



**ABS-CBN
CORPORATION**

01 July 2013

PHILIPPINE STOCK EXCHANGE
3rd Floor Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **MS. JANET A. ENCARNACION**
Head, Disclosure Department

Re: **Annual Corporate Governance Report for 2012**

Ladies and Gentlemen:

Please find attached a copy of ABS-CBN Corporation's Annual Corporate Governance Report for 2012.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Aldrin M. Cerrado'.

ALDRIN M. CERRADO
Compliance Officer for Corporate Governance

COVER SHEET

[illegible]

SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

Mr. Aldrin M. Cerrado

(Contact Person)

415-2272

(Company Telephone Number)

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Month Day
(Fiscal Year)

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(Form Type)

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Month Day
(Annual Meeting)

(Secondary License Type, If Applicable)

SEC

Dept. Requiring this Doc

Amended Articles: Number/Section

5,836

Total No. of Stockholders

¶15.6 B

Domestic

\$1.0 million

Foreign

To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT



1. Report is Filed for the Year: 2012
2. Exact Name of Registrant as Specified in its Charter: ABS-CBN Corporation
3. Address of Principal Office: ABS-CBN Broadcast Center, Sgt. Esguerra Ave., corner Mo. Ignacia St., Quezon City Postal Code: 1103
4. SEC Identification Number: 1803 [REDACTED] (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number: 000-406-761-000
7. Issuer's Telephone number, including area code: (632) 924-4101
8. Former name or former address, if changed from the last report: Not applicable

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	11
Actual number of Directors for the year	11

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director
Eugenio Lopez III	ED		Lopez, Inc.	1986	2012	Annual	26
Augusto Almeda-Lopez	NED		Lopez, Inc.	1989	2012	Annual	23
Ma. Rosario Santos-Concio	ED		Lopez, Inc.	2006	2012	Annual	6
Oscar Lopez	NED		Lopez, Inc.	1966	2012	Annual	46
Presentacion Psinakis	NED		Lopez, Inc.	1988	2012	Annual	24
Manuel Lopez	NED		Lopez, Inc.	2010	2012	Annual	2
Federico Lopez	NED		Lopez, Inc.	1999	2012	Annual	13
Federico Garcia	NED		Lopez, Inc.	1998	2012	Annual	14
Salvador Tirona	NED		Lopez, Inc.	2010	2012	Annual	2
Javier Calero	ID		Raul Dizon (no relationship)	2011	2012	Annual	1
Vicente Mendoza	ID		Raul Dizon (no relationship)	2011	2012	Annual	1

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

The Board, management, employees and shareholders believe that good corporate governance is a necessary component of what constitutes sound strategic business management and would improve the economic and commercial prosperity of the Company and ultimately, the shareholders. As stated in the Company's Manual of Corporate Governance the main duty and responsibility of the Board is to represent the shareholders' interest in perpetuating a successful business, including optimizing long-term financial returns. The Board is responsible for determining that the Company is managed in such a way to ensure such result.

The shareholders have the right to receive timely and transparent information about the Company. The Board recognizes and shall respect the rights of the shareholders under the law, the articles of incorporation and the by-laws specifically the stockholders' right to vote, pre-emptive rights, power of inspection, right to dividend and appraisal rights. In terms of disclosure, the Company shall prepare and submit all required reports to concerned agencies (e.g., SEC and PSE).

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

As needed.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group¹

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Eugenio Lopez III	Lopez Holdings	Vice Chairman
	First Philippine Holdings	Director
	Bayan	Vice Chairman
Oscar Lopez	Lopez Holdings	Chairman Emeritus
	First Philippine Holdings	Chairman Emeritus
	First Gen	Chairman Emeritus
	Energy Development Corp.	Chairman Emeritus
	Rockwell Land	Director
Manuel Lopez	Rockwell Land	Chairman
	Lopez Holdings	Chairman – Executive
	First Philippine Holdings	Director
	Bayan	Chairman
Federico Lopez	First Philippine Holdings	Chairman
	First Gen	Chairman
Salvador Tirona	Lopez Holdings	Director - Executive

(ii) Directorship in Other Listed Companies

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

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
None	Not applicable	Not applicable

(iii) Relationship within the Company and its Group

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
Eugenio Lopez III	Lopez Holdings	Director
Manuel Lopez	Lopez Holdings	Chairman
Salvador Tirona	Lopez Holdings	President
Oscar Lopez	Lopez Holdings	Director
Federico Lopez	Lopez Holdings	Director

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary

¹ The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	None	None
Non-Executive Director	None	None
CEO	None	None

(e) Shareholding in the Company

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Eugenio Lopez III	651,191	0	.08
Augusto Almeda-Lopez	0	249,833 ACRIS Corporation	.03
Oscar Lopez	63,605	0	.01
Presentacion Psinakis	1,988	0	.00
Rosario Santos-Concio	1	0	.00
Manuel Lopez	146,186	0	.02
Federico Lopez	1	0	.00
Salvador Tirona	2	0	.00
Federico Garcia	269,517	0	.03
Vicente Mendoza	1	0	.00
Javier Calero	1	0	.00
TOTAL	1,132,493	249,833	0.17

2) Chairman and CEO

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

Yes ☐ No ☒

Identify the Chair and CEO:

Chairman of the Board	Eugenio Lopez III
CEO/President	Eugenio Lopez III

There is a mix of executive, non-executive and independent directors on the Board. The Company ensures that independent directors comprise at least 20% of its Board as mandated by the SEC. In addition, the 3-member Board of Advisors provides guidance to the BOD.

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	The Chairman of the Board is responsible for the management, development and the effective performance of the BOD, and provides leadership to the BOD for	The CEO has general charge and supervision of the business and affairs of the Company, subject to the BOD.

	<i>all aspects of the BOD's work.</i>	
Accountabilities and Deliverables	<i>The Chairman of the BOD plans and organizes all the activities of the BOD including: preparation for, and the conduct of, Board meetings; the quality, quantity and timeliness of the information that goes to the BOD; formation of the Board committees and the integration of their activity with that of the Board; evaluation of the effectiveness and implementation of improvements; development of the Board, including recruitment of Directors, evaluation and compensation.</i>	<i>The CEO makes, executes and signs in the name of the Company such contracts as are necessary in the ordinary course of business, and such other contracts as are authorized by the BOD. The CEO also signs such other certificates or instruments of the Company as are proper and necessary for the transaction of its ordinary business. He/she sees that the resolutions of the BOD are duly executed and carried out and performs all such other duties as are incident to his/her office. He/she prepares an annual report, or as often as required, to the BOD and the stockholders regarding the business of the Company. The CEO countersigns all checks, drafts, or other orders for payment of money.</i>

- 3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?

The BOD created the Succession Planning Committee to ensure that there is a pipeline to key positions in the organization, and that there are ready replacements for any key positions that are suddenly vacated. The committee oversees the replacement planning table of the organization, and identifies successors and gaps in succession, as well as any measures needed to fill such gaps.

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

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

Yes, it is the policy of the Company to have a mix of executive, non-executive and independent directors on the Board. There is also a Board of Advisors that provides guidance to the BOD. The three members of the Board of Advisors attend all Board meetings and are members of the Board Committees.

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

Yes. The non-executive directors have been members of the Board for a number of years thus, they already have extensive experience in the sector or industry. For example, the Chairman of the Board, Mr. Eugenio Lopez III used to be the President and CEO of the Company. As President, he aggressively pursued ABS-CBN's diversification into various successful ventures that include interactive media, sound recording, post-production, international cable and satellite distribution, sports programming, licensing and merchandising and digital TV. Meanwhile, Mr. Federico M. Garcia was the President of ABS-CBN from 1998 to 2003. Prior to his appointment as President, Mr. Garcia was Executive Vice President and General Manager of ABS-CBN. He also worked as a TV Sales Executive with ABS-CBN from 1966 to 1972. He was also Executive Vice President of GMA Network, managing its marketing and programming activities. As a testament to his achievements in the industry, he is a recipient of various Philippine broadcasting awards.

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

	Executive	Non-Executive	Independent Director
Role	<i>The directors represent the shareholders' interest in perpetuating a successful business including optimizing long-terms financial returns. They are responsible for determining that the Company is managed in such a way to ensure such result.</i>		

Accountabilities	<i>The directors are responsible for determining that the Company is managed successfully. Directors have the duty to be diligent and loyal to the Company. They must exercise that degree of skill, diligence and care that a reasonable prudent person would exercise in similar circumstances. They should act on an informed basis in good faith and in honest belief that a decision was taken in the best interest of the Company. A director is a fiduciary of the Company and shall not take advantage of the Company by means of fraudulent or unfair transactions. Directors must avoid actual and potential conflicts of interest and shall disclose fully and fairly their interests in contracts with the Company.</i>
Deliverables	<i>The directors have the following deliverables: (1) formulation of the Company's vision, mission, purpose and values and determination of the strategies to achieve its purpose and implement its values in order to ensure that the Company survives and thrives; (2) ensure that adequate procedures, systems and practices are in place geared towards protecting the Company's assets and reputation; (3) monitor the effectiveness of management policies and decisions; (4) formulate a process for the selection of directors and officers; (5) ensure that the Company communicates with shareholders and other stakeholders effectively; and (6) perform such other functions which may be required under existing laws, issuances and regulations.</i>

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

Independence in the context of board governance means that independent directors comprise at least 20% of the Company's Board as mandated by the SEC, which the Company is compliant with. The Company defines an independent director as a person other than an officer or employee of the Company, its parent or subsidiaries, or any other individual having a relationship with the Company which would interfere with the exercise of independent judgment in carrying out the responsibilities of a Board director. The Board assesses the independence of each director and of each individual nominated for election to the Board as an independent director. As part of this analysis, the Board reviews and concludes whether each nominee for independent director satisfies the requirements of the rules of the SEC, the Company by-laws and the Manual of Corporate Governance.

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

Independent directors have two-year terms and they can be re-elected again as independent directors after their terms.

