

POLICY ON THE CONDUCT OF ANNUAL STOCKHOLDERS' MEETING (ASM)

Rationale

The University of Mindanao has established a policy for conducting stockholders' meetings to ensure transparency, accountability, fairness, and efficient corporate governance. The University of Mindanao is a public company as defined in the Implementing Rules and Regulations (IRR) of the Securities Regulation Code (SRC). As such, the conduct of annual and special meetings of stockholders are governed by the provisions of the SRC and its IRR, the Revised Corporation Code, UM'S Manual on Corporate Governance (Manual) and By-laws.

Scope

This policy covers the scheduling, notification, determination of quorum, voting and proceedings of the Annual and Special Stockholders' Meetings of the University of Mindanao.

Guiding Principles

I. SCHEDULE OF MEETINGS

The annual meeting of stockholders shall be held "on the second Wednesday after the first Monday of each year" at 10 o'clock in the morning (Article II, paragraph 1 of the By-laws).

Special meetings of the stockholders may be called by the Board of Trustees (BOT) or President of the University (Article II, paragraph 2 of the By-laws).

In addition, all stockholders have the right to propose the holding of a special meeting of stockholders as well as propose items in the agenda of the meeting, provided they are for legitimate business purposes and in accordance with law and the By-laws of the University (Article IX, paragraph 2 of the Manual).

II. NOTICE OF MEETINGS

- Notice of annual meetings of stockholders shall be given to all stockholders through an information statement which shall be posted at UM's website at least 21 days before the scheduled meeting (Rule 20.3.3.3 of IRR of SRC in relation to Section 49 of the Revised Corporation Code). The Information Statement shall include the date, time and venue of the meeting as well as the matters to be taken up during the meeting, including those that will be submitted for the approval or ratification of the stockholders.
- For special meetings, notice shall be sent at least seven days before the scheduled meeting (Section 49, Revised Corporation Code). The Information Statement shall include the date, time and venue of the meeting as well as the matters to be taken up during the meeting, including those that will be submitted for the approval or ratification of the stockholders.

III. QUORUM

Stockholders may attend meetings either in person, or by remote communication such as videoconferencing or teleconferencing, or by proxy (Article IX, paragraph 1 of the Manual). Proxies shall be in writing and signed by the stockholder, and received by the Corporate Secretary on or before such date and time as may be fixed in the Information Statement. The attendance of a majority of the stockholders, either in person or by proxy, is required to constitute a quorum (Article II, paragraph 4 of the By-laws).

IV. CONDUCT OF MEETINGS

All meetings of stockholders shall be presided by the Chairman of the Board (Article III, Section 4 of the Manual; Article IV, paragraph 2 of the By-laws). In the absence or disability of the Chairman, the meeting shall be presided by the Vice-Chairman (Article IV, paragraph 4 of the By-laws).

During the meeting, stockholders shall be allowed to ask questions and raise issues that are relevant to the agenda items. All questions asked by the stockholders and corresponding answers given by the trustees or officers shall be recorded and reflected in the minutes of the meeting (Article IX, Section 9.5 of the Manual).

V. VOTING

Stockholders may vote either in person or by proxy. In all items for approval, a stockholder is entitled to one vote for every share owned. Voting shall be by poll and the Nomination and Corporate Governance Committee shall provide the mechanism to implement the same (Article IX, paragraph 5 of Manual).

The affirmative vote of stockholders constituting at least a majority of the outstanding capital stock of the University is necessary to approve matters requiring stockholders' action, except the following corporate acts which must be ratified or approved by the stockholders representing or constituting at least two-thirds of the outstanding capital stock:

- Amendment of the Articles of Incorporation
- Amendment of the By-laws
- Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the corporate properties
- Incurring, creating or increasing bonded indebtedness
- Increase or decrease of capital stock
- Merger or consolidation of the University with another corporation
- Investment of corporate funds in another corporation or business for any purpose other than the primary purpose for which it was organized
- Dissolution of the University

For the election of trustees, cumulative voting shall be allowed (Section 24, Corporation Code of the Philippines). Cumulative voting is a voting procedure wherein a stockholder is allowed to concentrate his/her votes and give one candidate as many votes as the number of directors to be elected multiplied by the number of his/her shares shall equal. The policy on cumulative voting is to allow minority stockholders the capacity to be able

to elect representatives to the Board of Directors (Glazer, Glazer, & Geofman, Cumulative Voting in Corporate Elections: Introducing Strategy into the Equation, 35 S. Carolina L. Rev. 295 as cited by Cesar L. Villanueva in Philippine Corporate Law, 2010 edition, on p. 350).

All votes shall be counted and tabulated by the Nomination and Corporate Governance Committee. The results shall be validated by the External Auditor. The election of trustees shall be determined by plurality of votes.

VI. Documentary Requirements

Within one month after the ASM, the Corporate Secretary shall submit the updated General Information Sheet to SEC.

Compliance

The preparation and facilitation in the conduct of the ASM and SSM shall be under the overall supervision of the Corporate Secretary, the Chairman of the Board of Trustees oversees the fair conduct of the annual and special stockholders' meetings.

Implementation and Review

The nomination and corporate governance committee chair shall supervise this policy's implementation in close coordination with the relevant authorities across the institution, as explicitly identified in OPM 4.02. The Quality Management Representative (QMR) ensures continuous improvement through Internal Quality Audit.

Signed:

(Sgd) GUILLERMO P. TORRES, JR.
University President

Reference

OPM 4.02 - Preparation and Conduct of the Annual Stockholders' Meeting; Effective November 15, 2016; Rev. 2