





## **NOTICE OF ANNUAL STOCKHOLDERS' MEETING**

**To: All Stockholders of  
ABS-CBN Corporation**

Please take notice that the Annual Meeting of the Stockholders of **ABS-CBN Corporation** will be held virtually or conducted through remote communication via [https://agm.conveneagm.com/abscbn\\_asm2020](https://agm.conveneagm.com/abscbn_asm2020) on September 24, 2020 at 8:00 a.m., to discuss the following:

### **A G E N D A**

1. Call to Order
2. Proof of Service of Notice
3. Certification of Presence of Quorum
4. Approval of the Minutes of the Annual Stockholders' Meeting held on April 25, 2019
5. Report of Management
6. Ratification of the Audited Financial Statements and Approval of Report of Management
7. Election of Directors for the Ensuing Year
8. Ratification of all acts of the Board of Directors, Executive Committee and Management for the period covering January 1, 2019 through December 31, 2019 adopted in the ordinary course of business
9. Appointment of External Auditors
11. Other Business
12. Adjournment

For purposes of the meeting, only stockholders of record as of August 14, 2020 are entitled to attend and vote in the said meeting.

Given the current circumstances, stockholders may only attend the meeting by remote communication, by voting in absentia, or by appointing the Chairman of the meeting as proxy.

Online participation and voting by remote communication will be available for all stockholders. Stockholders who wish to participate and vote online by remote communication will be required to register starting September 3, 2020 and until September 14, 2020. Stockholders who are not able to register as of September 14, 2020 can no longer avail of online voting but may still participate by remote communication, provided such stockholders shall register not later than September 14, 2020. The **Registration and Validation Procedures for the 2020 Annual Stockholders Meeting (Virtual)** are set out below as **Annex "A"**, as attached to this Notice and Agenda.

Stockholders intending to participate by remote communication should register at [https://agm.conveneagm.com/abscbn\\_asm2020](https://agm.conveneagm.com/abscbn_asm2020).

All stockholders who will not, are unable, or do not expect to attend the virtual meeting in person may choose to execute and send a valid proxy in writing to the Office of the Corporate Secretary, at 11F Investor Relations Office, ELJ Bldg. Mother Ignacia St. Quezon City or by email at [corporatesecretary@abs-cbn.com](mailto:corporatesecretary@abs-cbn.com) or in digital/electronic form at [https://agm.conveneagm.com/abscbn\\_asm2020](https://agm.conveneagm.com/abscbn_asm2020) on or before September 14, 2020. Proxies shall be validated beginning on September 15, 2020.

August 28, 2020,

By order of the Board of Directors:

A handwritten signature in blue ink, appearing to read "Enrique Quiason".

**ENRIQUE QUIASON**  
Corporate Secretary

## **Annex A**

# **Registration and Validation Procedures for the 2020 Annual Stockholders Meeting (Virtual)**

**Registration and Validation Procedures for the Virtual ASM:**

**Note: In line with the Covid-19 pandemic ABS-CBN Corporation is restricting all communications thru the online and designated email address(es) provided. Please be guided accordingly.**

1. Validation of stockholders will be from September 3, 2020 to 6:00 p.m. of September 14, 2020..
2. Stockholders who will execute a proxy must submit their duly executed proxy thru this link [https://agm.conveneagm.com/abscbn\\_asm2020](https://agm.conveneagm.com/abscbn_asm2020) on or before September 14, 2020, validation of proxies is scheduled on September 15, 2020.

*Note: For corporate stockholders, a secretary's certificate on the authorized signatory to execute the proxy is required to be submitted. Scanned copies of the secretary's certificate may be uploaded, but the Corporation reserves the right to require the submission of the originals for authentication.*

3. Stockholders who intend to participate in the virtual ASM must register thru this link [https://agm.conveneagm.com/abscbn\\_asm2020](https://agm.conveneagm.com/abscbn_asm2020) for validation starting on September 4, 2020 until September 14, 2020 and submit the following documents:

*For certificated stockholders:*

- a. Name
- b. Address
- c. Email address
- d. Contact number
- e. Scanned copy of two valid government issued IDs

*For stockholders whose shares are lodged with brokers:*

- a. Certification from broker stating the name and number of shares of the beneficial owner and that they are beneficial owner as of the record date (must be complete)
- b. Address
- c. Email address
- d. Contact number
- e. Scanned copy of two valid government issued IDs

*Note: the above documents will be subject to review for purposes of validation and we may require additional documents as needed.*

4. Validated stockholders and proxies will get a confirmation thru email and will be provided with a link to the virtual ASM and the link to cast their vote on or before September 14, 2020.
5. Validated stockholders and proxies may cast their vote through the designated link until September 14, 2020.
6. For the determination of the quorum, all shares represented by duly validated proxies will be counted as "shares represented by proxies" and shares of validated stockholders present at the virtual ASM will be counted as "shares present in person". The Corporate Secretary shall announce all the results during the meeting proper subject to final tabulation.
7. For the tabulation of votes, all validated proxies and ballots submitted on or before September 14, 2020, will be tabulated by the Office of the Corporate Secretary and validated by SGV.
8. Questions and comments may be submitted during registration and until 6:00 p.m. September 14, 2020.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b)  
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

Preliminary Information Statement

Definitive Information Statement

2. Name of registrant as specified in its charter:

ABS-CBN CORPORATION

3. Province, Country or other jurisdiction of incorporation or organization

QUEZON CITY, PHILIPPINES

4. SEC Identification Number: 1803

5. BIR Tax Identification Number: 000-406-761-000

6. Address of Principal Office

ABS-CBN Broadcast Center  
Sgt. Esguerra Avenue corner Mother Ignacia Street  
Quezon City 1103 Philippines

7. Registrant's telephone no. and area code: (632) 3415-22-72

8. Date, time and place of the meeting of security holders

Date : September 24, 2020

Time : 8:00 A.M.

Place : [https://agm.conveneagm.com/abscbn\\_asm2020](https://agm.conveneagm.com/abscbn_asm2020)

9. Approximate date of which the Information Statement is first to be sent or given to security holders

August 28, 2020

10. Securities registered pursuant to Sections 8 & 12 of the Code or Section 4 and 8 of the Revised Securities Act:

Common Shares

883,295,819 shares

**11. Are any or all of these securities listed on the Philippine Stock Exchange?**

Yes [ / ] No [ ]

The Company's common shares have been listed on the Philippine Stock Exchange since 1992.

## EXPLANATION OF AGENDA ITEMS

1. Call to Order

The Chairman of the Board, Mr. Mark L. Lopez, will call to order the Annual Stockholders' Meeting.

2. Proof of Service of Notice

The Corporate Secretary will be asked to certify that copies of the Notice and Agenda of the meeting, among others, were served upon the stockholders entitled to the same through publication in two (2) newspapers of general circulation, in print and online.

3. Certification of Presence of Quorum

The Corporate Secretary will then certify whether or not, based on the number of shares present, through remote communication, *voting in absentia* or by proxy, a quorum exists for a valid meeting.

Pursuant to Sections 57 and 23 of the Revised Corporation Code which allow voting *in absentia* by the stockholders, the Corporation has set up [https://agm.conveneagm.com/abschn\\_asm2020](https://agm.conveneagm.com/abschn_asm2020) as the designated online web address which may be accessed by the stockholders to register and vote *in absentia* on the matters presented for resolution at the meeting. A stockholder who votes *in absentia* as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum.

The following are the rules of conduct and procedures for the meeting:

- (i) Stockholders may attend the meeting via remote communication through [https://agm.conveneagm.com/abschn\\_asm2020](https://agm.conveneagm.com/abschn_asm2020). Questions and comments may be sent by email on or before September 14, 2020 at [corporatesecretary@abs-cbn.com](mailto:corporatesecretary@abs-cbn.com) and shall be limited to the Items in the Agenda.
- (ii) Each of the proposed resolutions will be shown on the screen in the venue and during the livestreaming as the same is taken up at the meeting.
- (iii) Stockholders must notify the Company of their intention to participate in the Meeting by remote communication to be included in determining quorum, together with the stockholders who voted *in absentia* and by proxy.
- (iv) Voting shall only be allowed for Stockholders registered in the online system through [https://agm.conveneagm.com/abschn\\_asm2020](https://agm.conveneagm.com/abschn_asm2020) or through the Chairman of the meeting as proxy.
- (v) Stockholders voting *in absentia*, who have previously registered through [https://agm.conveneagm.com/abschn\\_asm2020](https://agm.conveneagm.com/abschn_asm2020), may cast their votes electronically at any time using such online web address prior to or during the meeting.
- (vi) All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present at the meeting.
- (vii) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes.
- (viii) The Office of the Corporate Secretary will tabulate all votes received and an independent third party will validate the results. The Corporate Secretary shall report the results of voting during the meeting.

4. Approval of the Minutes of the Annual Stockholders' Meeting held on April 25, 2019

The minutes of the previous annual stockholders' meeting has been made available on the Company's website [<https://www.abs-cbn.com/investors/annual-stockholders-meeting/2019-annual-stockholders-meeting/2019-minutes-of-the-annual-stockholders-meeting/id-204>]. Copies of the minutes will also be



distributed to the stockholders upon registration at [https://agm.conveneagm.com/abscbn\\_asm2020](https://agm.conveneagm.com/abscbn_asm2020). A resolution on this item requires the approval of a majority of the votes of the stockholders present and eligible to vote. The minutes of the annual stockholders' meeting held on April 25, 2019 contain discussions of the following items:

- Approval of the Minutes of the Annual Stockholders' Meeting held on April 19, 2018
- Report of the President and Discussions of Questions from the Stockholders
- Approval of Audited Financial Statements for the Year Ended December 31, 2018;
- Election of the Directors
- Ratification and approval of the acts of Board, the Officers and Management for the fiscal year 2018;
- Appointment of External Auditors;
- Investment of Funds in Business Ventures with Purposes other than the Primary Purpose
- Adjournment

5. Report of Management

The President and Chief Executive Officer will render the Report of Management on the Company's performance in 2019, as reflected in the audited financial statements.

6. Ratification of the Audited Financial Statements and Approval of Report of Management

The stockholders will be requested to ratify the Board's approval of the Corporation's audited financial statements as of December 31, 2019 and to approve the report of management. The audited financial statements are attached to the Information Statement and sent to eligible stockholders pursuant to the requirements of the Securities Regulation Code.

A resolution on the ratification of the approval of the audited financial statements and the approval of the report of management requires the approval of a majority of the votes of stockholders present and eligible to vote.

7. Election of Directors for the Ensuing Year

Pursuant to the Corporation's By-Laws, Manual of Corporation Governance, and applicable rules of the Securities and Exchange Commission, any stockholder, including minority stockholders, may submit nominations for the election of directors at least ten (10) calendar days prior to the date of the meeting or by September 14, 2020. As of August 12, 2020, the Nomination and Election Committee received nominations for directors and found such nominees to have all the qualifications and none of the disqualifications to serve as directors. The names of the nominees and their respective profiles, including directorships in listed companies, are duly indicated in the Information Statement. The election of directors will be done by plurality of votes using cumulative voting and voting by poll.

8. Ratification of the Acts of the Board and of Management

This will cover all acts and resolutions adopted by the board of directors and management since January 1, 2019 until December 31, 2019. These cover matters entered into in the ordinary course of business, with those of significance having been covered by the proper disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange in accordance with applicable disclosure rules. A resolution on this agenda item requires the approval of a majority of the votes of stockholders present and eligible to vote.

9. Appointment of External Auditors

The Audit Committee has recommended the re-appointment of SyCip, Gorres, Velayo & Co. as external auditors for the ensuing year. The profile of the firm is duly indicated in the Information Statement. A resolution on this agenda item requires the approval of a majority of the votes of stockholders present and eligible to vote.

10. Consideration of such other business as may properly come before the meeting

The Chairman will open the floor for comments and questions by the stockholders submitted beforehand in accordance with the rules

11. Other Business

This covers consideration of other business that may properly come before the meeting.

Under SEC Memorandum Circular No. 14, series of 2020, stockholders who alone, or together with other shareholders, hold at least five percent (5%) of the outstanding capital stock of ABS-CBN Corporation, shall have the right to include items on the agenda prior to the annual stockholders meeting.

The Company did not receive any such request to include items on the agenda in accordance with the Memorandum Circular before the filing of this Information Statement. Items added on the agenda pursuant to the Memorandum Circular after the filing of this Definitive Information Statement shall be filed under Other Business.

The Chairman of the meeting will entertain other comments, questions, or proposals or points of clarification from the stockholders.

## PROXY FORM

Date:

### Item 1. Identification

This proxy will serve to nominate, constitute and appoint \_\_\_\_\_, as my attorney and proxy, to represent me at the Annual Meeting of the Stockholders of the Corporation scheduled on September 24, 2020 at 8:00 a.m. at [https://agm.conveneagm.com/abscbn\\_asm2020](https://agm.conveneagm.com/abscbn_asm2020), and any adjournment(s) thereof, as fully and to all intents and purposes as I might or could if present and voting in person, hereby ratifying and confirming any and all action taken on matters which may properly come before such meeting or adjournment(s) thereof.

### Item 2. Instruction

By affixing his/her signature on the space provided below, the undersigned stockholder hereby directs the said proxy to vote on the agenda items set forth below as he/she has expressly indicated by marking the same with an "X", failing which, his/her said proxy shall exercise full discretion in acting thereon. **If the undersigned stockholder fails to indicate his/her vote on the items specified below, this shall serve to authorize his/her proxy to exercise full discretion to act,**

Please be advised that proxies are validated by the Company's stock and transfer agent, Rizal Commercial Banking Corporation. The record date for the stockholders entitled to attend and to vote in the said meeting is **August 14, 2020**.

### Item 3. Revocability of Proxy

This proxy shall be valid for the Annual Stockholders Meeting scheduled on September 24, 2020 or any adjournment thereof. It shall be for a maximum period of five (5) years, unless withdrawn by the undersigned stockholder by written notice duly filed with the Corporate Secretary. This proxy shall not be valid where the undersigned stockholder personally appears and registers in the stockholders meeting. The proxy may not be withdrawn if coupled with an interest.

Proposal	Action		
	FOR	AGAINST	ABSTAIN
1. Approval of Minutes of the Annual Stockholders' Meeting held on April 25, 2019			
2. Ratification of the Audited Financial Statements for the Year Ended Dec. 31, 2019 and Approval of Report of Management			
3. Ratification of the Acts of the Board and of Management			
4. Election of Directors			
Federico M. Garcia			
Carlo L. Katigbak			
Augusto Almeda Lopez			
Eugenio Lopez III			
Federico R. Lopez			
Manuel M. Lopez			
Martin L. Lopez			
Oscar M. Lopez			
Salvador G. Tirona			
Emmanuel S. de Dios (Independent Director)			
Antonio Jose U. Periquet (Independent Director)			
5. Appointment of Sycip, Gorres, Velayo & Co. as External Auditors			

6. Consideration of such other business as may properly come before the meeting, including items added by stockholders pursuant to Memorandum Circular No. 14, series of 2020.			
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IN WITNESS WHEREOF, I have hereunto set my hand at \_\_\_\_\_, this \_\_\_\_\_, 2020.

\_\_\_\_\_  
 (Printed Name of Stockholder & Signature)

\_\_\_\_\_  
 (Witness)

NOTE: Accomplished proxy form, together with copies of valid identification cards, should be delivered on or before September 14, 2020 to the Office of the Secretary at corporatesecretary@abs-cbn.com.

**THIS PROXY FORM IS BEING PROVIDED AS A SAMPLE FOR USE BY THE STOCKHOLDERS SHOULD THEY WISH TO ACCOMPLISH THE SAME. IT IS NOT BEING SOLICITED ON BEHALF OF THE CORPORATION OR ITS MANAGEMENT. THE CORPORATION OR ITS MANAGEMENT IS NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND MANAGEMENT PROXY.**

## **ABS-CBN CORPORATION INFORMATION STATEMENT**

This information statement is dated August 28, 2020 and is being furnished to stockholders of record of ABS-CBN Corporation (“ABS-CBN” or the “Company”) as of August 14, 2020 in connection with the Annual Stockholders’ Meeting.

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.**

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### **A. GENERAL INFORMATION**

#### **Item 1. Date, time and place of meeting of security holders**

Date - September 24, 2020, Thursday  
Time - 8:00 A.M.  
Place - [https://agm.convneagm.com/abscbn\\_asm2020](https://agm.convneagm.com/abscbn_asm2020) via remote communication

Principal Office - ABS-CBN Broadcast Center, Sgt. Esguerra Ave.,  
cor. Mo. Ignacia St., Quezon City, Metro Manila

#### **Approximate date of which the Information Statement is first to be sent to security holders**

August 28, 2020

#### **Item 2. Dissenters’ Right of Appraisal**

A stockholder has a right to dissent and demand payment of the fair value of his share: (i) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares or of authorizing preferences over the outstanding shares or of extending or shortening the term of corporate existence; (ii) in case any sale, lease, mortgage or disposition of all or substantially all the corporate property or assets; (iii) in case of merger or consolidation and (iv) in case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

The appraisal right may be exercised by a stockholder who has voted against the proposed corporate action, by making a written demand on the Company within thirty (30) days after the date on which the vote was taken for the payment of the fair market value of his shares.

There are no matters or proposed corporate actions, which may give rise to a possible exercise by security holders of their appraisal rights under Title X of the Corporation Code of the Philippines.

#### **Item 3. Interest of Certain Persons in Matters to be acted upon**

- (a) No Director or Executive Officer of the Company has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon.
- (b) No Director has informed the Company of his opposition to any action to be taken by the registrant at the meeting.

## **B. CONTROL AND COMPENSATION INFORMATION**

### **Item 4. Voting Securities and Principal Holders Thereof**

- (a) The Company has 861,971,968 common shares subscribed and outstanding as of July 31, 2020. Every stockholder shall be entitled to one vote for each share of common stock held as of the established record date.
- (b) The Company has 1,000,000,000 preferred shares subscribed and outstanding as of July 31, 2020. The preferred shares are voting and every holder of preferred shares shall be entitled to one vote for each share of preferred stock held as of the established record date.
- (c) All stockholders of record as of August 14, 2020 are entitled to notice of and to vote at the Company's Stockholders' Meeting.
- (d) With respect to the election of directors, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may accumulate said shares and give one candidate as many votes as the number of directors to be elected or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the total number of shares owned by him multiplied by the whole number of directors to be elected.
- (e) Security ownership of certain Record and Beneficial Owners and Management:

#### **Security Ownership of Certain Records and Beneficial Owners as of July 31, 2020:**

<b>Title Of class</b>	<b>Name and Address of Record Owner</b>	<b>Name of Beneficial Owner and Relationship with Record Owner</b>	<b>Citizenship</b>	<b>No. of Shares Held</b>	<b>% of Class</b>	<b>% of Outstanding</b>
Common	Lopez, Inc. 5/F Benpres Bldg, Exchange Road cor Meralco Ave., Pasig City	Lopez, Inc.	Filipino	480,933,747	55.79%	25.83%
Common	PCD Nominee Corporation* G/F Makati Stock Exchange Bldg., Ayala Ave., Makati City	ABS-CBN Holdings Corporation	Filipino	286,760,200	32.46%	15.23%
Preferred	Lopez, Inc. 5/F Benpres Bldg, Exchange Road cor Meralco Ave., Pasig City	Lopez, Inc.	Filipino	987,130,246	98.71%	53.02%

*\*PCD Nominee Corporation is not related to the Company*

Lopez, Inc. is the holding company of the Lopez family. It is owned by the respective holding companies of the families of the late Eugenio Lopez, Jr., Oscar M. Lopez, the late Presentacion L. Psinakis and Manuel M. Lopez. It has issued Philippine Deposit Receipts covering the shares in the Company registered and beneficially owned by it in favor of Lopez Holdings Corporation (formerly: Benpres Holdings Corporation).

Eugenio Lopez III, or in his absence, Manuel M. Lopez, or in his absence Oscar M. Lopez has been named and appointed to exercise the voting power of Lopez Inc.'s shares in ABS-CBN Corporation.

The 286,760,200 common shares under the name of PCD Nominees Corporation are held for ABS-CBN Holdings Corporation (ABS-CBN Holdings) and represent the underlying shares covered by Philippine Deposit Receipts (PDRs)

issued by ABS-CBN Holdings. ABS-CBN Holdings is owned 60% by Lopez, Inc. and 40% by Oscar M. Lopez, Manuel M. Lopez, Salvador G. Tirona, and Eugenio Lopez III. The shares in the Company registered and beneficially owned by it are covered by the PDRs which gives the holder thereof the right to delivery or sale of the underlying share, upon payment of the exercise price and subject to certain other conditions. The PDRs are listed with the Philippine Stock Exchange (PSE). ABS-CBN Holdings remains to be the registered and beneficial owner of the ABS-CBN shares covered by the PDRs and also retains the voting rights over the ABS-CBN shares. The ABS-CBN shares are still subject to ownership restrictions on shares of corporations engaged in mass media and ABS-CBN may reject the transfer of shares to persons other than Filipino nationals.

Eugenio Lopez III, or in his absence, Manuel M. Lopez, or in his absence Oscar M. Lopez has been named and appointed to exercise the voting power of ABS-CBN Holdings' shares in ABS-CBN Corporation.

Other than the stockholders identified above, as of July 31, 2020, there are no other stockholders other than participants under PCD account who own more than 5% of the voting securities.

There are no foreign shareholders.

#### Security Ownership of Management as of July 31, 2020:

As of July 31, 2020, the Company's directors and senior officers owned an aggregate of **3,473,002** shares of the Company, equivalent to 0.39% of the Company's total issued and outstanding capital stock.