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

(a) Resignation/Death/Removal

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

Name	Position	Date of Cessation	Reason
<i>None</i>	<i>Not applicable</i>	<i>Not applicable</i>	<i>Not applicable</i>

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

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

Procedure	Process Adopted	Criteria
<i>a. Selection/Appointment</i>		

		<p><i>the Board, in the exercise of its judgment in good faith, determines by at least two-thirds vote of the directors present constituting a quorum that he/she is the nominee of any person set forth in (1) and (2).</i></p> <p><i>The following disqualifications of directors may be considered in the selection process: (1) final judicial conviction of an offense involving moral turpitude or fraudulent act or transgressions; (2) finding by final and executory judgment by the SEC or a court or other administrative body of competent jurisdiction of a willful serious violation, or willful, aiding, abetting, counseling, inducing or procuring of the serious violation of, any material provision of the Securities Regulation Code, the Corporation Code or any other law administered by the SEC or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the SEC or the Bangko Sentral ng Pilipinas; (3) judicial declaration of insolvency; (4) finding by final and executor judgment by a foreign court or equivalent financial regulatory authority with competent jurisdiction of material acts, serious violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs and (5) conviction by final and executory judgment of an offense punishable by imprisonment for a period exceeding six years, or a violation of the Corporation Code, committed within five years prior to the date of his/her election or appointment.</i></p>
(iii) Independent Directors	<i>The Board assesses the independence of each director</i>	<i>An independent director should have the following</i>

	<p>and of each individual nominated for election to the Board as an independent director. As part of this analysis, the Board reviews and concludes whether each nominee for independent director satisfies the requirements of the rules of the SEC, the Company by-laws and the Manual of Corporate Governance. Once the nominee passes the requirements, he/she is recommended for election by the shareholders.</p> <p>The election of independent directors is held during the annual stockholders meeting and is conducted in the manner provided by the Corporation Law of the Philippines.</p>	<p>qualifications: (1) should at least have one share of stock of the Company; (2) should at least be a college graduate or should have been engaged or exposed to the business of the Company for at least five years; (3) should possess integrity and probity and (4) should be assiduous/ diligent.</p> <p>In addition, independent directors should not be: (1) directors or officers or substantial stockholders of the Company or its related companies or any of its substantial shareholders (other than as independent directors of any of the foregoing); (2) relatives of any director, officer or substantial shareholders of the Company, or any of its related companies or any of its substantial shareholders; (3) acting as nominees or representatives of a substantial shareholder of the Company or any of its related companies or any of its substantial shareholders; (4) employed in any executive capacity by the Company or any of its related companies or by any of its substantial shareholders within the last two years; (5) retained as professional advisers by the Company, any of its related companies or any of its substantial shareholders within the last two years, either personally or through their firms; (6) engaged or have been engaged in any transaction with the Company or with any of its related companies or with any of its substantial shareholders, whether by themselves or with other persons or through a firm of which they are partners or companies of which they are directors or substantial shareholders, other than transactions which are conducted at arms-length</p>
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		<p>and are immaterial; and (7) an owner of more than 2% of the shares of the Company and/or its related companies or any of its substantial shareholders.</p> <p>The following disqualifications of directors may be considered in the selection process: (1) final judicial conviction of an offense involving moral turpitude or fraudulent act or transgressions; (2) finding by final and executory judgment by the SEC or a court or other administrative body of competent jurisdiction of a willful serious violation, or willful, aiding, abetting, counseling, inducing or procuring of the serious violation of, any material provision of the Securities Regulation Code, the Corporation Code or any other law administered by the SEC or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the SEC or the Bangko Sentral ng Pilipinas; (3) judicial declaration of insolvency; (4) finding by final and executory judgment by a foreign court or equivalent financial regulatory authority with competent jurisdiction of material acts, serious violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; (5) conviction by final and executory judgment of an offense punishable by imprisonment for a period exceeding six years, or a violation of the Corporation Code, committed within five years prior to the date of his/her election or appointment and (6) having competing or antagonistic businesses with the Company.</p>
b. Re-appointment		
(i) Executive Directors	None	None

(ii) Non-Executive Directors		
(iii) Independent Directors		
c. Permanent Disqualification		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	<p><i>The Nomination Committee reviews and recommends to the Board the temporary disqualification of a director. The Board has the final decision in disqualifying a director.</i></p>	<p><i>Any of the following shall be ground for dismissal for cause of an executive/non-executive director:</i></p> <ul style="list-style-type: none"> ▪ <i>Refusal to fully disclose the extent of his/her business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations.</i> ▪ <i>Absence or non-participation for unjustifiable reason/s in more than 50% of all meetings, both regular and special, of the Board during his/her incumbency, or any 12 month period during said incumbency.</i> ▪ <i>Dismissal or termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he/she has cleared himself/herself of any involvement in the alleged irregularity.</i> ▪ <i>Conviction that has become final referred to in the grounds for the disqualification of directors.</i>
d. Temporary Disqualification		

(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	<i>The Nomination Committee reviews and recommends to the Board the temporary disqualification of a director. The Board has the final decision in disqualifying a director.</i>	<i>Any of the following shall be ground for temporary disqualification of a director:</i> ▪ <i>Refusal to fully disclose the extent of his/her business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations.</i> ▪ <i>Absence or non-participation for unjustifiable reason/s in more than 50% of all meetings, both regular and special, of the Board during his/her incumbency, or any 12 month period during said incumbency.</i> ▪ <i>Dismissal or termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he/she has cleared himself/herself of any involvement in the alleged irregularity.</i>
e. Removal		
(i) Executive Directors	<i>Same as permanent disqualification</i>	<i>Same as permanent disqualification</i>
(ii) Non-Executive Directors		
(iii) Independent Directors		
f. Re-instatement		
(i) Executive Directors	<i>None</i>	<i>None</i>
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	<i>None</i>	<i>None</i>
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
<i>Eugenio Lopez III</i>	<i>97%</i>
<i>Augusto Almeda-Lopez</i>	<i>97%</i>
<i>Ma. Rosario Santos-Concio</i>	<i>97%</i>
<i>Oscar Lopez</i>	<i>97%</i>
<i>Manuel Lopez</i>	<i>97%</i>
<i>Presentacion Psinakis</i>	<i>97%</i>
<i>Federico Lopez</i>	<i>97%</i>
<i>Federico Garcia</i>	<i>97%</i>
<i>Salvador Tirona</i>	<i>97%</i>

Vicente Mendoza	97%
Javier Calero	97%

6) Orientation and Education Program

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

New directors are provided orientation on the Company's operations, senior management and its business environment. This usually takes one week and is handled by the division heads. New directors who have no board experience receive orientation in their unaccustomed responsibility. They are also inducted in terms of their fiduciary duties and responsibilities as well as in respect of the Board's expectations.

- (b) State any in-house training and external courses attended by Directors and Senior Management for the past three (3) years:

In-House Training	External Courses
Entrepreneurial Leadership Program	Corporate Level Strategy Course (Harvard University)
Script Analysis Workshop	Loyalty World Asia: Innovation, Best Practice and Return on Investment for All Businesses
New Media Workshop	ESOMAR ² Congress: Accelerating Excellence, Celebrating 65 Years and Beyond
First Aid and Personal Safety Training	

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

None.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Not applicable	Not applicable	Not applicable	Not applicable

B. CODE OF BUSINESS CONDUCT & ETHICS

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p><i>A director must avoid actual and potential conflicts of interest and shall disclose fully and fairly his/her interests in contracts with the Company.</i></p> <p><i>A director should not be engaged in any business which competes with or is antagonistic to that of the Company or any of its subsidiaries and affiliates. Without</i></p>	<p><i>A senior manager is expected not to have direct or indirect financial or pecuniary interest in any business, contract or transaction in connection with which he/she intervenes or takes part in his/her official capacity.</i></p> <p><i>In addition, a senior manager is expected not to moonlight or render services for another employer without the knowledge of higher</i></p>	<p><i>An employee is expected not to have direct or indirect financial or pecuniary interest in any business, contract or transaction in connection with which he/she intervenes or takes part in his/her official capacity.</i></p> <p><i>In addition, an employee is expected not to moonlight or render services for another employer without the knowledge of higher management. He/she is</i></p>

²Essential Organization for Encouraging, Advancing and Elevating Market Research Worldwide.

	<p>limiting the generality of the foregoing, a director shall be deemed to be so engaged: (1) if he/she is an officer, manager or controlling person of, or the owner (either of record or beneficial) of 10% or more of any outstanding class of shares of any corporation (other than one in which the Company owns at least 30% of the capital stock) engaged in a business which the Board, by at least two-thirds vote of the directors present constituting a quorum, determines to be competitive or antagonistic to that of the Company or its subsidiaries and affiliates; (2) if he/she is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of any other corporation or entity engaged in any line of business of the Company or that of its subsidiaries and affiliates and in the judgment of the Board, by at least two-thirds vote of the directors present constituting a quorum, the laws against combinations in restraint of trade shall be violated by such person's membership in the BOD; (3) if the Board, in the exercise of its judgment in good faith, determines by at least two-thirds vote of the directors present</p>	<p>management. He/she is also expected to disclose other businesses or jobs undertaken which is in conflict with existing or future undertaking of the Company.</p>	<p>also expected to disclose other businesses or jobs undertaken which is in conflict with existing or future undertaking of the Company.</p>
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	<i>constituting a quorum that he/she is the nominee of any person set forth in (1) and (2).</i>		
(b) Conduct of Business and Fair Dealings	<p><i>A director shall not take advantage of the Company by means of fraudulent or unfair transactions. He/she must act honestly and in good faith in the interest of the Company.</i></p> <p><i>It is considered an offense if a director fails, as provided by existing policies, or in the absence of any policy, in accordance with sound business practice, and without justifiable reason, to timely remit, pay, reimburse, liquidate any money, collection or cash advance, or return and/or deliver goods, stocks or other properties, entrusted to him/her by the Company, or received by him/her from customer or client or business associate or affiliate or their representative, for his/her administration, or under any other obligation to make delivery of, or return the same.</i></p> <p><i>A director is also expected not to favor or connive with suppliers, customers or any other person in consideration of kickbacks, personal rebates or any valuable consideration.</i></p>	<p><i>It is considered an offense if a senior manager fails, as provided by existing policies, or in the absence of any policy, in accordance with sound business practice, and without justifiable reason, to timely remit, pay, reimburse, liquidate any money, collection or cash advance, or return and/or deliver goods, stocks or other properties, entrusted to him/her by the Company, or received by him/her from customer or client or business associate or affiliate or their representative, for his/her administration, or under any other obligation to make delivery of, or return the same.</i></p> <p><i>A senior manager is also expected not to favor or connive with suppliers, customers or any other person in consideration of kickbacks, personal rebates or any valuable consideration.</i></p>	<p><i>It is considered an offense if an employee fails, as provided by existing policies, or in the absence of any policy, in accordance with sound business practice, and without justifiable reason, to timely remit, pay, reimburse, liquidate any money, collection or cash advance, or return and/or deliver goods, stocks or other properties, entrusted to him/her by the Company, or received by him/her from customer or client or business associate or affiliate or their representative, for his/her administration, or under any other obligation to make delivery of, or return the same.</i></p> <p><i>An employee is also expected not to favor or connive with suppliers, customers or any other person in consideration of kickbacks, personal rebates or any valuable consideration.</i></p>
(c) Receipt of gifts from third parties	<i>A director is expected not to directly or indirectly request or receive gifts/presents, share percentages or any form of benefit or</i>	<i>A senior manager is expected not to directly or indirectly request or receive gifts/presents, share percentages or any form of benefit or favor,</i>	<i>An employee is expected not to directly or indirectly request or receive gifts/presents, share percentages or any form of benefit or favor, for</i>

