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SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

2014


- 1. Report is Filed for the Year
 FILIPINO FUND, INC.
- 2. Exact Name of Registrant as Specified in its Charter
 Unit 1009-1011, Tower One & Exchange
 Plaza, Ayala Triangle, Ayala Ave., Makati City 1226
- 3.
 Address of Principal Office Postal Code
 AS091190385 
- 4. SEC Identification Number 5. (SEC Use Only)
 Industry Classification Code
 002-284-545-000
- 6. BIR Tax Identification Number
 (632) 856-58-01
- 7.
 Issuer's Telephone number, including area code
- 8.
 Former name or former address, if changed from the last report

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	7
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Actual number of Directors for the year	7
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(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual/Special Meeting)	No. of years served as director
Margaret Gaisano -Ang	ED	N/A		2003	20 May 2014	Annual Meeting	10
Frank S. Gaisano	ED	N/A		2003	20 May 2014	Annual Meeting	10
John G. Tan	ID	N/A	Frank S. Gaisano (not related to the nominee)	2008	20 May 2014	Annual Meeting	6
Edward S. Go	ID	N/A	Frank S. Gaisano (not related to the nominee)	2004	20 May 2014	Annual Meeting	10
Bernardo M. Villegas	ID	N/A	Frank S. Gaisano (not related to the nominee)	1995	20 May 2014	Annual Meeting	20
Aljim C. Jamandre	D	N/A	Frank S. Gaisano (not related to the nominee)	2014	20 May 2014	Annual Meeting	11 Months
Vincent E. Tomaneng	D	N/A	Frank S. Gaisano (not related to the nominee)	2014	20 May 2014	Annual Meeting	11 Months

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

In relation to stockholders, it is the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. The directors shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

Although stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.

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

The Board of Directors reviews the Corporation's vision and mission at least once a year.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Margaret Gaisano-Ang	1. Vicsal Development Corp. 2. Metro Value Ventures, Inc.	1. Executive (Managing Director/Corporate Secretary) 2. Executive (Director/Corporate Secretary)
Frank S. Gaisano	1. Vicsal Development Corp 2. Pacific Mall Corp. 3. Vicsal Investment, Inc. 4. AB Capital and Investment Corp.	1. Executive (Chairman) 2. Executive (Chairman) 3. Executive (Chairman) 4. Executive (Chairman)
Edward S. Go	1. Vicsal Investment, Inc. 2. AB Capital and Investment Corp.	1. Independent Director 2. Director
Aljim C. Jamandre	1. AB Capital and Investment Corp. 2. Wealth Development Bank Corporation 3. Metro Legazpi Development Corp. 4. Vicsal Development Corp	1. Director 2. Director & Treasurer 3. Director & Treasurer 4. Chief Finance Officer
Vincent E. Tomaneng	1. Pacific Mall Corporation	1. Director

(ii) Directorship in Other Listed Companies

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

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Edward S. Go	Metro Pacific Investment Corp.	Independent Director

(iii) Relationship within the Company and its Group

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

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
Not Applicable		

- (iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

The Corporation has not set a specific limit on the number of board seats in other companies that the members of the Board may have.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director		
Non-Executive Director	Not Applicable	
CEO		

- (e) Shareholding in the Company

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Frank S. Gaisano	10,518	None	0.0210%
Margaret Gaisano-Ang	10,518	None	0.0210%
John G. Tan	10,518	None	0.0210%
Edward S. Go	10,518	None	0.0210%
Bernardo M. Villegas	10,518	None	0.0210%
Aljim C. Jamandre	5,631	None	0.0112%
Vincent E. Tomaneng	5,000	None	0.0100%
TOTAL			

2) Chairman and CEO

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

Yes No

Identify the Chair and CEO:

Chairman of the Board	Bernardo M. Villegas
CEO/President	Margaret G. Ang

- (b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	Presides at all meetings of stockholders and directors.	Presides at all meetings of the stockholders and the Boards of Directors in the absence of the Chairman
Accountabilities	Have all powers and perform all duties incident to and vested in the Office of Chairman of the Board of a Corp.	General supervision of the business of the Corporation

Deliverables	The Chairman shall issue the certificates, contracts and other instruments of the Corporation to which he is a signatory, and as authorized by the Board of Directors.	The Chief Executive Officer shall issue the certificates, contracts and other instruments of the Corporation to which he is a signatory, and as authorized by the Board of Directors.
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- 3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

The succession for CEO /Managing Director/President and the key management officers is elected/ done annually during stockholders meeting.

