

# COVER SHEET

1803

S.E.C. Registration Number

ABS CBN CORP.

(Company's Full Name)

(Business address: No. Street City / Town / Province)

Contact Person

Company Telephone Number

Month

Day

Fiscal Year

I-ACAR

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

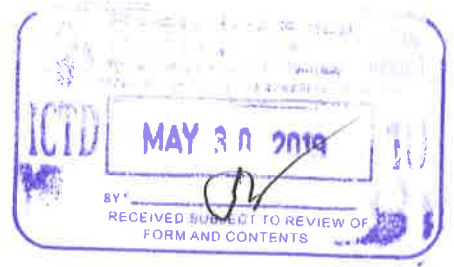
Domestic

Foreign

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Top be accomplished by SEC Personnel concerned

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LCU

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CASHIER



**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM - I-ACGR**

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

1. For the fiscal year ended **December 31, 2018**
2. SEC Identification Number **1803**
3. BIR Tax Identification No. **000-406-761-000**
4. Exact name of issuer as specified in its charter **ABS-CBN Corporation**
5. **Philippines**  (SEC Use Only)  
Province, Country or other jurisdiction of incorporation or organization Industry Classification Code:
7. **ABC-CBN Broadcast Center** **1103**  
**Sgt. Esguerra Ave. cor. Mother Ignacia St.** Postal Code  
**Quezon City**  
Address of principal office
8. **(632) 415-2272**  
Issuer's telephone number, including area code
9. **N/A**  
Former name, former address, and former fiscal year, if changed since last report.

Recommendation 1.3			
<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p>Compliant</p>	<p>The policy on training of directors is contained in the following references:</p> <ol style="list-style-type: none"> <li>Pages 15-16 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></li> <li>Pages 6-7 of The Board Charter - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/abs-cbn-board-charter/id-25">https://www.abs-cbn.com/governance/corporate-governance-manual/abs-cbn-board-charter/id-25</a></li> </ol>	
<p>2. Company has an orientation program for first time directors.</p>	<p>Compliant</p>	<p>The orientation program and annual continuing training are in the following references:</p> <ol style="list-style-type: none"> <li>Pages 15-16 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></li> </ol>	
<p>3. Company has relevant annual continuing training for all directors.</p>	<p>Compliant</p>	<p>The orientation program and annual continuing training are in the following references:</p> <ol style="list-style-type: none"> <li>Pages 15-16 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></li> </ol>	

		<p>2. Pages 6-7 of The Board Charter - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/abs-cbn-board-charter/id-25">https://www.abs-cbn.com/governance/corporate-governance-manual/abs-cbn-board-charter/id-25</a></p> <p>3. Page 67 of the Definitive Information Statement - <a href="https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72">https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72</a></p> <p>Please see attached letter to the SEC, dated October 31, 2018, showing compliance of the Directors and key officers with the annual training (<b>Annex "A"</b>)</p>	
<b>Recommendation 1.4</b>			
1. Board has a policy on board diversity.	Compliant	The board's policy on board diversity is in the following reference: Page 4 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a>	
<b>Optional: Recommendation 1.4</b>			

<p>1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.</p>	<p>Compliant</p>	<p>The company has a policy on board diversity.</p> <p>Reference: Page 4 of the Revised Manual on Corporate Governance  <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p> <p>Diversity in age, skills, competence and knowledge are achieved based on the individual backgrounds of our directors.</p> <p><u>Age Ranges:</u>  45-60 years old: 4 directors  61-70 years old: 3 directors  71 years old and up: 4 directors</p> <p><u>Skills / Sectors:</u>  Business  Information Technology  Public Administration  Finance  Economics  Environment  Media and Entertainment</p> <p>Reference: Pages 35-37 of the 2018 Annual Report, which specifies the</p>	
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		background and experiences of each board director.  <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a>	
<b>Recommendation 1.5</b>			
1. Board is assisted by a Corporate Secretary.	Compliant	Our Corporate Secretary is Atty. Enrique I. Quason. He is not the Compliance Officer and he is not a member of the board of directors. References: 1. Pages 43-44 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a> 2. Pages 21 and 66 of the Definitive Information Statement - <a href="https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72">https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72</a> 3. Page 4 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-">https://www.abs-cbn.com/governance/corporate-governance-</a>	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		



		<a href="#">manual/revised-manual-on-corporate-governance/id-24</a> 4. Pages 9-10 of the Board Charter – <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/abs-cbn-board-charter/id-25">https://www.abs-cbn.com/governance/corporate-governance-manual/abs-cbn-board-charter/id-25</a>	
4. Corporate Secretary attends training/s on corporate governance.	Compliant	Our Corporate Secretary (along with our directors and key officers) attended a four-hour training conducted by the Institute of Corporate Directors on October 29, 2018. Please see attached letter to the SEC, dated October 31, 2018 ( <b>Annex "A"</b> )	
<b>Optional: Recommendation 1.5</b>			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Non-compliant		The Corporate Secretary publishes the board meeting agenda at least three days before a board meeting.
<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer.	Compliant	Our Compliance Officer is Ricardo B. Tan, Jr. He is the head of Corporate Treasury, Investor Relations, Business Decision Support, Finance Operations (Cluster 2) and holds a rank of Vice-President, which is of an equivalent rank, position, with adequate stature and authority in the Corporation as a Senior Vice-	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant		
3. Compliance Officer is not a member of the board.	Compliant		

		<p>President. He is not a member of the Board of Directors.</p> <p>References:</p> <ol style="list-style-type: none"> <li>1. Page 58 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></li> <li>2. Pages 20 and 78 of the Definitive Information Statement - <a href="https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72">https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72</a></li> <li>3. Page 12 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></li> </ol>	
<p>4. Compliance Officer attends training/s on corporate governance.</p>	<p>Compliant</p>	<p>Our Corporate Secretary (along with our directors and key officers) attended a four-hour training conducted by the Institute of Corporate Directors on October 29, 2018. Please see attached letter to</p>	



the SEC, dated October 31, 2018  
(Annex "A")

**Principle 2:** The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

**Recommendation 2.1**

<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>Compliant</p>	<p>The Directors are presented with Reports by Management so they may make decisions on a fully informed, in good faith, with due diligence and care, and in the best interest of the Corporation.</p> <p>References:</p> <ol style="list-style-type: none"> <li>1. Pages 4-5 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></li> <li>2. Pages 7-8 of the Board Charter - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/abs-cbn-board-charter/id-25">https://www.abs-cbn.com/governance/corporate-governance-manual/abs-cbn-board-charter/id-25</a></li> <li>3. Page 55 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-</a></li> </ol>	
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		<p><a href="#">report-with-consolidated-audited-finan/id-73</a></p> <p>4. Page 66-67 of the Definitive Information Statement – <a href="https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72">https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72</a></p> <p>The Board was regularly provided by Management with reports on operations, financial condition and competition at Board Meetings. As an example, please see the attached Agenda of Board Meeting, with a portion on Management Reports, attached as <b>Annex “B”</b>.</p>	
<b>Recommendation 2.2</b>			
<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p>	<p>Compliant</p>	<p>The Board oversees the development, review and approval of the company's business objectives and strategy, as well as, its implementation.</p>	
<p>2. Board oversees and monitors the implementation of the company's business objectives and strategy.</p>	<p>Compliant</p>	<p>References:</p> <p>1. Pages 4-5 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corpor">https://www.abs-cbn.com/governance/corpor</a></p>	

		<p><a href="#">ate-governance-manual/revise-manual-on-corporate-governance/id-24</a></p> <ol style="list-style-type: none"> <li>2. Pages 7-8 of the Board Charter - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/abs-cbn-board-charter/id-25">https://www.abs-cbn.com/governance/corporate-governance-manual/abs-cbn-board-charter/id-25</a></li> <li>3. Page 55 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></li> <li>4. Page 66-67 of the Definitive Information Statement – <a href="https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72">https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72</a></li> </ol> <p>The Board was regularly provided by Management with reports on operations, financial condition and competition at Board Meetings. As an example, pls. see the attached minutes of the Board Meeting attached as <b>Annex “B”</b>.</p>	
<p><b>Supplement to Recommendation 2.2</b></p>			

<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p>Non-compliant</p>		<p>We are in the process of updating our vision, but we have clear mission and core values.</p> <p>References:</p> <ol style="list-style-type: none"> <li>1. Page 52 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></li> <li>2. Pages 6-7 of our 2018 Glossy Annual Report Presentation - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-presentation/id-80">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-presentation/id-80</a></li> </ol>
<p>2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.</p>	<p>Compliant</p>	<p>The Board has adopted a Strategic Planning Process - <a href="https://www.abs-cbn.com/governance/policies/strategic-planning-policy/id-50">https://www.abs-cbn.com/governance/policies/strategic-planning-policy/id-50</a></p>	
<p><b>Recommendation 2.3</b></p>			
<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>Compliant</p>	<p>The Chairman of the Board is Martin L. Lopez. He possesses all the qualifications and performs all the duties under the Revised Manual on Corporate Governance and Board Charter.</p>	

		<p>References:</p> <ol style="list-style-type: none"> <li>1. Page 6 of Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></li> <li>2. Page 9 of the Board Charter - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/abs-cbn-board-charter/id-25">https://www.abs-cbn.com/governance/corporate-governance-manual/abs-cbn-board-charter/id-25</a></li> <li>3. Page 37, 54 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></li> <li>4. Page 14, 66 of the Definitive Information Statement - <a href="https://www.abs-cbn.com/governance/reports/information-statements-is-">https://www.abs-cbn.com/governance/reports/information-statements-is-</a></li> </ol>	
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[20/2019-definitive-information-statement/id-72](#)

**Recommendation 2.4**

1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	The Board has constituted a Succession Planning Committee which responsibilities, are embodied in the Succession Planning Committee Charter -	
2. Board adopts a policy on the retirement for directors and key officers.	Non-compliant	<a href="https://www.abs-cbn.com/governance/board-committees-and-charter/the-succession-planning-committee-charter/id-75">https://www.abs-cbn.com/governance/board-committees-and-charter/the-succession-planning-committee-charter/id-75</a>  The Succession Planning process is outlined here - <a href="https://www.abs-cbn.com/governance/policies/succession-planning/id-51">https://www.abs-cbn.com/governance/policies/succession-planning/id-51</a>	The company has a policy on the retirement of key officers, but does not yet have one for directors.

