

ABS-CBN CORPORATION BOARD CHARTER

1. Introduction

It is the responsibility of the Board of Directors (the “Board”) to foster the long-term success of ABS-CBN Corporation (the “Corporation”) and sustain its competitiveness in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.¹ The business and property of the Corporation shall be managed by the Board of Directors², who shall be primarily responsible for the good governance of the Corporation.³

These provisions are complementary to the requirements regarding the Board and Board members contained in the Amended Articles of the Corporation, the Amended By-laws and the Manual for Corporate Governance.

2. Composition of the Board

a. Number of Directors

The Board shall be composed of eleven (11) members who are elected by the shareholders’ during the Annual Stockholders’ Meeting.⁴

b. Qualifications of Directors

The Corporation shall endeavor to have its Board composed of directors with collective knowledge, experience or expertise that is relevant to the Corporation’s industry.⁵ The Board shall encourage the selection of an appropriate mix of competence and expertise and its members shall be qualified for their positions individually and collectively. The Board shall also aim to achieve a diverse Board to enhance the quality of its performance.⁶ Every director must own at least one (1) share of the capital stock of the Corporation⁷ and duly elected in accordance with the Amended Articles of Incorporation and Amended By-laws.

In addition, the Board shall endeavor to achieve Board diversity to enhance the quality of its performance and shall develop a policy to achieve diversity of the Board.⁸

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

¹ Duties and Responsibilities of the Board, Revised Manual on Corporate Governance

² By-laws, Article III, Section 1

³ Duties and Responsibilities of the Board, Revised Manual on Corporate Governance

⁴ Amended Articles of Incorporation, Sixth section; Revised Manual on Corporate Governance

⁵ The Board of Directors, Revised Manual on Corporate Governance

⁶ Id.

⁷ Section 23, Corporation Code of the Philippines

⁸ The Board of Directors, Revised Manual on Corporate Governance

- a. Holder of at least one (1) share of stock of the Corporation;
- b. Has knowledge, experience or expertise that is relevant to the Corporation's industry; and
- c. Personal integrity, capacity to read and understand financial statements, absence of conflict of interest with the Corporation (subject to the discretion of the Board), time availability and motivation.⁹

c. Disqualifications and Dismissal of Directors

Any stockholder may be elected Director, provided, however, that no person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business or activity which competes with or is antagonistic to that of the Corporation or any of its subsidiaries and affiliates. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:

- i. If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of any corporation (other than one in which the Corporation owns at least 30% of the capital stock) engaged in a business or activity which the Board, by at least two-thirds vote of the directors present constituting a quorum, determines to be competitive or antagonistic to that of the Corporation or its subsidiaries and affiliates; or
- ii. If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of any other corporation or entity engaged in any line of business of the Corporation or that of its subsidiaries and affiliates and in the judgment of the Board, by at least two-thirds vote of the directors present constituting a quorum, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors; or
- iii. If the Board, in the exercise of its judgment in good faith, determines by at least two thirds vote of the directors present constituting a quorum that he is the nominee of any person set forth in (i) or (ii).

In addition, no person shall qualify or be eligible for nomination as a director if:

- i. There is a finding against him by final and executory judgment by the Securities and Exchange Commission or a court or other administrative body of competent jurisdiction of a willful serious violation, or willful aiding, abetting, counseling, inducing, or procuring of the serious violation of, any material provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any material rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;
- ii. He is judicially declared insolvent;
- iii. There is a finding against him by final judgment by a foreign court or equivalent regulatory authority with competent jurisdiction of acts, violations or misconduct

⁹ Qualifications of Directors, Revised Manual on Corporate Governance

- similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;
or
- iv. He previously committed patently unlawful act(s) and/or other act(s) deemed prejudicial or inimical to the reputation and/or interest of the Corporation;
 - v. He committed acts causing undue injury to the Corporation, its subsidiaries or affiliates or committed acts causing injury to another corporation while acting as a director therein; or
 - vi. He previously committed gross negligence or bad faith in directing the affairs of another corporation where he served as a director or officer;¹⁰

A director may also be temporarily disqualified or dismissed from directorship if:

