waste.

#### **4. Environmental Opportunities**

- **Opportunity in Clean Technology**

On the input side, ATN has a solar project, a clean technology, to augment or replace electric power supply to the crusher during the daylight (8-hour shift) operation of the rock crusher.

On processing side, the production of rock aggregates is inherently a clean technology since it involves simple size reduction without the generation of toxic waste.

- **Opportunity in Green Building**

ATN will build green buildings to be developed in the conversion of the same area of quarry and crusher project into a PEZA zone, with daylight energy to be supplied from the ATN solar power generating plant.

- **Opportunity in Renewable Energy**

The opportunity on renewable energy lies in the substitution of imported electricity with own use power generation. The ATN 10 MW solar project will augment power supply from the distribution company Meralco. The cost of solar energy at P3.00/kwh compares favorably with the cost of power from distribution utility at P 4.00 to P 11.00/kwh. Some major components of the solar project have been procured.

## **PART 2: SOCIAL**

Through its Social Development and Management Program (SDMP), ATN aims to institutionalize the primary mechanism in sharing the benefits of a non-metallic mining operation to the host and neighboring communities through a concrete and meaningful socially-oriented program. In general, the primary objective of ATN is to improve the overall condition (social, economic, environmental, and cultural) of the host communities, as well as the neighboring communities through the SDMP, that would eventually lead to a self-sustaining community.

ATN provides for 1.5% additional cost budget on top of its mining, milling, marketing and overhead to the local community under its Social Development and Management Program (SDMP), as required by the Mining and Geoscience Bureau (MGB). ATN promotes healthy and conducive working conditions while giving high regard for its employees' health and safety. Qualified local residents are given priority in hiring of employees. Social criteria also consider the company's business relationships, to work with suppliers that hold the same values as the company holds.

The 5-Year SDMP will be implemented in Barangay Macabud, Rodriguez, Rizal, the lone community that will be affected by the project. The 75% of the 1.5% projected Operating Cost would be allocated for development projects for the host barangays. The remaining 15% and 10% of the 1.5% of Operating costs will be apportioned for Information, Education, and Communication Activities and Program for the Development of Mining Technology and Geosciences, respectively.

The SDMP aims to achieve the following for the next five years:

- Assist in the organization and strengthening of social structures that will lead to the enhancement of existing and development of knowledge, values, and skills in support of sustainable community development.
- Establish/improve people-oriented sustainable livelihood activities for host community.
- Build and improve infrastructure relevant to the community needs to boost socio-economic activities.

- Provide educational support programs for better access to education of local residents.
- Facilitate and enhance the delivery of health and nutrition services and improve sanitation.
- Empower communities and strengthen cultural structures and provide venues to promote cultural enrichment and socio-cultural undertakings.

ATN conducted an SDMP consultation meetings and Social Impact Assessment (SIA). SIA is an applied social science research aimed at identifying and analyzing intended and unintended social consequences of the project, both positive and negative, of planned interventions and social change processes such as policies, programs, and projects.

The projected 5-Year Operating Cost of ATN Aggregates Project based on the Feasibility Study is PhP1,632,480,000. Based on the 1.5% of the five-year operating cost, the projected budget is equivalent to PhP24,487,000 of which 75% of it shall be allotted for the Development of Host and Neighboring Communities (DHNC), 15% for the Information Education and Communication (IEC) Program and 10% shall be utilized for the program of Development of Mine Technology and Geosciences (DMTG).

**Allocation of 5-Year SDMP Budget**

Year	Operating Cost	1.5% of Operating Cost	75% of the 1.5%	15% of the 1.5%	10% of the 1.5%
1	178,787,000	2,682,000	2,011,000	402,300	268,200
2	363,423,000	5,451,000	4,088,000	817,700	545,100
3	363,423,000	5,451,000	4,088,000	817,700	545,100
4	363,423,000	5,451,000	4,088,000	817,700	545,100
5	363,423,000	5,451,000	4,088,000	817,700	545,100
Total	1,632,480,000	24,487,000	18,365,000	3,673,000	2,449,000

**1. Human Capital**

ATNH develops a culture of excellence in addressing the requirements of safety and health management in all its business activities. The company gives priority to safety and health of its employees, contractors and the stakeholders. All accidents are

preventable and that each and every individual is responsible that all safety and health hazards are reported and addressed in the most appropriate manner. ATN follows the following policies in relation to human capital:

- No business objective shall come before health and safety;
- All accidents are preventable;
- All hazards can be identified and their risks managed;
- All individuals are responsible for his/her safety and health and is a condition for employment;
- Safety and health performance can always be improved;
- Compliance to all legal obligations and other requirements to which ATNH subscribes;
- The Management Team is accountable for safety performance of the operations.