	<i>favor, for himself/herself or for any other person in connection with any business, contract, application or transaction between the Company and any other party, wherein the director in his/her capacity has to intervene.</i>	<i>for himself/herself or for any other person in connection with any business, contract, application or transaction between the Company and any other party, wherein the manager in his/her capacity has to intervene.</i>	<i>himself/herself or for any other person in connection with any business, contract, application or transaction between the Company and any other party, wherein the employee in his/her capacity has to intervene.</i>
(d) Compliance with Laws & Regulations	<i>The following disqualifications of directors may be considered in the selection process: (1) final judicial conviction of an offense involving moral turpitude or fraudulent act or transgressions; (2) finding by final and executory judgment by the SEC or a court or other administrative body of competent jurisdiction of a willful serious violation, or willful, aiding, abetting, counseling, inducing or procuring of the serious violation of, any material provision of the Securities Regulation Code, the Corporation Code or any other law administered by the SEC or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the SEC or the Bangko Sentral ng Pilipinas; (3) judicial declaration of insolvency; (4) finding by final and executor judgment by a foreign court or equivalent financial regulatory authority with competent jurisdiction of material acts, serious violations or misconduct similar to any of the acts, violations or</i>	<i>Conviction of a criminal act by judgment in court of law is a ground for dismissal.</i> <i>Senior management should always report and not cover up violations of the Company rules and regulations by employee/s under him/her.</i>	<i>Conviction of a criminal act by judgment in court of law is a ground for dismissal.</i> <i>Employees should always report and not cover up violations of the Company rules and regulations by their supervisors and colleagues.</i>

	<p><i>misconduct listed in the foregoing paragraphs and (5) conviction by final and executor judgment of an offense punishable by imprisonment for a period exceeding six years, or a violation of the Corporation Code, committed within five years prior to the date of his/her election or appointment.</i></p> <p><i>Refusal to fully disclose the extent of his/her business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations is a ground for dismissal of a director.</i></p>		
(e) Respect for Trade Secrets/Use of Non-public Information	<p><i>A director is not allowed to reveal, give away or disclose without authority the Company's trade secrets and/or trade practices or trade processes or any valuable information to unauthorized persons, or making available such information in advance of its authorized release date. This includes any attempt by unauthorized person to get such information.</i></p>	<p><i>Senior management is not allowed to reveal, give away or disclose without authority the Company's trade secrets and/or trade practices or trade processes or any valuable information to unauthorized persons, or making available such information in advance of its authorized release date. This includes any attempt by unauthorized person to get such information.</i></p>	<p><i>Employees are not allowed to reveal, give away or disclose without authority the Company's trade secrets and/or trade practices or trade processes or any valuable information to unauthorized persons, or making available such information in advance of its authorized release date. This includes any attempt by unauthorized person to get such information.</i></p>
(f) Use of Company Funds, Assets and Information	<p><i>The following are considered offenses against the Company: theft, robbery; misappropriation of funds or property; alteration or removal of any property without authorization conduct of unauthorized work using company time and resources for profit; late financial or business transactions;</i></p>	<p><i>The following are considered offenses against the Company: theft, robbery; misappropriation of funds or property; alteration or removal of any property without authorization conduct of unauthorized work using company time and resources for profit; late financial or business transactions; malicious or willful destruction, misuse or unauthorized use of</i></p>	<p><i>The following are considered offenses against the Company: theft, robbery; misappropriation of funds or property; alteration or removal of any property without authorization conduct of unauthorized work using company time and resources for profit; late financial or business transactions; malicious or willful destruction, misuse or unauthorized use of property; unlawful use of</i></p>

	<i>malicious or willful destruction, misuse or unauthorized use of property; unlawful use of the Company's intellectual property, lending of tools and equipment without proper authorization; and negligence of Company property, materials and funds.</i>	<i>property; unlawful use of the Company's intellectual property, lending of tools and equipment without proper authorization; and negligence of Company property, materials and funds.</i>	<i>the Company's intellectual property, lending of tools and equipment without proper authorization; and negligence of Company property, materials and funds.</i>
(g) Employment & Labor Laws & Policies	<i>Not applicable as directors are not employees of the Company.</i>	<i>The Company complies with all the labor laws and policies mandated by the Department of Labor and Employment. The Company ensures that policies pertaining to general employment, probation, regularization, termination, work conditions, compensation and benefits, conflict of interest, non-disclosure, special training and copyright and ownership rights policies as stated in the senior management's contract are discussed. Senior managers are given fixed monthly salaries and bonuses, depending on the performance of the Company. The Company follows all mandatory regulations for social security contributions (e.g., SSS, HDMF, etc.). On top of these, senior managers are provided life and health insurance, educational allowance, and rice subsidy, among others. Due process is followed in cases when a senior manager may have to be terminated due to performance issues or violation of company policies.</i>	<i>The Company complies with all labor laws and policies mandated by the Department of Labor and Employment. The Company ensures that policies pertaining to general employment, probation, regularization, termination, work conditions, compensation and benefits, conflict of interest, non-disclosure, special training and copyright and ownership rights policies as stated in the employees' contracts are discussed. Generally, newly-recruited employees undergo a 6-month probationary period and upon satisfactory performance, given a regular employment status. Employees are given fixed monthly salaries and salaries, depending on the performance of the Company. The Company follows all mandatory regulations for social security contributions (e.g., SSS, HDMF, etc.). On top of these, employees are provided life and health insurance, educational allowance, and rice subsidy, among others. Due process is followed in cases when the employee may have to be terminated due to performance issues or violation of company policies.</i>
(h) Disciplinary action	<i>Not applicable as directors are not employees of the</i>	<i>Disciplinary action is prescribed and enforced in progressively increasing</i>	<i>Disciplinary action is prescribed and enforced in progressively increasing</i>

	Company.	<p>gravity. However, this does not apply to grave offenses for which the senior manager may be charged immediately with the heaviest penalty depending on the gravity of the case. As a further action, the Company may institute the necessary civil and/or criminal case against the senior manager as it deems necessary.</p> <p>The company has four levels of disciplinary actions, namely: (1) verbal warning, (2) written warning, (3) suspension of<30 days, and (4) 30 days suspension to dismissal.</p>	<p>gravity. However, this does not apply to grave offenses for which the employee may be charged immediately with the heaviest penalty depending on the gravity of the case. As a further action, the Company may institute the necessary civil and/or criminal case against the employee as it deems necessary.</p> <p>The company has four levels of disciplinary actions, namely: (1) verbal warning, (2) written warning, (3) suspension of<30 days, and (4) 30 days suspension to dismissal.</p>
(i) Whistle Blower	None.	<p>Senior managers are encouraged to report, in good faith, any wrongful conduct committed by employees which they have personal knowledge of. Senior managers are assured of protection against harassment, threats and any other form of retaliation from the persons reported. The whistleblowing policy is currently in its final stage of review and approval by the Company's top management.</p>	<p>Employees are encouraged to report, in good faith, any wrongful conduct committed by senior managers and employees which they have personal knowledge of. Employees are assured of protection against harassment, threats and any other form of retaliation from the persons reported. The whistleblowing policy is currently in its final stage of review and approval by the Company's top management.</p>
(j) Conflict Resolution	None.	<p>The senior managers should adhere to the principles of conflict resolution through friendly negotiations in order to avoid losses to both parties as a result of open conflict. The senior managers should make use of the Company's Labor Management Council, Grievance Process and Arbitration to resolve conflicts/disputes. These mechanisms involve mutual respect and open communication in reaching equally</p>	<p>The senior managers should adhere to the principles of conflict resolution through friendly negotiations in order to avoid losses to both parties as a result of open conflict. The senior managers should make use of the Company's Labor Management Council, Grievance Process and Arbitration to resolve conflicts/disputes. These mechanisms involve mutual respect and open communication in reaching equally beneficial agreements for two parties</p>

		beneficial agreements for two parties in conflict.	in conflict.
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2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Yes.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

Employee discipline is primarily a line function. As such, all officers are entrusted with the responsibility to supervise other employees, whether on a permanent or temporary basis, are tasked to initiate and conduct administrative investigations for violations of the Code of Conduct, and impose disciplinary action when warranted.

The HR Department assists in the proper handling of cases and provides supervisors/managers with directions and review decisions, in accordance to the due process required by law before they are released. A comprehensive orientation/on boarding for new employees on the Code of Conduct and other rules and regulations of the Company is key in ensuring compliance and this is being done through an e-learning course.

Assisting in the dissemination and implementation of the Code of Conduct is the Ethics Committee which focuses on conflict-of-interest situations. The Committee helps make decisions and clarify stands in cases of personal or professional conflict, or in which the employee or the company stands to gain unfairly from an arrangement, relationship or procedure.

4) Related Party Transactions

(a) Policies and Procedures

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

Related Party Transactions	Policies and Procedures
(1) Parent Company	None.
(2) Joint Ventures	None.
(3) Subsidiaries	None.
(4) Entities Under Common Control	None.
(5) Substantial Stockholders	None.
(6) Officers including spouse/children/siblings/parents	None.
(7) Directors including spouse/children/siblings/parents	None.
(8) Interlocking director relationship of Board of Directors	None.

(b) Conflict of Interest

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

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

Details of Conflict of Interest (Actual or Probable)
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Name of Director/s	None
Name of Officer/s	None
Name of Significant Shareholders	None

(ii) Mechanism

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

	Directors/Officers/Significant Shareholders
Company	The Company has defined cases wherein a possible director or an existing director can be considered as having conflict of interest. ³ The Nomination and Election Committee reviews and evaluates the qualifications, including possible conflict of interest, of all persons nominated to the Board and other appointments that require board approval. In addition, the Ethics Committee focuses on conflict of interest situations by helping to make decisions and clarify stands in cases of personal or professional conflict.
Group	Same as the above.

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,⁴ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
None	Not applicable	Not applicable

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description
None	Not applicable	Not applicable

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

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
None	Not applicable	Not applicable

³ A stockholder cannot qualify as a Board member, if he/she is engaged in any business which competes with or is antagonistic to that of the Company or any of its subsidiaries and affiliates. Without limiting the generality of the foregoing, a stockholder shall be deemed to be so engaged: (1) if he/she is an officer, manager or controlling person of, or the owner (either of record or beneficial) of 10% or more of any outstanding class of shares of any corporation (other than one in which the Company owns at least 30% of the capital stock) engaged in a business which the Board, by at least two-thirds vote of the directors present constituting a quorum, determines to be competitive or antagonistic to that of the Company or its subsidiaries and affiliates; (2) if he/she is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of any other corporation or entity engaged in any line of business of the Company or that of its subsidiaries and affiliates and in the judgment of the Board, by at least two-thirds vote of the directors present constituting a quorum, the laws against combinations in restraint of trade shall be violated by such person's membership in the BOD; (3) if the Board, in the exercise of its judgment in good faith, determines by at least two-thirds vote of the directors present constituting a quorum that he/she is the nominee of any person set forth in (1) and (2).³

⁴ Family relationship up to the fourth civil degree either by consanguinity or affinity.

