



ABS-CBN CORPORATION

REVISED
MANUAL ON CORPORATE GOVERNANCE
JULY 2018

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I. OBJECTIVE

The Board of Directors (the “Board”) of ABS-CBN Corporation (the “Corporation”) adopts this new Manual on Corporate Governance (the “Manual”) to institutionalize the principles of good corporate governance in the entire organization, pursuant to SEC Memorandum Circular No. 19, series of 2016.

ABS-CBN recognizes the importance of corporate governance in enhancing the stakeholders’ interests in the Corporation. The Board, management, and employees of ABS-CBN hereby commit themselves to the principles of good corporate governance.

II. THE BOARD OF DIRECTORS

The Board shall be composed of directors with collective knowledge, experience or expertise that is relevant to the Corporation’s industry. The Board shall have an appropriate mix of competence and expertise and its members shall be qualified for their positions individually and collectively.

Majority of the Board shall be composed of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.

In accordance with the Corporation’s Articles of Incorporation and By-Laws, the Board of Directors shall be composed of eleven (11) members who are elected by the shareholders during the Annual Stockholders’ Meeting. The Board must have at least two (2) independent directors or such number of independent directors that constitutes twenty percent (20%) of its members, whichever is less. The independent directors must have no material relationship with the Corporation that may interfere with their judgment.

The Board of Directors recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance and shall develop a policy that aims to set out the approach to achieve diversity on the board of directors of the Corporation.

The Board of Directors shall hold office for one year and until their successors are elected and qualified in accordance with the By-Laws.

The Board shall ensure that it is assisted in its duties by a Corporate Secretary and by a Compliance Officer with the qualifications set forth in this Manual.

The Board shall be headed by a competent and qualified Chairman of the Board.

Duties and Responsibilities of the Board

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 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.
- Perform such other functions, which may be required under existing laws, issuances and regulations.

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; and
- f. Guarantee that the Board receives accurate, timely, relevant, insightful, concise and clear information to enable it to make sound decisions.

The President and Chief Executive Officer

The President and Chief Executive Officer (CEO) shall have the general charge and supervision of the business and affairs of the Corporation, subject to the Board. On a day-to-day basis, he shall make, execute and sign in the name of the Corporation such contracts as are necessary in the ordinary course of business, and such other contracts as are authorized by the Board. The President and CEO shall lead the Management in developing and implementing business strategies, plans, and budgets subject to Board approval. He shall then provide the Board and stockholders a report on the financial performance of the Corporation and its results of operations on a regular basis.

Qualifications of a Director

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 one (1) common share of stock of ABS-CBN Corporation;
- Has knowledge, experience or expertise that is relevant to the Corporation's industry;
- Personal integrity, capacity to read and understand financial statements, absence of conflicts of interest with the Corporation (subject to the discretion of the Board), time availability and motivation.

Non-executive directors

The Board of Directors shall 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 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.

Independent Director

There shall be at least two (2) Independent Directors or such Independent Directors as shall constitute twenty percent (20%) of the members of the Board of Directors, whichever is lesser. However, as a publicly listed corporation, the Corporation shall endeavor to have at least three (3) independent directors or such independent directors as shall constitute at least one third of the members of the Board, whichever is higher, to the extent practicable.

- i. Qualifications of an Independent Director
 - 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,

- xii. principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
- xiii. 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
- xiv. 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.

[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.

Disqualification and Grounds for Dismissal of Directors

In accordance with the By-Laws, a director shall be permanently disqualified

- 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 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.

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 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. 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 as referred to in the grounds for the disqualification of directors.

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.

III. CORPORATE SECRETARY AND COMPLIANCE OFFICER

The 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;
- 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.

The Compliance Officer

The Board shall appoint a Compliance Officer, who shall have a rank of Senior Vice President or an equivalent position with adequate stature and authority in the Corporation. The Compliance Officer shall not be a member of the Board of Directors.

This Compliance Officer shall have the following duties and responsibilities:

- Assist the Board in performing its duties and responsibilities;
- 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;
- 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;
- Establish an evaluation system to determine and measure compliance with this Manual.
- Monitor the compliance with the provisions and requirements of this Manual.
- Identify, monitor and control compliance with corporate governance matters.
- Recommend to the Board the review of the provisions of this Manual.
- Determine violations of this Manual and recommend to the Board the appropriate actions for such violations, for further review and approval of Board.

IV. 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

herein 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.

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:

[**The Programming Committee**](#)

The Programming Committee shall deliberate on the programming issues and strategies of the Corporation's network, and is primarily a business strategy committee.

[**The Compensation Committee for the Chairman and the Chief Executive Officer**](#)

The Compensation Committee for the Chairman and the Chief Executive Officer shall review and approve the recommended changes concerning the salaries and benefits provided to the Chairman and the Chief Executive Officer.

[**The Compensation Committee**](#)

The Compensation Committee shall review any recommendations on incentive schemes and the issuance of stock options to employees.

