



CORPORATE **Governance**

A **ABS-CBN recognizes the importance of corporate governance in enhancing the stakeholders' interests in the Company. Its Board of Directors commits itself to the principles of good corporate governance.**



The Company's principles of corporate governance are contained in its Articles of Incorporation, By-Laws, Manual of Corporate Governance, and Annual Corporate Governance Report.

As an organization, ABS-CBN reaffirms its mission of being in the service of the Filipino people, and espouses that there is no dichotomy between doing good business and practicing the right values.

Through values cascading throughout the organization, the Company has identified the core values necessary to guide its leaders and employees in formulating and making business decisions, which in the end must always remain consistent with this mission and goal of service.

In 2013, the Institute of Corporate Directors (ICD), in partnership with the Securities and Exchange Commission (SEC), the Institute of Internal Auditors of the Philippines (IIA-P), and the Chartered Financial Analysts Society (CFA) recognized ABS-CBN among the Top 50 Philippine Publicly-Listed Companies in terms of corporate governance efforts. The Top 50 Publicly-Listed Companies were selected based on their policies, procedures, and practices in relation to the Association of Southeast Asian (ASEAN) Corporate Governance Scorecard (ACGS) standards on the rights and equitable treatment of shareholders, the role of stakeholders, disclosure and transparency, and the responsibilities of the board.

THE BOARD OF DIRECTORS

The ABS-CBN Board of Directors (the "Board") represents the stakeholders' interest in pursuing a successful business, including the optimization of financial returns. The Board's mission is to determine that the Corporation is managed in such a way as to ensure this result while adhering to the laws and rules of the

jurisdictions in which it operates, observing the highest standards of corporate governance, and observing high ethical norms. The Board establishes the overall goals, strategies, and policies of the Company. It strives to regularly monitor the effectiveness of management's decisions and the execution of strategies. In addition to fulfilling its obligations for increased stockholder value, the Board has responsibility to the Company's customers, employees, suppliers, and the community.

In accordance with the Company's Articles of Incorporation, By-Laws, and Corporate Governance Manual, the Board in 2016 was comprised of 11 members elected by the shareholders during the Annual Stockholders' Meeting. The Company has 10 non-executive directors, two (2) of whom are independent.

All nominations for the election of Directors by the stockholders are required to be submitted in writing to the Board of Directors at least 30 business days before the scheduled date of the annual stockholders' meeting. The Nomination and Election Committee reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval, and assesses the effectiveness of the Board's processes and procedures in the election or replacement of directors.

There is a mix of executive, non-executive, and independent directors on the Board. Senior management executives other than the Chief Executive Officer attend Board meetings on a regular basis even if they are not members of the Board. On matters of corporate governance, while the Board assumes that decisions will be made by the impartial (previous word used is "independent") directors, inputs to any policy formulation and discussions from directors who are employees of the company are welcome and expected, unless the issue involves an actual conflict of interest with such directors.

Members of the Board of Directors

Non-Executive, Non-Independent Directors	Non-Executive, Independent Directors	Executive Director
<p>Eugenio L. Lopez III Augusto Almeda-Lopez Oscar M. Lopez Presentacion L. Psinakis Federico R. Lopez Manuel M. Lopez Salvador G. Tirona Federico M. Garcia</p>	<p>Antonio Jose U. Periquet Emmanuel S. De Dios</p>	<p>Carlo L. Katigbak</p>

The following directors have held their current positions in their respective companies for more than five (5) years unless otherwise indicated. Below is a summary of their qualifications:

EUGENIO L. LOPEZ III *Filipino, age 64*

Chairman

Date First Appointed/Elected

April 23, 1992

Academic Qualification

Master's Degree in Business Administration from Harvard Business School, Boston, Massachusetts (1980)

Bachelor of Arts Degree in Political Science from Bowdoin College, Brunswick, Maine (1974)

Experience

Mr. Eugenio "Gabby" Lopez III is the Chairman of the Board of ABS-CBN Corporation. He was elected Chairman in 1997. He also served as the Chief Executive Officer of the Company from 1997 to 2012. Aside from leading ABS-CBN, Mr. Lopez III also serves as Chairman of ABS-CBN Lingkod Kapamilya Foundation, Inc., Play Innovations, Inc., and Sky Cable Corporation.

AUGUSTO ALMEDA-LOPEZ *Filipino, age 88*

Vice Chairman

Date First Appointed/Elected

April 27, 1988

Academic Qualification

Advanced Management Program Course at Harvard University (1969)
Bachelor of Laws Degree from University of the Philippines (1952)

Experience

Mr. Augusto Almeda Lopez became a Director in 1988 and has served as Vice Chairman since 1989. He also serves as Director of the First Philippine Holdings Corporation (FPHC), First Philippine Industrial Corporation (FPIC), and ADTEL Inc. He is the Board Chairman of his family's company, ACRIS Corporation.

CARLO L. KATIGBAK *Filipino, age 46*

Board Member, President and Chief Executive Officer

Date First Appointed/Elected

May 5, 2016

Academic Qualification

Advanced Management Program at Harvard Business School (2009)
Bachelor of Science in Management Engineering from the Ateneo de Manila University

Experience

Mr. Katigbak was appointed President and Chief Executive Officer of the Corporation effective January 1, 2016. He has 21 years of experience in business, spanning financial management, business operations, corporate planning and general management. He began his career as a financial analyst with First Pacific Capital Corporation in 1992. Joining SKYcable in 1994 as a Corporate Finance Manager, he eventually held various positions in Corporate Planning, Provincial Operations and Finance. In 1998, he served as the first Managing Director of Pilipino Cable Corporation. He was appointed Managing Director of ABS-CBN Interactive the following year, and led the company's pioneering efforts in various digital services such as mobile downloads, interactive television, online advertising and online video-on-demand. In 2005, he returned to SKYcable as Managing Director.