Title of Class	Stockholder Name and Position	Nature of Beneficial Ownership	Citizenship	Number of Shares Held	Percent Held
Common	Eugenio L. Lopez III <i>Chairman Emeritus</i>	Direct	Filipino	769,690	0.09%
Common	Martin L. Lopez <i>Chairman</i>	Direct	Filipino	89,659	0.01%
Common	Augusto Almeda-Lopez <i>Vice-Chairman</i>	Direct/Indirect	Filipino	253,888	0.03%
Common	Oscar M. Lopez <i>Director</i>	Direct	Filipino	63,605	0.01%
Common	Carlo L. Katigbak <i>Director, President and Chief Executive Officer</i>	Direct	Filipino	249,500	0.03%
Common	Federico R. Lopez <i>Director</i>	Direct	Filipino	1	0.00%
Common	Manuel M. Lopez <i>Director</i>	Direct	Filipino	351,196	0.04%
Common	Salvador G. Tirona <i>Director</i>	Direct	Filipino	22,002	0.00%
Common	Federico M. Garcia <i>Director</i>	Direct	Filipino	13,898	0.00%
Common	Antonio U. Periquet <i>Independent Director</i>	Direct	Filipino	2,001	0.00%
Common	Emmanuel S. De Dios <i>Independent Director</i>	Direct	Filipino	1	0.00%
Common	Eloisa D. Balmoris <i>Head, Internal Audit</i>	Direct	Filipino	1,000	0.00%
Common	Ma. Rosario S. Bartolome <i>Head, Themed Experiences</i>	Direct	Filipino	80,000	0.01%
Common	Philip Lamberto L. Berba	Direct	Filipino	130,600	0.02%

<b>Title of Class</b>	<b>Stockholder Name and Position</b>	<b>Nature of Beneficial Ownership</b>	<b>Citizenship</b>	<b>Number of Shares Held</b>	<b>Percent Held</b>
	<i>Head, Corporate Services Group</i>				
Common	Aldrin M. Cerrado <i>Compliance Officer</i>	Direct	Filipino	25,000	0.00%
Common	Kane Errol C. Chua <i>Head, Corporate Communications</i>	Direct	Filipino	2,000	0.00%
Common	Olivia G. De Jesus <i>Head, Global</i>	Direct	Filipino	20,000	0.00%
Common	Higino T. Dungo, Jr. <i>Head, Integrated Public Service</i>	Direct	Filipino	51,000	0.01%
Common	Richmond Ezer O. Escolar <i>Head, Customer Relationship Management</i>	Direct	Filipino	10,200	0.00%
Common	Jay C. Gomez <i>Data Protection Officer</i>	Direct	Filipino	27,500	0.00%
Common	Roberto G. Labayen <i>Head, Creative Communication Management</i>	Direct	Filipino	71,000	0.01%
Common	Olivia M. Lamasan <i>Managing Director, ABS-CBN Film Productions, Inc.</i>	Direct	Filipino	140,040	0.02%
Common	Dino Jacinto M. Laurena <i>Head, Integrated Sports and ABS-CBN Sports Action</i>	Direct	Filipino	40,000	0.01%
Common	Charles A. Lim <i>Head, Access</i>	Direct	Filipino	65,500	0.01%
Common	Dennis Marco A. Liquigan <i>Head, Star Music</i>	Direct	Filipino	65,788	0.01%
Common	Raymund Martin T. Miranda <i>Chief Strategy Officer and Chief Risk Management Officer</i>	Direct	Filipino	139,900	0.02%
Common	Luis Paolo M. Pineda <i>Head of Lifestyle Ecosystem and Concurrent Head, Business Development</i>	Direct	Filipino	10,000	0.00%
Common	Ma. Regina E. Reyes <i>Head, Integrated News and Current Affairs</i>	Direct	Filipino	35,048	0.00%
Common	Ricardo B. Tan, Jr. <i>Group Chief Financial Officer</i>	Direct	Filipino	91,500	0.01%
Common	Vivian Y. Tin <i>Head, Customer Business Development Research and Analytics</i>	Direct	Filipino	60,600	0.01%
Common	Rosanna H. Trinidad <i>Head, Integrated Sales</i>	Direct	Filipino	10,000	0.00%
Common	Antonio S. Ventosa	Direct	Filipino	45,000	0.01%



Title of Class	Stockholder Name and Position	Nature of Beneficial Ownership	Citizenship	Number of Shares Held	Percent Held
	<i>President and Chief Operating Officer, Sky Cable Corporation</i>				
Common	Socorro V. Vidanes <i>Chief Operating Officer, Broadcast</i>	Direct	Filipino	239,500	0.03%
Common	Fernando V. Villar <i>Head, Integrated Marketing and Officer-In-Charge, Licensing, Retail, and Storefronts</i>	Direct	Filipino	0	0.00%
Common	Enrique I. Quiason <i>Corporate Secretary</i>	Direct	Filipino	9,615	0.00%
Common	Marifel Gaerlan-Cruz <i>Assistant Corporate Secretary</i>	Direct	Filipino	2,000	0.00%
	<b>Total Security Ownership of Directors and Management</b>			<b>3,473,002</b>	<b>0.39%</b>

None of the members of the Company's directors and management owns 2% or more of the outstanding capital stock of the Company.

- (f) The Company knows of no person holding more than 5% of common shares under a voting trust or similar agreement.
- (g) No change of control in the Company has occurred since the beginning of its last fiscal year.

#### **Item 5. Directors and Executive Officers**

##### **Board of Directors**

The following are expected to be nominated as members of the Board of Directors for the ensuing year during the Company's Annual Stockholders' Meeting on September 24, 2020:

Eugenio L. Lopez III  
Augusto Almeda-Lopez  
Carlo L. Katigbak  
Federico M. Garcia  
Federico R. Lopez  
Martin L. Lopez  
Manuel M. Lopez  
Oscar M. Lopez  
Salvador G. Tirona  
Emmanuel S. de Dios (*Independent Director*)  
Antonio Jose U. Periquet (*Independent Director*)

All of the nominees are incumbent directors. They were formally nominated by Lopez Inc., through its Chairman, Mr. Manuel M. Lopez. The nominees will serve as directors of the Company for one year from date of election. The independent directors were nominated by Mr. Raul B. Quizon, a stockholder. Mr. Quizon is not related in any way to the nominees for independent directors.

The Nomination and Election Committee reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval, and assesses the effectiveness of the Board's processes and procedures in the election or replacement of directors. It is composed of Eugenio L. Lopez III, Emmanuel S. De Dios, and Antonio Jose U. Periquet. Randolph S. David is an advisor of the committee.

The Company has adopted the SRC Rule 38 (Requirements on Nomination and Election of Independent Directors) and has complied therewith.

The following nominees have held their current positions in their respective companies for more than five (5) years unless otherwise indicated. Below is a summary of the nominees' qualifications:

**Eugenio L. Lopez III, Filipino, age 67**  
**Chairman Emeritus of the Board of Directors**

Mr. Eugenio "Gabby" Lopez III became a Director of the company on April 23, 1992 and was elected Chairman of the Board in 1997 and became the Company's Chairman Emeritus on April 19, 2018. Mr. Lopez III also serves as Vice Chairman of Lopez Holdings Corporation. He is also a Director of First Gen Corporation, First Philippine Holdings, and Sky Vision Corporation. He earned a Bachelor of Arts degree in Political Science from Bowdoin College in 1974 in Brunswick, Maine and a Master's degree in Business Administration from the Harvard Business School in 1980 in Boston, Massachusetts.

**Martin L. Lopez, Filipino, age 47**  
**Chairman**

Mr. Martin Lopez was appointed as a Director on April 6, 2017. He was elected as Chairman of the Board on April 19, 2018. He is responsible for setting the Company's strategic direction. Prior to joining the Company, he was Vice President and Chief Information Officer of Meralco. He was also the President of e-Meralco Ventures, Inc. (eMVI), a wholly owned subsidiary of Meralco. He is a graduate of Menlo College in California with a degree in Business Administration. He completed the Executive MBA Program from the Asian Institute of Management.

**Augusto Almeda-Lopez, Filipino, age 91**  
**Vice-Chairman**

Mr. Augusto Almeda Lopez became a Director on April 27, 1988 and has served as Vice Chairman since 1989. He also serves as Director of the First Philippine Holdings Corporation (FPHC), First Philippine Industrial Corporation (FPIC), and ADTEL Inc. He is the Board Chairman of his family's company, ACRIS Corporation. He is an Alumnus of De La Salle College, Ateneo de Manila, and the University of the Philippines College of Law Class 1952. He has attended several Business Seminars including the Advance Management Program at Harvard Business School in 1969.

**Carlo L. Katigbak, Filipino, age 50**  
**President and Chief Executive Officer**

Mr. Carlo L. Katigbak was appointed President and Chief Executive Officer of the Company effective January 1, 2016. Mr. Katigbak became a Director on May 5, 2016. He has 22 years of experience in business, spanning financial management, business operations, corporate planning and general management. He began his career as a financial analyst with First Pacific Capital Corporation in 1992. Joining SKYcable in 1994 as a Corporate Finance Manager, he eventually held various positions in Corporate Planning, Provincial Operations and Finance. In 1998, he served as the first Managing Director of Pilipino Cable Corporation. He was appointed Managing Director of ABS-CBN Interactive the following year, and led the Company's pioneering efforts in various digital services such as mobile downloads, interactive television, online advertising and online video-on-demand. In 2005, he returned to SKYcable as Managing Director. In 2015, he was appointed as Chief Operating Officer of the Company. Mr. Katigbak holds a degree in Bachelor of Science in Management Engineering from the Ateneo De Manila University, and has completed the Advanced Management Program at Harvard Business School in 2009.

**Emmanuel S. de Dios, Filipino, age 64**  
**Board Member, Independent Director**

Mr. Emmanuel S. de Dios was appointed as independent director on April 23, 2013. Mr. de Dios has been a Professor of Economics at the University of the Philippines School of Economics since 1989. He is also the President of Human

Development Network (Philippines) since July 2012. He was the Dean of the University of the Philippines School of Economics from 2007 to 2010. He was a member of the Board of Advisers to the Board of Directors of the Company from 2011 until his election as an Independent Director in 2013. He became chair of the Board of Trustees of Pulse Asia Research, Inc. as of 2016. He received his AB Economics degree from the Ateneo de Manila University (cum laude) in 1978 and his Ph.D. in Economics from the University of the Philippines in 1987. He pursued post-doctoral studies at the Universität Konstanz in Germany from 1987 to 1988 and is the author or editor of various books, monographs, articles and reviewers in economics.

**Federico M. Garcia, Filipino, age 76**

**Board Member**

Mr. Garcia is a Director of ABS-CBN and was appointed on September 2, 1992. He was also a consultant for radio and television broadcasting from January 2006 to present. Mr. Garcia is currently the Chairman of Programming Committee and a member of Compensation Committee for the Chairman and CEO and Risk Management Committee. Mr. Garcia was the President of ABS-CBN from 1997 to 2003. Prior to his appointment as President, Mr. Garcia was Executive Vice President and General Manager of ABS-CBN from 1987 to 1998. He also worked as a TV Sales Executive with ABS-CBN in 1966 until Martial Law. Before rejoining the Company in 1987, he was Executive Vice President of GMA Network, managing its marketing and programming activities. He attended the College of Business Administration at the University of the Philippines. Mr. Garcia is a recipient of various Philippine broadcasting industry awards.

**Federico R. Lopez, Filipino, age 58**

**Board Member**

Mr. Federico Lopez has served as Director of the Company since August 25, 1999. Mr. Lopez is Chairman and Chief Executive Officer of First Philippine Holdings Corporation (FPH), First Gen Corporation (First Gen) and Energy Development Corporation (EDC). First Gen and EDC are publicly listed power generation companies that are into clean and indigenous energy and are part of the FPH portfolio. He is currently the Vice Chairman of Rockwell Land Corporation. An advocate of the environment, Mr. Lopez is the Chairman of the Oscar M. Lopez Center for Climate Change Adaptation and Disaster Risk Management Foundation (The OML Center) and the Sikat Solar Challenge Foundation, Inc. The OML Center is the result of the advocacy of the Lopez family for environmental protection and public service. He is also a member of the Board of Trustees of World Wildlife Fund Philippines, Philippine Disaster Recovery Foundation and the Forest Foundation Philippines. Mr. Lopez is a member of the World Presidents Organization, Asia Business Council, ASEAN Business Club, New York Philharmonic International Advisory Board, Management Association of the Philippines, Philippine Chamber of Commerce and Industry, European Chamber of Commerce of the Philippines and Makati Business Club. Mr. Lopez graduated with a Bachelor of Arts degree, major in Economics and International Relations (cum laude) from the University of Pennsylvania, U.S.A. in 1983.

**Manuel M. Lopez, Filipino, age 77**

**Board Member**

Mr. Manuel M. Lopez was appointed as a Director on July 28, 2010. Mr. Lopez was the Philippine Ambassador to Japan from December 2010 until June 2016. He was the Chairman and Chief Executive Officer of Manila Electric Company (Meralco) from July 2001 to June 2010. He is concurrently the Chairman and CEO of Lopez Holdings Corporation and is the Chairman of Bayan Telecommunications Holdings Corp., Rockwell Land Corporation, and Rockwell Leisure Club. He is also the Vice Chairman of First Philippine Holdings Corporation and Lopez, Inc., President of Eugenio Lopez Foundation, Inc. and a Director at Meralco, Sky Cable Corporation, Sky Vision Corporation, First Philippine Realty Corp. and Lopez Group Foundation, Inc. Mr. Lopez is a holder of a Bachelor of Science degree in Business Administration and attended the Program for Management Development at the Harvard Business School.

**Oscar M. Lopez, Filipino, age 89**

**Board Member**

Mr. Oscar M. Lopez has served as a Director of ABS-CBN since July 1966. He also serves as Chairman Emeritus to First Philippine Holdings Corp., Lopez Holdings Corporation, First Gen Corporation, Energy Development Corp., Rockwell Land Corp., First Philippine Industrial Park, among others. He was Management Association of the Philippines' Management Man of the Year 2000. He was the first Filipino businessman to be awarded the most prestigious Officer's Cross of the Order of Merit of the Federal Republic of Germany in 2005. He was a recipient of The Outstanding Filipino (TOFIL) Award in the field of Business for the year 2009. Mr. Lopez has a Master's Degree in Public Administration from the Littauer

School of Public Administration at the Harvard University (1955), where he also earned his Bachelor of Arts degree, cum laude, in 1951.

**Antonio Jose U. Periquet, Filipino, age 58**

**Board Member, Independent Director**

Mr. Antonio Jose U. Periquet has been an independent director of ABS-CBN since April 23, 2013. He is currently the Chairman of the Campden Hill Group Inc. (since August 2011), Pacific Main Properties & Holdings, Inc. (since December 1999), BPI Asset Management & Trust Corporation (since February 2017) and also serves as an independent director on the boards of Ayala Corporation (September 2010), Albizia ASEAN Tenggara Fund (July 2015), Bank of the Philippine Islands (April 2012), BPI Capital (May 2010), BPI Family Savings Bank (May 2012), DMCI Holdings (August 2010), the Max's Group of Companies (February 2014) and the Philippine Seven Corporation (July 2010). Mr. Periquet is a Trustee of the Lyceum of the Philippines University and is a member of the Dean's Global Advisory Board of the Darden School of Business, University of Virginia. He is a graduate of the Ateneo de Manila University (AB Economics) and holds an MSc in Economics from Oxford University and an MBA from the University of Virginia.

**Salvador G. Tirona, Filipino, age 65**

**Board Member**

Mr. Salvador G. Tirona has served as a Director of the Company since July 28, 2010. He is the President and Chief Operating Officer and concurrently, Chief Finance Officer of Lopez Holdings Corporation. He initially joined Lopez Holdings Corporation as its Chief Finance Officer in September 2005 and held this position until his appointment to his current position in 2010. He was formerly a Director and the Chief Finance Officer of Bayan Telecommunications, Inc. He joined the Lopez Group in 2003 as the Chief Finance Officer of Maynilad Water Services, Inc. He holds a Bachelor's degree in Economics from the Ateneo de Manila University and a Master's degree in Business Administration from the same university.

**Independent Directors of the Board**

The nominees for Independent Directors, Mr. Periquet and Mr. de Dios, are independent of management and free from any business or other relationship, which could, or could reasonably be perceived to, materially interfere with their exercise of independent judgment in carrying out their responsibilities as directors of the Company.

Specifically, Mr. Periquet and Mr. de Dios: (i) are not 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); (ii) are not relatives of any director, officer or substantial shareholder of the Company, or any of its related companies or any of its substantial shareholders; (iii) are not acting as nominees or representatives of a substantial shareholder of the Company, or any of its related companies or any of its substantial shareholders; (iv) have not been 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 (2) years; (v) are not retained as professional advisers by the Company, any of its related companies or any of its substantial shareholders within the last two (2) years, either personally or through their firms; (vi) have not engaged and do not engage 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 arm's length and are immaterial; (vii) do not own more than two percent of the shares of the Company and/or its related companies or any of its substantial shareholders; (viii) are not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial shareholders; and (ix) are not employed as executive officers of another company where any of the Company's executives serve as directors. Mr. Periquet and Mr. de Dios do not possess any of the disqualifications enumerated under the Code of Corporate Governance and SEC Memorandum Circular No. 19, Series of 2016.

**List of Executive Officers**

The following officers are expected to be nominated for re-election or election at the Organizational Meeting of the Board of Directors following the Annual Stockholders' Meeting on September 24, 2020:

**Roberto V. Barreiro, Filipino, age 59**  
**Head, Customer Engagement**

Mr. Barreiro is Head, Customer Engagement shall provide direction to the Customer Engagement team in the achievement of sales targets, revenues and business objectives. Mr. Barreiro brings with him years of experience in Television, Radio, Theater and Live Events Production. Prior to joining ABS-CBN in 2017, he was the President and CEO of Ten Bridges Media Corp. and Director of Atlantis Theatrical Entertainment Group Pte. He also formerly held the position of COO in Associate Broadcasting C. TV5 from 2009 to 2013. He was also the CEO of Audience Impact Inc., a broadcast media production, marketing and consultancy company from 2002 to 2006. He was also Head, Television Group of GMA from 1998 to 2002.

**Ma. Rosario S. Bartolome, Filipino, age 49**  
**Head, Integrated Marketing**

Ms. Bartolome is appointed as Head, Integrated Marketing, Prior to this, she held the positions of President & CEO of Play Innovations, Inc. (PII), and Head of ABS-CBN Integrated Marketing. Ms. Bartolome brings with her more than 21 years of experience in integrated communications planning and media marketing. She is recognized locally and internationally for her innovative and cutting edge media solutions that have shaped the Philippine media landscape. Prior to joining ABS-CBN, she was the Managing Director of Carat Philippines and was Vice President of Universal McCann Philippines. Ms. Bartolome graduated from the Ateneo de Manila University with a degree in Communication Arts. In 2016, she completed the IAAPA Attraction Managers Program and Harvard Business School's Advanced Management Program.

**Nilda L. Bayani, Filipino, age 51**  
**Head, Human Resources and Organizational Development**

Ms. Bayani is the Company's Head for Human Resources and Organizational Development since 2019. As Head, Ms. Bayani will drive the strategic initiatives of the division to ensure alignment with corporate strategies. Ms. Bayani has over 24 years of experience in Human Resources management handling various leadership roles in the Company and others. Her expertise in HR systems, compensation and benefits facilitated the establishment, review, and upgrading of various enterprise-wide HR Systems in the Company.

**Aldrin M. Cerrado, Filipino, age 50**  
**Compliance Officer**

Mr. Cerrado also serves concurrently as the Chief Financial Officer of ABS CBN Corporation since 2013. Prior to joining ABS CBN in July 1, 2012, Mr. Cerrado was a Partner in SyCip Gorres Velayo & Co. He is a certified public accountant with close to 25 years of experience in providing independent assurance on financial and non-financial information on companies in various industries, including media and entertainment. His previous roles include transaction advisory partner focused on providing transaction support services, which included financial and commercial due diligence work and merger and acquisitions advisory work. Mr. Cerrado completed his Bachelor's degree in Business Administration from the University of Santo Tomas in 1991. He obtained his Master in Business Management degree, with distinction, from the Asian Institute of Management in 1998.

**Kane Errol C. Choa, Filipino, age 47**  
**Head, Integrated Corporate Communications**

Mr. Choa is currently the head of the Integrated Corporate Communications of ABS-CBN. He has 24 years of work experience in media and communications. Prior to joining ABS-CBN, he worked at Euro Agatep Associates, the offices of Sen. Manuel Villar and the late Sen. Miriam Defensor Santiago, and ABC 5. Mr. Choa also serves as the Chairman of the International Association of Business Communicators (IABC) Philippines, vice president of Anak TV, trustee of the Quezon City Tourism Council, and a member of the Standards Authority of the Kapisanan ng mga Brodkaster ng Pilipinas. He maintains a column, "Kapamilya Day," in The Philippine Star. He obtained his Master of Science degree in Media and Communications with Merit from The London School of Economics and Political Science in 2005 as a British Chevening scholar. He also has an MA in Communication from the Ateneo de Manila University.

**Olivia G. De Jesus, Filipino, age 56**

**Head of Global**

Ms. De Jesus is currently the Chief Operating Officer of ABS-CBN Global. Prior to becoming Global COO, Ms. De Jesus held various positions in ABS-CBN, including Managing Director of its North America business and Managing Director of Creative Programs Inc.. She completed an Advanced Management Program from Harvard Business School in 2015. She graduated from the University of the Philippines, Diliman with a Bachelor of Arts degree in Communication.

**Olivia M. Lamasan, Filipino, age 56**

**Managing Director, ABS-CBN Film Productions, Inc. (Star Cinema)**

Ms. Lamasan was appointed as Managing Director of Star Cinema effective January 15, 2018. After a stint doing Line Production for Regal Films and Vision Films, she joined ABS-CBN in 1987 as Supervising Producer for Going Bananas, and Executive Producer for the Sharon Cuneta Show. Ms. Lamasan was the co-creator of “Maalala Mo Kaya,” becoming its Supervising Producer, Creative Head, and eventually Writer/Director. As Head of Star Cinema Creative Department and its premier director, Ms. Lamasan drives the creative development and supervision of all Star Cinema movies, and its Training Department. As Creative Head/Consultant of Star Creatives TV, she was the creative force that helped shape ABS-CBN drama programs. Concurrently, she heads the Moving Images Department of the ABS-CBN University. Ms. Lamasan graduated from Miriam College, with a Bachelor of Arts degree in Communication Arts.

**Dennis Marco A. Liquigan, Filipino, age 50**

**Head, Star Music**

Mr. Liquigan was appointed as Head of Star Music in 2013. Prior to becoming Head of Star Music, he held various positions in ABS-CBN, starting as a Researcher, then as a Segment Producer for Showbiz Lingo, an Executive Producer for The Buzz, and rising up the rank as Promo Director for Star Cinema. He graduated from the University of Santo Tomas with a Bachelor of Arts degree in Communication Arts.

**Eugenio Lopez IV, Filipino, age 40**

**Head, Digital**

Mr. Lopez is appointed as Head, Digital of ABS-CBN Corporation. Prior to this appointment, Mr. Lopez has spent the past 4 years in SkyCable in various capacities: Customer Engineering, Project Management Office, and Program Owner for Business Transformation. Prior to this, he spent 4 years with Energy Development Corporation in the Information Technology Group. He graduated with a degree in Bachelor of Arts (BA) in Psychology and completed Master's in Business Administration (MBA).

**Raymund Martin T. Miranda, Filipino, age 57**

**Chief Strategy Officer and Chief Risk Management Officer**

Mr. Miranda has been an Asia-Pacific media executive and strategist for more than 31 years. Mr. Miranda was appointed Chief Strategy Officer (CSO) in August 2012. He was also appointed Chief Risk Management Officer (CRMO) in a concurrent capacity in November 2012. As CSO, Mr. Miranda is tasked with designing, driving and managing the strategic planning process across the organization. As CRMO, he is also tasked with leading, developing and managing the risk management strategies, processes and policy reviews of the Company. Prior to his appointment with ABS-CBN, he was a consultant for the company for various projects. Mr. Miranda served as the Managing Director, Global Networks Asia-Pacific of NBC Universal from 2007 to 2011, heading the entertainment channels division of NBC Universal across 33 countries. Before that, he spent a year in Manila as the President/CEO of Nation Broadcasting Corporation (92.3xFM) and Head of Strategy and Content for Mediaquest Holdings, Inc. From 1998 to 2006, he was with The Walt Disney Company in Singapore and Manila as Managing Director South East Asia for Walt Disney International, Managing Director for South East Asia/Korea for Walt Disney Television International and the Head of Radio Disney Asia. He started his career in FM radio before joining the GMA Network group in 1987. He was named Vice-President, Creative Services of GMA Network, Inc. in 1992. Mr. Miranda took up degrees in Bachelor of Science in Biology and Bachelor of Arts in Communication at the University of the Philippines.

