

COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

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

JONNA C. LLAGUNO

(Contact Person)

(632) 8898 7522/ 8898 7578

(Company Telephone Number)

1	2	3	1
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Month Day
(Fiscal Year)

I-ACGR

(Form Type)

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Month Day
(Annual Meeting)

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(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

A. Use of Form I-ACGR

This SEC Form shall be used as a tool to disclose Publicly-Listed Companies' compliance/non-compliance with the recommendations provided under the Code of Corporate Governance for Publicly-Listed Companies, which follows the "comply or explain" approach, and for harmonizing the corporate governance reportorial requirements of the SEC and the Philippine Stock Exchange (PSE).

B. Preparation of Report

These general instructions are not to be filed with the report. The report shall contain the numbers and captions of all items.

The I-ACGR has four columns, arranged as follows:

RECOMMENDED PRACTICE/POLICY	CG	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>Contains CG Practices/ Policies, labelled as follows:</p> <p>(1) "Recommendations" – derived from the CG Code for PLCs;</p> <p>(2) "Supplement to Recommendation" – derived from the PSE CG Guidelines for Listed Companies;</p> <p>(3) "Additional Recommendations"– CG Practices not found in the CG Code for PLCs and PSE CG Guidelines but are expected already of PLCs; and</p> <p>(4) "Optional Recommendation"– practices taken from the ASEAN Corporate Governance Scorecard</p> <p>*Items under (1) – (3) must be answered/disclosed by the PLCs following the "comply or explain"</p>		<p>The company shall indicate compliance or non-compliance with the recommended practice.</p>	<p>The company shall provide additional information to support their compliance with the recommended CG practice</p>	<p>The PLCs shall provide the explanations for any non-compliance, pursuant to the "comply or explain" approach.</p> <p>Please note that the explanation given should describe the non-compliance and include how the overall Principle being recommended is still being achieved by the company.</p> <p>*"Not Applicable" or "None" shall not be considered as sufficient explanation</p>

<p>approach. Answering of items under (4) are left to the discretion of PLCs.</p>			
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C. Signature and Filing of the Report

- a. Three (3) copies of a fully accomplished I-ACGR shall be filed with the Main Office of the Commission **on or before May 30 of the following year for every year that the company remains listed in the PSE;**
- b. At least one (1) complete copy of the I-ACGR shall be duly notarized and shall bear **original and manual** signatures
- c. The I-ACGR shall be signed under oath by: (1) Chairman of the Board; (2) Chief Executive Officer or President; (3) All Independent Directors; (4) Compliance Officer; and (5) Corporate Secretary.
- d. The I-ACGR shall cover all relevant information from January to December of the given year.
- e. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended 2019
2. SEC Identification Number: A2091190385
3. BIR Tax Identification No.: 002-284-545-000
4. Exact name of issuer as specified in its charter Filipino Fund, Inc.
5. Republic of the Philippines
Province, Country or other jurisdiction
of incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. Units 1911-1912, 19th Floor, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City
1634
Address of principal office Postal Code
8. (632)898-7522
Issuer's telephone number, including area code
9. Units 1009-1011 Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

COMPLIANT/
COMPLIANT

NON-

ADDITIONAL INFORMATION

EXPLANATION

The Board's Governance Responsibilities

Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.

Recommendation 1.1

1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	Clause 2.2B (2) of Filipino Fund, Inc.'s ("FFI" or the "Company") Fourth Amended Manual of Corporate Governance ("AMCG") provides:	
2. Board has an appropriate mix of competence and expertise.	Compliant	<p>"The Board of Directors shall be composed of men and women who because of their age skills, competence and knowledge are able to effectively carry out their positions as members of the Board."</p> <p>Further, directors must be Filipino, each hold at least 5,000 shares of stock FFI, be a college graduate or have sufficient experience in managing the business to substitute formal education, at least 21 years of age, diligent and in possession of integrity and probity, and have none of the disqualifications listed in the AMCG.</p> <p>Clause 1.2 of the Charter of the Board of Directors ("BOD Charter"), meanwhile, provides:</p> <p>"The Board shall be composed of members who possess the necessary knowledge, skills and experience required to properly perform the duties of the Board."</p>	
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and	Compliant	The Board shall encourage the selection of a mix of competent Directors, each of whom can add value and independent judgment in the formulation of sound corporate strategies and	

responsibilities and respond to the needs of the organization.

policies."

Clause 1.5 of the BOD Charter, echoing Section 2.2B of the AMCG, provides, as to qualifications:

"The members of the Board shall have the following qualifications:

- (a) Philippine citizenship;
- (b) Holder of at least Five Thousand (5,000) shares of stock of the Corporation;
- (c) At least a college graduate or have a sufficient experience in managing the business to substitute for such formal education;
- (d) At least twenty one (21) years old; and
- (e) Diligent and proven to possess integrity and probity"

Please see below the relevant information on the Company's directors:

BERNARDO M. VILLEGAS – CHAIRMAN OF THE BOARD

Dr. Villegas, PhD, 81 yrs. old, Filipino, has served as a director of the Fund since 2009 up to the present, but served as Chairman/Director from 1995-2007. He holds a Bachelor of Arts Degree and a Bachelor of Science Degree from De La Salle University (summa cum laude), and an M.A. and Ph.D. in Economics from Harvard University. He is also a Certified Public Accountant. He worked as a Professor for Economics in the University of Asia and the Pacific and as a Visiting Professor for IESE Business School in Barcelona, Spain. He is also the Research Director of the Center for Research and

Communication. Currently, he is a columnist for the Manila Bulletin and a member on the Boards of Alaska Milk Corporation, PHINMA Properties and Transnational Diversified, Inc. He also served as the Dean of the School of Economics from 1989 to 2004 and in 2001; he was the Acting Vice President for Academic Affairs of the University of Asia and the Pacific. Up to the present, he remains to be a professor in said University. In 1999, he served as a member of the Preparatory Commission for Constitutional Reforms. He also became a member of the Constitutional Commission in 1986. He is the author of numerous books in the fields of economic theory, economic development, business economics, strategic management, social ethics and values education.

MARGARET G. ANG – PRESIDENT

Ms. Ang, 68 yrs. old, Filipino, has served as Director of the Fund from September 2003 up to the present. She holds a Bachelor of Science degree, major in Accounting (Cum Laude), from the University of San Carlos, Cebu City and is a Certified Public Accountant. She is currently the Director and Corporate Secretary of Vicsal Development Corporation from 1982 and Director of Metro Retail Stores Group, Inc. from 2003; President of Grand Holidays, Inc. from 1980; Director and Corporate Secretary of Taft Property Venture Development Corporation from 1992, Vicsal Securities & Stock Brokerage, Inc. from 1990, Midland Development Corporation from 1991 and Pacific Mall Corporation from 2001; Director of Manila Water Consortium, Inc. from 2012; and Trustee of Vicsal Foundation, Incorporated from 1996.

FRANK S. GAISANO – DIRECTOR AND TREASURER

Mr. Gaisano, 62 yrs. old, Filipino, has served as Director of the Fund since September 2003 up to the present. He is a holder of a Bachelor of Science degree in Civil Engineering which he received from the Cebu Institute of Technology and is a licensed Civil Engineer. He also serves as Director of Vicsal Development Corporation from 1982; Chairman of the Board and Chief Executive Officer of Metro Retail Stores Group, Inc. from 2012; Chairman of AB Capital & Investment Corporation from 2012, Pacific Mall Corporation from 2001, and Vicsal Investment, Inc. from 2007; President of Vicsal Securities & Stock Brokerage from 1990, ; Director of Taft Property Venture Development Corporation from 1992, , Taft Punta Engaño Property, Inc. from 2011, HTLand, Inc. from 2014, Midland Development Corporation from 1991, and Grand Holidays, Inc. from 1980; and a Trustee of Vicsal Foundation, Incorporated from 1996.