**Recommendation 2.5**

1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	The Board approves the Variable Pay design for both executives and non-executives of the company. The Variable Pay is linked to both company and employee performance.	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant	The Board approves the Variable Pay design for both executives and non-executives of the company. The	

		Variable Pay is linked to both company and employee performance.	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	Each individual director does not participate in the approval of his own remuneration.	
<b>Optional: Recommendation 2.5</b>			
1. Board approves the remuneration of senior executives.	Compliant	The Board approves a Variable Pay structure for senior executives.	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	Compliant	The Company has a Variable Pay structure which pays bonuses and salary increases based on performance of the company and performance ratings of the executives.	
<b>Recommendation 2.6</b>			
1. Board has a formal and transparent board nomination and election policy.	Compliant	The Board has adopted a nomination and election policy, which is adopted in accordance with the Revised Manual on Corporate Governance. The nomination and election policy states that all nominations are accepted from shareholders regardless of the number of shareholdings. The screening and shortlisting of candidates is provided. The assessment process is indicated	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant		

4. Board nomination and election policy includes how the board shortlists candidates.	Compliant	in the policy. The qualities of the nominees are vetted vis-à-vis the strategic direction of the company.	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant	References:  Page 5 of the Revised Manual on Corporate Governance – <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a>	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant	Nomination and Elections Committee Charter - <a href="https://www.abs-cbn.com/governance/board-committees-and-charter/nominations-and-elections-committee-charter/id-29">https://www.abs-cbn.com/governance/board-committees-and-charter/nominations-and-elections-committee-charter/id-29</a>  Nomination and Election Policy -  <a href="https://www.abs-cbn.com/governance/board-committees-and-charter/nominations-and-elections-policy/id-30">https://www.abs-cbn.com/governance/board-committees-and-charter/nominations-and-elections-policy/id-30</a>	
<b>Optional: Recommendation to 2.6</b>			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or	Compliant	The company makes use of the network and database of the Institute of Corporate Directors as an	



<p>shareholder bodies) when searching for candidates to the board of directors.</p>		<p>external source of candidates to the Board.</p> <p>Reference: Last paragraph of the Nomination and Election Policy -</p> <p><a href="https://www.abs-cbn.com/governance/board-committees-and-charter/nominations-and-elections-policy/id-30">https://www.abs-cbn.com/governance/board-committees-and-charter/nominations-and-elections-policy/id-30</a></p>	
<b>Recommendation 2.7</b>			
<p>1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.</p>	<p>Compliant</p>	<p>The Revised Manual on Corporate Governance states that the board shall have this overall responsibility.</p> <p>Reference: Page 5 of the Revised Manual on Corporate Governance – <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p>	
<p>2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.</p>	<p>Non - compliant</p>		<p>The policy is yet to be formalized however, the review of all material RPTs is lodged with the Risk Management Committee. Moreover, our Audited Financial Statements will show the disclosure of all</p>
<p>3. RPT policy encompasses all entities within the group, taking into account their size,</p>	<p>Non-compliant</p>		

<p>structure, risk profile and complexity of operations.</p>			<p>RPTs. The RPT policy will be formalized in 2019.</p> <p>References: Risk Management Committee Charter – <a href="https://www.abs-cbn.com/governance/board-committees-and-charter/risk-management-committee-charter/id-28">https://www.abs-cbn.com/governance/board-committees-and-charter/risk-management-committee-charter/id-28</a></p> <p>2018 Annual Report (Note 4 to the audited financial statements) - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></p>
<b>Supplement to Recommendations 2.7</b>			
<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	<p>Non-compliant</p>		<p>All RPTS are disclosed, despite its categorization. 2018 Annual Report (Note 4 to the audited financial statements). - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></p> <p>An RPT policy will be formalized in 2019.</p>
<p>2. Board establishes a voting system whereby a majority of non-related party</p>	<p>Non-compliant</p>		<p>The Corporation Code of the Philippines and the By-Laws of the company require</p>



<p>shareholders approve specific types of related party transactions during shareholders' meetings.</p>			<p>only certain matters to be approved by the stockholders and do not require related party transactions to be approved by the stockholders. The company has not adopted a voting system whereby related party transactions are approved by non-related party stockholders.</p>
<b>Recommendation 2.8</b>			
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Compliant</p>	<p>The Board approves the selection of Management led by the CEO, and heads of other control functions.</p> <p>References:</p> <p>Page 5 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p> <p>Results of the 2018 Organizational Meeting – please see attached as <b>Annex "C"</b>  <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=c81544554dded88543ca035510b6ec2b#sthash.ywB43vie.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=c81544554dded88543ca035510b6ec2b#sthash.ywB43vie.dpbs</a></p>	
<p>2. Board is primarily responsible for assessing the performance of Management led by</p>	<p>Compliant</p>	<p>The Board has in place an annual performance assessment process of</p>	

<p>the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>		<p>the CEO and the heads of the other control functions.</p> <p>Reference: Page 17 of the Revised Manual on Corporate Governance  <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p> <p>The Board conducted a performance assessment of the CEO, Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive in December 2018.</p>	
<b>Recommendation 2.9</b>			
<p>1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.</p>	<p>Non-compliant</p>		<p>The company has a performance management framework for Management and rank and file, but it is not yet overseen or administered by the Board.</p>
<p>2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.</p>	<p>Non-compliant</p>		<p>The company has a performance management framework for Management and rank and file, but it is not yet overseen or administered by the Board.</p>
<b>Recommendation 2.10</b>			
<p>1. Board oversees that an appropriate internal control system is in place.</p>	<p>Compliant</p>	<p>The Board oversees that an appropriate internal control system is</p>	

		in place. The Company has an Internal Audit Department. Conflicts of interest are disclosed.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	<p>References:</p> <p>Page 5 of the Revised Manual on Corporate Governance – <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p> <p>Audit Committee Charter - <a href="https://www.abs-cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27">https://www.abs-cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27</a></p> <p>Conflict of Interest Disclosure Form – attached as <b>Annex “D”</b></p>	
3. Board approves the Internal Audit Charter.	Compliant	<p>The Board has adopted an Audit Committee Charter, through the Audit Committee.</p> <p>Reference:</p> <p>Audit Committee Charter - <a href="https://www.abs-cbn.com/governance/board-">https://www.abs-cbn.com/governance/board-</a></p>	

[committees-and-charter/audit-committee-charter/id-27](#)

**Recommendation 2.11**

<p>1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.</p>	<p>Compliant</p>	<p>The Board and Management are guided by and make use of the COSO and the ISO 31000 ERM (Assess, Improve and Monitor Method) frameworks. The minutes of the regular Board meetings indicate the various phases of our risk mgt. framework journey.</p>	
<p>2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.</p>	<p>Compliant</p>	<p>Please also see page 5 of the Revised Manual on Corporate Governance.</p>	

**Recommendation 2.12**

<p>1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary roles.</p>	<p>Compliant</p>	<p>The Board has adopted a Board Charter in 2018.</p> <p>Reference:</p>	
<p>2. Board Charter serves as a guide to the directors in the performance of their functions.</p>	<p>Compliant</p>	<p>Board Charter - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/abs-cbn-board-charter/id-25">https://www.abs-cbn.com/governance/corporate-governance-manual/abs-cbn-board-charter/id-25</a></p>	
<p>3. Board Charter is publicly available and posted on the company's website.</p>	<p>Compliant</p>		