OSCAR M. LOPEZ *Filipino, age 86*

Board Member

Date First Appointed/Elected

July 1966

Academic Qualification

Master's Degree in Public Administration from the Littauer School of Public Administration in Harvard University (1955)

Bachelor of Arts Degree from the Littauer School of Public Administration in Harvard University (1951)

Experience

Mr. Oscar M. Lopez has served as a Director of ABS-CBN since 1966. He also serves as the Chairman Emeritus of both the Lopez Holdings Corporation (formerly Benpres Holdings Corporation), the holding company for major investments in broadcast, telecoms and cable, power generation and distribution, and road infrastructure; and First Philippine Holdings Corporation (FPHC), the specific associate holding company for power generation and distribution.

PRESENTACION L. PSINAKIS *Filipino, age 81*

Board Member

Date First Appointed/Elected

April 27, 1988

Academic Qualification

Bachelor of Arts from St. Scholastica's College

Experience

Mrs. Psinakis has served as a Director of the Company since 1988. Mrs. Psinakis is the founder and President of Griffin Sierra Travel, Inc. She is the Chairwoman of Phil Asia Assistance Foundation, Inc. She is a member of the Board of Trustees of the Eugenio Lopez Foundation, Inc. and Lopez Group Foundation Inc. She also serves as director of the following companies: Lopez Inc., Benpres Insurance Agency, ADTEL Inc., First Philippine Realty Corp. and Philippine Commercial Capital Inc.

MANUEL M. LOPEZ *Filipino, age 74*

Board Member

Date First Appointed/Elected

July 28, 2010

Academic Qualification

Advanced Studies in Financial and Management Development at the Harvard Business School

Bachelor of Science Degree in Business Administration from the University of the East

Experience

Mr. Lopez was the Philippine Ambassador to Japan from December 2010 until June 2016. He was the Chairman and Chief Executive Officer of Meralco from July 2001 to June 2010. He is concurrently the Chairman and CEO of Lopez Holdings Corporation and is the Chairman of Bayan Telecommunications Holdings Corp., Rockwell Land Corporation, and Rockwell Leisure Club. He is also the Vice Chairman of First Philippine Holdings Corporation and Lopez, Inc., President of Eugenio Lopez Foundation, Inc. and a Director at Meralco, Sky Cable Corporation, Sky Vision Corporation, First Philippine Realty Corp. and Lopez Group Foundation, Inc.

FEDERICO R. LOPEZ *Filipino, age 55***Board Member****Date First Appointed/Elected**

August 25, 1999

Academic Qualification

Bachelor of Arts Degree, Major in Economics and International Relations, University of Pennsylvania

Experience

Mr. Federico Lopez has served as Director of the Company since 1999. He is the Chairman and CEO of EDC since July 2010. He is also the Chairman and CEO of all of EDC's domestic subsidiaries. He is also the Chairman and CEO of First Philippine Holdings Corporation, First Gen Corporation, FG Hydro Corporation, First Gas Power Corporation, FGP Corporation, First Gen Energy Solutions, Green Core Geothermal Inc., First Gen Renewable Inc., and FG Bukidnon Power Corporation. He is Chairman of First Philippine Industrial Corporation, First Philippine Electric Corporation, First Philippine Realty Corporation, and First Balfour, Inc., and is Treasurer of Lopez Holdings.

FEDERICO M. GARCIA *Filipino, age 73***Board Member****Date First Appointed/Elected**

September 2, 1992

Academic Qualification

Attended the College of Business Administration at the University of the Philippines

Experience

Mr. Garcia has been a Director of the Company and a consultant for radio and television broadcasting from January 2006 to present. Mr. Garcia was the President of ABS-CBN from 1997 to 2003. Prior to his appointment as President, Mr. Garcia was Executive Vice President and General Manager of ABS-CBN from 1987 to 1998. He also worked as a TV Sales Executive with ABS-CBN in 1966 until Martial Law. Before rejoining the Company in 1987, he was Executive Vice President of GMA Network, managing its marketing and programming activities.

SALVADOR G. TIRONA *Filipino, age 62***Board Member****Date First Appointed/Elected**

July 28, 2010

Academic Qualification

Master's Degree in Business Administration from the Ateneo de Manila University

Bachelor's Degree in Economics from the Ateneo de Manila University

Experience

Mr. Salvador G. Tirona has served as a Director of the Company since 2010. He is the President and Chief Operating Officer and concurrently, Chief Finance Officer of Lopez Holdings Corporation. He initially joined Lopez Holdings Corporation as its Chief Finance Officer in September 2005 and held this position until his appointment to his current position in 2010. He was formerly a Director and the Chief Finance Officer of Bayan Telecommunications, Inc. He joined the Lopez Group in 2003 as the Chief Finance Officer of Maynilad Water Services, Inc.

EMMANUEL S. DE DIOS *Filipino, age 61***Board Member, Independent Director****Date First Appointed/Elected**

April 23, 2013

Academic Qualification

Post-doctoral Studies, Univeritat Konstanz, Germany (1988)

Doctor of Philosophy in Economics, University of the Philippines (1987)

Bachelor of Arts in Economics, Ateneo de Manila University (1978)

Experience

Mr. de Dios is a Professor of Economics at the University of the Philippines School of Economics since 1989. He is also the President of Human Development Network (Philippines) since July 2012. He was the Dean of the University of the Philippines School of Economics from 2007 to 2010. He was a member of the Board of Advisers to the Board of Directors of the Corporation from 2011 until his election as an Independent Director in 2013. He is a member of the Board of Trustees of Pulse Asia (Phils.), Inc. since 2008.