- vii. He refuses to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as his refusal persists;
- viii. He is absent or does not participate, for unjustifiable reasons, for more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency, or any twelve (12) month period during said incumbency. The disqualification applies for purposes of the succeeding election;
- ix. He is dismissed or terminated or terminated 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; and
- x. He is convicted, but which conviction has not yet become final.¹¹

d. Multiple Board Seats

A director should exercise sound judgment in accepting other directorships outside the Corporation. He may accept directorships outside the Corporation which, in his opinion, do not hinder him from his obligation to diligently perform his duties and functions in the Corporation. This policy does not cover directorships in the Corporation's subsidiaries and affiliates as well as subsidiaries and affiliates of such companies. In all instances, a director should notify the Board before accepting a directorship in another Corporation.¹²

e. Independent Directors

There shall be at least two (2) Independent Directors or such Independent Directors as shall constitute at least twenty percent (20%) of the members of the Board of Directors, whichever is lesser.¹³

i. Qualifications of an Independent Director

¹⁰ By-laws, Article III, Section 6

¹¹ Disqualification and Grounds for Dismissal of Directors, Revised Manual on Corporate Governance

¹² Id.

¹³ By-laws, Article II, Section 2, paragraph 2

- a. An independent director shall mean a person other than an officer or employee of the Corporation, its parent or subsidiaries, or any other individual having a relationship with the Corporation that would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director. An independent director shall submit to the Corporate Secretary a confirmation that he holds no interests with the Corporation extending beyond a qualifying share within a reasonable time after his election and/or re-election as an independent director.
- b. An independent director is a person who, apart from his fees and shareholdings, is independent of Management and free from any business or other relationship which could, or could reasonably be perceived to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the Corporation.
- c. An independent director possesses the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.

An independent director refers to a person who, ideally:

- i. is not a director or officer or substantial stockholder of the Corporation or of its related companies or any of its substantial Shareholders (other than as an independent director of any of the foregoing);
- ii. is not a relative of any director, officer or substantial shareholder of the Corporation, any of its related companies or any of its substantial Shareholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- iii. is not acting as a nominee or representative of a substantial shareholder of the Corporation, any of its related companies or any of its substantial Shareholders;
- iv. has not been employed in any executive capacity by the Corporation, any of its related companies or by any of its substantial Shareholders within the last two (2) years;
- v. is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Corporation, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the two (2) years immediately preceding the date of his election;
- vi. does not engage or has not engaged within the last two (2) years, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the Corporation or any of its related companies or substantial Shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;
- vii. is one who ceased to be a regular director in the preceding two (2) years prior to qualification as an independent director;

- viii. has not been appointed in the Corporation, its subsidiaries, associates, affiliates or related companies as Chairman Emeritus, Ex-Officio Director/Officer or Member of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three (3) years immediately preceding his election; is not, or has not been a senior officer or employee of the Corporation unless there has been a change in the controlling ownership of the Corporation;
- ix. is not, and has not been in the three (3) years immediately preceding the election, a director of the Corporation or its subsidiaries, , associates, affiliates or related companies; or substantial Shareholders and its related companies;
- x. is not an owner of more than two percent (2%) of the outstanding shares of the Corporation, its subsidiaries, associates, affiliates or related companies;
- xi. is not a securities broker-dealer of listed companies and registered issuers of securities. “Securities broker-dealer” refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
- xii. is not affiliated with any non-profit organization that receives significant funding from the Corporation or any of its related companies or substantial Shareholders; and
- xiii. is not employed as an executive officer of another Corporation where any of the Corporation’s executives serve as directors.

When used in relation to a corporation subject to the requirements above:

- i. Related corporation means another corporation which is: (a) its holding or parent corporation, (b) its subsidiary, or (c) a subsidiary of its holding or parent corporation; and
- ii. Substantial shareholder means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

Each independent director should serve for a maximum of nine (9) years in accordance with applicable laws, rules and regulations. After such period, the independent director should be perpetually barred from re-election as such in the same corporation, but may continue to qualify for nomination and election as a non-independent director. In the instance that a corporation wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek Shareholders’ approval during the annual Shareholders’ meeting.

An independent director shall be disqualified as such during his tenure under the following instances or causes:

- i. He becomes an officer or employee of the Corporation, or becomes any of the persons enumerated under the disqualifications of a director; and
- ii. His beneficial security ownership exceeds 10% of the outstanding capital stock of the Corporation where he is such director.¹⁴

f. Lead Independent Director

The Board shall designate a lead independent director among the independent directors if the Chairman of the Board is not an Independent Director, including if one person holds the positions of the Chairman of the Board and Chief Executive Officer.