**Additional Recommendation to Principle 2**

1. Board has a clear insider trading policy.	Compliant	<p>The Board and the Company has an insider trading policy.</p> <p>Reference: Insider trading policy - <a href="https://www.abs-cbn.com/governance/policies/insider-trading-policy/id-48">https://www.abs-cbn.com/governance/policies/insider-trading-policy/id-48</a></p>	
<b>Optional: Principle 2</b>			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	Non-compliant		The company is looking into developing a policy on not allowing or limiting granting of loans to directors.
2. Company discloses the types of decision requiring board of directors' approval.	Compliant	<p>All decisions involving the businesses and properties of the company require board approval or are delegated to key officers.</p> <p>References: Article 3 Item 1 of the Company's By-Laws (and Section 23 of the Corporation Code of the Philippines).</p> <p>Material transactions approved by the board are disclosed to the SEC and PSE through 17-C.</p>	
<b>Principle 3:</b> Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and			

remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

**Recommendation 3.1**

<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p>Compliant</p>	<p>The Board has established eight committees, namely:</p> <ol style="list-style-type: none"> <li>1. Audit Committee</li> <li>2. Compensation Committee</li> <li>3. Compensation Committee for the Chairman and Chief Executive Officer</li> <li>4. Corporate Governance Committee</li> <li>5. Nomination and Election Committee</li> <li>6. Risk Management Committee</li> <li>7. Programming Committee</li> <li>8. Succession Planning Committee</li> </ol> <p>2018 Annual Report -  <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></p> <p>2018 Results of Organizational Meeting – (attached as <b>Annex “C”</b> )  <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=c81544554dded88543ca035510b6ec2b#sthash.ywB43vje.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=c81544554dded88543ca035510b6ec2b#sthash.ywB43vje.dpbs</a></p>	
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Recommendation 3.2			
<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>	<p>Compliant</p>	<p>The Board has established an Audit Committee to perform the duties required for corporate governance.</p> <p>References:</p> <p>Page 13 of the Revised Manual on Corporate Governance – <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p> <p>2018 Results of Organizational Meeting (please see attached as <b>Annex "C"</b>)– <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=c81544554dded88543ca035510b6ec2b#sthash.ywB43vie.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=c81544554dded88543ca035510b6ec2b#sthash.ywB43vie.dpbs</a></p> <p>Audit Committee Charter – <a href="https://www.abs-cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27">https://www.abs-cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27</a></p> <p>Report of the Audit Committee for 2018 - <a 30%;"="" href="https://www.abs-&lt;/a&gt;&lt;/p&gt; &lt;/td&gt; &lt;td style=" width:=""></a></p>	

		<a href="http://cbn.com/governance/reports/audit-committee-reports/2018-audit-committee-report/id-83">cbn.com/governance/reports/audit-committee-reports/2018-audit-committee-report/id-83</a>	
<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>Compliant</p>	<p>The Audit Committee is composed of the following:</p> <ol style="list-style-type: none"> <li>1. Mr. Antonio Jose U. Periquet – Chairman, Lead Independent Director</li> <li>2. Mr. Emmanuel S. De Dios – Member, Independent Director</li> <li>3. Mr. Salvador G. Tirona - Member</li> </ol> <p>References:</p> <p>Page 13 of the Revised Manual on Corporate Governance – <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p> <p>2018 Results of Organizational Meeting (please see attached as <b>Annex “C”</b>) – <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=c81544554dded88543ca035510b6ec2b#sthash.ywB43vje.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=c81544554dded88543ca035510b6ec2b#sthash.ywB43vje.dpbs</a></p>	

		Audit Committee Charter – <a href="https://www.abs-cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27">https://www.abs-cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27</a>	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	The members of the audit committee have backgrounds in accounting, audit and finance.  References:  2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a>	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Non-compliant		Mr. Antonio Jose U. Periquet, Chairman of the Audit Committee, is not the Chairman of the Board but the chairman of the Corporate Governance Committee.  References: 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a>  2018 Results of Organizational Meeting – (please see <b>Annex “C”</b> ) <a href="http://edge.pse.com.ph/openDiscViewer">http://edge.pse.com.ph/openDiscViewer</a> .

			<a href="https://edge.no=c81544554dded88543ca035510b6ec2b#sthash.ywB43vje.dpbs">do?edge_no=c81544554dded88543ca035510b6ec2b#sthash.ywB43vje.dpbs</a>
<b>Supplement to Recommendation 3.2</b>			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	<p>The Audit Committee pre-approves all audit and non-audit services of SG &amp; Co., the external auditor.</p> <p>References: Page 24 of the Definitive Information Statement –</p> <p><a href="https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72">https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72</a></p> <p>Audit Committee Report - <a href="https://www.abs-cbn.com/governance/reports/audit-committee-reports/2018-audit-committee-report/id-83">https://www.abs-cbn.com/governance/reports/audit-committee-reports/2018-audit-committee-report/id-83</a></p>	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Non-compliant		The Audit Committee will conduct such meetings in 2019.
<b>Optional: Recommendation 3.2</b>			
1. Audit Committee meet at least four times during the year.	Compliant	The Audit Committee met four times in 2018, pls. see the attached Notices of Meeting, attached as <b>Annexes “E-1, E-2, E-3”</b> .	

<p>2. Audit Committee approves the appointment and removal of the internal auditor.</p>	<p>Compliant</p>	<p>The Audit Committee approved the appointment of Ms. Eloisa Balmoris as Chief Audit Executive.</p> <p>Please see attached Audit Committee's Certificate, attached as <b>Annex "F"</b>.</p>	
<p><b>Recommendation 3.3</b></p>			
<p>1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.</p>	<p>Compliant</p>	<p>In 2018, the Board established a Corporate Governance Committee.</p> <p>References:</p> <p>Page 15 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p> <p>2018 Organizational Meeting (please see attached as <b>Annex "C"</b>) - <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=c81544554dded88543ca035510b6ec2b#sthash.ywB43vie.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=c81544554dded88543ca035510b6ec2b#sthash.ywB43vie.dpbs</a></p>	
<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	<p>Non-compliant</p>		<p>The Corporate Governance Committee is composed of three members, two of which are independent directors.</p>

			Mr. Emmanuel De Dios – Chairman, Independent Director Mr. Antonio Jose U. Periquet – Member, Lead Independent Director Mr. Eugenio Lopez III - Member
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	The Chairman of the Corporate Governance Committee is an independent director, Mr. Antonio Jose U. Periquet.	
<b>Optional: Recommendation 3.3.</b>			
1. Corporate Governance Committee meet at least twice during the year.	Non-compliant		The Corporate Governance Committee will conduct at least two meetings this year.
<b>Recommendation 3.4</b>			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	The Board has established a separate Board Risk Oversight Committee (BROC) which is responsible for the oversight of the company's Enterprise Risk Management system.  References:  Page 15 of the Revised Manual on Corporate Governance – <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a>	

		<p>Risk Committee Charter – <a href="https://www.abs-cbn.com/governance/board-committees-and-charter/risk-management-committee-charter/id-28">https://www.abs-cbn.com/governance/board-committees-and-charter/risk-management-committee-charter/id-28</a></p> <p>2018 Organizational Meeting (please see attached as <b>Annex “C”</b>) - <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=c81544554dded88543ca035510b6ec2b#sthash.ywB43vje.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=c81544554dded88543ca035510b6ec2b#sthash.ywB43vje.dpbs</a></p>	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Non-compliant		<p>The Risk Committee is composed of four members, the Chairman being an independent director:</p> <p>Mr. Emmanuel De Dios – Chairman, Independent Director          Mr. Federico M. Garcia – Member          Mr. Salvador G. Tirona – Member          Mr. Martin L. Lopez - Member</p> <p>2018 Organizational Meeting (please see attached as <b>Annex “C”</b>) - <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=c81544554dded88543ca035510b6ec2b#sthash.ywB43vje.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=c81544554dded88543ca035510b6ec2b#sthash.ywB43vje.dpbs</a></p>
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	Mr. De Dios, Chairman of the Risk Committee is not the Chairman of the Board or of any other committee.	

<p>4. At least one member of the BROCC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>Compliant</p>	<p>Mr. Martin Lopez, member of the Risk Committee, has extensive experience in risk management, particularly in the field of Information Technology, previously holding the position of Chief Information Officer.</p> <p>Reference: Page 37 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></p>	
<b>Recommendation 3.5</b>			
<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>Compliant</p>	<p>The Risk Management Committee reviews related party transactions.</p> <p>References:</p> <p>Pages 14-15 of the Revised Manual on Corporate Governance – <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p> <p>Risk Committee Charter – <a href="https://www.abs-cbn.com/governance/board-committees-and-charter/risk-">https://www.abs-cbn.com/governance/board-committees-and-charter/risk-</a></p>	



		<a href="#">management-committee-charter/id-28</a>	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Non-compliant		<p>The Risk Committee is composed of four members, the Chairman being an independent director:</p> <p>Mr. Emmanuel De Dios – Chairman, Independent Director  Mr. Federico M. Garcia – Member  Mr. Salvador G. Tirona – Member  Mr. Martin L. Lopez - Member</p> <p>2018 Organizational Meeting (please see attached as <b>Annex “C”</b>) - <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=c81544554dded88543ca035510b6ec2b#sthash.ywB43vje.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=c81544554dded88543ca035510b6ec2b#sthash.ywB43vje.dpbs</a></p>
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	All established committees have their respective committee charters stating their individual purposes, membership, structure, operations, reporting process, resources and relevant information, with standards for evaluation.	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant		Reference:

		<a href="https://www.abs-cbn.com/governance/board-committees-and-charter">https://www.abs-cbn.com/governance/board-committees-and-charter</a>	
3. Committee Charters were fully disclosed on the company's website.	Compliant	All committee charters are fully disclosed in the company website.  Reference: <a href="https://www.abs-cbn.com/governance/board-committees-and-charter">https://www.abs-cbn.com/governance/board-committees-and-charter</a>	
<b>Principle 4:</b> To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
<b>Recommendation 4.1</b>			
1. The Directors 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.	Compliant	The directors attend and actively participate in all meetings of the Board. Please see the attached minutes of the Board Meeting showing the attendance of directors and their participation, attached as <b><u>Annex "G"</u></b> .  Teleconferencing is available when a director is unable to physically attend but signified his/her intention to attend.	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	All members of the Board were given company-issued iPads containing meeting materials.	