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

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

The Corporation does not have an express policy on ensuring diversity of experience and background of the directors. However, the Corporation has a Nomination Committee which reviews and evaluates qualifications and disqualifications of all persons nominated to the Board of Directors. Further, the Board of Directors is mandated to implement a process of for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. For this purpose, the Board of Directors may impose additional qualifications on director.

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

The Corporation does not have an express policy on this matter. However the Corporation has a Nomination Committee which reviews and evaluates qualifications and disqualifications of all persons nominated to the Board of Directors. Further, the Board of Directors is mandated to implement a process of for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. For this purpose, the Board of Directors may impose additional qualifications on director.

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

	Executive	Non-Executive	Independent Director
Role	The Board of Directors is in charge of the management of the business, property, and affairs of the Corporation.		The Board of Directors is in charge of the management of the business, property, and affairs of the Corporation.
Accountabilities	The Executive Directors shall be accountable to the stockholders for the day-to-day operations of the Corporation.		The Independent Directors shall be accountable to the stockholders for the exercise of independent judgment in the day-to-day operations of the Corporation.
Deliverables	Balanced and comprehensive assessment of the Corporation's performance, position and prospects on a quarterly basis including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.		Certificates, contracts and other instruments of the Corporation to which he is a signatory, as authorized by the Board of Directors.

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

In relation to independent directors, "independence" is a state where a person does not have any relationship or position in the Corporation, or in parties related to the Corporation, and the holding of such relationship or position will interfere with the exercise of impartial judgment in carrying out the responsibilities as a director.

In the case of the Corporation, the independent directors elected are not related to any party in the Corporation, or its subsidiaries and affiliates.

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

The Corporation does not impose a specific term limit on independent directors. However, the Corporation intends to comply with the term limits set in Securities and Exchange Commission Memorandum Circular No. 9, Series of 2011.

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

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:
There is no changes in the composition of the Board of Directors during the period.

Name	Position	Date of Cessation	Reason
None			

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

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

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	The Board has a Nomination Committee which reviews and evaluates the qualifications of all persons nominated to the Board. The Nomination Committee pre-screens and shortlists all candidates to be nominated to become a member of the Board of Directors in accordance with the set qualifications and disqualifications.	The directors should be qualified under the Corporation Code, Securities Regulation Code, and other relevant laws. The Board may provide for additional qualifications which include, among others, college education or equivalent academic degree, practical understanding of the business of the Corporation, membership in good standing in relevant industry, business or professional organizations, and previous business experience.
(ii) Non-Executive Directors		
(iii) Independent Directors		
b. Re-appointment		
(i) Executive Directors	Each director shall hold office for one (1) year and until the	Same as above.
(ii) Non-Executive Directors		

(iii) Independent Directors	successor is duly elected and qualified.	
c. Permanent Disqualification		
(i) Executive Directors		The following are grounds for permanent disqualification:
(ii) Non-Executive Directors	The Nomination Committee reviews and evaluates whether the persons nominated to the Board has any of the disqualifications set in the Manual of Corporate Governance.	Conviction of any felony or misdemeanor involving the purchase or sale of any security or arising out of such person's conduct as an underwriter, broker, dealer, or investment adviser, or as an affiliate person, salesman, or employee of any investment company, bank or insurance company; being permanently or temporarily enjoined by order, judgment, decree of any court of competent jurisdiction from (a) acting as underwriter, broker, dealer or investment company, bank or insurance company, (b) acting as director officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing to conduct or practice in any of the capacities mentioned in (a) or (b) or willfully violating the laws that govern securities and banking activities; or (d) from engaging in or continuing any conduct or practice in connection with any such activity or in connection with the purchase or sales of any security; being found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct listed in the foregoing paragraphs; judicial declaration of insolvency; found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, inducted or procured the violation of, any provision of the Securities Regulation Code, the Philippine Stock Exchange, or any other law administered by the Commission or the

		Bangko Sentral ng Pilipinas; required to restrain from engaging in activity involving securities and banking; and convicted by final judgment of an offense punishable by imprisonment for more than 6 years or a violation of the Corporation Code within 5 years prior to the date of his election.
(iii) Independent Directors		In addition to the grounds for disqualification of executive directors mentioned above, an independent director shall be permanently disqualified if s/he becomes an officer, employee or consultant of the Corporation.
d. Temporary Disqualification		
(i) Executive Directors		The following are ground for temporary disqualification:
(ii) Non-Executive Directors	The Nomination Committee reviews and evaluates whether the persons nominated to the Board has any of the disqualifications set in the Manual of Corporate Governance. A temporarily disqualified director shall, within sixty (6) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. The disqualification shall become permanent in case of failure or refusal to do so for unjustified reasons.	Refusal to comply with the disclosure requirements, absence in more than fifty percent (50%) of all regular and special meetings of the Board during incumbency or any twelve month period during such incumbency, dismissal or termination for cause as director of any corporation covered by the Revised Code of Corporate Governance, being under preventive suspension, and if any of the judgments or orders cited above has not yet become final.
(iii) Independent Directors		In addition to the grounds for disqualification of executive directors mentioned above, an independent director shall be temporarily disqualified if his/her beneficial equity ownership exceeds two percent (2%) of the Corporation's subscribed capital stock.
e. Removal		
(i) Executive Directors	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.	
(ii) Non-Executive Directors		
(iii) Independent Directors		
f. Re-instatement		
(i) Executive Directors	The Corporation does not have a policy on the suspension of	