**Ma. Regina E. Reyes, Filipino, age 57**

**Head, Integrated News and Current Affairs**

Ms. Reyes is responsible for all newsgathering, content and strategic direction of the News and Current Affairs Division of ABS-CBN. She has over 20 years of solid experience as a broadcast journalist. She joined ABS-CBN in 1986 as a

Production Assistant, rose from the ranks to become Executive Producer and Head Writer of the award-winning "The World Tonight" and other special events, and eventually, Director for News Production. Prior to her appointment as Head of News and Current Affairs, Ms. Reyes was ABS-CBN'S North America News Bureau Chief from 2002 to 2010. In 2007, she was named by the Filipina Women's Network as one of the 100 Most Influential Filipino Women in the U.S. Ms. Reyes received her Bachelor of Arts in Broadcast Communication from the University of the Philippines.

**Ricardo B. Tan, Jr., Filipino, age 54**  
**Group Chief Financial Officer**

Mr. Tan was the Compliance Officer of ABS-CBN and presently the concurrent Head, Treasury and Finance Operations (Cluster 2). Before joining ABS-CBN Corporation, he was the Chief Financial Officer of Vista Land & Lifescapes Inc. where he was employed for over five (5) years. He has also worked for the Philippine government (International Finance Group of the Department of Finance), Philippine Airlines (finance division), Philippine Long Distance Telephone Company (in various divisions as Vice President - regulatory management, investor relations, and strategic planning), and as a consultant for the Asian Development Bank. Mr. Tan obtained his BSc. degree in Monetary Economics from the London School of Economics in 1986, and MBA degree (Finance and International Business) from the University of Chicago Booth School of Business in 1991.

**Rosanna H. Trinidad, Filipino, age 56**  
**Head, Integrated Sales**

Ms. Trinidad joined ABS-CBN Corporation in 2008 as the Head of Sales Strategic Planning. At this time, she was tasked to drive strategic revenue planning/maximization through utilizing different platforms. Thereafter, from 2012 to 2019 she held the position of Head of Channel 2 & Strategic Planning. For this role, she established strategic partnerships with agencies and client advertisers.

Ms. Trinidad has several years of experience in the media and advertising industry. She was previously President & CEO of ZenithOptimedia Philippines, Media Planning Director for Stracom Mediavest, and Media Director for Strategic planning in Jimenez d'Arcy.

**Antonio S. Ventosa, Filipino, age 58**  
**Chief Operating Officer, Sky Cable, and Concurrent Head, Narrowcast**

Mr. Ventosa joined the Company in 2006 as Head of Corporate Marketing. In November 2015, he was appointed Chief Operating Officer of Skycable Corporation, and in June 2017, he was appointed President. In his over 10 years with ABS-CBN, Mr. Ventosa took on roles as the OIC of Access Group and concurrent Head of ABS-CBN's Narrowcast group consisting of ABS-CBN Integrated Sports, ABS-CBN Publishing, and Creative Programs, Inc. and was involved with the launch of ABS-CBN TV+, the group's DTT service. Over the past 3 years he was focused on the integration of the Company's sports agenda and strengthening local cable programming. He led the re-staging of the UHF Channel to ABS-CBN Sports+Action and led the launch of Jeepney TV as ABS-CBN's TV classics channel. He brings to the Group his 20 years of professional experience in general management, marketing and communications here and abroad. Prior to ABS-CBN, he was Managing Director of Leo Burnett Manila, President of ARC Worldwide & Blackpencil Advertising. He was also Chairman and President of the Association of Accredited Advertising Agencies of the Philippines, a Board Director of AdBoard, Executive Vice President of the *Kapisanan ng mga Brodkaster ng Pilipinas*, and the Founding Chairman of the Araw Values Awards. He is a member of the Advisory Board of UA&P Tambuli Awards. Mr. Ventosa was honored in 2004 by his alma mater, De La Salle University, as La Sallian Achiever on Advertising. He obtained his degree of Bachelor of Science in Marketing from De La Salle University.

**Ma. Socorro V. Vidanes, Filipino, age 57**  
**Chief Operating Officer, Broadcast**

Ms. Vidanes was appointed as Chief Operating Officer, Broadcast effective February 1, 2016. Prior to this appointment, she was Head of Free TV. She was also the Head of Channel 2 Mega Manila in 2009. Prior to that, she held the position of Managing Director for ABS-CBN TV Production from 2001 to 2008. She has been with ABS-CBN since 1986, starting as an Associate Producer and has since then been involved in the production of all types of programs – talk shows, variety, reality, game, comedy and drama. Ms. Vidanes obtained her degree of Bachelor of Arts in Communication Arts from the Ateneo de Manila University. She has also completed the Advance Management Program at Harvard Business School in 2014.

**Enrique I. Quiason, Filipino, age 59****Corporate Secretary**

Mr. Enrique I. Quiason was appointed as Corporate Secretary in 2015. He has been the Assistant Corporate Secretary of the Company since 1993. He received a Bachelor of Science degree in Business Economics and a Bachelor of Laws degree from the University of the Philippines, and a Master of Laws degree in Securities Regulation from Georgetown University. He is a senior partner of the Quiason Makalintal Barot Torres Ibarra Sison & Damaso Law Office. He is the corporate secretary of FPHC, LHC, Lopez, Inc., Rockwell Land Corporation, ABS-CBN Holdings, Inc., and Sky Cable Corporation.

**Marifel G. Gaerlan-Cruz, Filipino, age 53****Assistant Corporate Secretary**

Ms. Gaerlan-Cruz, who currently heads the Company's Legal Services Department, was appointed as Assistant Corporate Secretary in 2015. She has been the Head for Contracts and Corporate Services, Legal Services Department of the Company and its subsidiaries since 2006. She received her Bachelor of Arts in History (cum laude), from the University of the Philippines, and her Juris Doctor degree (second honors) from the Ateneo de Manila School of Law.

**Family Relationships**

Mr. Oscar M. Lopez is the brother of the late Mrs. Presentacion L. Psinakis and Manuel M. Lopez. He is the uncle of Mr. Eugenio L. Lopez III and the father of Mr. Federico R. Lopez. Mr. Eugenio L. Lopez III and Mr. Federico R. Lopez are first cousins.

Mr. Rafael L. Lopez is the brother of Eugenio L. Lopez III. Mr. Martin L. Lopez is the cousin of Eugenio L. Lopez III and the son of Mr. Manuel M. Lopez. Mr. Carlo L. Katigbak is a cousin of Mr. Eugenio L. Lopez III.

**Significant Employees**

The Company considers its entire workforce as significant employees. Everyone is expected to work together as a team to achieve the company's goals and objectives.

** Involvement of Directors and Officers in Certain Legal Proceedings**

For the past five (5) years up to July 31, 2020 the Company is not aware of any bankruptcy proceedings filed by or against any business of which a director, person nominated to become a director, executive officer, or control person of the Company is a party or of which any of their property is subject.

For the past five (5) years up to July 31, 2020, the Company is not aware of any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, of any of its director, person nominated to become a director, executive officer, or control person, except for People of the Philippines v. Tulfo et. al., a libel case filed and still pending against Eugenio Lopez III, in his former capacity as President and CEO of the Company.

For the past five (5) years up to July 31, 2020, the Company is not aware of any order, judgment, or decree not subsequently reversed, superseded, or vacated, by any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting the involvement of a director, person nominated to become a director, executive officer, or control person of the Company in any type of business, securities, commodities, or banking activities.

For the past five (5) years up to July 31, 2020, the Company is not aware of any findings by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, that any of its director, person nominated to become a director, executive officer, or control person has violated a securities or commodities law.



## Relationships and Related Transactions

For a detailed discussion of ABS-CBN’s related party transactions, see the accompanying notes to the Company’s audited consolidated financial statements.

Except for transactions discussed in the accompanying notes to the Company’s audited consolidated financial statements, there had been no material transactions during the past two (2) years, nor is any material transaction presently proposed, to which the Company was or is to be a party in which any director, executive officer of the Company, or security holder of more than 10% of the Company’s voting securities, any relative or spouse of any such director or executive officer or owner of more than 10% of the Company’s voting securities had or is to have direct or indirect material interest.

Furthermore, there had been no material transactions during the past two (2) years, nor is any material transaction presently proposed, between the Company and parties that fall outside the definition of “related parties” under Philippine Accounting Standards (PAS) No. 24, but with whom the registrants or its related parties have a relationship (e.g., former senior management of the Company or other parties who have some other former or current relationship with the Company) that enables the parties to negotiate terms of material transactions that may not be availed from other, more clearly independent parties on an arm's length basis.

## Item 6. Compensation of Directors and Executive Officers

Information as to the aggregate compensation paid or accrued during the last two (2) fiscal years and to be paid in the ensuing fiscal year to the Company’s chief executive and four (4) other most highly compensated executive officers follow:

SUMMARY COMPENSATION TABLE				
Annual Compensation – 2018 Actual and 2019 Estimated				
Name	Year	Salary	Bonus	Other Annual Compensation
Chief executive and most highly compensated executive officers (in alphabetical order): Carlo L. Katigbak Aldrin M. Cerrado Laurenti M. Dyogi Rolando P. Valdueza Ma. Socorro V. Vidanes	2020E 2019E	₱153,119,172.00	₱	₱ -
All managers and up as a group unnamed	2020E 2019E	₱1,793,188,086	₱	₱

SUMMARY COMPENSATION TABLE				
Annual Compensation -2018				
Name	Year	Salary	Bonus	Other Annual Compensation
Chief executive and most highly compensated executive officers (in alphabetical order): Carlo L. Katigbak Aldrin M. Cerrado Laurenti M. Dyogi Ma. Lourdes N. Santos Rolando P. Valdueza Ma. Socorro V. Vidanes	2018	₱149,576,856.00	₱-34,454,182.29	-
All managers and up as a group unnamed	2018	₱1,676,910,928.66	₱-309,059,071.95	₱-106,327,742.65

There are no compensatory plans or arrangements that will result from a resignation, retirement, or any other termination of an executive officer's employment from a change-in-control of the Company or a change in the executive officer's responsibilities following a change-in-control. No action is to be taken with regard to election, any bonus, profit sharing, and pension/retirement plan. On February 22, 2017, the Board of Directors approved an Employee Stock Purchase Plan and an Executive Stock Purchase Plan. The stockholders unanimously approved the Stock Purchase Plans on April 6, 2017, and the Securities and Exchange Commission (SEC) resolved that the issuance of said shares is exempt from the registration requirement, pursuant to Section 10.2 of the Securities and Regulation Code, on September 28, 2017.

#### Item 7. Independent Public Accountants

The principal accountants and external auditors of the Company is the accounting firm of SyCip, Gorres, Velayo & Company (SGV & Co.). The accounting firm of SGV & Co. has been the Company's Independent Public Accountants for the last five (5) years. There was no event in the past five (5) years where SGV & Co. and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The Company has engaged SGV & Co., with Ms. Catherine E. Lopez as the engagement partner, for the audit of the Company's books in 2017. The Company has complied with SRC Rule 68, paragraph 3(b)(iv) re:5-year rotation requirement for the external auditor.

SGV & Co. is being recommended for re-election at the scheduled Annual Stockholders' Meeting on August 24, 2020.

Representatives of SGV & Co. for the current year and for the most recently completed fiscal year are expected to be present at the Annual Stockholders' Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The aggregate fees billed to ABS-CBN and its subsidiaries for each of the last two (2) fiscal years for professional services rendered by the external auditor are as follows:

	2019	2018
Audit Fees		26,904,000
Non-Audit Fees		16,288,644

The Audit Committee’s approval policies and procedures for the above services from SGV & Co., the external auditors are discussed in Section IV of the Company’s Manual of Corporate Governance filed with the Commission on May 26, 2017. The Audit Committee pre-approves all audit and non-audit services as these are proposed or endorsed before these services are performed by our independent auditor.

The Audit Committee is composed of Mr. Antonio Jose Periquet as Chairman, Mr. Salvador Tirona, and Mr. Emmanuel De Dios. Mr. Honorio Poblador IV is an advisor of the Audit Committee.

**Item 8. Employee Stock Option Plan**

The Company had an employee stock option plan (ESOP) which covered 1,403,500 shares at 95% of offer price during the initial public offering. Collections were made in 48 semi-monthly installments without interest through payroll deductions. Shares offered under the ESOP have been fully paid and issued since 1995.

On March 29, 2000, the Board of Directors approved another ESOP covering 6,080,306 shares. In 2002, all the shares acquired by the Company covering this ESOP, were exercised by the employees. As of December 31, 2010, there are no more outstanding ESOP.

On February 22, 2017, the Board of Directors approved an Employee Stock Purchase Plan and an Executive Stock Purchase Plan. The ABS-CBN Employee Stock Purchase Plan was offered to rank and file employees, technical specialists and Internal Job Market members with at least one (1) year tenure, in January 2018. The maximum number of ABS-CBN common shares that was subscribed by a participant under this plan is 2,000 shares. The subscription price was at PHP29.50, which was a 15% discount on the closing price as of the offer date. The subscription price will be paid in 5 years. The Executive Stock Purchase Plan was offered to managers and artists and members of the Board of Directors with at least one (1) year tenure. Managers and artists can subscribe up to a maximum of shares equivalent to 2.5 months of their monthly salary or income. Members of the Board of Directors can subscribe up to 100,000 shares. The subscription price for the first 2,000 shares was at PHP29.50, which was a 15% discount on the closing price as of the offer date. There was no discount on the subscription price for the shares subscribed in excess of 2,000 shares. The subscription price will be paid in 5 years. The stockholders unanimously approved the Employee Stock Purchase Plan and Executive Stock Purchase Plan on April 6, 2017, and the Securities and Exchange Commission (SEC) resolved that the issuance of said shares is exempt from the registration requirement, pursuant to Section 10.2 of the Securities and Regulation Code, on September 28, 2017. From January 22, 2018 to February 9, 2018, the Company offered shares to qualified employees and executives under the ESPP and the Executive Stock Purchase Plan and as of February 22, 2018, the Company accepted a total subscription from participants of 11,391,500 common shares.

**C. ISSUANCE AND EXCHANGE OF SECURITIES**

**Item 9. Item Authorization or Issuance of Securities Other than for Exchange**

No action is to be taken with respect to the authorization or issuance of securities.

**Item 10. Modification or Exchange of Securities**

No action is to be taken with respect to the modification or exchange of the Company’s securities.

**Item 11. Financial and Other Information**

No action is to be taken.

**Item 12. Mergers, Consolidations, Acquisitions, and Similar Matters**

No action is to be taken with respect to the mergers, consolidations, acquisitions, and similar matters.

**Item 13. Acquisition or Disposition of Property**

No action is to be taken with respect to the acquisition or disposition of any property.

**Item 14. Restatement of Accounts**

No action is to be taken with respect to the restatement of any asset, capital or surplus account of the Company.

**D. OTHER MATTERS**

**Item 15. Action with Respect to Reports**

- Approval of the Minutes of the Annual Meeting of the Stockholders held on April 25, 2019 covering the following matters:
  - Approval of the Minutes of the Annual Stockholders' Meeting held on April 19, 2018
  - Report of the President and Discussions of Questions from the Stockholders
  - Approval of Audited Financial Statements for the Year Ended December 31, 2018;
  - Election of the Directors
  - Ratification and approval of the acts of Board, the Officers and Management for the fiscal year 2018;
  - Appointment of External Auditors;
  - Investment of Funds in Business Ventures with Purposes other than the Primary Purpose
  - Adjournment
  
- Approval of the Annual Report of Management and the Audited Financial Statements for the year ending December 31, 2019.

**Item 16. Matters Not Required to be Submitted**

No action is to be taken with respect to any matter that is not required to be submitted to a vote of security holders.

**Item 17. Amendment of Charter, By-laws or Other Documents**

No action is to be taken with respect to an amendment of the Articles of Incorporation or By-laws of ABS-CBN.

**Item 18. Other Proposed Actions**

Other proposed actions in the Agenda are:

- Ratification of all acts of the Board of Directors, Executive Committee and Management for the period covering January 1, 2019 through December 31, 2019 adopted in the ordinary course of business. These cover matters entered into in the ordinary course of business, with those of significance having been covered by the proper disclosures, such as: the election of corporate officers, membership in board committees, treasury matters related to the opening of accounts and bank transactions, designation of authorized signatories, approval of audited financial statements, declaration of cash dividends, investment of funds and items which are included in the reports of the Chairman and management for 2019 and the 2019 audited financial statements,

- Election of the Members of the Board of Directors, including the Independent Directors, for the ensuing calendar year;
- Appointment of the External Auditor, SyCip Gorres Velayo & Co.;
- Other Business:

Under SEC Memorandum Circular No. 14, series of 2020, stockholders who alone, or together with other shareholders, hold at least 5% of the outstanding capital stock of ABS-CBN, shall have the right to include items on the agenda prior to the annual stockholders meeting.

The Company did not receive any such request to include items on the agenda in accordance with the Memorandum Circular before the filing of this Definitive Information Statement. Items proposed to be added on the agenda pursuant to the Memorandum Circular after the filing of this Definitive Information Statement shall be filed under Other Business.

### **Item 19. Voting Procedures**

- (a) **Vote Required:** The proposed actions listed in Item 15 and Item 18, as in motions in general, require the affirmative vote of a majority of the shares of the Company's common stock and preferred stock present through remote communication, electronic voting in absentia and/or represented and entitled to vote via proxy. The manner of voting is non-cumulative, except as to the election of directors.
- (b) **Method:** Straight and cumulative voting. In the election of directors, the top eleven nominees with the most number of votes will be elected as directors. If the number of nominees does not exceed the number of directors to be elected, all the shares present or represented at the meeting will be cast in favor of the nominees. If the number of nominees exceeds the number of directors to be elected, voting will be done by ballots. On the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may accumulate such shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected. In light of regulations relating to the COVID-19 pandemic, stockholders will only be allowed to vote by appointing the Chairman of the meeting as proxy or via electronically voting in absentia.

Voting will be by poll. Upon registration at the annual stockholders' meeting, each stockholder will be provided with an electronic ballot to enable him to vote on each item or proposal in the Agenda. All votes will be counted and tabulated by the Office of the Corporate Secretary and the results will be validated by SGV & Co.

The Corporate Secretary will be responsible for counting the votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at any meeting of the stockholders, and the results will be validated by SGV & Co..

- (c) **Participation via Remote Communication**

To comply with applicable regulations on mass gatherings, and/or requirements of social distancing to prevent the spread of COVID-19 and to ensure the safety, security, and welfare of our directors and stockholders, the Company will dispense with the physical attendance of stockholders at the meeting and will only allow attendance through remote communication, as set forth below, by voting in absentia or by voting through the Chairman of the meeting as proxy.

The live webcast of the Annual Stockholders Meeting may be accessed through [https://agm.conveneagm.com/abscbn\\_asm2020](https://agm.conveneagm.com/abscbn_asm2020). To enable the Company to perform validation procedures,

identify the shareholders participating by remote communication and record their presence for purposes of quorum, The shareholders shall follow the registration and validation procedures attached as Annex A to the notice.

**Upon the written request of a stockholder, the Company undertakes to furnish said stockholder with a copy of the Company's annual report on SEC Form 17-A free of charge. Any written request for a copy of the annual report shall be addressed to the following:**

**ABS-CBN Corporation  
ABS-CBN Broadcast Center  
Sgt. Esguerra Avenue corner Mother Ignacia Street  
Diliman, Quezon City**

**Attention: Aldrin M. Cerrado  
Chief Financial Officer**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Pasig City on August 28, 2020.

**ABS-CBN CORPORATION**



By:

\_\_\_\_\_  
**ENRIQUE I. QUIASON**  
Corporate Secretary

## **PART I - BUSINESS AND GENERAL INFORMATION**

### **1. Business Overview**

#### **1.1. Historical Background**

ABS-CBN Corporation (“ABS-CBN” or the “Company”) traces its roots from Bolinao Electronics Corporation (BEC), established in 1946 as an assembler of radio transmitting equipment. In 1952, BEC adopted the business name Alto Broadcasting System (ABS) and began setting up the country’s first television broadcast by 1953. On September 24, 1956, Chronicle Broadcasting Network (CBN), owned by Don Eugenio Lopez Sr. of the Lopez family, was organized primarily for radio broadcasting. In 1957, Don Eugenio Lopez Sr. acquired ABS and on February 1, 1967, the operations of ABS and CBN were integrated and BEC changed its corporate name to ABS-CBN Broadcasting Corporation. On August 16, 2010, the Philippine Securities and Exchange Commission (SEC) approved the change of Company’s corporate name to ABS-CBN Corporation. This change is a reflection of the Company’s diversified businesses in existing and new industries.

ABS-CBN achieved many firsts since it started the television industry in the country in 1953. However, with the imposition of martial law in September 1972, ABS-CBN ceased operations as the government forcibly took control of the Company. ABS-CBN resumed commercial operations in 1986 after the People Power or EDSA revolution.

Recovery after fourteen (14) years of absence was difficult as resources were scarce. Nevertheless, through relentless effort, ABS-CBN recaptured leadership in the Philippine television and radio industries by 1988. During the 1990s and the early part of the new millennium, the Company expanded and ventured into complementary businesses in cable TV, international distribution, mobile services, and magazine publishing among others.

On 05 May 2020, the National Telecommunications Commission (“NTC”) issued an Order which directed ABS-CBN to cease operating all its radio and television stations throughout the Philippines (the “CDO”), and on 30 June 2020, the NTC likewise issued an *Alias* Cease and Desist Order which directed the shutdown of ABS-CBN’s Digital Terrestrial Television (DTT) network (the “*Alias* CDO”).

On July 10, 2020, the House Committee on Legislative Franchises passed and approved the Resolution which denied the franchise application of ABS-CBN to construct, install, establish, operate, and maintain radio and television broadcasting stations in the Philippines (the “Resolution”).

Under the Resolution, the House Committee on Legislative Franchises adopted the findings and recommendations of a Technical Working Group (TWG), which under its TWG Report, recommended to deny the broadcast franchise application of ABS-CBN. The Resolution likewise stated that, pursuant to Section 49 of the 18th Congress Rules of the House of Representatives, all of the House Bills and House Resolutions relative to the grant or renewal of the franchise application of ABS-CBN are “laid on the table”, or effectively “killed”. Consequently, ABS-CBN is no longer authorized to operate as a broadcast company.

#### **1.2. Lines of Business**

ABS-CBN is the Philippines’ leading media and entertainment company. The Company presents its operations into the following reportable segments:

- A. Media Networks and Studio Entertainment
- B. Cable, Satellite and Broadband
- C. Digital
- D. Consumer Products and Experiences



## MEDIA NETWORKS AND STUDIO ENTERTAINMENT

Media networks and studio entertainment is comprised of broadcast, global operations, film and music production, radio, digital terrestrial television, cable channels, publishing, and soundstage development and management. This consists of local and global content creation and distribution through television and radio broadcasting.

**Broadcast** segment covers content creation and distribution mainly through free TV and radio with Channel 2 and DZMM as its flagship platforms. The content created is predominantly in Filipino and is aimed at the mass Filipino audience. The Company's leading position in the Philippine television broadcasting industry was largely due to the popularity of its entertainment programs, including *teleseryes*, drama anthologies, situation comedies, variety, reality and game shows. On the other hand, news and public affairs programs have developed a reputation for the quality of news coverage that includes national, local and international events. While the NTC CDO issued on 05 May 2020 and the Resolution approved on 10 July 2020 have caused the Company to cease the operations of its television and radio stations nationwide and to be no longer authorized to operate as a broadcast company, ABS-CBN continues to produce programs and provide programming services in platforms other than broadcast media, such as Iwant and the recently launched its Kapamilya Channel.

