

FILIPINO FUND, INC.

CHARTER OF THE BOARD OF DIRECTORS

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.

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.

The Board shall exercise its powers and duties in the best interest of the Corporation, its shareholders and other stakeholders.

1. COMPOSITION OF THE BOARD

1.1. Number of Directors - The Board shall consist of seven (7) members.¹

1.2. Board Competencies and Diversity – The Board shall be composed of members who possess the necessary knowledge, skills, and experience required to properly perform the duties of the Board.

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.

1.3. Review of Board Profile – The Board shall regularly review its composition, taking into account the evolving requirements of the Corporation, and best practices in corporate governance.

1.4. Independent Directors – There shall be at least two (2) members who shall be independent directors.²

To be considered independent, a Director shall, apart from his fees and shareholdings, hold no interests or relationships with the Corporation that may hinder his independence from the Corporation, Management, or shareholders which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a Director of the Corporation. For this purpose, an independent director shall submit a

¹ Sixth Article, 5th Amended Articles of Incorporation; Section 1, Article III, 5th Amended By-laws.

² Section 2.2B, No. 1, and Section 2.5, Fourth Amended Manual on Corporate Governance of Filipino Fund, Inc. (the "Corporate Governance Manual").

Certification of Independent Director in accordance with the rules of the Securities and Exchange Commission ("SEC").

- 1.5. Qualifications and Disqualifications – The members of the Board shall have the qualifications and none of the disqualifications as prescribed under Section 2.2B of the Corporate Governance Manual.

2. BOARD INDEPENDENCE AND CONFLICT OF INTEREST

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.

- 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 he/she is in conflict of interest.
- 2.2. 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.
- 2.3. Confidentiality Rule – Directors shall keep confidential all the information contained in the confidential reports or discussions. They shall also ensure that all persons who have access to the same information likewise comply with this rule.
- 2.4. Influence of Former Directors – Former Directors shall not be allowed to exercise influence over the operations of the Corporation. The confidentiality rule applicable to incumbent Directors shall continue to apply to former Directors.
- 2.5. Employment of Former Directors – Notwithstanding the immediately preceding paragraph, an exception may be made if it is in the best interest of the Corporation as determined by the incumbent Board, that a former Director take a certain position within the Corporation.
- 2.6. Maximum Cumulative Term of Independent Directors - The Board's independent directors shall serve for a maximum cumulative term of nine (9) years to be reckoned from the year 2012. After which, the independent director shall be perpetually barred from re-election as such in the same company, but may continue to qualify for nomination and election as a 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 shall provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.³

³ Section 2.5, Corporate Governance Manual.



3. ELECTION OF DIRECTORS

The Directors shall be elected by the Corporation's stockholders entitled to vote at the annual meeting in accordance with the By-laws of the Corporation.

- 3.1. Nomination of Directors – Pursuant to the Corporation Code, any shareholder including minority shareholders, shall have the right to 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.
- 3.2. Ownership of Corporation Shares – No person shall be elected nor competent to hold the office of Director unless at least Five Thousand (5,000) shares of stock of the Corporation shall stand in his name in the books of the Corporation at the time of his election.⁴
- 3.3. Term of Office – Each director shall hold office for one (1) year and until his successor is duly elected and qualified, provided, however that any director may be removed from office with or without cause at any time by a three-fourths (3/4) vote of the subscribed capital stock entitled to vote.
- 3.4. Filling of Vacancies – In case any vacancy or vacancies should occur in the Board during the period between two annual meetings other than removal or expiration of term, due to death, resignation or other causes, the remaining Directors, if still constituting a quorum, may fill said vacancies by election from among the stockholders and the stockholders so elected shall act as member/s of said Board until the new Board of Directors are elected.

4. BOARD MEETINGS

- 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.⁵ 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.⁶
- 4.2. Quorum - A majority of the Directors shall constitute a quorum for the holding of a meeting.⁷
- 4.3. Chairman of the Meeting – Board meetings shall be presided by the Chairman of the Board.⁸

⁴ Section 2, Article III, 5th Amended By-laws.

⁵ Section 5 Article III, 5th Amended By-laws.

⁶ Section 6 Article III, 5th Amended By-laws.

⁷ Section 7 Article III, 5th Amended By-laws.

⁸ Section 4 Article IV, 5th Amended By-laws.

- 4.4. Minutes of the Meeting – Minutes of the board meetings shall be taken and recorded by the Corporate Secretary.⁹

5. RESPONSIBILITIES OF THE BOARD

The Board shall foster the long-term success of the Corporation, and sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interest of its stockholders and other stakeholders. The Board shall also formulate the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor management's performance.

6. BOARD COMMITTEES

- 6.1. Audit Committee – the Board shall create an Audit Committee which shall consist of at least three (3) qualified non-executive directors.¹⁰
- 6.2. Nomination Committee - The Board shall create a Nomination Committee which shall have at least three (3) members and one of whom must be an independent director, to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.¹¹
- 6.3. Governance Committee - The Board may establish a Corporate Governance Committee that will be tasked to assist the Board in the performance of its corporate governance responsibilities.¹²

7. COMPENSATION OF THE BOARD

Directors shall receive as compensation for every regular or special meeting of the Board actually attended such amount as may from time to time be fixed by the Board of Directors subject to the approval of the stockholders.

8. MISCELLANEOUS

- 8.1. Access to Information – The Board shall have reasonably free and full access to all relevant information, data, records, properties and personnel of the Corporation.
- 8.2. Technical Assistance – The Board may invite such members of Management and other persons to its meetings and may secure independent expert advice as it may deem desirable or appropriate.
- 8.3. Review – This Charter shall be reviewed by the Board when the need arises.

⁹ Section 8 Article IV, 5th Amended By-laws.

¹⁰ Section 4.1A, Corporate Governance Manual.

¹¹ Section 4.2, Corporate Governance Manual.

¹² Section 4.3, Corporate Governance Manual.

Approved on _____ 2017 in Makati City.


BERNARDO M. VILLEGAS

Chairman


FRANK S. GAISANO


Director

JOHN G. TAN

Director


MARGARET G. ANG

President


EDWARD S. GO

Director


ALIIM C. JAMANDRE

Director


VINCENT E. TOMANENG

Director