(ii) Non-Executive Directors	members of the Board.
(iii) Independent Directors	
g. Suspension	
(i) Executive Directors	The Corporation does not have a fixed policy on the suspension of members of the Board.
(ii) Non-Executive Directors	
(iii) Independent Directors	

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Frank S. Gaisano	35,703,355 shares
Margaret Gaisano-Ang	35,703,355 shares
Edward S. Go	35,703,355 shares
Bernardo M. Villegas	35,703,355 shares
John G. Tan	35,703,355 shares
Aljim C. Jamandre	35,703,355 shares
Vincent E. Tomaneng	35,703,355 shares

6) Orientation and Education Program

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

None.

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

Orientation Course on Corporate Governance on August 16, 2012 at Marco Polo Plaza, Cebu City and Corporate Governance Forum "Navigating the New World of Business" on November 19, 2012.

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Margaret G. Ang	August 16, 2012	Orientation Course on Corporate Governance	The Institute of Corporate Directors
Frank S. Gaisano	August 16, 2012	Orientation Course on Corporate Governance	The Institute of Corporate Directors
Edward S. Go	November 19, 2012	Corporate Governance Forum "Navigating the New World of Business"	First Pacific Leadership Academy

B. CODE OF BUSINESS CONDUCT & ETHICS

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

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	The Board of Directors is mandated to conduct fair business transactions with the Corporation and ensure that personal interest does not bias Board decisions.		
(b) Conduct of Business and Fair Dealings	The Board of Directors is mandated to conduct fair business transactions with the Corporation and ensure that personal interest does not bias Board decisions.		
(c) Receipt of gifts from third parties			
(d) Compliance with Laws & Regulations	The Board of Directors is mandated to have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies.		
(e) Respect for Trade Secrets/Use of Non-public Information	The Board of Directors is mandated to observe confidentiality.		
(f) Use of Company Funds, Assets and Information	The Board of Directors is mandated to act judiciously.		
(g) Employment & Labor Laws & Policies	The Board of Directors is mandated to have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies.		
(h) Disciplinary action	The Board of Directors is mandated to ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.		
(i) Whistle Blower			
(j) Conflict Resolution	The Board of Directors is mandated to ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.		

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

The Manual of Corporate Governance has been disseminated to all directors. The management of the Corporation, including its administrative operations, is completely handled by its fund manager, Viscal Investment, Inc. (the "Investment Manager"). The Investment Manager has its own Corporate Governance guidelines.

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

The Corporation's Manual of Corporate Governance has provisions identifying sanctions for violations of the Manual of Corporate Governance. Please refer to Part 8 of the Manual of Corporate Governance.

4) Related Party Transactions

(a) Policies and Procedures

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

Related Party Transactions	Policies and Procedures
(1) Parent Company	All RPTs are reported or disclosed in the annual Financial Statement.
(2) Joint Ventures	
(3) Subsidiaries	All RPTs are reported or disclosed in the annual Financial Statement. All trades are executed in one brokerage firm owned by the subsidiary of the majority stockholders but charged the minimum commission rate mandated by the PSE.
(4) Entities Under Common Control	
(5) Substantial Stockholders	No transactions with the Company.
(6) Officers including spouse/children/siblings/parents	No transactions with the Company.
(7) Directors including spouse/children/siblings/parents	No transactions with the Company except for per diem paid for every attendance in any meeting.
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

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

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	None
Name of Officer/s	None
Name of Significant Shareholders	None

(ii) Mechanism

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

	Directors/Officers/Significant Shareholders
Company	None
Group	

5) Family, Commercial and Contractual Relations

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
	None	

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
	None	

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
	None	

6) Alternative Dispute Resolution

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

Alternative Dispute Resolution System	
Corporation & Stockholders	None
Corporation & Third Parties	
Corporation & Regulatory Authorities	

C. BOARD MEETINGS& ATTENDANCE

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

The board meetings are scheduled at the beginning of the year.