**Global** segment pioneered the international marketing and distribution of ABS-CBN content and media products in the United States 25 years ago through ABS-CBN International, with the main goal of bringing global Filipinos back to their roots through programs and products that reflect their needs, dreams, and aspirations.

Global's flagship product, The Filipino Channel (TFC), is a 24-hour programming service consisting primarily of general entertainment, news and feature programs in Tagalog and/or Tagalog-English language, distributed in different countries via cable, direct-to-home (DTH) satellite, online, internet protocol television (IPTV), mobile applications and video streaming services, to suit the needs and preferences of over 10 million global Filipinos. It is distributed in the US, Canada, Middle East, Europe, Australia, and Japan/ Asia Pacific through ABS-CBN's international subsidiaries and/or through third-party distributors. Global's portfolio of products and services also includes theatrical film distribution, transactional video-on-demand (pay per view), live events, concerts and music tours, retail, online radio and video streaming, and philanthropic support for Filipinos and the communities they now call home.

**Films** segment of the Company is produced through its subsidiary ABS-CBN Film Productions Inc. (AFPI) or more popularly known as Star Cinema. AFPI is composed of film creative work, production, post-production, distribution, talent development, and other film-related endeavors like film festivals and live events. It is made up of different film brands, namely Star Cinema, Black Sheep, Cinebro, and Cinema One Originals. Other movies are co-produced with other local or international producers and are distributed by AFPI through Cinescreen.

**Music** segment of the Company handles production, promotion, servicing and distribution, and publishing and licensing of music. Its main business is the production and promotion of recordings and the development of singers and songwriters. The production is subdivided into these labels: Star Music, Tarsier Music, MOR, Myx and One Music. Revenues are in the form of advertising and subscription revenues from online platforms such as YouTube and Spotify. Complementary to this business is the management of artists and the creation and mounting of events. The Company also produces commissioned recordings for television shows and commercial advertisements. The Company also controls a valuable music publishing and sound recording catalogue of iconic Filipino hit songs which covers half a century. These are licensed to third parties for various usages, including theme songs in TV shows and films, commercial advertisements, and communication to the public.

**Digital Terrestrial Television (DTT)** services with its flagship product, ABS-CBN TVplus, were commercially launched in February 2015 and led the nation to numerous innovative and revolutionary milestones that reshaped the television viewing and experience of ordinary Filipino families. The business grew with a total of 9.1 million TVplus boxes sold, since its launch in the Philippine market. With the issuance of the NTC's *Alias* CDO, the DTT network was shutdown as of 30 June 2020.



**Narrowcast** caters to the needs of specific audience or market not normally addressed by the broadcast business. This includes cable and satellite programming and channels as well as specialty content such as sports, lifestyle, music, animation, movies and kids.

## CABLE, SATELLITE AND BROADBAND

SKY Cable Corporation offers an array of innovative and pioneering products with superior content delivered on various platforms. Its products include: SKY, the leading cable brand in the country that is known for its top-notch programming with an extensive lineup of HD channels; SKYdirect, a direct-to-home television service available nationwide with prepaid and postpaid subscribers that is set to hit 1 million by the first quarter of 2019; and One SKY Fiber, fiber-powered broadband with plans up to 200Mbps that is bundled with HD cable TV and on-the-go access to content via SKY On Demand. SKY also caters to SMEs and enterprise commercial businesses through SKYbiz, which offers connectivity and content services. SKYbiz is the first provider to create relevant content for the hospitality industry, making it the preferred cable TV provider of premier establishments in the country.

## DIGITAL

Digital aims to provide Filipinos meaningful experiences online via engaging content and relevant platforms, whenever and wherever they prefer. It provides end-to-end services to internal lines of businesses and partner brands, from strategy and communication planning, content and product creation, business intelligence, social media analytics, and digital talent management. It also includes multi-channel and social marketing platforms.

**Digital Publishing** segment covers ABS-CBN platforms that provide news, sports, entertainment and lifestyle content. This also includes the country's first and only YouTube-certified multi-channel network, Adober Studios, where content creators can publish, promote, and monetize their original videos. It also includes Stellar, the first influencer marketing platform in the Philippines designed to connect social media celebrities with more brands and more followers.

**OTT Platforms** refers to mainly film, television, and music content that are accessible online. This segment includes iWant, a service offered by DTT services, Sky On Demand, a platform that allows Sky Cable subscribers to watch and stream their favorite shows, and TFC.tv, the online platform of The Filipino Channel.

## CONSUMER PRODUCTS AND EXPERIENCES

This segment is composed of live events, theme parks and consumer products.

### **Live Events**

The company delivers movie events, mall shows, concerts, theater musicals and plays, studio tours and corporate events to domestic and international locations.

**Themed Experiences:** The Company established its position at the forefront of themed experiences in the Philippines through KidZania and ABS-CBN Studio Experience.

**KidZania** is an interactive city made for children that combines inspiration, fun and learning through realistic role-play, making it one of the fastest growing global learning and entertainment brands in the world. Kids can independently explore a scaled indoor city of over 8,000 square meters with more than 100 exciting careers that they can try. It is present in 26 locations in 19 countries, with ABS-CBN spearheading in the Philippines. The business is sponsored by the leading industry partners that provide technical expertise and know-how, and help guide the content with real life business practices, making the activities as authentic as possible.

**ABS-CBN Studio Experience** is ABS-CBN's first Studio City, which allows visitors to enjoy the world of entertainment through fun and interactive themed attractions, where they can star in their favorite Kapamilya television shows and movies both in front of, and behind the camera. Studio XP houses full scale set reconstructions divided into three (3) zones, the Reality Studio, Fantasy Studio and Retail Studio.

The businesses relating to Themed Experiences will cease to operate on August 31, 2020.

### Consumer Products and Services:

#### The Chosen Bun, Inc.:

ABS-CBN extended its portfolio by venturing into the Food & Beverage business thru The Chosen Bun Inc. which currently operates Heroes Burger and The Farm Organics.

**Heroes Burger** is the only Farm-to-Table Fast Food that offers Kapamilyas delicious quality, organic, 100% beef burgers. Heroes Burger sources its beef directly from the only certified organic cattle farm in the country which gives the burger its unique quality and flavor. The dining experience is completed with the use of Pinoy Heroes as a main theme in the interiors and branding. Darna, Captain Barbell, and Lastikman, are burger flavors showcased in colorful and exciting packaging.

Heroes Burger's main branch is at The ELJ building along Lopez Drive, Quezon City with a smaller branch inside the ABS-CBN Studio Experience in Trinoma Mall, Quezon City. Heroes Burger also caters to events via its mobile food truck.

**The Farm Organics** is a casual dining restaurant located at the lower level of The Powerplant Mall in Rockwell Makati. The restaurant was designed to be able to showcase the beef sourced locally from an organic cattle farm. The menu features various cuts of beef, cooked in various ways to highlight the superiority of grass-fed organic beef. The menu represents a modern Filipino theme not only its flavors but in the ingredients used. Sourcing from farms and purveyors who also share the same passion of good slow food. The ambiance and décor is casual and inviting allowing guests to feel relax in the midst of a busy mall.

### Licensing and Merchandising

The Company brought to life the network's top programs, campaigns and sporting events through an extensive range of products and promotional executions. ABS-CBN-branded merchandise are offered through its partner stores.

#### Home Shopping

Launched in October 2013, A CJ O Shopping Corporation (A CJ O) is a joint venture between ABS-CBN and CJ ENM Co. Ltd. of Korea to provide online and TV home shopping in the Philippines. A CJ O Shopping Corporation will cease to operate on December 31, 2020.

### 1.3. Subsidiaries

The following is a list of the Company's active subsidiaries, which ABS-CBN has economic rights as of December 31, 2018:

Company	Incorporation	Principal Activities	Currency	2018	2017
<b>Media, Network, and Studio Entertainment</b>					
Global:					
ABS-CBN Global Ltd. (ABS-CBN Global) <sup>(a) (i)</sup>	Cayman Islands	Holding company	United States dollar (USD)	100.0	100.0
ABS-CBN Europe Ltd. (ABS-CBN Europe) <sup>(b)(c) (i)</sup>	United Kingdom	Cable and satellite programming services	Great Britain pound (GBP)	100.0	100.0
ABS-CBN Japan, Inc. (ABS- CBN Japan) <sup>(d) (i) (t)</sup>	Japan	Cable and satellite programming services	Japanese yen (JPY)	100.0	100.0
ABS-CBN Middle East FZ-LLC (ABS-CBN Middle East) <sup>(b) (i)</sup>	Dubai, UAE	Cable and satellite programming services	United Arab Emirates dirham (AED)	100.0	100.0
ABS-CBN Middle East LLC <sup>(b) (i)</sup>	Dubai, UAE	Trading	AED	100.0	100.0

Company	Incorporation	Principal Activities	Currency	2018	2017
ABS-CBN Global Hungary Kft. (ABS-CBN Hungary)	Budapest, Hungary	Holding company	USD	100.0	100.0
ABS-CBN International, Inc. (ABS-CBN International) <sup>(j) (n)</sup>	California, USA	Cable and satellite programming services	USD	100.0	100.0
ABS-CBN Australia Pty. Ltd. (ABS-CBN Australia) <sup>(j) (k)</sup>	Victoria, Australia	Cable and satellite programming services	Australian dollar (AUD)	100.0	100.0
ABS-CBN Canada, ULC (ABS-CBN Canada) <sup>(j) (k)</sup>	Canada	Cable and satellite programming services	Canadian dollar (CAD)	100.0	100.0
ABS-CBN Telecom North America, Inc. <sup>(j) (k)</sup>	California, USA	Telecommunications	USD	100.0	100.0
ABS-CBN Global Netherlands B.V. (ABS-CBN Netherlands) <sup>(j) (n)</sup>	Amsterdam, Netherlands	Intermediate holding and financing company	Euro (EUR)	100.0	100.0
<b>Films and Music:</b>					
ABS-CBN Film Productions, Inc. (ABS-CBN Films)	Philippines	Movie production	Philippine peso	100.0	100.0
Cinescreen, Inc. (Cinescreen) <sup>(f)</sup>	Philippines	Theater operator	Philippine peso	100.0	100.0
Tarsier Records, Inc. <sup>(y)</sup>	Philippines	Music production	Philippine peso	100.0	-
<b>Narrowcast and Sports:</b>					
ABS-CBN Publishing, Inc. (ABS-CBN Publishing) <sup>(v)</sup>	Philippines	Print publishing	Philippine peso	-	100.0
Creative Programs, Inc. (CPI) <sup>(v)</sup>	Philippines	Content development and programming services	Philippine peso	100.0	100.0
<b>Others:</b>					
ABS-CBN Europe Remittance Inc. <sup>(d)</sup> <sup>(j) (z)</sup>	United Kingdom	Services - money remittance	GBP	100.0	100.0
E-Money Plus, Inc. <sup>(b)</sup>	Philippines	Services - money remittance	Philippine peso	100.0	100.0
ABS-CBN Global Remittance Inc. <sup>(j) (k) (z)</sup>	California, USA	Services - money remittance	USD	100.0	100.0
ABS-CBN Canada Remittance Inc. <sup>(j)</sup> <sup>(n) (z)</sup>	Canada	Services - money remittance	CAD	100.0	100.0
ABS-CBN Center for Communication Arts, Inc. <sup>(e)</sup>	Philippines	Educational/training	Philippine peso	100.0	100.0
ABS-CBN Global Cargo Corporation <sup>(t)</sup>	Philippines	Non-vessel operations common carrier	Philippine peso	100.0	100.0
ABS-CBN Integrated and Strategic Property Holdings, Inc.	Philippines	Real estate	Philippine peso	100.0	100.0
ABS-CBN Shared Service Center PTE. Ltd. <sup>(j) (m)</sup>	Singapore	Services - support	Singapore dollar (SGD)	100.0	100.0
Professional Services for Television & Radio, Inc.	Philippines	Services - production	Philippine peso	100.0	100.0
Rosetta Holdings Corporation (RHC)	Philippines	Holding company	Philippine peso	100.0	100.0
Sarimanok News Network, Inc.	Philippines	Content development and programming services	Philippine peso	100.0	100.0
The Big Dipper Digital Content & Design, Inc. (Big Dipper)	Philippines	Digital film archiving and central library, content licensing and transmission	Philippine peso	100.0	100.0
TV Food Chefs, Inc.	Philippines	Services - restaurant and food	Philippine peso	100.0	100.0
iConnect Convergence, Inc.	Philippines	Service - call center	Philippine peso	100.0	100.0
ABS-CBN Studios, Inc.	Philippines	Production facility	Philippine peso	100.0	100.0
Medianow Strategies, Inc. (Medianow) <sup>(x)</sup>	Philippines	Marketing, sales and advertising	Philippine peso	79.7	79.7
<b>Digital and Interactive Media</b>					

Company	Incorporation	Principal Activities	Currency	2018	2017
Sapientis Holdings Corporation (Sapientis)	Philippines	Holding company	Philippine peso	100.0	100.0
Columbus Technologies, Inc. (CTI) <sup>(a)</sup>	Philippines	Holding company	Philippine peso	70.0	70.0
ABS-CBN Convergence, Inc. (ABS-C) <sup>(a)</sup>	Philippines	Telecommunication	Philippine peso	69.3	69.3
<b>Cable, Satellite and Broadband</b>					
Sky Vision Corporation (Sky Vision) <sup>(w)</sup> (see Note 4)	Philippines	Holding Company	Philippine peso	75.0	75.0
Sky Cable Corporation (Sky Cable) <sup>(w)</sup> (see Note 4)	Philippines	Cable television services	Philippine peso	59.4	59.4
Bisaya Cable Television Network, Inc. <sup>(h) (i) (w)</sup>	Philippines	Cable television services	Philippine peso	59.4	59.4
Bright Moon Cable Networks, Inc. <sup>(h)</sup> <sup>(w)</sup>	Philippines	Cable television services	Philippine peso	59.4	59.4
Cavite Cable Corporation <sup>(h) (w)</sup>	Philippines	Cable television services	Philippine peso	59.4	59.4
Cepsil Consultancy and Management Corporation <sup>(h) (w)</sup>	Philippines	Cable television services	Philippine peso	59.4	59.4
Davao Cableworld Network, Inc. <sup>(h) (o) (w)</sup>	Philippines	Cable television services	Philippine peso	59.4	59.4
HM Cable Networks, Inc. <sup>(h) (w)</sup>	Philippines	Cable television services	Philippine peso	59.4	59.4
HM CATV, Inc. <sup>(h) (w)</sup>	Philippines	Cable television services	Philippine peso	59.4	59.4
Hotel Interactive Systems, Inc. <sup>(h) (w)</sup>	Philippines	Cable television services	Philippine peso	59.4	59.4
Isla Cable TV, Inc. <sup>(h) (w)</sup>	Philippines	Cable television services	Philippine peso	59.4	59.4
Moonsat Cable Television, Inc. <sup>(h) (o)</sup> <sup>(w)</sup>	Philippines	Cable television services	Philippine peso	59.4	59.4
Pilipino Cable Corporation (PCC) <sup>(h)</sup> <sup>(w)</sup>	Philippines	Cable television services	Philippine peso	59.4	59.4
Satellite Cable TV, Inc. <sup>(h) (w)</sup>	Philippines	Cable television services	Philippine peso	59.4	59.4
Sun Cable Holdings, Incorporated (SCHI) <sup>(h) (w)</sup>	Philippines	Holding company	Philippine peso	59.4	59.4
Sun Cable Systems Davao, Inc. <sup>(h) (i) (w)</sup>	Philippines	Cable television services	Philippine peso	59.4	59.4
Sunvision Cable, Inc. <sup>(h) (w)</sup>	Philippines	Cable television services	Philippine peso	59.4	59.4
Tarlac Cable Television Network, Inc. <sup>(h) (w)</sup>	Philippines	Cable television services	Philippine peso	59.4	59.4
Telemondial Holdings, Inc. <sup>(h) (i) (w)</sup>	Philippines	Holding company	Philippine peso	59.4	59.4
JMY Advantage Corporation <sup>(h) (w)</sup>	Philippines	Cable television services	Philippine peso	56.4	56.4
Cebu Cable Television, Inc. <sup>(h) (o) (p) (w)</sup>	Philippines	Cable television services	Philippine peso	57.4	57.4
Suburban Cable Network, Inc. <sup>(h) (w)</sup>	Philippines	Cable television services	Philippine peso	54.9	54.9
Pacific CATV, Inc. (Pacific) <sup>(h) (o) (w)</sup>	Philippines	Cable television services	Philippine peso	58.0	58.0
First Ilocandia CATV, Inc. <sup>(h) (o) (w)</sup>	Philippines	Cable television services	Philippine peso	54.9	54.9
Mactan CATV Network, Inc. <sup>(h) (o) (p)</sup> <sup>(w)</sup>	Philippines	Cable television services	Philippine peso	56.6	56.6
Discovery Mactan Cable, Inc. <sup>(h) (s) (w)</sup>	Philippines	Cable television services	Philippine peso	41.6	41.6
Home-Lipa Cable, Inc. <sup>(h) (s) (w)</sup>	Philippines	Cable television services	Philippine peso	35.6	35.6
<b>Consumer Products and Experiences</b>					

Company	Incorporation	Principal Activities	Currency	2018	2017
ABS-CBN Theme Parks and Resorts Holdings, Inc. (ABS-CBN Theme Parks)	Philippines	Holding company	Philippine peso	100.0	100.0
ABS-CBN Themed Experiences, Inc. (ABS-CBN Themed Experiences) <sup>(u)</sup>	Philippines	Management of locations	Philippine peso	100.0	-
Play Innovations, Inc. (PII) <sup>(g)</sup>	Philippines	Theme park	Philippine peso	73.0	73.0
Play Innovations Hungary Kft. (Play Innovations) <sup>(f)</sup> <sup>(g)</sup>	Budapest, Hungary	Theme park	USD	73.0	73.0

#### 1.4. Significant Philippine Associates and Affiliates

Company	Principal Activity	Date of Incorporation	Relationship
Lopez, Inc.	Holding Company	11 August 1967	Parent of ABS-CBN
Lopez Holdings Corporation*	Holding Company	08 June 1993	Under common control of Lopez Inc.
ABS-CBN Holdings Corporation		30 March 1999	Under common control of Lopez Inc.
A C J O Shopping Corporation	Home shopping	13 August 2013	50% owned by ABS-CBN
ALA Sports	Boxing promotions	4 December 2013	44% owned by ABS-CBN
Daum Kakao Corporation	Services	16 February 2015	50% owned by ABS-CBN
The Flagship, Inc.	Services	20 October 2015	40% owned by ABS-CBN

\*Formerly Benpres Holdings Corporation

#### 1.5. Competition

##### MEDIA NETWORK AND STUDIO ENTERTAINMENT

###### Broadcast

*Free-to-Air Television:* Prior to the NTC CDO and the Resolution, there were 11 commercial television stations – those which derive the majority of their revenues from the sale of advertising and airtime – in Mega Manila (which includes Metro Manila and parts of the nearby provinces of Rizal, Laguna, Cavite and Bulacan), with 7 on VHF (Very High Frequency) and 4 on UHF.

The Company's television broadcasting networks competed for advertising revenues, the acquisition of popular programming and for the services of recognized talent and qualified personnel. The Company's television stations also competed with other advertising media, such as radio, newspapers, outdoor advertising and cable television channels, as well as with home video exhibition, the Internet and home computer usage.

The major free-to-air broadcasting networks in the country, their corresponding Mega Manila channels, and their respective performance in total Philippines household ratings and audience share for January-December 2019, are as follows:

**CHANNEL RATINGS AND SHARES (6AM-12MN)  
FY 2019 EXCLUDING  
HOLYWEEK**

**SOURCE: KANTAR MEDIA TAM - TOTAL HOUSEHOLDS**

Channel	Total Philippines
---------	-------------------

	(January - December 2019)	
	Rating %	Share %
ABS-CBN	14.9	44.2
GMA	10.3	30.6
TV 5	1.0	3.0
GMA News TV	0.6	1.7
ABS-CBN Sports + Action	0.5	1.4
Cinemo	1.4	4.0
Yey	1.2	3.5
CNN Philippines	0.0	0.1
OTHER FTA/DTT	1.1	3.3

Prior to the NTC CDO and *Alias* CDO and the Resolution, the Company principally competed with 9 commercial free-to-air television stations in Mega Manila, including the channels of its major competitor, GMA Network, Inc. (GMA 7 or GMA Network) which owns and operates GMA 7.

**Radio:** Prior to the NTC CDO and the Resolution, the Company's flagship radio stations, DZMM on the AM band and 101.9 in the FM band, competed with over 21 radio stations in each band in Mega Manila. The Company's other regional/provincial radio stations (3 in the AM band and 16 in the FM band) also competed with the regional radio stations of major radio broadcasting companies, such as Manila Broadcasting Company, Bombo Radyo, and Radio Mindanao Network.

The Company's radio network competed with other radio broadcasting entities for advertising revenues and for the services of recognized talent and qualified personnel. The Company's radio stations also competed with other advertising media and other forms of entertainment, including music products such as CDs and digital music.

**Programming:** ABS-CBN continues to be a major supplier of Filipino content for television and cable channels both in the Philippines and, increasingly, throughout the world. In-house produced contents have been and are still currently aired in numerous countries around the world, particularly in Southeast Asia, China, Africa, and Eastern Europe.

The Company faces competition for distribution of its programming from other producers of Filipino programming. ABS-CBN also competes with other programming providers for channel space and compensation for carriage from cable television operators and other multi-channel distributors. For such program services, distributors select programming based on various considerations, including the prices charged for the programming and the quality, quantity and variety of programming.

ABS-CBN's content library of in-house produced drama series, movies, reality shows, variety shows, documentaries, and the like, runs in the hundreds of thousands of hours combined. Moreover, the Company also has exclusive broadcast licenses for numerous popular local and foreign-acquired programs and movies.

Competition in acquiring foreign-produced programming and films has also been greater than in the previous years. The Company competes with other Philippine broadcast entities and pan-regional cable programming producers in acquiring broadcast rights to popular foreign TV shows and films.

### **Global**

Global distributes TFC and other media content in the US, Canada, Middle East, and Asia Pacific through various multichannel video programming distributors (MVPDs).

TFC competes for audience attention not only with Filipino content providers in the regions where it is distributed, but also with mainstream media content on satellite television and cable systems, national broadcast networks, regional and local broadcast stations, as well as on-demand, streaming media services.

### **Films and Music**

*Film Production and Distribution:* The creation, production, and distribution of feature films is a highly competitive business in the Philippines. AFPI competes for the services of a limited pool of recognized and bankable creative talents, both artists and production staff, and for film rights and scripts, which are essential to the success of a feature film. The Company likewise competes with other feature film producers, including established Filipino studios, an increasing number of smaller independent producers, and major foreign studios such as Disney, Dreamworks, and Warner Brothers. Success in the Philippine movie business depends on the actors' performance in the film, the quality of the film, its strategic distribution, marketing, and massive promotion. But it is also highly influenced by external factors such as the political environment, the economic situation, natural occurrences such as storms and health scares, and seasonal shifts in audience behavior, making the venture one with the highest risk in media.

The number of films released by the Company's competitors in any given period may create an oversupply of product in the market, which may reduce the Company's share of gross box office admissions. Star Cinema also competes with other forms of entertainment and leisure time activities such as streaming, travel, and dining. Piracy also takes a considerable chunk of the Company's earnings potential.

