

AUDIT COMMITTEE CHARTER

ORGANIZATIONAL PRINCIPLES

Purpose and Mandate

The Audit Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of ABS-CBN Corporation (the “Company”) to assist the Board in fulfilling its oversight responsibilities. The purpose of the Audit Committee is to provide a structured, systematic oversight of the Company’s governance and internal control practices. The Committee assists the Board and Management by providing advice and guidance on the adequacy of the Company’s initiatives for:

- Governance structure;
- Internal control framework;
- Internal audit activity, external auditors, and other providers of assurance; and
- Financial statements and public accountability reporting.

In broad terms, the Audit Committee reviews the items noted above and provides the Board with independent advice and guidance regarding the adequacy and effectiveness of Management’s practices and potential improvements to those practices.

Authority

The Audit Committee will have unrestricted access to members of Management, employees, and relevant information it considers necessary to discharge its duties. The Committee will also have unrestricted access to records, data, and reports. If access to requested documents is denied due to legal or confidentiality reasons, the Audit Committee and/or Chief Audit Executive (CAE) will follow a prescribed, Board approved mechanism for resolution of the matter.

The Audit Committee is entitled to receive any explanatory information that it deems necessary to discharge its responsibilities. The Company’s Management and staff should cooperate with Audit Committee requests.

The Audit Committee may engage independent counsel and/or other advisors it deems necessary to carry out its duties.

The Audit Committee is empowered to:

- Appoint, compensate, and oversee all audit and non-audit services performed by auditors, including the work of any registered accounting firm employed by the Company.
- Resolve any disagreements between Management and the auditor regarding financial reporting, internal controls, and other matters.
- Pre-approve all audit and non-audit services performed by auditors.
- Require the attendance of Company officers in Audit Committee meetings as appropriate.
- Conduct or authorize audit investigations.
- Approve the appointment and removal of the internal auditor.
- Recommend the approval and removal of the external auditor.

- Assess the integrity and independence of the external auditor.
- Exercise effective oversight to review and monitor the external auditor's independence and objectivity.
- Exercise effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.
- Review and monitor external auditor's suitability and effectiveness on an annual basis.
- Ensure that external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.
- Ensure that the external auditor has adequate quality control procedures.

Composition of the Audit Committee

The Committee will consist of at least three (3) non-executive members of the Board, the majority of whom shall be independent. The Chairman of the Audit Committee shall be an independent director of the Company, and is not the Chairman of the Board or of any other committee. The members should be capable of making valuable contribution to the Committee and collectively possess sufficient knowledge of audit, finance, specific industry knowledge, information technology, law, governance, risk, and control. Because the responsibilities of the Audit Committee evolve in response to regulatory, economic, and reporting developments, it is important to periodically re-evaluate members' competencies and the overall balance of skills on the Committee in response to emerging needs.

The Board will designate the Chairman of the Audit Committee and appoint its members.

Terms of Office

The term of office for the Chairman of the Audit Committee is typically one (1) year. No person shall hold the position of Chairman of the Audit Committee for more than nine (9) consecutive terms.

Quorum

The quorum for the Audit Committee will be a majority of the members.

OPERATIONAL PRINCIPLES

Audit Committee Values

The Audit Committee will conduct itself in accordance with the Code of Values and Ethics of the Company. The Audit Committee expects that Management and staff of the Company will adhere to these requirements

Communications

The audit committee expects that all communication with Management and staff of the Company as well as with any external assurance providers will be direct, open, and complete.

Work Plan

The Chair of the Audit Committee will collaborate with Senior Management and the CAE to establish a work plan to ensure that the responsibilities of the Audit Committee are scheduled and will be carried out.

Meeting Agenda

The Chair will approve agendas for Audit Committee meetings in consultation with Audit Committee members, Senior Management, and the CAE.

Information Requirements

The Audit Committee will establish and communicate its requirements for information, which will include the nature, extent, and timing of information. Information will be provided to the Audit Committee at least two days prior to each Audit Committee meeting.

Executive Sessions

The Audit Committee will schedule and hold if necessary, a private session with the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the CAE, external assurance providers, and with any other officials that the Audit Committee may deem appropriate at each of its meetings.

The Audit Committee shall likewise conduct regular meetings and dialogues with the external audit team without anyone from Management present.

Preparation and Attendance

Audit Committee members are obliged to prepare for and participate in Committee meetings.