- 2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Bernardo M. Villegas	May 20, 2014	4	3	75
Member	Margaret Gasiano-Ang	May 20, 2014	4	4	100
Member	Frank S. Gaisano	May 20, 2014	4	3	75
Independent	John G. Tan	May 20, 2014	4	4	100
Independent	Edward S. Go	May 20, 2014	4	4	100
Member	Aljim C. Jamandre	May 20, 2014	4	2	50
Member	Vincent E. Tomaneng	May 20, 2014	4	2	50

Note: Mr. Aljim C. Jamandre and Atty Vincent E. Tomaneng elected as Directors only on May 20, 2014.

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

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

None.

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

No. The minimum quorum requirement for holding of a meeting shall be the majority of the directors. In such meeting, any resolution adopted by the majority of the quorum shall be valid as a corporate act.

- 5) Access to Information

- (a) How many days in advance are board papers⁵ for board of directors meetings provided to the board?

Board papers for meetings of the Board of Directors are usually given at least three (3) days before the scheduled meeting.

- (b) Do board members have independent access to Management and the Corporate Secretary?

Yes.

- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

The Secretary keeps and prepares a complete and accurate record of the minutes of the proceedings of all meetings of the stockholders and the Board of Directors. The Secretary also keeps in custody the seal of the Corporation, and has the authority to affix the same to all instruments where its use is required. Moreover, the Secretary is also in-charge of sending all notices required by statute, the Articles of Incorporation and the By-Laws. The Secretary is also authorized to sign jointly with the President all stock certificates, record all transfers of stocks and cancellations, to keep all stock certificates transferred, to keep a list of all stockholders of the Corporation and of their residences and the shares owned by each.

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

Yes, the current Corporation Secretary of the Corporation is a Certified Public Accountant and a Lawyer.

- (e) Committee Procedures

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

Yes

No

Committee	Details of the procedures
Executive	The Directors may send their requests to the secretariat of their respective committees at least one (1) day prior to the schedule meeting to request for information.
Audit	
Nomination	
Remuneration	
Others (specify)	

⁵ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

6) External Advice

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

Procedures	Details
No procedure is in place.	

7) Change/s in existing policies

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

Existing Policies	Changes	Reason
No changes were introduced during the year.		

D. REMUNERATION MATTERS

1) Remuneration Process

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

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	N.A.	N.A.
(2) Variable remuneration	N.A.	N.A.
(3) Per diem allowance	Each director is paid the amount of PhP 29,411.76, on the average, for every attendance in any meeting. There are no other standard or consulting arrangements or any compensatory plans.	
(4) Bonus	N.A.	N.A.
(5) Stock Options and other financial instruments	N.A.	N.A.
(6) Others (specify)	N.A.	N.A.

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

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

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Each director is paid the amount of PhP29,411.76, on the average, for every attendance in any meeting. There are no other standard or	N.A.	N.A.

	consulting arrangements or any compensatory plans.		
Non-Executive Directors	Each director is paid the amount of PhP29,411.76, on the average, for every attendance in any meeting. There are no other standard or consulting arrangements or any compensatory plans.	N.A.	N.A.

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

Remuneration Scheme	Date of Stockholders' Approval
There is no Compensation Committee, and as such, any adjustment in the compensation of directors and officers is determined by the Board of Directors, and is taken up in the Annual Stockholders' Meeting voted upon by the shareholders. No adjustments were made during the year.	N.A.

3) Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	N.A.	N.A.	N.A.
(b) Variable Remuneration	N.A.	N.A.	N.A.
(c) Per diem Allowance	PhP 29,411.76 for every meeting	N.A.	PhP 29,411.76 for every meeting
(d) Bonuses	N.A.	N.A.	N.A.
(e) Stock Options and/or other financial instruments	N.A.	N.A.	N.A.
(f) Others (Specify)	N.A.	N.A.	N.A.
Total			

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	N.A.	N.A.	N.A.
2) Credit granted	N.A.	N.A.	N.A.
3) Pension Plan/s Contributions	N.A.	N.A.	N.A.
(d) Pension Plans, Obligations incurred	N.A.	N.A.	N.A.
(e) Life Insurance Premium	N.A.	N.A.	N.A.

(f) Hospitalization Plan	N.A.	N.A.	N.A.
(g) Car Plan	N.A.	N.A.	N.A.
(h) Others (Specify)	N.A.	N.A.	N.A.
Total	N.A.	N.A.	N.A.

4) Stock Rights, Options and Warrants

(a) Board of Directors

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

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

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
N.A.	N.A.	N.A.
N.A.	N.A.	N.A.
N.A.	N.A.	N.A.