*Music Production and Promotion:* The Music Group's main business is the production and promotion of recordings and the development of singers and songwriters. Revenues are in the form of advertising and subscription revenues from online platforms such as YouTube and Spotify. Complementary to this business is the management of artists and the creation and mounting of events.

*Music Servicing and Distribution:* The Company also produces commissioned recordings for television shows and commercial advertisements.

*Music Publishing and Licensing:* The Company controls a valuable music publishing and sound recording catalogue of iconic Filipino hit songs which covers half a century. These are licensed to third parties for various usages, including theme songs in TV shows and films, commercial advertisements, and communication to the public.

### **DTT**

DTT broadcasting will soon replace the current analog transmission system, with the intention of improving the quality of broadcast service and reception, and for a better and more effective utilization of frequency spectrums. As the Department of Information and Communications Technology (DICT) rolls out the DTT broadcasting migration plan, with the vision of moving to fully digital TV by 2023, competition is also increasing for the Company.

In 2015, the Company commercially released the country's first digital terrestrial set-top box with freemium digital TV channels called ABS-CBN TVPlus. Aside from carrying free-to-air digital broadcasts of ABS-CBN and other digital broadcasters, it came with four (4) new digital TV channels exclusive to the Company's set-top box. As of end-2019, the Company has sold over 9.1 million of these set-top boxes. However, with the issuance of the *Alias* CDO, the Company has shutdown its DTT network as of June 30, 2020.

### **Narrowcast**

ABS-CBN, through its subsidiaries Sarimanok News Network, Inc. and Creative Programs, Inc., also provides programming for eight (8) cable channels. These cable channels compete for viewership with other local cable programmers and pan-regional cable channels. Production and acquisition for cable programs, as well as the selling of airtime for advertising, are highly competitive. The Company also faces competition with other cable channels in

terms of cable carriage among the numerous pay TV providers in the country.

## CABLE, SATELLITE AND BROADBAND

SKYcable is a leading cable, satellite and broadband technology provider in the Philippines. SKYcable's main competitor in the pay TV business is Signal. SKYcable also competes with other small local operators in certain cities it operates in, but no other operator has the same scale and geographic reach as SKYcable.

SKYcable, through its SKYcable network, directly competes for viewer attention and subscriptions with other providers of entertainment, news and information, including other cable television systems, broadcast television stations and DTH satellite companies.

Cable television systems also face strong competition from all media for advertising revenues. Important competitive factors include fees charged for basic and premium services, the quantity, quality and variety of the programming offered, signal reception, customer service, and the effectiveness of marketing efforts.

The broadband business where SkyCable operates in, has several direct competitors. These competitors range from large telecommunications companies to smaller and dedicated service providers catering to individuals and businesses alike. Key competitive factors include speed of service, coverage, and fees charged for broadband services.

## DIGITAL

Digital Media: The Company continues to be the #1 Philippine-based website across all categories beating out media competitors.

OTT Platform: ABS-CBN's Over-The-Top platforms (iWant.ph, TFC.TV, and Sky on Demand) compete with international OTT providers. Over the past year, a number of OTT players have entered the country. Key factors in this segment include new technologies that support the platform, easy access to online content, and quality and quantity of content offered to address changing viewership habits of the market.

## CONSUMER PRODUCTS AND SERVICES

Themed Experiences: The Company established its position at the forefront of themed experiences in the Philippines through KidZania and ABS-CBN Studio Experience.

**KidZania** is an interactive city made for children that combines inspiration, fun and learning through realistic role-play, making it one of the fastest growing global learning and entertainment brands in the world. Kids can independently explore a scaled indoor city of over 8,000 square meters with more than 100 exciting careers that they can try. It is present in 26 locations in 19 countries, with ABS-CBN spearheading in the Philippines. The business is sponsored by the leading industry partners that provide technical expertise and know-how, and help guide the content with real life business practices, making the activities as authentic as possible.

**ABS-CBN Studio Experience** is ABS-CBN's first Studio City, which allows visitors to enjoy the world of entertainment through fun and interactive themed attractions, where they can star in their favorite Kapamilya television shows and movies both in front of, and behind the camera. Studio XP houses full scale set reconstructions divided into three (3) zones, the Reality Studio, Fantasy Studio and Retail Studio.

The businesses relating to Themed Experiences will cease to operate on August 31, 2020.

### **Consumer Products and Services:**



### **The Chosen Bun, Inc.:**

ABS-CBN extends its portfolio by venturing into the Food & Beverage business thru The Chosen Bun Inc. which currently operates Heroes Burger and The Farm Organics.

**Heroes Burger** is the only Farm-to-Table Fast Food that offers Kapamilyas delicious quality, organic, 100% beef burgers. Heroes Burger sources its beef directly from the only certified organic cattle farm in the country which gives the burger its unique quality and flavor. The dining experience is completed with the use of Pinoy Heroes as a main theme in the interiors and branding. Darna, Captain Barbell, and Lastikman, are burger flavors showcased in colorful and exciting packaging.

Heroes Burger's main branch is at The ELJ building along Lopez Drive, Quezon City with a smaller branch inside the ABS-CBN Studio Experience in Trinoma Mall, Quezon City. Heroes Burger also caters to events via its mobile food truck.

**The Farm Organics** is a casual dining restaurant located at the lower level of The Powerplant Mall in Rockwell Makati. The restaurant was designed to be able to showcase the beef sourced locally from an organic cattle farm. The menu features various cuts of beef, cooked in various ways to highlight the superiority of grass-fed organic beef. The menu represents a modern Filipino theme not only its flavors but in the ingredients used. Sourcing from farms and purveyors who also share the same passion of good slow food. The ambiance and décor is casual and inviting allowing guests to feel relax in the midst of a busy mall.

### **1.6. Patents, Trademarks, Licenses, Franchises, Concessions and Royalty**

Republic Act No. 7966, approved on March 30, 1995, granted the Company the franchise to operate TV and radio broadcasting stations in the Philippines through microwave, satellite or whatever means including the use of new technologies in television and radio systems. The franchise is for a term of 25 years. ABS-CBN is required to secure from the National Telecommunications Commission (NTC) appropriate permits and licenses for its stations and any frequency in the TV or radio spectrum.

The franchise expired on May 4, 2020. Thereafter, on May 05, 2020, the NTC issued an Order which directed ABS-CBN to cease operating all its radio and television stations throughout the Philippines (the "CDO"), and on June 30, 2020, the NTC likewise issued an *Alias* Cease and Desist Order which directed the shutdown of ABS-CBN's Digital Terrestrial Television (DTT) network (the "*Alias* CDO").

On July 10, 2020, the House Committee on Legislative Franchises passed and approved the Resolution which denied the franchise application of ABS-CBN to construct, install, establish, operate, and maintain radio and television broadcasting stations in the Philippines (the "Resolution"). Under the Resolution, the House Committee on Legislative Franchises adopted the findings and recommendations of a Technical Working Group (TWG), which under its TWG Report, recommended to deny the broadcast franchise application of ABS-CBN. The Resolution likewise stated that, pursuant to Section 49 of the 18th Congress Rules of the House of Representatives, all of the House Bills and House Resolutions relative to the grant or renewal of the franchise application of ABS-CBN are "laid on the table", or effectively "killed". Consequently, ABS-CBN is no longer authorized to operate as a broadcast company.

However, ABS-CBN continues to produce programs and provide programming services, over which ABS-CBN owns and holds intellectual property rights. ABS-CBN owns various trademarks and copyright over most programs it produced. ABS-CBN has also acquired the rights over content of a number of third party production entities.

### **Third Party-owned Foreign and Local Film and Programs aired through the Networks**

ABS-CBN and its subsidiaries have licenses from foreign and local program and feature film owners to distribute the same through its networks. The licenses to distribute the foreign programs and foreign and local feature films grant ABS-CBN and its subsidiaries the right to distribute said programs and films on free TV, cable, and satellite in the

Philippines and in territories wherein TFC is distributed. These licenses for TV rights have an average term of 2 to 3 years. Such programs comprise approximately 15% of the programming of Channel 2, approximately 65% of the content of Sports & Action, and close to 89% for all CPI cable channels collectively.

ABS-CBN Film Productions, Inc. has a license to distribute local and foreign feature films in the Philippines for theatrical, TV, and video distribution, with limited ancillary rights. The licenses for foreign films have an average term of 10 to 15 years.

Aside from licenses, programs or events produced by third parties are aired through the networks of ABS-CBN and its subsidiaries under blocktime agreements or coverage and broadcast agreements entered into with such third party-producers.

### **Music Licenses**

ABS-CBN and its subsidiaries secure synchronization licenses for music used in films and TV programs for both musical compositions and sound recordings. In addition, ABS-CBN has entered into multi-year agreements with the Filipino Society of Composers, Authors and Publishers, Inc. (FILSCAP) and Sound Recording Rights Society, Inc. (SOUNDSRIGHT), both collective management organizations in the Philippines. Fees for public performance rights of TFC are paid to the relevant collecting societies in the territories where the channels are being operated.

### **Government Regulations on Principal Products or Services**

The principal law governing the broadcasting industry is the Public Service Act (Commonwealth Act. No. 146, as amended). Under this Act, the term “public service” encompasses owning, operating, managing, controlling in the Philippines, for hire or compensation, with general or limited clientele, whether permanent, occasional or accidental, and done for general business purposes, wire or wireless broadcasting stations. Accordingly, the business of ABS-CBN comes under the jurisdiction of the Public Service Commission, which was created under the same Act to have jurisdiction, supervision, and control over all public services, their franchises, equipment, and other properties, and in the exercise of its authority, to have the necessary powers and the aid of the public force.

The Act seeks to protect the public against unreasonable charges and inefficient service by public utilities, including companies engaged in television and radio broadcasting as well as to prevent excessive competition. Thusly, the Public Service Commission has been granted certain powers under the Act, including the issuance of a certificate of public convenience; the fixing and determination of the rates, tolls, charges, etc.; the fixing of just and reasonable standards, classifications, regulations, etc.; the establishment of reasonable rules, regulations, instructions; to suspend or revoke certificates issued under the Act.

The 1987 Philippine Constitution provides that “ownership and management of mass media shall be limited to citizens of the Philippines, or to corporations, cooperatives or associations wholly-owned and managed by such citizens” (Section 11, Article XVI). As a result, the Company is subject to a nationality restriction, which it has continuously and fully complied with.

Republic Act No. 7966, approved on March 30, 1995, granted the Company a Congressional Franchise to operate TV and radio broadcasting stations in the Philippines through microwave, satellite or whatever means including the use of new technologies in television and radio systems. The Congressional Franchise is for a term of twenty-five (25) years. As previously discussed, in pages 41 of this Information Statement, said Congressional Franchise, which expired on May 4, 2020, was not renewed by virtue of the Resolution adopted by the Committee of Legislative Franchise on July 10, 2020

ABS-CBN is required to secure from the NTC appropriate permits and licenses for its stations and any frequency in the TV or radio spectrum. On May 05, 2020 the NTC issued an Order which directed ABS-CBN to cease operating all its radio and television stations throughout the Philippines (the “CDO”), and on June 30, 2020, the NTC likewise issued an *Alias* Cease and Desist Order which directed the shutdown of ABS-CBN’s Digital Terrestrial Television (DTT) network (the

“Alias CDO”). In compliance with the CDO and the *Alias* CDO, ABS-CBN has shutdown the operations of its television and radio stations nationwide as well as its DTT network.

In the meantime, the Petition for Certiorari and Prohibition (the “Petition”), with urgent application of the issuance of a Temporary Restraining Order and/or a Writ of Preliminary Injunction (G.R Case No. 352119), questioning the validity of the CDO, which the Company filed last May 07, 2020 remains pending for resolution with the Supreme Court. Please refer to the discussion of G.R. Case No. 352119 in page 59 of this Information Statement.

The government departments and agencies that administer the laws governing the broadcasting industry and content are the NTC, the DICT, the Movie and Television Review and Classification Board (MTRCB), the Optical Media Board (OMB), and the Department of Labor and Employment.

The NTC primarily regulates the broadcasting industry. Its mandate extends to the regulation and supervision of radio and television broadcast stations, cable television (CATV) and pay television (Executive Order No. 546 and Executive Order No. 205). Its functions include the granting of certificates of public convenience and necessity/provisional authority to install, operate and maintain telecommunications, broadcast and CATV services; granting licenses to install, operate and maintain radio stations; allocate/sub-allocate and assign the use of radio frequencies; type-approving/type-accepting all radio communications, broadcast and customer premises equipment; conduct radio communications examination and issue radio operations certificate; prepare, plan and conduct studies for policy and regulatory purposes; monitor the operation of all telecommunications and broadcast activities; enforce applicable domestic and international laws, rules and regulations, prosecute violation thereof, and impose appropriate penalties/sanctions; issue licenses to operate land, maritime, aeronautical and safety devices; and perform such other telecommunications/broadcast-related activities as may be necessary in the interest of public service.

The DICT is the primary policy, planning, coordinating, implementing and administrative entity of the Executive Branch of the government that will plan, promote and develop the national ICT agenda. Although the NTC is attached to the DICT for policy and program coordination, the DICT does not have the power to review the acts and resolutions of the NTC.

The MTRCB is responsible for rating television and film for the Philippines. It classifies television programs based on their content. It is also the regulatory body that initiates plans and fosters cooperation in the industry to improve, upgrade and make viable the industry as one source of fueling the national economy.

The OMB was created, pursuant to the policy of the state to institute means to regulate the manufacture, mastering, replication, importation and exportation of optical media. To this end, the OMB has been empowered to formulate policies and programs necessary to accomplish the purposes of the Optical Media Act of 2003. It has also been granted the power to supervise, regulate, grant or renew licenses. Its power also encompasses inspections, obtaining search warrants, and acting as complainant in criminal prosecutions for violators of the Act. It can hear and resolve administrative cases against violators of the Act and impose sanctions, confiscate optical media, suspend, cancel or deny renewal of licenses.

In addition to the restrictions imposed by the government agencies, a broadcaster must also follow rules and industry standards promulgated by the *Kapisanan ng mga Brodkaster sa Pilipinas* (KBP), of which the Company is a member. The KBP is a self-regulating trade organization consisting of television and radio operators. It formulates policies and guidelines for the operations of its members and enforces programming and advertising rules.

#### **Costs and Effect of Compliance with Environmental Laws**

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate (ECC) prior to commencement. Through its regional offices or through the Environmental Management Bureau (EMB), the Department of Environment and Natural Resources (DENR) determines whether a project is environmentally critical or located in an environmentally critical area.

The ECC is a government certification that (i) the proposed project or undertaking will not cause a significant negative environmental impact; (ii) that the proponent has complied with all the requirements of the Environmental Impact System (EIS) system and; (iii) that the proponent is committed to implement its approved environmental management plan in the EIS or, if an IEE was required, that it will comply with the mitigation measures suggested therein. The ECC contains specific measures and conditions that the project proponent must undertake before and during the operation of a project, and in some cases, during the abandonment phase of the project to mitigate identified environmental impact.

ABS-CBN is not engaged in any project or activity that may require compliance with these requirements. For the past three years, there were no costs related to the effect of compliance with environmental laws.

However, if and when applicable, the Company shall apply for and secures proper permits, clearances or exemptions from the DENR, Department of Health, Civil Aviation Authority of the Philippines, and other regulatory agencies, for the installation and operation of proposed broadcast stations nationwide.

### **Employees and agreements of labor contracts, including duration**

ABS-CBN and Subsidiaries had 6,686 regular employees, 641 non-regular employees and 3,157 talents and project-based employees as of December 31, 2019. With the non-renewal of its legislative franchise, ABS-CBN was constrained to implement a retrenchment program covering ABS-CBN and its subsidiaries effective end of business day on August 31, 2020.

The Philippine Labor Code and other statutory enactments provide the minimum benefits that employers must grant to their employees, which include certain social security benefits, such as benefits mandated by the Social Security Act of 1997 (R.A. No. 8282), the National Health Insurance Act of 1995 (R.A. No. 7875), as amended, and the Home Development Fund Law of 2009 (R.A. No. 9679).

Under the Social Security Act of 1997, social security coverage is compulsory for all employees under 60 years of age. An employer is obligated to deduct and withhold from each employee's monthly salary, wage, compensation or earnings, the employee's contribution, and the employer, for its part, makes a counterpart contribution for the employee, and remits both amounts to the Social Security System (SSS). This enables the employees to claim their pension, death benefits, permanent disability benefits, funeral benefits, sickness benefits and maternity-leave benefits. The Social Security Act of 1997 imposes penal sanctions if an employer fails to remit the contributions to the SSS. For corporate employers, the penalty is imposed on its president and members of the board of directors.

The National Health Insurance Act, created the National Health Insurance Program (NHIP) to provide health insurance coverage and ensure affordable and accessible health care services to all Filipino citizens. Under the law, all members of the SSS are automatically members of the NHIP. The Philippine Health Insurance Corporation (PhilHealth) administers the NHIP, and an employer is required to deduct and withhold the contributions from the employee's salary, wage or earnings, make a counterpart contribution for the employee, and remit both amounts to PhilHealth. The NHIP will then subsidize personal health services required by the employee subject to certain terms and conditions under the law. The National Health Insurance Act likewise imposes penal sanctions if an employer does not remit the contributions to PhilHealth. For corporate employers, the penalty is imposed on its president and members of the board of directors.

The Home Development Fund Law (R.A. No. 9679) or the Pag-IBIG Fund Law, created the Home Development Mutual Fund (HDMF), a national savings program as well as a fund to provide for affordable shelter financing to Filipino workers. Coverage under the HDMF is compulsory for all SSS members and their employers. Under the law, an employer must deduct and withhold 2% of the employee's monthly compensation, up to a maximum of ₱5,000 and likewise make a counterpart contribution of 2% of the employee's monthly compensation, and remit the contributions to the HDMF. The Pag-IBIG Fund Law also imposes penal sanctions if the employer does not remit the contributions to the HDMF.

The Philippine Labor Code provides that, in the absence of a retirement plan provided by their employers, private-sector employees who have reached 60 years of age or more, but not beyond 65 years of age, the compulsory retirement age for private-sector employees without a retirement plan, and who have rendered at least 5 years of service in an

establishment, may retire and receive a minimum retirement pay equivalent to one-half month's salary for every year of service, with a fraction of at least 6 months being considered as one whole year. For the purpose of computing the retirement pay, "one-half month's salary" shall include all of the following: 15 days salary based on the latest salary rate; in addition, one-twelfth of the 13<sup>th</sup> month pay and the cash equivalent of 5 days of service incentive leave pay. Other benefits may be included in the computation of the retirement pay upon agreement of the employer and the employee or if provided in a collective bargaining agreement (CBA).

ABS-CBN has complied with all these labor regulations and laws.

ABS-CBN's management recognizes two labor unions, one for the supervisory employees and another for the rank and file employees. The Supervisory Union represents approximately 3% of the total regular employees of ABS-CBN, while 12% of belong to the Rank & File Union. The current CBA for the supervisory union covers the period August 1, 2018 to July 31, 2020, while the CBA for the rank and file employees covers the period December 1, 2019 to November 30, 2021.

For the last 3 years, there were neither labor strikes nor any disputes with the labor unions. CBA negotiations with the Rank and File and Supervisory unions were concluded without any major issues and were ratified by the majority of the union members.

## 1.7. Corporate Social Responsibility (CSR)

### ABS-CBN Lingkod Kapamilya Foundation, Inc. (now ABS-CBN Foundation, Inc.)

ABS-CBN's enviable position of being in media opens up opportunities to render public service. The driving philosophy underpinning the Company's business is to be of service to the Filipino people. Given the socio-political context of the Philippines, ABS-CBN's audience and stakeholders expect and rightly deserve nothing less.

ABS-CBN Lingkod Kapamilya Foundation, Inc. (ALKFI), a non-stock, non-profit organization, was incorporated in 1989 to address the plight of the disadvantaged and to ensure that solicited help are properly allotted and utilized. ALKFI has 3 flagship programs:

- *Sagip Kapamilya*. Sagip Kapamilya provides relief assistance to victims of calamities and natural disasters. It is likewise engaged in the rehabilitation of typhoon-damaged public schools and several disaster risk-reduction projects all over the country. Programa Genio of Sagip Kapamilya was launched in 2012 to focus on helping every Filipino child discover and develop the inherent "genio" or genius in them. Named in honor of ABS-CBN Founder and Chairman Eugenio Lopez Jr., Programa Genio's goal is to help empower the marginalized and disadvantaged children and youth through quality educational soft programs in order for them to become skilled and productive citizens that would be able to contribute in the growth of their community and to the country's development.
- *Bantay Bata* (Child Watch). Founded in 1997, Bantay Bata 163 started as a child welfare program for children at risk. Through the years, its services have evolved to include helping indigent children through medical assistance and scholarships. It has broadened its scope to include the community to help advance its advocacies, empowering the family through education and information campaigns. In 2018, Bantay Bata 163 re-opened the Children's Village will serve as a halfway home to abused and at risk children. Moving forward, Bantay Bata 163 will enter the online arena to aid in stopping online child abuse and exploitation. Bantay Bata's services now fall under the following categories:
  - Bantay Proteksyon – Being the front runner in child protection, these services aim to promote the intrinsic rights of a child especially their right to protection. This includes Hotline 163 and the Children's Village.
  - Bantay Edukasyon – Bantay Bata 163 provides educational assistance to children victims of abuse, exploitation and neglect and those children from destitute families.
  - Bantay Kalusugan – this category includes services that cater to the overall health and well-being of a child. Included in this group are the medical assistance services and supplemental feeding projects.
  - Bantay Pamilya – includes interventions that advance the advocacies of Bantay Bata thereby empowering the family and the community to be advocates and champions of children rights and welfare. Projects under this category include Community Outreach Programs and Capacity Building Programs for parents and service providers.
- *Bantay Kalikasan* (Nature Watch). Launched in 1998, Bantay Kalikasan (BK), ABS-CBN Lingkod Kapamilya's environment advocacy arm, has propelled massive changes towards the protection and sustainability of the country's natural environment. For two decades, it has initiated different projects such as watershed rehabilitation and management, recovery and recycling of Used Lead Acid Batteries (ULABs) and used oil, advocacy building through Information and Education Campaigns (IEC) and community empowerment. BK's projects include the Green Initiative Project, La Mesa Watershed and Ecopark, Bantay Baterya and Langis and the SEA Verde Island Passage (SEA VIP) Project. All of Bantay Kalikasan's projects revolve around five pillars which include:
  - Environmental Advocacy and Stewardship - This pillar awakens the "steward" in every Filipino – to encourage them to take steps, even small, for the environment.
  - Food Security and Sustainable Livelihood - This pillar provides the necessary inventory/equipment/infrastructure, and even operating capital needed to start up the social enterprise.

- o Empowered Communities and Governance - This pillar trains the community on managing their own social enterprise in the areas of financial literacy, marketing, operations, and other sustainable business practices. It also includes values transformation of individuals enabling them to make sound decisions based on integrity, truth, and the common good. This pillar also assists the communities to form a recognized organization capable of governing themselves and implementing policies to achieve their common goals.
- o Building Networks and Ecosystems - This pillar equips the communities to become independent organizations capable of tapping government agencies, the academe, and trade associations to launch, manage and sustain their projects.

In 2019, Bantay Kalikasan had projects and interventions in 51 communities nationwide.