EDWARD S. GO – INDEPENDENT DIRECTOR

Mr. Go, 81 yrs. old, Filipino, has served as a director of the Fund since 2004 up to the present. He holds a Bachelor of Arts degree from Ateneo de Manila University (magna cum laude). He is also Chairman of the Board of Directors of Hyundai Asia Resources, Inc. and Chairman of the Board of Trustees of ASA Philippines Foundation; Independent Director of various corporations including among others: Metro Pacific Investment Corp., PLDT Communications & Energy Ventures, Inc. (PCEV), Union Galvasteel Corporation, icsal Investment, Inc. and AB Capital & Investment Corporation, Mediaquest Holdings, Inc.,TV5 Network, Inc., Signal TV, Inc.,

BusinessWorld Publishing Corp., and PhilStar Daily Inc. and is Chairman and Trustee of the PLDT Beneficial Trust Fund (BTF). He also served as a trustee of the board of trustees of the Ateneo de Manila University for sixteen years until 2014, and as Chair of said board during the last four years of his tenure.

JOHN G. TAN – INDEPENDENT DIRECTOR

Mr. Tan, 52 yrs. old, Filipino, has served as a director of the Fund since February 2008. He holds a Bachelor of Arts degree in Human Resources Management from De La Salle – College of Saint Benilde. Currently, he serves as a Director of Tanduay Distillers, Inc. and PAL Holdings and a fellow in the Institute of Corporate Directors. He was a member of the Board of Philippine National Bank from 2009 to February of 2013, Director of PNB Remittance (Company) Canada and Financial Co., HK., Board of Advisor at PNB Remittance Center, Inc. He served as Vice President of Landcom Realty Corporations for 12 years and Vice President for Operations of Philippine Airlines from 2007 to 2009.

ALJIM C. JAMANDRE – DIRECTOR

Mr. Jamandre, 61 yrs. old, Filipino, has served as director of the Fund from 2014 up to the present. He holds a B.S. Accountancy degree (Cum laude) from the University of San Carlos, MDP from the Asian Institute of Management, and a Certified Public Accountant. Currently, he is the Group Chief Financial Officer of Vicsal Development Corporation; Director of Wealth Development Bank Corporation from 2003, Director of AB Capital & Investment Corporation from 2014; Director of Pacific Mall Corporation

		<p>from 2010; Director of Hyundai Alabang, Inc. from 2014, and Hyundai Southern Mindanao, Inc from 2015; and a Trustee of Vicsal Foundation, Incorporated from 2006.</p> <p>VINCENT E. TOMANENG – DIRECTOR AND CORPORATE SECRETARY</p> <p>Atty. Tomaneng, 52 yrs. old, Filipino, is a Lawyer and a Certified Public Accountant, and has served as a Director and Corporate Secretary of the Fund since 2014. He earned his Bachelor of Laws (1994) and Bachelor of Science in Accountancy ("Magna Cum Laude") (1988) both from the University of San Carlos in Cebu City. He is presently the Group General Counsel of Vicsal Development Corporation and the Metro Gaisano Group of Companies. Prior to joining Vicsal and the Metro Gaisano Group in May 2003, he has worked with Sycip Salazar Hernandez & Gatmaitan Law Offices (1997 to 2003) and with Sycip Gorres Velayo & Co., CPA's (1988 to 1996). He is currently a Director of Pacific Mall Corporation from 2010, and Corporate Secretary of Metro Retail Stores Group, Inc. from 2015 and HT Land, Inc. from 2014, and Vicsal Foundation, Incorporated in 2020.</p>	
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	<p>Clause 2.2B(1) of the AMCG provides:</p> <p>"The Board shall consist of seven (7) members, majority of whom shall be non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances. There shall be at least two (2) members who shall be independent directors.</p>	

An executive director is a director who has executive responsibility of the day-to-day operations of a part or the whole of the Corporation.

A non-executive director is a director who has no executive responsibility and does not perform any work related to the day-to-day operations of the Corporation."

The following are the directors and their respective type of directorships:

DIRECTOR	TYPE OF DIRECTORSHIP
Margaret G. Ang	Executive Director
Frank S. Gaisano	Non-Executive Director
John G. Tan	Independent Director and Non-Executive Director
Edward S. Go	Independent Director and Non-Executive Director
Bernardo M. Villegas	Independent Director and Non-Executive Director
Aljim C. Jamandre	Non-executive director
Vincent E. Tomaneng	Executive Director

Recommendation 1.3

1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	Clause 2.2G of the AMCG provides: "The Corporation shall ensure that the new directors are properly oriented and that all directors are continuously informed of the development in the business and regulatory environment, including emerging risks relevant to the Corporation."	
2. Company has an orientation program for first time directors.	Compliant	Please refer to Clause 2.2G of the AMCG	
3. Company has relevant annual continuing training for all directors.	Compliant	All Directors have complied with SEC memorandum Circular No. 20 Series of 2013 and No. 2 Series of 2015.	
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	Clause 2.2B(2) of the AMCG provides: "The Board shall be composed of both men and women who because of their age, skills, competence and knowledge are able to effectively carry out their positions as members of the Board." Meanwhile, the Clause 1.2 of the BOD Charter provides: "The Board shall encourage the selection of a mix of competent Directors, each of whom can add value and independent judgment in the formulation of sound corporate strategies and policies. Careful attention must be given to ensure that there is independence and diversity in the Board."	

Optional: Recommendation 1.4

1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.

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Recommendation 1.5

1. Board is assisted by a Corporate Secretary.

Compliant

Vincent E. Tomaneng, a member of of the Board of Directors, was elected Corporate Secretary. The Compliance Officer, meanwhile, is Jonna C. Llaguno.

Clause 2.3A of the AMCG provides the qualifications of the Company's Corporate Secretary:

2. Corporate Secretary is a separate individual from the Compliance Officer.

Compliant

"He/she shall not be a compliance officer, but may be a member of the Board of Directors, depending on his/her qualifications and provided that he/she can effectively discharge the duties and responsibilities of a corporate secretary xxx."

3. Corporate Secretary is not a member of the Board of Directors.

Non-compliant

It is the position of the Company that its Corporate Secretary may be a member of the Board of Directors as long as he can effectively discharge his functions.

Vincent E. Tomaneng is highly qualified to act and perform his functions as Director and Corporate Secretary at the same time.

4. Corporate Secretary attends training/s on corporate governance.

Compliant

The Corporate Secretary has complied with SEC Memorandum Circular No. 20 Series of 2013 and No. 2 Series of 2015

Optional: Recommendation 1.5

1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Compliant	This has been the policy and practice of the Company.	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	Ms. Jonna C. Llaguno is the Compliance Officer. Clause 2.1 of the AMCG provides: "The Compliance Officer need not have the rank of Senior Vice-President or an adequate position with adequate stature and authority in the Corporation, but he/she must be able to faithfully comply with the duties set forth [in the AMCG]. The Compliance Officer should not be a member of the Board and should annually attend training on Corporate Governance . The Compliance Officer is primarily liable to the Corporation and its members, and not to the Chairman or President of the Corporation."	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Non-Compliant	The Compliance Officer is not a Director.	The Company is of the position that its Compliance Officer need not have the rank of Senior Vice-President or an equivalent position with adequate stature and authority in the Company as long as he/she is able to faithfully comply with his/her duties.
3. Compliance Officer is not a member of the Board	Compliant		
4. Compliance Officer attends training/s on corporate governance.	Compliant	The Compliance Officer has complied with SEC Memorandum Circular No. 20 Series of 2013 and No. 2 Series of 2015.	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	This has always been the policy and practice of the Company	

Recommendation 2.2

1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	Clause 2.2A.2 of the AMCG pertinently provides: To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, the Board shall conduct itself with honesty and integrity in the performance of, among others, and in case coordination with the Corporation's duly registered Fund Manager, the following duties and responsibilities: 1. Determine the Corporation's purpose, investment objectives, its vision and mission and strategies to carry out its objectives: 13. Periodically evaluate and monitor the implementation of such policies and strategies including the business plans, operating budgets, and management's overall performance; 21. Oversee the development of and approve the Corporation's business objectives and strategies and monitor their implementation, in order to sustain the Corporation's long term viability and strength.	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant		