3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	As an example, please see the attached minutes of the Board Meeting, attached as <b>Annex "G"</b> , showing that the directors asked questions or sought clarifications and explanations.	
<b>Recommendation 4.2</b>			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Non-compliant		Mr. Periquet, our lead independent director, serves in more than 5 publicly-listed companies. However, this did not deter him from performing his duties and in fact, was able to attend 80% of the Board meetings for 2018.
<b>Recommendation 4.3</b>			
1. The directors notify the company's board before accepting a directorship in another company.	Non-compliant		The company will require directors to make this written notification before accepting a directorship in another company.
<b>Optional: Principle 4</b>			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Compliant	Our executive director, Mr. Carlo Katigbak, only serve in two publicly listed companies which are ABS-CBN Corporation and SSI Group, where he serves as an Independent Director.	
2. Company schedules board of directors' meetings before the start of the financial year.	Compliant	The meetings of the board of directors are scheduled and held every last Thursday of the month. This is set before the start of the financial year.	



3. Board of directors meet at least six times during the year.	Compliant	There were ten Board Meetings in 2018, please see page letter of the Corporate Secretary to the SEC attesting to the number of board meetings, attached as <b>Annex "H"</b> .	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	Non-compliant		A quorum consists of a majority of the entire membership of the Board, pls. see page 6 of the Amended By-Laws of the company. <a href="http://corporate.abs-cbn.com/investorrelations/corporate-governance/cid-1416383755129/amended-2011/">http://corporate.abs-cbn.com/investorrelations/corporate-governance/cid-1416383755129/amended-2011/</a>

**Principle 5:** The board should endeavor to exercise an objective and independent judgment on all corporate affairs

**Recommendation 5.1**

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Non-compliant		<p>The company is currently considering to add more independent directors for 2019, in compliance with the Revised Corporation Code. The Company has a Board of Advisors that provides guidance to the Board of Directors.</p> <p>2018 Organizational Meeting (please see attached as <b>Annex "C"</b>) - <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=c81544554dded88543ca035510b6ec2b#sthash.ywB43vje.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=c81544554dded88543ca035510b6ec2b#sthash.ywB43vje.dpbs</a></p>
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**Recommendation 5.2**

<p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p>	<p>Compliant</p>	<p>Mr. Periquet and Mr. De Dios, our independent directors possess all the qualifications and none of the disqualifications to become independent directors.</p> <p>Reference:</p> <p>Pages 7-9 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p> <p>Pages 3-6 of the Board Charter - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/abs-cbn-board-charter/id-25">https://www.abs-cbn.com/governance/corporate-governance-manual/abs-cbn-board-charter/id-25</a></p> <p>Pages 40-41 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></p>	
<b>Supplement to Recommendation 5.2</b>			
<p>1. Company has no shareholder agreements, by-laws provisions, or other arrangements</p>	<p>Compliant</p>	<p>There are no such agreements, by-laws provisions or other arrangements</p>	

that constrain the directors' ability to vote independently.		that constrain the directors' ability to vote independently.	
<b>Recommendation 5.3</b>			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	<p>The company's Revised Manual on Corporate Governance and the 2018 Annual Report provide that the independent directors serve for a cumulative term of 9 years. In 2018, Mr. Periquet and Mr. De Dios has served for a cumulative period of five years.</p> <p>References:</p> <p>Page 9 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p> <p>Page 41 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></p>	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	The nine-year term limit is upheld by the company.	

		<p>References:</p> <p>Page 9 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p> <p>Page 41 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></p>	
<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.</p>	<p>Compliant</p>	<p>This principle is followed by the Company.</p> <p>References:</p> <p>Page 9 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p> <p>Page 41 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></p>	

		<a href="http://cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a>	
<b>Recommendation 5.4</b>			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	Mr. Martin Lopez is the Chairman of the Board. Mr. Carlo Katigbak is the Chief Executive Officer.  Reference: Page 6 of the Revised Manual In Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a>	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	The Chairman of the Board and the Chief Executive Officer have clear, distinct and defined responsibilities.  Reference: Page 6 of the Revised Manual In Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a>	
<b>Recommendation 5.5</b>			
1. If the Chairman of the Board is not an independent director, the board	Compliant	Mr. Periquet is the Lead Independent Director, and performs his duties as	



designates a lead director among the independent directors.		such in accordance with the Revised Manual on Corporate Governance.  Reference: Page 9-10 of the Revised Manual In Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a>	
<b>Recommendation 5.6</b>			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	In 2018, there were was no instance involving a director with a material interest in a transaction affecting the company.	
<b>Recommendation 5.7</b>			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Compliant	The non-executive directors conducted a meeting with the external auditor, and heads of the internal audit, compliance and risk functions without any executive present in August 2018, with attached Notice of Meeting as <b>Annex "I"</b> . The NED meeting was chaired by Mr. Periquet, as lead independent director.	
2. The meetings are chaired by the lead independent director.	Compliant		
<b>Optional: Principle 5</b>			
1. None of the directors is a former CEO of the company in the past 2 years.	Compliant	Ms. Charo Santos-Concio served as the company's CEO from Jan. 1, 2013	

to Dec. 31, 2015. Mr. Carlo L. Katigbak is CEO since Jan. 1, 2016. Ms. Santos-Concio is currently a member of the Board of Advisors.

**Principle 6:** The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

**Recommendation 6.1**

1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	The Board has instituted a self-assessment process which is codified in the Revised Manual on Corporate Governance.		
2. The Chairman conducts a self-assessment of his performance.	Compliant			
3. The individual members conduct a self-assessment of their performance.	Compliant		The Board conducted the self-assessment for the Board, its individual members, the Chairman, CEO and key officers, and the committees in December 2018.	
4. Each committee conducts a self-assessment of its performance.	Compliant		Reference:  Pages 16-17 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a>  Page 64 of the 2018 Annual Report - <a href="https://www.abs-">https://www.abs-</a>	

		<a href="http://cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a>	
5. Every three years, the assessments are supported by an external facilitator.	Compliant	<p>This principle is included in the Revised Manual on Corporate Governance and will be implemented every three years starting from 2018. The company plans to have this assessment facilitated by an external facilitator in 2021.</p> <p>Reference:</p> <p>Pages 16-17 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p>	
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	The Revised Manual on Corporate Governance has determined the minimum criteria and process to determine the performance of the Board, individual directors and committees. It also allows for a	

2. The system allows for a feedback mechanism from the shareholders.	Compliant	<p>feedback mechanism from shareholders.</p> <p>Reference:</p> <p>Page 16-17 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p>	
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**Principle 7:** Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

**Recommendation 7.1**

1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	<p>The company has Code of Conduct and a Code of Ethics.</p> <p>References:</p> <p>Code of Conduct - <a href="https://www.abs-cbn.com/governance/policies/code-of-conduct/id-43">https://www.abs-cbn.com/governance/policies/code-of-conduct/id-43</a></p> <p>Code of Ethics - <a href="https://www.abs-cbn.com/governance/policies/code-of-ethics/id-44">https://www.abs-cbn.com/governance/policies/code-of-ethics/id-44</a></p>	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	This is part of the onboarding of all directors, managers and employees of the company. The Code of Conduct and the Code of Ethics are	

		also available for download/viewing on our website.	
3. The Code is disclosed and made available to the public through the company website.	Compliant	<a href="http://corporate.abs-cbn.com/investorrelations/corporate-governance/cid-1506657916151/code-of-conduct/">http://corporate.abs-cbn.com/investorrelations/corporate-governance/cid-1506657916151/code-of-conduct/</a>	
<b>Supplement to Recommendation 7.1</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	The Code of Conduct provides clear and strict policies and procedures in penalizing any form of bribery.  Reference:  Page 9 of the Code of Conduct - <a href="https://www.abs-cbn.com/governance/policies/code-of-conduct/id-43">https://www.abs-cbn.com/governance/policies/code-of-conduct/id-43</a>	
<b>Recommendation 7.2</b>			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	The Human Resources (HR) Department assists the Board and Senior Management in the proper handling of cases of violations. HR provides supervisors/managers with guidance and direction, and reviews decisions, in accordance with due process. A comprehensive orientation of new employees on the Code of Conduct and other rules	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant		

		and regulations of the company is key to ensuring compliance. Significant audit findings are reported to the Board, through the Audit Committee, notices of meeting are attached as <b><u>Annexes “J” and “K”</u></b> .	
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**Disclosure and Transparency**

**Principle 8:** The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

**Recommendation 8.1**

1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	<p>The Board has embodied in its Revised Manual on Corporate Governance the importance of fair, accurate and timely disclosure. It has appointed a Chief Compliance Officer who also heads the Investor Relations function. The Board adopts the disclosure rules of the Philippine Stock Exchange and Securities and Exchange Commission.</p> <p>Reference:</p> <p>Pages 18-19 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p>	
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**Supplement to Recommendations 8.1**