The Lead Independent Director, shall among others:

1. Preside periodic meetings of the Non-Executive Directors with the external auditor and heads of internal audit, compliance and risk;
2. Liaise with the Chairman of the Board;
3. Contribute to the performance evaluation of the Chairman of the Board; and
4. Communicate with shareholders, if requested and as appropriate, for consultation and direct communication.¹⁵

g. Non-executive Directors

The Corporation's Board may be composed of a majority of non-executive directors to the extent practicable. The non-executive directors should possess the necessary qualifications and stature to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances. As much as possible, they should concurrently serve as directors up to only a maximum of five (5) publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the Corporation. Exceptions may be granted only in meritorious cases such as due to the concerned director's exceptional experience, stature and his ability to accommodate the additional demands that may be made on his time and abilities due to the multiple appointments.¹⁶

h. Training of Directors

All new directors of the Corporation shall undergo an orientation program on the Corporation's operations, management, structure, vision and mission, corporate strategy, corporate governance, articles, by-laws, charters and SEC-mandated topics on governance matters and other matters essential for the effective performance of their duties and responsibilities.

The Board of Directors, the Corporate Secretary, the Compliance Officer, and the Principal

¹⁴ Independent Director, Revised Manual on Corporate Governance

¹⁵ Lead Independent Director, Revised Manual on Corporate Governance

¹⁶ Non-executive directors, Revised Manual on Corporate Governance

Officers of the Corporation shall attend trainings in corporate governance at least once a year. The proof of attendance to a corporate governance training shall be submitted to the Corporate Secretary and the Compliance Officer for proper disclosure with PSE and SEC.

Opportunities for annual continuing training for all directors shall be identified and appropriate development undertaken throughout the year.¹⁷

4. Board Meetings

The Board shall have regular meetings, as much as possible, to review the performance of the Corporation 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.

The Board shall meet at least six (6) times each calendar year. It shall hold a meeting before the start of the financial year, immediately after the annual meeting of the stockholders, at least once every quarter, and on such other days that it may designate.¹⁸

The directors shall act only as a Board, and the individual directors shall have no power as such.

A quorum at any meeting of the Directors shall consist of a majority of the entire membership of the Board. A majority of such quorum shall decide any question that may come before the meeting, save and except any such matters in which the law of the Philippines may require the affirmative vote of a greater proportion of the members.¹⁹

In any meeting of the Board, an independent director shall always be in attendance. However, the absence of an independent director may not affect the quorum requirement if he is duly notified of the meeting but fails to attend the meeting notwithstanding such notice.

The directors shall attend and actively participate in all meetings of the Board, Committees, and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent them from doing so.

The non-executive directors shall have separate periodic meetings, which meetings shall be chaired by the Lead Independent Director, with the Chief Audit Executive, Chief Compliance Officer and Chief Risk Management Officer. Said meeting shall be without the presence of the Chief Executive Officer.²⁰

5. Responsibilities of the Board

¹⁷ Orientation Process and Annual Training, Revised Manual on Corporate Governance

¹⁸ Board Meetings, Revised Manual on Corporate Governance

¹⁹ Amended By-Laws, Article III, Section 5

²⁰ Board Meetings, Revised Manual on Corporate Governance

The Board shall have the following duties and responsibilities:

- Act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Corporation and all shareholders.
- Foster the long-term success of the Corporation and sustain its competitiveness in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.
- Be responsible for ensuring and adopting an effective succession-planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value.
- Align the remuneration of key officers and board members with the long-term interests of the Corporation and shall formulate and adopt a policy specifying the relationship between remuneration and performance.
- Adopt a formal and transparent nomination and election policy.
- Be responsible in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring material transactions.
- Be primarily responsible for approving the selection of and assessing the performance of Management led by the Chief Executive Officer (CEO), and of the Chief Risk Management Officer, Chief Compliance Officer, and Chief Audit Executive.
- Establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer and the personnel's performance is at par with the standards set by the Board and Management.
- Ensure that an appropriate internal control system is in place.
- Ensure that a sound enterprise-wide risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks.
- Create a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.

The Board shall have the following specific duties and functions to implement good corporate governance principles:

- Be primarily responsible for the good governance of the Corporation.
- Ensure that adequate procedures, systems and practices that protect the Corporation's assets and reputation are in place and are maintained.
- Survey and implement best business practices.
- Monitor the effectiveness of management policies and decisions.
- Implement a process for the selection of directors and officers.
- Ensure that the Corporation communicates with shareholders and other stakeholders effectively.²¹

²¹ Duties and Responsibilities of the Board, Revised Manual on Corporate Governance

6. The Chairman of the Board

The Chairman of the Board shall be responsible for the management, development and the effective performance of the Board, and maintain proper governance of the Corporation. The Chairman of the Board shall plan and organize all the activities of the Board, including the preparation for, and the conduct of, Board meetings. He shall ensure the quality, quantity and timeliness of the information that goes to the Board. He shall also oversee the formation of the Board committees and the integration of their activity with that of the Board.