Supplement to Recommendation 2.2

1. Board has a clearly defined and updated vision, mission and core values.	Compliant	<p>The BOD Charter provides:</p> <p>"The Board of Directors (the "Board") of Filipino Fund, Inc. (the "Corporation") is the authority in matters of governance and in managing the business of the Corporation. Within their authority under the Corporation Code, other applicable laws, and the By-laws of the Corporation (the "By-laws"), the Directors, acting as a Board, have full powers to regulate the concerns of the Corporation according to their best judgment.</p> <p>The Board is responsible to promote and adhere to the principles and best practices of corporate governance, to foster the long-term success of the Corporation and to secure its sustained competitiveness in the environment where it operates in a manner consistent with its fiduciary responsibility.</p>	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	The Board shall exercise its powers and duties in the best interest of the Corporation, its shareholders and other stakeholders."	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	The Chairperson is Bernardo M. Villegas who is highly qualified and competent to act as such.	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	<p>Clause 2.2.A.2(10) of the AMCG provides that it is the duty of the Board:</p> <p>"To adopt an effective succession planning program for management"</p>	

2. Board adopts a policy on the retirement for directors and key officers.	Non-compliant		The Company believes that this policy is not necessary considering that the directors and corporate officers have only a term of office of 1-year
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	Clause 2.2E of the AMCG provides: "The levels of remuneration of the Corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance. No director is allowed to participate in discussions or deliberations involving his remuneration."	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant		
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	Compliant	FFI does not have employees of its own since management of the Fund (including its administrative operations) is being handled by its Fund Manager.	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	Compliant	Please refer to clause 2.2E of the AMCG.	
Recommendation 2.6			

1. Board has a formal and transparent board nomination and election policy.	Compliant	Clause 3.7 of the Nominations Committee Charter provides:	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	"Process for Nominations to the Board. The Nominations Committee shall observe the following process in receiving and evaluating nominations to the Board:	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant	1) Receive all written nominations to the Board submitted by stockholders before the date of the next annual meeting of the stockholders;	
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant	2) Screen and shortlist qualified individuals for election as directors to ensure that only those that possess all the qualifications and none of the disqualifications from directorship as provided in the Corporation's By laws, Corporate Governance Manual, and relevant laws, may be elected to the Board;	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant	3) Identify and prepare a final list of qualified nominees to the Board, recommend the list of qualified nominees to the Board and recommend to the stockholders the qualified nominees included in the final list for election in the annual meeting of stockholders;	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.		4) In case of vacancy in the Board other than removal of a director or expiration of term determine and identify the qualified nominee and recommend to the Board, if the remaining directors still constitute a quorum, to elect such qualified nominee to fill the vacancy." Clause 3.1 of the BOD Charter, meanwhile, provides: "Nomination of Directors – Pursuant to the	

		<p>Corporation Code, any shareholder including minority shareholders, shall have the right nominate candidates for the Board. The list of names of the Nominees to the Board of Directors, together with the written consent of the nominees shall be filed and submitted to the Nomination Committee prior to the date set for the annual meeting wherein they will be elected."</p> <p>Clause 2.2F of the AMCG provides:</p> <p>"The Board should conduct an annual self-assessment of its performance, including the performance of the Chair, individual members and committees. Every three (3) years, the assessment should be supported by an external facilitator. The external facilitator can be any independent third party such as, but not limited to a consulting firm, academic institution or professional organization.</p> <p>The Board should have in place a system that provides, at the minimum criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders."</p>	
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	-	-	The Company deems that this is not necessary.
Recommendation 2.7			

<p>1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.</p>	<p>Compliant</p>	<p>Clause 5.9 of the AMCG provides:</p> <p>"It is therefore essential that all material information about the Corporation which could adversely affect its viability of interest of its stockholders and other stakeholders should be publicly and timely disclosed. Such information should include, among others, earnings, results, acquisition or disposition of assets, off-balance sheet transactions, related party transactions and direct and indirect remuneration of members of the Board and management."</p> <p>Clause 5.2 of the AMCG provides:</p> <p>"All material information, i.e. anything that could potentially affect share price, which could adversely affect the viability or interest of the Corporation's stock shall be publicly and timely disclosed. Such information should include, among others, earnings, results, acquisition or disposition of assets, board changes, related party transactions, shareholdings of directors and changes to ownership."</p>	
<p>2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.</p>	<p>Compliant</p>	<p>All related party transactions (regardless of the amount involved) are approved by the Board.</p> <p><u>Further, Clause 2.2A.2(17) provides mandates the Board to "[f]ormulate 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,</u></p>	

<p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>		<p><u>associates, affiliates, major/substantial stockholders, officers and directors, including their spouses, children, dependent siblings and parents, and relatives within the fourth degree of consanguinity or affinity, legitimate or common-law, of interlocking director relationships by members of the Board, or an entity that is controlled, jointly-controlled or significantly-influenced or -managed by a person who is a related party, as well as other unusual or infrequently occurring transactions, particularly those that meet certain thresholds of materiality.</u> In this connection, the Board shall ensure that said policies and procedures are in place and will be reviewed regularly to guarantee fairness and transparency of the transactions."</p>	
<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered de minimis or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	<p>Compliant</p>	<p>Clause E of Related Party Policy Provides:</p> <p><u>"All Related Party Transactions that do not reach the Materiality Threshold and are not considered as Material Related Party Transactions shall be approved by the Audit Committee before Management will carry out and implement such transaction/s."</u></p>	

2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	Compliant	All related party transactions (regardless of the amount) are approved by the Board.	
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant. Please note that the President is the Corporation's equivalent of the Chief Executive Officer.	Clause 2.2A.2 (22) of the AMCG pertinently provides: The Board has the following duties and responsibilities: xxx	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).		22. Approve the selection and assessment of the performance of the Management led by the President and control functions led by their respective heads. In this connection, the Board shall establish an effective performance management framework that will ensure that the Management, including the President and personnel's performance is at par with the standards set by the Board and Senior Management." Given the nature of the Company's business and its size, the Company only has a President. It does not have a Chief Risk Officer and Audit Executive.	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	Please refer to Clause 2.2A.2 (22) of the AMCG.	

2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant	Please refer to Clause 2.2A.2 (22) of the AMCG.	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	<p>Clause 2.2A.2 of the AMCG provides:</p> <p>The Board has the following duties and responsibilities:</p> <p style="text-align: center;">xxx</p> <p>3. Adopt a system of internal checks and balances;</p> <p>23. Oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members and shareholders;</p>	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	<p>The Code of Business Conduct and Ethics, meanwhile, provides that the BOD, management, officers and employees must commit to the following standards in their business dealings with respect to conflict of interest:</p> <p>"E. CONFLICTS OF INTEREST"</p> <p>1. Avoid any actual or apparent conflicts of interest. Any actual, apparent or potential conflict of interest shall be disclosed to the Corporation's board of directors.</p> <p>2. Avoid activities marked by impropriety or the appearance thereof, including the receipt from and giving of gifts to persons or entities with whom the Corporation</p>	

		<p>relates, and insider trading as discussed above.</p> <p>3. Avoid competing with the Corporation on a business opportunity or acquiring an interest adverse to that of the Corporation. Refrain from taking advantage of the Corporation and its property for the advancement of one's personal gain to the expense of the Corporation.</p> <p>4. Refrain from the direct or indirect, grant or arrangements of loans to any director or officer, including loans granted or facilitated by the Corporation's subsidiaries and affiliates, unless such grant or arrangement is allowed by all applicable laws and regulations.</p>	
3. Board approves the Internal Audit Charter.	Compliant	Please refer to the Audit Committee Charter of the Company.	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	<p>Clause 2.2A.2 (24) of the AMCG states:</p> <p>The Board has the following rules duties and responsibilities:</p>	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	<p>24. Oversee that a sound enterprise risk management framework ("ERM") is in place effectively identify, monitor, assess and manage key business risk.</p>	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	Please refer to the Company's Charter of the Board of Directors.	