<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	<p>Compliant</p>	<p>Our 17-A and 17-Q are published within 90 days and 45 days respectively after the end of the reporting period.</p> <p>References:  <u>2018 Annual Report</u> – filed with SEC on April 8, 2019 -  <a href="http://edge.pse.com.ph/openDiscView.er.do?edge_no=04d1156ec2e5ca7cefdfc15ec263a54d#sthash.BFb3FgVZ.dpbs">http://edge.pse.com.ph/openDiscView.er.do?edge_no=04d1156ec2e5ca7cefdfc15ec263a54d#sthash.BFb3FgVZ.dpbs</a></p> <p><u>2018 First Quarter Report</u> – filed with the SEC on May 15, 2018 -  <a href="http://edge.pse.com.ph/openDiscView.er.do?edge_no=ddc16ac3eff9faae43ca035510b6ec2b#sthash.2LNTciuJ.dpbs">http://edge.pse.com.ph/openDiscView.er.do?edge_no=ddc16ac3eff9faae43ca035510b6ec2b#sthash.2LNTciuJ.dpbs</a></p> <p><u>2018 Second Quarter Report</u> – filed with the SEC on August 6, 2018 -  <a href="http://edge.pse.com.ph/openDiscView.er.do?edge_no=bd7da82afee9aeab43ca035510b6ec2b#sthash.hFc9JzPG.dpbs">http://edge.pse.com.ph/openDiscView.er.do?edge_no=bd7da82afee9aeab43ca035510b6ec2b#sthash.hFc9JzPG.dpbs</a></p> <p><u>2018 Third Quarter Report</u> – filed with the SEC on November 14, 2018 -  <a href="http://edge.pse.com.ph/openDiscView.er.do?edge_no=d90661af5af0bcc543ca035510b6ec2b#sthash.bNSWCETP.dpbs">http://edge.pse.com.ph/openDiscView.er.do?edge_no=d90661af5af0bcc543ca035510b6ec2b#sthash.bNSWCETP.dpbs</a></p>	
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<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>Non-compliant</p>		<p>The 2018 Annual Report discloses key risks relating to the company (17-A, Business Overview, sec. 1.11). The risks related to the identity of controlling shareholders, cross-holdings, and imbalances between the controlling shareholders' voting power and equity position, are not viewed by the company as a key risk. However, the Annual Report contains information on security ownership of certain beneficial owners and of Management, and disclosures on certain relationships and related transactions (17-A, sec. 1.10 referring to Note 4 to the audited financial statements), which provides an investor with ample information for risk assessment.</p>
<p><b>Recommendation 8.2</b></p>			
<p>1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p>Compliant</p>	<p>The company has a policy on disclosure of directors and officers of dealings in company's shares within 3 business days.</p>	
<p>2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p>Compliant</p>	<p>References: Page 19 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p>	



		Insider Trading Policy - <a href="https://www.abs-cbn.com/governance/policies/insider-trading-policy/id-48">https://www.abs-cbn.com/governance/policies/insider-trading-policy/id-48</a>	
<b>Supplement to Recommendation 8.2</b>			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Compliant	The Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders through the filing of Statement of Changes in Beneficial Ownership of Securities (Form 23-B), proper disclosure through Public Ownership Report, List of Top 100 Stockholders, and Annual Report (17-A), as of December 31, 2018. There was no share buy-back in 2018.	
<b>Recommendation 8.3</b>			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	The individual board members' experiences and qualifications, and assessment of any potential conflicts of interest, are fully disclosed.  Reference:  Pages 37-39 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-">https://www.abs-cbn.com/governance/reports/annual-</a>	

		<a href="#">reports/2018-annual-report-with-consolidated-audited-finan/id-73</a>	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	<p>The individual key executives' experiences and qualifications, and assessment of any potential conflicts of interest, are fully disclosed.</p> <p>Reference:</p> <p>Pages 41-46 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></p>	
<b>Recommendation 8.4</b>			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	<p>Each board director receives a set amount of ₱20,000 per board meeting and ₱10,000 per committee meeting attended. In terms of profit sharing and bonuses, the total yearly compensation of directors shall not exceed 10 percent of the net income before income tax of the Company during the preceding year.</p> <p>Reference:</p> <p>Page 48 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></p>	

		<p><a href="#">reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></p> <p>Pages 22-23 of the 2016 Annual Corporate Governance Report - <a href="https://www.abs-cbn.com/governance/integrated-annual-reports/2016-annual-corporate-governance-report/id-35">https://www.abs-cbn.com/governance/integrated-annual-reports/2016-annual-corporate-governance-report/id-35</a></p>	
<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	<p>Compliant</p>	<p>In our 2016 Annual Corporate Governance Report, the policy and procedure is disclosed as follows:</p> <p>Executive officers receive a fixed remuneration and variable remuneration.</p> <p>For the fixed remuneration,</p> <ol style="list-style-type: none"> <li>a. The company's Head of Corporate Services Group (CSG), reviews the fixed remuneration (including salary and benefits) of the CEO. This is benchmarked against the available market data on similar organizations. The fixed remuneration of the CEO may likewise be adjusted, if the company has met its financial targets for the preceding year.</li> </ol>	

		<p>Upon the determination of the need for remuneration adjustment, the Head of CSG shall request the Corporate Secretary to convene the Compensation Committee for the Chairman and CEO, where he would present recommendation for approval.</p> <p>b. The fixed remuneration of the top 4 highest paid management officers may be adjusted, if the company has met its financial targets for the previous year. The salary adjustment shall be based on the actual financial performance of the company and the subject officer's performance appraisal covering the preceding year.</p> <p>For Variable Remuneration/Pay: The annual variable pay plan provides incentives for achieving target performance measures. The variable pay given to the CEO and executives is based on the actual financial performance of the company and the subject officer's individual performance appraisal.</p>	
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		<p>The variable pay is expressed as a percentage of the monthly base salary.</p> <p>Stock Option Plan: On February 22, 2017, the Board of Directors approved an Employee Stock Purchase Plan and an Executive Stock Purchase Plan. The stockholders unanimously approved the Stock Purchase Plans on April 6, 2017, and the Securities and Exchange Commission (SEC) resolved that the issuance of said shares is exempt from the registration requirement, pursuant to Section 10.2 of the Securities and Regulation Code, on September 28, 2017.</p> <p>Reference: Page 48 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></p>	
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>Compliant</p>	<p>The aggregate remuneration of the CEO and top 4 most highly compensated is disclosed in pages 47-48 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></p>	

[reports/2018-annual-report-with-consolidated-audited-finan/id-73](https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73)

**Recommendation 8.5**

<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>	<p>Non-compliant</p>		<p>The policy is yet to be formalized however, the review of all material RPTs is lodged with the Risk Management Committee. Moreover, our Audited Financial Statements will show the disclosure of all RPTs. The RPT policy will be formalized in 2019.</p> <p>References: Risk Management Committee Charter – <a href="https://www.abs-cbn.com/governance/board-committees-and-charter/risk-management-committee-charter/id-28">https://www.abs-cbn.com/governance/board-committees-and-charter/risk-management-committee-charter/id-28</a></p> <p>2018 Annual Report (Note 4 to the audited financial statements) - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></p>
<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p>Compliant</p>	<p>Pls. see Note 4, of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></p>	

**Supplement to Recommendation 8.5**

1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	Conflicts of Interest are disclosed through the Conflict of Interest Disclosure Form (Attached as <b>Annex "D"</b> )	
<b>Optional : Recommendation 8.5</b>			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	Compliant	RPTs always form part of the annual audited financial statements (See Note 4 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a> ), as well as in the Definitive Information Statement, to ensure that they are fair and at arms' length.	
<b>Recommendation 8.6</b>			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	The company adopts the PSE disclosure rules and submit full, fair, accurate and timely disclosure of every material fact or even that occur.  <a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpr_id=114">http://edge.pse.com.ph/companyDisclosures/form.do?cmpr_id=114</a>  There was no acquisition or disposal of significant assets in 2018.	
2. Board appoints an independent party to evaluate the fairness of the transaction	Compliant	In the past, the company appointed independent parties like ING and	



price on the acquisition or disposal of assets.		SGV to evaluate the fairness of transaction prices.	
<b>Supplement to Recommendation 8.6</b>			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	The company adopts the PSE disclosure rules and submit full, fair, accurate and timely disclosure of every material fact or even that occur.  <a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=114">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=114</a>  There were no such agreements in 2018.	
<b>Recommendation 8.7</b>			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Please refer to our Revised Corporate Governance Manual  <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a>	
2. Company's MCG is submitted to the SEC and PSE.	Compliant		
3. Company's MCG is posted on its company website.	Compliant	Our Corporate Governance Manual was submitted to SEC in May 2017.	
<b>Supplement to Recommendation 8.7</b>			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Non-compliant		The Company submits to SEC and PSE, together with the I-ACGR, the Revised Manual on Corporate Governance, which is attached hereto as <b>Annex "L"</b> .