Social aspects on ATN human capital development cover the following aspects:

- **Labor Management**

ATN adopts as corporate policy that human rights are to be respected and that all forms of discrimination and harassment in connection to race, nationality, gender, religion, belief, birthplace, age, or disabilities are to be prevented or eliminated in all corporate activities.

ATN aims to create a safe and healthy workplace that allows employees to feel secure while they work. The Company will provide equipment, systems, and working conditions that creates a workplace environment that is easy to work in. The company will not discriminate based on gender in hiring, promotions, or pay increases, and instead focus on actively employing human resources with highly specialized capabilities and morals.

ATN will conduct female leadership training, managerial training, lectures by role models, and networking activities to help foster female leaders and/or highly

skilled professionals. Efforts are made to promote local employment in the company and in top management of subsidiaries, and provide equal opportunities to large numbers of high-quality human resources going forward.

ATN practice respect for individuals by preventing sexual harassment and power harassment. Diversity values, individuality, and privacy of individuals are respected, and offensive language, acts of violence, sexual harassment, and power harassment in connection to race, nationality, gender, religion, belief, birthplace, age, or disabilities are prohibited.

In particular, ATN will adopt the following standards on labor management:

- Labor standards apply to all workers, including temporary, migrant, student, contract, direct employees, and any other type of worker.
- Workers freely choose employment. Involuntary labor, and child labor are not allowed in the ATN Group.
- ATN will not conduct business with supply chains that engage in any form of child labor, forced labor, or human trafficking
- Training shall be conducted to ensure safe and efficient performance of work, and safety during night shifts and overtime.
- Compensation paid to all contractual and regular employees shall comply with the minimum rates set by applicable labor laws, including legally mandated benefits on overtime and paid vacation leaves.
- The company shall not tolerate any kind of harassment, including but not limited to sexual harassment, or unlawful discrimination.
- While the company prefers to maintain a peaceful non-union labor force, it shall conform with and respect all laws which confer to workers the right to form and join trade unions of their own choosing, to bargain collectively as well as to refrain from joining associations.
  
- **Health and Safety**

A formal system of identification of hazards, assessing and evaluating associated risks for each identified hazard and determining risk control strategies and measures shall be implemented and done on a periodic basis. The company formulated appropriate hazards and risks identification and rating matrix that are used as a basis in evaluation of hazards and risks at all the working areas. Strategies and risk control programs reflect the principle of the hierarchy of control measures by elimination of hazards where practicable, followed in turn by risk reduction, either by reducing the likelihood of occurrence or potential severity of injury or property damage. The identified hazards and risks associated with the different phases and activities form as basis for developing a comprehensive safety and health management system.

The Safety and Health Section headed by a full time Safety Engineer shall be reporting directly to the Resident Manager who oversees and assume over-all responsibility of ensuring that the safety and health management system is formulated, implemented, maintained and continually improved. The accountabilities and responsibilities of everyone in the organization shall clearly include the safety and health.

Managers shall demonstrate pro-active and visible commitment to safety and health through active involvement in safety and health activities, including attending/initiating safety meetings, leading/participating in scheduled and planned inspections and participates in accident investigations where appropriate.

Employees in all levels are involved in incident investigations where their knowledge and skills in the operations and maintenance are critical to a complete investigation, including the development of appropriate corrective and preventive actions. Reports and recommendations shall be displayed within the area in which the incident occurred. Results of the investigation shall also be presented in meetings. Corrective actions and measures are taken to eliminate the root causes of non-conformances, accidents, or incidents in order to prevent recurrence.

Positive interventions in the form of non-monetary rewards and awards shall form part of the incentive program for noteworthy safety and health performance achievements. Standards and benchmarks are developed to serve as basis for this

program. Commendations are given to deserving employees and units who have shown exemplary and consistent commitment to the observance of safety and health policies.

Occupational safety hazards are to be controlled through proper design and processes, and workers shall be provided with appropriate personal protective equipment. Production and other machinery shall be evaluated for safety hazards. Procedures are to be in place to manage occupational injury and illness, including corrective action to minimize their causes. Worker exposure to chemical, physical and biological agents is to be identified, evaluated and controlled by engineering or administrative controls.

Potential emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures, including appropriate fire detection and suppression equipment, evacuation procedures and exit facilities.