2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	Please refer to the Company's Charter of the Board of Directors.	
3. Board Charter is publicly available and posted on the company's website.	Compliant	<p>The Company's Charter of the Board of Directors are available in the corporate website via the link:</p> <p>https://www.filipinofund.com.ph/corporate-governance/board-committees-and-charters</p>	
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	<p>The Code of Business Conduct and Ethics provides that the BOD, management, officers and employees must commit to the following standard in their business dealings with respect to insider trading:</p> <p>"A. COMPLIANCE</p> <p>1. Comply with all applicable laws, rules and regulations, including prohibitions on insider trading. The Corporation shall not make excuses for violating pertinent laws, rules or regulations.</p> <p>xxx</p> <p>"C. CONFIDENTIALITY</p> <p>xxx</p> <p>3. Avoid insider trading or using price sensitive information that is not normally available publicly, and obtained by reason of position, contact within, or other relationship with the Corporation."</p> <p>"E. CONFLICTS OF INTEREST</p> <p>xxx</p> <p>2. Avoid activities marked by impropriety or the appearance thereof, including the receipt from and giving of gifts to persons</p>	

		or entities with whom the Corporation relates, and insider trading as discussed above."	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	Compliant	<p>The Code of Business Conduct and Ethics provides:</p> <p>"E. CONFLICTS OF INTEREST"</p> <p>xxx</p> <p>4. Refrain from the direct or indirect, grant or arrangements of loans to any director or officer, including loans granted or facilitated by the Corporation's subsidiaries and affiliates, unless such grant or arrangement is allowed by applicable laws and regulations.</p>	
2. Company discloses the types of decision requiring board of directors' approval.	Compliant	Please refer to the Company's disclosure in the PSE Edge.	
<p>Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.</p>			
Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	Clause 4 of the AMCG provides for the creation of board committees, specifically the Audit Committee, Nomination Committee and the Governance Committee.	
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable	Compliant	<p>Please refer to the Audit Committee Charter of the Company, which provides:</p> <p>The Committee shall assist the Board of Directors (the "Board") of the Corporation in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit</p>	

laws and regulations.		<p>process, and the Corporation's process for monitoring compliance with laws and regulations.</p> <p>In general, the Committee shall have oversight responsibilities over the following functions of the Corporation:</p> <ol style="list-style-type: none"> 1. Financial Reporting and Disclosures; 2. Risk Management; 3. Internal Control; 4. Management; 5. Internal Audit; and 6. External Audit. 	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	<p>The Audit Committee Charter and Clause 4-1 (A) of the AMCG provides:</p> <p>"The Audit Committee shall consist of at least three (3) qualified non-executive directors, who shall preferably have accounting, auditing, and finance backgrounds. Majority of the Audit Committee shall be independent directors. However, if the Board of Directors determines that an executive director can effectively discharge the duties of a member of the Audit Committee, such executive director may be part of the Audit Committee. The chair of the Audit Committee should be an independent director. He could not be the chairman of the Board or of any other committees."</p>	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant		
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	<p>The Audit Committee members are:</p> <p>Edward S. Go - Chairman Aljim C. Jamandre - Member Bernardo M. Villegas - Member</p>	

Supplement to Recommendation 3.2

1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	<p>E (4) of the Audit Committee Charter provides that the Audit Committee shall:</p> <p>"Evaluate and determine non-audit work of the external auditor, if any, and ensure that the same shall not conflict with the audit functions of the external auditor. The Audit Committee shall disallow any non-audit work that will conflict with his duties as external auditor or may pose a threat to his independence. The Committee shall also keep under review the non-audit fees paid to external auditor both in relation to their significance to the total annual income of the External Auditor and to the Corporation's total expenditures on consultancy. The non-audit work should be disclosed in the Corporation's annual report, if any."</p>	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	<p>Clause 4.1 of the AMCG provides:</p> <p>"The Audit Committee shall endeavor to meet with the Board at least every quarter without the presence of the President or other management team members, and periodically meets with the head of the internal audit."</p>	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	<u>Compliant</u>	<p>The Audit Committee Charter states:</p> <p><u>"The Committee shall have at least one (1) meeting every year. All members of the Committee are expected to attend each meeting, in person or via teleconference or videoconference."</u></p> <p>In 2019, the Audit Committee met once.</p>	




2. Audit Committee approves the appointment and removal of the internal auditor.	Compliant	<p>Clause IV D(1) of the Audit Committee Charter states that the Audit Committee must "set up an internal audit department and consider the appointment of an independent internal auditor and the terms and conditions of his engagement and removal."</p> <p>(2) Clause 4.1A of the AMCG, meanwhile, provides that the Audit Committee shall establish and identify reporting line of the Internal Auditor to enable him to fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties."</p>	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Non-Compliant	Clause 4.3 of the AMCG provides: "The Board may establish a Corporate Governance Committee that will be tasked to assist the Board in the performance of its corporate governance responsibilities."	The Company will still need to discuss the necessity of establishing a Corporate Governance Committee, considering that the duties attributed to the Corporate Governance Committee can be properly discharged by the Board.
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.			
3. Chairman of the Corporate Governance Committee is an independent director.			
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.	-	-	

Recommendation 3.4

1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Non-Compliant	<p>Clause 4.4 of the AMCG provides:</p> <p>"Considering the Corporation's current size, risk profile and complexity of operations, it is not necessary for the Board to create a Board Risk Oversight Committee or a Related Party Transactions Committee. However, such committees may be established in the future should the need arise."</p>	<p>The Board, thus far, has deemed it not necessary to create a Board Risk Oversight Committee, considering the Corporation's current size, risk profile and complexity of operations. However, such a committee may be established in the future if the need arises.</p>
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.			
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.			
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.			

Recommendation 3.5

1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Non-Compliant	<p>Clause 4.4 of the AMCG provides:</p> <p>"Considering the Corporation's current size, risk profile and complexity of operations, it is not necessary for the Board to create a Board Risk Oversight Committee or a Related Party</p>	<p>The Board, thus far, has deemed it not necessary to create a Related Party Transactions Committee, considering the Corporation's current size, risk profile and complexity of operations.</p>
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However, such a committee may be established in the future if the need arises.

2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.		Transactions Committee. However, such committees may be established in the future should the need arise."	The Related Party Policy states: D. ^ "It is the responsibility of each director or officer to promptly notify the Board, through the Audit Committee, of any proposed Related Party Transaction as soon as they become aware of it to ensure that potential conflicts of interest are disclosed and brought to the attention of Management."
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	Please refer to the Nominations Committee Charter and the Audit Committee Charter.	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant		
3. Committee Charters were fully disclosed on the company's website.	Compliant	<p>The Company's Committee Charters are available in the corporate website:</p> <p>https://www.filipinofund.com.ph/corporate-governance/board-committees-and-charters</p> <p>Further, Clause 4.6 of the AMCG provides:</p> <p>"This Manual on Corporate Governance, the Annual Corporate Governance Report, the Board Charter, Committee Charters, and the Corporation's Code of Business Conduct and</p>	

Ethics, as well as all relevant programs and procedures, shall all be disclosed in the Corporation's Website."

Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

Recommendation 4.1

<p>1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>	<p>Compliant</p>	<p>Clause 4 of the BOD Charter, echoing the pertinent Sections of the By-Laws, provides:</p> <p>" 4. BOARD MEETINGS</p> <p>4.1. Frequency of Meetings – Regular meetings of the Board of Directors shall be held at such place, whether within or without the Philippines, and at such times, as the Board may from time to time determine; and if so determined by a quorum of the Board. No advance notice of meeting need be given. Special meeting of the Board of Directors may be held at any time and place whenever called by the Chairman upon request of three or more directors.</p> <p>4.2. Quorum - A majority of the Directors shall constitute a quorum for the holding of a meeting.</p> <p>4.3. Chairman of the Meeting – Board meetings shall be chaired by the Chairman of the Board.</p> <p>4.4. Minutes of the Meeting –</p>	
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		<p>Minutes of the board meetings shall be taken and recorded by the Corporate Secretary."</p> <p>Further, Clause 2.2B(9) of the AMCG provides that the following is a ground for the temporary disqualification of a director:</p> <p>"Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election."</p> <p>Attendance of the BOD is disclosed in the Company's Annual Report which is distributed to its shareholders.</p>	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	This is the standard policy and practice of the Board.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant		
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Non-Compliant	<p>Clause 2.2B(10) of the AMCG provides:</p> <p>"Considering that there are sufficient controls to ensure that non-executive directors fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy/ies of the Corporation, there is no need to limit the number of directorships that a non-executive director may accept in other publicly-listed companies."</p>	<p>The Company is of the position that there is no need to limit the number of directorships that a non-executive director may accept in other publicly-listed companies, considering that there are sufficient controls to ensure that non-executive directors fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy/ies of the</p>