			<p>Please refer to our Revised Corporate Governance Manual, attached as <b>Annex "L"</b>.</p> <p><a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p>
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**Optional: Principle 8**

1. Does the company's Annual Report disclose the following information:		<p>References:</p> <p>a. Corporate Objectives - Page 21 of the 2018 Annual Report.</p> <p>b. Financial Performance Indicators - Pages 66-69 of the 2018 Annual Report.</p> <p>c. Non-financial performance indicators - Pages 18-20 of the 2018 Annual Report and pages 32-35 of the 2018 Annual Report Presentation.</p> <p>d. Dividend Policy – Page 30 of the 2018 Annual Report.</p> <p>e. Biographical details - Pages 37 through 39 of the 2018 Annual Report.</p>	
a. Corporate Objectives	Compliant		
b. Financial performance indicators	Compliant		
c. Non-financial performance indicators	Compliant		
d. Dividend Policy	Compliant		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant		
f. Attendance details of each director in all directors' meetings held during the year	Compliant		

<p>g. Total remuneration of each member of the board of directors</p>	<p>Compliant</p>	<p>f. Attendance details - Page 55 of the 2018 Annual Report and 46 of the 2018 Annual Report Presentation.</p> <p>g. Total remuneration - Page 48 of the 2018 Annual Report and Page 50 of the 2018 Annual Report Presentation.</p> <p>Links: 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></p> <p>2018 Annual Report Presentation- <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-presentation/id-80">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-presentation/id-80</a></p>	
<p>2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.</p>	<p>Compliant</p>	<p>The company submitted its Integrated-Annual Corporate Governance Report (I-ACGR) for 2018, which embodies its compliance with the Code of Corporate Governance, and where there is non-compliance, identifies and explains reason for each such issue.</p>	

		<p>Reference:</p> <p>Page 37 of the 2018 Annual Report Presentation- <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-presentation/id-80">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-presentation/id-80</a></p>	
<p>3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.</p>	Compliant	<p>The Board has regular monthly meetings, as much as possible, to review the performance of the Company and its subsidiaries, approve any pertinent plans, budgets, and financial statements, set guidelines for management, and discuss any various matters requiring Board attention and approval. Any member of the Board may ask management to give special reports on and analysis of certain issues.</p> <p>Reference: Page 55 of the 2018 Annual Report Presentation- <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-presentation/id-80">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-presentation/id-80</a></p>	
<p>4. The Annual Report/Annual CG Report contains a statement from the board of</p>	Compliant	<p>The 2018 Audit Committee Report has a statement on the adequacy of</p>	

<p>directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.</p>		<p>the company's internal controls/risk management systems.</p> <p>Reference:</p> <p>Page 58-59 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></p> <p>2018 Audit Committee Report - <a href="https://www.abs-cbn.com/governance/reports/audit-committee-reports/2018-audit-committee-report/id-83">https://www.abs-cbn.com/governance/reports/audit-committee-reports/2018-audit-committee-report/id-83</a></p>	
<p>5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).</p>	<p>Compliant</p>	<p>The company discloses such key risk factors.</p> <p>Reference:</p> <p>Pages 61-62 of the 2018 Annual Report Presentation- <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-presentation/id-80">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-presentation/id-80</a></p>	

**Principle 9:** The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1			
<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p>Compliant</p>	<p>The Audit Committee has embodied in its charter the process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p> <p>References:</p> <p>Page 14 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p> <p>Audit Committee Charter - <a href="https://www.abs-cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27">https://www.abs-cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27</a></p>	
<p>2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.</p>	<p>Compliant</p>	<p>In the minutes of the meeting held on April 19, 2018, upon motion made and duly seconded, and there being no objection from any stockholder, the auditing firm of Sycip, Gorres, Velayo &amp; Co. was retained as external auditor of the company.</p>	

		Reference:  <a href="https://asset-investorrelations.abs-cbn.com/investorrelations/1533798712_abs-cbn-corporation-minutes-of-annual-meeting-2018-pdf-file-20180711.pdf">https://asset-investorrelations.abs-cbn.com/investorrelations/1533798712_abs-cbn-corporation-minutes-of-annual-meeting-2018-pdf-file-20180711.pdf</a>	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	The external auditor has not been removed. However, the company will disclose should there be change in accordance with the PSE Disclosure rules.	
<b>Supplement to Recommendation 9.1</b>			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	Page 14 of the Revised Manual on Corporate Governance states the policy of rotating the lead audit partner every five years.  <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a>	
<b>Recommendation 9.2</b>			
1. Audit Committee Charter includes the Audit Committee's responsibility on:  i. assessing the integrity and independence of external auditors;	Compliant	These responsibilities are embodied in the Audit Committee Charter.  Reference:	

<p>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</p> <p>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</p>		<p>Audit Committee Charter - <a href="https://www.abs-cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27">https://www.abs-cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27</a></p>	
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	<p>Compliant</p>	<p>The Audit Committee Charter provides that the Committee shall obtain reasonable assurance with respect to work of the external assurance providers.</p> <p>Page 7 of the Audit Committee Charter - <a href="https://www.abs-cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27">https://www.abs-cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27</a></p>	
<b>Supplement to Recommendations 9.2</b>			
<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	<p>Compliant</p>	<p>The Audit Committee Charter provides that the Committee shall obtain reasonable assurance with respect to work of the external assurance providers.</p> <p>Page 7 of the Audit Committee Charter - <a href="https://www.abs-cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27">https://www.abs-cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27</a></p>	

		<a href="http://cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27">cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27</a>	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant	<p>The Audit Committee Charter provides that the Committee shall obtain reasonable assurance with respect to work of the external assurance providers.</p> <p>Page 7 of the Audit Committee Charter - <a href="https://www.abs-cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27">https://www.abs-cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27</a></p>	
<b>Recommendation 9.3</b>			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Non-compliant		<p>The company has not yet disclosed the nature of non-audit services performed by the external auditor but has disclosed the fees for these non-audit services.</p> <p>Reference:</p> <p>Page 36 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></p>
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-	Compliant	Management presented to Audit Committee the nature of non-audit services and the corresponding fees,	



<p>audit services, which could be viewed as impairing the external auditor's objectivity.</p>		<p>which the Audit Committee approved in December 2018, as certified by the attestation of the Chief Audit Executive, attached as <b><u>Annex "M"</u></b>.</p> <p>The Audit Committee stays alert for any potential conflict of interest by obtaining statement from the external auditor about their relationships with the Company, including the non-audit services performed in the past, and discuss the information with the external auditors to review and confirm their independence.</p> <p>Reference: Pages 7 of the Audit Committee Charter - <a href="https://www.abs-cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27">https://www.abs-cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27</a></p>	
<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	<p>Compliant</p>	<p>Fees paid to SGV in 2018 were as follows: Php26,904,000 for audit services and Php16,288,644 for non-audit services.</p> <p>Reference:</p>	

		Page 36 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a>	
<b>Additional Recommendation to Principle 9</b>			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	Sycip Gorres & Velayo (SGV) is duly accredited by the SEC under the Group A category with SEC Accreditation No. 0012-FR-5 (Group A)	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Compliant	SGV and Co. was subjected to SOAR in 2018.  1) Date it was subjected to SOAR, if subjected – <b>November 12-23, 2018</b> 2) Name of the Audit Firm – <b>SGV &amp; Co.</b> 3) Members of the engagement team inspected by SEC – <b>The names of the members of the engagement team were provided to the SEC during the SOAR inspection.</b>	
<b>Principle 10:</b> The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
<b>Recommendation 10.1</b>			

<p>1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.</p>	<p>Compliant</p>	<p>The Board has a clear and focused policy on the disclosure of non-financial information.</p> <p>References:</p> <p>Pages 32-35 of the 2018 Annual Report presentation - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-presentation/id-80">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-presentation/id-80</a></p> <p>Sustainability Report - <a href="https://www.abs-cbn.com/governance/reports/sustainability-report/2018-sustainability-report/id-79">https://www.abs-cbn.com/governance/reports/sustainability-report/2018-sustainability-report/id-79</a></p>	
<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>Compliant</p>	<p>The company has adopted the GRI framework.</p> <p>Reference: Sustainability Report - <a href="https://www.abs-cbn.com/governance/reports/sustainability-report/2018-sustainability-report/id-79">https://www.abs-cbn.com/governance/reports/sustainability-report/2018-sustainability-report/id-79</a></p>	