ANTONIO JOSE U. PERIQUET *Filipino, age 55***Board Member, Independent Director****Date First Appointed/Elected**

April 23, 2013

Academic Qualification

MBA, Darden Graduate School of Business Administration, University of Virginia (1990)

Master of Science in Economics, Oxford University, UK (1988)

Bachelor of Arts in Economics, Ateneo de Manila University (1982)

Experience

Mr. Antonio Periquet is an Independent Director and the Chairman of the Audit Committee of Philippine Seven Corporation. He is also an Independent Director and a member of the Finance Committee of Ayala Corporation. He also serves as an Independent Director on the boards of Bank of the Philippine Islands, BPI Capital, BPI Family Savings Bank, DMCI Holdings, and the Max's Group of Companies. Mr. Periquet is a Trustee of the Lyceum of the Philippines University and is a member of the Dean's Global Advisory Board of the Darden School of Business, University of Virginia. Prior to returning to the Philippines in 1999, he was Managing Director at Deutsche Morgan Grenfell in London. He was also a director of Morgan Grenfell Securities in Hong Kong, and Asia Equity Ltd. in London. Mr. Periquet was voted Best Equity Strategist by the Fund Managers Association of the Philippines from 2003 to 2010, and Best Analyst in 2009 and 2010. He was also voted Best Philippine Analyst in an Asiamoney poll in 2004.

Board of Advisors

The Board of Advisors was created to provide guidance to the Board of Directors. The Board of Advisors sits in all the Board Meetings and its members are also members of the Board Committees. Randolph S. David, Mario L. Bautista, Honorio G. Poblador IV, Martin L. Lopez and Maria Rosario Santos-Concio are the members of the Board of Advisors.

MARIA ROSARIO SANTOS-CONCIO *Filipino, age 61* **Chief Content Officer, President of ABS-CBN University, and Executive Adviser to the Chairman of the Board**

Academic Qualification

Advanced Management Program, Harvard Business School
 Bachelor of Arts Degree in Communications Arts, St. Paul's College, Manila (*cum laude*)

Experience

Ms. Santos-Concio is the Chief Content Officer of ABS-CBN Corporation, President of ABS-CBN University and Executive Adviser to the Chairman of the Board beginning 2016. Prior to this, she held the following executive roles in the Company: President from 2008 to 2015, Chief Executive Officer from 2013 to 2015, and Chief Operating Officer from 2008 to 2013. She was previously the Head of Channel 2 Mega Manila Management. Onscreen, Ms. Santos-Concio hosts ABS-CBN Channel 2's longest-running drama anthology *Maalaala Mo Kaya*. Ms. Santos-Concio began her career in the Company as a Television Production Consultant in 1987 after working as a line producer for BanCom, Audiovision, Vanguard Films, Regal Films and Vision Exponents. She also worked as a Film Production Manager for the Experimental Cinema of the Philippines. Ms. Santos-Concio is the recipient of many cinema and broadcast industry-related awards over the years.

Martin L. Lopez *Filipino, age 44* **Chief Technology Officer, Advisor**

Academic Qualification

Executive MBA Program, Asian Institute of Management
 Bachelor's Degree in Business Administration, Menlo College, California

Experience

Mr. Martin Lopez is a member of the Board of Advisors of the Company. He is also ABS-CBN's Chief Technology Officer responsible for setting the strategic direction, and for ensuring operational excellence in matters related to technology encompassing both engineering and information technology. Before his appointment, he was Vice President and Chief Information Officer of Manila Electric Company (Meralco), where he managed all ICT related assets of the Company covering all its computer, information system and telecommunication related resources. He was also the President and CEO of e-Meralco Ventures, Inc. (eMVI), a wholly owned subsidiary of Meralco engaged in the Telecommunications and Broadband business.

MARIO L. BAUTISTA *Filipino, age 63* **General Counsel, Advisor**

Academic Qualification

Bachelor of Laws Degree, University of the Philippines
 Bachelor of Arts Degree in Communication Arts, Ateneo de Manila University

Experience

Atty. Mario Bautista is a member of the Board of Advisors of the Company. He also serves as the General Counsel of ABS-CBN Corporation and advises the Board and Management on legal matters. He sits as a member in the Company Executive Management Committee, the Strategy Committee, the News and Current Affairs Management Committee and the Corporate Services Group Executive Committee. He likewise assists to the Company's Office of the Ombudsman. Atty. Bautista is a founding member of the Poblador Bautista and Reyes Law Office and has been its Managing Partner since 1999.

HONORIO G. POBLADOR IV *Filipino, age 47* **Advisor**

Academic Qualification

Master's Degree in Business Administration from Columbia Business School, New York, New York
 Bachelor of Arts in Management Economics from Ateneo de Manila University, Philippines

Experience

Mr. Honorio G. Poblador IV is a member of the Board of Advisors of ABS-CBN Corporation. He is a Founding Partner at Navegar, a Philippine private equity fund. He has over 20 years of investment banking and private equity experience, having held positions at Credit Suisse, Morgan Stanley and Rothschild. He is currently a member of the Board of BDO Nomura Securities, Inc.

RANDOLF S. DAVID *Filipino, age 71* **Advisor**

Academic Qualification

Honorary Doctorate, Ateneo de Naga University
 Postgraduate Studies in Sociology, University of Manchester, England
 Bachelor of Arts Degree in Sociology, University of the Philippines

Experience

Mr. Randolph David is a member of the Board of Advisors of ABS-CBN Corporation. He taught for forty years at the University of the Philippines, until his retirement as full professor in 2010. He is currently professor emeritus of Sociology at UP. In 1986, he began a second career in media in the wake of the EDSA people power revolution, hosting the public affairs talk show "Public Forum." Using Filipino as a medium of high-minded discussion, the program was cited by the Cultural Center of the Philippines as one of the country's ten most outstanding television programs during the 12 years it was on the air. He has also been writing a weekly column for the Philippine Daily Inquirer since 1995.

Directorship in Other Listed Companies

The following members of the Board are also directors of the publicly listed companies identified below.