		<p>Clause 2.2 of the BOD Charter, meanwhile, provides:</p> <p>"Policy on Multiple Board Seats – The Corporation shall ensure that adequate time and attention is given to the fulfillment of the Directors of their duties and responsibilities."</p> <p>Independent Directors of the Company yearly provide a Certification listing the positions they hold in other companies. This Certification is submitted to the SEC and reported to the PSE.</p>	Company.
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	<p>Clause 2.2A.3(11) of the AMCG provides as among the duties and responsibilities of a director:</p> <p>"To notify the Board before accepting a directorship in another Company."</p>	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.			
2. Company schedules board of directors' meetings before the start of the financial year.			
3. Boards of directors meet at least six times during the year.			
4. Company requires as minimum quorum of at least 2/3 for board decisions.			
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Compliant	The Board presently has three (3) independent directors: Edward S. Go, John G. Tan and Bernardo M. Villegas.	
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	Independent Directors submit a certification for independent directors annually. The same is submitted with the Annual Report.	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	The Company does not have any shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	<p>Clause 2.5 of the AMCG provides:</p> <p>"The Board's independent directors should serve for a maximum cumulative term of nine (9) years to be reckoned from the year 2012. After which, the independent director should be perpetually barred from re-election as such in the same company, but may continue to qualify for nomination and election as non-independent director. In the instance that the Corporation wants to retain an independent director who has served for nine (9) years, as a non-independent director, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting."</p> <p>Independent Directors submit a certification for independent directors annually. The same is submitted with the Annual Report.</p>	

2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	Please refer to Clause 2.5 of the AMCG.	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant		
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant Please note that, in lieu of a CEO, the Company has a President.	The Chairman of the BOD is Mr. Bernardo M. Villegas. The President is Margaret Ang.	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	Clause 2.2C of the AMCG provides: Chair and President The Board of Directors should be headed by a competent and qualified Chairperson ("Chair"). The position of Chair and President should be held by separate individuals and each should have clearly defined responsibilities. The roles of Chair and President should be separate to foster an appropriate balance of power, increase in accountability and better capacity for independent decision-making by the Board. A clear delineation of functions must be made between the Chair and President upon their election. Should the positions of Chair and President be unified and held by the same	

		<p>person, proper check and balances must be laid down to ensure that the Board gets the benefit of independent reviews and perspectives, such as by designating a lead director among the independent directors.</p> <p>Clause 2.2C.1 of the AMCG states that the specific roles and responsibilities of the Chair, while Clause 2.2C.2 provides the specific roles and responsibilities of the President.</p>	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Compliant	Mr. Bernardo M. Villegas, the Chairman, is an independent director.	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	<p>Clause 2.2.A.3(10) provides as among the duties and responsibilities of a director:</p> <p>"To abstain from taking part in deliberations relating to a transaction which he/she has material interest in"</p>	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Compliant	<p>Clause 2.2B (10) of the AMCG provides:</p> <p>The non-executive directors should have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the</p>	

2. The meetings are chaired by the lead independent director.	Compliant	Corporation. The meetings should be chaired by the lead independent director.	
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.		-	
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	Clause 2.2F of the AMCG provides: "The Board should conduct an annual self-assessment of its performance, including the performance of the Chair, individual members and committees. Every three (3) years, the assessment should be supported by an external facilitator. The external facilitator can be any independent third party such as, but not limited to, a consulting firm, academic institution or professional organization. The Board should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders."	
2. The Chairman conducts a self-assessment of his performance.	Compliant		
3. The individual members conduct a self-assessment of their performance.	Compliant		
4. Each committee conducts a self-assessment of its performance.	Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Non-compliant		The Board deems it not necessary to engage the services of an external facilitator as of the moment.
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	Please refer to Clause 2.2F of the AMCG.	

2. The system allows for a feedback mechanism from the shareholders.	Compliant		
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Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

Recommendation 7.1

1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	Please refer to the Company's Code of Business Conduct and Ethics.	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant		
3. The Code is disclosed and made available to the public through the company website.	Compliant	The Company's Code of Business Conduct and Ethics are available in the corporate website: https://www.filipinofund.com.ph/corporate-governance/code-business-conduct-and-ethics	

Supplement to Recommendation 7.1

1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	The Company's Anti-Corruption, Bribery and Fraud Policy are available in the corporate website: https://www.filipinofund.com.ph/corporate-governance/companys-policies	
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Recommendation 7.2

1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	The Code of Business Conduct and Ethics provides: "This Code of Business Conduct and Ethics (the "Code of Ethics") sets forth the Corporation's	
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2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	business principles and values which shall guide and govern all transactions and relationships entered into by the Corporation, its board of directors, officers and employees , with particular regard to the decisions they make in the fulfillment of their duties and responsibilities."	
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Disclosure and Transparency

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

Recommendation 8.1




1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.

The Code of Business Conduct and Ethics mandates the Corporation, its board of directors, management, officers and employees to commit to the following standards in the conduct of all business dealings, with respect to disclosure:

"F. DISCLOSURE

1. Publicly disclose all material information that may prove of interest to the Corporation's stakeholders and may be required by the government or regulatory or judicial bodies having proper jurisdiction.
2. Ensure the proper recording of financial and non-financial information, and the appropriate publication of the Corporation's public reports and documents in compliance with applicable laws, rules, and regulations requiring such disclosure.
3. Directors, officers, and employees shall ensure the proper review and analysis of corporate disclosures in the spirit of truthfulness and accuracy, and regularly assess the internal procedures relative to the recording thereof.
4. Not knowingly misrepresent, or cause others to misrepresent, facts about the Corporation to others, whether inside or outside the Corporation, including to the Corporation's independent auditors, governmental regulators and self-regulatory organizations."

Supplement to Recommendations 8.1

1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	Compliant	<u>Financial statements are published within ninety (90) days from the end of the fiscal year while interim reports are published within forty five (45) days from the end of the reporting period.</u>	
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	Compliant	<u>There are no principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</u>	
		<u>Please see the Company's 2019 Annual Report available at</u>	
		<u>https://edge.pse.com.ph/openDiscViewer.do?edge_no=6dde23cb336432560de8473cebbd6407</u>	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	Clause 5.10 of the AMCG provides:	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	"All directors and officers are required to disclose and report to the Corporation any dealings in the Corporation's shares within three (3) business days."	
Supplement to Recommendation 8.2			

1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Compliant	The trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders is duly reported to the SEC and PSE.	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Please see the 2019 Annual Report in which such information is provided. https://edge.pse.com.ph/openDiscViewer.do?edge_no=6dde23cb336432560de8473cebbd6407	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.			
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	Clause 2.2E of the AMCG of the Corporation provides: "2.2E Remuneration of Directors and Officers The levels of remuneration of the Corporation	

<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	<p>Compliant</p>	<p>should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structures or be based on corporation and individual performance.</p> <p>No director is allowed to participate in discussions or deliberations involving his remuneration."</p>	
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>Compliant</p>	<p>Each Director and Officer is paid the amount of PhP27,777.77, on the average, for every attendance in any meeting. Estimated aggregate directors' and officers' fees for the year 2019 is Php722, 222.</p> <p>There is no Compensation Committee, and as such, any adjustment in the compensation of all Directors and Officers is determined by the Board of Directors, and is taken up in the Annual Stockholders' Meeting and voted upon by the shareholders.</p> <p>There are no other standard or consulting arrangements or any compensatory plans relating to resignation/retirement by which directors and officers are to be compensated other than that previously stated.</p> <p>The Company does not have executive officers who are receiving compensation income. The President, Treasurer, and Corporate Secretary of the Company, who are also directors, do not receive any compensation other than per diems for attendance at meetings, nor they receive any bonus or other forms of compensation from the Company.</p>	

Recommendation 8.5

1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	<p>Clause 5.9 of the AMCG provides:</p> <p>"It is therefore essential that all material information about the Corporation which could adversely affect its viability or interest of its stockholders and other stakeholders should be publicly and timely disclosed. Such information should include, among others, earnings, results, acquisition or disposition of assets, off-balance sheet transactions, related party transactions and direct and indirect remuneration of members of the Board and management."</p> <p>Clause 5.2 of the AMCG provides:</p> <p>"All material information, i.e. anything that could potentially affect share price, which could adversely affect the viability or interest of the Corporation's stockholders and other stakeholders shall be publicly and timely disclosed. Such information should include, among others, earnings, results, acquisition or disposition of assets, board changes, related party transactions, shareholdings of directors and changes to ownership."</p>	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	Such information is reported in the Company's 2019 Annual Report.	