Conflict of Interest

Audit Committee members should adhere to the Company's Code of Conduct and any values and ethics established by the Company. It is the responsibility of Audit Committee members to disclose any conflict of interest or appearance of a conflict of interest to the Committee. If there is any question as to whether an Audit Committee member should recuse himself or herself from a vote, the Committee should vote to determine whether the member should recuse himself or herself.

Orientation and Training

Audit Committee members will receive formal orientation on the purpose and mandate of the Committee and on the Company's objectives. A process of continuing education will be established.

OPERATIONAL PROCEDURES

Meetings

The Audit Committee will meet at least four (4) times annually or more frequently as the Committee deems necessary. The time frame between Audit Committee meetings should not exceed four months.

Minutes

Minutes will be prepared in accordance with applicable law, regulation, bylaw, policy, procedure, and/or other applicable requirements. Meeting minutes will be provided in draft format at least one month after the Audit Committee meeting.

Required Attendance

The CAE and the CFO or Group Comptroller are required to attend all Audit Committee meetings.

Secretariat Services

The CAE will facilitate and coordinate meetings as well as provide ancillary support to the Committee, as time and resources permit.

Responsibilities

It is the responsibility of the Audit Committee to provide the Board with independent, objective advice on the adequacy of Management's arrangements with respect to the following aspects of the management of the Company:

Company Governance

To obtain reasonable assurance with respect to the Company's governance process, the Audit Committee will review and provide advice on the governance process established and maintained within the Company and the procedures in place to ensure that they are operating as intended.

Fraud

To obtain reasonable assurance with respect to the Company's procedures for the prevention and detection of fraud, the Audit Committee will:

- Oversee Management's arrangements for the prevention and deterrence of fraud.
- Ensure that appropriate action is taken against known perpetrators of fraud.
- Challenge management and internal and external auditors to ensure that the entity has appropriate anti-fraud programs and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected.

Control

To obtain reasonable assurance with respect to the adequacy and effectiveness of the Company's controls in responding to risks within the Company's governance, operations, and information systems, the Audit Committee will:

- Consider the effectiveness of the Company's control framework, including information technology security and control.
- Review and provide advice on the control of the Company as a whole and its individual units.
- Receive reports on all matters of significance arising from work performed by other providers of financial and internal control assurance to Senior Management and the Board.

Compliance

The Audit Committee will:

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Review the observations and conclusions of internal and external auditors and the findings of any regulatory agencies.
- Review the process for communicating the Code of Conduct to the Company's personnel and for monitoring compliance.
- Obtain regular updates from Management and the Company's legal counsel regarding compliance matters.

OVERSIGHT OF THE INTERNAL AUDIT ACTIVITY AND OTHER ASSURANCE PROVIDERS

Internal Audit Activity

To obtain reasonable assurance with respect to work of the internal audit activity, the Audit Committee will provide oversight related to:

Internal Audit Charter and Resources

- Review and approve the Internal Audit Charter at least annually. The Charter should be reviewed to ensure that it accurately reflects the internal audit activity's purpose, authority, and responsibility, consistent with the mandatory guidance of The Institute of Internal Auditor (IIA)'s International Professional Practices Framework and the scope and nature of assurance and consulting services, as well as changes in the financial and governance processes of the Company and reflects developments in the professional practice of internal auditing.
- Advise the Board about increases and decreases to the requested resources to achieve the internal audit plan. Evaluate whether any additional resources are needed permanently or should be provided through outsourcing.

CAE Performance

- Advise the Board regarding the qualifications and recruitment, appointment, and removal of the CAE.
- Provide input to Management related to evaluating the performance of the CAE.
- Recommend to Management or the governing body the appropriate compensation of the CAE.

Internal Audit Strategy and Plan

- Review and provide input on the internal audit activity's strategic plan, objectives, performance measures and outcomes.
- Review and approve the proposed risk based internal audit plan and make recommendations concerning internal audit projects.
- Review and approve the internal audit plan and engagements work program, including reviewing internal audit resources necessary to achieve the plan.
- Review the internal audit activity's performance relative to its audit plan.

Internal Audit Engagement and Follow Up

- Review internal audit reports and other communications to Management.
- Review and track Management's action plans to address the results of internal audit engagements.
- Review and advise Management on the results of any special investigations.
- Require report from the CAE whether any internal audit engagements or non-audit engagements have been completed but not reported to the Committee; if so, inquire whether any matters of significance arose from such work.
- Require report from the CAE whether any evidence of fraud has been identified during internal audit engagements and evaluate what additional actions, if any, should be taken.