Director's Name	Name of Listed Company	Directorship for FY2016
Eugenio L. Lopez III	Lopez Holdings Corporation First Gen Corporation First Philippine Holdings Corporation Rockwell Land Corporation ABS-CBN Holdings Corporation	Vice Chairman Non-Executive Director Non-Executive Director Non-Executive Director Executive Director
Oscar M. Lopez	Lopez Holdings Corporation First Gen Corporation First Philippine Holdings Corporation Energy Development Corporation Rockwell Land Corporation ABS-CBN Holdings Corporation	Chairman Emeritus Chairman Emeritus Chairman Emeritus, Executive Director Chairman Emeritus Chairman Emeritus Chairman, Executive Director
Augusto Almeda Lopez	First Philippine Holdings Corporation	Non-Executive Director
Presentacion L. Psinakis	ABS-CBN Holdings Corporation	Independent Director
Manuel M. Lopez	Lopez Holdings Corporation First Philippine Holdings Corporation Rockwell Land Corporation	Chairman, Executive Director Vice Chairman Chairman
Federico R. Lopez	First Gen Corporation Energy Development Corporation First Philippine Holdings Corporation Energy Development Corporation Rockwell Land Corporation	Chairman, Executive Director Chairman Chairman, Executive Director Chairman, Executive Director Vice Chairman
Salvador G. Tirona	Lopez Holdings Corporation	Executive Director
Antonio Jose U. Periquet	Ayala Corporation Bank of the Philippine Islands DMCI Holdings, Inc. Philippine Seven Corporation Max's Group of Companies ABS-CBN Holdings Corporation	Independent Director Independent Director Independent Director Independent Director Independent Director Independent Director

Independent Directors

In compliance with the SEC requirement – that at least 20% of the Board should be independent directors with no material relationship with the Company, two independent directors – Mr. Periquet and Mr. de Dios – were elected. These directors are independent of management, and are free of any relationship that may interfere with their judgment. In addition, Mr. Periquet and Mr. de Dios do not possess any of the disqualifications enumerated under Section II (5) of the Code of Corporate Governance and Section II (D) of SEC Memorandum Circular No. 16, Series of 2002.

Criteria for Independence for Independent Directors

The Board assesses the independence of each director and individual nominated for election to the Board as an independent director. As part of this analysis, the Board must review and conclude whether each nominee for independent director satisfies the requirements of the rules of the SEC, the by-laws, and the Manual of Corporate Governance.

Under the Manual of Corporate Governance, independent directors (i) are not directors or officers or substantial stockholders of the Company or its related companies, or any of its substantial shareholders (other than as independent directors of any of the foregoing); (ii) are not relatives of any director, officer or substantial shareholder of the Company, or any of its related companies, or any of its substantial shareholders; (iii) are not acting as nominees or representatives of a substantial shareholder of the Company, or any of its related companies or any of its substantial shareholders; (iv) have not been employed in any executive capacity by the Company, or any of its related companies or by any of its substantial shareholders within the last two years; (v) are not retained as professional advisers by the Company, any of its related companies, or any of its substantial shareholders within the last two years, either personally or through their firms; (vi) have not engaged and do not engage in any transaction with the Company, or with any of its related companies, or with any of its substantial shareholders, whether by themselves or with other persons, or through a firm of which they are partners, or companies

of which they are directors or substantial shareholders, other than transactions which are conducted at arms-length and are immaterial; and (vii) do not own more than 2% of the shares of the Company and/or its related companies, or any of its substantial shareholders.

Selection of Directors

The Board itself is responsible for screening its own members and recommending them for election by the stockholders. The Chairman and Chief Executive Officer have direct input into the screening process. The final approval of nominees to the director position is determined by the full Board. In case of vacancies in the Board between annual stockholder meetings, the Board may elect directors to serve until the next annual meeting.

Separate Roles of the Chairman and President & Chief Executive Officer (CEO)

The respective roles of our Chairman, Mr. Eugenio L. Lopez, III, and our President & CEO, Mr. Carlo L. Katigbak, are clearly defined to achieve appropriate balance of power, increase accountability, and improve the Board's capacity for decision making independent of the management.

Mr. Eugenio L. Lopez III is responsible for the management, development and the effective performance of the Board, and maintains proper governance of the Company. As Chairman of the Board, Mr. Lopez plans and organizes all the activities of the Board, including the preparation for, and the conduct of, Board meetings. He ensures the quality, quantity and timeliness of the information that goes to the Board. He also oversees the formation of the Board committees and the integration of their activity with that of the Board.

The President & CEO has general charge and supervision of the business and affairs of the Company, subject to the Board. On a day-to-day basis, he makes, executes and signs in the name of the Company such contracts as are necessary in the ordinary course of business, and such other contracts as are authorized by the Board. As the President & CEO, Mr. Katigbak leads Management in developing and implementing business strategies, plans, and budgets subject to Board approval. He then provides the Board and stockholders a report on the financial performance of the Company and its results of operations on a regular basis.

The Corporate Secretary

Atty. Enrique I. Quiason is the Company's Corporate Secretary. Under the Company's Corporate Governance Manual, the Corporate Secretary must be a Filipino Citizen. The Corporate Secretary issues notices for all board and shareholders meetings. It is required that the Corporate Secretary attends and records the minutes of all board meetings. He is also responsible for assisting the Board in the preparation of the meeting agenda and the Management in the preparation and gathering of materials/documents to be presented to the Board or shareholders. In addition, as the Corporate Secretary, Atty. Quiason takes charge of the corporate seal and records, and signs, together with the President & CEO, all stock certificates and such other instruments as may require such signature.

Board Performance

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.

For the period January to December 2016, attendance at the board and stockholders meetings is as follows:

	Total No. of Board Meetings	No. of Board Meetings Attended	Percentage of Attendance	Attended Annual Stockholders' Meeting? (Y/N)
Eugenio L. Lopez III	11	9	82%	Y
Carlo L. Katigbak	11	11	100%	Y
Oscar M. Lopez	11	7	64%	Y
Augusto Almeda Lopez	11	9	82%	Y
Presentacion L. Psinakis	11	6	54%	N
Manuel M. Lopez	11	6	54%	N
Federico R. Lopez	11	8	73%	Y
Federico M. Garcia	11	7	64%	Y
Salvador Tirona	11	10	91%	Y
Emmanuel S. De Dios	11	9	82%	Y
Antonio Jose U. Periquet	11	9	82%	Y

Separate Meeting of the Non-Executive Directors

A meeting of the non-executive directors was held on December 8, 2016.