**Principle 11:** The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1			
1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	<p>The company has media and analysts' briefings.</p> <p>References:</p> <p>Page 18 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p> <p>Pages 60, 63 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></p>	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:		The company discloses the following up-to-date information:	
a. Financial statements/reports (latest quarterly)	Compliant	a. Financial statements report – <a href="https://www.abs-cbn.com/governance/reports">https://www.abs-cbn.com/governance/reports</a>	
b. Materials provided in briefings to analysts and media	Compliant	b. Materials provided in briefings to analysts and media –	
c. Downloadable annual report	Compliant		

d. Notice of ASM and/or SSM	Compliant	<a href="https://www.abs-cbn.com/investors/events">https://www.abs-cbn.com/investors/events</a>	
e. Minutes of ASM and/or SSM	Compliant		
f. Company's Articles of Incorporation and By-Laws	Compliant	<p>c. Downloadable Annual Report - <a href="https://www.abs-cbn.com/investors/annual-reports">https://www.abs-cbn.com/investors/annual-reports</a></p> <p>d. Notice of ASM and/or SSM – <a href="https://www.abs-cbn.com/investors/annual-stockholders-meeting">https://www.abs-cbn.com/investors/annual-stockholders-meeting</a></p> <p>e. Minutes of ASM – <a href="https://www.abs-cbn.com/investors/annual-stockholders-meeting">https://www.abs-cbn.com/investors/annual-stockholders-meeting</a></p> <p>f. Articles of Incorporation and By-Laws - <a href="https://www.abs-cbn.com/governance/articles-of-incorporation-as-amended-in-2014/id-2">https://www.abs-cbn.com/governance/articles-of-incorporation-as-amended-in-2014/id-2</a></p> <p><a href="https://www.abs-cbn.com/governance/abs-cbn-corporation-by-laws-amended-as-of-2011/id-3">https://www.abs-cbn.com/governance/abs-cbn-corporation-by-laws-amended-as-of-2011/id-3</a></p>	

**Additional Recommendation to Principle 11**

<p>1. Company complies with SEC-prescribed website template.</p>	<p>Compliant</p>	<p>Corporate Governance - <a href="https://www.abs-cbn.com/governance">https://www.abs-cbn.com/governance</a></p> <p>Investor Relations - <a href="https://www.abs-cbn.com/investors">https://www.abs-cbn.com/investors</a></p> <p>Main Website - <a href="https://www.abs-cbn.com/corporate">https://www.abs-cbn.com/corporate</a></p>	
<b>Internal Control System and Risk Management Framework</b>			
<p><b>Principle 12:</b> To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.</p>			
<b>Recommendation 12.1</b>			
<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p>Compliant</p>	<p>The Company has an adequate and effective internal control system in place.</p> <p>Reference:</p> <p>Audit Committee Charter - <a href="https://www.abs-cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27">https://www.abs-cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27</a></p>	
<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>Compliant</p>	<p>The company's leaders are guided by and make use of the COSO and the ISO 31000 ERM (Assess, Improve and Monitor Method) frameworks. The Board's Risk Management Committee convenes annually for</p>	

		<p>the Chief Risk Management Officer's Report. At the annual Board retreat, Risk Management, Business Continuity and Crisis Management are reviewed, discussed, updated and managed as part of the key strategic initiatives of the company, and then are resourced accordingly.</p> <p>Reference:</p> <p>Page 61-62 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></p>	
<b>Supplement to Recommendations 12.1</b>			
<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	<p>Compliant</p>	<p>The company's regulatory compliance would be predominantly compliance with the regulations of the National Telecommunications Commission in connection with the licenses granted the company. The Company's legal department has a dedicated team and program for ensuring compliance with NTC rules and regulations and to secure and maintain the validity of the company's licenses. The program entails regular monitoring (and thus is frequently reviewed) as Temporary</p>	

		<p>Permits, Provisional Authorities, Certificates of Public Convenience and Necessity to operate broadcast stations have various effectivities and expirations and require timely renewals.</p> <p>Compliance with the Data Privacy Act has also been the focus in 2018.</p> <p>The company has also appointed Mr. Ricardo B. Tan, Jr. as the Compliance Officer.</p>	
<b>Optional: Recommendation 12.1</b>			
<p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p>	Compliant	<p>The company has an Information Technology Service Continuity Management Standards and Plan.</p> <p>Reference: <a href="https://www.abs-cbn.com/governance/policies/it-service-continuity-management-standards-and-pla/id-49">https://www.abs-cbn.com/governance/policies/it-service-continuity-management-standards-and-pla/id-49</a></p>	
<b>Recommendation 12.2</b>			
<p>1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.</p>	Compliant	<p>The company has in place an independent audit function.</p> <p>Reference: Audit Committee Charter - <a href="https://www.abs-">https://www.abs-</a></p>	



		<a href="http://cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27">cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27</a>	
<b>Recommendation 12.3</b>			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	<p>In September, 2018, Ms. Eloisa D. Balmoris was appointed as Chief Audit Executive.</p> <p>References: Appointment of Officer - <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=6b6617a41fdadfc543ca035510b6ec2b#sthash.PbVZOHx3.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=6b6617a41fdadfc543ca035510b6ec2b#sthash.PbVZOHx3.dpbs</a></p> <p>Certificate from the Audit Committee attached as <b>Annex "F"</b>.</p>	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Compliant	<p>Ms. Balmoris, as Chief Audit Executive is responsible for the internal audit activity of the company. However, there is no portion that is outsourced to a third party service provider.</p> <p>Reference:  Audit Committee Charter - <a href="https://www.abs-cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27">https://www.abs-cbn.com/governance/board-committees-and-charter/audit-committee-charter/id-27</a></p>	



3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Compliant	The company's internal audit activity is not outsourced.	
<b>Recommendation 12.4</b>			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	<p>The company has a separate Risk Management Function which, identifies, assesses and monitors key risk exposures.</p> <p>Reference:</p> <p>Page 61-62 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></p>	
<b>Supplement to Recommendation 12.4</b>			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	The company has engaged SGV to assist in the development of an enterprise risk management framework and program. Pls. see page 58 of the 2017 Annual Report.	
<b>Recommendation 12.5</b>			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the	Compliant	Mr. Raymund Martin T. Miranda is the Chief Risk Management Officer.	



ultimate champion of Enterprise Risk Management (ERM).		His profile is at page 43 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a>	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	The CRO has the rank of Vice-President and has a separate department to support to fulfill his responsibilities.	
<b>Additional Recommendation to Principle 12</b>			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Compliant	The 2018 Internal Audit Attestation is attached as <b>Annex "N"</b> .	
<b>Cultivating a Synergic Relationship with Shareholders</b>			
<b>Principle 13:</b> The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
<b>Recommendation 13.1</b>			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	The basic shareholder rights are disclosed in pages 19-20 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a>	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	The Revised Manual on Corporate Governance which contains the basic shareholder rights is disclosed in the company's website.	

		<a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a>	
<b>Supplement to Recommendation 13.1</b>			
1. Company's common share has one vote for one share.	Compliant	The company's common share has one vote for one share.  Reference:  Page 10 of the Definitive Information Statement - <a href="https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72">https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72</a>	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	All shareholders of the same class are treated equally.  The equitable treatment of the shareholder is in page 64 of the Definitive Information Statement - <a href="https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72">https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72</a>	
3. Board has an effective, secure, and efficient voting system.	Compliant	The voting procedure is in page 27 of the Definitive Information Statement - <a href="https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72">https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72</a>	

		<a href="#">ion-statements-is-20/2019-definitive-information-statement/id-72</a>	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Non-compliant		The Corporation Code of the Philippines and the By-Laws of the company require only a majority vote, or 2/3 vote in certain instances, for corporate actions. The company has not adopted such supermajority mechanism since there is no law that requires it. <a href="http://corporate.abs-cbn.com/investorrelations/corporate-governance/cid-1416383755129/amended-2011/">http://corporate.abs-cbn.com/investorrelations/corporate-governance/cid-1416383755129/amended-2011/</a>
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	Special meetings may be held upon written call signed by the shareholders of record. Pls. see Article 2 Section 3 of the By-Laws of the company. In 2018, no such call was made by any of the shareholders. <a href="http://corporate.abs-cbn.com/investorrelations/corporate-governance/cid-1416383755129/amended-2011/">http://corporate.abs-cbn.com/investorrelations/corporate-governance/cid-1416383755129/amended-2011/</a>	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	Minority shareholders have similar rights to all other shareholders and are given the right to nominate directors.  Reference:	

		<p>Pages 19-22 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p>	
<p>7. Company has a transparent and specific dividend policy.</p>	<p>Compliant</p>	<p>The company has a transparent and specific dividend policy.</p> <p>References:</p> <p>Pages 30-31 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a></p> <p>Page 54 of the Definitive Information Statement - <a href="https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72">https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72</a></p> <p>PSE Disclosure on Dividend Declaration - <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=c74ad21cf8a1f25befdfc15ec263a54d#sthash.IXC4MC7m.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=c74ad21cf8a1f25befdfc15ec263a54d#sthash.IXC4MC7m.dpbs</a></p>	

**Optional: Recommendation 13.1**



<p>1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.</p>	<p>Non-compliant</p>		<p>In 2018, there was no need to appoint an independent party to count and validate the votes since all the proxies received, representing 92.7% of the outstanding shares, did not carry any abstention or opposition to any of the matters to be taken during the meeting. There was also no motion made to conduct the votes by balloting. If there was such a motion, the voting would have been done by balloting and the transfer agent would count and canvass the ballots. In the 2019 ASM, the company has already appointed an independent party to count and/or validate the votes at the ASM.</p>
<p><b>Recommendation 13.2</b></p>			
<p>1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.</p>	<p>Compliant</p>	<p>The Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information was sent at least 28 days before the meeting.</p> <p>PSE Disclosure - <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=65c47cdd16a44aaafdfc15ec263a54d#sthash.jX377a8A.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=65c47cdd16a44aaafdfc15ec263a54d#sthash.jX377a8A.dpbs</a></p>	
<p><b>Supplemental to Recommendation 13.2</b></p>			
<p>1. Company's Notice of Annual Stockholders' Meeting contains the following information:</p>			

a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	Profiles of Directors are provided in the Definitive Information Statement - <a href="https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72">https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72</a>	
b. Auditors seeking appointment/re-appointment	Compliant	Auditors seeking re-appointment are provided in the Definitive Information Statement - <a href="https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72">https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72</a>	
c. Proxy documents	Compliant	Proxy document is provided in the Definitive Information Statement - <a href="https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72">https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72</a>	
<b>Optional: Recommendation 13.2</b>			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	The rationale of the agenda items for the Annual Stockholders' Meeting is provided in the Definitive Information Statement - <a href="https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72">https://www.abs-cbn.com/governance/reports/information-statements-is-20/2019-definitive-information-statement/id-72</a>	
<b>Recommendation 13.3</b>			
1. Board encourages active shareholder participation by making the result of the	Compliant	The Results of the Annual or Special Stockholders Meeting and Results of	