5) Remuneration of Management

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

Name of Officer/Position	Total Remuneration
None	None

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	2	3	2	None	In charge of the Corporation's day to day operations.	In charge of the Corporation's day to day operations.	
Audit	1	0	2	Yes	To assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring compliance.	To review the annual audit plan; to discuss with the external auditor the nature, scope and expenses of the audit, and to review the reports of the external auditors; to monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system; and to review the financial statements.	
Nomination	2	0	1	Yes	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.	The Nomination Committee shall pre-screen and shortlist all candidates nominated to become a member of the Board in accordance with the set qualifications and disqualifications.	

Remuneration
Others
(specify) Not Applicable

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Bernardo M. Villegas	20 May 2014	None	None		
Member (ED)	Frank S. Gaisano	20 May 2014	None	None		
Member (ED)	Margaret Gaisano-Ang	20 May 2014	None	None		
Member (ID)	Edward S. Go	20 May 2014	None	None		

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Edward S. Go	20 May 2014	1	1	100%	5
Member (ED)	Margaret Gaisano-Ang	20 May 2014	1	1	100%	5
Member (ID)	Bernardo M. Villegas	20 May 2014	1	1	100%	5

Disclose the profile or qualifications of the Audit Committee members.

Edward S. Go

Mr. Go, 76 yrs. old, Filipino, is 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 from 2011 up to the present and Chairman of the Board of Trustees of ASA Philippines Foundation from 2004 up to the present; Independent Director of various corporations including among others: Metro Pacific Investment Corp. from 2006, PLDT Communications & Energy Ventures, Inc. (PCEV) from 2011, Union Galvasteel Corporation, Vicsal Investment, Inc. and AB Capital and Investment Corporation. He was named Chairman and Trustee of the PLDT Beneficial Trust Fund (BTF) and was elected Independent Director of ABC Development Corporation, Mediaquest Holdings, Inc. and Mediascape Inc., investee companies of BTF. He has been a member of the Board of Trustees of the Ateneo de Manila University for more than 13 years and was elected Chair in 2011.

Margaret Gaisano-Ang

Ms. Gaisano-Ang, 63 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. Currently, she serves the following positions: Managing Director and Corporate Secretary of Vicsal Development Corporation from 1982; President of Grand Holidays, Inc. from 1980; Former President and incumbent Trustee of Vicsal Foundation, Incorporated from 1996; and Corporate Secretary/Director of the following corporations – Prime Asia Pawn & Jewelry Shop Inc. from 1991, Valueshop Market Market, Inc. from 2003, Metro Value Ventures, Inc. from 2000, Metro Legazpi Dev. Corp. from 2000, Lucena City Value Shoppers, Inc. from 2003, Tabok Properties, Inc. from 2002, Taft Property Venture Development Corporation from 1992, Vicsal Securities & Stock Brokerage, Inc. from 1990, Maric Ventures, Inc. from 2000, Grand Enterprise Corp. from 2002 and Midland Development Corporation from 1991.

Bernardo M. Villegas

Dr. Villegas, PhD, 76 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 columnist for the Manila Bulletin and member on the Boards of Insular Life, 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.

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

The Audit Committee performs oversight functions over the external auditor. It ensures that the external auditor acts independently and that the external auditor is given unrestricted access to all records, properties and personnel to enable them to perform their audit functions. The Audit Committee shall also disallow any non-audit work that will conflict with the external auditor's duties and poses a threat to his independence.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Frank S. Gaisano	20 May 2014	None	None	None	
Member (ED)	Margaret Gaisano-Ang	20 May 2014				
Member (ID)	Edward S. Go	20 May 2014				

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	None	None	None	None	None	None
Member (ED)						
Member (NED)						
Member (ID)						
Member						

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	None	None	None	None	None	None
Member (ED)						
Member (NED)						
Member (ID)						
Member						

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	No changes in all committees	
Audit		
Nomination		
Remuneration		
Others (specify)		

4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Executive	None	
Audit		
Nomination		
Remuneration		
Others (specify)		

5) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
Executive	None	
Audit	The Committee shall have oversight responsibilities over the various functions of the Corporation.	Financial Reporting and Disclosure, Risk Management, Internal Control, Management, Internal Audit and External Audit.
Nomination	None	
Remuneration	None	
Others (specify)	None	

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

- (a) Overall risk management philosophy of the company;
- (b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;
- (c) Period covered by the review;
- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and
- (e) Where no review was conducted during the year, an explanation why not.

The risk management system is handled by its fund manager, Vicsal Investment, Inc., pursuant to its Investment Management Agreement dated 01 October 2009.