Continuing Education Programs and Trainings for Directors

The Board has attended the following trainings and seminars during the year 2016:

Director's Name	Trainings / Continuing Education FY2016
Eugenio L. Lopez III	Corporate Governance Training Program by ICD (September 2016)
Carlo L. Katigbak	Corporate Governance Training Program by ICD (September 2016)
Augusto Almeda Lopez	Corporate Governance Training Program by ICD (September 2016)
Presentacion L. Psinakis	Corporate Governance Training Program by ICD (September 2016)
Manuel M. Lopez	Corporate Governance Training Program by ICD (September 2016)
Federico R. Lopez	Future of Work Innovation in Singapore (October 2016) Utility of the Future in Singapore (October 2016) Verge Summit in California, USA (September 2016) Corporate Governance Training Program by ICD (September 2016) Global Summit in Singularity University, San Francisco, USA (August 2016) Climate Reality Leadership Training in Manila (March 2016)
Federico M. Garcia	Corporate Governance Training Program by ICD (September 2016)
Salvador Tirona	Corporate Governance Training Program by ICD (October 2016)
Emmanuel S. De Dios	Corporate Governance Training Program by ICD (September 2016)
Antonio Jose U. Periquet	Corporate Governance Training Program by SGV (April 2016)

On December 6, 2016, the Securities and Exchange Commission has granted Mr. Oscar M. Lopez a permanent exemption from the Corporate Governance training requirement under SEC Memorandum Circular No. 20, series of 2013.

THE BOARD COMMITTEES

The Board has established the following seven (7) board committees to address any issues requiring the directors' attention:

1. The Programming Committee

Composition	Chairman, one (1) member, two (2) advisors
Members	Federico Garcia – Chairman, and Emmanuel De Dios
Advisors	Randolf S. David, and Ma. Rosario Santos-Concio
Responsibilities	The Programming Committee deliberates on the programming issues and strategies of the network, and is primarily a business strategy committee.

2. The Compensation Committee

Composition	Chairman, two (2) members, and two (2) advisors
Members	Augusto Almeda Lopez – Chairman, Federico R. Lopez, and Antonio Jose U. Periquet
Advisors	Mario Luza Bautista, and Randolf S. David
Responsibilities	The Compensation Committee reviews any recommendations on incentive schemes and the issuance of stock options to employees.

3. The Succession Planning Committee

Composition	Chairman, two (2) members, and two (2) advisors
Members	Salvador G. Tirona – Chairman, Emmanuel S. De Dios, and Augusto Almeda Lopez
Advisors	Randolf S. David
Responsibilities	The Succession Planning Committee ensures that there is a pipeline to key positions in the organization, and that there are ready replacements for any key positions that are suddenly vacated. It oversees the replacement planning table of the organization, and identifies successors and gaps in succession, as well as any measures needed to fill such gaps.

4. The Compensation Committee for the Chairman and the Chief Executive Officer

Composition	Chairman, two (2) members, and one (1) advisor
Members	Augusto Almeda-Lopez – Chairman, Federico M. Garcia, and Antonio Jose U. Periquet.
Advisors	Mario L. Bautista
Responsibilities	The Compensation Committee for the Chairman and the Chief Executive Officer reviews and approves the recommended changes concerning the salaries and benefits provided to the Company's CEO.

5. The Audit and Compliance Committee

Composition	Chairman, two (2) members, and two (2) advisors
Members	Antonio Jose U. Periquet – Chairman, Salvador G. Tirona, and Emmanuel S. De Dios
Advisors	Honorio Poblador IV, and Martin L. Lopez
Responsibilities	The Audit and Compliance Committee reviews the financial reports and risks, examines internal control systems, oversees the audit process as well as the company's compliance with laws, and evaluates the company's business conduct. The Audit and Compliance Committee also selects and appoints the Company's External Auditor.

6. The Risk Management Committee

Composition	Chairman, two (2) members, and one (1) advisor
Members	Salvador G. Tirona – Chairman, Federico M. Garcia, and Emmanuel S. De Dios
Advisors	Honorio Poblador IV
Responsibilities	The Risk Management Committee oversees the formulation and establishment of an enterprise wide risk management system, including the review, analysis, and recommendation of policies, frameworks, strategies, and systems to be used by the Company to manage risks, threats, and liabilities.

7. The Nomination and Election Committee

Composition	Chairman, two (2) members, and one (1) advisor
Members	Eugenio Lopez III – Chairman, Carlo L. Katigbak, and Antonio Jose U. Periquet
Advisors	Randolf S. David
Responsibilities	The Nomination and Election Committee reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval, and assesses the effectiveness of the Board's processes and procedures in the election or replacement of directors.

The Board should ensure that, through a managed and effective system, board appointments are made that provide a mix of proficient directors, each of whom is able to add value and to bring prudent judgment to bear on the decision making process.

Under the Company's Manual of Corporate Governance, the Nomination and Election Committee shall consider the following qualifications and disqualification of a nominee to the Board in its recommendation of such nominee for election or re-election.

Qualifications of Director

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

- Holder of at least one (1) share of stock of ABS-CBN Corporation;
- Personal integrity, capacity to read and understand financial statements, absence of conflicts of interest with the Company (subject to the discretion of the Board), time availability and motivation.

Qualifications of an Independent Director

- An independent director shall mean a person other than an officer or employee of the Company, its parent or subsidiaries, or any other individual having a relationship with the Company, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director.
- If the independent director becomes an officer or employee of the same corporation he shall be automatically disqualified from being an independent director.

Disqualification and Grounds for Dismissal of Directors

Any of the following shall be a ground for the temporary disqualification or dismissal for a cause of a director:

- Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
- Absence or non-participation for unjustifiable reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;
- Dismissal or termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;

- Conviction that has not yet become final as referred to in the grounds for the disqualification of directors.

REMUNERATION POLICY AND STRUCTURE FOR DIRECTORS

Each board director receives a set amount of PhP20,000 per board meeting and PhP10,000 per committee meeting attended. In terms of profit sharing and bonuses, the total yearly compensation of directors shall not exceed 10 percent (10%) of the net income before income tax of the Company during the preceding year.

Aggregate remuneration of executive, non-executive, and independent directors accrued for 2016 is as follows:

Remuneration Item	2016
(a) Per diem Allowance	PHP 2,530,000.00 (aggregate amount for 2016)
(b) Director's Bonuses	PHP 35,212,547.00 (gross aggregate amount for 2016)
TOTAL	PHP 37,742,547.00

COMPANY POLICIES

Code of Conduct and Conflict of Interest Policy

The Company's Code of Conduct defines the behaviors that are acceptable or not acceptable within the organization. It details the offenses versus the company's or the person's property, the schedule of penalties for each offense according to its gravity, and the grievance process, and defines the roles of the different people involved in disciplinary action. The Code covers all directors, employees, consultants, product and service providers, and anyone who acts in the name of ABS-CBN.

The Code of Conduct includes the Company's Conflict of Interest Policy. Directors are disallowed from engaging in any business, which competes with or is antagonistic to that of the Company or any of its subsidiaries and affiliates. On the other hand, employees are expected not to have any direct or indirect financial or pecuniary interest in any business, contract, or transaction in connection with which they intervene or take part in their official capacity. In addition, employees are expected not to render services to another employer without the knowledge of higher management. They are also expected to disclose other businesses

or jobs undertaken which may be in conflict with any existing or future undertaking of the Company.

Assisting in the dissemination and implementation of this Code of Conduct is the Ethics Committee, which focuses on conflict-of-interest situations. The Committee helps make decisions and clarify stands in cases of personal or professional conflict, or in which the employee or the company stands to gain unfairly from an arrangement, relationship, or procedure. Essential to the idea of good and ethical conduct is the upholding of common corporate and individual values, which are disseminated through a process of values cascading.

Related Party Transactions Policy

Parties are considered to be related, if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Further, parties subject to common control are also considered as related.

It is the policy of the Company to transact sales to and purchases from related parties at normal market prices. Outstanding balances as of year-end are unsecured, interest-free and settlement occurs in cash, and are collectible or payable on demand. Assessment of provision for doubtful accounts relating to amounts owed by related parties is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Related party transactions or reorganizations that would affect related-party transactions are reported to and reviewed by the Audit Committee. All related party transactions are reported in the Company's Annual Audited Financial Statement and Annual Company Report.

Dividend Policy

The declaration and payment of dividends are subject to certain conditions under the Company's existing long-term loan agreements with various banks. Under said loan agreements, the Company may declare and pay dividends provided that:

- All payments (including pre-payments) due on said loan and premiums on insurance of assets are current and updated;
- All financial covenants set forth therein are satisfied;
- Certain financial ratios are met and such payment will not result in the violation of the required financial ratios under the loan agreements;
- No event of default as provided in the loan agreements shall exist or occur as a result of such payment; and
- The total amount of the cash dividends does not exceed 50% of the Company's net income after taxes for the fiscal year preceding the declaration.

Disclosures and Financial Reporting

ABS-CBN's financial statements comply with Philippine Accounting Standards and Philippine Financial Reporting Standards that in turn conform with International Accounting Standards.

The annual consolidated financial statements provide information on the financial condition and results of operations of the businesses of ABS-CBN and its subsidiaries. These financial statements include detailed information on the total assets, total

liabilities and shareholders' equity, revenues, costs and expenses, operating income and income before tax, net income attributable to shareholders of ABS-CBN and minority interest, earnings per share, and EBITDA.

Business segment information is likewise provided for major business categories and includes information such as revenues, operating and net income, assets and liabilities, capital expenditures and depreciation and amortization expenses.

Dealings in Company Shares

ABS-CBN requires all members of the Board of Directors and principal officers to report any purchase, sale or change in their shareholdings of the Company's common shares or Philippine Depository Receipts within five (5) trading days, in compliance with the PSE's requirement for such disclosure.

RISK MANAGEMENT

ABS-CBN's Board of Directors and management are mindful of the potential impact of various risks to the Company's ability to deliver quality content across multiple platforms and consequently, as a result of its operations, value to shareholders. In 2009, the Audit Committee of the Board of Directors provided oversight on Enterprise Risk Management.

In 2010, the newly created Risk Management Committee assumed this responsibility. At the same time, the Board of Directors of the Company approved the appointment of a Chief Risk Management Officer, reporting directly to the Board of Directors. In November 2012, the Board of Directors approved the appointment of Mr. Raymund Martin T. Miranda as Chief Risk Management Officer concurrent with his role as Chief Strategy Officer of ABS-CBN. As Chief Risk Management Officer, he provides the overall leadership, vision and direction for enterprise risk management by continuing to establish and implement an integrated risk management framework that covers all aspects of risk across the Company's organization, and improve the Company's risk management readiness.

The Company's corporate strategy formulation and business decision-making processes always take into account potential risks and the steps and costs necessary to minimize, if not eliminate, such risks. As part of its stewardship responsibility and commitment to deliver optimum value to its stakeholders, ABS-CBN ensures that it has the proper control systems in place, and to the extent possible, adopted global best practices, to identify and assess, analyze and mitigate market, operating, financial, regulatory, community, reputational, and other risks. The formal identification of the control systems is currently being undertaken. The Company contracted SGV (a member firm of Ernst and Young) to assist in the development of an ERM Framework and Program.

Key Risk Factors

Risk Relating to the Business of the Company

- The Company operates in an increasingly competitive industry whose dynamics are changing with technological advancements;
- A decrease in the overall spending on advertising airtime could adversely affect the Company's results;
- If the Company loses some of its key advertisers, it could lose a significant amount of its revenues;

- Because a high percentage of the Company's operating expenses are fixed, a relatively small decrease in advertising revenue could have a significant negative impact on the Company's financial results; and
- The regulatory environment, government policies and economic factors could influence the growth and profitability of the Company.