**On our Sustainability Report, please refer to the following links for the full report:**

<https://www.abs-cbn.com/sustainability>

<https://www.abs-cbn.com/governance/reports/sustainability-report/2019-sustainability-report/id-79>

## **1.8. Principal Competitive Strengths of the Company**

### **Diversified businesses**

ABS-CBN is considered the country's leading media and entertainment company, with service offerings across the different platforms of media, servicing a wide array of customer segments.

Prior to the Resolution, the Company's VHF television network, consisting of Channel 2, other owned and operated television stations, and 10 affiliated stations, was the leading television networks in the Philippines. The Company also operated Channel 23, one of the leading UHF television networks with 41 television stations. These VHF and UHF networks reached an estimated 97% and 50%, respectively, of all television owning households in the Philippines.

ABS-CBN as a radio broadcast company, operated 22 radio stations throughout the key cities of the Philippines. The Company's anchor radio stations in Mega Manila, DZMM and DWRR, were among the highest-rated stations in Mega Manila, in the AM and FM bands, respectively.

The Company delivers television programming outside of the Philippines to over 3 million viewers in North America, the Middle East, Europe, Japan, Australia, Canada, and other countries in Asia, through the internet and the Company's global distribution platform, TFC, using DTH satellite service, cable television channels, IPTV, mobile applications and video streaming services.

ABS-CBN beneficially owns 92% of Sky Cable and holds approximately 59.4% economic interest (on a fully diluted basis) in Sky Cable. Sky Cable also offers the fastest residential broadband service in the country. On May 11, 2012, Sky Cable entered into agreements with Destiny Cable, Inc. (Destiny), Solid Broadband Corporation, and Uni-Cable TV, Inc. (together, the Destiny Cable Group) for the acquisition of its cable and broadband assets and subscribers.

The Company's product offering is further complemented by subsidiaries focused on other multimedia services such as film production, music recording, telecommunications and magazine and book publishing.

### **Extensive experience of management team**

ABS-CBN's management is composed of highly experienced professionals with significant track record in the media sector, managing close to 10,000 employees in 2019. Key senior officers have been working within the industry for at least 10 years.

## Growth strategy

In light of the Resolution, the Company plans to continue to operate in other businesses that do not require a legislative franchise, such as, international licensing and distribution, digital and cable businesses, as well as, continue with the syndication of content through various streaming services. The Company takes into consideration the probable shift of consumer behavior in terms of accessing content, as well as, the ever-changing technology available to the public.

### 1.9. Key Strategies and Objectives

As an organization, ABS-CBN affirms its mission of being in the service of the Filipino. The Company is driven to pioneer and innovate because it knows that it helps more Filipinos discover themselves and connect to one another. The Company opens pathways to opportunities and brings people a step closer to their dreams. ABS-CBN is firmly committed to pursuing excellence. The key elements to its business strategy are:

***Building on our core strength in content creation.*** While the technology, the production process, and the medium used to access content evolve, ABS-CBN's core ability to create quality content that touches, inspires and empowers its viewers must remain constant. The Company will continue building on its core strength in content creation.

***Anytime, anywhere, in any device or medium.*** As ABS-CBN's audience demand greater control over how and when they will consume content, the Company will ensure its continued relevance by distributing its content in the widest array of platforms that technology will allow. The Company's audience will be able to reach ABS-CBN anytime at any place in any medium.

***Maintain a strong fiscal position and bring value to our stakeholders.*** The Company will derive the most synergies possible between its content and distribution businesses. The Company will ensure that it is able to optimize its strength of content creation by being present in all platforms possible. In addition, the Company will consciously operate more efficiently and cost-effectively, as it delivers greater value to its customers, clients, partners, and shareholders.

### 1.10. Transactions with Related Parties

For a detailed discussion of ABS-CBN's related party transactions, refer to Note \_ of the Company's 2019 audited consolidated financial statements.

Except for related party transactions discussed in the accompanying notes to the Company's 2019 audited consolidated financial statements, there had been no material transactions during the past 2 years, nor is any material transaction presently proposed, to which the Company was or is to be a party in which any director, executive officer of the Company, or security holder of more than 10% of the Company's voting securities, any relative or spouse of any such director or executive officer or owner of more than 10% of the Company's voting securities had or is to have direct or indirect material interest.

Furthermore, there had been no material transactions during the past two (2) years, nor is any material transaction presently proposed, between the Company and parties that fall outside the definition of "related parties" under PAS 24 *Related Party Disclosure – Key Management Personnel*, but with whom the registrants or its related parties have a relationship (e.g., former senior management of the Company or other parties who have some other former or current relationship with the Company) that enables the parties to negotiate terms of material transactions that may not be availed from other, more clearly independent parties on an arm's length basis.

### 1.11. Risks Relating to the Company

The Company's results of operations may be negatively affected by the NTC CDO, Resolution, COVID-19, and the adverse economic conditions in the Philippines and abroad since its operations depend on its ability to sell airtime for advertising, to sell various goods and services, and to collect subscription fees from its subscribers. Historically, the advertising industry, relative to other industries, has been particularly sensitive to the general condition of the economy. Also, the ability of consumers to pay for the Company's services or goods depends on their disposable income at any given time.



Consequently, the Company's business may be affected by the economic condition of the country and of the territories where it conducts its business.

ABS-CBN's Board of Directors and management are mindful of the potential impact of various risks to the Company's ability to operate a viable business. Strategy formulation and decision-making always take into account these potential risks and the Company ensures that it takes all the steps necessary to minimize, if not eliminate, such risks. ABS-CBN ensures that it has the proper control systems in place, and to the extent possible, adopted global best practices, to identify, assess, analyze and mitigate market, operating, financial, regulatory, community, reputational, and other risks.

The Risk Management Committee formed in March 2010 assumes the responsibility of oversight for Enterprise Risk Management (ERM), taking over from the Audit Committee.

## **2. Properties**

### **2.1 Head Office**

The properties of the Company consist of production, broadcasting, transmission and office facilities, majority of which are owned by the Company. Broadcast operations are principally conducted in the 44,000 square meters ABS-CBN Broadcasting Center located at Sgt. Esguerra Avenue corner Mother Ignacia St. Quezon City. The broadcast center also houses the Company's 650-foot transmitter tower and other broadcast facilities and equipment.

The broadcast center is comprised of several buildings, one of which is a modern 15-story building known as the Eugenio Lopez Jr. Communications Center (ELJCC). The ELJCC houses the corporate offices of the Company and its subsidiaries engaged in related businesses. Aside from the corporate offices, the building also has television soundstages, sound recording studios and other television production facilities. The building has a gross floor area of approximately 100,000 square meters and total office space of approximately 58,000 square meters. The ground floor is leased to various businesses including banks, retail stores, coffee shops and restaurants. The broadcast center also houses the Company's other buildings and properties:

- The main building, which currently houses the Company's TV Production, News and Current Affairs, Regional Network, and Manila Radio groups. The Company's Technical Operations Center and several studios and soundstages are also located in the main building, which was completed in 1968.

### **2.2 Local and Regional Properties**

ABS-CBN also owns real estate properties in various parts of the country. Originating stations have the capacity to produce and broadcast their own programs and to air advertising locally. Relay stations can only re-transmit broadcasts from originating stations. Affiliate stations are not owned by the Company. Rather, they are typically independently owned by local Filipino business people and are contracted to re-broadcast the Company's originating signals during specified time blocks for negotiated fixed fees.

By virtue of the NTC CDO and the Resolution of the House Committee on Legislative Franchises, the Company has ceased to broadcast any programming in its television and radio stations.

## **3. Legal Proceedings**

For the past 5 years, the Company has not been a party in any legal proceedings which involved a claim for damages in an amount, exclusive of interest and cost, exceeding 10% of the current assets of ABS-CBN.

### **A. Non-Material Legal Proceedings**

While not deemed material, legal proceedings based on the amount of the claims involved, the following legal proceedings involving ABS-CBN were the subject of news reports, and therefore generated public interest, but

Management is nevertheless of the opinion that should there be any adverse judgment based on these claims, these will not materially affect ABS-CBN's financial position and results of operations:

**"GMA Network, Inc. vs. ABS-CBN Broadcasting Corporation, et al"**

The Company has a pending civil case for libel against it filed by GMA Network, Inc. in connection with the same events covered by the case against AGB Nielsen. The case was filed on 03 January 2008 and docketed as Q-08-61735, is pending before the Regional Trial Court of Quezon City, Branch 76. GMA's total claim against the Company is Fifteen Million Pesos (P15,000,000). On 6 February 2020, the trial court rendered a Decision dismissing the complaint filed by GMA and the Company's counterclaims. The Company filed a motion for partial reconsideration on the dismissal of its compulsory counterclaims. GMA filed a Notice of Appeal.

**"Wilfredo Revillame vs. ABS-CBN Broadcasting Corporation"**

This is a civil action for rescission of contract and damages filed by Wilfredo Revillame against the Company in connection with the former's talent contract with the Company. The Company filed a counterclaim for breach of contract, injunction, and damages. The case was docketed as Civil Case No. Q-10-67770 and original raffled to Regional Trial Court, Branch 84. Upon the inhibition of the presiding judge of Branch 84, the case was re-raffled to and is now pending with Branch 217. Revillame's total claim against the Company is Eleven Million Five Hundred Thousand Pesos (P11,500,000.00). Revillame filed a Motion to Dismiss on the ground that the Company is guilty of forum-shopping which was granted by the trial court. The Company filed a Motion for Reconsideration which was also denied. The Company filed an appeal which was granted. Thus, ABS-CBN's counterclaims were reinstated. Revillame filed a Motion for Reconsideration which was denied. Revillame filed a petition for review on certiorari with Supreme Court. On 25 March 2019, the Company filed its *Comment/Opposition [Re Petition for Review on Certiorari dated 19 January 2018]* of even date. In the *Resolution* dated 12 February 2020, the Supreme Court noted ABS-CBN's *Comment*.

In the *Resolution* dated 19 February 2020, the Supreme Court consolidated the instant case with G.R. No. 221781 entitled "*ABS-CBN Corporation vs. Willie Revillame*", which was filed in relation to the examination of Revillame's AIPC Bond.

**"ABS-CBN Corporation vs. Wilfredo Revillame aka Willie Revillame, Wilproductions, Inc., ABC Development Corporation and Ray Espinosa in his capacity as President of ABC"**

This is a complaint for copyright infringement filed by the Company against Revillame, Wilproductions, ABC Development Corporation and Ray Espinosa, for the production and airing of "Willing Willie", in violation of the Company's copyright over the show "Wowowee", which it created, produced and broadcast. The case was docketed as Civil Case No. 10-1155 and is pending with the Regional Trial Court, Makati, Branch 66. The Company is asking for One Hundred Two Million Four Hundred Thousand Pesos (P102,400,000) as actual and compensatory damages and other consequential damages.

When the Court denied defendants' Motion to Defer Proceedings, they filed a petition for Certiorari before the Court of Appeals, entitled "*ABC Development Corporation and Ray Espinosa vs. Villarosa and ABS-CBN Corporation*," docketed as CA-GR Sp. No. 117063. The Court of Appeals granted the petition, and dismissed the copyright infringement case on the ground of forum-shopping. The Company filed a Motion for Reconsideration which was denied. The Company filed a petition for review with the Supreme Court. In a *Resolution* dated 16 October 2019, the Supreme Court dismissed the Company's petition for review and ruled that the Company committed forum-shopping and ordered it to pay the costs of suit. The Company filed a motion for reconsideration on 5 December 2019 and said motion for reconsideration remains pending.

**"ABS-CBN Corporation vs. Willie Revillame, Atty. Romeo Monfort, Reynaldo Fong and other John and/or Jane Does"**

This is a suit for use of a falsified document in a judicial proceeding and falsification of AIPC Bond No. G (16)-09314/NSMKT2 which Revillame submitted in the trial court. This case was filed with the Office of the City Prosecutor of Quezon City and was docketed as XV-03-INV-11I-07-532. The suit was dismissed. The Company's appeal with the Department of Justice was denied. The Company filed a motion for reconsideration. Respondents Fong and Revillame have filed their respective comment/opposition. The Company's motion for reconsideration remains pending.

**B. Material Legal Proceedings**

**Republic of the Philippines v. ABS-CBN Corporation and ABS-CBN Convergence, Inc.**

This is a petition for quo warranto against the Company and ABS-CBN Convergence, Inc. for alleged violations of its franchise in connection with the Company's pay-per-view offerings through free-to-air signals and issuance of Philippine Deposit Receipts through ABS-CBN Holdings Corporation purportedly in violation of the foreign ownership restriction on mass media under the Constitution. In the petition, the Republic also contended that ABS-CBN Convergence, Inc. violated its franchise under RA 7908 when the transfer of the franchise was made without congressional approval, and when it failed to publicly offer any of its outstanding capital stock in any securities exchange. The Company filed its Comment to the Petition. It was reported that the petition against the Company was dismissed for being moot while the petition remained pending against ABS-CBN Convergence. The Company has not received any order from the Supreme Court in this regard.

**National Telecommunications Commission v. ABS-CBN Corporation**

The National Telecommunications Commission (NTC) issued an Order dated May 5, 2020 directing the Company to immediately cease and desist from operating its radio and television stations in Metro Manila and other regional stations and to show cause why the frequencies assigned to it should not be recalled for lack of a necessary Congressional Franchise as required by law. On May 5, 2020, the Company ceased operating its television and radio stations in compliance with the NTC's Order.

On May 7, 2020, the Company filed with the Supreme Court a petition for certiorari and Prohibition (Petition) to challenge the Order dated May 5, 2020, docketed as G.R. No. 252119. (please refer to the next case)

In the meantime, on May 15, 2020, the Company filed its Verified Answer and Compliance to the Order dated May 5, 2020. In its Verified Answer, the Company alleged, among others, that allowing the Company to retain its assigned frequencies is consistent with legislative policy, the recall of the frequencies is inextricably linked with the issues raised before the Supreme Court, the case must be suspended pending the resolution of the case before the Supreme Court, and the recall of the frequencies should be done after hearing and compliance with the requisites of due process of law.

On June 30, 2020, the Company received an alias cease and desist order from the NTC directing it to cease and desist from operating its digital transmission service in Metro Manila using Channel 43. While Channel 43 is operated by Amcara Broadcasting Network, Inc., the Company's digital transmission service in Metro Manila using Channel 43 was stopped.

**ABS-CBN Corporation vs. National Telecommunications Commission**

This is a petition for certiorari and prohibition with urgent application of the issuance of a Temporary Restraining Order and/or a Writ of Preliminary Injunction, challenging the Order dated May 5, 2020 issued by the NTC. In the Petition, the Company alleged that the NTC gravely abused its discretion when it issued a cease and desist order instead of deferring to Congress and issuing a provisional authority to allow the Company and its stations to continue operating. It also argued that the issuance of the cease and desist order deviated from past practice and violated its rights to equal protection of the law and due process, because it was issued without due notice and hearing. The Company likewise said that the CDO violated the right of the public to information and curtails the right to freedom of speech. The NTC filed its Comment.

The petition remains pending.

**Application for Franchise to Construct, Install, Establish, Operate and Maintain Radio and Television Broadcasting Stations**

On July 10, 2020, the Committee on Legislative Franchises of the House of Representatives and Ex-Officio Members thereof voted to adopt a Resolution denying the franchise application of the Company. With the passage of the Resolution, the Company is no longer authorized to operate as a broadcast Company.

**PART II - OPERATIONAL AND FINANCIAL INFORMATION**

**1. Market for Issuer’s Common Equity and Related Stockholder Matters**

The Company’s common shares have been listed on the PSE since 1992. The Philippine Depositary Receipts (PDRs) were listed in 1999. Common shares may be exchanged for PDRs. The common shares (PSE: ABS) closed at ₱7.60 while the PDRs (PSE: ABSP) closed at ₱7.10 on July 30, 2020.

**Dividends**

The declaration and payment of dividends are subject to certain conditions under the Company’s existing long term loan agreements with various banks.

**2. Stock Dividend (Per Share)**

No stock dividend declared since July 2, 1996.

**Cash Dividend (Per Share)**

Amount	Share	Declaration Date	Record Date	Payment Date
₱0.60	Common	March 28, 2001	April 25, 2001	May 25, 2001
₱0.64	Common	July 21, 2004	July 24, 2004	August 10, 2004
₱0.45	Common	March 28, 2007	April 20, 2007	May 15, 2007
₱0.83	Common	March 26, 2008	April 30, 2008	May 27, 2008
₱0.90	Common	March 25, 2009	May 5, 2009	May 29, 2009
₱1.11	Common	March 11, 2010	March 31, 2010	April 29, 2010
₱2.10	Common	March 4, 2011	March 25, 2011	April 19, 2011
₱0.80	Common	March 30, 2012	April 25, 2012	May 22, 2012
₱0.40	Common	April 23, 2013	May 10, 2013	June 6, 2013
₱0.004	Preferred	January 30, 2014	February 14, 2014	February 28, 2014
₱0.60	Common	March 27, 2014	April 16, 2014	May 7, 2014
₱0.60	Common	March 5, 2015	March 20, 2015	April 30, 2015
₱0.004	Preferred	April 24, 2015	May 11, 2015	May 18, 2015
₱0.75	Common	March 18, 2016	April 11, 2016	April 29, 2016
₱0.004	Preferred	May 05, 2016	May 20, 2016	June 7, 2016
₱1.04	Common	February 22, 2017	March 8, 2017	March 22, 2017
₱0.004	Preferred	February 22, 2017	March 8, 2017	March 22, 2017
₱0.92	Common	February 22, 2018	March 8, 2018	March 22, 2018
₱0.004	Preferred	February 22, 2018	March 8, 2018	March 22, 2018
₱0.55	Common	February 28, 2019	March 14, 2019	March 26, 2019
₱0.004	Preferred	February 28, 2019	March 14, 2019	March 26, 2019

## High and Low Share Prices

		ABS		ABSP	
		High	Low	High	Low
<b>2019</b>	First Quarter	25.30	20.00	22.00	18.24
	Second Quarter	20.85	16.80	19.56	16.34
	Third Quarter	22.00	17.06	20.00	16.72
	Fourth Quarter	19.56	14.80	18.78	13.52
<b>2018</b>	First Quarter	29.40	28.70	27.85	27.50
	Second Quarter	25.50	24.90	25.00	24.20
	Third Quarter	21.30	20.90	19.50	19.20
	Fourth Quarter	20.15	19.92	18.80	18.70
<b>2017</b>	First Quarter	48.95	43.80	48.80	44.00
	Second Quarter	46.60	42.2	47.00	41.00
	Third Quarter	43.90	40.30	44.50	39.90
	Fourth Quarter	40.70	34.5	40.50	34.10
<b>2016</b>	First Quarter	62.80	53.40	64.00	50.00
	Second Quarter	59.50	45.50	60.00	45.00
	Third Quarter	54.25	46.75	55.00	47.00
	Fourth Quarter	49.50	43.25	49.30	43.50
<b>2015</b>	First Quarter	66.00	45.00	70.00	45.70
	Second Quarter	64.20	59.80	66.00	59.90
	Third Quarter	65.10	53.00	68.15	55.00
	Fourth Quarter	68.00	59.80	68.50	59.90
<b>2014</b>	First Quarter	32.60	27.00	32.00	26.40
	Second Quarter	39.85	32.70	40.40	32.50
	Third Quarter	43.80	36.50	43.80	35.80
	Fourth Quarter	48.00	42.00	49.00	42.00
<b>2013</b>	First Quarter	41.30	37.00	45.00	37.50
	Second Quarter	46.00	36.95	48.10	35.10
	Third Quarter	40.30	30.60	43.00	31.50
	Fourth Quarter	33.95	30.30	35.15	30.80
<b>2012</b>	First Quarter	37.75	30.00	38.30	29.90
	Second Quarter	41.80	33.70	50.00	32.00
	Third Quarter	37.00	24.45	36.95	23.30
	Fourth Quarter	34.20	29.95	34.00	29.15
<b>2011</b>	First Quarter	47.50	40.50	47.90	44.00

Second Quarter	42.50	38.90	44.00	41.50
Third Quarter	40.50	28.60	44.00	34.50
Fourth Quarter	32.60	29.70	33.50	29.50

## 2010

First Quarter	30.00	25.50	31.00	26.00
Second Quarter	38.50	29.00	40.50	28.50
Third Quarter	56.00	36.50	56.00	40.50
Fourth Quarter	56.00	43.50	56.00	45.00

The number of shareholders of record as of July 31, 2020 was 7,985. Common shares issued as of July 31, 2020 were 883,295,819. Preferred Shares outstanding as of July 31, 2020 were 1,000,000,000.

As of July 31, 2020, the foreign equity ownership of ABS-CBN is at 0%.

### Top 20 Common Shares Stockholders

As of June 30, 2020, the Top 20 stockholders of ABS-CBN own an aggregate of 840,963,654 or 95.21% of issued common shares.

Rank	Name	Citizenship	Record/Beneficial	No. of Shares	Percentage
1	LOPEZ, INC.	Filipino	Record	480,933,747	54.42%
2	PCD NOMINEE CORPORATION	Filipino	Record	352,496,470	39.91%
3	JOSE MARI CHAN	Filipino	Record	1,257,130	0.14%
4	CHING TIONG KENG	Filipino	Record	1,111,500	0.13%
5	ABS-CBN FOUNDATION, INC.	Filipino	Record	780,995	0.09%
6	EUGENIO LOPEZ III	Filipino	Record	769,960	0.09%
7	CREME INVESTMENT CORPORATION	Filipino	Record	417,486	0.05%
8	FG HOLDINGS	Filipino	Record	386,270	0.04%
9	MANUEL M. LOPEZ	Filipino	Record	351,196	0.04%
10	CHARLOTTE C. CHENG	Filipino	Record	340,000	0.04%
11	CYNTHIA D. CHING	Filipino	Record	337,500	0.04%
12	ROLANDO P. VALDUEZA	Filipino	Record	284,500	0.03%
13	CARLO L. KATIGBAK	Filipino	Record	249,500	0.03%
14	MA. SOCORRO V. VIDANES	Filipino	Record	239,500	0.03%
15	LA SUERTE CIGAR & CIGARETTE FACTORY	Filipino	Record	205,000	0.02%
16	LAURENTI M. DYOGI	Filipino	Record	191,500	0.02%
17	ALBERTO G. MENDOZA &/OR JEANIE MENDOZA	Filipino	Record	168,250	0.02%
18	MIMI CHUA	Filipino	Record	162,390	0.02%
19	MAJOGRAJO DEV. CORPORATION	Filipino	Record	140,700	0.02%
20	OLIVIA M. LAMASAN	Filipino	Record	140,060	0.02%
	Subtotal of Top 20 Stockholders			840,963,654	95.21%

Rank	Name	Citizenship	Record/Beneficial	No. of Shares	Percentage
	Others			43,332,165	4.79%
	<b>Total No. of Shares</b>			<b>883,295,819</b>	<b>100.00%</b>

### Top 20 Preferred Shares Stockholders

As of June 30, 2020, the Top 20 stockholders of ABS-CBN's preferred stock are as follows:

Rank	Name	Citizenship	Record / Beneficial	No. of Shares	%
1	Lopez, Inc.	Filipino	Record	987,130,246	98.71%
2	Tower Securities Incorporated	Filipino	Record	4,431,583	0.44%
3	Citibank NA FAO Maybank ATR King Eng Capital Partners Inc. Trust Dept	Filipino	Record	2,244,787	0.22%
4	Manuel M. Lopez and/or Ma. Teresa Lopez	Filipino	Record	1,643,032	0.16%
5	Abacus Securities Corporation	Filipino	Record	727,085	0.07%
6	Abacus Securities Corporation	Filipino	Record	699,091	0.07%
7	Value Quest Securities Corporation	Filipino	Record	662,020	0.07%
8	Globalinks Securities & Stocks, Inc.	Filipino	Record	297,081	0.03%
9	Manuel M. Lopez	Filipino	Record	187,518	0.02%
10	Maybank ATR Kim Eng Securities	Filipino	Record	182,083	0.02%
11	Belson Securities, Inc.	Filipino	Record	128,905	0.01%
12	Asiasec Equities, Inc.	Filipino	Record	120,000	0.01%
13	PCCI Securities Brokers Corporation	Filipino	Record	112,022	0.01%
14	Ricky See Eng Huy	Filipino	Record	103,901	0.01%
15	Noli de Castro	Filipino	Record	93,372	0.01%
16	Meridian Securities, Inc.	Filipino	Record	93,133	0.01%
17	Edmond T. Aguilar	Filipino	Record	71,961	0.01%
18	Leonardo P. Katigbak	Filipino	Record	66,702	0.01%
19	Kris Aquino	Filipino	Record	64,136	0.01%
20	Imperial, De Guzman, Abalos & Co., Inc.	Filipino	Record	56,641	0.01%
	Subtotal of Top 20 Stockholders			999,115,299	99.91%
	Others			884,701	0.09%
	<b>Total No. of Shares</b>			<b>1,000,000,000</b>	<b>100.00%</b>

### Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

On February 28, 2013, the Company issued One Billion Preferred Shares at an issue price of ₱0.20 per share through a rights offering solely to its stockholders. No underwriters were involved in the offer and no commission or remuneration was paid in connection with the offer. The offer and issuance of the Preferred Shares is an exempt transaction under Section 10.1 (e) of the Securities Regulation Code since the said securities were offered and sold to the Company's stockholders exclusively and no commission or remuneration was paid in connection with the offer and sale of the securities.