Supplement to Recommendation 8.5

<p>1. Company requires directors to disclose their interests in transactions or any other conflict of interests.</p>	<p>Compliant</p>	<p>Title E, par. 1 of the Code of Business Conduct and Ethics of the Corporation requires directors to disclose to the Board of Directors if there is any conflict of interest:</p> <p>"E. CONFLICTS OF INTEREST</p> <p>1. Avoid any actual or apparent conflicts of interest. Any actual, apparent, or potential conflict of interest shall be disclosed to the Corporation's board of directors."</p> <p>Section 2.1 of the Charter of the Board of Directors likewise provides:</p> <p>"2. BOARD INDEPENDENCE AND CONFLICT OF INTEREST</p> <p>It is the responsibility of each Director to promote the best interest of the Corporation. Therefore, in making decisions, they should only pursue the interest of the Corporation, and must not consider their personal interest.</p> <p>2.1. Disclosure of Interest – Each Director shall disclose any conflict of interest. A Director shall abstain from participating in the discussion of, and voting on, any matter where is in conflict of interest."</p>	
<p>Optional : Recommendation 8.5</p>			

1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	Compliant	<p>Please refer to the Related Party Policy, specifically the Approval Procedures of Related Party Transactions.</p> <p>https://www.filipinofund.com.ph/corporate-governance/companys-policies</p> <p>RPTs were disclosed in the Company's 2019 Annual Report.</p>	
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	<p>Title F, pars. 1 and 2 of the Code of Business Conduct and Ethics of the Corporation requires the Corporation to publicly disclose all material information:</p> <p>"F. DISCLOSURE</p> <p>1. Publicly disclose all material information that may prove of interest to the Corporation's stakeholders and may be required by the government or regulatory or judicial bodies having proper jurisdiction.</p> <p>2. Ensure the proper recording of financial and non-financial information, and the appropriate publication of the Corporation's public reports and documents in compliance with applicable laws, rules, and regulations requiring such disclosure."</p>	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	The Company did not dispose of any assets for the year 2019.	
Supplement to Recommendation 8.6			

1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	There are no shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the Company.	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	The AMCG of the Corporation has been submitted to the SEC and PSE. Please refer to the Manual on Corporate Governance which is available in the corporate website.	
2. Company's MCG is submitted to the SEC and PSE.	Compliant	https://www.filipinofund.com.ph/corporate-governance/manual-corporate-governance	
3. Company's MCG is posted on its company website.	Compliant		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	The Corporation amended its Manual on Corporate Governance in order to comply with SEC Memorandum Circular No. 24 series of 2019 or the Code of Corporate Governance for Publicly-Listed Companies. The AMCG was submitted to the SEC and uploaded via PSE edge on July 09, 2020 which is available in the corporate website: https://www.filipinofund.com.ph/corporate-governance/manual-corporate-governance	
Optional: Principle 8			




1. Does the company's Annual Report disclose the following information:		Please see its 2019 Annual Report as embodied in SEC Form 17-A.	
a. Corporate Objectives	Compliant		
b. Financial performance indicators	Compliant		
c. Non-financial performance indicators	Compliant		
d. Dividend Policy	Compliant		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant		
f. Attendance details of each director in all directors meetings held during the year			
g. Total remuneration of each member of the board of directors	Compliant		

2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Compliant		
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.			
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.			
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant		

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

Recommendation 9.1

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	<p>Section 4.1A par. m of the AMCG provides the functions of the Audit Committee:</p> <p>“(m) Implement a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the external auditor should be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For removal of the external auditor, the reasons for removal or change should be disclosed to the regulators and the public through the company website and required disclosures.”</p>	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	<p>Under E (1) of the Audit Committee Charter, the Audit Committee shall recommend to the Board the external auditor who will be endorsed to the stockholders for selection and appointment.</p> <p>1.1. The Committee shall ensure that the external auditor shall not, at the same time, provide the services of an internal auditor to the Corporation.</p>	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	<p>Under E(1.3) of the Audit Committee Charter:</p> <p>1.2. The Committee shall ensure that the reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the Corporation's annual and current reports. Said report shall include a discussion of any disagreement with the former external auditor on any matter of accounting principles or practices,</p>	

		<p>financial statement disclosure or auditing scope or procedure which, if not resolved to the satisfaction of the former auditor, would have caused reference to the subject matter of disagreement in connection with its report.</p> <p>The Company has not removed or changed its external auditor.</p>	
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	<p>Clause 2.4(c) of the AMCG provides the following:</p> <p>"2.4C. The Corporation's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier. "</p> <p>This is echoed under E(1.2) of the Audit Committee Charter as follows:</p> <p>1.2 The Committee shall ensure that, consistent with Rule 68 of the Amended Implementing Rules and Regulations of the Securities Regulation Code, as amended, the external auditor or the handling partner shall be changed every five(5) years or earlier.</p>	
Recommendation 9.2			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <p>i. assessing the integrity and independence of external auditors;</p> <p>ii. exercising effective oversight to review and monitor the external auditor's independence</p>	Compliant	<p>4.1^A of the AMCG provides:</p> <p>The Audit Committee shall have the following functions:</p> <p>xxx</p> <p>(b) Perform oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation. This function shall include the regular receipt from Management of information</p>	

<p>iii. and objectivity; and exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</p>		<p>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>xxx</p> <p>(g) Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;"</p>	
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	<p>Compliant</p>	<p>4.1A (m) of the AMCG provides:</p> <p>The Audit Committee shall have the following functions:</p> <p>"(m) Implement a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the external auditor should be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For removal of the external auditor, the reasons for removal or change should be disclosed to the regulators and the public through the Corporation website and required disclosures."</p>	

Supplement to Recommendations 9.2

<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	<p>Compliant</p>	<p>4.1A (c) of the AMCG provides:</p> <p>The Audit Committee shall have the following functions:</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>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	<p>Compliant</p>	<p>4.1A of the AMCG provides:</p> <p>The Audit Committee shall have the following functions:</p> <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 style="text-align: center;">xxx</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 style="text-align: center;">xxx</p> <p>(i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following</p>	

		matters: <ol style="list-style-type: none"> Any change/s in accounting policies and practices; Major judgment areas; Significant adjustments resulting from the audit Going concern assumptions; Compliance with accounting standards; Compliance with tax, legal and regulatory requirements; <p>xxx</p> <p>(k) Evaluate and determine non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with external auditor's duties and poses a threat to his independence. Non-audit works, if allowed, should be disclosed in the Corporation's annual report;"</p>	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	No non-audit services were performed by the external auditor for 2019.	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as	Compliant	4.1A of the AMCG states: The Audit Committee shall have the following functions:	

impairing the external auditor's objectivity.		xxx (k) Evaluate and determine non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with external auditor's duties and poses a threat to his independence. Non-audit works, if allowed, should be disclosed in the Corporation's annual report;"	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.		No non-audit services were performed by the external auditor for 2019.	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	<p>The details of FFI's external auditor for 2019 are as follows:</p> <ol style="list-style-type: none"> 1. Name of audit engagement partner- Janet A. Paraiso 2. Accreditation No. 0778-AR-3; 3. Date Accredited-June 19, 2018 4. Expiry date of accreditation- June 18, 2021 and 5. Name, contact number and address of audit firm <ol style="list-style-type: none"> a. Sycip, Gorres, Velayo & Co. b 8565801 c. 6760 Ayala Avenue, Makati City, 1226 Metro Manila, Philippines 	

2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).		The Company's external auditor Sycip, Gorres Velayo & Co., has been subjected to SOAR inspection by SEC's Office of the General Accountant.	
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Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

Recommendation 10.1

1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	<p>Title F par. 2 of the Code of Business Conduct and Ethics requires the Corporation, its board of directors, management, officers and employees to ensure proper recording and publication of non-financial information:</p> <p>"F. DISCLOSURE</p> <p>2. Ensure the proper recording of financial and non-financial information, and the appropriate publication of the Corporation's public reports and documents in compliance with applicable laws, rules, and regulations requiring such disclosure."</p>	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.			