In addition to the main duties mentioned-above, the Chairman shall:

- a. Ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chairman may deem necessary;
- b. Ensure that the agenda of the meetings focuses on strategic matters, including the overall risk appetite of the Corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- c. In coordination with the Corporate Secretary, taking into consideration the suggestions of the Chief Executive Officer, Management and the directors, supervise the preparation of the agenda of the meetings;
- d. Assist in ensuring compliance with the Manual;
- e. Maintain lines of communication and information between the Board and Management;
- f. Guarantee that the Board receives accurate, timely, relevant, insightful, concise and clear information to enable it to make sound decisions.²²

7. Corporate Secretary

The Corporate Secretary, who is a Filipino citizen, shall assist the Board in performing its duties and responsibilities to the Corporation. The Corporate Secretary shall not be a member of the Board and shall not be the Compliance Officer of the Corporation.

In addition to the duties and responsibilities imposed by existing laws and the By-Laws of the Corporation, the Corporate Secretary shall have the following duties and responsibilities:

- Assist the Board, the management and the board committees in the preparation of the agenda of meetings and in the preparation and gathering of materials to be presented to the Board, the board committees or the shareholders;
- Keep abreast of relevant laws, regulations and relevant industry developments and the operations of the Corporation;
- Work fairly and objectively with the Board, Management and stockholders and contribute to the flow of information between the Board and Management, the Board and the board committees, and the Board and its stakeholders;

²² The Chairman of the Board, Revised Manual on Corporate Governance

- Implement such methods adopted by the Board to efficiently and timely inform and brief the Board members prior to board meeting;
- Attend Board meeting and take down the minutes of special and regular meetings of the Board and shareholders;
- Ensure the Corporation's observance of corporate governance best practices and provide recommendations to the Board for the continuous improvement of its policies and practices toward full compliance and the adoption of global best practices; and
- Submit to the Securities and Exchange Commission (SEC), the Philippine Stock Exchange (PSE), and the Philippine Dealing and Exchange Corporation (PDEX), the Corporation's Annual Corporate Governance Report, periodic reports, and other material disclosures.²³

8. Board Committees

The Board of Directors shall have the power, among other things, to create Committees and other bodies as may be necessary or beneficial in the operation and internal regulation of the Corporation. Such Committees shall have such powers and functions as may be delegated to them by the Board or as defined in the Manual of Corporate Governance except those that may not be delegated under the Corporation Code. The Board shall have the power to appoint and remove the members of such Committees and may at any time, with or without cause, dissolve any of such Committees.²⁴

The Board shall establish the following board committees, and approve their respective charters, that focus on specific board functions to aid in the optimal performance of its roles and responsibilities: Programming Committee, Compensation Committee, Succession Planning Committee, Compensation Committee for the Chairman and Chief Executive Officer, Audit Committee, Risk Management Committee, Nomination and Election Committee and Corporate Governance Committee.²⁵

All established committees should be required to have Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information. The Charters should provide the standards for evaluating the performance of the Committees and should be fully disclosed on the Corporation website.

9. Compensation of the Board

By resolution of the Board, each director shall receive a reasonable per diem for his attendance at each meeting of the Board of Directors, or of the Executive Committee or of other Committees created by the Board.²⁶

10. Assessment of the Board

²³ The Corporate Secretary, Revised Manual on Corporate Governance

²⁴ Board Committees, Revised Manual on Corporate Governance

²⁵ Id.

²⁶ Compensation, Revised Manual on Corporate Governance

The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three (3) years, an external facilitator shall support the assessment. Such a system shall allow for a feedback mechanism from the shareholders.

In assessing the performance of the Board, the following guidelines and/or criteria may be considered:

- (i) Composition and Structure
- (ii) Role and Governance Function
- (iii) Internal Control/Risk Management Function
- (iv) Dynamics and Functioning²⁷

11. Code of Conduct and Business Ethics

The Board shall adopt a Code of Business Conduct and Ethics, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code shall be properly disseminated to the Board, Management and employees. It shall also be disclosed and made available to the public through the Corporation website.

The Board shall ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.²⁸

²⁷ Assessment of the Board, Revised Manual on Corporate Governance

²⁸ Code of Conduct and Business Ethics, Revised Manual on Corporate Governance