On June 5, 2013, the Company issued 57,836,900 Common Shares to ABS-CBN Holdings Corporation at an issue price of ₱43.125 per share. The offer and issued of the said Common Shares is an exempt transaction under Section 10.1 (k) of the Securities Regulation Code since the securities was sold to fewer than twenty (20) persons in the Philippines during

any twelve-month period. On June 25, 2013, Lopez, Inc. subscribed to 34,702,140 Common Shares at a subscription price of ₱43.225 per share. The offer and issued of the said Common Shares is an exempt transaction under Section 10.1 (k) of the Securities Regulation Code since the securities was sold to fewer than twenty (20) persons in the Philippines during any twelve-month period.

The Registration Statement for the issuance of the additional Common Shares has been approved by the SEC.

On February 22, 2017, the Board of Directors approved an Employee Stock Purchase Plan and an Executive Stock Purchase Plan. The ABS-CBN Employee Stock Purchase Plan was offered to rank and file employees, technical specialists and Internal Job Market members with at least one (1) year tenure, in January 2018. The maximum number of ABS-CBN common shares that was subscribed by a participant under this plan is 2,000 shares. The subscription price was at PHP29.50, which was a 15% discount on the closing price as of the offer date. The subscription price will be paid in five (5) years. The Executive Stock Purchase Plan was offered to managers and artists and members of the Board of Directors with at least one (1) year tenure. Managers and artists can subscribe up to a maximum of shares equivalent to 2.5 months of their monthly salary or income. Members of the Board of Directors can subscribe up to 100,000 shares. The subscription price for the first 2,000 shares was at PHP29.50, which was a 15% discount on the closing price as of the offer date. There was no discount on the subscription price for the shares subscribed in excess of 2,000 shares. The subscription price will be paid in 5 years. The stockholders unanimously approved the Employee Stock Purchase Plan and Executive Stock Purchase Plan on April 6, 2017, and the Securities and Exchange Commission (SEC) resolved that the issuance of said shares is exempt from the registration requirement, pursuant to Section 10.2 of the Securities and Regulation Code, on September 28, 2017. From January 22, 2018 to February 9, 2018, the Parent Company offered shares to qualified employees and executives under the ESPP and the Executive Stock Purchase Plan and as of February 22, 2018, the Company accepted a total subscription from participants of 11,391,500 common shares.

**Information on Independent Accountant and other Related Matters**

The principal accountants and external auditors of the Company is the accounting firm of SyCip, Gorres, Velayo & Company (SGV & Co.). The accounting firm of SGV & Co. has been the Company’s Independent Public Accountants for the last 5 years. There was no event in the past 5 years where SGV & Co. and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The Company has engaged SGV & Co., with Catherine E. Lopez as the engagement partner, for the audit of the Company’s books in 2017. The Company has complied with SRC Rule 68, paragraph 3(b) (iv) re: five (5) year rotation requirement for the external auditor.

SGV & Co. is being recommended for re-election at the scheduled Annual Stockholders’ Meeting on September 24, 2020.

Representatives of SGV & Co. for the current year and for the most recently completed fiscal year are expected to be present at the Annual Stockholders’ Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The aggregate fees billed to ABS-CBN and its subsidiaries for each of the last two (2) fiscal years for professional services rendered by the external auditor are as follows:

	2019	2018
Audit Fees		26,904,000
Non-Audit Fees		16,288,644

The Audit Committee’s Approval Policies and Procedures for the above services from SGV & Co., the external auditors are discussed in Section IV of the Company’s Manual of Corporate Governance filed with the Commission on May 26,



2017. The Audit Committee pre-approves all audit and non-audit services as these are proposed or endorsed before these services are performed by our independent auditor.

#### 4. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The Management’s Discussion and Analysis of Financial Condition and the Results of Operation for the past three fiscal years are attached hereto as **Annex A**.

#### Key Performance Indicators

Ratios	2019	2018	2017	Formula
Current Ratio		2.42	2.18	Current Assets/Current Liabilities
Net Debt-to-Equity Ratio		0.28	0.24	Interest-bearing loans and borrowings less Cash and Cash equivalent/ Total Stockholders' Equity
Asset-to-equity ratio		2.37	2.23	Total Assets/ Total Stockholders' Equity
Interest rate coverage ratio		2.71	5.09	EBIT/ Interest Expense
Return on Equity		5.34%	9.38%	Net Income/ Total Stockholders' Equity
Return on Assets		2.26%	4.21%	Net Income/Total Asset
Profitability Ratios:				
Gross Profit Margin		36.15%	39.42%	Gross Profit/ Net Revenue
Net Income Margin		4.76%	7.77%	Net Profit/ Net Revenue

#### 5. Financial Statements

The Company’s Statement of Management’s Responsibility and Audited Financial Statements as of December 31, 2019 is in **Annex B**. Financial Statements are prepared in accordance with SRC Rule 68, as amended and Rule 68.1.

The Schedule for Determination of Retained Earnings available for Dividend Declaration prepared in accordance with SEC Memorandum Circular No. 11 is also included in **Annex B**.

#### 6. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no changes in and disagreements with accountants on accounting and financial disclosure during the two (2) most recent fiscal years or subsequent interim period.

### PART III - COMPENSATION INFORMATION

#### 7. Executive Compensation

Information as to the aggregate compensation paid or accrued during the last two (2) fiscal years and to be paid in the ensuing fiscal year to the Company's chief executive and four (4) other most highly compensated executive officers as follows:

SUMMARY COMPENSATION TABLE				
Annual Compensation – 2019 Actual and 2020 Estimated				
Name	Year	Salary	Bonus	Other Annual Compensation
Chief executive and most highly compensated executive officers (in alphabetical order): Carlo L. Katigbak Aldrin M. Cerrado Laurenti M. Dyogi Rolando P. Valdueza Ma. Socorro V. Vidanes	2020E		₱	₱
	2019E	₱153,119,172.00		-
All managers and up as a group unnamed	2020E		₱	₱
	2019E	₱1,793,188,086		

SUMMARY COMPENSATION TABLE				
Annual Compensation -2018				
Name	Year	Salary	Bonus	Other Annual Compensation
Chief executive and most highly compensated executive officers (in alphabetical order): Carlo L. Katigbak Aldrin M. Cerrado Laurenti M. Dyogi Ma. Lourdes N. Santos Rolando P. Valdueza Ma. Socorro V. Vidanes	2018	₱149,576,856.00	₱	-
			34,454,182.29	
All managers and up as a group unnamed	2018	₱1,676,910,928.66	₱-309,	₱-106,327,742.65
			059,071.95	

#### Compensation of Directors

Each Board Director receives a set amount of ₱40,000 per board meeting and ₱20,000 per committee meeting attended. In terms of profit sharing and bonuses, the total yearly compensation of directors shall not exceed 10% of the net income before income tax of the Company during the preceding year.

## 8. Security Ownership of Certain Beneficial Owners and Management

### Security Ownership of Certain Records and Beneficial Owners as of July 31, 2020

Title Of class	Name and Address of Record Owner	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	% of Class	% of Outstanding
Common	Lopez, Inc. 5/F Benpres Bldg, Exchange Road cor Meralco Ave., Pasig City	Lopez, Inc.	Filipino	480,933,747	55.79%	25.83%
Common	PCD Nominee Corporation* G/F Makati Stock Exchange Bldg., Ayala Ave., Makati City	ABS-CBN Holdings Corporation	Filipino	286,760,200	32.46%	15.23%
Preferred	Lopez, Inc. 5/F Benpres Bldg, Exchange Road cor Meralco Ave., Pasig City	Lopez, Inc.	Filipino	987,130,246	98.71%	53.02%

*\*PCD Nominee Corporation is not related to the Company*

The preferred shares are voting and every holder of preferred shares shall be entitled to one vote for each share of preferred stock held as of the established record date.

Lopez, Inc. is the holding company of the Lopez family. It is owned by the respective holding companies of the families of the late Eugenio Lopez, Jr., Oscar M. Lopez, the late Presentacion L. Psinakis and Manuel M. Lopez. It has issued convertible notes covering the shares in the Company registered and beneficially owned by it in favor of Lopez Holdings Corporation (formerly: Benpres Holdings Corporation).

Eugenio Lopez III, or in his absence, Manuel M. Lopez, or in his absence Oscar M. Lopez has been named and appointed to exercise the voting power of Lopez Inc.'s shares in ABS-CBN Corporation.

The 286,760,200 common shares under the name of PCD Nominees Corporation are held for ABS-CBN Holdings Corporation (ABS-CBN Holdings) and represent the underlying shares covered by Philippine Deposit Receipts (PDRs) issued by ABS-CBN Holdings. ABS-CBN Holdings is owned 60% by Lopez, Inc. and 40% by Oscar M. Lopez, Manuel M. Lopez, Salvador G. Tirona, and Eugenio Lopez III. The shares in the Company registered and beneficially owned by it are covered by Philippine Depositary Receipts (PDRs) which gives the holder thereof the right to delivery or sale of the underlying share. The PDRs are listed with the PSE.

Eugenio Lopez III, or in his absence, Manuel M. Lopez, or in his absence Oscar M. Lopez has been named and appointed to exercise the voting power of ABS-CBN Holdings' shares in ABS-CBN Corporation.

Other than the stockholders identified above, as of July 31, 2020 there are no other stockholders other than participants under PCD account who own more than 5% of the voting securities.

There are no foreign shareholders.

## **Changes in Control**

There have not been any arrangements that have resulted in a change in control of the Company during the period covered by this report. The Company is not aware of the existence of any voting trust arrangement among the shareholders.

## **9. Certain Relationships and Related Transactions**

### **Relationships and Related Transactions / Agreements with Affiliates**

For a detailed discussion of ABS-CBN's related party transactions, see Section 23 of the Company's audited consolidated financial statements, which also refers to Transactions with Related Parties of the said report.

### **Parent Company**

Lopez, Inc. is the registered owner of 78.84% of the voting stock of the Company as of December 31, 2019. Lopez, Inc. is the holding company of the Lopez family. It is owned by the respective holding companies of the families of the late Eugenio L. Lopez III, Oscar M. Lopez, the late Presentacion L. Psinakis and Manuel M. Lopez. It has issued convertible notes covering the shares in the Company registered and beneficially owned by it in favor of Lopez Holdings Corporation.

### **Resignation of Directors Because of Disagreement with Policies**

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of stockholders of the Company because of a disagreement with the Company on matters relating to the Company's operations, policies and practices.

## **PART IV - Corporate Governance**

ABS-CBN recognizes the importance of corporate governance in enhancing the stakeholders' interests in the Company. Its Board of Directors commits itself to the principles of good corporate governance.

The Company's principles of corporate governance are contained in its Articles of Incorporation, By-Laws, Manual of Corporate Governance, and Annual Corporate Governance Report.

As an organization, ABS-CBN reaffirms its mission of being in the service of the Filipino people, and espouses that there is no dichotomy between doing good business and practicing the right values.

Through values cascading throughout the organization, the Company has identified the core values necessary to guide its leaders and employees in formulating and making business decisions, which in the end must always remain consistent with this mission and goal of service.

In 2013, the Institute of Corporate Directors (ICD), in partnership with the SEC, the Institute of Internal Auditors of the Philippines (IIA-P), and the Chartered Financial Analysts Society (CFA) recognized ABS-CBN among the Top 50 Philippine Publicly-Listed Companies in terms of corporate governance efforts. The Top 50 Publicly-Listed Companies were selected based on their policies, procedures, and practices in relation to the Association of Southeast Asian (ASEAN) Corporate Governance Scorecard (ACGS) standards on the rights and equitable treatment of shareholders, the role of stakeholders, disclosure and transparency, and the responsibilities of the board.

In May 2017, the Company revised its Manual on Corporate Governance, to comply with SEC Memorandum Circular No. 19, Series of 2016, the Code of Corporate Governance for Publicly-Listed Companies. This Manual was further revised in September 2018 to comply with Integrated Annual Corporate Governance recommendations.

Pursuant to SEC Memorandum Circular No. 10, Series of 2019, the Company, through its Board of Directors, adopted its Related Party Transactions Policy in October 2019.

### **THE BOARD OF DIRECTORS**

The ABS-CBN Board of Directors (the "Board") represents the stakeholders' interest in pursuing a successful business, including the optimization of financial returns. The Board's mission is to determine that the Company is managed in such a way as to ensure this result while adhering to the laws and rules of the jurisdictions in which it operates, observing the highest standards of corporate governance, and observing high ethical norms. The Board establishes the overall goals, strategies, and policies of the Company. It strives to regularly monitor the effectiveness of management's decisions and the execution of strategies. In addition to fulfilling its obligations for increased stockholder value, the Board has responsibility to the Company's customers, employees, suppliers, and the community.

In accordance with the Company's Articles of Incorporation, By-Laws, and Corporate Governance Manual, the Board in 2016 was comprised of eleven (11) members elected by the shareholders during the Annual Stockholders' Meeting. The Company has eleven (11) directors, two (2) of whom are independent.

All nominations for the election of Directors by the stockholders are required to be submitted in writing to the Board of Directors at least thirty (30) business days before the scheduled date of the annual stockholders' meeting. The Nomination and Election Committee reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval, and assesses the effectiveness of the Board's processes and procedures in the election or replacement of directors.

There is a mix of executive, non-executive, and independent directors on the Board. Senior management executives other than the Chief Executive Officer attend Board meetings on a regular basis even if they are not members of the Board. On matters of corporate governance, while the Board assumes that decisions will be made by the impartial (previous word used is "independent") directors, inputs to any policy formulation and discussions from directors who

are employees of the Company are welcome and expected, unless the issue involves an actual conflict of interest with such directors.

For the year 2019, these directors are Eugenio L. Lopez III, Chairman Emeritus, Martin L. Lopez, Chairman, Augusto Almeda-Lopez, Carlo L. Katigbak, Oscar M. Lopez, Federico R. Lopez, Federico M. Garcia, Salvador G. Tirona, Manuel M. Lopez, Antonio Jose U. Periquet, and Emmanuel S. De Dios.

### **Independent Directors**

Two (2) independent directors – Mr. Periquet and Mr. de Dios — are presently elected. These directors are independent of management, and are free of any relationship that may interfere with their judgment. In addition, Mr. Periquet and Mr. de Dios do not possess any of the disqualifications enumerated under SEC Memorandum Circular No. 19, Series of 2016. An additional independent director will be elected pursuant to the Revised Corporation Code.

### **Criteria for Independence for Independent Directors**

The Board assesses the independence of each director and individual nominated for election to the Board as an independent director. As part of this analysis, the Board must review and conclude whether each nominee for independent director satisfies the requirements of the rules of the SEC, the by-laws, and the Manual of Corporate Governance.

Under the Manual of Corporate Governance, independent directors (i) are not, or have not been officers or employees 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); (ii) are not relatives of any director, officer or substantial shareholder of the Company, or any of its related companies, or any of its substantial shareholders; (iii) are not acting as nominees or representatives of a substantial shareholder of the Company, or any of its related companies or any of its substantial shareholders; (iv) have not been 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; (v) are not retained as professional advisers by the Company, any of its related companies, either personally or through their firms; (vi) have not engaged and do not engage 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 and are immaterial; (vii) do not own more than 2% of the shares of the Company and/or its related companies, or any of its substantial shareholders; (viii) are not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial shareholders; and (ix) are not employed as executive officers of another company where any of the Company's executives serve as directors.

The Company also adopted a policy that independent directors of the Company may serve for a maximum cumulative term of 9 years, after which, the independent director will be perpetually barred from re-election as such, but may qualify for election as non-independent director. In the instance that the Board wants to retain an Independent Director who has served 9 years, the Board will provide a meritorious justification and seek approval from the shareholders during the Annual Stockholders Meeting. As of December 31, 2019, the Company's independent directors have served in such capacity for 6 years.

### **Selection of Directors**

The Board itself is responsible for screening its own members and recommending them for election by the stockholders. The Chairman and Chief Executive Officer have direct input into the screening process. The final approval of nominees to the director position is determined by the full Board. In case of vacancies in the Board between annual stockholder meetings, the Board may elect directors to serve until the next annual meeting.

### **Board of Advisors**

The Board of Advisors was created to provide guidance to the Board of Directors. The Board of Advisors sits in all the Board Meetings and its members are also members of the Board Committees. Randolph S. David, Mario L. Bautista,

Honorio G. Poblador IV, and Maria Rosario Santos-Concio are the members of the Board of Advisors. Mr. Rafael L. Lopez was appointed as Board Advisor on February 22, 2018.

### **Separate Roles of the Chairman and President & Chief Executive Officer (CEO)**

The respective roles of the Company's Chairman, Mr. Martin L. Lopez, and President & CEO, Mr. Carlo L. Katigbak, are clearly defined to achieve appropriate balance of power, increase accountability, and improve the Board's capacity for decision making independent of the management.

Mr. Martin L. Lopez is responsible for the management, development and the effective performance of the Board, and maintains proper governance of the Company. As Chairman of the Board, Mr. Lopez plans and organizes all the activities of the Board, including the preparation for, and the conduct of, Board meetings. He ensures the quality, quantity and timeliness of the information that goes to the Board. He also oversees the formation of the Board committees and the integration of their activity with that of the Board.

The President & CEO has general charge and supervision of the business and affairs of the Company, subject to the Board. On a day-to-day basis, he 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 Board. As the President & CEO, Mr. Katigbak leads Management in developing and implementing business strategies, plans, and budgets subject to Board approval. He then provides the Board and stockholders a report on the financial performance of the Company and its results of operations on a regular basis.

### **The Corporate Secretary**

Atty. Enrique I. Quiason is the Company's Corporate Secretary. Under the Company's Corporate Governance Manual, the Corporate Secretary must be a Filipino Citizen. The Corporate Secretary issues notices for all board and shareholders meetings. It is required that the Corporate Secretary attends and records the minutes of all board meetings. He is also responsible for assisting the Board in the preparation of the meeting agenda and the Management in the preparation and gathering of materials/documents to be presented to the Board or shareholders. In addition, as the Corporate Secretary, Atty. Quiason takes charge of the corporate seal and records, and signs, together with the President & CEO, all stock certificates and such other instruments as may require such signature.

### **Board Performance**

The Board has regular monthly meetings, as much as possible, to review the performance of the Company and its subsidiaries, approve any pertinent plans, budgets, and financial statements, set guidelines for management, and discuss any various matters requiring Board attention and approval. Any member of the Board may ask management to give special reports on and analysis of certain issues.

From January 1, 2019 to December 31, 2019, the Board had ten (10) meetings.

### Board Attendance to Meetings in 2019

Directors' Name	Total No. of Board Meetings	No. of Board Meetings Attended	Percentage of Attendance (%)	Attended Annual Stockholders' Meeting? (Y/N)
Martin L. Lopez	10	10	100%	Y
Eugenio L. Lopez III	10	7	70%	Y
Augusto Almeda Lopez	10	10	100%	Y
Carlo L. Katigbak	10	10	100%	Y
Oscar M. Lopez	10	6	60%	N
Manuel M. Lopez	10	8	80%	Y
Federico R. Lopez	10	7	70%	Y
Federico M. Garcia	10	10	100%	Y
Salvador Tirona	10	10	100%	Y
Emmanuel S. De Dios	10	9	90%	Y
Antonio Jose U. Periquet	10	8	80%	N

### Continuing Education Programs and Trainings for Directors

The Board has attended the following trainings and seminars during the year 2019:

Director's Name	Trainings / Continuing Education FY2019
Eugenio L. Lopez III	Lopez Group Corporate Governance Training Program (September 2019)
Martin L. Lopez	Lopez Group Corporate Governance Training Program (September 2019)
Carlo L. Katigbak	Lopez Group Corporate Governance Training Program (September 2019)
Augusto Almeda Lopez	Lopez Group Corporate Governance Training Program (September 2019)
Manuel M. Lopez	Corporate Governance Training Program 2019 by Center for Best Global Practices (April 2019)
Federico R. Lopez	Corporate Governance Training Program 2019 by Philippine Corporate Enhancement & Governance Inc. (October 2019)
Federico M. Garcia	Lopez Group Corporate Governance Training Program (September 2019)
Salvador Tirona	Lopez Group Corporate Governance Training Program (September 2019)
Emmanuel S. De Dios	Lopez Group Corporate Governance Training Program (September 2019)
Antonio Jose U. Periquet	Corporate Governance Training Program 2019 by the Good Governance Advocates & Practitioners of the Philippines (GGAPP) (July 2019)

On December 6, 2016, the SEC has granted Mr. Oscar M. Lopez a permanent exemption from the Corporate Governance training requirement under SEC Memorandum Circular No. 20, series of 2013.



## Board Committees

The Board has established the following eight (8) board committees to address any issues requiring the directors' attention:

### 1. The Programming Committee

<b>Composition</b>	Chairman, two (2) members, two (2) advisors
<b>Members</b>	Federico Garcia – Chairman, Martin L. Lopez, and Emmanuel De Dios
<b>Advisors</b>	Randolf S. David, and Ma. Rosario Santos-Concio
<b>Responsibilities</b>	The Programming Committee deliberates on the programming issues and strategies of the network, and is primarily a business strategy committee.

### 2. The Compensation Committee

<b>Composition</b>	Chairman, two (2) members, and two (2) advisors
<b>Members</b>	Augusto Almeda Lopez – Chairman, Federico R. Lopez, and Antonio Jose U. Periquet
<b>Advisors</b>	Mario L. Bautista, and Randolf S. David
<b>Responsibilities</b>	The Compensation Committee reviews any recommendations on bonus and incentive schemes and other compensation benefits.