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

Recommendation 11.1

1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	<p>All public, material and relevant information are accessible and publicly available via the website which has a section on Corporate Disclosures.</p> <p>The Company's corporate disclosures is available via the following link:</p> <p>https://www.filipinofund.com.ph/company-disclosures</p>	
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Supplemental to Principle 11

1. Company has a website disclosing up-to-date information on the following:	Compliant	<p>The Company's corporate website can be accessed via the following link:</p> <p>https://www.filipinofund.com.ph/</p>	
a. Financial statements/reports (latest quarterly)	Compliant	Please refer to the section pertaining to Corporate disclosure on SEC FORM 17Q for the latest quarterly report.	
b. Materials provided in briefings to analysts and media	Compliant	Please refer to the section pertaining to Investor Relations which include the report on Top 20 shareholders.	
c. Downloadable annual report	Compliant	Please refer to the section pertaining to Corporate Disclosure on SEC FORM 17A for the latest available annual report.	
d. Notice of ASM and/or SSM	Compliant	Please refer to the section pertaining to Corporate Disclosure on Notice of All General or Special Stockholders' Meeting	
e. Minutes of ASM and/or SSM	Compliant	Please refer to the section pertaining to Corporate Disclosure on Minutes of all General or Special Stockholders' Meetings .	
f. Company's Articles of Incorporation and By-Laws	Compliant	Please refer to the section pertaining to Our Company which includes the report on Company's Articles of Incorporation and By-Laws.	

Additional Recommendation to Principle 11

1. Company complies with SEC-prescribed website template.	Compliant	The Corporation complies with the applicable regulatory requirements pertaining to the mandatory contents of its website, including but not limited to SEC Memorandum Circular No. 11, series of 2014.	
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	<p>Section 3 of the AMCG provides the following policy regarding the Internal Audit Requirements of the Company:</p> <p>"3. Policy on Internal Audit Requirements</p> <p>Due to peculiarities of an Investment Company set-up where the business transactions are undertaken by the Corporation's Fund Manager, the Fund does not intend to employ its own independent auditor. Nonetheless, in confirming the appointment/retention of the Corporation's Fund Manager, the Board shall make it a condition precedent that the said Corporation's Fund Manager has a reliable and strong internal corporate audit control system, and which is accordingly in place.</p> <p>The Corporation shall adopt and implement an internal control system and an enterprise risk management framework in the conduct of its business, taking into account its size, risk profile and complexity of operations."</p> <p>Further, C.2 of the Audit Committee Charter states:</p> <p>The Audit Committee shall:</p>	

		Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial, operational and compliance controls and information technology security.	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	The major risks encountered by the Company are disclosed in its Annual Report	
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	Compliant	<p>2.2A.2 of the AMCG states:</p> <p>The Board shall have the following duties and responsibilities:</p> <p>14. Ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices.</p>	
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.			
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value	Compliant	Due to the peculiarities of an Investment Company set-up where all of the daily business transactions are undertaken by the Fund/s Investment Manager, the Fund does not intend to employ its own independent internal auditor. Nonetheless, in confirming the	

and improve the company's operations.		<p>appointment/retention of the Fund's Investment Manager, the Board of Directors shall make it a condition precedent that the said Investment Manager has a reliable and strong internal corporate audit control system, and which is accordingly in place. This is embodied in Section 3 of the AMCG.</p> <p>Currently, the fund manager of the Corporation is AB Capital & Investment Corporation</p>	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Non-Compliant		<p>Section 2.6 of the AMCG explains the reason for the non-appointment by the Corporation of its CAE:</p> <p>"Considering the Corporation's current size, risk profile, and complexity of operations, it is not necessary for the Board to appoint a Chief Audit Executive and Chief Risk Officer to establish a separate risk management function. However, such officers may be appointed or such function may be established in the future should the need arise."</p>
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Non-Compliant		
3. In case of a fully outsourced internal audit activity, qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Compliant	Please refer to Clause 3 of the AMCG.	
Recommendation 12.4			

1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	<p>G. RISK MANAGEMENT of the Code of Business Conduct and Ethics states:</p> <ol style="list-style-type: none"> 1. Fully assess and manage risks involved in undertaking strategies, acquisitions, activities, services, and other business endeavors of the Corporation. 2. Be truthful and accountable to the Corporation's stakeholders in the assessment of risks and the taking on thereof, consistent with agreements entered into consciously and fairly with these stakeholders. 	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	Risk management is handled by the Company's Fund Manager.	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Non-Compliant		<p>Section 2.6 of the AMCG explains the reason for the non-appointment by the Corporation of its CRO:</p> <p>"Considering the Corporation's current size, risk profile, and</p>

2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Non-Compliant		<p>complexity of operations, it is not necessary for the Board to appoint a Chief Audit Executive and Chief Risk Officer to establish a separate risk management function. However, such officers may be appointed or such function may be established in the future should the need arise. "</p> <p>We note, however, that AB Capital, the Fund Manager, has its own Chief Risk Officer. The Fund Manager manages FFI and handle its administrative operations.</p>
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1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Compliant	The Audit Committee and the Board annually discuss, approve and act on the findings and recommendations of the External Auditor.	
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Cultivating a Synergic Relationship with Shareholders

Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

Recommendation 13.1

1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	Section 6 of the AMCG provides and discloses the basic shareholders' rights.	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	<p>The AMCG is available in the corporate website.</p> <p>https://www.filipinofund.com.ph/corporate-governance/manual-corporate-governance</p>	

Supplement to Recommendation 13.1

1. Company's common share has one vote for one share.	Compliant	Section 8, Article II of the Amended By-Laws of the Corporation provides:	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	"Section 8- Each share of stock entitles the person in whose name it is registered in the books of the corporation to one vote as provided in the Articles of Incorporation or otherwise provided by law."	
3. Board has an effective, secure, and efficient voting system.	Compliant	Section 7, Article III of the Amended By-Laws of the Company provides: "Section 7- A majority of the Directors shall constitute a quorum for the holding of a meeting, and, except as otherwise provided in these By-Laws, any resolution by a majority of the quorum duly convened in session shall be valid as a corporate act."	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Not Compliant		There are no supermajority or "majority of minority" requirements
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	Section 6.4 par. 2 of the AMCG provides: "2. The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes."	

<p>6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.</p>	<p>Compliant</p>	<p>Section 6.4 pars. 2 and 3 of the AMCG enumerates the rights of the minority shareholders, as follows:</p> <p>"2. The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.</p> <p>3. The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes."</p>	
<p>7. Company has a transparent and specific dividend policy.</p>	<p>Compliant</p>	<p>Section 1, Article IX of the Amended By-Laws of the Corporation provides:</p> <p>"Section 1- The Board of Directors shall, whenever in its opinion the condition of the Corporation's affairs will render it expedient, declare dividends to the stockholders of the Corporation out of prior year's net profit in such amounts and on such dates as the Board of Directors shall determine. In the declaration of dividends, the Board shall consider the possibility of adopting a policy of declaring dividends in such amount as will equal 50% of the prior year's net profit."</p>	
<p>Optional: Recommendation 13.1</p>			

1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Compliant	The Rizal Commercial Banking Corporation Stock Transfer Office validates the votes at the Company's annual shareholders' meeting.	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	<p>The 2019 Notice of the Annual Stockholder's Meeting and the Agenda were sent to the stockholders of record at least fifteen (15) days prior to the date designated for the 2019 Annual Stockholders' Meeting pursuant to Section 4, Article II of the By-Laws.</p> <p>The Agenda for the 2019 Annual Stockholders' Meeting was uploaded and disclosed to PSE Edge at:</p> <p>http://edge.pse.com.ph/openDiscViewer.do?edge_no=7c4454232f022f12efdfc15ec263a54d#sthash.YqpUwYVa.dpbs</p> <p>https://edge.pse.com.ph/companyDisclosures/form.do?cmpyid=196</p>	
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:		<p>The Notice of the 2019 Annual Stockholders' Meeting was disclosed and uploaded to PSE Edge and which was also made available to the Company's corporate website at:</p> <p>https://www.filipinofund.com.ph/corporate-disclosure/7-notice-all-general-or-special-stockholders%E2%80%99-meetings</p>	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships	Compliant	The Notice includes the Annual Report as well as the Proxy Form in which this information is provided.	