- **Human Capital Development**

Training of employees is done by external experts in each aspect of quarry and rock crusher operations. Training courses and materials are developed with inputs from the intended recipients of the training programs themselves and designed for their requirements, based on result of training needs analysis. Training involves identified safety and health hazards including emphasis on emergency situations and response. All inhouse employees and contractors' employees must be physically and mentally capable to safely undertake assigned work responsibilities.

Orderly and organized workplaces reduce the likelihood of accidents. Housekeeping standards are formulated to ensure that at all times workplaces are conducive to having a safe and healthy condition. The practice of 5S: 'Sort', 'Set in Order', 'Shine', 'Standardize', and 'Sustain' shall be used for an effective housekeeping program.

- **Supply Chain Labor Standards**

ATN seeks to apply a high level of legal compliance and ethical practices of suppliers, consistent with its legal and social responsibilities and duty to protect the basic human and worker rights of everyone in the organization. As such, ATN established its Supplier Code of Conduct that applies to all suppliers providing products and services. The Code requires suppliers to adopt the same level of legal compliance and ethical practices as ATN, and all our suppliers are asked to accept and comply with it before conducting business with ATN. All providers of goods and services, including but not limited to suppliers, vendors, contractors, consultants and agents who do business with ATN comply with this Supplier Code of Conduct. Suppliers are expected to require their next tier suppliers to acknowledge and implement this Code. Supplier shall also abide by all applicable rules regarding fair competition.

## **2. Product Liability**

- **Product Safety and Quality**

ATN Group complies with the legal, product quality, technical, and other standards related to product quality and safety, as required of products in for various construction applications.

ATN Group collects information from customers and other sources related to product incidents and/or off-specifications. ATN shall provide legally mandated reports to regulatory agencies and appropriate information to customers, and take actions regarding product-related issues. ATN strives to improve product safety and quality by conducting education and training activities of production employees.

- **Chemical Safety**

The present ATN quarry and rock crusher plant does not use or produce products that contain hazardous or toxic chemicals. The same situation will hold in the future since any vertical or horizontal investments of ATN Group will involve leveraging its raw material source which is the natural rock in its quarry.

Additives used in the production of pre-mixed concrete are likewise non-toxic and comes in natural form of processed material such as cement, gypsum, and natural curing retarders or accelerators.

- **Responsible Investment**

ATN Group approach to responsible investment relates to product liability as it involves ESG practices in assessing risks, and how such risks affect its investment and operating decisions. Simultaneously, ATN takes actions to

- reduce or eliminate any negative impacts from its products and operations
- delineate responsibilities for monitoring compliance with this policy.
- consider material ESG issues in the course of its due diligence
- improve ESG performance of product portfolio of its subsidiary companies
- identify companies with strong, transparent governance policies and practices.

- **Health and Demographic Risk**

The present ATN product portfolio of rock aggregates and pre-mixed concrete do not pose any health and demographic risk, unlike food, therapeutic drugs, soaps, shampoos, or the like that people of various ages use in their daily intake or personal hygiene applications.

ATN internal organization will have to contend with the impact of Covid 19 pandemic on business operations. Fortunately, the large 80 hectares of geographic area in which rock quarrying and crushing operation inherently imposes social distancing of 40 workers or less in the field at any point in time.

### **3. Stakeholder Opposition**

- **Controversial Sourcing**

Rock supply from ATN private property in Rodriguez, Rizal does not involve controversial sourcing of conflict minerals or merchandise banned for the manufacture of products such as cocaine.

Stakeholder opposition, if at all considered as such, may come from illegal settlers who have left the quarry site, ATN's private property, in consideration of relocation allowance granted by the company and accepted voluntarily by the recipients.

#### **4. Social Opportunities**

- **Access to Communications**

As a listed company in the Philippine Stock Exchange, ATN has a formal channel to access communications towards the investing public. The disclosure requirement of the PSE ensures that relevant issues are published for investors' information, in particular the health of the company, its prospect for growth, and practice of ESG. Disclosures will provide following key information to the investors:

- Low leverage strategy, complemented by issuance of green bond or sustainability bonds if found necessary
- Disclosure of company's CSR or Social Development Report
- Disclosure of corporate decisions in accordance with ESG investment criteria
- Transparency on important issues from the investors' viewpoint, accompanied by audited financial reports compliant with accounting rules as specified by PSE

- **Access to Finance**

The listing in PSE gives ATN access primarily but not limited to the equity market. Bonds may likewise be listed as part of the corporate finance package. The availability of audited financial statements that pass the scrutiny of regulators SEC

and PSE gives creditor banks confidence in their evaluation of ATN corporate creditworthiness.