2) Risk Policy

(a) Company

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

The Corporation does not have its own policies on risk management. This is handled by its fund manager, Vicsal Investment, Inc.,

Risk Exposure	Risk Management Policy	Objective
None		

(b) Group

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

Risk Exposure	Risk Management Policy	Objective
None		

(c) Minority Shareholders

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

Risk to Minority Shareholders
None

3) Control System Set Up

(a) Company

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
None		

(b) Group

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
None		

(c) Committee

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

Committee/Unit	Control Mechanism	Details of its Functions
None		

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

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

- (a) Explain how the internal control system is defined for the company;
- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;
- (c) Period covered by the review;
- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and
- (e) Where no review was conducted during the year, an explanation why not.

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 auditor. Nonetheless, in confirming the 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.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

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

The Corporation does not have its own internal audit staff.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
None				

- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Yes.

- (c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The Corporation does not have its own internal audit staff.

(d) Resignation, Re-assignment and Reasons

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

The Corporation does not have its own internal audit staff.

Name of Audit Staff	Reason
None	

(e) Progress against Plans, Issues, Findings and Examination Trends

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

Progress Against Plans	
Issues ⁶	
Findings ⁷	
Examination Trends	

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

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

The Corporation does not have its own internal audit staff.

(f) Audit Control Policies and Procedures

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

The Corporation does not have its own internal audit procedures. However, its Fund manager implements its own internal audit controls.

Policies & Procedures	Implementation
None	

(g) Mechanisms and Safeguards

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
None			

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

Bernardo M. Villegas – Chairman; Independent Director
 Senen L. Matoto – President, Vicsal Investment, Inc. (Fund Manager)

⁶"Issues" are compliance matters that arise from adopting different interpretations.

⁷"Findings" are those with concrete basis under the company's policies and rules.

H. ROLE OF STAKEHOLDERS

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

The Corporation does not have its own policies on the activities referred to below. This is handled by its fund manager, Vicsal Investment, Inc.

	Policy	Activities
Customers' welfare	None	
Supplier/contractor selection practice		
Environmentally friendly value-chain		
Community interaction		
Anti-corruption programmes and procedures?		
Safeguarding creditors' rights		

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

The Corporation does not have its own corporate responsibility report/section or sustainability report/section. Its fund manager, Vicsal Investment, Inc., generates its own reports on corporate responsibility and sustainability.

3) Performance-enhancing mechanisms for employee participation.

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

The Corporation does not have employees of its own since the management of the fund, including administrative functions, is handled by its fund manager.

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

The Corporation does not have employees of its own since the management of the fund, including administrative functions, is handled by its fund manager.

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

The Corporation does not have employees of its own since the management of the fund, including administrative functions, is handled by its fund manager.

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

The Corporation does not have employees of its own since the management of the fund, including administrative functions, is handled by its fund manager.

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

The Corporation does not have employees of its own since the management of the fund, including administrative functions, is handled by its fund manager.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD NOMINEE CORPORATION (FILIPINO)	43,261,522	86.2343%	PCD NOMINEE CORPORATION (FILIPINO)

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Frank S. Gaisano	10,518	None	0.0210%
Margaret Gaisano-Ang	10,518	None	0.0210%
John G. Tan	10,518	None	0.0210%
Edward S. Go	10,518	None	0.0210%
Bernardo M. Villegas	10,518	None	0.0210%
Aljim C. Jamandre	5,631	None	0.0125%
Vincent E. Tomaneng	5,000	None	0.0100%
TOTAL			

2) Does the Annual Report disclose the following:

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

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

a. Details of whistle-blowing policy

The Corporation does not have its own whistle-blowing policy. Its fund manager, Viscal Investment, Inc., employs its own whistle-blowing policy.

b. Training and/or continuing education programme attended by each director/commissioner

The members of the Board of Directors and other Committees attended training or continuing education programme during the year. We will include it in the succeeding annual report.

- c. Number of Board of Director/Commissioners meetings held during the year
- d. Attendance details of each director/commissioner in respect of meetings held

The number of Board of Directors' Meetings held and attendance of each directors are submitted to SEC and PSE separately. We will include this report in the succeeding Annual Report.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
SGV & Co. (Partner in charge: Mr. Aris Malantic)	PhP289,000.00 (exclusive of VAT)	10% out of pocket fee

4) Medium of Communication

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

The Corporation disseminates information through personal communication, sending of letters and notices, publication in print media and internet.