6) Alternative Dispute Resolution

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

	Alternative Dispute Resolution System
Corporation & Stockholders	None
Corporation & Third Parties	None
Corporation & Regulatory Authorities	None

C. BOARD MEETINGS& ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

The BOD meetings are held throughout the year. The regular meetings of the BOD are held immediately after the stockholders' meeting and on the fourth Thursday of each month. In addition, special BOD meetings are convened, if necessary.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Eugenio Lopez III	2012	10	9	90
Member	Ma. Rosario Santos-Concio	2012	10	8	80
Member	Oscar Lopez	2012	10	10	100
Member	Augusto Almeda-Lopez	2012	10	7	70
Member	Presentacion Psinakis	2012	10	7	70
Member	Manuel Lopez	2012	10	8	80
Member	Federico Lopez	2012	10	9	90
Member	Federico Garcia	2012	10	6	60
Member	Salvador Tirona	2012	10	9	90
Independent	Vicente Mendoza	2012	10	8	80
Independent	Javier Calero	2012	10	10	100

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

None.

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

No. A quorum at any of the BOD meetings shall consist of a majority of the entire membership of the Board.

5) Access to Information

(a) How many days in advance are board papers⁵ for board of directors meetings provided to the board?

During the meeting day itself.

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

⁵ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

Yes.

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

The Company Secretary has the following duties and responsibilities: (1) issues notices for all board and shareholders meetings; (2) assists the Board in the preparation of the meeting agenda and in the preparation and gathering of materials/documents to be presented to the Board or the shareholders; (3) implements such methods adopted by the Board to efficiently and timely inform and brief the Board members prior to the Board meetings; (4) attends Board meetings and take down the minutes of special and regular meetings of the Board and shareholders; (5) takes charge of the corporate seal and records (6) signs, together with the President, all stock certificates and such other instruments as may require such signature; and (7) prepares reports and perform such other duties as are incident to the office, or as properly required of him/her by the BOD.

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

Yes.

- (e) Committee Procedures

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

Yes ☒

No ☐

Committee	Details of the procedures
Executive	<i>The directors can request for information or clarify matters through e-mails and meetings with concerned persons/committees.</i>
Audit	
Nomination	
Remuneration	
Others (specify)	

6) External Advice

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

Procedures	Details
<i>Meetings with board of advisors and industry experts.</i>	<i>Through the approval or endorsement of the Board Chairman, directors can approach the board of advisors and industry experts in order to receive external advice.</i>

7) Change/s in existing policies

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

Existing Policies	Changes	Reason
<i>None</i>	<i>None</i>	<i>Not applicable</i>

D. REMUNERATION MATTERS

1) Remuneration Process

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

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	<p><i>Fixed remuneration (including salary and benefits) is reviewed by the Company's Head of Corporate Services Group 1. Using available market data, the CEO's current fixed remuneration is compared to similar positions at similarly situated organizations.</i></p> <p><i>Upon determination of the need to adjust the fixed remuneration of the CEO, the Head of the Corporate Services Group 1 convenes the Compensation Committee for the Chairman and CEO and presents his findings for review and approval.</i></p> <p><i>The fixed monthly salary of the CEO is adjusted if the Company meets its financial metrics.</i></p>	<p><i>The fixed monthly salaries of the top 4 highest paid management officers may be adjusted if the Company meets its financial metrics. The salary adjustment is based on the actual financial performance of the Company and the managers' individual performance appraisal.</i></p>
(2) Variable remuneration	<p><i>The annual variable pay plan provides incentive for achieving target performance measures. The CEO is given a variable pay based on the actual financial performance of the Company and the CEO's individual performance appraisal. The variable pay is expressed as a percentage of the monthly base salary.</i></p>	<p><i>The annual variable pay plan provides incentive for achieving target performance measures. The top 4 highest paid management officers are given variable pays based on the actual financial performance of the Company and managers' individual performance appraisal. The variable pay is expressed as a percentage of the monthly base salary.</i></p>
(3) Per diem allowance	<i>Same as regular officers.</i>	<i>Same as regular officers.</i>
(4) Bonus	<i>The same as item 2 (variable remuneration)</i>	<i>The same as item 2 (variable remuneration)</i>
(5) Stock Options and other financial instruments	<i>None</i>	<i>None</i>
(6) Others (specify)	<i>Not applicable</i>	<i>Not applicable</i>

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

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

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated

Executive Directors	Same as market rate.	Directors receive a per diem for every board and committee meetings that they attend. They may also participate in the profit sharing and bonuses declared by the Company.	Each director receives a set amount of PhP5,000 per board meeting and PhP5,000 per committee meeting. In terms of profit sharing and bonuses, the total yearly compensation of directors shall not exceed 10 percent of the net income before income tax of the Company during the preceding year.
Non-Executive Directors	Same as market rate.	Directors receive a per diem for every board and committee meetings that they attend. They may also participate in the profit sharing and bonuses declared by the Company.	Each director receives a set amount of Ph5,000 per board meeting and PhP5,000 per committee meeting. In terms of profit sharing and bonuses, the total yearly compensation of directors shall not exceed 10 percent of the net income before income tax of the Company during the preceding year.

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

No.

Remuneration Scheme	Date of Stockholders' Approval
Not applicable	Not applicable

3) Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	None	None	None
(b) Variable Remuneration	PhP1,750,000	PhP4,750,000	PhP1,000,000

(c) Per diem Allowance	PhP105,000	PhP385,000	PhP180,000
(d) Bonuses	Included in variable pay	Included in variable pay	Included in variable pay
(e) Stock Options and/or other financial instruments	None	None	None
(f) Others (Specify)	None	None	None
Total	PhP1,855,000	PhP5,135,000	PhP1,180,000

Other Benefits	Executive Directors	Non-Executive Director (other than Independent directors)	Independent Directors
1) Advances	None	None	None
2) Credit granted	None	None	None
3) Pension Plans/Contributions	None	None	None
(d) Pension Plans, Obligations incurred	None	None	None
(e) Life Insurance Premium	None	None	None
(f) Hospitalization Plan	None	None	None
(g) Car Plan	None	None	None
(h) Others (Specify)	None	None	None
Total	0	0	0

4) Stock Rights, Options and Warrants

(a) Board of Directors

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

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
None	Not applicable	Not applicable	Not applicable	Not applicable

(b) Amendments of Incentive Programs

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

Incentive Program	Amendments	Date of Stockholders' Approval
No incentive programs were introduced, amended or discontinued.	Not applicable	Not applicable

5) Remuneration of Management

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

Name of Officer/Position	Total Remuneration
Eugenio L. Lopez III	P146,264,931
Ma. Rosario N. Santos-Concio	
Carlo L. Katigbak	
Ma. Lourdes N. Santos	
Ma. Socorro V. Vidanes	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

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

Committee	No. of Members			Committee Charter	Functions/ Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)			
Program- ming	1	1	1		The Programming Committee deliberates on the programming issues and strategies of the network, and is primarily a business strategy committee.	
Compensa- tion	0	2	1		The Compensation Committee reviews any recommendations on incentive schemes and issuance of stock options to employees.	
Compensa- tion for the Chairman & the CEO	0	2	1		The Committee reviews and approves the fixed remuneration (salary and benefits) adjustment of the Chairman based on the recommendation of the Company’s Corporate Services Group 1.	
Succession Planning	0	2	1		The Committee ensures that there is a pipeline to key positions in the organization and that there are ready replacements for any key positions that are suddenly vacated. It oversees the replacement planning table of the organization, and identifies successors and gaps in succession, as well as any measures needed to fill such	

					gaps.	
Audit	0	1	2	Yes	<p>The Committee has the following duties and responsibilities:</p> <ul style="list-style-type: none"> • Check all financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements. • Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Company and crisis management. • Pre-approve all audit plans, scope and frequency in connection with the conduct of external audit. • Interface with internal auditors and external auditors. • Elevate to international standards the accounting and auditing processes, practices and methodologies, and develop the following in relation to this reform: (i) definitive timetable within which the accounting system of the Company will be international Accounting Standards (IAS) compliant and (ii) an accountability statement that will identify officers and/or personnel responsible for such task. • Develop a transparent financial management system that aims to ensure the integrity of internal control activities throughout the Company. • Regularly review organizational and procedural controls guided by best practices. 	
Risk Management	0	2	1		<p>The Committee has the following duties and responsibilities:</p>	

					<ul style="list-style-type: none"> • Oversee the formulation and establishment of an enterprise-wide risk management system. • Review, analyze and recommend the policy, framework, strategy, method and/or system used by the Company to manage risks, threats or liabilities. • Review and assess the likelihood and magnitude of the impact of material events on the Company and/or recommend measures, responses or solutions to avoid or reduce risks or exposures. • Perform such other duties and functions and/or assume such responsibilities as may be delegated by the BOD. 	
Nomina- tion & Election	2	0	2		The Committee reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval, and assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.	

2) Committee Members

(a) Programming Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Federico Garcia	2012	0	n/a	n/a	5 years
Member (ED)	Ma. Rosario Santos-Concio	2012	0	n/a	n/a	5 years
Member (ID)	Javier Calero	2012	0	n/a	n/a	2 years

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Javier Calero	2012	5	5	100	2 years
Member (NED)	Salvador Tirona	2012	5	5	100	3 years
Member (ID)	Vicente Mendoza	2012	5	5	100	2 years

Disclose the profile or qualifications of the Audit Committee members.

Salvador G. Tirona, age 58

Mr. Tirona is the President and Chief Operating Officer of Lopez Holdings Corporation. He initially joined Lopez Holdings Corporation as its Chief Finance Officer (CFO) in September 2005 and held this position until his appointment to his current position in 2010. He was formerly a director and the CFO of Bayan. In 2003, he played a critical and strategic role as CFO of Maynilad Water Services, Inc., particularly in implementing its rehabilitation plan. He holds a Bachelor degree in Economics from the Ateneo de Manila University and a Master of Business Administration from the same university. He attended the five-day Professional Directors' Program of the Institute of Corporate Directors.

Justice Vicente V. Mendoza, Filipino, age 80

Justice Mendoza was an Associate Justice of the Supreme Court from 1994 to 2002. He was also an Associate Justice of the Court of Appeals from 1980 to 1993 and its Presiding Justice in 1994. He was an Assistant Solicitor General from 1973 to 1980. He also taught political review and gave bar review classes at the University of the Philippines College of Law from 1978 to 1993. He graduated from the U.P. College of Law in 1957 and was admitted to the Philippine Bar in 1958. He was conferred an LL. M. degree by Yale Law School in 1971 and was a visiting scholar at the Harvard Law School in the fall term in 1976. He has authored several law books and has written several articles published in law journals.