- **Opportunities in Health Care and Nutrition**

The focus of ATN CSR includes its contribution to health care and nutrition of communities in its area of operation.

## **PART 3: GOVERNANCE**

### **Corporate Governance**

#### **1. Board**

The Board is responsible for oversight and influence for management in the implementation of corporate strategy to enhance the long-term value of the corporation. Board influence on Management actions include ethical practices with positive business performance and organizational impact.

Core responsibilities of the Board:

- Steer organizational direction and ensure compliance of governance policies
- Set manageable risks and material tolerance
- Approve policies to operationalize strategies and corporate direction
- Ensure accountability in the implementation and execution of strategies
- Uphold performance and corporate transparency thru proper and timely disclosures

Guideline on Board membership

- Board members should possess the right qualifications and reputation
- Better representation of women on corporate boards and in executive ranks

#### **2. Work Compensation**

ATN practice on compensation of employees:

- Compliance to minimum wage law set by the government
- Curb excessively high executive salaries in holding company and subsidiaries
- Set compensation structures for long-term interest of shareholders
- Equal compensation and career promotion access for women

#### **3. Ownership**

ATN policy on corporate ownership:

- Listing in PSE results in diversity of shareholders that benefit from exploitation of natural resources
- Protection of minority shareholders to attract investors
- Employment policies to benefit both the business and the families
- Clear family shareholding, succession
- Share options to motivate key employees

#### **4. Accounting**

ATN corporate entity is regulated by PSE to:

- Disclose compliant, audited, accurate accounting reports to investors
- Provide non-financial reports on ethical business practices compliant to ESG

### **Corporate Behavior**

ATN practices business ethics and comply with all applicable laws, and to uphold high standards of ethics. ATN corporate behavior cover the following aspects:

#### **1. Business Ethics**

- **Business Integrity**

ATN shall not engage nor tolerate any form of extortion and embezzlement. Likewise, ATN suppliers shall abide by all applicable rules on fair competition. All business dealings shall be transparently performed and accurately reflected in ATN's books.

- **Anti-Corruption, Gifts and Entertainment**

ATN requires employees and suppliers are made aware to comply fully and in all transactions with all business partners with the applicable laws and regulations of anti-corruption and anti-bribery, or other means of obtaining undue or improper advantage. This prohibition covers promising, offering, authorizing, giving or

accepting anything of value, either directly or indirectly through a third party to obtain or otherwise gain an improper advantage.

- **Employee Whistle Blowing**

Employee whistleblowing and consultation system is encouraged as part of internal control. Whistleblowers are protected when they volunteer information that there have been violations of laws, regulations.

## **2. Anti-competitive practices**

ATN is committed to applicable privacy and data protection laws, and exercise the responsibility on Confidentiality and Intellectual Property. Any information ATN collects will be treated with care, protected, and used lawfully and properly.

## **3. Tax Transparency**

As a listed company in the Philippine Stock Exchange, ATN regularly disclose tax compliance with rules and legislation, for information of the relevant tax authorities and the investing public in general. Notwithstanding the rules and laws that listed companies have to comply with, the company follows principles in the computation, disclosure and payment of taxes:

- Payment of proper amount of taxes is a social responsibility of the company
- Legal avoidance of taxes shall be monitored and the level of tax avoidance is controlled to the extent that the company shall ultimately share with the government a fair economic return for government public service such as keeping peace and order, maintenance of public facilities, service of public servants, maintenance of environment, etc.
- As much as possible, computation of tax shall be on cash basis
- Company shall not engage in unfair transfer pricing for tax avoidance

#### **4. Corruption and Instability**

ATN shall not have any relationship with anti-social forces that show the involvement or any kind of cooperation with or funding of Anti-Social-Forces like the NPA or ISIS, or organizations that are socially condemnable. ATN shall terminate any agreement with suppliers who do not operate in accordance with anti-social forces and organized crime principles.

#### **5. Financial System Instability**

ATN shall be vigilant of its corporate actions to minimize the impression or the entanglement in financial system instability by adopting the following guidelines:

- Financial reports shall be consistent and comparable for each reporting period to minimize the impression of financial system instability and occurrence of fraudulent transactions
- Use positive screens for making investment in selected companies or projects. Likewise, negative screens are considered to eliminate undesirable ones.
- Avoidance of excessive debt to maintain financial stability and liquidity