in other listed companies)		Please refer to the Definitive Information Statement for the 2019 Annual Stockholders' Meeting.	
b. Auditors seeking appointment/re-appointment	Compliant		
c. Proxy documents	Compliant	https://edge.pse.com.ph/openDiscViewer.do?edge_no=70bbb1e61acbff71efdfc15ec263a54d	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	Please refer to the Part IV of 2019 Definitive Information Sheet on Action with Respect to Reports.	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	The results of the Annual Special Stockholders' Meeting for 2019 and the votes taken therein were disclosed and uploaded to the PSE Edge by the Corporation on the same day the meeting was held and was also made publicly available through the Corporate website within five business days from end of the meeting:	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Compliant	https://www.filipinofund.com.ph/sites/default/files/Results%20of%20Stockholders%27%20Meeting%2014%20May%202019.pdf	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	The external auditor was present during the ASM and/or special meeting.	
Recommendation 13.4			

1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	2.2A.2 of the AMCG states: The Board shall have the following duties and responsibilities: 18. Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporations and its stockholders, and the Corporation and third parties, including the regulatory authorities.	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	Please refer to 2.2A.2 (18) of the AMCG	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	This is performed by the Fund Manager.	
2. IRO is present at every shareholder's meeting.	Compliant	The Fund Manager is always present during stockholders' meeting.	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	There are no anti-takeover measures in place	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Non-Compliant	In the Company's Public ownership report as of March 31, 2020, 28.86% is owned by the public.	The legally required minimum public float is only 20% pursuant to SEC Memorandum Circular No. 13 Series of 2017.
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting			

2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.

Duties to Stakeholders

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

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.

Compliant

Information on the Company's stakeholder is fully disclosed in the Company's Annual Report.

Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.

Compliant

Titles B and H of the Code of Business Conduct and Ethics of the Corporation provide:

"B. FAIR DEALING

1. Not take unfair advantage of anyone, particularly the Corporation's stakeholders and the public at large, through manipulation, abuse of privileged information, misrepresentation of material facts, or like behavior.

2. Deal fairly with the Corporation's stockholders, business partners, the government, its regulators, and the public at large.

xxx

H. RELATIONS WITH SHAREHOLDERS AND INVESTORS

1. Adopt international best practices of good corporate governance to further the goals and principles espoused by the Code of Ethics.

		<p>2. Adopt strategies, actions, and decisions that aim to increase shareholder value.</p> <p>3. Accurately and consistently keep business and accounting records and issue financial statements in accordance with the Corporation's relevant policies, in the spirit of full transparency.</p> <p>4. Ensure an independent audit of the Corporation's financial statements by external auditors in accordance with the Corporation's Audit Committee Charter."</p>	
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	The Corporation has adopted a Whistleblowing Policy to encourage its board of directors, management, officers, employees, and business partners, to be more active in voicing out serious concerns about possible and perceived illegal and unethical practices related to the Corporation. The Policy aims to provide better avenues for whistleblowers to raise issues and help apprise the Corporation about serious concerns so that they may take actions to resolve the matters reported. Whistleblowers may use any method of communication in reporting to the Corporation's Compliance Officer or its independent directors to raise a serious concern covered by this Policy.	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Compliant	Please refer to Clause 2.2A.2 (18) of the AMCG.	

Additional Recommendations to Principle 14

1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	The Company has not sought or is not seeking any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue.	
2. Company respects intellectual property rights.	Compliant	The Company has not violated any intellectual property rights.	

Optional: Principle 14

1. Company discloses its policies and practices that address customers' welfare	-	-	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	-	-	

Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

Recommendation 15.1

1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	Please see attached Whistle Blowing Policy, Anti-Corruption, Bribery and Fraud Policy and Code of Business Conduct and Ethics, which encourage employees to actively participate in the realization of the company's goals and in its governance.	
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Supplement to Recommendation 15.1

1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Non-Compliant		FFI currently does not have employees of its own, as the management of the Fund, including its administrative operations, is completely handled by its Fund Manager
2. Company has policies and practices on health, safety and welfare of its employees.	Non-Compliant		
3. Company has policies and practices on training and development of its employees.	Non-Compliant		
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	<p>The Corporation has adopted an Anti-Corruption Policy, which is attached hereto as Annex A. Title A par. 3 of the Code of Business Conduct and Ethics also provides:</p> <p>"A. COMPLIANCE</p> <p>xxx</p> <p>3. Avoid the direct or indirect commission of bribery and corruption of representatives of governments or regulators in the conduct of any and all dealings with the government, excluding permissible additional payments for routine governmental actions that are allowed by all applicable laws and regulations."</p>	

2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Non-Compliant		FFI currently does not have employees of its own, as the management of the Fund, including its administrative operations, is completely handled by its Fund Manager.
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	Please refer to the Anti-Corruption Policy and Bribery Policy of the Corporation.	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	<p>The Whistleblowing Policy incorporates procedures to protect the employees from retaliation. Section 2.2 of the Whistleblowing Policy provides:</p> <p>"2.2 Protection from Harassment or Retaliation</p> <p>The Corporation believes that employees should be able to raise their serious concerns about corporate malpractices and report valid concerns without fear of reprisals, and to have direct access to corporate channels that handle whistleblowing concerns. As such, the Corporation guarantees that whistleblowers shall not be harassed, victimized or be subject to retaliatory or disciplinary actions as a result of any good faith disclosure for as long as it is not made maliciously or for personal gain. Any harassment or retaliatory action shall be subject to disciplinary or legal action."</p>	

2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	<p>Section 3 of the Whistleblowing Policy of the Corporation allows employees to have direct access to an independent director to report any illegal and unethical practices related to the Corporation:</p> <p>"3.Reporting Channel</p> <p>Whistleblowers may use any method of communication in reporting to the Corporation's Compliance Officer or its independent directors to raise a serious concern covered by this Policy at the following contact details: xxx"</p> <p>Compliance Officer contact number: 0920 -909-0690</p> <p>Independent Directors Contact Numbers: 0927-293-6358; 0918-903,8574; 0918-800-0000</p>	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	There were no incidents for 2019.	

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

Recommendation 16.1

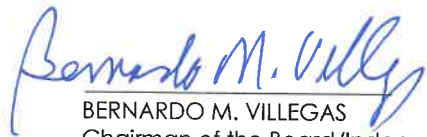
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	Yearly, the Company donates to Vicsal Foundation, Inc., a duly registered domestic non-stock, non-profit organization which is duly accredited by the Philippine Council for NGO Certification.	
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Optional: Principle 16

1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	-	-	
2. Company exerts effort to interact positively with the communities in which it operates	-	-	



Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance ("I-ACGR") is signed on behalf of the registrant by the undersigned, thereto duly authorized in the City of _____ on _____.



BERNARDO M. VILLEGAS
Chairman of the Board/Independent Director

Signatures



MARGARET G. ANG
President



EDWARD S. GO
Independent Director



JOHN G. TAN
Independent Director



JONNA C. LLAGUNO
Compliance Officer



VINCENT E. TOMANENG
Corporate Secretary/Director

SUBSCRIBED AND SWORN to before me this _____ day of _____, affiants exhibiting to me competent evidence of their identities as follows:

JUL 30 2020

Name	ID No./CTC NO.	Expiration Date	Place of Issue
Bernardo M. Villegas	EC7789082	21 MAY 2021	DFA NCR EAST
Margaret G. Ang	11084238	31 JANUARY 2022	CEBU CITY
Edward S. Go	EB9981364		DFA MANILA
John G. Tan	SSS#33-0861244-3	-	PHILIPPINES
Jonna C. Llaguno	P1383123B	04 APRIL 2029	DFA MANILA
Vincent E. Tomaneng	P6261118A	01 MARCH 2028	DFA CEBU

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ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2020
IBP No. 05729 - Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M-143-(2019-2020)
PTR No. 8114014 Jan. 2, 2020
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City