[**The Succession Planning Committee**](#)

The Succession Planning Committee shall ensure that there is a pipeline to key positions in the organization, and that there are ready replacements for any key positions that are suddenly vacated.

It shall oversee the replacement planning table of the organization, and identifies successors and gaps in succession, as well as any measures needed to fill such gaps.

[**The Audit Committee**](#)

The Audit Committee shall be composed of at least three (3) appropriately qualified non-executive directors, majority of whom shall be Independent Directors including the Chairman. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit Committee shall not be the Chairman of the Board or of any other committees.

The Audit Committee shall have the following duties and responsibilities:

- Review all financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements;
- Perform oversight financial management functions specially in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management;
- Oversee the internal and external audit processes;
- Pre-approve all audit plans, scope and frequency in connection with the conduct of external audit;
- Interface with internal auditors and external auditors;
- Evaluate to international standards the accounting and auditing processes, practices and methodologies, and develop the following in relation to this reform:
 - i. A definite timetable within which the accounting system of the Corporation will be International Accounting Standards (IAS) complaint.
 - ii. An accountability statement that will identify officers and/or personnel responsible for the accomplishment of such task.
- Develop a transparent financial management system that aims to ensure the integrity of internal control activities throughout the Corporation;
- Regularly review the organizational and procedural controls guided by best practices;
- Establish the qualifications for the selection of the external auditor;
- Evaluate and recommend the appointment or re-appointment of the external auditor to the Board and shareholders of the Corporation and ensure that the external auditor, or the partner-in-charge, is rotated every five (5) years or earlier or the handling partner is changed;
- Oversee the Corporation's compliance with laws and regulations.

The Board shall appoint a qualified Chief Audit Executive (CAE), who shall be responsible for the internal audit activities of the Corporation, including the portion that is outsourced to a third party service provider.

[The Risk Management Committee](#)

The Risk Management Committee shall be composed of at least three (3) directors; at least one (1) shall be an Independent Director. At least one (1) member of the committee must have relevant background, knowledge, skills, and/or experience on risk and risk management. The Chairman of the Risk Management Committee shall not be the Chairman of the Board or of any other committees.

The Risk Management Committee shall have the following responsibilities:

- Oversee the formulation and establishment of an Enterprise-Wide Risk Management System;
- Ensure the functionality and effectiveness of the Corporation's enterprise-wide risk management system;
- Review, analyze and recommend the policy, framework, strategy, method and/or system used by the Corporation to manage risks, threat or liabilities;

- Review and assess the likelihood and magnitude of the impact of material events on the Corporation and/or to recommend measures, responses or solutions to avoid or reduce risks or exposures;
- Perform such other duties and functions and/or assume such responsibilities as may be delegated by the Board of Directors; and
- Review of the material related party transactions of the Corporation.

The Board shall appoint a Chief Risk Management Officer (CRMO), who is the ultimate champion of Enterprise-Wide Risk Management System and has the adequate authority, stature, resources, and support to fulfill his/her responsibilities.

[The Nomination and Election Committee](#)

The Nomination and Election Committee shall be composed of at least three (3) members, one of whom shall be an Independent Director.

The Nomination and Election Committee shall review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval. This committee shall also be responsible in ensuring the effectiveness of the Board's processes and procedures in the election or replacement of directors.

[The Corporate Governance Committee](#)

The Board shall establish a Corporate Governance Committee composed of at least three (3) members, majority of whom shall be Independent Directors including the Chairman.

The Corporate Governance Committee shall assist the Board in the performance of its corporate governance responsibilities.

The Nomination and Election Committee shall perform the functions of the Corporate Governance Committee while such committee has not been constituted.

[V. BOARD PERFORMANCE](#)

[Orientation Process and Annual Training](#)

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 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.

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.

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.

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 a separate meeting, which meeting 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.

Assessment of the Board

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.

The Board shall have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, Board Committees and the Chief Executive Officer, other key executives.

The guidelines in conducting the annual performance assessments are as follows:

A. For the performance assessment of the Board

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 Functioning

B. For the performance assessment of the Directors

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

- (i) Governance Role
- (ii) Knowledge of the Corporation and the Environment
- (iii) Effective Behavior and Relationships
- (iv) Fair Dealing

C. For the performance assessment of the Board Committees

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

- (i) Committee Structure
- (ii) Conduct of Committee Meetings
- (iii) Committee Processes and Procedures

D. For the performance assessment of the Chief Executive Officer and other key executives

- (i) Leadership and Administration
- (ii) Knowledge and Competence
- (iii) Corporate Core Values
- (iv) Relationship with the Board

Compensation

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.

VI. 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.

VII. DISCLOSURE POLICIES AND PROCEDURES

The Board shall establish corporate disclosure policies and procedure to ensure comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a Corporation's financial condition, results and business operations.