Standards Conformance

- Require report from the CAE about steps taken to ensure that the internal audit activity conforms to The IIA's *International Standards for the Professional Practice of Internal Auditing (Standards)*.
- Ensure that the internal audit activity has a quality assurance and improvement program and that the results of these periodic assessments are presented to the Audit Committee.
- Ensure that the internal audit activity has an external quality assurance review every five years.
- Review the results of the independent and external quality assurance review and monitor the implementation of the internal audit activity's action plans to address any recommendations.
- Advise the Board about any recommendations for the continuous improvement of the internal audit activity.

External Auditors

To obtain reasonable assurance with respect to work of the external assurance providers, the Audit Committee will meet with the external assurance providers during the planning phase of the engagement, the presentation of the audited financial statements, and the discussion of the results of engagements and recommendations for Management.

The Audit Committee will:

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with the internal audit activity.
- Review the performance of the external auditors, and exercise final approval on the appointment or discharge of auditors.
- Obtain statements from the external auditors about their relationships with the Company, including non-audit services performed in the past, and discuss the information with the external auditors to review and confirm their independence.
- Have regularly scheduled exclusive meetings with external auditors to discuss any sensitive matters.
- Monitor Management's progress on action plans.

To obtain reasonable assurance that Management has acted on the results and recommendations of internal and external audit engagements, the Audit Committee will regularly review reports on the progress of implementing approved Management action plans and audit recommendations resulting from completed audit engagements.

Financial Statements and Public Accountability Reporting

The Audit Committee is responsible for oversight of the independent audit of the government entity's financial statements, including but not limited to overseeing the resolution of audit findings in areas such as internal control, legal, and regulatory compliance.

The Audit Committee will:

- Review with Management and the external auditors the results of audit engagements, including any difficulties encountered.
- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.
- Review other sections of the annual report and related regulatory filings and consider the accuracy and completeness of the information before it is released.
- Review with Management and the external auditors all matters required to be communicated to the Audit Committee under generally accepted external auditing standards.
- Understand strategies, assumptions and estimates that Management has made in preparing financial statements, budgets, and investment plans.
- Understand how Management develops interim financial information and the nature and extent of internal and external auditor involvement in the process.

- Review interim financial reports with Management and the external auditors before filing with regulators, and consider whether they are complete and consistent with the information known to Committee members.

Other Responsibilities

In addition, the Audit Committee will:

- Perform other activities related to this Charter as requested by the Board.
- Institute and oversee special investigations as needed.
- Regularly evaluate its performance and that of its individual members.

Reporting on Audit Committee Performance

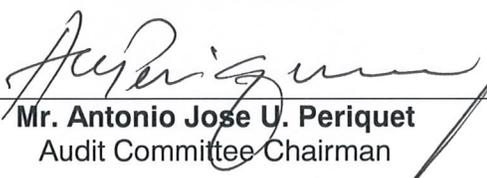
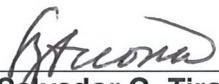
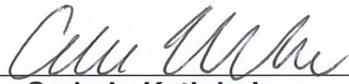
The Audit Committee will report to the Board annually, summarizing the Committee's activities and recommendations. The report may be delivered during an Audit Committee meeting attended by the Board or during a regularly scheduled meeting of the Board.

The report should also include:

- A summary of the work the Audit Committee performed to fully discharge its responsibilities during the preceding year.
- A summary of Management's progress in addressing the results of internal and external audit engagement reports.
- An overall assessment of Management's control and compliance processes, including details of any legislative changes impacting the governing Company.
- Details of meetings including the number of meetings held during the relevant period and the number of meetings each member attended.
- Provide information required, if any, by new or emerging corporate governance developments.
- The Committee may report to the Board at any time regarding any other matter it deems of sufficient importance.

ABS-CBN Corporation

Approval:

 _____ Mr. Martin L. Lopez Chairman of the Board	_____ Date
 _____ Mr. Antonio Jose U. Periquet Audit Committee Chairman	_____ Date
 _____ Mr. Emmanuel S. De Dios Audit Committee Member	_____ Date
 _____ Mr. Salvador G. Tirona Audit Committee Member	<u>12/13/18</u> _____ Date
 _____ Ms. Eloisa D. Balmoris Chief Audit Executive	_____ Date
 _____ Mr. Carlo L. Katigbak President and Chief Executive Officer	_____ Date