

## **ABS-CBN CORPORATION**

### **BOARD RISK MANAGEMENT COMMITTEE CHARTER**

#### **I. Purpose and Composition**

The Board of Directors shall create a Board Risk Management Committee which shall assist the Board in ensuring that there is an effective and integrated risk management process in place and in reviewing all material related party transactions of the Corporation.

The Committee shall be composed of at least three (3) members, at least one (1) shall be an Independent Director. The Chairman of the Committee shall be appointed by the Board and shall be an independent director. The Chairman of the Committee shall not be the Chairman of the Board or of any other committee. At least one member of the committee must have relevant thorough knowledge and experience in risk and risk management.

#### **II. Duties and Responsibilities**

The Committee shall be responsible for: (i) the oversight of the Corporation's Enterprise Risk Management system, including risks originating from subsidiaries, affiliates and investments and to ensure the functionality and effectiveness of said system; and (ii) the review of all material related party transactions of the Corporation.

It shall have the following duties and responsibilities, among others:

##### **1. On the oversight of the Corporation's Enterprise Risk Management System**

- a. Develop a formal enterprise risk management plan which contains the following elements: (i) common language or register of risks, (ii) well-defined risk management goals, objectives and oversight, (iii) uniform processes of assessing risks and developing strategies to manage prioritized risk, (iv) designing and implementing risk management strategies, and (v) continuing assessment to improve risk strategies, processes and measures;
- b. Oversee the implementation of the enterprise risk management plan, and conducts regular discussions on the Corporation's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units are addressing and managing these risks;
- c. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness, revisits defined risk management strategies, looks for emerging or

changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;

- d. Advise the Board on its risk appetite levels and risk tolerance limits;
- e. Review at least annually the Corporation's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Corporation;
- f. Assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence, with priority areas of concern being those risks that are the most likely to occur and to impact the performance and stability of the Corporation and its stakeholders;
- g. Provide oversight over management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation, including regularly receiving information on risk exposures and risk management activities from management; and
- h. Report to the Board on a regular basis, or as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

2. On the review of all material related party transactions of the Corporation

- a. Evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, related party transactions (RPTs) are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators;
- b. Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Corporation are misappropriated, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee shall take into account, among others, the following:
  - i. The related party's relationship to the Corporation and interest in the transaction;
  - ii. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
  - iii. The benefits to the Corporation of the proposed RPT;
  - iv. The availability of other sources of comparable products or services; and

- v. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Corporation should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;
- c. Ensure that appropriate disclosure is made, and information is provided to regulators relating to the Corporation's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Corporation's affiliation or transactions with other related parties;
- d. Report to the Board on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- e. Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
- f. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

### III. Meetings and Resources

The Chairman shall preside over the meetings of the Committee. The Committee shall appoint a Secretary, who may or may not be a director or member of the Committee, to prepare minutes of meetings of the Committee and keep appropriate books and records thereof, if necessary.

The Board, or the Committee, may appoint one or more persons to serve as advisor(s) to the Committee. The identity, independence, absence of conflict of interest on the part of such advisor(s) shall be disclosed. Advisors shall attend and speak during the meetings, but have no voting rights on any action of the Committee.

The Committee shall only act as a committee and the individual members thereof shall have no powers as such. A majority of the whole number of members shall constitute a quorum for the transaction of business and every decision of a majority of the quorum duly assembled shall be valid as an act of the Committee. Each member shall have one (1) vote. In case of a deadlock in the voting, the Chairman of the Committee shall break the deadlock by casting a second vote.

Regular meetings may be held at such time and place and upon such notice, if any, as the Committee may prescribe. However, at the minimum, the Committee should meet twice a year. Special meetings may be called by the Chairman of the committee or by request of a majority of the Committee members with at least one day's notice of the time and place of the meeting. Meetings may be held at any time and place without notice if all the members are present or if

those not present waive notice in writing before or after the meeting. Meetings may be held in person or via telephone or video conference.

Summaries of matters discussed at Committee meetings are to be presented at the next succeeding meeting of the Board. Relevant information on meetings shall be included in the Corporation's annual report.

#### IV. Performance Evaluation

The members of the Committee shall evaluate the Committee's performance in the discharge of its duties and responsibilities under this committee charter using as standard the best practices set out in memorandum circulars and other issuances of the Securities and Exchange Commission, and the ASEAN Corporate Governance Scorecard concerning board risk oversight committees. Committee members shall fill up a self-assessment questionnaire that is developed by the Corporate Governance Committee.

The results of the performance evaluation and any recommendation for improvement shall be reported to the Board.

#### V. Disclosure

This Risk Management Committee Charter shall be fully disclosed on the company's website.

Approved by the Board Risk Management Committee

By:

Emmanuel S. De Dios  
Chairman

Approved by the Board of Directors

By:

Martin L. Lopez  
Chairman

Date: