

COVER SHEET

COMPANY REGISTRATION AND MONITORING DEPARTMENT

Nature of Application

ACGR 2016

SEC Registration Number

5213

Company Name

GMA NETWORK INC

Principal Office (No./Street/Barangay/City/Town)Province

GMA NETWORK CENTER ED SA CORNER
TIMOG AVENUE DILIMAN QUEZON
CITY

ZIP CODE

COMPANY INFORMATION

Company's Email Address

Company's Telephone Number/s

Mobile Number

CONTACT PERSON INFORMATION

The designated person **MUST** be a Director/Trustee/Partner/Officer/Resident Agent of the Corporation

Name of Contact Person

Atty. Roberto Rafael V. Lucila

Email Address

bobbylucilac@gepal.com

Telephone Number/s

8163716

Mobile Number

Contact Person's Address

To be accomplished by CRMD Personnel

Assigned Processor :

Date

Signature

Document I.D.

Received by Corporate Filing and Records Division (CFRD)

Forwarded to:

- Corporate and Partnership Registration Division
- Green Lane Unit
- Financial Analysis and Audit Division
- Licensing Unit

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT FOR 2016

1. Report is Filed for the Year 2016
2. Exact Name of Registrant as Specified in its Charter **GMA NETWORK, INC.**
3. Address of Principal Office
GMA NETWORK CENTER, EDSA CORNER TIMOG AVENUE DILIMAN, QUEZON CITY
Postal Code
4. SEC Identification Number **5213**
5.
(SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number **000-917-916-000**
7. Issuer's Telephone number, including area code
(632) 982 7777
8. Former name or former address, if changed from the last report
NOT APPLICABLE

ANNUAL CORPORATE GOVERNANCE REPORT FOR 2016

A. BOARD MATTERS

1) Board of Directors

| | |
|--|-----------------|
| Number of Directors per Articles of Incorporation | Nine (9) |
|--|-----------------|

| | |
|--|-----------------|
| Actual number of Directors for the year | Nine (9) |
|--|-----------------|

(a) Composition of the Board

Complete the table with information on the Board of Directors

| Director's Name | Type Executive (ED), Non-Executive (NED), or Independent Director (ID) | If Nominee, identify the principal | Nomination in the last election (if ID, state the relationship with the nominator) | Date first elected | Date last elected (if ID, state the number of years served as ID)¹ | Elected when (Annual/Special Meeting) | No. of Years served as director |
|------------------------|---|--|---|-----------------------------|--|--|--|
| Felipe L. Gozon | ED | FLG Management and Development Corporation | Nominated by Gilberto R. Duavit, Jr. as approved by the Nomination Committee | 1975 | 2016 | Annual Meeting | 41 |
| Gilberto M. Duavit | NED | Group Management & Development Inc. | Nominated by Gilberto R. Duavit, Jr. as approved by the Nomination Committee | 1974 - 1997 ; July 28, 2016 | 2016 | Annual Meeting | 3 years and 9 months |
| Gilberto R. | ED | Group Management | Nominated by Gilberto | 1999 | 2016 | Annual Meeting | 17 |

¹ Reckoned from the last annual stockholder's meeting on May 18, 2016.

| | | | | | | | |
|------------------------------|-----|--|--|------|------|----------------|----|
| Duavit, Jr. | | & Development Inc. | R. Duavit, Jr. as approved by the Nomination Committee | | | | |
| Anna Teresa M. Gozon-Abrogar | ED | FLG Management and Development Corporation | Nominated by Gilberto R. Duavit, Jr. as approved by the Nomination Committee | 2000 | 2016 | Annual Meeting | 16 |
| Joel Marcelo G. Jimenez | NED | M.A. Jimenez Enterprises, Inc./ Television International Corporation | Nominated by Gilberto R. Duavit, Jr. as approved by the Nomination Committee | 2002 | 2016 | Annual Meeting | 14 |
| Laura J. Westfall | NED | M.A. Jimenez Enterprises, Inc./ Television International Corporation | Nominated by Gilberto R. Duavit, Jr. as approved by the Nomination Committee | 2002 | 2016 | Annual Meeting | 14 |
| Felipe S. Yalong | ED | N/A | Nominated by Gilberto R. Duavit, Jr. as approved by the Nomination Committee | 2002 | 2016 | Annual Meeting | 14 |
| Artemio V. Panganiban | ID | N/A | Nominated by Gilberto R. Duavit, Jr. as approved by the Nomination Committee (Nominator has no relationship with the Independent Director) | 2007 | 2016 | Annual Meeting | 9 |
| Jaime C. Laya | ID | N/A | Nominated by Gilberto R. Duavit, Jr. as | 2007 | 2016 | Annual Meeting | 9 |

| | | | | | | | |
|--|--|--|--|--|--|--|--|
| | | | approved by the Nomination Committee (Nominator has no relationship with the Independent Director) | | | | |
|--|--|--|--|--|--|--|--|

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Corporation believes that the essence of corporate governance is transparency.

1. All material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes to ownership.
2. Other information that shall always be disclosed includes the aggregate remuneration (including stock options) of all directors and senior management officers.
3. All disclosed information shall be released via the approved stock exchange procedure for the company announcements as well as through the annual report.
4. The Board shall commit at all times to fully disclose non-confidential material information dealings. It shall cause the filing of all required information for the interest of the stakeholders.
5. The Board shall be committed to respect the following rights of the stockholders:
 - A. Voting Right
 - B. Power of inspection
 - C. Right to information
 - D. Right to Dividends
 - E. Appraisal Right

(c) How often does the Board review and approve the vision and mission?

In practice, the Board reviews and approves the Company's vision and mission every three years. In 2007, upon submission of the Manual on Corporate Governance, and in 2014 upon submission of the revision thereto pursuant to SEC Memorandum Circular No. 9, Series of 2014.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

| Director's Name | Corporate Name of the Group Company | Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman |
|-----------------|---|---|
| Felipe L. Gozon | GMA Marketing and Productions, Inc. | Chairman/Executive |
| | Alta Productions Group, Inc. | Chairman/Non-Executive |
| | Citynet Network Marketing and Productions, Inc. | Chairman/Non-Executive |
| | Mont-Aire Realty and Development Corporation | Chairman/Non-Executive |
| | Philippine Entertainment Portal, Inc. | Chairman/Non-Executive |
| | RGMA Network, Inc. | Chairman and Non-Executive |
| | GMA Kapuso Foundation, Inc. | Chairman of the Board of Trustees/Non-Executive |
| | GMA New Media, Inc. | Chairman/Executive (CEO) |

² The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

| | | |
|-----------------------------|---|--|
| Gilberto R. Duavit, Jr. | GMA Network Films, Inc. | Chairman/Non-Executive |
| | GMA Worldwide, Inc. | Chairman/Non-Executive |
| | GMA Marketing and Productions, Inc. | Vice-Chairman/Non-Executive |
| | GMA Holdings, Inc. | Director/President and Chief Executive Officer |
| | Scenarios, Inc. | Director/President and Chief Executive Officer |
| | RGMA Marketing and Productions, Inc. | Director/President and Chief Executive Officer |
| | MediaMerge Corp. | Director/President |
| | Alta Productions Group, Inc. | Director/Non-Executive |
| | Optima Digital, Inc. | Director/Non-Executive |
| | Monte-Aire Realty and Development Corp. | Director/Non-Executive |
| | GMA Kapuso Foundation, Inc. | Trustee/Non-Executive |
| Joel Marcelo G. Jimenez | Citynet Network Marketing and Productions, Inc. | Director/President |
| | GMA New Media, Inc. | Director/Non-Executive |
| | Alta Productions, Inc. | Director/Chief Executive Officer |
| | RGMA Network, Inc. | Director/Non-Executive |
| | GMA New Media, Inc. | Director/Non-Executive |
| | Scenarios, Inc. | Director/Non-Executive |
| | GMA Worldwide, Inc. | Director/Non-Executive |
| GMA Holdings, Inc. | Director/Non-Executive | |
| GMA Kapuso Foundation, Inc. | Trustee | |

| | | |
|-------------------------------------|-------------------------------------|------------------------------|
| Felipe S. Yalong | GMA Holdings, Inc. | Corporate Treasurer |
| | Scenarios, Inc. | Director/Corporate Treasurer |
| | GMA Network Films, Inc. | Director/Corporate Treasurer |
| | GMA Marketing and Productions, Inc. | Director/Non-Executive |
| | RGMA Network, Inc. | Director/Executive |
| | GMA Kapuso Foundation, Inc. | Corporate Treasurer |
| Atty. Anna Teresa G. Abrogar | GMA Films, Inc. | Director/President |
| | GMA Worldwide, Inc. | Director/President |
| | GMA Kapuso Foundation | Trustee |
| Dr. Jaime Laya | GMA Holdings, Inc. | Independent Director |
| Chief Justice Artemio V. Panganiban | GMA Holdings, Inc. | Independent Director |

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

| Director's Name | Name of Listed Company | Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman |
|-------------------------------------|---|---|
| Dr. Jaime Laya | Philippine Company Trust (Philtrust Bank) | Director/Non-Executive |
| Chief Justice Artemio V. Panganiban | First Philippine Holdings Corporation | Independent Director/Non-Executive |

| | | |
|--|-----------------------------------|------------------------------------|
| | Metro Pacific Investments Corp. | Independent Director/Non-Executive |
| | Manila Electric Company | Independent Director/Non-Executive |
| | Robinsons Land Corporation | Independent Director/Non-Executive |
| | Petron Corporation | Independent Director/Non-Executive |
| | Asian Terminals Incorporated | Independent Director/Non-Executive |
| | Philippine Long Distance Tel. Co. | Independent Director/Non-Executive |
| | Jollibee Foods Corporation | Non-Executive |

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

| Director's Name | Name of the Significant Shareholder | Description of the relationship |
|------------------------------|-------------------------------------|---------------------------------|
| Gilberto M. Duavit | Gilberto R. Duavit, Jr. | father-son |
| Laura J. Westfall | Joel Marcelo G. Jimenez | sister-brother |
| Anna Teresa M. Gozon-Abrogar | Felipe L. Gozon | daughter-father |
| Felipe L. Gozon | Anna Teresa M. Gozon-Abrogar | father-daughter |

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director of CEO may hold simultaneously? NO. In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

No limit is imposed because all of the Company's directors have shown extraordinary competence in performing their duties as such, notwithstanding their directorship in other corporations. This is evidenced by their active participation, valuable inputs and

almost complete attendance in the Board meetings as well as in their respective Committees' meetings.

| | Guidelines | Maximum Number of Directorships in other companies |
|------------------------|------------|--|
| Executive Director | N/A | N/A |
| Non-Executive Director | N/A | N/A |
| CEO | N/A | N/A |

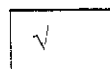
(c) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

| Name of Director | Number of Direct Shares (COMMON) | Number of Direct Shares (Preferred) | Number of Indirect Shares/ Through (name of record owner) | % of Capital Stock |
|-------------------------------------|----------------------------------|-------------------------------------|---|--------------------|
| Felipe L. Gozon | 3,181 | 26,880 | N/A | 0.00% |
| Gilberto R. Duavit, Jr. | 4,007,005 | 12 | N/A | 0.00% |
| Joel Marcelo G. Jimenez | 325,003 | 6 | N/A | 0.00% |
| Anna Teresa M. Gozon-Abrogar | 529,003 | 6 | N/A | 0.00% |
| Gilberto M. Duavit | 8,345 | 20,028 | N/A | 0.00% |
| Laura J. Westfall | 2 | 6 | N/A | 0.00% |
| Felipe S. Yalong | 1,025,002 | 6 | N/A | 0.00% |
| Chief Justice Artemio V. Panganiban | 200,001 | 0 | N/A | 0.00% |
| Dr. Jaime Laya | 294,000 | 0 | N/A | 0.00% |
| TOTAL | 6,191,542 | 46,994 | N/A | 0.00% |

2) Chairman and CEO

- (a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.



YES

NO

Identify the Chair and CEO:

| | |
|-----------------------|---|
| Chairman of the Board | Felipe L. Gozon |
| CEO/President | Chief Executive Officer: Felipe L. Gozon President: Gilberto R. Duavit |

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO:

| | Chairman | Chief Executive Officer |
|------------------|--|---|
| Role | Shall preside at all meetings of the Board of Directors | Execute on behalf of the Corporation contracts and agreements which the Corporation may enter into Appoint employees below the level of Assistant Vice-President; Exercise such other power and perform such other duties as the Board of Directors may from time to time fix or delegate |
| Accountabilities | Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary; Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the Management and the directors; and Maintain qualitative and timely lines of communication and information between the Board and Management; | Sign, endorse and deliver, in conjunction with other officials whom the Board may designate, all checks, drafts, bills of exchange, promissory notes and orders of payments or sums of money in the name and on behalf of the corporation; |
| Deliverables | Reviews and approves the minutes of the meeting of the stockholders and the members of the Board of Directors | Submit an annual report of the Corporation to the Board of Directors and at such other times as the latter may request, and an annual report to the stockholders ; |

- 3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

The Company's By-laws provides that the Board of Directors shall annually, at their first meeting, elect a Chairman of the Board of Directors, a President, Vice-Presidents, and a Secretary, and may also from time to time appoint such other officers and agents as it may deem proper. The Board of Directors may create such additional positions as it may consider proper.

It further provides that the office of the Chairman, President, Vice-President, Treasurer, or Secretary becomes vacant by death, resignation, or otherwise, the remaining directors, if still constituting a quorum, by a majority vote choose a successor or successors who shall hold office for the unexpired term.

In case of temporary absence of any officer of the Corporation or for any other reason that the Board of Directors may deem sufficient, the Board of Directors may delegate the powers and duties for the time being to any other officers, provided that a majority of the Board concur therein and such delegation is not covered by any express prohibition in the By-laws.

- 4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Yes. The Nomination Committee in the Board of Directors ensures that all nominees to the Board of Directors are competent and qualified to be nominated as Director based on internal guidelines so that:

1. There is a proper mix of competent directors that would continuously improve shareholder's value;
2. Directors will ensure a high standard of best practices for the Corporation and its stakeholders.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Yes, the Nomination Committee recommends guidelines in the selection of nominees for directorships based on the perceived needs of the Board of Directors with respect to the nature of the business of the Company.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

All of the members of the Company's Board of Directors have such powers and authorities as are set by Company's By-Laws, Manual on Corporate Governance, by Philippine law and rules.

| | Executive | Non-Executive | Independent Director |
|------|---|---|--|
| Role | Determine the period, manner and conditions under which the Corporation shall | Determine the period, manner and conditions under which the Corporation shall | To be independent of management and be free from any business relationship which |

| | | | |
|------------------|--|--|--|
| | engage in the kinds of business as stated in the primary and secondary purposes of the Articles of Incorporation. | engage in the kinds of business as stated in the primary and secondary purposes of the Articles of Incorporation. | could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any covered company. |
| | Determine the Corporation's purpose, its vision and mission and strategies to carry out its objectives | Determine the Corporation's purpose, its vision and mission and strategies to carry out its objectives | Determine the Corporation's purpose, its vision and mission and strategies to carry out its objectives |
| | Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practice | Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practice | Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practice |
| Accountabilities | Determine the declaration of dividends out of profits or surplus | Determine the declaration of dividends out of profits or surplus | Determine the declaration of dividends out of profits or surplus |
| | Institute, maintain, defend, compromise or drop any litigation in which the Corporation or its officers may be interested as plaintiff or defendant, in connection with the business of the Corporation. | Institute, maintain, defend, compromise or drop any litigation in which the Corporation or its officers may be interested as plaintiff or defendant, in connection with the business of the Corporation. | Institute, maintain, defend, compromise or drop any litigation in which the Corporation or its officers may be interested as plaintiff or defendant, in connection with the business of the Corporation. |
| | Adopt a system of internal checks and balances | Adopt a system of internal checks and balances | Adopt a system of internal checks and balances |
| | Identify key risk areas and key performance indicators and monitor these | Identify key risk areas and key performance indicators and monitor these | Identify key risk areas and key performance indicators and monitor these |

| | | | |
|--------------|---|---|---|
| | factors with due diligence; Properly discharge Board functions by meeting regularly | factors with due diligence; Properly discharge Board functions by meeting regularly | factors with due diligence; Properly discharge Board functions by meeting regularly |
| Deliverables | <p>Submit annually to the regular general meeting of the stockholders the Balance Sheet, Profit and Loss Statement, and Annual Report to the Condition of the Corporation</p> <p>Provide sound strategic policies and guidelines to the corporation on major capital expenditures.</p> <p>Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance;</p> <p>Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates.</p> | <p>Submit annually to the regular general meeting of the stockholders the Balance Sheet, Profit and Loss Statement, and Annual Report to the Condition of the Corporation</p> <p>Provide sound strategic policies and guidelines to the corporation on major capital expenditures.</p> <p>Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance;</p> <p>Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates.</p> | <p>Submit annually to the regular general meeting of the stockholders the Balance Sheet, Profit and Loss Statement, and Annual Report to the Condition of the Corporation</p> <p>Provide sound strategic policies and guidelines to the corporation on major capital expenditures.</p> <p>Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance;</p> <p>Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries,</p> |

| | | | |
|--|---|---|---|
| | affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board. | major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board. | associates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board. |
|--|---|---|---|

Provide the company's definition of "independence" and describe the company's compliance to the definition.