### 3. The Succession Planning Committee

<b>Composition</b>	Chairman, two (2) members, and one (1) advisor
<b>Members</b>	Salvador G. Tirona – Chairman, Emmanuel S. De Dios, and Augusto Almeda Lopez
<b>Advisors</b>	Randolf S. David
<b>Responsibilities</b>	The Succession Planning 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.

### 4. The Compensation Committee for the Chairman and the Chief Executive Officer

<b>Composition</b>	Chairman, two (2) members, and one (1) advisor
<b>Members</b>	Augusto Almeda-Lopez – Chairman, Federico Garcia, and Antonio Jose U. Periquet.
<b>Advisors</b>	Mario L. Bautista
<b>Responsibilities</b>	The Compensation Committee for the Chairman and the Chief Executive Officer reviews and approves the recommended changes concerning the salaries and benefits provided to the Company's Chairman and CEO.

### 5. The Audit Committee

<b>Composition</b>	Chairman, two (2) members, and one (1) advisor
<b>Members</b>	Antonio Jose U. Periquet – Chairman, Salvador G. Tirona, and Emmanuel S. De Dios
<b>Advisors</b>	Honorio G. Poblador IV
<b>Responsibilities</b>	The Audit Committee reviews the financial reports and risks, examines internal control systems, and oversees the audit process. The Audit and Compliance Committee also selects and appoints the Company's External Auditor.

**6. The Risk Management Committee**

<b>Composition</b>	Chairman, three (3) members, and one (1) advisor
<b>Members</b>	Emmanuel S. De Dios – Chairman, Federico M. Garcia, Salvador G. Tirona and Martin L. Lopez
<b>Advisors</b>	Honorio G. Poblador IV
<b>Responsibilities</b>	The Risk Management Committee oversees the formulation and establishment of an enterprise wide risk management system, including the review, analysis, and recommendation of policies, frameworks, strategies, and systems to be used by the Company to manage risks, threats, and liabilities. The Risk Management Committee also reviews material related party transactions. The said Committee also oversees the Company’s Sustainability initiatives and practices.

**7. The Nominations and Elections Committee**

<b>Composition</b>	Chairman, two (2) members, and one (1) advisor
<b>Members</b>	Eugenio Lopez III – Chairman, Emmanuel S. De Dios, and Antonio Jose U. Periquet
<b>Advisors</b>	Randolf S. David
<b>Responsibilities</b>	The Nomination and Election Committee reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval, and assesses the effectiveness of the Board’s processes and procedures in the election or replacement of directors.

**8. The Corporate Governance Committee**

<b>Composition</b>	Chairman, two (2) members, and one (1) advisor
<b>Members</b>	Antonio Jose U. Periquet – Chairman, Eugenio Lopez III, and Emmanuel S. de Dios
<b>Advisors</b>	Mario L. Bautista
<b>Responsibilities</b>	The Corporate Governance Committee ensures compliance with and proper observance of corporate governance principles and practices.

The Board should ensure that, through a managed and effective system, board appointments are made that provide a mix of proficient directors, each of whom is able to add value and to bring prudent judgment to bear on the decision making process.

Under the Company’s Manual of Corporate Governance, the Nomination and Election Committee shall consider the following qualifications and disqualification of a nominee to the Board in its recommendation of such nominee for election or re-election.

*Qualifications of Director*

A director shall have the following qualifications at the time he is duly elected and qualified and throughout his term of office:

- Holder of at least 1 share of stock of the Company;
- Personal integrity, capacity to read and understand financial statements, absence of conflicts of interest with the Company (subject to the discretion of the Board), time availability and motivation.

*Qualifications of an Independent Director*

- An independent director shall mean 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 Director.
- If the independent directors becomes an officer or employee of the same corporation he shall be automatically disqualified from being an independent director.

#### *Disqualification and Grounds for Dismissal of Directors*

Any of the following shall be a ground for the temporary disqualification or dismissal for a cause of a Director:

- Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
- Absence or non-participation for unjustifiable reason/s for more than 50% of all meetings, both regular and special, of the Board during his incumbency, or any 12-month period during said incumbency. This disqualification applies for purposes of the succeeding election;
- Dismissal or termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;
- Conviction that has not yet become final referred to in the grounds for the disqualification of Directors.

#### **Directorship in Other Listed Companies**

The following members of the Board are also directors of the publicly listed companies identified below.

<b>Director's Name</b>	<b>Name of Listed Company</b>	<b>Directorship for FY2019</b>
<b>Eugenio L. Lopez III</b>	Lopez Holdings Corporation	Vice Chairman
	First Gen Corporation	Non-Executive Director
	First Philippine Holdings Corporation	Non-Executive Director
	Rockwell Land Corporation	Non-Executive Director
	ABS-CBN Holdings Corporation	Executive Director
<b>Oscar M. Lopez</b>	Lopez Holdings Corporation	Chairman Emeritus
	First Gen Corporation	Chairman Emeritus
	First Philippine Holdings Corporation	Chairman Emeritus, Executive Director
	Energy Development Corporation	Chairman Emeritus
	Rockwell Land Corporation	Chairman Emeritus
	ABS-CBN Holdings Corporation	Chairman, Executive Director
<b>Augusto Almeda Lopez</b>	First Philippine Holdings Corporation	Non-Executive Director
<b>Manuel M. Lopez</b>	Lopez Holdings Corporation	Chairman, Executive Director
	First Philippine Holdings Corporation	Vice Chairman
	Rockwell Land Corporation	Chairman
<b>Federico R. Lopez</b>	First Gen Corporation	Chairman, Executive Director
	Energy Development Corporation	Chairman, Executive Director
	First Philippine Holdings Corporation	Chairman, Executive Director
	Rockwell Land Corporation	Vice Chairman
<b>Salvador Tirona</b>	Lopez Holdings Corporation	Executive Director
<b>Carlo L. Katigbak</b>	SSI Group Inc.	Independent Director
<b>Antonio Jose U. Periquet</b>	Ayala Corporation	Independent Director
	Bank of the Philippine Islands	Independent Director
	DMCI Holdings, Inc.	Independent Director
	Philippine Seven Corporation	Independent Director
	Max's Group of Companies	Independent Director
	ABS-CBN Holdings Corporation	Independent Director

## COMPANY POLICIES

### **Code of Conduct and Conflict of Interest Policy**

The Company's Code of Conduct (CoC) defines the behaviors that are acceptable or not acceptable within the organization. It details the offenses versus the Company's or the person's property, the schedule of penalties for each offense according to its gravity, and the grievance process, and defines the roles of the different people involved in disciplinary action. The CoC covers all directors, employees, consultants, product and service providers, and anyone who acts in the name of ABS-CBN.

The CoC includes the Company's Conflict of Interest Policy. Directors are disallowed from engaging in any business, which competes with or is antagonistic to that of the Company or any of its subsidiaries and affiliates. On the other hand, employees are expected not to have any direct or indirect financial or pecuniary interest in any business, contract, or transaction in connection with which they intervene or take part in their official capacity. In addition, employees are expected not to render services to another employer without the knowledge of higher management. They are also expected to disclose other businesses or jobs undertaken which may be in conflict with any existing or future undertaking of the Company.

Assisting in the dissemination and implementation of this 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. Essential to the idea of good and ethical conduct is the upholding of common corporate and individual values, which are disseminated through a process of values cascading.

### **Related Party Transactions Policy**

The Company, through its Board of Directors, has adopted its Related Party Transactions Policy pursuant to SEC Memorandum Circular No. 10, Series of 2019.

It is the policy of the Company to transact sales to and purchases from related parties at normal market prices. Outstanding balances as of year-end are unsecured, interest-free and settlement occurs in cash, and are collectible or payable on demand. Assessment of provision for doubtful accounts relating to amounts owed by related parties is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Related party transactions or reorganizations that would affect related-party transactions are reported to and reviewed by the Audit Committee. All related party transactions are reported in the Company's Annual Audited Financial Statement and Annual Company Report.

### **Dividend Policy**

The declaration and payment of dividends are subject to certain conditions under the Company's existing long-term loan agreements with various banks.

### **Disclosures and Financial Reporting**

ABS-CBN's financial statements comply with Philippine Accounting Standards and Philippine Financial Reporting Standards that in turn conform with International Accounting Standards.

The annual consolidated financial statements provide information on the financial condition and results of operations of the businesses of ABS-CBN and its subsidiaries. These financial statements include detailed information on the total assets, total liabilities and shareholders' equity, revenues, costs and expenses, operating income and income before tax, net income attributable to shareholders of ABS-CBN and minority interest, earnings per share, and EBITDA.

Business segment information is likewise provided for major business categories and includes information such as revenues, operating and net income, assets and liabilities, capital expenditures and depreciation and amortization expenses.

### **Dealings in Company Shares**

ABS-CBN requires all members of the Board of Directors and principal officers to report any purchase, sale or change in their shareholdings of the Company's common shares or Philippine Depository Receipts within three (3) trading days, in compliance with the PSE's requirement for such disclosure.

### **RISK MANAGEMENT**

ABS-CBN's Board of Directors 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. In 2009, the Audit Committee of the Board of Directors provided oversight on Enterprise Risk Management.

In 2010, the newly created Risk Management Committee assumed this responsibility. At the same time, the Board of Directors of the Company approved the appointment of a Chief Risk Management Officer, reporting directly to the Board of Directors. In November 2012, the Board of Directors approved the appointment of Mr. Raymund Martin T. Miranda as Chief Risk Management Officer concurrent with his role as Chief Strategy Officer of ABS-CBN. As Chief Risk Management Officer, he will continue to provide the overall leadership, vision and direction for enterprise risk management by continuing to establish and implement an integrated risk management framework that covers all aspects of risk across the Company's organization, and improve the Company's risk management readiness.

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. As part of its stewardship responsibility and commitment to deliver optimum value to its stakeholders, ABS-CBN ensures 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 formal identification of the control systems is currently being undertaken. The Company contracted SGV (a member firm of Ernst and Young) to assist in the development of an ERM Framework and Program.

### **AUDIT**

#### **Internal Audit**

The Internal Audit Division (IA Division) is responsible for providing independent and objective assurance and consulting services to the Company's Board of Directors through its Audit Committee. Its main function is to evaluate the adequacy, effectiveness, and efficiency of the Company's internal control system and to recommend necessary control measures for its improvement. It likewise establishes an effective follow-up system to monitor the implementation of recommended controls.

The IA Division is composed of people with varied specializations, majority of which are certified public accountants. It also has certified internal auditors, certified information systems auditor, certified fraud examiners, certified forensic accountants, and accredited quality assurance validators. The IA Division has an Information Technology (IT) Audit and a Technical Audit Teams, which are composed of engineers and IT professionals.

The IA Division conducts regular audits of the Company and its Subsidiaries based on an annual audit plan in a three (3)-year audit cycle that is approved by the Audit Committee. Special audit projects are also undertaken as the need arises.

In 2019, the IA Division presented to the Audit Committee its audit plan, updates on the status of audit projects, highlights of significant findings, implementation status of audit recommendations, and other significant audit activities.

Beginning 2012, the IA Division also worked closely with the Company's Risk Management Officer.

### **Report of the Audit Committee for the Year Ended December 31, 2019**

The Audit Committee represents and assists the Board of Directors in fulfilling its oversight responsibilities by reviewing the:

- Reasonableness of the Company's financial statements, efficiency of the financial reporting process, and soundness of the internal control environment;
- Objectivity, independence, and effectiveness of internal audit functions and processes;
- Qualifications, independence, and fees of the Company's external auditors with regard to the annual review of the Company's financial statements; and
- Company's compliance with legal and regulatory requirements.

The roles and responsibilities of the Audit Committee are embodied in an Audit Committee Charter. In compliance with the Charter, the Audit Committee confirms that:

- The majority of the Audit Committee members are independent directors, including the Chairman;
- Quarterly meetings were held and attended by the Chairman and members of the Committee;
- The Committee reviewed and approved the internal audit scope, manpower resources, and competencies necessary to carry out the audit plan;
- The Committee reviewed the reports of the internal auditors and discussed the necessary corrective actions with concerned management;
- The Committee reviewed the Company's internal control environment, through the External Auditor's Management Letter and Internal Audit's reports on completed audit projects, and found it adequate;
- The Committee reviewed the audited annual financial statements of the Company and its Subsidiaries and discussed it with management, internal auditors, and external auditors taking into consideration that:
  - Management is responsible for the Company's financial statements and the related statements of financial condition and results of operations, and;
  - SGV & Co., the external auditor, is responsible for expressing an opinion on the conformity of the Company's audited financial statements with the Philippine Financial Reporting Standards and International Financial Reporting Standards, as appropriate.

## **ROLE OF STAKEHOLDERS**

### **Customers' Welfare**

The Company is committed to the delivery of world-class products and services and to the responsible and creative utilization of resources, most especially its human resource. It fosters and promotes an environment of professionalism based on competence, self-discipline and responsible behavior. In establishing such an environment, a set of defined standards of acceptable behavior in performing one's job and in dealing with co-employees and the public that is consistent with corporate policies and core values is necessary.

### **Supplier/Contractor Selection and Criteria**

In dealings with suppliers and contractors the Company abides by its Code of Conduct, wherein it is stated that 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.

The Company, likewise, has a general policy on the conduct of its bidding process to ensure fair and honest competition. The general policy for supplier/contractor selection is available in the Company's website.

### **Environmentally Friendly Value Chain**

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). 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 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 trashcans (reusable, biodegradable, non-biodegradable) which makes it easy to segregate waste. It also uses biodegradable trash bags.

### **Whistle Blowing Policy**

In November 2013, the Company implemented the Whistle Blowing Policy. This policy provides for and encourages employees and others to report, in good faith, any covered wrongful conduct committed by employees of which they have personal knowledge. The policy assures the employees of protection against harassment, threats, and any other form of retaliation from the persons reported. Any employee, who attempts, performs, causes or encourages any retaliatory actions against a whistleblower and/or the whistleblower relatives up to the fourth degree of consanguinity or affinity, will be subjected to disciplinary action and may be either suspended or dismissed, without prejudice to other legal actions that the Company may take, upon showing that the motive of the said employee was due to the disclosure made whistleblower.

The Whistle Blowing Policy is a clear statement that if any covered wrongdoing by any of its employees is identified and reported accordingly, it will be dealt with, through a thorough investigation and the proper imposition of accountability. To provide employees several avenues to report illegal or wrongful activities, the Policy allows reporting to any of the following: Head of Human Resources and Organizational Development, Head of Audit, Head of Legal, and employee's Division Head.

### **Creditors' Rights**

The Company complies with the debt servicing requirements of the creditors. The Company also ensures that the documentary requirements of the creditors are complete, accurate and submitted on time.

Creditors are regularly provided with 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. New contracts or 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.

### **Interaction with Community**


The ABS-CBN Lingkod Kapamilya 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, “BantayKalikasan” is engaged in environmental protection through policy formulation assistance, reforestation, river system rehabilitation and ecotourism promotion. “Operation Sagip” is involved in relief operations and rehabilitation after a natural or man-made disaster. It also trains schools and communities in disaster risk reduction.

Programa Genio is involved in curriculum enhancement, teacher training and learning resource development in public schools BayaniJuan manages a 107- hectare resettlement community in Calauan, Laguna for families affected by the rehabilitation of the Pasig River and typhoon Ondoy.

Kapit Bisig Para sa ilog Pasig (KBPIP), in partnership with the Pasig River Rehabilitation Commission (PRRC) is heavily involved in the rehabilitation of the Pasig River. Together, they have collected over 70 tons of garbage in 10 GI and KBPIP areas, engaged 6,398 volunteers, and completed 1,270 linear meters of estero rehabilitation.

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, and use of sidewalks as parking area during stockholders’ meetings, trade events, program launchings, awarding ceremonies, etc. Every year, the Company requests as well for issuance of community tax certificates to employees.

 The Company submits incident reports to the barangay in relation to accidents, robbery, illegal parking, illegal vendors, violation of tricycle drivers and establishment. In addition, the Company supports the barangay on its information drive by covering barangay related activities.

## SUSTAINABILITY

### **Sustainability at ABS-CBN: A Commitment to Service for a Sustainable Future**

For the Company, sustainability is its mandate to grow the business in a way that leaves the world a better place than we found it. As a media and entertainment organization, our mission is to serve the Filipino people by providing support towards attaining a sustainable society. This is why, we continually re-invent ourselves, innovate and develop ways to mitigate our risks and maximize our opportunities socially, environmentally, and economically. Our actions are measured and our performance is monitored through that lens.

For an enterprise as large and complex as ABS-CBN, a wide range of factors could materially affect our operations. Thus, failure to responsibly manage our multi-tiered operations and supply chain can negatively affect our people, our customers, the communities we serve, and our continued economic growth.

Since the 1990s, we thrived to operate sustainably – program by program, in all aspects of the organization, and in every critical point in our operations and supply chain. Our goal is to attain ZERO loss of life, stakeholder dissatisfaction, environmental damage, legal liabilities, business disruption, and financial losses. With this as a top priority, policies, standards, and guidelines for sustainable operations and supply chain management were created and strictly enforced on the management of talents and employees, the acquisition, procurement and management of needed goods and services, disposal of materials, and on the creation and dissemination of our products and services. We are in compliance with local and international laws and standards, and adhere to management best practices.

Sustainability is embedded at the very core of our business operations and is observed in every critical path of our supply chain, both upstream and downstream. This is how we operate and manage our supply chain - closing the loop to create circular economy in the service of the Filipino.

### **About the Sustainability Report 2019**

This report has been prepared in accordance with the GRI Standards: Core option.

For several years, we report our sustainability as a section in our Annual Report following the GRI-referenced claim. This report is the first sustainability report by ABS-CBN following the GRI Standards: Core Option. We plan to report using the Core Option annually covering our operation from January 1 to December 31, 2019.



This sustainability report is focused on our material topics aligned with our service commitments (pp. 15- 16). Our material topics are anchored on the results of the materiality assessment process conducted which are based on our stakeholder engagements through different communication channels (pp. 17-18).

The general scope and boundaries used in this reporting can be found on pages 15-16, while the standard management approach we used is on page 17. Specific scope and boundaries, however, are identified and defined for some material topics due to limited data and information available during the time of the reporting period. Specific management approaches can also be found in some of the material topic discussions. In general, there are no significant changes to the scope of the report, nor any restatements of information provided in previous years except for the emissions and carbon sequestration capacity estimations. For emissions, as we continue to improve the management of our activity data, changes are expected due to the addition of categories and the expansion of boundaries covered. Additionally, changes in carbon sequestration were due to the adjustments of the boundaries set based on the latest map released by the Department of Environment and Natural Resources. This adjustment created a significant increase in the capacity of our reported carbon removals in 2018.

The Company's 2019 Sustainability Report can be found here:

<https://www.abs-cbn.com/sustainability>

<https://www.abs-cbn.com/governance/reports/sustainability-report/2019-sustainability-report/id-79>

## **SHAREHOLDERS' RIGHTS**

The Company respects the rights of the stockholders as provided in the Corporation Code; namely:

1. Right to vote on all matters that require their consent or approval;
2. Pre-emptive rights;
3. Power of inspection;
4. Right to dividends; and
5. Appraisal rights.

The shareholders, as a whole, have the right to receive timely and transparent information about the Company as may be required by laws or rules of the PSE.

### **Right to Nominate Candidates for Board of Directors**

The By-Laws of the Company allows all stockholders, including minority shareholders, the right to nominate candidates for the Board of Directors.

### **Conduct of Stockholders' Meeting**

Shareholders, including institutional shareholders, are encouraged to attend stockholders' meetings either personally or via remote communication. A written or printed notice of the annual meeting is delivered to each shareholder not less than twenty-one (21) days before the date of the meeting. Any stockholder entitled to vote may be represented at any regular or special meeting of stockholders by a duly executed proxy or cast his/her vote via electronic voting in absentia. Proxies should be in writing, properly signed and witnessed by one party. The written proxy and the intention to vote via electronic voting in absentia shall be filed with the Office of the Corporate Secretary of the Company not later than ten (10) calendar days prior to the scheduled stockholders meeting.

Shareholders have the right to propose matters in the agenda of the annual meeting, provided that the proposed matters are for legitimate business purposes.

Shareholders likewise have the explicit right to probe and/or ask questions during the annual meeting.

Details of attendance of shareholders, results of voting, and the results of annual/special stockholders meetings' resolutions are disclosed in the Integrated-Annual Corporate Governance Report.

## **INVESTOR RELATIONS**

ABS-CBN 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 for general meetings and provision of adequate, transparent and timely information due shareholders.

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

ABS-CBN'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 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.

ABS-CBN maintains an investor relations website that contains information on the history and businesses of the Company, 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 contact details (e.g. telephone and email) of the office responsible for investor relations are provided the ABS-CBN Investor Relations website – <https://www.abs-cbn.com/investors>.

## **Evaluation System**

ABS-CBN continues to evaluate its compliance with its Manual of Corporate Governance. The Board of Directors regularly conducts its self-assessment as well as an assessment of ABS-CBN's compliance with the Manual of Corporate Governance. ABS-CBN participates in the corporate governance survey conducted by the PSE.

The Board of Directors likewise conduct an evaluation of the performance of the Board, Chairman of the Board, Chief Executive Officer, Chief Risk Officer, Chief Audit Executive and Chief Compliance Officer.

## **Measures to Comply with Leading Practices**

ABS-CBN continues to implement enhancements to comply with leading practices on good corporate governance such as the revision of its Corporate Governance Manual to comply with recent SEC requirements and the submission of the Annual Corporate Governance Report to the SEC. In 2017, the Board approved a whistle blowing policy and a policy on insider trading. In 2018, the Board submitted to the SEC its Integrated-Annual Corporate Governance Report and implemented measures to fully comply with the same, such as, approving board committee charters, nomination and election policy and conducting self-assessment surveys. The members of the Board of Directors and the key officers attended a training seminar on corporate governance in 2019. Likewise, in 2019, the Company adopted its Related Party Transactions Policy pursuant to SEC directives.

In June 2019, the Company received an Arrow Recognition from the Institute of Corporate Directors (ICD), recognizing ABS-CBN Corporation as a top-performing publicly-listed company in the Philippines under the 2018 Asean Corporate Governance Scorecard. The Company was the only publicly-listed media company to have received the recognition.

## **Deviations from Manual of Corporate Governance**

There were no reported deviations from the Company's Manual of Corporate Governance.

## **Improvement of Corporate Governance**

ABS-CBN continues to review its Manual of Corporate Governance for improvements. In May 2017, the Company released its revised Manual on Corporate Governance to comply with the requirements under SEC Memorandum Circular No. 19, Series of 2016. ABS-CBN also reviews the charters of the different committees as well as evaluates existing policies on corporate governance. In July 2017, the Company approved its policy on insider trading that will be applicable to the directors, officers, and employees.

In 2018, ABS-CBN continued to improve its compliance with corporate governance regulations. It amended its Manual on Corporate Governance to include recommendations under the new Integrated Annual Corporate Governance Report, as well as, have the board committees approve its respective charters. In 2019, ABS-CBN continued to comply more recommendations stated in the Integrated Annual Corporate Governance Report.

The Board likewise conducted a board self-assessment last December 2019 to review and evaluate the performance of the Board, its Committees, its individual members and key corporate officers to measure the effectiveness of the company's governance practices.