<p>votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.</p>		<p>the Organizational Meeting are disclosed with the PSE on the same day as the ASM</p> <p><a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=7b2a72399a521c7cefdcf15ec263a54d#sthash.3K3ekNWy.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=7b2a72399a521c7cefdcf15ec263a54d#sthash.3K3ekNWy.dpbs</a></p> <p><a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=1e1c48d61054d872efdfc15ec263a54d#sthash.Pg3QsEL0.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=1e1c48d61054d872efdfc15ec263a54d#sthash.Pg3QsEL0.dpbs</a></p>	
<p>2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.</p>	<p>Compliant</p>	<p>The Minutes of the 2018 and 2019 Annual Stockholders' Meeting were made available in the website within 5 business days.</p> <p>2018 Minutes – <a href="https://corporate.abs-cbn.com/investorrelations/financial-and-operational-performance/milestone/pid-1416809797841/mid-1524454099836/2018/">https://corporate.abs-cbn.com/investorrelations/financial-and-operational-performance/milestone/pid-1416809797841/mid-1524454099836/2018/</a></p> <p>2019 Minutes - <a href="https://www.abs-cbn.com/investors/annual-stockholders-meeting/2019-annual-">https://www.abs-cbn.com/investors/annual-stockholders-meeting/2019-annual-</a></p>	



		<a href="#">stockholders-meeting/2019-minutes-of-the-annual-stockholders-meeting/id-204</a>	
<b>Supplement to Recommendation 13.3</b>			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	The external auditor was present during the 2018 ASM.	
<b>Recommendation 13.4</b>			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Non-compliant		The company believes its dispute mechanism is adequate and effective, but may establish alternative mechanisms in the future.
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Non-compliant		The company believes its dispute mechanism is adequate and effective, but may establish alternative mechanisms in the future.
<b>Recommendation 13.5</b>			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	Mr. Ricardo B. Tan, Head of Investor Relations. Telephone +63 2 415 2272. Fax +63 2 431 9368. Email IR@abs-cbn.com.	
2. IRO is present at every shareholder's meeting.	Compliant	The Investor Relations Officer was present at every shareholders' meeting including that of 2018.	
<b>Supplemental Recommendations to Principle 13</b>			

1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	The company's By-Laws contain no anti-takeover provisions. - <a href="https://www.abs-cbn.com/governance/abs-cbn-corporation-by-laws-amended-as-of-2011/id-3">https://www.abs-cbn.com/governance/abs-cbn-corporation-by-laws-amended-as-of-2011/id-3</a>	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Compliant	The company's public ownership percentage is 42.26%, as of Dec. 31, 2018. Public Ownership Report Disclosure as of 31 December 2018 - <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=8e619d9d38c5c9a6efd15ec263a54d#sthash.eYjTIm9h.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=8e619d9d38c5c9a6efd15ec263a54d#sthash.eYjTIm9h.dpbs</a>	
<b>Optional: Principle 13</b>			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Compliant	The company encourages shareholders engagement.  Reference:  Pages 19-20 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a>	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Non-compliant		The company practices voting in absentia through proxies.

### Duties to Stakeholders

**Principle 14:** The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

#### Recommendation 14.1

<p>1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.</p>	<p>Compliant</p>	<p>The company identifies its stakeholders.</p> <p>Reference:</p> <p>Pages 19-20 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p>	
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#### Recommendation 14.2

<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	<p>Compliant</p>	<p>The company treats and protects stakeholders fairly.</p> <p>Reference:</p> <p>Pages 19-20 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p>	
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#### Recommendation 14.3

<p>1. Board adopts a transparent framework and process that allow stakeholders to</p>	<p>Compliant</p>	<p>The company has a framework that allows stakeholders to communicate</p>	
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<p>communicate with the company and to obtain redress for the violation of their rights.</p>		<p>with the company and to obtain redress for the violation of their rights.</p> <p>Reference:</p> <p>Pages 19-20 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a></p>	
<b>Supplement to Recommendation 14.3</b>			
<p>1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.</p>	<p>Non-compliant</p>		<p>The company believes its dispute mechanism is adequate and effective, but may establish alternative mechanisms in the future.</p>
<b>Additional Recommendations to Principle 14</b>			
<p>1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.</p>	<p>Compliant</p>	<p>There was no such request in 2018.</p>	
<p>2. Company respects intellectual property rights.</p>	<p>Compliant</p>	<p>The company has disclosed with the PSE its efforts to combat piracy and violation of its intellectual property rights.</p>	

		<a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=3823273eb4cdc397efdfc15ec263a54d#sthash.xMMBq9RU.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=3823273eb4cdc397efdfc15ec263a54d#sthash.xMMBq9RU.dpbs</a>	
<b>Optional: Principle 14</b>			
1. Company discloses its policies and practices that address customers' welfare	Compliant	The company has a policy on customer welfare. - <a href="https://www.abs-cbn.com/governance/policies/customers-welfare/id-70">https://www.abs-cbn.com/governance/policies/customers-welfare/id-70</a>	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	Compliant	The company has a supplier/contractor selection practice.  <a href="https://www.abs-cbn.com/governance/policies/supplier-or-contractor-selection-practice/id-52">https://www.abs-cbn.com/governance/policies/supplier-or-contractor-selection-practice/id-52</a>	
<b>Principle 15:</b> A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
<b>Recommendation 15.1</b>			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	Employee participation is established.  Reference: Pages 20-22 of the Revised Manual on Corporate Governance - <a href="https://www.abs-cbn.com/governance/corporate-">https://www.abs-cbn.com/governance/corporate-</a>	

		<a href="#">governance-manual/revised-manual-on-corporate-governance/id-24</a>	
<b>Supplement to Recommendation 15.1</b>			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	The Board approves the Variable Pay design for both executives and non-executives of the company. The Variable Pay is linked to both company and employee performance.	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	Please see the attached Employee Health, Safety and Welfare 2018 report as <b>Annex "O"</b> .	
3. Company has policies and practices on training and development of its employees.	Compliant	The company has policies and practices on the training and development of its employees. It has established the ABS-CBN University, a corporate learning environment that aims to empower ABS-CBN employees to be more competitive in their respective fields.	
<b>Recommendation 15.2</b>			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	The Code of Conduct has an anti-corruption policy. <a href="https://www.abs-cbn.com/governance/policies/code-of-conduct/id-43">https://www.abs-cbn.com/governance/policies/code-of-conduct/id-43</a>	
2. Board disseminates the policy and program to employees across the	Compliant	The Code of Conduct is part of the onboarding of all directors, managers and employees.	

organization through trainings to embed them in the company's culture.			
<b>Supplement to Recommendation 15.2</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	The Code of Conduct has a policy on penalizing bribery. <a href="https://www.abs-cbn.com/governance/policies/code-of-conduct/id-43">https://www.abs-cbn.com/governance/policies/code-of-conduct/id-43</a>	
<b>Recommendation 15.3</b>			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	The company has a whistleblowing policy. <a href="https://www.abs-cbn.com/governance/policies/abs-cbn-whistleblowing-policy/id-42">https://www.abs-cbn.com/governance/policies/abs-cbn-whistleblowing-policy/id-42</a>	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	The company has a whistleblowing policy. <a href="https://www.abs-cbn.com/governance/policies/abs-cbn-whistleblowing-policy/id-42">https://www.abs-cbn.com/governance/policies/abs-cbn-whistleblowing-policy/id-42</a>	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	Please see pages 20-21 of the Revised Manual on Corporate Governance on Whistleblowing policy. <a href="https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24">https://www.abs-cbn.com/governance/corporate-governance-manual/revised-manual-on-corporate-governance/id-24</a>	



**Principle 16:** The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	Reference: 2018 Annual Report  <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a>	
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	Compliant	The company has an environmental friendly value chain.  <a href="https://www.abs-cbn.com/governance/policies/environmentally---friendly-value-chain/id-46">https://www.abs-cbn.com/governance/policies/environmentally---friendly-value-chain/id-46</a>	
2. Company exerts effort to interact positively with the communities in which it operates	Compliant	The company interacts in communities which it operates.  Reference:  Pages 60-61 of the 2018 Annual Report - <a href="https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73">https://www.abs-cbn.com/governance/reports/annual-reports/2018-annual-report-with-consolidated-audited-finan/id-73</a>	