Javier J. Calero, Filipino, age 76

Mr. Calero is the Chairman of the Full Circle, a public relations company. He has been with the said company since June 2004. He has also been senior adviser for the International Foundation for Elections Systems since 1999. He was chairman of Zenith Optemedia, a member of the Publicis Group of Companies from November 2003 to 2005. He was connected with J. Walter Thompson Company from 1958 to 2000 and became its Chairman and Chief Executive Officer in 1992. He is a fellow of the Australian Institute of Company Directors and the Institute of Corporate Directors. He is currently a director of Philam Asset Management, Inc. He obtained his Bachelor of Science degree in Commerce from De La Salle College in 1960. He attended the Harvard Business School Advance Management Program and is a candidate for a Masters of Business Economics Degree from the Center of Research and Communications.

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

The following are the responsibilities of the Audit Committee relative to the external auditor:

- Review the external auditor's proposed audit scope and approach and ensure no unjustified restrictions or limitations have been placed on the scope.
- Review the performance of the external auditors.
- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationship between the auditors and the Company, including non-audit services.
- Evaluate and determine non-audit work by external auditor and keep under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to the Company's total expenditure on consultancy.
- Meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.
- Ensure that significant findings and recommendations made by the external auditors are received and discussed on a timely basis.
- Recommend, through the BOD, to the stockholders duly accredited external auditor.
- Ensure that the external auditor is rotated every five years or earlier or the handling partner is changed.
- Ensure that the reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor are reported in the Company's annual and current reports.

(c) Nomination and Election Committee -

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Eugenio Lopez III	June 21,	1	1	100	2 years

		2012				
Member (ED)	Ma. Rosario Santos-Concio	June 21, 2012	1	1	100	2 years
Member (NED)	Justice Vicente V. Mendoza	June 21, 2012	1	1	100	2 years
Member (ID)	Javier J. Calero	June 21, 2012	1	1	100	2 years

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Augusto Almeda-Lopez	June 21, 2012	none	n/a	n/a	5 years
Member (NED)	Federico Garcia	June 21, 2012	none	n/a	n/a	2 years
Member (ID)	Justice Vicente Mendoza	June 21, 2012	none	n/a	n/a	2 years

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

Programming

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Federico Garcia	June 21, 2012	none	n/a	n/a	5 years
Member (ED)	Ma. Rosario Santos-Concio	June 21, 2012	none	n/a	n/a	5 years
Member (ID)	Javier J. Calero	June 21, 2012	none	n/a	n/a	3 years

Succession Planning Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Salvador Tirona	June 21, 2012	none	n/a	n/a	2 years
Member (NED)	Federico Garcia	June 21, 2012	none	n/a	n/a	2 years
Member (ID)	Justice Vicente Mendoza	June 21, 2012	none	n/a	n/a	2 years

Risk Management Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Salvador M. Tirona	June 21, 2012	none	n/a	n/a	2 years
Member (NED)	Federico M. Garcia	June 21,	none	n/a	n/a	2 years

		2012				
Member (ID)	Justice Vicente Mendoza	June 21, 2012	none	n/a	n/a	2 years

Compensation Committee for the Chairman and Chief Executive Officer

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Augusto Almeda Lopez	June 21, 2012	1	1	100	5 years
Member (NED)	Federico M. Garcia	June 21, 2012	1	1	100	5 years
Member (ID)	Justice Vicente Mendoza	June 21, 2012	1	1	100	2 years

3) Changes in Committee Members

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

Name of Committee	Name	Reason
Programming	None	Not applicable
Compensation	None	Not applicable
Compensation for the Chairman & the CEO	None	Not applicable
Succession Planning	None	Not applicable
Audit	None	Not applicable
Risk Management	None	Not applicable
Nomination & Election	None	Not applicable

4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Programming	The Committee deliberated on the programming issues and strategies of the Network.	The Committee was able to ensure achievement of balanced programming and desired rating.
Compensation	The Committee reviewed recommendations on incentive schemes and issuance of stock options to employees.	The Committee was able to ensure that the Company's compensation and incentives schemes remain competitive.
Compensation for the Chairman and the CEO	None, as there was no need to adjust the remuneration of the Chairman and the CEO.	Not applicable.
Succession Planning	The Committee oversaw the replacement planning table of the organization and identified successors and gaps in succession, as well as any measures needed to fill such gaps.	The Committee was able to ensure that there is a pipeline to key positions in the organization and that there are ready replacements for any key positions that are suddenly vacated.
Audit	The Committee looked at the following areas: (1) reasonableness of the Company's financial statements and efficiency of the financial reporting process; (2) proper management of business risks	The Committee was able to comply with the Audit Committee Charter and was able to confirm that: (1) majority of the Committee members are independent directors; (2) that the Company's audited financial

	and reliability of the internal control environment; (3) independence and effectiveness of internal audit functions and processes; (4) qualifications, independence and fees of the Company's external auditors with regard to the annual review of the Company's financial statements and (5) Company's compliance with legal and regulatory requirements.	statements conform with the Philippine Financial Reporting Standards and International Reporting Standards, as appropriate; (3) the internal audit scope and plans, as well as the manpower resources and competencies necessary to carry out the audit plan are comprehensive and adequate and (4) the audit reports, including necessary corrective actions, were reviewed and discussed with concerned management and internal auditors.
Risk Management	The Committee continued to establish and implement an integrated risk management framework. The Committee ensured that the Company's corporate strategy formulation and business decision-making processes always take into account potential risks and the steps and costs necessary to minimize, if not eliminate, such risks. The Company, through the Risk Management Committee, ensured that it has the proper control systems in place, and to the extent possible, adopted global best practices, to identify and assess, analyze and mitigate market, operating, financial, regulatory, community, reputational and other risks.	The integrated risk management framework addresses the need to cover all aspects of risks across the Company's organization and improve the Company's risk management readiness.
Nomination and Election	The Committee reviewed and evaluated the qualifications of all persons nominated to the Board and other appointments that require Board approval. It also assessed the effectiveness of the Board's processes and procedures in the election or replacement of directors.	The Committee was able to ensure that only qualified individuals are nominated to the Board and that the election and replacement process continues to be effective.

4) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
Programming	To review programming grid on a year-round basis	To ensure achievement of balance programming and desired rating
Compensation	To review compensation of key officers and the Board	
Compensation for the Chairman and the CEO	To review and approve, if necessary, the recommended changes by the Head of the Corporate Services Group 1 concerning the salary and	To ensure that the salary and benefits of the Company's CEO are at par or competitive with the same position in similarly situated

	<i>benefits provided to the Company's CEO.</i>	<i>organizations.</i>
<i>Succession Planning</i>		
<i>Audit</i>	<p><i>To hold quarterly meetings to:</i></p> <ul style="list-style-type: none"> ▪ <i>Review the reasonableness of the Company's financial statements and efficiency of the financial reporting process.</i> ▪ <i>Evaluate the adequacy and effectiveness of the Company's governance and internal controls.</i> ▪ <i>Assess the independence and effectiveness of external and internal audit functions and processes.</i> ▪ <i>Require reporting of significant issues and action plans concerning compliance with legal and regulatory requirements.</i> ▪ <i>Review material changes in the Company's organizational structure and policies.</i> 	<i>All significant issues relating to the Company's governance, operations, financial reporting, internal controls, legal, compliance and other matters that may be raised by the Company's management, external and internal auditors, legal counsels and other concerned parties during its quarterly and special meetings.</i>
<i>Risk Management</i>		
<i>Nomination and Election</i>		

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The BOD and management are mindful of the potential impact of various risks to the Company's ability to deliver quality content across multiple platforms and consequently, as a result of its operations, value to shareholders. Due to this, the Company will continuously establish and implement an integrated risk management framework that covers all aspects of risks across its organization, and improve its risk management readiness.

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

Prior to the creation of the Risk Management Committee of the Board on May 2014, the Audit Committee of the Board was also tasked to review the risk management system of the Company and report to the directors. The directors have reviewed the effectiveness of the risk management system and found them to be adequate.

(c) Period covered by the review;

The period covered by the review was the calendar 2012.

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

The review is performed on a quarterly basis.

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

Not applicable

2) Risk Policy

(a) Company

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

Risk Exposure	Risk Management Policy	Objective
Financial Risk	<p><u>Interest Rate Risk</u> <i>The Company's exposure to the risk for changes in market interest rates relates primarily to the company's debt obligations with floating interest rates. To manage this mix in a cost-efficient manner, it is the Company's policy to enter into interest rate swaps whenever the need arises.</i></p> <p><u>Foreign Currency Risk</u> <i>It is the Company's policy to enter into cross currency swaps whenever the need arises to manage foreign currency risk and eliminate the variability of cash flows due to changes in the fair value of the foreign-currency denominated debt with maturity of more than one year.</i></p> <p><u>Credit Risk</u> <i>The Company is exposed to credit risk from operational and financing activities. On the credit risk arising from operating activities, the Company only extends credit with recognized and accredited third parties. The Company implements a pay before broadcast policy to new customers. In addition, receivable balances are monitored on an ongoing basis. Such determination considers the age of the receivables and current solvency of the individual accounts. With regard to financing activities, as a general rule, the Company transacts these activities with counterparties that have a long credit history in the market and outstanding relationship with the Company. The policy of the Company is to have the board of directors</i></p>	To minimize, if not eliminate, main risks arising from the Company's financial instruments specifically cash flow interest rate risk, foreign currency risk, credit risk and liquidity risk.

	<p>accredit these banks and/or financial institutions before any of these financing activities take place.</p> <p>With respect to credit risk arising from the financial assets of the Company, exposure to credit risk arises from default of the counterparty. There is no requirement for collateral over trade receivables since the Company trades only with recognized and accredited counterparties.</p> <p><u>Liquidity Risk</u></p> <p>To manage liquidity risk, the Company conducts weekly cash planning. This undertaking specifically considers the maturity of both the financial investments and financial assets and projected operational disbursements. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows. As a general rule, cash balance should be equal to Php2 billion at any given time to compensate for two months of operational exigencies amidst occasional fluctuation of cash inflows. The required cash balance is assessed periodically when operating cash requirements either decreases or increases. The Company places funds in the money market only when there are surpluses from its requirements. Placements are strictly made based on cash planning assumptions and as much as possible, covers only a short period of time.</p>	
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(b) Group

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

Risk Exposure	Risk Management Policy	Objective
To be addressed by the newly-formed Risk Management Committee of the Board.		

(c) Minority Shareholders

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

Risk to Minority Shareholders
<i>To be addressed by the newly-formed Risk Management Committee of the Board.</i>

3) Control System Set Up

(a) Company

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
<i>To be addressed by the newly-formed Risk Management Committee of the Board.</i>		

(b) Group

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
<i>To be addressed by the newly-formed Risk Management Committee of the Board.</i>		

(c) Committee

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

Committee/Unit	Control Mechanism	Details of its Functions
<i>To be addressed by the newly-formed Risk Management Committee of the Board.</i>		

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

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

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

Internal controls are processes and methodologies established and implemented by management to effectively manage risks and ensure the achievement of its business objectives encompassing the organization's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, regulations and contracts.

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether

they consider them effective and adequate. (Annual Report, page 46-47).