Risk Relating to the Philippines

- The Philippine economy and business environment may be disrupted by political or social instability;
- Territorial disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment;
- Any future political or social instability in the country could adversely affect the business operations and financial condition of the Company; and
- Occurrence of natural disasters may adversely affect the business of the Company.

The Company's results of operations may be negatively affected by adverse economic conditions in the Philippines and abroad since its operations depend on its ability to sell airtime for advertising, to sell various goods and services, and to collect subscription fees from its subscribers. Historically, the advertising industry, relative to other industries, has been particularly sensitive to the general condition of the economy. In addition, the ability of consumers to pay for the Company's services or goods depends on their disposable income at any given time. Consequently, the Company's business may be affected by the economic condition of the country and of the territories where it conducts its business.

AUDIT

Internal Audit

The Internal Audit Division is responsible for providing independent and objective assurance and consulting services to the Company's Board of Directors through its Audit Committee. Its main function is to evaluate the adequacy, effectiveness, and efficiency of the Company's internal control system and to recommend necessary control measures for its improvement. It likewise establishes an effective follow-up system to monitor the implementation of recommended controls.

The Group is composed of people with varied specializations, majority of which are certified public accountants. It also has certified internal auditors, certified information systems auditor, certified fraud examiners, certified forensic accountants, and accredited quality assurance validators. The Division has an Information Technology (IT) Audit and a Technical Audit Teams, which are composed of engineers and IT professionals.

The Group conducts regular audits of the Company and its Subsidiaries based on an annual audit plan in a 3-year audit cycle that is approved by the Audit Committee. Special audit projects are also undertaken as the need arises.

In 2016, the Internal Audit Division presented to the Audit Committee its audit plan, updates on the status of audit projects, highlights of significant findings, implementation status of audit recommendations, and other significant audit activities.

Beginning 2012, the Group also worked closely with the Company's Risk Management Officer.

Audit Committee Report for 2016

The Audit Committee, in fulfillment of its oversight responsibilities, represents and assists the Board by evaluating the:

- Reasonableness of the Company's financial statements, efficiency of the financial reporting process, and effectiveness of the internal control environment;
- Objectivity, independence, and effectiveness of internal audit functions and processes;
- Qualifications, independence, and fees of the Company's external auditors with regard to the annual review of the Company's financial statements; and
- Company's compliance with legal and regulatory requirements.

The roles and responsibilities of the Audit Committee are embodied in an Audit Committee Charter that is approved by the Board of Directors.

To comply with the Audit Committee Charter, the Audit Committee confirms that:

- Majority of the Audit Committee members are independent directors, including the Chairman;
- Quarterly meetings were held and attended by the Chairman and members of the Committee;
- The Committee reviewed and approved the internal audit scope and plans, as well as the manpower resources and competencies necessary to carry out the audit plan;
- The Committee reviewed and discussed the reports of the internal auditors, including the necessary corrective actions, with concerned management;
- The Committee reviewed and discussed the audited annual financial statements of the Company and its Subsidiaries with the management, internal auditors, and external auditors taking into consideration that:
 - o Management is responsible for the Company's financial statements and the related statements of financial condition and results of operations, and;
 - o SGV & Co., the external auditor, is responsible for expressing an opinion on the conformity of the Company's audited financial statements with the Philippine Financial Reporting Standards and International Financial Reporting Standards as appropriate.

ROLE OF STAKEHOLDERS

Customers' Welfare

The Company is committed to the delivery of world class products and services and to the responsible and creative utilization of resources, most especially its human resource. It fosters and promotes an environment of professionalism based on competence, self-discipline and responsible behavior. In establishing such an environment a set of defined standards of acceptable behavior in performing one's job and in dealing with co-employees and the public that is consistent with corporate policies and core values is necessary.

Supplier/Contractor Selection and Criteria

In dealings with suppliers and contractors the Company abides by its Code of Conduct, wherein it is stated that favoring or conniving with suppliers, customers or any other person in consideration of kickbacks, personal rebates or any valuable consideration is considered an offense. Company personnel who do not adhere to this policy are dealt with, accordingly.

The Company, likewise, has a general policy on the conduct of its bidding process to ensure fair and honest competition. The general policy for supplier/contractor selection is available in the Company's website.

Environmentally Friendly Value Chain

The Company complies with several government environmental laws through the following initiatives: re-use or recycling of effluent water (PD984 or Clean Water Act); proper disposal of busted lamps used oil and used/spent batteries (RA6969 or Toxic Substance and Hazardous and Nuclear Waste Control Act) and annual stack emission testing of generator sets (RA8749 or Clean Air Act). The Company saves energy in its office headquarters by installing variable frequency drives for chilled water pump operations in the centralized air conditioning system. It also has materials recovery facilities for solid waste management, which results in an average reduction of 25 tons per year of solid waste for disposal.

The vermicomposting facilities reduce solid waste from tree and plant trimmings and the resulting organic fertilizer is used for plants propagation. The Company uses mostly "green sealed" or "designed for the environment" chemicals for housekeeping, which reduces the health risk among cleaners. The Company also has properly labeled trashcans (reusable, biodegradable, non-biodegradable) which makes it easy to segregate waste. It also uses biodegradable trash bags.

Whistle Blowing Policy

In November 2013, the Company implemented the Whistle Blowing Policy. This policy provides for and encourages employees and others to report, in good faith, any covered wrongful conduct committed by employees of which they have personal knowledge. The policy assures the employees of protection against harassment, threats, and any other form of retaliation from the persons reported. Any employee, who attempts, performs, causes or encourages any retaliatory actions against a whistleblower and/or the whistleblower relatives up to the fourth degree of consanguinity or affinity, will be subjected to disciplinary action and may be either suspended or dismissed, without prejudice to other legal actions that the Company may take, upon showing that the motive of the said employee was due to the disclosure made by the whistleblower.