5) Date of release of audited financial report:

14 April 2015

6) Company Website

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

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

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

7) Disclosure of RPT

RPT	Relationship	Nature	Value
Vical Investment Inc.	Affiliate	Management fee	1% per annum based on quarterly average NAV.
AB Capital Securities, Inc.	Broker	Trading of equities	Various amount daily

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

J. RIGHTS OF STOCKHOLDERS

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

(a) Quorum

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

Quorum Required	Majority of the issued and outstanding stock entitled to vote at such meeting.
------------------------	--

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Generally, the Board of Directors have the power to approve regular corporate acts, unless the ratification of the stockholders are required.
Description	The Board of Directors may approve day-to-day corporate acts through a majority vote of the quorum duly convened during the Board Meeting. If the corporate act requires the ratification of the stockholders, a stockholders' meeting shall be called for that purpose. Ratification by the stockholders of corporate acts may be made through a vote of the majority, or two-thirds of the outstanding capital stock, as may be required by the Corporation Code, Articles of Incorporation and By-Laws of the Corporation.

(c) Stockholders' Rights

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

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
Voting Rights	
Pre-emptive Right	
Power of Inspection	
Appraisal Right	
Right to Information	

Dividends

Declaration Date	Record Date	Payment Date
19 March 2013	28 January 2014	24 February 2014

(d) Stockholders' Participation

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

Measures Adopted	Communication Procedure
Certain corporate decisions shall be submitted to the shareholders for voting.	As provided in the by-laws.

All notices to the stockholders shall be sent at least fifteen (15) days prior to the scheduled meeting.	As provided in the by-laws.
During the meeting, the stockholders are entitled to vote their respective number of shares, in person or by proxy	As provided in the by-laws.
Minority shareholders have the right to propose the holding of a meeting and to propose items in the agenda of the meeting provided the items are for legitimate business purposes.	No specific procedure.

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
- Amendments to the company's constitution
 - Authorization of additional shares
 - Transfer of all or substantially all assets, which in effect results in the sale of the company

All of the above corporate decisions shall be submitted to the shareholders for voting. Such corporate decisions may be taken up during the general meetings of the stockholders, or special meetings of the stockholders duly called for purposes of the abovementioned corporate decisions. All notices to the stockholders shall be sent at least fifteen (15) days prior to the scheduled meeting. During the meeting, the stockholders are entitled to vote their respective number of shares, in person or by proxy. 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.

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

Section 4, Article II of the By-Laws provide that notices shall be sent out fifteen (15) days prior to the date designated for holding the regular or special meeting of the stockholders.

The Corporation also complies with the timetable set by the Securities and Exchange Commission for sending out notices to stockholders.

- a. Date of sending out notices:

28 April 2014

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

20 May 2014

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

Questions were mainly addressed to the guest speaker, Mr. Ismael Cruz, regarding the general state of the investment market in the Philippines.

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

Resolution	Approving	Dissenting	Abstaining
• Elected the members of the Board of Directors of the Corporation for the year 2014-2015.		None	None
• Amendment of the Registrant's Articles of Incorporation and By-Laws to increase its authorized capital stock to Php184,234,038 divided into 184,234,038 shares, with a par value of Php1.00 per share		None	None
• Subscription to Php26,320,547.00)out of the foregoing increase in the authorized capital stock of the Corporation by way of stock dividends which was declared from the unrestricted retained earnings of the Corporation		None	None
• Issuance of stock dividends to the Corporation's shareholders of record of 26,320,547 shares of stock of the Corporation, which shares have an aggregate par value of Php26,320,547.00, to be distributed to the stockholders of the Corporation as of said record date.		None	None
• Registration of the additional 26,320,547 shares of stock with the SEC and the listing thereof with the Philippine Stock Exchange, Inc.		None	None
• Appointed Sycip Gorres & Velayo [SGV & Co.] as the Corporation's external auditor for fiscal year 2014-2015.		None	None

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:
20 May 2014

(e) Modifications

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

Modifications	Reason for Modification
No modifications were made.	

(f) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Margaret Gaisano-Ang Edward S. Go John G. Tan	20 May 2014	Casting of Votes/ cumulative voting	0.028%	71.14%	71.168%

Special Margaret Gaisano-Ang
Edward S. Go, John G.
Tan, Frank S. Gaisano

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

No, the Corporation does not appoint an independent party to validate the votes at the Annual Stockholders' Meeting.

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

The holders of common stock are entitled to one vote per share, may apply cumulative voting in case of election of directors.