The Board, through the Audit Committee, reviews the adequacy and effectiveness of the internal control system encompassing the Company's governance, operations, information systems, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations and contracts. The 2012 annual report submitted by the Audit Committee to the Board states that the internal control system is effective and adequate.

(c) Period covered by the review;

2012.

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

The Audit Committee reviews the internal controls, including the necessary corrective actions ,at least four times a year and additional meetings are convened if necessary. Critical business operations are reviewed annually while the rest of the areas are reviewed at least every two to three years using the risk-based approach in accordance with the "Standards for the Professional Practice of Internal Auditing (Philippines)."In addition, the Audit Committee oversees the annual financial statements preparation through the external/independent auditor ensuring that the conduct of the audit is in compliance with the Philippine Financial Standards and International Financial Reporting Standards as appropriate.

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

Not applicable.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

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

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
<i>The role of the internal audit is to provide an independent and objective assessment of the adequacy, effectiveness and efficiency of the company's systems and processes and recommends necessary control measures for their improvement. It also establishes a follow-up mechanism to monitor the</i>	<i>The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management and internal process as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's</i>	<i>In-house</i>	<i>Higino Dungo, Jr.</i>	<i>Internal Audit reports directly to the Board through the Audit Committee. On a quarterly basis Internal Audit reports its plans, findings, management action/action plans on the recommendationsand implementation status of audit recommendations. The Chief Internal Auditor or designee issues a written report to</i>

<p><i>implementation of recommended controls.</i></p>	<p><i>stated goals and objectives. This includes:</i></p> <ul style="list-style-type: none"> <i>• Evaluating the reliability and integrity of information and the means used to identify, measure, classify and report them.</i> <i>• Evaluating the systems that were established to ensure compliance with policies, plans, procedures, laws and regulations which could have a significant impact on the organization.</i> <i>• Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.</i> <i>• Evaluating the effectiveness and efficiency with which resources are used.</i> <i>• Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as</i> 			<p><i>management following the conclusion of each internal audit engagement.</i></p>
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	<p><i>planned.</i></p> <ul style="list-style-type: none">• <i>Monitoring and evaluating governance processes.</i>• <i>Monitoring and evaluating the effectiveness of the organization's risk management processes.</i>• <i>Evaluating the quality of the performance of external auditors and the degree of coordination with internal audit.</i>• <i>Performing consulting and advisory services to the organization, as appropriate, with regard to governance, risk management, and control.</i>• <i>Reporting periodically on the internal audit activities, purpose, authority, responsibility and performance relative to its plan.</i>• <i>Reporting significant risk exposures and control issues to the Board.</i>• <i>Evaluating specific operations at the request of the Board and the management.</i>			
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- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

The Audit Committee approves the hiring/appointment and termination of the Chief Internal Auditor. The Committee also approves annually the staffing requirements of the Internal Audit Division.

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

The Chief Internal Auditor reports functionally to the Board, through the Audit Committee. He has free and unrestricted access to the Board through the said Committee. The internal auditors are authorized full, free and unrestricted access to any and all of the company's records, physical properties and personnel pertinent to carrying out their audit functions. The Chief Internal Auditor confirms to the Audit Committee, on an annual basis, the organizational independence of the internal audit activity.

- (d) Resignation, Re-assignment and Reasons

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

Name of Audit Staff	Reason
None	Not Applicable

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

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

Progress Against Plans	As of December 2012, 94% of the 2012 audit plans have been achieved.
Issues ⁶ and Findings ⁷	<ul style="list-style-type: none"> • Inconsistent compliance with policies and guidelines. • Processing delays. • Inadequate monitoring of transactions. • Inadequate documentation. • Need for system enhancements and upgrades. • Inadequate physical inventory, warehousing and reconciliation procedures due to limited manpower and space. • Inconsistent application of controls due to organizational changes, transfer of functions or changes in personnel.
Examination Trends	<ul style="list-style-type: none"> • A need for a continuous enhancement of systems and improvement of processes to adopt to changing business objectives and strategies.

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;

⁶"Issues" are compliance matters that arise from adopting different interpretations.

⁷"Findings" are those with concrete basis under the company's policies and rules.

- 5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
1. General Policy 1.1 Audit Manual 1.2 Statement of Policy	Implemented
2. Professional and Organizational 2.2 Responsibilities of Internal Auditors 2.3 Code of Ethics 2.4 Standards for the Professional Practice of Internal Auditing 2.5 Standards for Information Systems Audit 2.6 Internal Audit Organization 2.7 Job Descriptions 2.8 Performance Appraisal 2.9 Values	Implemented
3. Annual and Strategic Planning 3.1 Annual Audit Master Plan 3.2 Budget Preparation	Implemented
4. Audit Process and Reporting 4.1 Planning and Preliminary Survey 4.2 Audit Approach and Work Program 4.3 Audit Fieldwork 4.3.1 Process Mapping/Walkthrough 4.3.2 Defining the Test Population 4.3.3 Test of Controls 4.3.4 Methods of Conducting Fieldwork 4.3.5 Timing/Location of Fieldwork 4.3.6 Use of Audit Command Language 4.3.7 Preliminary Audit Findings 4.4 Audit Report Finalization 4.5 Follow-Up of Audit Recommendations	Implemented
5. Administrative Matters 5.1 Daily Time Report 5.2 Internal and External Communication 5.3 Safekeeping of Working Papers 5.4 Report on Internal Audit Activities 5.5 Audit Library 5.6 Technology Resource Request 5.7 Timekeeping and Work Hours	Implemented

(g) Mechanisms and Safeguards

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<p><i>The auditors are free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content.</i></p> <p><i>Internal auditors have no direct operational responsibility or authority over any of the activities audited. Accordingly, they do not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditor's judgment.</i></p> <p><i>The Chief Internal Auditor confirms to the Audit Committee, at least annually, the organizational independence of the internal audit activity.</i></p> <p><i>Meanwhile, the Chairperson of the Audit Committee is an independent director. All members of the committee are independent of management.</i></p> <p><i>The Audit Committee also reviews and confirms the independence of the external auditors by obtaining statements from the auditors on the relationship between the auditors and the company, including non-audit services. The committee also ensures that the external</i></p>	<p><i>The Company does not in any way influence the financial analysts to follow its position on certain financial assumptions and analysis even if it sometimes disagrees with the contents of the analyst reports.</i></p>	<p><i>The Company does not in any way influence the investment banks in preparing and analyzing their own valuation models even if it sometimes disagrees with the results.</i></p>	<p><i>The Company does not deal with rating agencies.</i></p>

<i>auditor is rotated every five years or earlier or the handling partner is changed.</i>			
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(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

Mr. Eugenio L. Lopez III (Chairman of the Board)
Ms. Ma. Rosario Santos-Concio (President, Chief Executive Officer and Chief Content Officer)
Mr. Aldrin M. Cerrado (Chief Finance Officer and Compliance Officer)

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare		Under the Company's Code of Conduct, favoring or conniving with suppliers, customers or any other person in consideration of kickbacks, personal rebates or any valuable consideration is considered an offense. Company personnel who do not adhere to this policy are dealt with accordingly.
Supplier/contractor selection practice		
Environmentally friendly value-chain	<i>The Company shall be actively involved in the preservation of natural resources.</i>	<i>The Company complies with several government environmental laws through the following initiatives: re-use or recycling of effluent water (PD984 or Clean Water Act); proper disposal of busted lamps used oil and used/spent batteries (RA6969 or Toxic Substance and Hazardous and Nuclear Waste Control Act) and annual stack emission testing of generator sets (RA8749 or Clean Air Act).</i> <i>The Company saves energy its office headquarters by installing variable frequency drives for chilled water pump operations in the centralized air conditioning system. It also has materials recovery facilities for solid waste management, which results in an average reduction of 25 tons per year of solid waste for disposal. The vermicomposting facilities</i>

		<p>reduce solid waste from tree and plant trimmings and the resulting organic fertilizer is used for plants propagation. The Company uses mostly "green sealed" or "designed for the environment" chemicals for housekeeping, which reduces the health risk among cleaners. The Company also has properly labeled trash cans (reusable, biodegradable, non-biodegradable) which makes it easy to segregate waste. It also uses biodegradable trash bags.</p>
Community interaction	<p><i>The Company shall be a good corporate citizen in the areas where it operates.</i></p>	<p>The ABS-CBN Foundation, Inc. was established to become a holistic community builder. "Bantay Bata," a child protection and welfare organization cited by the United Nations Convention on the Rights of the Child, responds to thousands of hotline calls and handles hundreds of rescue causes. The program also provides scholarships and conducts feeding programs. As the term implies, "Bantay Kalikasan" is engaged in environmental protection through policy formulation assistance, reforestation, river system rehabilitation and ecotourism promotion. "Sagip Kapamilya" is involved in relief operations and rehabilitation after a natural or man-made disaster. It also trains schools and communities in disaster risk reduction.</p> <p>The Company also actively engages its immediate environment to ensure effective management of the community and compliance to policies, rules and regulations.</p> <p>The Company sends representatives to meetings, hearings and public consultations on various issues conducted by the barangay. The Company also requests for barangay clearance/permit for tapings, production shootings, half-road closures and use of sidewalks as parking area during stockholders' meetings, program launchings, awarding ceremonies, etc.</p> <p>Incident reports to the barangay in relation to accidents, robbery,</p>

		<p>illegal parking, illegal vendors, violation of tricycle drivers and establishment are submitted by the Company. In addition, the Company supports the barangay on its information drive by covering barangay-related activities.</p>
Anti-corruption programmes and procedures		<p>Under its' Code of Conduct, the misappropriation of the Company's funds and property is considered an offense. Failure to remit, pay, reimburse, liquidate any money, collection or cash advance, or return and/or deliver goods, stocks, and other properties is also considered an offense. Company personnel who do not follow the policies are given appropriate disciplinary actions. Employees who commit fraud can be charged criminally with the appropriate authorities.</p>
Safeguarding creditors' rights	<p>The Company shall comply with the debt servicing requirements of the creditors. The Company shall also ensure that the documentary requirements of the creditors are complete, accurate and submitted on time.</p>	<p>Creditors are regularly provided financial and operational information about the company through quarterly and annual investors' briefings. The Company's Treasury Head updates the creditors of the company's performance on a regular basis and when there is an immediate need.</p> <p>New contracts/agreements for investments, loan availments, asset disposals, mergers and acquisitions, etc. are reviewed by the Company's Legal Department in order to determine if certain provisions may violate existing loan covenants. In cases when certain covenants will be breached, the Treasury seeks the consent of creditors to undertake the new initiative or when appropriate, negotiate with counter parties to remove/modify provisions that may have a consequence of breaching any loan covenants.</p>

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

Yes.

3) Performance-enhancing mechanisms for employee participation.