"independence" means not having a relationship with the corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Company does not have a policy providing for a limit in the term of its independent directors. However, the Company adopts the qualifications and standards on the nomination and appointment/election of independent directors prescribed under the Securities Regulation Code. The said qualifications and standards are also expressly contained in the Company's Manual on Corporate Governance.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period: **NOT APPLICABLE**

| Name | Position | Date of Cessation | Reason |
|------------------------|------------------------|-------------------|--|
| Michael John R. Duavit | Non-Executive Director | June 20, 2016 | Election as Member of the House of Representatives |

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

| Procedure | Process Adopted | Criteria |
|-----------|-----------------|----------|
|-----------|-----------------|----------|

a. Selection/Appointment

| | | |
|-------------------------------------|---|---|
| <p>(i) Executive Directors</p> | <p>The Nomination Committee, in determining the qualified nominees to the Board of Directors, shall consider the following in addition to the relevant provision of the Articles of Incorporation and the By-laws of the Corporation:</p> <p>(1) That the director to be appointed possesses the Qualifications as set by the Company's By-laws, Manual on Corporate Governance, the law and the rules.</p> <p>(2) That the director to be appointed possesses none of the permanent disqualifications set by the Company's Manual on Corporate Governance, the law and the rules.</p> <p>(3) That the director to be appointed possesses none of the temporary disqualifications set by the Company's Manual on Corporate Governance, the law and the rules.</p> | <p>(1) Holder of at least one (1) share of stock of the Corporation;</p> <p>(2) He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;</p> <p>(3) He shall be at least twenty five (25) years old;</p> <p>(4) He shall have proven to possess integrity and probity; and</p> <p>(5) He shall be assiduous;</p> |
| <p>(ii) Non-Executive Directors</p> | <p>The Nomination Committee, in determining the qualified nominees to the Board of Directors, shall consider the following in addition to</p> | <p>(1) Holder of at least one (1) share of stock of the Corporation;</p> <p>(2) He shall be at least a college graduate or have sufficient experience in</p> |

| | | |
|-----------------------------|--|---|
| | <p>the relevant provision of the Articles of Incorporation and the By-laws of the Corporation:</p> <p>(1) That the director to be appointed possesses the Qualifications as set by the Company's By-laws, Manual on Corporate Governance, the law and the rules.</p> <p>(2) That the director to be appointed possesses none of the permanent disqualifications set by the Company's Manual on Corporate Governance, the law and the rules.</p> <p>(3) That the director to be appointed possesses none of the temporary disqualifications set by the Company's Manual on Corporate Governance, the law and the rules.</p> | <p>managing the business to substitute for such formal education;</p> <p>(3) He shall be at least twenty five (25) years old;</p> <p>(4) He shall have proven to possess integrity and probity; and</p> <p>(5) He shall be assiduous;</p> |
| (iii) Independent Directors | <p>The Nomination Committee, in determining the qualified nominees to the Board of Directors, shall consider the following in addition to the relevant provision of the Articles of Incorporation and the By-laws of the Corporation:</p> <p>(1) That the director to be appointed</p> | <p>(1) Is independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the Company and includes any person who:</p> <p>1. Is not a director or officer of the covered company or of its related companies or any</p> |

| | | |
|--|---|---|
| | <p>possesses the Qualifications as set by the Company's By-laws, Manual on Corporate Governance, the law and the rules.</p> <p>(2) That the director to be appointed possesses none of the permanent disqualifications set by the Company's Manual on Corporate Governance, the law and the rules.</p> <p>(3) That the director to be appointed possesses none of the temporary disqualifications set by the Company's Manual on Corporate Governance, the law and the rules.</p> | <p>of its substantial shareholders except when the same shall be an independent director of any of the foregoing;</p> <ol style="list-style-type: none"> 2. Does not own more than two percent (2%) of the shares of the covered company and/or its related companies or any of its substantial shareholders; 3. Is not related to the director, officer or substantial shareholder of the covered company, and of its related companies or any of its substantial shareholders. 4. Is not acting as a nominee or representative of any director or substantial shareholder of the covered company, and/or any of its related companies and/or of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement; 5. Is not acting as a nominee or representative of any director or substantial shareholder of the covered company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement; 6. Has not been employed in any executive capacity by the covered company, any of its related companies and/or with any of its substantial shareholders within the last five (5) years; 7. is not retained, either personally or through his firm or any similar entity, as professional adviser, by that covered company, any of its related companies and/or any of its substantial shareholders, within the last five (5) years; or |
|--|---|---|

| | | |
|--------------------------------|---|---|
| | | <p>8. Has not engaged and does not engage in any transaction with the covered company and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial.</p> |
| b. Re-appointment | | |
| <p>(i) Executive Directors</p> | <p>The Nomination Committee, in determining the qualified nominees to be re-appointed to the Board of Directors, shall consider the following in addition to the relevant provision of the Articles of Incorporation and the By-laws of the Corporation:</p> <p>(1) That the director to be re-appointed maintains the Qualifications as set by the Company's By-laws, Manual on Corporate Governance, the law and the rules.</p> <p>(2) That the director to be appointed possesses none of the permanent disqualifications set by the Company's Manual on</p> | <p>(1) Holder of at least one (1) share of stock of the Corporation;</p> <p>(2) He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;</p> <p>(3) He shall be at least twenty five (25) years old;</p> <p>(4) He shall have proven to possess integrity and probity; and</p> <p>(5) He shall be assiduous;</p> |

| | | |
|-------------------------------------|--|---|
| | <p>Corporate Governance, the law and the rules.</p> <p>(3) That the director to be appointed possesses none of the temporary disqualifications set by the Company's Manual on Corporate Governance, the law and the rules.</p> | |
| <p>(ii) Non-Executive Directors</p> | <p>The Nomination Committee, in determining the qualified nominees to be re-appointed to the Board of Directors, shall consider the following in addition to the relevant provision of the Articles of incorporation and the By-laws of the Corporation:</p> <p>(1) That the director to be re-appointed maintains the Qualifications as set by the Company's By-laws, Manual on Corporate Governance, the law and the rules.</p> <p>(2) That the director to be appointed possesses none of the permanent disqualifications set by the Company's Manual on Corporate Governance, the law and the rules.</p> <p>(3) That the director to be appointed possesses none</p> | <p>(1) Holder of at least one (1) share of stock of the Corporation;</p> <p>(2) He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;</p> <p>(3) He shall be at least twenty five (25) years old;</p> <p>(4) He shall have proven to possess integrity and probity; and</p> <p>(5) He shall be assiduous;</p> |

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| | <p>of the temporary disqualifications set by the Company's Manual on Corporate Governance, the law and the rules.</p> | |
| <p>(iii) Independent Directors</p> | <p>The Nomination Committee, in determining the qualified nominees to be re-appointed to the Board of Directors, shall consider the following in addition to the relevant provision of the Articles of Incorporation and the By-laws of the Corporation:</p> <p>(1) That the director to be re-appointed maintains the Qualifications as set by the Company's By-laws, Manual on Corporate Governance, the law and the rules.</p> <p>(2) That the director to be appointed possesses none of the permanent disqualifications set by the Company's Manual on Corporate Governance, the law and the rules.</p> <p>(3) That the director to be appointed possesses none of the temporary disqualifications set by the Company's Manual on</p> | <p>(1) Is independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the Company and includes any person who:</p> <ol style="list-style-type: none"> 1. Is not a director or officer of the covered company or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing; 2. Does not own more than two percent (2%) of the shares of the covered company and/or its related companies or any of its substantial shareholders; 3. Is not related to the director, officer or substantial shareholder of the covered company, and of its related companies or any of its substantial shareholders. 4. Is not acting as a nominee or representative of any director or substantial shareholder of the covered company, and/or any of its related companies and/or of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement; 5. Is not acting as a nominee or representative of any director or substantial shareholder of the covered company, and/or any of its |

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| | Corporate Governance, the law and the rules. | <p>related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;</p> <p>6. Has not been employed in any executive capacity by the covered company, any of its related companies and/or with any of its substantial shareholders within the last five (5) years;</p> <p>7. Is not retained, either personally or through his firm or any similar entity, as professional adviser, by that covered company, any of its related companies and/or any of its substantial shareholders, within the last five (5) years; or</p> <p>8. Has not engaged and does not engage in any transaction with the covered company and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial</p> |
| <p>c. Permanent Disqualification</p> | | |
| (i) Executive Directors | <p>In case any vacancy shall occur among the directors, such vacancy may be filled by the remaining directors at any meeting at which a quorum shall be present. Any such vacancy may also be filled by the stockholders entitled to vote at any meeting held during such vacancy.</p> | <p>a. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures</p> |

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| | | <p>commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <p>b. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities;</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him</p> |
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| | | <p>from membership, participation or association with a member or participant of the organization.</p> <p>c. Any person convicted by final judgment or order by court or competent administrative body of an offense involving moral turpitude or fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>d. Any person finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;</p> <p>e. Any person judicially declared to be insolvent;</p> <p>f. Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;</p> <p>g. Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment; and,</p> <p>h. Any person engaged in or connected with any business which competes with or is antagonistic to that of the Corporation. Without limiting the</p> |
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| | | <p>generality of the foregoing, a person shall be deemed to be so engaged or connected:</p> <p>i. If he is an officer, manager, director, consultant, controlling person of, or the owner (either of record or beneficially) of 5% or more of any outstanding class of shares of, any other corporation or entity engaged in a business which the Board, by a majority vote, determines to be competitive or antagonistic to that of the Corporation;</p> <p>ii. If the Board, in the exercise of its judgment in good faith, determines by a majority vote that he is the nominee of any person set forth in the immediately preceding subparagraph (i).</p> |
| (ii) Non-Executive Directors | <p>In case any vacancy shall occur among the directors, such vacancy may be filled by the remaining directors at any meeting at which a quorum shall be present. Any such vacancy may also be filled by the stockholders entitled to vote at any meeting held during such vacancy.</p> | <p>a. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <p>b. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser,</p> |

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| | | <p>principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities;</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization.</p> <p>c. Any person convicted by final judgment or order by court or competent administrative body of an offense involving moral turpitude or fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>d. Any person finally found by the Commission or a court or other administrative body to have</p> |
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| | | <p>willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;</p> <p>e. Any person judicially declared to be insolvent;</p> <p>f. Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;</p> <p>g. Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment; and,</p> <p>h. Any person engaged in or connected with any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged or connected:</p> <p>i. If he is an officer, manager, director, consultant, controlling person of, or the owner (either of record or beneficially) of 5% or more of any outstanding class of shares of, any other corporation or entity engaged in a business which the Board, by a majority vote, determines to be competitive or antagonistic to that of the Corporation;</p> <p>ii. If the Board, in the</p> |
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| | | <p>exercise of its judgment in good faith, determines by a majority vote that he is the nominee of any person set forth in the immediately preceding subparagraph (i).</p> |
| <p>(iii) Independent Directors</p> | <p>In case any vacancy shall occur among the directors, such vacancy may be filled by the remaining directors at any meeting at which a quorum shall be present. Any such vacancy may also be filled by the stockholders entitled to vote at any meeting held during such vacancy.</p> | <p>a. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <p>b. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities;</p> <p>The disqualification shall also apply if such person is currently</p> |

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| | | <p>the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization.</p> <p>c. Any person convicted by final judgment or order by court or competent administrative body of an offense involving moral turpitude or fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>d. Any person finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;</p> <p>e. Any person judicially declared to be insolvent;</p> <p>f. Any person finally found guilty by a foreign court or equivalent</p> |
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| | | <p>financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;</p> <p>g. Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment; and,</p> <p>h. Any person engaged in or connected with any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged or connected:</p> <p>i. If he is an officer, manager, director, consultant, controlling person of, or the owner (either of record or beneficially) of 5% or more of any outstanding class of shares of, any other corporation or entity engaged in a business which the Board, by a majority vote, determines to be competitive or antagonistic to that of the Corporation;</p> <p>ii. If the Board, in the exercise of its judgment in good faith, determines by a majority vote that he is the nominee of any person set forth in the immediately preceding subparagraph (i).</p> |
| <p>d. Temporary Disqualification</p> | | |
| <p>(i) Executive Directors</p> | <p>In case any vacancy shall occur among the directors, such vacancy may be filled by the remaining directors at any</p> | <p>a. Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its implementing Rules and</p> |

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| | <p>meeting at which a quorum shall be present. Any such vacancy may also be filled by the stockholders entitled to vote at any meeting held during such vacancy.</p> | <p>Regulations. This disqualification shall be in effect as long as his refusal persists;</p> <ul style="list-style-type: none"> b. Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of directors during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election; c. Dismissal/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; d. Being under preventive suspension by the Corporation; e. If the independent director becomes an officer or employee of the same corporation he shall be automatically disqualified from being an independent director; and, f. Conviction that has not yet become final referred to in the grounds for the disqualification of directors. |
| <p>(ii) Non-Executive Directors</p> | <p>In case any vacancy shall occur among the directors, such vacancy may be filled by the remaining directors at any meeting at which a quorum shall be present. Any such vacancy may also be filled by the stockholders entitled to vote at any meeting held during such vacancy.</p> | <ul style="list-style-type: none"> a. 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; b. Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of directors during his incumbency, or any |

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| | | <p>twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;</p> <p>c. Dismissal/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;</p> <p>d. Being under preventive suspension by the Corporation;</p> <p>e. If the independent director becomes an officer or employee of the same corporation he shall be automatically disqualified from being an independent director; and,</p> <p>f. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.</p> |
| (iii) Independent Directors | <p>In case any vacancy shall occur among the directors, such vacancy may be filled by the remaining directors at any meeting at which a quorum shall be present. Any such vacancy may also be filled by the stockholders entitled to vote at any meeting held during such vacancy.</p> | <p>a. 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;</p> <p>b. Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of directors during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;</p> <p>c. Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect</p> |

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| | | <p>until he has cleared himself of any involvement in the alleged irregularity;</p> <p>d. Being under preventive suspension by the Corporation;</p> <p>e. If the independent director becomes an officer or employee of the same corporation he shall be automatically disqualified from being an independent director; and,</p> <p>f. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.</p> |
| e. Removal | | |
| (i) Executive Directors | <p>In case of any vacancies in the Board of Directors constituting a quorum, may fill the same by the affirmative vote of a majority of such remaining members for the unexpired term subject to the Article IV (Section 1) of the Company's By-laws on Qualification and Term of Office.</p> <p>The stockholders of the corporation may at any special meeting depose or remove from office any director or directors, including any director or directors appointed by the Board of Directors pursuant to the provisions of Section 1 of Article IV (on Qualification and Term of Office) and in case of such removal the stockholders may choose a successor or successors to hold office for the unexpired term.</p> | <p>The Company adopts the criteria set by the Philippine Corporation Code on the Removal of Directors. Under Section 28 of the said Code, removal of a Director may be with or without cause; however, removal without cause cannot be used to deprive minority or members of the right of representation to which they may be entitled under Section 24 of the Corporation Code requiring cumulative voting (Villanueva, Cesar, The Corporate Law, citing Sec. 28, Corporation Code).</p> <p>Any director may be removed from office by a vote of the stockholders holding or representing two-thirds (2/3) of the outstanding capital stock. When the removal is for cause, the two-thirds (2/3) vote is the minimum requirement to remove a director (Ibid).</p> <p>When the removal is without cause, the two-thirds (2/3) vote is also enough to remove a director. The exception is that when the director is elected by the minority through cumulative voting, he may not be removed without cause even if there is two-thirds (2/3) vote (Ibid).</p> |
| (ii) Non-Executive | In case of any vacancies | The Company adopts the criteria set by |

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| <p>Directors</p> | <p>in the Board of Directors constituting a quorum, may fill the same by the affirmative vote of a majority of such remaining members for the unexpired term subject to the Article IV (Section 1) of the Company's By-laws on Qualification and Term of Office.</p> <p>The stockholders of the corporation may at any special meeting depose or remove from office any director or directors, including any director or directors appointed by the Board of Directors pursuant to the provisions of Section 1 of Article IV (on Qualification and Term of Office) and in case of such removal the stockholders may choose a successor or successors to hold office for the unexpired term.</p> | <p>the Philippine Corporation Code on the Removal of Directors. Under Section 28 of the said Code, removal of a Director may be with or without cause; however, removal without cause cannot be used to deprive minority or members of the right of representation to which they may be entitled under Section 24 of the Corporation Code requiring cumulative voting (Villanueva, Cesar, The Corporate Law, citing Sec. 28, Corporation Code).</p> <p>Any director may be removed from office by a vote of the stockholders holding or representing two-thirds (2/3) of the outstanding capital stock. When the removal is for cause, the two-thirds (2/3) vote is the minimum requirement to remove a director (ibid).</p> <p>When the removal is without cause, the two-thirds (2/3) vote is also enough to remove a director. The exception is that when the director is elected by the minority through cumulative voting, he may not be removed without cause even if there is two-thirds (2/3) vote (ibid).</p> |
| <p>(iii) Independent Directors</p> | <p>In case of any vacancies in the Board of Directors constituting a quorum, may fill the same by the affirmative vote of a majority of such remaining members for the unexpired term subject to the Article IV (Section 1) of the Company's By-laws on Qualification and Term of Office.</p> <p>The stockholders of the corporation may at any special meeting depose or remove from office any director or directors, including any director or directors appointed by the Board of Directors pursuant to the provisions of Section 1 of Article IV (on Qualification and Term of Office) and in</p> | <p>The Company adopts the criteria set by the Philippine Corporation Code on the Removal of Directors. Under Section 28 of the said Code, removal of a Director may be with or without cause; however, removal without cause cannot be used to deprive minority or members of the right of representation to which they may be entitled under Section 24 of the Corporation Code requiring cumulative voting (Villanueva, Cesar, The Corporate Law, citing Sec. 28, Corporation Code)</p> <p>Any director may be removed from office by a vote of the stockholders holding or representing two-thirds (2/3) of the outstanding capital stock. When the removal is for cause, the two-thirds (2/3) vote is the minimum requirement to remove a director (ibid).</p> <p>When the removal is without cause, the two-thirds (2/3) vote is also enough to remove a director. The exception is that when the director is elected by the</p> |

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| | case of such removal the stockholders may choose a successor or successors to hold office for the unexpired term. | minority through cumulative voting, he may not be removed without cause even if there is two-thirds (2/3) vote (ibid). |
| f. Re-instatement | | |
| Except as may be provided under the existing laws and rules, the Company has no specific policy on re-instatement of the Board of Directors. | | |
| (i) Executive Directors | N/A | N/A |
| (ii) Non-Executive Directors | N/A | N/A |
| (iii) Independent Directors | N/A | N/A |
| g. Suspension | | |
| Except as may be provided under the existing laws and rules, the Company has no specific policy on suspension of the Board of Directors. | | |
| (i) Executive Directors | N/A | N/A |
| (ii) Non-Executive Directors | N/A | N/A |
| (iii) Independent Directors | N/A | N/A |

Voting Result of the last Annual General Meeting

All the directors received the unanimous vote of all shareholders present and represented during the Annual Stockholders' Meeting constituting 92.16% of the Company's common shares and 99.04% of the Company's preferred shares.

| Name of Director | Votes Received |
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| Gilberto R. Duavit | Unanimous |
| Felipe L. Gozon | Unanimous |
| Felipe S. Yalong | Unanimous |
| Anna Teresa M. Gozon-Abrogar | Unanimous |
| Joel Marcelo G. Jimenez | Unanimous |
| Laura J. Westfall | Unanimous |
| Michael John R. Duavit | Unanimous |
| Dr. Jaime Laya | Unanimous |
| Chief Justice Artemio V. Panganiban | Unanimous |

6) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

The members of the Corporation's board of directors are annually required to attend a Corporate Governance Seminar conducted by Sycip Gorres & Velayo.

(b) State any in-house training and external courses attended by Directors and Senior Management³ for the past three (3) years.

- (1) Strategic Planning
- (2) Election and Election-related briefings and planning
- (3) Performance Management Briefings

(c) Continuing education program for directors; programs and seminar and roundtables attended during the year.

| Name of Director/Officer | Date of Training | Program | Name of Training Institution |
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| Gilberto R. Duavit, Jr. | December 11, 2014 | Corporate Governance | Sycip Gorres and Velayo |
| | September 17, 2015 | Corporate Governance | Sycip Gorres and Velayo |
| | November 10, 2016 | Corporate Governance | Sycip Gorres and Velayo |
| Felipe L. Gozon | December 11, 2014 | Corporate Governance | Sycip Gorres and Velayo |
| | September 17, 2015 | Corporate Governance | Sycip Gorres and Velayo |
| | November 10, 2016 | Corporate Governance | Sycip Gorres and Velayo |
| Felipe S. Yalong | December 11, 2014 | Corporate Governance | Sycip Gorres and Velayo |
| | September 17, 2015 | Corporate Governance | Sycip Gorres and Velayo |
| | November 10, 2016 | Corporate Governance | Sycip Gorres and Velayo |
| Anna Teresa M. Gozon-Abrogar | December 11, 2014 | Corporate Governance | Sycip Gorres and Velayo |

³ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

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| | September 17, 2015 | Corporate Governance | Sycip Gorres and Velayo |
| | November 10, 2016 | Corporate Governance | Sycip Gorres and Velayo |
| Joel Marcelo G. Jimenez | December 11, 2014 | Corporate Governance | Sycip Gorres and Velayo |
| | September 17, 2015 | Corporate Governance | Sycip Gorres and Velayo |
| | November 10, 2016 | Corporate Governance | Sycip Gorres and Velayo |
| Laura J. Westfall | December 11, 2014 | Corporate Governance | Sycip Gorres and Velayo |
| | September 17, 2015 | Corporate Governance | Sycip Gorres and Velayo |
| | November 10, 2016 | Corporate Governance | Sycip Gorres and Velayo |
| Gilberto M. Duavit | November 10, 2016 | Corporate Governance | Sycip Gorres and Velayo |
| Dr. Jaime Laya | February 4, 2014 | Corporate Governance & Risk Management Summit | The Institute of Corporate Directors |
| | February 18, 2015 | Orientation Course for Corporate Governance | The Institute of Corporate Directors |
| | September 17, 2016 | Corporate Governance Training Program | The Institute of Corporate Directors |
| Chief Justice Artemio V. Panganiban | February 4, 2014 | Corporate Governance & Risk Management Summit | The Institute of Corporate Directors |
| | February 18, 2015 | Orientation Course for Corporate Governance | The Institute of Corporate Directors |
| | February 5, 2016 | Corporate Governance | SGV & Co. |

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| Marissa Flores | December 2014 | 11, | Corporate Governance | Sycip Gorres & Velayo |
| | September 2015 | 17, | Corporate Governance | Sycip Gorres & Velayo |
| | November 2016 | 10, | Corporate Governance | Sycip Gorres & Velayo |
| Ronaldo P. Mastrili | December 2014 | 11, | Corporate Governance | Sycip Gorres & Velayo |
| | September 2015 | 17, | Corporate Governance | Sycip Gorres & Velayo |
| | November 2016 | 10, | Corporate Governance | Sycip Gorres & Velayo |
| Lilybeth Rasonable G. | December 2014 | 11, | Corporate Governance | Sycip Gorres & Velayo |
| | September 2015 | 17, | Corporate Governance | Sycip Gorres & Velayo |
| | November 2016 | 10, | Corporate Governance | Sycip Gorres & Velayo |
| Engr. Elvis B. Ancheta | December 2014 | 11, | Corporate Governance | Sycip Gorres & Velayo |
| | September 2015 | 17, | Corporate Governance | Sycip Gorres & Velayo |
| | November 2016 | 10, | Corporate Governance | Sycip Gorres & Velayo |
| Atty. Eduardo P. Santos | December 2014 | 11, | Corporate Governance | Sycip Gorres & Velayo |
| | September 2015 | 17, | Corporate Governance | Sycip Gorres & Velayo |
| | November 2016 | 10, | Corporate Governance | Sycip Gorres & Velayo |

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| Atty. Roberto O. Parel | December 2014 | 11, | Corporate Governance | Sycip Gorres & Velayo |
| | September 2015 | 17, | Corporate Governance | Sycip Gorres & Velayo |
| | November 2016 | 10, | Corporate Governance | Sycip Gorres & Velayo |
| Lizelle Maralag | November 2016 | 10, | Corporate Governance | Sycip Gorres & Velayo |

B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

| Business Conduct & Ethics | Directors | Senior Management | Employees |
|---------------------------|--|--|-----------|
| (a) Conflict of Interest | <p>The Corporation adheres to the standards set under SEC Memorandum Circular No. 6 Series of 2009 (Revised Code of Corporate Governance) which states that a director should observe the conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the corporation.</p> <p>The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advance for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual</p> | <p>The Company's Employee Handbook (p. 11) contains an express provision on "Conflict of Interest", to wit:</p> <p><i>"Employees are prohibited from working directly or indirectly for a supplier, client or competitor while working for the Network. In the same manner, employees are prohibited from seeking, soliciting, asking and accepting favors or anything of value from suppliers, clients, visitors and the like, personally or through another for any purpose."</i></p> <p>There is also a full section – i.e., D. DISHONESTY AND CONFLICT OF INTEREST – under the Company's Code of Conduct. Offenses are punishable with penalties ranging from 30 days suspension to dismissal (depending on gravity).</p> <p>In case of News and Public Affairs (NPA), the Group has its own Ethics and Editorial Manual</p> | |

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| | <p>or potential conflict of interest may arise on the part of the director, he should fully disclose it and should not participate in their decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.</p> <p>A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation.</p> | <p>("Manual"), which includes a particular section on "Independence/Conflict of Interest".</p> |
| <p>(b) Conduct of Business and Fair Dealings</p> | <p>Under the Company's Revised Manual on Corporate Governance, a director shall conduct fair business transactions with the Corporation, shall act judiciously and ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.</p> | <p>The network's Supply and Asset Management Department (SAMD) has policies on "ACCREDITATION OF SUPPLIERS , GENERAL POLICY AND PROCEDURES FOR PURCHASING", and Accreditation acceptance Letter and Business Practices, wherein the conduct of business and fair dealings is discussed, as found in the following parts of its policies:</p> <p><u>Policy on Accreditation of Suppliers:</u></p> <ol style="list-style-type: none"> 1) Section V (General Guidelines), Item b – Requirements for Accreditation 2) Section V, Item C – Factors in Supplier Evaluation 3) Section V, Item E – Grounds for Cancellation of Accreditation <p><u>General Policy and Procedures for Purchasing:</u></p> <ol style="list-style-type: none"> 1) Section V (General Guidelines), Item 3 – Bidding 2) Section V, Item 4 – Award of Bids / Contracts 3) Section V, Item 13 – Prohibition 4) Section VII – Purchasing Ethics and Standards |

| | | |
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| | | Attached with this file are the softcopies of the policies for your reference. |
| (c) Receipt of gifts from third parties | There is Policy on "Solicitation/Acceptance of Gifts/Favors" issued to all in May 2009. | There is Policy on "Solicitation/Acceptance of Gifts/Favors" issued to all in May 2009. For NPA, its Manual includes a particular section on "Bribes & Gifts". |
| (d) Compliance with Laws & Regulations | The Company has in place several policies and rules intended to ensure that the Network is compliant with existing laws and regulations as well as regulatory requirements. Moreover, the Company's Compliance Officer, Corporate Secretary and its internal and external counsels regularly issue memoranda addressed to the directors in order to inform and remind them of existing laws and policies. | The Company has in place several policies and rules intended to ensure that the Network is compliant with existing laws and regulations as well as regulatory requirements. These policies pertain to the exhibition of programs/ads, airing of electoral campaign materials, operation the purpose of its TV and radio stations, engagement of child talents, use of copyrighted materials, among others. Trainings/seminars are regularly conducted to facilitate dissemination and compliance with said policies. |
| (e) Respect for Trade Secrets/Use of Non-public Information | The Company executes and adheres to non-disclosure/confidentiality agreements respecting trade secrets and confidential information of other parties transacting business with the Network. Unauthorized disclosure of trade secrets/confidential information by employees is subject to disciplinary action under the Code of Conduct. | The Company executes and adheres to non-disclosure / confidentiality agreements respecting trade secrets and confidential information of other parties transacting business with the Network. Unauthorized disclosure of trade secrets/confidential information by employees is subject to disciplinary action under the Code of Conduct. |
| (f) Use of Company Funds, Assets & Information | To ensure the integrity in the use of funds, assets and information, specific offenses have been identified in the Code of Conduct, specifically, in the | To ensure the integrity in the use of funds, assets and information, specific offenses have been identified in the Code of Conduct, specifically, in the following sections of said Code: |

| | | |
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| | <p>following sections of said Code:</p> <p>(1) C. INAPPROPRIATE CONDUCT AND BEHAVIOR;</p> <p>(2) D. DISHONESTY AND CONFLICT OF INTEREST;</p> <p>(3) E. MISUSE OF COMPANY PROPERTY; and</p> <p>(4) F. ENDANGERING HEALTH, SAFETY & SECURITY.</p> <p>As regards 'confidential information', there is a specific "Policy on Handling Confidential Information", implemented since February 2002.</p> | <p>(1) C. INAPPROPRIATE CONDUCT AND BEHAVIOR;</p> <p>(2) D. DISHONESTY AND CONFLICT OF INTEREST;</p> <p>(3) E. MISUSE OF COMPANY PROPERTY; and</p> <p>(4) F. ENDANGERING HEALTH, SAFETY & SECURITY.</p> <p>As regards 'confidential information', there is a specific "Policy on Handling Confidential Information", implemented since February 2002</p> |
| (g) Employment & Labor Laws & Policies | <p>The Company has several policies and rules that ensure compliance with labor laws, rules and regulations. These include policies on benefits, which even prescribe rates over what are legally mandated.</p> | <p>The Company has several policies and rules that ensure compliance with labor laws, rules and regulations. These include policies on benefits, which even prescribe rates over what are legally mandated.</p> |
| (h) Disciplinary Action | <p>Under the Company's Revised Manual on Corporate Governance, in case of violation of its provisions, the following penalties shall be imposed, after notice and hearing, on the company's directors:</p> <p>(1) In the case of first violation, the subject person shall be reprimanded;</p> <p>(2) Suspension from shall be</p> | <p>Aside from Labor Code, these are governed by: (1) Revised Policy on Employee Discipline (effective as of Sept. 1, 2015); (2) Revised Code of Conduct (effective as of April 1, 2017); and (3) Collective Bargaining Agreement (CBA) effective 2014-2019.</p> |

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| | <p>imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation as determined by the Board.</p> <p>(3) For third violation, the maximum penalty of removal from office may be imposed.</p> <p>The commission of a third violation of this Revised Manual by any member of the board of the Company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.</p> | |
| (i) Whistle Blower | <p>The Company has no formal 'whistleblower policy'. However, the Company has a mechanism by which anyone can give feedback to top management at any time via the "Letter to the Chairman", through drop boxes strategically situated within the Network premises.</p> <p>The performance appraisal form also has the 'Remarks' portion that allows subordinates to give feedback/comments to superiors.</p> | <p>The Company has no formal 'whistleblower policy". However, we have mechanism by which anyone can give feedback to top management at any time via the "Letter to the Chairman", through drop boxes strategically situated within the Network premises.</p> <p>The performance appraisal form also has the 'Remarks' portion that allows subordinates to give feedback/comments to superiors.</p> |
| (j) Conflict Resolution | The Company has no express policy on | Under the Revised Policy on Employee Discipline (effective Sept. |

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| | <p>resolving conflict or disputes between and among directors. Nonetheless, pursuant to the Company's Revised Manual on Corporate Governance, the Directors are expected to act in a manner characterized by transparency, accountability and fairness.</p> <p>If all else fails, conflict may be resolved either through voluntary or compulsory arbitration.</p> | <p>1, 2015), there is provision on Conciliation/Mediation, which will apply: (a) in cases where the aggrieved party is a co-employee; and (b) when the penalty prescribed for the offense is less than dismissal. (N.B. Item #s 6 and 7 provide for the detailed procedures for Conciliation and Mediation.)</p> <p>Outside the scope of the provisions of "Conciliation and Mediation", disputes (official only) are elevated first to the immediate superior, then to next level superior, then department/group head. If still not resolved, the issue may be referred to HRDD (sometimes, with Legal) to help mediate the issues.</p> <p>In case dispute is with rank-and-file (RF) employee and/or the Union, there is specific procedure for 'grievance' outlined in the CBA (Article XIII).</p> <p>If all else fails, conflict may be resolved either through voluntary or compulsory arbitration.</p> |
|--|--|---|

- 2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Yes, the Directors, Senior Management and Employees were all furnished copies of the Revised Code of Conduct. Orientations of managers and employees were also conducted as of March 30, 2017.

- 3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

The implementation and monitoring of the Code of Conduct (as well as the NPA Manual) is a "line" function. The management within the concerned departments oversees the compliance with the Code and the Manual. Any possible violation is investigated at department level, then, endorsed to the Human Resources Development Department (HRDD). HRDD conducts administrative investigations observing due process. If a rank and file (RF) employee is involved, the Union is required to take part in the proceedings. After the investigations, HRDD writes a report of its findings with recommendations, clears the report with Legal, then submits to the President & COO (in some cases, submission is also to the Chairman & CEO) for final approval of the recommendation.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

All material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes to ownership.

| Related Party Transactions | Policies and Procedures |
|--|---|
| (1) Parent Company | The Corporation believes that the essence of corporate governance is transparency. It is the Company's policy that all material information, such as related party transactions shall be disclosed. |
| (2) Joint Venture | |
| (3) Subsidiaries | |
| (4) Entities Under Common Control | |
| (5) Substantial Stockholders | |
| (6) Officers including spouse/ children/ siblings/ parents | |
| (7) Directors including spouse/ children/ siblings/parents | |
| (8) Interlocking director relationship of Board of Directors | |

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved. **NOT APPLICABLE**

| | Details of Conflict of Interest (Actual or Probable) |
|----------------------------------|---|
| Name of Directors/ | N/A |
| Name of Officer/s | N/A |
| Name of Significant Shareholders | N/A |

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers, and significant shareholders.

| | Directors/Officers/Significant Shareholders |
|------------------|---|
| Company Group | Under the Company's By-laws, no person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in or connected with any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the |

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| | <p>foregoing, a person shall be deemed to be so engaged or connected:</p> <p>(a) If he is an office, manager, director, consultant, controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any other corporation or entity engaged in a business which the Board, by a majority vote, determines to be antagonistic to that of the Corporation; or</p> <p>(b) If the Board, in the exercise of its judgment in good faith, determining whether or not a person set forth in determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board may take into account such factors as business and family relationship.</p> |
|--|---|

(5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,⁴ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company.

| Name of Related Significant Shareholders | Type of Relationship | Brief Description |
|--|----------------------|---|
| Gilberto M. Duavit and Gilberto R. Duavit, Jr. | Familial | Gilberto M. Duavit is the father of Gilberto R. Duavit, Jr. |
| Felipe L. Gozon and Anna Teresa M. Gozon-Abrogar | Familial | Felipe L. Gozon is the father of Anna Teresa M. Gozon-Abrogar |
| Joel Marcelo G. Jimenez and Laura J. Westfall | Familial | Felipe L. Gozon's sister, Carolina L. Gozon-Jimenez, is the mother of Joel Marcelo G. Jimenez and Laura J. Westfall |

(Note, however, that all of the aforementioned shareholders are record and beneficial holders of less than 5% equity).

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company: **NOT APPLICABLE**

⁴ Family relationship up to the fourth civil degree either by consanguinity or affinity.

| Name of Related Significant Shareholders | Type of Relationship | Brief Description |
|--|----------------------|-------------------|
| N/A | N/A | N/A |

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company: **NOT APPLICABLE**

| Name of Shareholders | % of Capital Stock affected (Parties) | Brief Description of the Transaction |
|----------------------|---------------------------------------|--------------------------------------|
| N/A | N/A | N/A |

(6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and the third parties, including regulatory authorities.

| | Alternative Dispute Resolution System |
|--------------------------------------|--|
| Corporation & Stockholders | <p>The Company has not had any disputes with its Stockholders and Regulatory Authorities, thus there has been no need for the application of a dispute resolution process. With respect to the conflict or differences with third companies, it is the Company's practice to first exert all possible avenues to reach an amicable settlement, before going into litigation.</p> |
| Corporation & Third Parties | |
| Corporation & Regulatory Authorities | |

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

As a matter of practice and policy, the Company's Board of Directors consistently meets every quarter.

2) Attendance of Directors

| Board | Name | Date of Election | No. of Meetings Held during the year | No. of Meetings Attended | % |
|----------|-----------------|------------------|--------------------------------------|--------------------------|------|
| Chairman | Felipe L. Gozon | May 18, 2016 | 5 | 5 | 100% |

| | | | | | |
|-------------|-------------------------------------|---------------------|----------|----------|-------------|
| Member | Gilberto R. Duavit, Jr. | <u>May 18, 2016</u> | <u>5</u> | <u>5</u> | <u>100%</u> |
| Member | Joel Marcelo G. Jimenez | <u>May 18, 2016</u> | <u>5</u> | <u>5</u> | <u>100%</u> |
| Member | Felipe S. Yalong | <u>May 18, 2016</u> | <u>5</u> | <u>5</u> | <u>100%</u> |
| Member | Anna Teresa M. Gozon-Abrogar | <u>May 18, 2016</u> | <u>5</u> | <u>5</u> | <u>100%</u> |
| Member | Michael John R. Duavit ⁵ | <u>May 18, 2016</u> | <u>3</u> | <u>5</u> | <u>60%</u> |
| Member | Laura J. Westfall | <u>May 18, 2016</u> | <u>5</u> | <u>5</u> | <u>100%</u> |
| Independent | Artemio V. Panganiban | <u>May 18, 2016</u> | <u>5</u> | <u>5</u> | <u>100%</u> |
| Independent | Jaime C. Laya | <u>May 18, 2016</u> | <u>5</u> | <u>5</u> | <u>100%</u> |

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

No.

- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

No. A majority of the number of directors as fixed in the Company's Amended Articles of Incorporation shall constitute quorum for the transaction of corporate business, and every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board. However, the Company adopts the provisions of applicable laws and rules for matters which require 2/3 votes of the board members.

- 5) Access to information.

- (a) How many days in advance are board papers⁶ for board of directors meetings provided to the board?

One month to one week before the meeting.

- (c) Do Board members have independent access to Management and the Corporate Secretary?

Yes.

- (d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain.

Yes, the Company's Corporate Secretary is a lawyer and member of the Philippine Bar.

- (e) Committee Procedures

⁵Cong. Michael John R. Duavit resigned as director on June 20, 2016 due to his election as member of the House of Representatives.

⁶ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

YES

NO

| Committee | Details of the Procedure |
|-------------------|---|
| Executive | <p>Management provides the members of the committees complete, adequate and timely information about the matters to be taken in their meetings.</p> <p>Moreover, the members of the Committees are given independent access to the Management and the Corporate Secretary as well as the Corporate records.</p> <p>Finally, the members of the Board, either individually or as a Board, and in furtherance of their duties and responsibilities, have access to the Company's external counsel to seek independent professional advice at the corporation's expense.</p> |
| Audit | |
| Nomination | |
| Remuneration | |
| Others (specific) | |

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice, and if so, provide details:

| Procedures | Details |
|---|---|
| The members of the Board of Directors, may via telephone call, email or a written letter/memorandum, seek advice from the Company's external counsel. | In furtherance of their duties and responsibilities, the members of the Board of Directors may seek independent professional advice at the Corporation's expense. |

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

| Existing Policies | Changes | Reason |
|---|---|--|
| Under Company's Collective Bargaining Agreement, in the event of death or disability, the | Under the Retirement Plan the employee is no longer required to have at least 10 years of credited service in | In order to reconcile the provisions of the Collective Bargaining Agreement (CBA) with that of the |

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| employee is entitled to benefits regardless of the years of service. However, under the Retirement Plan the employee is required to have at least ten (10) years of Credited Service. | order to avail of the benefits. He may avail such benefits regardless of his length of service. | Employees' Retirement Benefit Plan ("Retirement Plan"). |
|---|---|---|

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

| Process | CEO | Top 4 Highest Paid Management Officers |
|---|--|--|
| (1) Fixed remuneration | The compensation of the CEO is recommended by the EXCOM and approved by the Board of Directors. | Approved by the Executive Committee as may be recommended by the Compensation and Remuneration Committee of the Board of Directors |
| (2) Variable remuneration | N/A | N/A |
| (3) Per diem allowance | All per diem and allowances are recommended and approved by the Executive Committee and Board Directors. | N/A |
| (4) Bonus | N/A | Declared by the Executive Committee (as may be recommended by the Compensation and Remuneration Committee of the Board of Directors) and paid to all employees during mid-year, November and December. |
| (5) Stock Options and other financial instruments | N/A | N/A |
| (6) Others (specify) | N/A | N/A |

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

| Remuneration Policy | Structure of Compensation Packages | How Compensation is Calculated |
|---------------------|------------------------------------|--------------------------------|
|---------------------|------------------------------------|--------------------------------|

| | |
|---|--|
| Executive Directors | The compensation of the CEO, Executive Directors and non-executive directors, are recommended by the Executive Committee and approved by the Board of Directors. Similarly, all per diem and allowances are all approved by the Executive Committee and Board Directors. |
| Non-Executive Directors | |
| The members of the Board of Directors receive a total of not more than 2.5% of the net income of the Company, 1.5% of which is paid to the members of the Executive Committee and the remaining 1% is distributed pro rata to the members of the Board. | |

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowance, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

During the Annual Stockholders' Meeting, the stockholders may vote to ratify or revoke the acts and decisions of the Board of Directors. However, there was no remuneration scheme specifically submitted to the stockholders for approval for the past three (3) years.

| Remuneration Scheme | Date of Stockholders' Approval |
|---------------------|--------------------------------|
| N/A | N/A |

3) Aggregate Remuneration

Complete the following table on aggregate remuneration accrued during the most recent year:

| Remuneration Item | Executive Directors | Non-Executive Directors (other than independent directors) | Independent Directors |
|--|---------------------|--|-----------------------|
| (a) Fixed Remuneration | 127,346,265 | N/A | N/A |
| (b) Variable Remuneration | N/A | N/A | N/A |
| (c) Per Diem Allowance | 10,558,824 | 5,691,177 | 1,664,706 |
| (d) Bonuses (including Profit Sharing) | 209,080,508 | 29,166,667 | 7,777,778 |
| (e) Stock Options and/or other financial instruments | N/A | N/A | N/A |
| (f) Others (specify) | N/A | N/A | N/A |
| TOTAL | 346,985,596 | 34,857,843 | 9,442,484 |

| Other Benefits | Executive Directors | Non-Executive Directors (other than independent directors) | Independent Directors |
|---|---------------------|--|-----------------------|
| 1) Advances | N/A | N/A | N/A |
| 2) Credit granted | N/A | N/A | N/A |
| 3) Pension Plan/s Contribution/Expenses | 18,886,732 | N/A | N/A |

| | | | |
|--|-----------|-----|-----|
| 4) Pension Plans, Obligations incurred | N/A | N/A | N/A |
| 5) Life Insurance Premium | 121,040 | N/A | N/A |
| 6) Hospitalization Plan / Premium | 63,095 | N/A | N/A |
| 7) Car Plan* | 9,560,000 | N/A | N/A |
| 8) Others (specify) | N/A | N/A | N/A |

*once every 4 years

4) Stock Rights, Options and Warrants

(a) Board of Directors **NOT APPLICABLE**

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

| Director's Name | Number of Direct Option/Rights/Warrants | Number of Direct Option/Rights/Warrants | Number of Equivalent Shares | Total % from Capital Stock |
|-----------------|---|---|-----------------------------|----------------------------|
| N/A | N/A | N/A | N/A | N/A |

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting: **NOT APPLICABLE**

| Incentive Program | Amendments | Date of Stockholders' Approval |
|-------------------|------------|--------------------------------|
| N/A | N/A | N/A |

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration during the financial year:

| Name of Officer/Position | Total Remuneration |
|--|----------------------|
| Marissa L. Flores, Lizelle G. Maralag, | <u>33,975,009.27</u> |
| Rizalina Garduque, Leah Nuyda | |
| Carmeia Teopaco | |

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

| Committee | No. of Members | | | Committee Charter | Functions | Key Responsibilities | Power |
|---------------------------|-------------------------|------------------------------|---------------------------|--|---|---|--|
| | Executive Director (ED) | Non-Executive Director (NED) | Independent Director (ID) | | | | |
| Executive | 2 | 1 | 0 | Revised Manual on Corporate Governance | The Executive Committee, in accordance with the authority granted by the Board, or during the absence of the Board, shall act by majority vote of all its members of such specific matters within the competence of the Board as Directors as may from time to time be delegated to the Executive Committee, except with respect to certain matters exclusively vested in the Board of Directors. | All actions of the Executive Committee shall be reported to the Board of Directors at the meeting thereof following such action and shall be subject to revision or alteration by the Board of Directors. | An act of the Executive Committee which is within the scope of its powers shall not require the ratification or approval for its validity and effectivity |
| Audit and Risk Management | 1 | 2 | 2 | Audit Committee Charter | <p>a. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;</p> <p>b. Provide oversight over Management's activities in managing credit, market, liquidity,</p> | The Committee shall be responsible to the Board of Directors, shall act independently of management and shall be provided with resources as may be necessary, including access to outside advisors, as | The Audit Committee shall assist the Board of Directors in its fiduciary responsibility for the over-all effectiveness of risk management systems and both the internal and external audit functions of the Corporation. |

| | | | | | | | |
|------------|---|---|---|--|---|--|---|
| | | | | | <p>operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities;</p> <p>c. Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;</p> <p>d. Review the reports submitted by the internal and external auditors;</p> | <p>that will enable it to fulfill its functions satisfactorily. It shall meet at least four (4) times a year.</p> | |
| Nomination | 2 | 1 | 1 | Revised Manual on Corporate Governance | <p>The purpose of the Nomination committee is to assist the Board of Directors in its responsibility in ensuring that all nominees to the Board of Directors are competent and qualified to be nominated as Director based on internal guidelines.</p> | <p>The Nomination Committee shall be responsible for ensuring that the selection of new members of the Board of Directors is transparent with the end Objective of having the Board of Directors increase shareholder value.</p> | <p>The powers of the Nomination Committee include:</p> <p>a. Pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with pertinent provisions of the Articles of Incorporation and By-laws of the corporation, as well as established guidelines on qualifications and disqualifications.</p> |

| | | | | | | | |
|-------------------------------|---|---|---|--|--|---|---|
| | | | | | | | the size and composition of the Board in view of long-term business plans, and the needed approximate skills and characteristics of the Board members. |
| Compensation and Remuneration | 1 | 2 | 2 | Revised Manual on Corporate Governance | To recommend a formal and transparent remuneration and compensation system for the Directors and key executives and to provide assurance that this system is properly functioning. | <p>Recommend a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.</p> <p>Recommend a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers;</p> <p>Disallow any director to decide on his or her own</p> | The Nomination Committee shall report directly to the Board of Directors in performing its mission to provide the shareholders with an independent and objective evaluation and assurance that the membership of the Board of Directors is competent and will foster the long-term success of the Corporation and secure its sustained competitiveness. |

| | | | | | | |
|--|--|--|--|--|---|--|
| | | | | | <p>remuneration.</p> <p>Review (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provision on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.</p> <p>Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of aggregate compensation of its executive officers for the previous fiscal year and the ensuing year as prescribed by the Securities and Exchange</p> | |
|--|--|--|--|--|---|--|

| | | | | | | | |
|------------------|--|--|--|--|--|---------------------------------------|--|
| | | | | | | Commission or other regulator agency. | |
| Others (specify) | | | | | | | |

2) Committee Members

(a) Executive Committee

| Office | Name | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|--------------|-------------------------|---------------------|----------------------|--------------------------|------|---|
| Member (ED) | Felipe L. Gozon | May 18, 2016 | 25 | 25 | 100% | Over ten years (re-appointed annually since 1975) |
| Chairman | Gilberto R. Duavit, Jr. | May 18, 2016 | 25 | 25 | 100% | Over ten years (re-appointed annually since 2002) |
| Member (NED) | Joel Marcelo Jimenez | May 18, 2016 | 25 | 25 | 100% | Over ten years (re-appointed annually since 1999) |
| Member (ID) | N/A | N/A | N/A | N/A | N/A | N/A |

(b) Audit and Risk Management Committee

| Office | Name | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|-------------|-------------------|---------------------|----------------------|--------------------------|------|--|
| Chairman | Dr. Jaime C. Laya | May 18, 2016 | 7 | 7 | 100% | 8 years (re-appointed annually since 2007) |
| Member (ED) | N/A | N/A | N/A | N/A | N/A | N/A |

| | | | | | | |
|--------------|-------------------------------------|--------------|---|---|------|---|
| Member (NED) | Michael John R. Duavit | May 18, 2016 | 4 | 3 | 75% | 2 years (resigned as director on June 20, 2016) |
| | Laura J. Westfall | May 18, 2016 | 7 | 7 | 100% | 8 years (re-appointed annually since 2007) |
| | Anna-Teresa M. Gozon-Abrogar | May 20, 2015 | 7 | 7 | 100% | 8 years (re-appointed since 2007) |
| Member (ID) | Chief Justice Artemio V. Panganiban | May 18, 2016 | 7 | 7 | 100% | 8 years (re-appointed since 2007) |

Disclose the profile or qualifications of the Audit Committee members.

Dr. Jaime C. Laya, Filipino, 78 years old, has been an independent Director of GMA Network, Inc. since 2007. He is the Chairman and President of Philippine Trust Company (Philtrust Bank), Director of Ayala Land, Inc., Manila Water Company, Inc., and Philippine AXA Life Insurance Company, Inc. He also serves as Chairman of Don Norberto Ty Foundation, Inc. and Escuela Taller de Filipinas Foundation, Inc.; Trustee of St. Paul University - Quezon City, Cultural Center of the Philippines, Metropolitan Museum of Manila, Yuchengco Museum, Fundación Santiago, Inc., Ayala Foundation, Inc., and other foundations. He writes a weekly column for the *Manila Bulletin*.

He was Minister of Budget, 1975-1981; Minister of Education, Culture and Sports, 1984-86; Chairman of the Monetary Board and Governor, Central Bank of the Philippines, 1981-1984; Chairman, National Commission for Culture and the Arts, 1996-2001. He was faculty member of the University of the Philippines, 1957-1978 and Dean of the College of Business Administration, 1969-1974. In 1986, he founded J.C. Laya & Co., Ltd. (Certified Public Accountants and Management Consultants) later the Philippine member firm of KPMG International; he served as the firm's Chairman until his retirement in 2004.

He earned his BSBA, *magna cum laude*, University of the Philippines, 1957; M.S. in Industrial Management, Georgia Institute of Technology, 1960; Ph.D. in Financial Management, Stanford University, 1966. He is a Certified Public Accountant.

Laura J. Westfall, Filipino, 49 years old, has been a Director of the Company since 2000. She held the following positions in the Company — Senior Vice President of Corporate and Strategic Planning and Senior Vice President for Finance. In addition, she has served as Chairperson and President of GMA New Media. Prior to joining the Company, she worked for BDO Seidman – Los Angeles, an international audit and management consulting firm. She currently holds various positions in the Menarco Group of Companies and serves as Board Member of Coffee Bean and Tea Leaf Philippines, Bronzeoak Clean Energy, Inc., and Museo Pambata.

She holds a Masters Degree in Public and Private Management from Yale University and a Bachelor of Science degree in Accounting from the University of Southern California. She is a Certified Public Accountant (CPA) in the State of California.

Anna Teresa M. Gozon, Filipino, 45 years old, has been a Director of the Company since 2000. She graduated valedictorian from grade school and high school at Colegio San Agustin. She graduated *cum laude*, BS Management Engineering from Ateneo de Manila University and obtained her Bachelor of Laws degree from the University of the Philippines where she graduated valedictorian, *cum laude*. She later obtained her Master of Laws from Harvard University.

She is a junior partner in Belo Gozon Elma Parel Asuncion & Lucila and is an Associate Professor in the University of the Philippines, College of Law where she taught Taxation and Legal History.

She is currently Programming Consultant to the Chairman/CEO of GMA Network, Inc. and the President of GMA Films, Inc. and GMA Worldwide, Inc. She is a trustee of GMA Kapuso Foundation.

Chief Justice Artemio V. Panganiban, Filipino, 80 years old, has been an Independent Director of the Company since 2007. In 1995, he was named a Justice of the Supreme Court and in 2005, he was appointed Chief Justice of the Philippines — a position he held until December 2006. At present, he is also an Independent Director of these firms: First Philippine Holdings Corp., Metro Pacific Investments Corp., Manila Electric Company, Robinsons Land Corp., GMA Holdings, Inc., Philippine Long Distance Telephone Co., Petron Corporation, Bank of the Philippine Islands, Asian Terminals, Asian Hospital, Inc. and a regular Director of Jollibee Foods Corporation. He is also a Senior Adviser of Metropolitan Bank, Chairman, Board of Advisers of Metrobank Foundation, Adviser of Double Dragon Properties, Chairman of the Board of the Foundation for Liberty and Prosperity, President of the Manila Cathedral Basilica Foundation, Chairman Emeritus of Philippine Dispute Resolution Center, Inc., and Member, Advisory Board of the World Bank (Philippines) and of the Asian Institute of Management Corporate Governance Council. He also is a column writer of The Philippine Daily Inquirer.

Upon his retirement, he was unanimously conferred a Plaque of Acclamation by the Associate Justices of the Supreme Court as the "Renaissance Jurist of the 21st Century;" and an Award of Honor by the Philippine Bar Association. In recognition of his role as a jurist, lawyer, civic leader, Catholic lay worker, business entrepreneur and youth leader, he had been the recipient of over 250 other awards from various governments, civic clubs, consumer associations, bar groups, religious movements and other non-government organizations, both local and international.

He obtained his Associate in Arts, "With Highest Honors" and later his Bachelor of Laws, with

cum laude and "Most Outstanding Student" honors from the Far Eastern University. He placed sixth among more than 4,200 candidates who took the 1960 Bar examinations. He is likewise the recipient of several honorary doctoral degrees from various universities.

Describe the Audit Committee's responsibility relative to the external auditor.

The Audit Committee's responsibilities relative to the external auditor are as follows:

- (1) Evaluate and approve the Annual Audit Plans, programs, scope and frequency submitted by the External Auditor.
- (2) Evaluate all significant issues reported by the External Auditor relating to the adequacy, efficiency and, effectiveness of policies, controls, processes, and activities of the Corporation.
- (3) Ensure that other non-audit work provided by the External Auditor is not in conflict with his functions as External Auditor. The External Auditor shall not at the same time provide the service of Internal Auditor to the company.
- (4) Review the external auditor's management letter and the responses from management and serve as a useful channel of communication between the Board of Directors and External Auditors on matters related to and arising out of the external audit.
- (5) Nominate/re-nominate the External Auditor to the shareholders through the Board of Directors. The nominated External Auditor should enable an environment of good corporate governance as reflected in the Corporation's financial records and reports.

(c) Nomination Committee

| Office | Name | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|--------------|-------------------------------------|---------------------|----------------------|--------------------------|------|--|
| Chairman | Gilberto R. Duavit, Jr. | May 18, 2016 | 1 | 1 | 100% | 9 years (re-appointed annually since 2007) |
| Member (ED) | Felipe L. Gozon | May 18, 2016 | 1 | 1 | 100% | 9 years (re-appointed annually since 2007) |
| Member (NED) | Joel Marcelo G. Jimenez | May 18, 2016 | 1 | 1 | 100% | 9 years (re-annually appointed since 2007) |
| Member (ID) | Chief Justice Artemio V. Panganiban | May 18, 2016 | 1 | 1 | 100% | 9 years (re-appointed annually since 2007) |

(d) Compensation and Remuneration Committee

| Office | Name | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|--------------|-------------------------------------|---------------------|----------------------|--------------------------|------|--|
| Chairman | Felipe L. Gozon | May 18, 2016 | 1 | 1 | 100% | 9 years (re-appointed since 2007) |
| Member (ED) | N/A | N/A | N/A | N/A | N/A | N/A |
| Member (NED) | Michael John R. Duavit | May 18, 2016 | 1 | 1 | 100% | 2 years (appointed in 2015 & 2016) |
| | Laura J. Westfall | May 18, 2016 | 1 | 1 | 100% | 9 years (re-appointed annually since 2007) |
| Member (ID) | Chief Justice Artemio V. Panganiban | May 18, 2016 | 1 | 1 | 100% | 9 years (re-appointed annually since 2007) |

3) Changes in the Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the change: **NOT APPLICABLE**

| Name of Committee | Name | Reason |
|-------------------|------------------------|--|
| Executive | N/A | N/A |
| Audit | Michael John R. Duavit | Election as Member of the House of Representatives |
| Nomination | N/A | N/A |
| Remuneration | Michael John R. Duavit | Election as Member of the House of Representatives |
| Others (Specify) | N/A | N/A |

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year:

| Name of Committee | Work Done | Issues Addressed |
|-------------------|---|--|
| Executive | Acted on matters delegated to it by the Board of directors which matters were acted upon in the ordinary course of business (the acts of the Executive Committee during the year <u>2016</u> are attached in the minutes of every meeting). | No issues outside the ordinary course of business were addressed (see attached) |
| Audit | <p>Meetings with the internal auditor on and external auditor on the Financials of the Company.</p> <p>The Committee reviewed and recommended the approval of the <u>2016</u> Consolidated Financial Statements as prepared by the external auditors.</p> | <p>The Committee requested Management to look into summarizing the results of previous discussions with the various departments of the Company based on meetings held to precisely identify risks, possibilities etc. Based on the summary, the Committee will present to the Board a risk evaluation to the extent that it is possible to be done within the Company. If it is not possible to be done within the Company, then the Company will engage a third party that is aware of the developments in the media industry so that a comprehensive presentation and analysis can be done on the risks facing the Company and what can be done to mitigate these risks.</p> <p>The head of the Corporate Planning Department of the Company was designated to monitor the courses of action taken by the departments to manage the risks.</p> |
| Nomination | Appointment of the Directors | No significant issues |

| | | |
|---------------------------|--|---|
| | for the forthcoming year | encountered and addressed |
| Compensation Remuneration | Recommendation of Salaries and Bonuses of Directors, | No significant issues encountered and addressed |
| Others (Specify) | N/A | N/A |

5) Committee Program

Provide all list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

| Name of Committee | Planned Programs | Issues to be Addressed |
|-------------------|--|--|
| Executive | To fix its own written rules of procedure; | No specific issues yet to be addressed |
| Audit | <p>The Committee requested Management to summarize the results of previous discussions with the various departments of the Company during meetings held to precisely identify risks, possibilities etc. Based on the summary, the Committee will present to the Board a risk evaluation to the extent that it is possible to be done within the Company. If it is not possible to be done within the Company, then the Company will engage a third party that is aware of the developments in the media industry so that a comprehensive presentation and analysis can be done on the risks facing the Company and what can be done to mitigate the risks.</p> <p>The head of the Corporate Planning Department of the Company was designated to monitor the courses of action taken by the departments to manage the risks.</p> | No specific issues yet to be addressed |
| Nomination | <p>To fix written guidelines in the determination of the optimum number of directorships/active memberships and officerships in other corporations allowable for members of the Board of Directors.</p> <p>To fix written guidelines</p> | No specific issues yet to be addressed |

| | | |
|------------------|--|--|
| | regarding the size and composition of the Board in view of long-term business plans, and the needed appropriate skills and characteristics of the Board members. | |
| Remuneration | To recommend a written framework of remuneration and evaluation for the members of the Board of Directors and key executives | No specific issues yet to be addressed |
| Others (Specify) | N/A | N/A |

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The GMA Network's Board of Directors and management are mindful of the risks and uncertainties inherent in the business. In the formulation of corporate strategy and business decision-making, potential risks are always taken into account. Necessary steps are taken to minimize, if not eliminate, such risks.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

During its meeting on November 11, 2016, the Board of Directors discussed the current processes and practices of the Company to manage risks. During the said meeting, the Board's Audit Committee requested Management to summarize the results of discussions among the various departments of the Company during meetings held to precisely identify risks, possibilities etc. Based on the summary, the Committee will present to the Board a risk evaluation to the extent that it is possible to be done within the Company. If it is not possible to be done within the Company, then the Company will engage get an third party that is aware of the developments in the media industry so that a comprehensive presentation and analysis can be done on the risks facing the Company and what can be done to mitigate the risks.

The Board designated the head of the Corporate Planning Department of the Company to monitor the courses of action taken by the departments to manage the risks.

(c) Period covered by the review;

NOT APPLICABLE.

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

Periodic review is conducted by the Audit and Risk Management Committee which assists the Board in the oversight of the company's risk management, ensures that it has the proper controls in place, identifies and evaluates significant risk exposures and contributes to the improvement of risk management and control systems (please refer to answer in 1(b) above)

(e) Where no review was conducted during the year, an explanation why not.

N/A. A review of the existing risk management practices by the Company was conducted by the Board of Directors during its meeting on November 11, 2016.

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

| Risk Exposure | Risk Management Policy | Objective |
|--|---|--|
| Radio and Television broadcasting are highly competitive business; GMA stations compete for listeners/viewers and advertising revenues within their respective markets directly with other radio and or television stations, a well as other media such as cable television and/or cable radio, newspapers, magazines, the internet, billboard advertising, among others. Audience Ratings and market shares are subject to change, and any change in a particular market could have a material adverse effect on the revenues of our stations located in that market. | The GMA Network's Board of Directors and management are mindful of the risks and uncertainties inherent in the business. In the formulation of corporate strategy and business decision-making, potential risks are always taken into account. Necessary steps are taken to minimize, if not eliminate, such risks. | Considering the potential impact of various risks to the company's ability to deliver quality content across multiple platforms, the Company has established a Programming Committee that deliberates weekly on the programming issues and strategies of the network. Regular monthly meetings of the Company's officers are also held to discuss plans, operational issues and strategies, implementation of projects and recommendations for improvements. |

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to policy), along with the objective for each kind of risk: **NOT APPLICABLE, please refer to answer in 1 (b) above.**

| Risk Exposure | Risk Management Policy | Objective |
|---------------|------------------------|-----------|
| N/A | N/A | N/A |

(c) Minority Shareholders **NOT APPLICABLE, please refer to answer in 1 (b) above.**

Indicate the principal risk of the exercise of controlling shareholders' voting power:

| Risk to Minority Shareholders |
|-------------------------------|
| N/A |

3) Control System Set Up

(a) Company **NOT APPLICABLE**, please refer to answer in 1 (b) above.

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company.

| Risk Exposure | Risk Assessment (Monitoring and measurement Process) | Risk Management and Control (Structures, Procedures, Actions Taken) |
|---------------|--|---|
| N/A | N/A | N/A |

(b) Group **NOT APPLICABLE**, please refer to answer in 1 (b) above.

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company.

| Risk Exposure | Risk Assessment (Monitoring and Measurement Process) | Risk Management and Control (Structures, Procedures, Actions Taken) |
|---------------|--|---|
| N/A | N/A | N/A |

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanism, and give details of its functions.

| Committee/ Unit | Control Mechanism | Details of its Functions |
|-------------------------------------|--|--|
| Audit and Risk Management Committee | Recommends improvements in risk management systems and improvement on policies and procedures. | The purpose of the Audit Committee is to lead the general evaluation and to provide assistance in the continuous improvement of the Corporation's risk management, control, and governance processes as designed by management and provide assurance that these are properly functioning. This is to ensure that risks are properly identified, evaluated and managed. The Audit Committee provides assessment and independent recommendations on risk management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management. |

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G. INTERNAL AUDIT CONTROL

INTERNAL AUDIT CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

- (a) Explain how the internal control system is defined for the company; **internal control as a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: a.) effectiveness and efficiency of operations; b.) reliability of financial reporting; and c.) compliance with laws and regulations.**
- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate-**One of the duties and responsibilities of a Director is to ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment. Further, the Audit and Risk Management Committee assists the Board in the oversight of the company's risk management, ensures that it has proper controls in place, identifies and evaluates significant risk exposures and contributes to the improvement of risk management and control systems.**
- (c) Period covered by the review;-**Year 2016**
- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and-**The Audit and Risk Management Committee reviews the effectiveness and adequacy of internal control system annually based on the results of the audits and assessment of the Internal and External Audit.**
- (e) Where no review was conducted during the year, an explanation why not. -**Not applicable**

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

| Role | Scope | indicate whether in-house or Outsource Internal Audit Function | Name of Chief Internal Auditor/ Auditing Firm | Reporting process |
|---|--|---|---|--|
| To provide an independent objective assurance and consulting services designed to add | Purpose and Scope of Work: The purpose of Internal Audit is to examine and evaluate | In-house Internal Audit Function | Atty. Eduardo P. Santos- First Vice President for internal Audit | Reporting functionally to the Audit and Risk Management Committee and administratively |

| | | | |
|---|---|--|--|
| <p>value and improve the organization's operations. It assists the organization achieve its objectives by bringing systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process.</p> | <p>whether the Corporation's risk management, controls and processes, as designed by management are adequate, efficient, and functioning in a manner to ensure that:</p> <ol style="list-style-type: none"> 1. Programs, plans, goals and objectives are achieved. 2. Employee's actions are in compliance with policies, code of conduct, standards, procedures, and applicable laws and regulations. 3. Authorities and responsibilities are clear, properly assigned and documented. 4. Risks are appropriately identified, evaluated, and managed. 5. Changes in functions, services, processes, and operations are properly evaluated. 6. Significant legislative or regulatory issues impacting the Corporation are recognized and addressed appropriately. | | <p>to the Chairman/ CEO. Its activities are guided and performed in accordance with the revised "International Standards for the Professional Practice of internal Auditing" and "Code of Ethics" developed by the Institute of Internal Auditors (IIA) and/or any other auditing standards as may be developed by the Internal Audit.</p> |
|---|---|--|--|

7. Control activities are integral part of daily operations. The minimum internal control mechanisms for management's operational responsibility shall center on the Chief Executive Officer, being ultimately accountable for the corporation's organizational and procedural controls.

8. Adequate controls are incorporated into information technology systems.

9. Assets or resources are acquired economically, used efficiently, and adequately protected or safeguarded.

10. Financial management and operating information are reliable, timely, relevant, accurate, accessible, and provided in a consistent format.

11. Channels of communication are effective to ensure that interaction with business units, corporate centers, or divisions occurs

| | | | | |
|--|---|--|--|--|
| | as needed. Continuous quality improvement is fostered in the business unit and corporate center's control processes. | | | |
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(a) Do the appointment and/or removal of the Internal Auditor or the accounting/auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee? **Yes, one of the responsibilities of the Audit and Risk Management Committee is to organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal.**

(b) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel? **The Internal Auditor has direct and unfettered access to the Board of Directors, Audit and Risk Management Committee and to all records, properties and personnel. The Internal Auditor is reporting directly to the Audit and Risk Management Committee and to the Chairman/CEO of GMA Network, Inc. Further, the internal Auditor is invited to attend the Board of Directors and Audit and Risk Management Committee meetings. The Internal Audit Department also has full access to any of the Company's records, physical properties, and personnel relevant to the performance of audit procedures.**

(b) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

| Name of Audit Staff | Reason |
|---|--------|
| Not applicable, no internal audit staff has resigned nor re-assigned to date. | |
| | |
| | |

(c) Progress against Plans, issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

| | |
|------------------------|--|
| Progress Against Plans | The progress of Annual Internal Audit Plan vs. Actual is being monitored through monthly reporting of Internal Audit's accomplishments to the Audit and Risk Management Committee and the Management, and through quarterly meetings with the Audit and Risk |
|------------------------|--|

| | |
|-------------------------|--|
| | Management Committee. |
| Issues ^[1] | Audit issues noted during the examination are discussed with the process owners/auditee. After discussion, an audit report is issued containing the identified audit issues or findings as well as the corresponding recommendations to rectify or at least mitigate it. We also perform progress audit to ascertain that all audit recommendations were actually implemented. |
| Findings ^[2] | Findings are reported to the Management through the Internal Audit Report, and to the Audit and Risk Management Committee through the Internal Audit Updates during the Audit and Risk Management Committee meetings. |
| Examination Trends | The examination is done using the risk-based approach. |

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;

The Internal Audit Process includes Managing the Internal Audit Activities, part of which is the preparation of the Annual Internal Audit Plan.

Planning and managing the internal audit activity

1.1 Understanding the business and control environment

1.2 Risk Assessment

1.3 Managing the internal audit activity

1.3.1 Planning work schedules

1.3.2 Staffing and budgets

1.3.3 Approval by Board (Audit and Risk Management Committee) and Senior Management

The Annual Internal Audit Plan is being submitted to the Audit and Risk Management Committee for approval.

- 2) Conduct of examination based on the plan;

The process of conducting the examination based on the plan is also part of the Internal Audit Process under "internal audit engagement". It includes the following:

2.1 Engagement planning

2.1.1 Familiarization, preliminary survey/research and setting of initial objectives and scope

2.1.2 Opening conference with auditee

2.1.3 Preparation of audit engagement work program and allocation of audit resources

[1] "Issues" are compliance matters that arise from adopting different interpretations.

[2] "Findings" are those with concrete basis under the company's policies and rules.

2.2 Performing the Engagement

- 2.2.1 Identifying, gathering data
- 2.2.2 Analyzing/Evaluating data/information
- 2.2.3 Documenting/recording data/information

2.3 Communicating Results

- 2.3.1 Draft audit report
- 2.3.2 Review of draft audit report
- 2.3.3 Exit conference with auditee
- 2.3.4 Preparation of final audit report
- 2.3.5 Disseminate approved audit report

2.4 Follow-up and monitoring

- 2.4.1 Audit follow-up
- 2.4.2 Disseminate approved report

- 3) Evaluation of the progress in the implementation of the plan;

The progress in the implementation of the plan is being monitored through monthly reporting of Internal Audit's accomplishments to the Audit and Risk Management Committee and to the Management, and through quarterly meetings with the Audit and Risk Management Committee.

- 4) Documentation of issues and findings as a result of the examination;

Documentation of the audit engagement (including issues and findings) is done thru the auditor's work papers. There is a duly approved process and procedures for the proper preparation of audit's work papers. Portion of the approved work paper preparation process/procedures are shown below:

Work paper preparation

The work paper file documents the work the auditor has done. The work papers serve as the connecting link between the audit assignment, the auditor's fieldwork and the final report. Work papers contain the records of planning and preliminary surveys, the audit program, audit procedures, fieldwork and other documents relating to the audit. Most importantly, the work papers document the auditor's conclusions and the reasons those conclusions were reached. The disposition of each audit finding identified during the audit and its related corrective action should be documented.

In the preparation of the audit work papers, the following should be observed:

- Work papers should be completed throughout the audit;
- The work papers should provide a basis for evaluating the Internal Audit's quality assurance program and demonstrate compliance with the International Standards for the Professional Practice of Internal Auditing (ISPPIA);
- Work papers should be economical to prepare and not difficult to review.
- Work papers should be complete but concise-a usable record of work performed. Auditors should include in their work papers only what is essential; and, they should ensure that each work paper included serves a purpose that relates to an audit procedure. Work papers that are created and later determined to be unnecessary should be deleted.

Also, the findings, issues and other relevant information in the audit engagement are further documented in the minutes of the closing meeting, and the final internal audit engagement report.

- 5) Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;

Through the follow-up and monitoring process, the status of the audit findings and issues are tracked as to the auditee’s committed implementation plans.

- 6) Conduct of the foregoing procedures on a regular basis.

(d) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column “implementation”.

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column “implementation”.

| Policies and Procedures | Implementation |
|---|----------------|
| Purchasing Policy | Implemented |
| Accreditation of Suppliers Policy | Implemented |
| Program Related Policy & Procedures on Food Entitlement & Requirement | Implemented |
| Policy on Engagement of Catering Service Providers | Implemented |
| Policy on Disposal of Vehicles | Implemented |
| Employees' Accountability on Company Assets Policy | Implemented |
| Disbursement Policy | Implemented |
| Policy on Advances Subject to Liquidation-Trade | Implemented |
| Cash Advance-Miscellaneous Expenses and Production Fund (News and Public Affairs) Policy | Implemented |
| Cash Advance Miscellaneous Expenses Production Fund (Entertainment TV and QTV) | Implemented |
| Scheduling, Airing, and Billing of Spots | Implemented |
| Policy on Political Ads | Implemented |
| Company Vehicle Utilization-Trip Ticket Policy | Implemented |
| Vehicle Rental Policy | Implemented |
| Vehicle Use Policy | Implemented |
| Policy on the Issuance, Utilization, Archiving and Borrowing of Tapes | Implemented |
| Information Security Policy | Implemented |
| Efficient Use/Deployment of Engineering Technical Facilities, Equipment & Manpower Policy | Implemented |
| Policy on Timekeeping and Attendance | Implemented |

| | |
|---|-------------|
| Solicitation/Acceptance of Gifts/Favors Policy | Implemented |
| Policy on Employee Discipline | Implemented |
| Policy on Dealing with Employee Relatives | Implemented |
| Policy on Local Travel | Implemented |
| Policy on Foreign Travel | Implemented |
| Policy on the Use of Car/Public Transport for Official Business | Implemented |
| Policy on Recruitment, Selection and Hiring | Implemented |
| Policy on Employees' Promotion | Implemented |

(e) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

| Auditors (Internal and External) | Financial Analyst | Investment Banks | Rating Agencies |
|---|-------------------|------------------|-----------------|
| <p>The following are the mechanisms established by the company to safeguard the independence of external and internal auditors:</p> <p>a. The Audit and Risk Committee:</p> <ul style="list-style-type: none"> Ensures that the other non-audit work provided by the External Auditor is not in conflict with his functions as External Auditor. The External Auditor shall not at the same time provide the services of internal auditor of the | | | |

Company.

- Organize an internal audit department and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal.
- Evaluate and determine the non-audit work, if any, of the external auditor and review periodically the non-audit fees paid to the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report.
- Establish and identify the reporting line of the Internal Auditor to

| | | | |
|---|--|--|--|
| enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit and Risk Management Committee. | | | |
|---|--|--|--|

- (f) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The Company's Compliance Officer and Chief Executive Officer annually submits a certification (SEC Form MCG-2002) to this Honorable Commission stating that the Company substantially adhered to and complied with the provisions of its Revised Manual on Corporate Governance, as prescribed by SEC Memorandum Circular No. 6, Series of 2009. Beginning year 2013, in lieu of the filing of a Certificate of Compliance with the Manual of Corporate Governance, the Company submits the Annual Corporate Governance Report. The first report in 2013 was signed by its Chairman and Chief Executive Officer, Compliance Officer and Independent Directors while the updates thereto were based on matters approved by the Board of Directors.

H. ROLE OF STAKEHOLDERS

- 1) Disclose the company's policy and activities relative to the following:

| | Policy | Activities |
|--------------------|---|--|
| Customer's Welfare | The Company recognizes and treats its clients (agencies and advertisers) as its partners. | <p>Provide excellent service through:</p> <ul style="list-style-type: none"> -cost efficient packages to maximize clients' budget. -creative executions to better improve delivery of their campaigns <p>Provide relevant information regarding the network's programs to aid them in preparing their media plans</p> <p>Ensure proper implementation and billing of all negotiated placements as confirmed through telecast orders.</p> |

| | | |
|---|---|--|
| | | contracts and agreements |
| Supplier/contractor selection practice | <p>1. Accreditation of Suppliers</p> <p>2. General Policy and Procedures for Purchasing</p> | <p>1.1) Section V (General Guidelines), Item B – Requirements for Accreditation</p> <p>1.2) Section V, Item C – Factors in Supplier Evaluation</p> <p>1.3) Section V, Item E – Grounds for Cancellation of Accreditation</p> <p>2.1) Section V (General Guidelines), Item 3 – Bidding</p> <p>2.2) Section V, Item 4 – Award of Bids/Contracts</p> |
| Environmentally friendly value-chain | <p>1. Energy Conservation</p> <p>2. Waste Management</p> <p>3. Sewage Treatment</p> <p>4. DENR Compliance</p> <p>5. Other Green Practices</p> | <p>1.1) Conversion of office and utility lights to LED to reduce electricity consumption</p> <p>2.1) Fabrication of segregation/waste bins to properly segregate biodegradable, non-biodegradable and recyclable materials</p> <p>2.2) Proper disposal of recyclable materials</p> <p>3.1) Operation of Sewage Treatment Plant and use of recycled water for GMA Annex Building (Studios)</p> <p>4.1) Compliance with DENR regulations on proper disposal of toxic/hazardous waste</p> <p>5.1) Use of eco-friendly cleaning materials and supplies</p> |
| Community interaction | 1. GMA G.I.V.E.S. (Guide, Interact, Volunteer, Educate, Serve) | 1.1) GMA G.I.V.E.S. is the Network's employee-volunteer group that engages in various CSR/volunteering activities. |
| Anti-corruption programmes and procedures | 1. General Policy and Procedures for Purchasing | <p>1.1) Section V, Item 13 – Prohibition</p> <p>1.2) Section VII – Purchasing</p> |

| | | |
|--------------------------------|---|--|
| | <p>2. Policy on acceptance of gifts</p> <p>3. Conflict of Interest</p> <p>4. Suggestion Box</p> <p>5. Letter to Supplier on Accreditation acceptance and Business Principle Guidelines</p> <p>6. Audit Committee/Internal Audit</p> | <p>Ethics and Standards</p> <p>2.1) Guidelines on accepting gifts covering all employees.</p> <p>3.1) Guidelines on conflict of interest covering all employees</p> <p>4.1) Suggestion boxes are strategically placed all over the Network's compound where employees can leave messages/letters that are read and acted upon by the CEO</p> <p>5.1) Suppliers are notified of the accreditation acceptance and business principle guidelines</p> <p>6.1) Conducts regular audit</p> |
| Safeguarding creditor's rights | <p>1. Corporate Vision</p> <p>2. Core Values</p> <p>3. Compliance with SEC required reports</p> | <p>1.1) We provide the best returns to our shareholders</p> <p>2.1) We uphold Integrity and Transparency</p> <p>2.2) We are driven by our Passion for Excellence</p> <p>2.3) We Strive for Efficiency in everything we do</p> <p>2.4) We pursue Creativity and Innovation</p> <p>3.1) Submission of required reports to the SEC (Annual Reports, etc.)</p> |

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

The Company's annual report, distributed to shareholders during the Annual Stockholders' Meeting as well as select recipients, contains a special feature on the Company's Corporate Responsibility programs and initiatives.

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?

(b) Show data relating to health, safety and welfare of its employees.

Answers to letters (a) and (b) are as follows:

For letters (a) & (b): The Company aims to create a motivational environment that fosters better cooperation and retention of talented and skilled employees for a long period of time. In order to achieve this, the Company instituted various policies and programs to promote employees' welfare, safety, and health.

Aside from providing statutory benefits, the Company also provides superior health benefits for the employees to enjoy. These Company benefits include: annual physical examination (APE), leave benefits (above statutorily provided), optical subsidy, health and life insurance, medicine reimbursements, among others.

As part of promoting the welfare and safety of employees, the Company provides various activities and programs like: livelihood programs, pre-retirement planning program, sports tournaments, family day outing, annual safety drills, health fairs, and various employee engagement programs like Christmas party, birthday lunch with the Chairman, and general assemblies, which bring employees closer together

- (c) State the company's training and development programmes for its employees. Show the data.

The Company has various learning and development programs that are intended to reinforce management, leadership, functional, technical-creative, and behavioral competencies of employees across the organization. Most of these programs are institutionalized and customized to fit the needs of the company. Per record, 2,000 employees have benefited from the various learning and development programs offered by the Company. The annual average of employees/managers who are given trainings are at 890±.

- (d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.

The Company puts premium on "meritocracy". Thus, it implements a Performance Appraisal (PA) System that serves as a tool to determine employees' performance against set standards. This System serves as a basis in determining the appropriate reward for employees' good performance and contribution in the attainment of the desired business results. In addition to the employees' annual salary increase and the mandated 13th month pay – depending on business performance – the Company may grant bonuses to recognize the performance of employees. The Company also has a Continuous Improvement Awards Program (CIAP), whereby employees who have made significant contribution/s in improving work processes, systems, methods, products or solutions to problems that resulted to generation of savings are recognized and rewarded. For Senior Managers and Executives, there is a car plan.

- 4) What are the company's procedure for handling complaints by employees concerning illegal (including corruption) and unethical behavior? Explain how employees are protected from retaliation.

The Company has an existing Memo (042-2008) issued by the Chairman & CEO in July 2008, prescribing a "no retaliation" policy for employees who complain of violations of rules by co-employees or officers. No less than top management (Chairman & CEO and the President & COO) mandates that complaints are duly investigated and concluded, with appropriate penalties (if warranted) meted out to the erring party/ies.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Common Shares

| Shareholder | Number of Shares | Percent | Beneficial Owner |
|--|-------------------------|----------------|--|
| GMA Holdings, Inc. | 815,392,400 | 24.23% | PCD Nominee Corp. |
| Group Management & Development Inc. | 789,813,389 | 23.47 | The Record Owner is Beneficial Owner |
| FLG Management and Development Corporation | 677,213,227 | 20.13% | The Record Owner is the Beneficial Owner |
| M.A. Jimenez Enterprises, Inc. | 453,882,095 | 13.49% | The Record Owner is the Beneficial Owner |
| Television International Corporation | 334,378,037 | 9.94% | The Record Owner is the Beneficial Owner |

Preferred Shares

| Shareholder | Number of Shares | Percent | Beneficial Owner |
|--|-------------------------|----------------|--|
| Group Management & Development Inc. | 2,625,805,208 | 35.01% | The Record Owner is the Beneficial Owner |
| FLG Management and Development Corporation | 2,181,898,644 | 29.09% | The Record Owner is the Beneficial Owner |
| M.A. Jimenez Enterprises, Inc. | 1,508,978,826 | 20.12% | The Record Owner is the Beneficial Owner |
| Television International Corporation | 1,111,661,610 | 14.82% | The Record Owner is the Beneficial Owner |

| Name of Senior Management | Number of Direct Shares | Number of Indirect Shares/Through (name of record owner) | % of Capital Stock |
|---------------------------|-------------------------|--|--------------------|
| Felipe L. Gozon | 3,181 | N/A | 0.00% |
| Gilberto R. Duavit, Jr. | 4,007,006 | N/A | 0.00% |
| Felipe S. Yalong | 1,025,002 | N/A | 0.00% |

2) Does the Annual Report disclose the following:

| | |
|---|-----|
| Key Risks | Yes |
| Corporate objectives | Yes |
| Financial performance indicators | Yes |
| Non-financial performance indicators | Yes |
| Dividend policy | Yes |
| Details of whistle-blowing policy | No |
| Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners | Yes |
| Training and/or continuing education programme attended by each director/commissioner | No |
| Number of board of directors/commissioner's meetings held during the year | Yes |
| Attendance details of each director/commissioner in respect of meetings held | Yes |
| Details of remuneration of the CEO and each member of the board of directors/commissioners | Yes |

3) External Auditor's Fee

| Name of Auditor | Audit Fee | Non-Audit Fee |
|-----------------|-----------|---------------|
| SGV & Co | PhP6.3M | None |

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

External

1. TV
2. Radio
3. Online (Websites)
4. Newsletter
5. Annual Report
6. Social Media (Facebook, Twitter, etc.)

Internal

1. Intranet
2. Email blast
3. Quarterly General Assembly
4. Monthly Birthday Lunch with the CEO
5. Family Day (Yearly Outing)
6. Christmas Party
7. Newsletter
8. Internal memos

5) Date of release of audited financial report:

April 8, 2016

6) Company Website

Does the company have website disclosing up-to-date information about the following?

| | |
|---|-----|
| Business Operations | Yes |
| Financial Statements/Reports (current and prior years) | Yes |
| Materials provided in briefing to analysts and media | Yes |
| Shareholding structure | Yes |
| Group corporate structure | Yes |
| Downloadable annual report | Yes |
| Notice of AGM and/or EGM | Yes |
| Company's constitution (company's by-laws, memorandum and articles of association) | Yes |

Should any of the foregoing information be not disclosed, please indicate the reason thereon.

7) Disclosure of RPT

| RPT | Relationship | Nature | Value |
|---|---|---|--------------|
| Advances to Alta Tierra Resources (as of December 31, 2012) | Alta Tierra is an affiliate of the Company. Alta Tierra's outstanding shares are 8.2% owned by Majent Management and Development Corporation, and 91.8% by Group Management and | The Company's advances to Alta Tierra Resources are non-interest bearing. | ₱4 M |

| | | | |
|--|---|--|---|
| | Development, Inc. | | |
| Advances to RGMA Network, Inc. (as of December 31, 2006) | As of the date hereof, RGMA's outstanding shares are 49% owned by the Company, 17.8% owned by Rachel Espiritu, 17.8% owned by the Jimenez family through Television International Corporation and 15.3% owned by the Gozon family through FLG Management and Development Corporation. | On February 21, 2006, the Company's Board of Directors approved the conversion of a portion of such advances in the amount of P168 million into 7,205,882 shares of RGMA with a par value of P1.00 per share, representing approximately 49% of the outstanding capital stock of RGMA. The SEC approved the conversion of the advances into equity as of February 6, 2007. | ₱225.3 million for RGMA's working capital requirements. |
| Advances to Mont-Aire | The Company owns 49% of Mont-Aire, with the remaining 51% being owned by the Duavit, family, Gozon family and Jimenez Family. | Of the P121.4 million advances, the Company converted the amount of P38.3 million into P38.3 million worth of common shares of Mont-Aire. Simultaneously, the other shareholders of Mont-Aire, namely, Group Management and Development, Inc. Television International Corporation and FLG Management and Development Corporation converted advances in the aggregate amount of P 23.5 million made by them to Mont-Aire into P23.5 million worth of common shares of Mont-Aire. The SEC approved the conversion of the advances into equity on February 17, 2006. | ₱121.4 million as of December 31, 2004. |
| Agreements with | As of the date | The Company has an | RGMA is paid by |

| | | | |
|---|---|--|---|
| <p>RGMA Network, Inc. ("RGMA")</p> | <p>hereof, RGMA's outstanding shares are 49% owned by the Company, 17.8% owned by Rachel Espiritu, 17.8% owned by the Jimenez family through Television International Corporation and 15.3% owned by the Gozon family through FLG Management and Development Corporation.</p> | <p>existing agreement with RGMA for the latter to provide general management, programming and research, events management, on-air monitoring of commercial placements, certificates of performance, billing and collection functions, and local sales service for the 25 radio stations of the Company.</p> | <p>management and marketing fees based on billed Sales.</p> |
| <p>Marketing agreement with GMA Marketing</p> | <p>Wholly-owned subsidiary of the Company</p> | <p>Under the marketing agreement GMA Marketing agreed to sell television advertising spots and airtime in exchange for which GMA Marketing will be entitled to a marketing fee and commission. Apart from this, the Company likewise engaged the services of GMA Marketing to handle and mount promotional events as well as to manage the encoding, scheduling of telecast/broadcast placements and subsequent monitoring of sales implementations.</p> | <p>Fixed monthly service fees.</p> |
| <p>Belo Gozon Elma Parel Asuncion and Lucila Law Office</p> | <p>Other than Felipe L. Gozon, who is part of the Gozon family, one of the principal shareholders of the Company, and director of the Company since 1975, some of the lawyers of Belo Gozon Elma Parel Asuncion and Lucila eventually assumed</p> | <p>The Company and the law firm of Belo Gozon Elma Parel Asuncion & Lucila was engaged by the Company as its external counsel.</p> | <p>Legal, Consulting and retainer's fees</p> |

| | | | |
|--|--|--|--|
| | <p>certain positions and functions in the Company either in their individual capacities or as part of the functions of Belo Gozon Elma Parel Asuncion and Lucila eventually assumed certain positions and functions in the Company either in their individual capacities or as part of the functions of Belo Gozon Elma Parel Asuncion & Lucila as the Company's external counsel.</p> | | |
|--|--|--|--|

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

In order to safeguard the interest of the Company especially the minority shareholders, all material information that could potentially affect share price, such as related party transactions, are publicly disclosed. Moreover, the Company ensures compliance with existing laws, rules and regulations, pertaining to such transactions.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-Laws

| | |
|-------------------------------|---|
| <p>Quorum Required</p> | <p>The holders of a majority of the shares of the subscribed stock of the corporation outstanding, present in person or by proxy at any meeting of stockholders, shall constitute a quorum for the transaction of business, except as may otherwise specially be provided with respect to particular matters by applicable statutory provisions in force at the time of voting with respect to such matters. All provisions of the Company's By-laws which specify or relate to the powers of the stockholders or to action which may be taken by the stockholders at or in connection with</p> |
|-------------------------------|---|

| | |
|--|--|
| | meetings thereof shall be interpreted as referring to the holders of shares of stock of the corporation. If there is no quorum at any meeting, the stockholders present in person and by proxy at such meeting may adjourn from time to time to secure the attendance of a quorum and no notice of any such adjournment need be given. |
|--|--|

(b) Systems Used to Approve Corporate Acts

Explain the system used to approve corporate acts

| System Used | Voting |
|-------------|--|
| Description | Unless otherwise provided by law, each stockholder shall at every meeting of the stockholders be entitled to one vote, in person or by proxy, for each share with voting right held by such stockholder. At all meetings of the stockholders, all elections and all questions, except in cases where other provisions is made by statute, or by the Articles of Incorporation, shall be resolved by the plurality of vote of stockholders present in person or by proxy and be entitled to vote thereat, a quorum being present. Unless required by law, or demanded by a stockholder present in person or by proxy at any meeting, and entitled to vote thereat, the vote on any question need not be by ballot. On a vote by ballot, each ballot shall be by the stockholders voting, or in his name by his proxy if there by such proxy, and shall state the number of shares voted by him. |

(c) Stockholders' Rights

List any Stockholders' rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code:

Existing laws and rules are deemed incorporated and form part of the Company's policy on the rights of its stockholders. Thus, no rights of the stockholders differ from those laid down in the Corporation Code.

| Stockholders' rights under the Corporation Code | Stockholders' rights <u>not</u> in the Corporation Code |
|--|--|
| The Corporation adopts the same rights found in the Corporation Code | The Corporation adopts the same rights found in the Corporation Code |

Dividends

| Declaration Date | Record Date | Payment Date |
|------------------|----------------|--------------|
| April 2, 2009 | April 29, 2009 | May 11, 2009 |

| | | |
|------------------|-------------------|--------------------|
| March 25, 2010 | April 14, 2010 | May 7, 2010 |
| October 28, 2010 | November 17, 2010 | December 8, 2010 |
| March 11, 2011 | April 8, 2011 | May 5, 2011 |
| March 28, 2012 | April 16, 2012 | May 9, 2012 |
| August 1, 2012 | August 22, 2012 | September 14, 2012 |
| March 21, 2013 | April 17, 2013 | May 14, 2013 |
| April 2, 2014 | April 24, 2014 | May 19, 2014 |
| March 30, 2015 | April 24, 2015 | May 19, 2015 |
| April 8, 2016 | April 25, 2016 | May 16, 2016 |

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meeting.