- (g) Proxy Voting Policies

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

	Company's Policies
Execution and acceptance of proxies	Under the Corporation's By-laws, a duly signed proxy must be filed with the Office of the Corporate Secretary at least 10 days prior to the date of the meeting.
Notary	
Submission of Proxy	
Several Proxies	
Validity of Proxy	Any doubt about the validity of a proxy should be resolved in favor of the stockholder.
Proxies executed abroad	
Invalidated Proxy	
Validation of Proxy	Any doubt about the validity of a proxy should be resolved in favor of the stockholder.
Violation of Proxy	The right of a stockholder to attend a meeting through a proxy shall not be unduly restricted.

- (h) Sending of Notices

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

Policies	Procedure
To send notices to each stockholders outstanding as of record date.	Notices are sent to stockholders via postage.

- (i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	5,685 stockholders as of March 31, 2014
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Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	April 28, 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	April 28, 2014
State whether CD format or hard copies were distributed	Distributed hard copies
If yes, indicate whether requesting stockholders were provided hard copies	All were provided hard copies

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

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

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

2) Treatment of Minority Stockholders

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

Policies	Implementation
All stockholders should be treated equally or without discrimination.	The Board gives the minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.
All stockholders are given access to all information relating to the business of the Corporation.	The minority shareholders are given 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 the stockholders' meeting, being within the definition of "legitimate purposes".
Minority shareholders shall have representation in the Board.	A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

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

All shareholders, including the minority shareholders, have the right to nominate and elect members of the Board of Directors.

K. INVESTORS RELATIONS PROGRAM

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

The management of the Fund, including administrative operations, is handled by its fund manager.

- 2) Describe the company’s investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	None
(2) Principles	
(3) Modes of Communications	
(4) Investors Relations Officer	

The management of the Fund, including administrative operations, is handled by its fund manager.

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

Since the Investment Company Adviser (ICA) prohibits investment companies from acquiring more than 10.0% of any investee company. Filipino Fund, Inc. cannot control any other company.

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

None

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
Donation	Philippine Stocks Exchange
Sponsor Fun Run Activity	Takbo Para Sa Ekonomiya
Tree Planting	La Mesa Dam

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

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

The Corporation evaluates the level of compliance of the Board of Directors and top level management through a self-rating and peer evaluation system, complemented by 180 degrees feedback mechanism. To ensure that no deviation is committed from the Corporation’s manual and to determine which areas to improve on, such evaluation is performed at least once every quarter.

	Process	Criteria
Board of Directors	Self-rating and peer evaluation system, complemented by 180 degrees feedback mechanism.	Compliance with the Corporation’s Manual.
Board Committees	Self-rating and peer evaluation system, complemented by 180 degrees feedback mechanism.	Compliance with the Corporation’s Manual.
Individual Directors	Self-rating and peer evaluation system, complemented by 180	Compliance with the Corporation’s Manual.

CEO/President

degrees feedback mechanism.
Self-rating and peer evaluation system, complemented by 180 degrees feedback mechanism. Compliance with the Corporation's Manual.

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
Violation of any of the provisions of the Corporate Governance Manual	First violation: Reprimand; Second violation: Suspension, the duration of which will depend on the gravity of the violation; Third violation: Removal from office

The commission of a third violation of the Corporate Governance Manual by any member of the Board of Directors of the company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.

The Corporation's Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of **MAKATI CITY** on 14 APR 2015 April, 2015.

SIGNATURES

Bernardo M. Villegas

BERNARDO M. VILLEGAS
Chairman of the Board

MARGARET G. ANG
Chief Executive Officer

Edward S. Go

EDWARD S. GO
Independent Director

JOHN G. TAN
Independent Director

Jonna C. Llaguno

JONNA LLAGUNO
Compliance Officer

MAKATI CITY

14 APR 2015

SUBSCRIBED AND SWORN to before me this _____ day of April 2015 affiant(s) exhibiting to me their _____, as follows:

NAME	PASSPORT/CTC NO.	DATE OF ISSUE	PLACE OF ISSUE
Bernardo M. Villegas	EB4802303	2/27/2012	MANILA
Margaret G. Ang	EB9971357	1/11/2014	CEBU
Edward S. Go	EB9981364	1/13/2014	MANILA
John G. Tan	EA0000176	9/25/2009	MANILA
Jonna C. Llaguno	24515456	03/01/2015	MAKATI

NOTARY PUBLIC

Felipe I. Iledan Jr.
FELIPE I. ILEDAN JR.

Notary Public for and in Makati City
Until Dec. 31, 2016, Appt. No. M-03
Roll No. 27625, TIN 136897808
Rm. 412, 4th Flr. VGP Center, Ayala, Makati City
2015 PTR No. 3798094; issued 12/11/2014; Mla.
IDP No. 974042; 8/18/14
MCLE Comp. IV-0018386; 4/24/2013

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