The Corporation shall use the following modes of communications to promote effective communication with its stockholders, other stakeholders and the public in general:

- Structured and unstructured report disclosures to PSE and SEC
- Investor Relations Website
- Regular Analysts' and Press Briefings
- Investors' Briefings/Forums
- Corporation Annual Report
- Annual Stockholders' Meeting
- Conference Calls
- Press Releases

The stockholders can also communicate with the Corporation and raise issues through its Investor Relations at IR@abs-cbn.com.

The Board shall ensure that the Corporation makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.

Moreover, the Board shall appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.

Investor Relations Function

The Management shall be responsible for the Investor Relations function and shall assign sufficient resources in furtherance of said function in order to ensure constant engagement with its shareholders. The group tasked with the Investor Relations function shall be present at every shareholders' meeting.

The Management, through its Investor Relations function shall be available for any queries from investors or regulatory bodies and shall be tasked, if required, to further explain, elaborate on and contextualize the Corporation's operating performance and financial condition and results.

Dealings in Corporation Shares

The Corporation shall require all members of the Board of Directors and Principal Officers to report any purchase, sale or change in their shareholdings of the Corporation's common shares or Philippine Depository Receipts within three (3) trading days from the date of transaction.

The Corporation shall establish its policy on insider trading.

Disclosures and Financial Reporting

The Corporation's financial statements shall comply with Philippine Accounting Standards and Philippine Financial Reporting Standards that in turn conform with International Accounting Standards.

The annual consolidated financial statements shall provide information on the financial condition and results of operations of the businesses of the Corporation and its subsidiaries. These financial statements shall 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 the Corporation and minority interest, earnings per share, and EBITDA.

VIII. DUTIES TO STAKEHOLDERS

Shareholders' Rights

The Board recognizes and shall respect the rights of the stockholders as provided in the Corporation Code, namely:

1. Right to dividends once declared by the Board in accordance with the dividend policy;
2. Right to vote on all matters that require their consent or approval;

3. Power of inspection; and
4. Appraisal rights.

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

[Right to Nominate Candidates for Board of Directors](#)

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

[Conduct of Stockholders' Meeting](#)

Shareholders shall be encouraged to attend stockholders' meetings. A written or printed notice of the annual meeting shall be delivered to each shareholder not less than twenty-eight (28) 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. Proxies shall be in writing, properly signed and witnessed by one party. The written proxy shall be filed with the Office of the Corporate Secretary of the Corporation not later than ten (10) calendar days prior to the scheduled stockholders meeting.

Shareholders shall have the right to propose matters in the agenda of the annual meeting.

Shareholders shall 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 shall be submitted to the Philippine Stock Exchange and Securities and Exchange Commission.

[Employees' Participation](#)

The Board shall establish policies, programs and procedures that encourage employees to participate in the realization of the Corporation's goals and in its governance.

The Board shall adopt a Code of Conduct with an anti-corruption policy and disseminate this code to employees across the organization through written materials and actual trainings.

The Board shall establish a suitable framework for whistleblowing that allows employees to communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. The Board shall be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.

Sustainability and Corporate Social Responsibility

The Corporation recognizes the interdependence between business and society. The Corporation shall be committed to creating and delivering sustainable value to all its stakeholders, while contributing to the advancement of the community where it operates.

The Corporation's enviable position of being in media opens up opportunities to render public service. The Board, Management and its employees shall use these opportunities to lead and create positive change in the society through various advocacies that are aligned with the Corporation's business core competence.

Whistleblowing Policy

The Corporation has adopted a Whistleblowing Policy, which policy provides for and encourages employees and other stakeholders to report, in good faith, any covered wrongful conduct committed by directors or 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.

IX. IMPLEMENTATION OF THE MANUAL

Penalties for Non-Compliance with the Manual

To strictly observe and implement the provisions of this Manual, the Board may take appropriate actions, after notice and hearing, on the individual directors, officers and employees, such as censure, suspension or removal from office depending on the gravity of the offense as well as the frequency of the violation.

The commission of a serious violation of a material provision of this Manual by any member of the Board of the Corporation shall be sufficient cause for removal from directorship.

Evaluation System

The Corporation shall continue to evaluate its compliance with this Manual. The Board of Directors shall conduct its self-assessment as well as an assessment of the Corporation's compliance with this Manual. The Corporation participates in the annual corporate governance survey conducted by the Philippine Stock Exchange.

Communication Process

Individual Board members may, from time to time, at the request of management, meet or otherwise communicate with various constituencies that are involved with the Corporation. If comments from the

Board are appropriate, communication in most circumstances shall come from the Chairman of the Board or the Director designated as spokesperson for the Corporation.

[**Monitoring and Assessment**](#)

The Committees shall report to the Board in such manner as the Board may require.

This Manual shall be subject to annual review or at such frequency as may be determined by the Board.

[**Inspection of Manual**](#)

This Manual shall be available for inspection by any stockholder or employee of the Corporation at reasonable hours on business days.