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

	Policy
Health	The Company values its human resources as its prime asset hence, health and wellness programs for the employees are part of the mandate that rests upon the HR Operations for implementation. These include programs mandated by the government and those initiated by the Company.
Safety	The protection of the Company's assets (i.e., people, property, information and reputation), is essential to the long-term success of the business. Security and safety of these assets are therefore of paramount importance. For this purpose, management shall ensure that adequate resources are available to support and sustain security and safety programs, projects and activities.
Welfare	Aligned with the Company's mission of being in the service of the Filipino, the Company takes this mission to heart, foremost, to its very own "Kapamilya," its workforce. It provides assistance to its employees during contingencies such as calamities, accidents, illness and bereavement, among others.

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

	Programs/Initiatives											
Health	<ul style="list-style-type: none">Medical insurance with the Company's accredited HMO provider is a standard benefit for all regular employees including their immediate dependents.The Company has a flexible benefits program (Flexben) for its regular employees wherein allowances for medical, optical, rice and educational expenses may be availed of either in lump amounts or in the form of purchases of vaccine or medical insurance package for family members.The Company has medical clinics which operates 24/7 in its premises. These clinics are manned by competent registered doctors and nurses who have varied specializations such as internal medicine, family medicine, pulmonary medicine, OB/gynecology and nutrition.The annual physical exam and follow thru consultation for each employee are done regularly.Health and Wellness Fair, sports/fitness activities, health symposium and awareness campaigns are regularly conducted to increase employees' health consciousness and promote healthy lifestyle.											
Safety	<ul style="list-style-type: none">Conduct of in-house basic occupational safety and health trainings and other technical safety trainings.Conduct of safety inspections and risk assessment of various Company facilities.Compliance to the policies of the Company's Health and Safety Committee.Compliance to the Fire Code (Republic Act 9514) through the conduct of fire and earthquake drills. The Company was also issued a fire safety inspection certificate.Compliance to the Department of Labor and Employment's Occupational Safety and Health Standards.Registration with the Department of Labor and Employment – Bureau of Working Conditions.Compliance to the policy of the Department of Labor and Employment – Bureau of Working Conditions that the Company should at least have one accredited safety practitioner.Implementation of contractor safety programs.											
Welfare	<ul style="list-style-type: none">Regular and covered program employees are extended assistance in the event of natural calamities. In the case of "Habagat" that hit NCR in August 2012, the Company extended the following financial assistance: <table><tr><td></td><td>No. of employees</td><td>Value (PhP)</td></tr><tr><td>Calamity assistance</td><td>324</td><td>6.5M</td></tr><tr><td>Calamity loan</td><td>240</td><td>6.8M</td></tr></table>				No. of employees	Value (PhP)	Calamity assistance	324	6.5M	Calamity loan	240	6.8M
	No. of employees	Value (PhP)										
Calamity assistance	324	6.5M										
Calamity loan	240	6.8M										

	▪ There were 65 bereavement claims extended to employees amounting to PhP1.4M.
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(c) State the company's training and development programmes for its employees. Show the data.

<i>Course Name</i>	<i>No. of Graduates</i>
<i>Basic Management Courses</i>	<i>38</i>
<i>Basic Supervisory Courses</i>	<i>42</i>
<i>Coaching and Mentoring</i>	<i>49</i>
<i>Engineering the Performance System</i>	<i>63</i>
<i>Interaction Management</i>	<i>28</i>
<i>Project Management</i>	<i>86</i>

Entrepreneurial Leadership Program

<i>Modules</i>	<i>No. of Graduates</i>
<i>Critical Thinking Skills</i>	<i>21</i>
<i>Finance for Non-Finance</i>	<i>29</i>
<i>Entrepreneurial Marketing</i>	<i>27</i>
<i>Operations Management</i>	<i>48</i>
<i>Organizational and Financial Resource Management</i>	<i>28</i>
<i>Leadership and Business Ethics</i>	<i>28</i>
<i>Environmental Analysis</i>	<i>19</i>
<i>Internal Analysis</i>	<i>20</i>
<i>Strategy Formulation, Implementation and Monitoring</i>	<i>17</i>
<i>Self-Mastery</i>	<i>23</i>

In addition to the above training programs, 844 employees completed enrollments in various e-learning courses. Examples of e-learning courses are: Performance Management System; Understanding TV Ratings; Safety Orientation: Workplace Safety; Financial Statements and Ratios and Information Security

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

The annual variable pay provides incentive for achieving target performance measures. Company officers and employees are given variable pay based on the actual financial performance of the Company and the officer's/employee's individual performance appraisal.

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

The whistleblowing policy, which is now in its final stage of review and approval by top management, provides for and encourages employees and others to report, in good faith, any wrongful conduct committed by

employees which they have personal knowledge of. The policy will assure employees of protection against harassment, threats and any other forms of retaliation from the person/s reported.

The policy shall serve as a clear statement that if any wrongdoing by any of Company employees is identified and reported accordingly, it will be dealt with, through investigation and proper imposition of accountability.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Lopez Holdings	446,231,607	57	None
ABS Holdings	271,986,700	35	None

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Eugenio Lopez III	651,191	0	.08
Ma. Rosario Santos-Concio	1	0	.00
Rolando Valdueza	48,500	0	.01
Ma. Socorro Vidanes	10,000	0	.00
Mario Carlo Nepomuceno	35,351	0	.00
Vivian Tin	8,600	0	.00
Martin Lopez	19,659	0	.00
TOTAL	773,302	0	0.10

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	10
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

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

The Company's whistle blowing policy is currently in the final stage of review and approval by top management.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
<i>SyCip, Gorres, Velayo & Co.</i>	<i>PhP24,662,605</i>	<i>PhP2,380,664</i>

4) Medium of Communication

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

The Company disseminates information through its investor relations website, printed reports and online PSE disclosures.

5) Date of release of audited financial report: *April 27, 2012 for the 2011 audited financial report; March 27, 2013 for the 2012 audited financial report.*

6) Company Website

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

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

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

Not applicable

7) Disclosure of RPT

RPT	Relationship	Nature	Value
<i>Blocktime fees paid by the Parent Company (ABS-CBN Corp.) and Studio 23 to Amcara</i>	<i>Associate</i>	<i>Blocktime fees</i>	<i>PhP32,475</i>
<i>Expenses paid by ABS-C to Bayantel, a subsidiary of Lopez, Inc. and other related parties</i>	<i>Entities under common control</i>	<i>Rent and utilities</i>	<i>PhP431,236</i>
<i>Expenses and charges paid for by the Parent Company which are reimbursed by the concerned related parties</i>	<i>Entities under common control</i>	<i>Rent and utilities</i>	<i>PhP221,867</i>
<i>Expenses paid by the Parent Company and subsidiaries to Bayantel</i>	<i>Entities under common control</i>	<i>Service fees and utilities expenses</i>	<i>PhP184,573</i>

<i>and other related parties</i>			
<i>Expenses paid by Sky Cable to Bayantel and other related parties</i>	<i>Entities under common control</i>	<i>Bandwidth costs and utilities expenses</i>	<i>PhP148,699</i>
<i>Termination cost charges of Bayantel to ABS-CBN Global</i>	<i>Entities under common control</i>	<i>Termination cost</i>	<i>PhP56,973</i>
<i>Management and other service fees</i>	<i>Entities under common control</i>	<i>Management fee</i>	<i>PhP39,678</i>
<i>Airtime revenue from Bayantel</i>	<i>Entities under common control</i>	<i>Airtime fees</i>	<i>PhP19,862</i>
<i>Due from: Bayantel</i>	<i>Affiliate</i>	<i>Trade & other receivables</i>	<i>PhP245,255</i>
<i>Due from: Amcara</i>	<i>Associate</i>	<i>Trade & other receivables</i>	<i>PhP145,052</i>
<i>Due from: ABS-CBN Foundation, Inc.</i>	<i>Affiliate</i>	<i>Trade & other receivables</i>	<i>PhP39,862</i>
<i>Due from: First Philippine Holdings Corporation</i>	<i>Affiliate</i>	<i>Trade & other receivables</i>	<i>PhP10,264</i>
<i>Due from: Goldlink Securities and Investigative Services, Inc.</i>	<i>Affiliate</i>	<i>Trade & other receivables</i>	<i>PhP5,772</i>
<i>Due from: Rockwell Land, Corp.</i>	<i>Affiliate</i>	<i>Trade & other receivables</i>	<i>PhP4,254</i>
<i>Due from: Lopez Holdings</i>	<i>Affiliate</i>	<i>Trade & other receivables</i>	<i>PhP3,095</i>
<i>Due from: Star Cinema</i>	<i>Associate</i>	<i>Trade & other receivables</i>	<i>PhP2,153</i>
<i>Due from: Others</i>	<i>Affiliate</i>	<i>Trade & other receivables</i>	<i>PhP10,558</i>
<i>Due to: Lopez Holdings</i>	<i>Affiliate</i>	<i>Trade & other payables</i>	<i>PhP8,305</i>
<i>Due to: Lopez, Inc.</i>	<i>Parent</i>	<i>Trade & other payables</i>	<i>PhP578</i>
<i>Due to: Others</i>	<i>Affiliates</i>	<i>Trade & other payables</i>	<i>PhP21,046</i>

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

None.

J. RIGHTS OF STOCKHOLDERS

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

(a) Quorum

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

Quorum Required	<i>Majority of outstanding stock entitled to vote</i>
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	<i>Motioning and seconding</i>
Description	<i>A stockholder motions for the approval of corporate acts and should be seconded by another stockholder.</i>

(c) Stockholders' Rights

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

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
<i>None</i>	<i>None</i>

Dividends

Declaration Date	Record Date	Payment Date
<i>March 30, 2012</i>	<i>April 25, 2012</i>	<i>May 22, 2012</i>

(d) Stockholders' Participation

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

Measures Adopted	Communication Procedure
<i>None</i>	<i>Not applicable</i>

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

All of the above required the approval of shareholders. Shareholders vote on these in a stockholders meeting.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? *No.*

a. Date of sending out notices: *May 30, 2012*

b. Date of the Annual/Special Stockholders' Meeting: *June 21, 2012*

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

No questions were asked during the last meeting (Special Stockholders' Meeting).

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
<i>Election of the Directors</i>	<i>97%</i>	<i>0%</i>	<i>3%</i>
<i>Approval of the Acts of the BOD, Executive Committee and Management for the</i>	<i>97%</i>	<i>0%</i>	<i>3%</i>

period January 1, 2011 to December 31, 2011			
Appointment of external auditor	97%	0%	3%

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

The results were not published.

(e) Modifications

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

Modifications	Reason for Modification
None	Not applicable

(f) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	<ul style="list-style-type: none"> Eugenio Lopez III Augusto Almeda-Lopez Ma. Rosario Santos-Concio Oscar Lopez Presentacion Psinakis Federico Lopez Federico Garcia Salvador Tirona Javier Calero 	June 21, 2012	Motioning and seconding	97.0%	0.2%	97.2%
Special	<ul style="list-style-type: none"> Eugenio Lopez III Augusto Almeda-Lopez Ma. Rosario Santos-Concio Oscar Lopez Presentacion Psinakis Federico Lopez Federico 	November 15, 2012	Motioning and seconding	97.2%	0.2%	97.2%

	<i>Garcia</i> • <i>Salvador Tirona</i> • <i>Javier Calero</i> • <i>Vicente Mendoza</i>					
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- (ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Yes, through the stock transfer office.