The Company's Corporate Secretary files with the Securities and Exchange Commission and the Philippine Stock Exchange a Notice of the Annual Stockholders' Meeting and distributes the same to the stockholders upon approval of SEC no later than 15 business days before the said meeting. The agenda for the meeting is also included in the notice. Moreover, during the Stockholders' Meeting, the Chairman elicits questions or points of clarification from the stockholders present and represented for which the Company provides microphones at the floor during the open forum. Finally, glossy copies of the annual report as well as CD copies thereof are made available to the stockholders during the Annual Stockholders' Meeting.

| | |
|---------------------|----------------------------|
| 2. Measures Adopted | 3. Communication Procedure |
| See answer in (1) | See answer in (1) |

8. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

- a. Amendments to the company's constitution:

The Company adopts the provisions of the Corporation Code on amendments to and revisions of the Articles of Incorporation which provides that any provision or matter stated in the articles of incorporation may be amended by a majority vote of the Board of Directors or Trustees and the vote or written consent of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

- b. Authorization of additional share.

The Company adopts the requirements of the laws, as well as the rules and regulations of this Commission and of the Philippine Stock Exchange on the issuance/authorization of additional shares.

- c. Transfer of all or substantially all assets, which in effect results in the sale of the company

The Company adopts the requirements of the laws, as well as the rules and regulations of this Commission and of the Philippine Stock Exchange on the transfer of all or substantially all assets.

9. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

Yes.

- a. Date of sending out notices: Preliminary SEC Form 20-IS filed on April 12, 2016 and uploaded on the Philippine Stock Exchange Website on even date;

Definitive 20-IS filed on April 19, 2016, uploaded on the Philippine Stock Exchange Website on even date and distributed to the stockholders on April 25, 2016.

- b. Date of the Annual/Special Stockholders' Meeting:

May 18, 2016

10. State, if any, questions and answers during the Annual/Stockholders' Meeting.

One of the stockholders commended the Chairman for his well-delivered report on the Company's financial and ratings performance and for the remarkable work of Management. He also requested that in the subsequent stockholders' meetings, the Chief of the Security Personnel of GMA should provide the guidelines on the review of the proof of identity/qualifications of the stockholders attending the meeting.

Another stockholder suggested that the attendees of the meeting be given souvenirs in the next stockholders' meeting.

A stockholder inquired on the Company's performance in Visayas and Mindanao to which the Chairman replied that GMA is behind ABS-CBN in Visayas and Mindanao, but GMA's lead in Mega Manila and Luzon compensates for GMA's shortfall in Visayas and Mindanao. Nonetheless the difference in the ratings of GMA and ABS-CBN is getting smaller and smaller in Visayas and Mindanao.

Moreover, a stockholder congratulated the Company for the remarkable work as shown by the Company's net income and cash dividend declaration to the stockholders. The stockholder then asked how much the income from affects GMA. The Chairman said that *Kalye Serye* is under Tape, Inc. which is a blocktimer and GMA does not earn income from the show but only from blocktime fee that Tape, Inc. pays GMA. However, GMA is indirectly part of *Kalye Serye*'s success in the sense that when the ratings of *Kalye Serye* goes up the ratings of GMA also goes up and consequently the advertisers put more plugs to GMA's programs.

Upon a stockholders inquiry regarding the classes/forms of the Company's dividend declaration, the Chairman explained that there are two classes of dividends, cash and stock. The Chairman said that a company resorts to stock dividends when it needs cash. Fortunately for GMA, it has enough cash to support its operations. The Chairman said that since the Initial Public Offering of the Company, the Company has declared almost 100% of all its net income as cash dividends, which is the surest sign that the Company is in good financial health.

11. Result of Annual/Special Stockholders' Meeting's Resolutions

All matters were unanimously approved.

| 12. Resolution | 13. Approving | 14. Dissenting | 15. Abstaining |
|----------------|---------------|----------------|----------------|
| 16. | 17. | 18. | 19. |
| 20. | 21. | 22. | 23. |

24. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

May 18, 2016

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

NOT APPLICABLE

| Modifications | Reason for Modification |
|---------------|-------------------------|
| N/A | N/A |

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

| Type of Meeting | Names of Board members / Officers present | Date of Meeting | Voting Procedure (by poll, show of hands, etc) | % of SH Attending in Person | % of SH in Proxy | Total % of SH attendance |
|-----------------|---|---------------------|--|--|--|----------------------------|
| Annual | 9 | <u>May 18, 2016</u> | Show of hands (for objections) | <u>0.00%</u> <u>(49,100)</u> <u>total and</u> <u>outstanding</u> <u>shares</u> | <u>96.92%</u> <u>(10,525,727,</u> <u>036) total</u> <u>and</u> <u>outstanding</u> <u>shares</u> | 96.92% (10,525,776,136) |
| Special | N/A | N/A | N/A | N/A | N/A | N/A |

(iii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Yes, the Stock Transfer Services, Inc.

(iv) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes, the Company's common shares carry one vote for one share. The Company's preferred shares have the same voting rights as the Common Shares.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

| | Company's Policies |
|-------------------------------------|--|
| Execution and acceptance of proxies | Any stockholder may in writing authorize any person or corporation to vote as the proxy of such stockholder at any meeting or meetings of the corporation; provided however, that such authorization in writing must be filed with or presented to the corporation prior to any meeting or meetings at which such proxy may act pursuant thereto and shall hold good until a written revocation of the same shall be superseded by another written authorization of later dates. |
| Notary | The Company does not require a proxy form to be notarized |
| Submission of Proxy | Duly accomplished proxies must be submitted to the Office of the Corporate Secretary not later than seven (7) working days prior to the date of the stockholders' meeting. |
| Several Proxies | N/A |
| Validity of Proxy | A proxy shall hold good until a written revocation of the same shall be superseded by another written authorization of later date. |
| Proxies executed abroad | Since the Company does not require a proxy form to be notarized, the same may be executed abroad |
| Invalidated Proxy | A proxy form is deemed valid so long as it is duly signed by the stockholder |
| Validation of Proxy | Validation of proxies shall be conducted by the Proxy Validation Committee at least five (5) working days prior to the date of the stockholders' meeting. |
| Violation of Proxy | The proxy is deemed valid so long as it is duly signed by the stockholder who is represented by the person authorized thereby. |

(h) Sending of Notices

State the company's policies and procedures on the sending of notices of Annual/Special Stockholders' Meeting

| Policies | Procedure |
|----------------------------------|---|
| The Company adopts the rules and | The Company's Corporate Secretary files |

| | |
|---|--|
| regulations as prescribed by the law, the Securities and Exchange Commission and the Philippine Stock Exchange. | with the Securities and Exchange Commission and the Philippine Stock Exchange a Notice of the Annual Stockholders' Meeting at least 25 business days before the meeting and distributes the same to the stockholders upon approval of SEC but not later than 15 business days before the said meeting. |
|---|--|

(i) Definitive Information Statements and Management Report

| | |
|--|---|
| Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials | <u>1,689</u> holders of common shares and <u>37</u> holders of preferred shares |
| Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners | April 25, 2016 |
| Date of Actual Distribution of Definitive Information Statement and Management Report and other Materials held by stockholders | April 25, 2016 |
| State whether CD format or hard copies were distributed | Both CD format and hard copies were distributed |
| If yes, indicate whether requesting stockholders were provided hard copies | Requesting shareholders were provided with copies |

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

| | |
|---|-----|
| Each Resolution to be taken up deals with only one item | Yes |
| Profile of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/ re-election | Yes |
| The auditors to be appointed or re-appointed | Yes |
| An explanation of the dividend policy, if any dividend is to be declared | Yes |
| The amount payable for final dividends | Yes |
| Documents required for proxy vote | Yes |

Should any of the foregoing information be not disclosed, please indicate the reason thereto. **N/A**

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

| Policies | Implementation |
|----------------------|---|
| Voting Right | Cumulative Voting shall be used in the election of directors |
| Power of Inspection | All shareholders shall be allowed to inspect corporate books and records including minutes of the Board meetings and stock registries during office hours in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions |
| Right to Information | The shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the company's shares, dealings with the company, relationships among directors and key officers and aggregate compensation of directors and officers. |
| Appraisal Right | <p>The shareholders' shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:</p> <ul style="list-style-type: none"> (1) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and |

| | |
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(b) Do minority stockholders have a right to nominate candidates for board of directors?

YES.

K. INVESTORS RELATIONS PROGRAM

- 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committees with this responsibility, if it has been assigned to a committee.

The Company's Corporate Communications Department handles all external communications (PR and Publicity) requirements while Corporate Affairs Division is in charge of internal communications. Corporate Affairs also handles CSR and other projects as determined by the Office of the Chairman and CEO.

The Company has a Crisis Communications manual that contains detailed policies and procedures in dealing with various crises. The Network also has a Media Plan Committee, chaired by the Executive Vice President, which regularly meets to discuss the Company's communication strategies, etc.

The Company holds a quarterly general assembly where the CEO provides updates to the employees. Other internal communication tools that ensure the smooth flow of information include the intranet, newsletter and email blasts.

- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders and the public in general.

In line with the Company's practice of transparency, it provides as much information as it can to the investing public.

The Company holds financial briefings attended by the Company's Senior Management; Chairman and Chief Executive Officer, President and Chief Operating Officer, Executive Vice President and Chief Financial Officer, President of Sales and Marketing and various Company officers. The briefings are attended not only by members of the press or financial analysts but at times retail investors. The Company submits to the PSE/SEC the presentation materials used during the briefing, the relevant press release/s, and additional disclosures (if any) during the Question and Answer portion of the briefing.

The Company proactively discloses information that may have been a result of an interview with an Officer during a corporate event, socials or even ambush interviews.

During the Company's Annual Stockholders Meeting, Philippine Deposit Receipt

(PDR) Holders (which by structure are not considered shareholders of the Company) are still allowed to attend as guests.

The Company through its Investor Relations Division meets with various Fund Managers, Investment, Financial and Research Analysts upon request. When possible, it also attends local and foreign Investor Conferences.

The Company also maintains an Investor Relations section in its corporate website www.gmanetwork.com/corporate/ir <<http://www.gmanetwork.com/corporate/ir>> where one can download the Company's quarterly financials/annual reports, latest disclosures as well as the Company's IPO prospectus.

The Head of investor Relations personally answers queries that are sent via email or telephone call regardless if they are not existing investors, retail as well as their investment size.

Disclose the contact details (e.g., telephone, fax and email) of the officer responsible for investor relations.

Investors Relations Officer
Ayahl Ari Augusto P. Chio
10/F GMA Network Center
982-7777 ext 8042

| | Details |
|---------------------------------|---|
| (1) Objectives | To provide the investing public as much information possible that would allow them to make the best decision possible on whether to invest in the company or not. |
| (2) Principles | To provide equal access (for information or meetings) to anybody interested in the Company. |
| (3) Modes of Communications | The Company's Investor Relations can be reached through email (through the IR website), telephone and once the technical issues are resolved, through twitter. |
| (4) Investors Relations Officer | Ayahl Ari Augusto P. Chio 10/F GMA Network Center 982-7777 ext 8042 |

What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and the extraordinary transactions such mergers, and sales of substantial portions of corporate assets?

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

The Company adopts the requirements of the laws as well as the rules and regulations of the Securities and Exchange Commission and the Philippine Stock Exchange

relating to the acquisition of corporate control in the capital markets, and extraordinary transactions such as sale or merger.

With respect to the transaction price, it is the practice for the buyer and the seller to engage the services of a financial adviser to determine the same.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

| Initiative | Beneficiary |
|---|--|
| Pass-A-Book Ni Biguel (Book Exchange/Drive) | Veritas Parochial School; Project 6 Elementary School |
| Kapuso Bloodletting Day 2016 | Philippine Red Cross |
| Mangrove planting in partnership with Maynilad | Residents/Communities along the coastline of Kawit, Cavite |
| Fun and educational activities with children surviving cancer | Children under the care of Kapwa Ko Mahal Ko and GMA Kapuso Foundation |
| Mandela Day celebration with the Embassy of South Africa | Children of Missionaries of Charity |
| Distribution of Noche Buena Packages with GMA Kapuso Foundation | Children of inmates at the Correctional Institution for Women |
| Outreach project with children | Children under the care of Food for the Hungry Philippines |

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

| | Process | Criteria |
|----------------------|---|----------|
| Board of Directors | In assessing the performance of its Directors, Committees, CEO and President, the Company is guided by the criteria found in its Manual on Corporate Governance, as well as the requirements of existing laws and the rules and regulations of this Commission. | |
| Board Committees | | |
| Individual Directors | | |
| CEO/President | | |

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N. INTERNAL BREACHES AND SACTIONS

Discuss the internal policies on sanctions imposed for any violation nor breach of the corporate governance manual involving directors, officers, management and employees.

| Violations | Sanctions |
|-------------------|---|
| First Violation | Subject person shall be reprimanded |
| Second Violation | Suspension from office shall be imposed. The duration of the suspension shall depend on the gravity of the violation as determined by the Board |
| Third Violation | Maximum penalty of removal from office may be imposed |

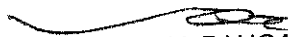
NB: All of the information/data herein provided, are based on the Company's available records as of December 31, 2016, and not necessarily from the personal knowledge of the affiants.

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _____ on MAY 22 2017 2017.

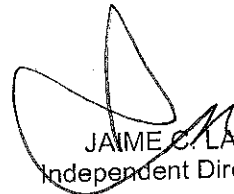
SIGNATURES



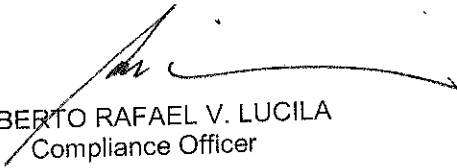
FELIPE L. GOZON
Chairman of the Board/Chief Executive Officer



ARTEMIO V. PANGANIBAN
Independent Director



JAIME C. LAYA
Independent Director




ROBERTO RAFAEL V. LUCILA
Compliance Officer

SUBSCRIBED AND SWORN to before me this _____ day of 22 MAY 2017, 2017, affiants exhibiting to me their government-issued i.d.s, as follows:

| Name/No. | Date of Issue | Place of Issue |
|-------------------------------------|-------------------------|--------------------------|
| Felipe L. Gozon | Passport No. EB7372600 | Feb. 13, 2013/DFA Manila |
| Chief Justice Artemio V. Panganiban | Passport No. DE0013400 | Dec. 15, 2015/DFA Manila |
| Dr. Jaime C. Laya | Passport No. EC3133727 | Jan. 7, 2015/DFA Manila |
| Roberto Rafael V. Lucila | SSS ID No. 03-6383452-8 | |

NOTARY PUBLIC

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Book No. 10
Series of 2017



SALVADOR P. ESCALANTE
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-422
Until December 31, 2017
Roll of Attorneys No. 54688
MCLE Compliance Certificate No. Y-0021983, 6-7-16
IBP No. 1863925 1-12-17, Quezon City
PTR No. 5812539 1-4-17, Makati City
The Athenaeum Bldg.,
160 L.P. Leviste St., Makati City