The Whistle Blowing Policy is a clear statement that if any covered wrongdoing by any of its employees is identified and reported accordingly, it will be dealt with, through a thorough investigation and the proper imposition of accountability. To provide employees several avenues to report illegal or wrongful activities, the Policy allows reporting to any of the following: Head of Human Resources and Organizational Development, Head of Audit, Head of Legal, and employee's Division Head.

Creditors' Rights

The Company complies with the debt servicing requirements of the creditors. The Company also ensures that the documentary requirements of the creditors are complete, accurate and submitted on time.

Creditors are regularly provided with financial and operational information about the Company through quarterly and annual investors' briefings. The Company's Treasury Head updates the creditors of the Company's performance on a regular basis and when there is an immediate need. New contracts or agreements for investments, loan availments, asset disposals, mergers and acquisitions, etc. are reviewed by the Company's Legal Department in order to determine if certain provisions may violate existing loan covenants. In cases when certain covenants will be breached, the Treasury seeks the consent of creditors to undertake the new initiative or when appropriate, negotiate with counter parties to remove/modify provisions that may have a consequence of breaching any loan covenants.

Interaction with Community

The ABS-CBN Lingkod Kapamilya Foundation, Inc. was established to become a holistic community builder. "Bantay Bata," a child protection and welfare organization cited by the United Nations Convention on the Rights of the Child, responds to thousands of hotline calls and handles hundreds of rescue causes. The program also provides scholarships and conducts feeding programs. As the term implies, "BantayKalikasan" is engaged in environmental protection through policy formulation assistance, reforestation, river system rehabilitation and ecotourism promotion. "SagipKapamilya" is involved in relief operations and rehabilitation after a natural or man-made disaster. It also trains schools and communities in disaster risk reduction.

Programa Genio is involved in curriculum enhancement, teacher training and learning resource development in public schools. BayaniJuan manages a 107- hectare resettlement community in Calauan, Laguna for families affected by the rehabilitation of the Pasig River and typhoon Ondoy.

Kapit Bisig Para sa Ilog Pasig, in partnership with the Pasig River Rehabilitation Commission (PRRC) is heavily involved in the rehabilitation of the Pasig River. Together it has so far cleaned 17 esteros in Manila and Quezon City. KBPIP has likewise rehabilitated the 100 years old Paco Market to keep Estero de Paco clean.

The Company sends representatives to meetings, hearings and public consultations on various issues conducted by the barangay. The Company also requests for barangay clearance/permit for tapings, production shootings, and use of sidewalks as parking area during stockholders' meetings, trade events, program launchings, awarding ceremonies, etc. Every year, the Company requests as well for issuance of community tax certificates to employees.

The Company submits incident reports to the barangay in relation to accidents, robbery, illegal parking, illegal vendors, violation of tricycle drivers and establishment. In addition, the Company supports the barangay on its information drive by covering barangay related activities.

SHAREHOLDERS' RIGHTS

The Company respects the rights of the stockholders as provided in the Corporation Code; namely:

1. Right to vote on all matters that require their consent or approval;
2. Pre-emptive rights;
3. Power of inspection;
4. Right to dividends; and
5. Appraisal rights.

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

Right to Nominate Candidates for Board of Directors

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

Conduct of Stockholders' Meeting

Shareholders, including institutional shareholders, are encouraged to attend stockholders' meetings. A written or printed notice of the annual meeting is delivered to each shareholder not less than 21 days before the date of the meeting. Any stockholder entitled to vote may be represented at any regular or special meeting of stockholders by a duly executed proxy. Proxies should be in writing, properly signed and witnessed by one party. The written proxy shall be filed with the Office of the Corporate Secretary of the Company not later than ten (10) calendar days prior to the scheduled stockholders meeting.

Details of attendance of shareholders, results of voting, and the results of annual/special stockholders meetings' resolutions are disclosed in the Annual Corporate Governance Report.

INVESTOR RELATIONS

ABS-CBN fully respects shareholder rights and complies with regulatory and legal requirements that enforce and ensure that such rights are respected. These requirements include due and proper notification for general meetings and provision of adequate, transparent and timely information due shareholders.

As a publicly listed corporation, ABS-CBN is subject to reporting requirements prescribed by regulatory authorities, including the SEC and the PSE, among others. ABS-CBN is compliant in submitting timely structured and non-structured reports and disclosure filing required by the SEC and the PSE.

To complement these disclosures, ABS-CBN's Investor Relations group also holds regular analyst and press briefings coincident with its quarterly and annual report submissions that further explain, elaborate on and contextualize the Company's operating performance and financial condition and results. ABS-CBN's Chief Finance Officer, the Head of Treasury, and the Head of Investor Relations are always present at these investor, analyst and press briefings to address any questions that may be raised concerning the Company's operating and financial results.

In addition, ABS-CBN's Chief Finance Officer, Head of Treasury, and its Head of Investor Relations, meet with representatives of institutional investors and investment funds upon request and at various investor conferences throughout the year for more intimate and detailed discussions about the Company's businesses, operating and financial results, business prospects and long-term plans. Inquiries from institutional and individual investors received by regular or electronic mail are also duly acknowledged and addressed in a timely and transparent manner.

ABS-CBN maintains an investor relations website that contains information on the history and businesses of the company, its Board of Directors and senior management executives, financial information and reports and disclosures filed with the SEC and the PSE, share price performance and dividend history, and investor relations contact information.

The contact details (e.g. telephone and email) of the office responsible for investor relations are provided the ABS-CBN Investor Relations website – <http://ir.abs-cbn.com>.

COMPLIANCE OFFICER

The Company has appointed a Compliance Officer who is tasked to ensure the Company's observance of corporate governance best practices and provide recommendations to the Board for the continuous improvement of its policies and practices toward full compliance and the adoption of global best practices. The Compliance Officer also submits to the Securities and Exchange Commission (SEC), the Philippine Stock Exchange (PSE), and the Philippine Dealing and Exchange Corporation (PDEX) the Company's Annual Corporate Governance Report, periodic reports, and other material disclosures.