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

Yes.

(g) Proxy Voting Policies

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

	Company's Policies
Execution and acceptance of proxies	<i>Any stockholder entitled to vote may be represented at any regular or special meeting of stockholders by a duly executed proxy. Proxies should be in writing, properly signed and witnessed by one party.</i>
Notary	<i>Not required.</i>
Submission of Proxy	<i>The written proxy shall be filed with the Office of the Corporate Secretary of the Company not later than 10 calendar days prior to the scheduled stockholders meeting.</i>
Several Proxies	<i>None</i>
Validity of Proxy	<i>None</i>
Proxies executed abroad	<i>None</i>
Invalidated Proxy	<i>None</i>
Validation of Proxy	<i>None</i>
Violation of Proxy	<i>None</i>

(h) Sending of Notices

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

Policies	Procedure
<i>Notices to annual/special stockholders' meeting are to be sent to all stockholders 15 business days prior to the meeting.</i>	<i>The Company's Investor Relations Officer drafts the stockholders' meeting letter of invitation while the stock transfer agent sends out the notices via mail and monitors the attendance during the meeting itself.</i>

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	6,062
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	May 30, 2012
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	May 30, 2012
State whether CD format or hard copies were distributed	Hard copies
If yes, indicate whether requesting stockholders were provided hard copies	

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

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

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

Not applicable.

2) Treatment of Minority Stockholders

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

Policies	Implementation
None	Not applicable

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

Yes.

K. INVESTORS RELATIONS PROGRAM

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

As a publicly listed corporation, the Company is subject to reporting requirements prescribed by regulatory authorities, including the SEC and the PSE, among others. The Company is compliant in submitting timely structured and non-structured reports and disclosure filing required by the SEC and the PSE.

To complement these disclosures, the Company's Investor Relations Group holds regular analyst and press briefings coincident with its quarterly and annual report submissions that further explain, elaborate on and contextualize the Company's operating performance and financial condition and results. The Company's Chief Finance Officer, Head of Treasury and its Head of Investor Relations are always present at these investor, analyst and press briefings to address any questions that may be raised concerning the Company's operating and financial results.

In addition, the Company's Chief Finance Officer, Head of Treasury and its Head of Investor Relations, meet with representatives of institutional investors and investment funds upon request and at various investor conferences throughout the year for more intimate and detailed discussions about the Company's businesses, operating and financial results, business prospects and long-term plans. Inquiries from institutional and individual investors received by regular or electronic mail are also duly acknowledged and addressed in a timely and transparent manner.

The Company maintains an investor relations website that contains information on its history and businesses, its Board of Directors and senior management executives, financial information and reports and disclosures filed with the SEC and the PSE, share price performance and dividend history and investor relations contact information.

The Company's Investor Relations website may be found on <http://ir.abs-cbn.com>

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

	Details
(1) Objectives	To provide all information requirements of investors. To ensure that all needs and requirements of investors are met.
(2) Principles	The Company fully respects shareholder rights and complies with regulatory and legal requirements that enforce and ensure that such rights are respected. These requirements include due and proper notification of general meetings and provision of adequate, transparent and timely information to shareholders.
(3) Modes of Communications	Email, telephone
(4) Investors Relations Officer	Melissa C. Ortiz, 4152272 ext 4981, melissa_ortiz@abs-cbn.com

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

None.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

None.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

From the very beginning, the Company's mission has been to help build the nation through free broadcasting. As though such public service was not enough, the Company wants to directly reach out to every family: to build their home, to ensure the welfare of the children, to provide livelihood, to uplift their community and the environment where it resides.

The ABS-CBN Foundation, Inc. (AFI) was created in 1989. Initially, it addressed the plight of the disadvantaged through TV Patrol's *Lingkod Bayan* segment. Over the years, AFI evolved to become the holistic community builder that it is today.

In 1994, AFI's E-Media started producing educational TV shows. Today, more than 9,000 schools have benefitted from the TV-assisted education packages. Recently, the program ventured into curriculum enhancement in a program called Genio. One of the schools using Genio experienced a 34.98 increase in its National Achievement Test score.

Bantay Bata, a child protection and welfare organization cited by the United Nations Convention on the Rights of the Child, has responded to thousands of hotline calls and has handled hundreds of rescue cases since 1996. In 2012, it granted scholarships to over 400 pupils. Bantay Bata's feeding program in 2012 has helped achieve normal nutrition status up to over 90% of the beneficiaries.

Bantay Kalikasan, started in 1998, is responsible for the reforestation of the La Mesa Watershed and also influenced the passage of the Clean Air Act. In the past two years, Bantay Kalikasan's work in Palawan has been to support ecotourism, a better alternative to mining.

Another AFI program for the environment is the Kapit Bisig Para sa Ilog Pasig. It has successfully cleaned and maintained some of the main esteros of the river system. The informal dwellers along the banks of the Pasig River have been relocated to a resettlement site called Bayanijuan sa Calauan. Every Bayanijuan site brings together the efforts of government agencies, NGOs, private sector and ABS-CBN to holistically develop sustainable communities. Recently completed projects include the completion of a 3-storey school building, construction of a livelihood and training center and the redevelopment of a public market.

In the Philippines, AFI's Sagip Kapamilya is top-of-mind when it comes to relief operations and rehabilitation after a natural or man-caused disaster. Now, it also trains schools and communities in disaster risk reduction. Once again harnessing the heroism of donors, and volunteers, Sagip Kapamilya served the victims of typhoon Sendong and the Metro Manila "habagat", among other tragedies. Funds were also used to build 178 classrooms and to give 354 scholarship grants.

The Company's Regional Network Group (RNG) does community work in all provinces of the country throughout the year. To enhance the health of our Kapamilya in the regions, RNG activities in 2012 included feeding programs, blood donation drives, medical and dental missions, free surgery, goiter awareness, anti-dengue drive, pre-natal services, free circumcision, pet deworming and anti-rabies vaccination. They also helped ensure the availability of free drinking water. RNG helps preserve the environment through activities like tree planting, river rehabilitation, flood prevention and clean-up of surroundings. Every year, RNG helps guarantee the quality of education by helping reconstruct classrooms, giving computers, books and other school supplies. In 2012, they gave awards to the most outstanding high school graduates and also sponsored student newscasting competitions in different provinces. Employment is a major concern in the provinces which is the reason why RNG mounted in 2012 their annual job fairs, livelihood seminars and discount fairs. Another service that the RNG offices provided in 2012 was free legal consultations. They continuously show love to our regional Kapamilyas through giving of gifts and noch ebuna packs, fun days with the stars, storytelling and the giving away of wheelchairs.

The Company's radio DZMM is true to its promise to be No.1 in public service. Its Teaching Learning Caring (TLC) program has two components: Clinic-On-Wheels and Classroom-On-Wheels. In 2012, they reached 56 barangays in Metro Manila, Bulacan and Cavite. They also went over to Davao Oriental and Compostela Valley to help calamity victims.

The 2012 Takbo Para sa Karunungan of DZMM benefitted 75 scholars from the typhoon-devastated areas of Cagayan de Oro and Iligan. In 2012, 1,600 women attended DZMM's annual Buntis Congress. The attendees listened to lectures on mother and baby health. They had 380 blood donors participating in their 2012 mounting of the annual Dugong Alay, Dugtong Buhay project. DZMM concludes every year with a charity project. In 2012, they treated indigent families to a day of fun and gift-giving with ABS-CBN celebrities at the Enchanted Kingdom.

The abovementioned projects of RNG and DZMM are on top of the public service they render through TV and radio programs on health and small-scale entrepreneurship.

Every Division of the Company has its own acts of kindness. The Company's news anchors and reporters give various kinds of assistance to individuals and communities that they meet on the job. The Corporate Communication Division annually runs the Pinoy Media Congress which enables mass communication students to learn directly from ABS-CBN Executives. The Company, truly dedicated to developing the next generation of

communication practitioners, has a current partnership with the Ateneo de Manila University. Students from all other schools also benefit from on-the-job training in various departments. The other Divisions and business units do their own versions of medical missions, gift-giving and feeding programs.

The Company does it share in preserving the environment through a waste water recycling system in its main headquarters.

In one employee survey, employees were asked about what makes them most proud about the Company. Almost all said it's "being in the Service of the Filipino."

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

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

	Process	Criteria
Board of Directors	None	None
Board Committees	None	None
Individual Directors	None	None
CEO/President	None	None

N. INTERNAL BREACHES AND SANCTIONS

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

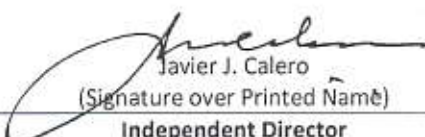
Violations	Sanctions
Non-compliance with the Corporate Governance Manual.	<p>The Board may take appropriate actions, after notice and hearing, on the individual directors, officers and employees such as censure, suspension or removal from office depending on the gravity of the offense as well as the frequency of the violation.</p> <p>The commission of a serious violation of a material provision of the corporate governance manual by any member of the Board shall be sufficient cause from removal from directorship.</p>

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Quezon on 01 July, 2013.


SIGNATURES


Eugenio L. Lopez III
(Signature over Printed Name)
Chairman of the Board

-out of the country-
Ma. Rosario Santos-Concio
(Signature over Printed Name)
Chief Executive Officer



Javier J. Calero
(Signature over Printed Name)
Independent Director

-out of the country-
Justice Vicente V. Mendoza
(Signature over Printed Name)
Independent Director


Aldrin M. Cerrado
(Signature over Printed Name)
Compliance Officer

SUBSCRIBED AND SWORN to before me this 01 JUL 2013 day of 20, affiant(s) exhibiting to me their passport/ community tax certificate, as follows:

NAME/NO.		DATE OF ISSUANCE	PLACE OF ISSUE
Eugenio L. Lopez III	Passport XX3010978	13 February 2009	Manila
Aldrin M. Cerrado	CTC 13883364	10 January 2013	Quezon City
Javier J. Calero	CTC 1201114015626	2 February 2013	Pasig City


ANA SOFIA A. BIASON
NOTARY PUBLIC
FOR AND IN THE CITY OF PASIG, TAGUIG AND
SAN JUAN AND IN THE MUNICIPALITY OF PATEROS
UNTIL DECEMBER 31, 2014
NOTARY PUBLIC
PTR NO. 8411216; 1/3/13; PASIG CITY
IBP NO. 913923; 1/2/13; RSM
RCU NO. 61008/APPOINTMENT NO. 157 (2013-2014)
21/F Robinsons-Equitable Tower
4 ADB Ave. cor. Poveda St.
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