

WHISTLEBLOWING POLICY

of

SMALL BUSINESS CORPORATION

(Approved by the Board of Directors on 01 September 2016 under BR No. 2016-09-2333)

- 1. Statement of Policy.** - The governance of Small Business Corporation (SB Corp.) shall be carried out in a transparent, responsible and accountable manner and with the utmost degree of professionalism and effectiveness. Furthermore, the SB Corp. Board of Directors must be competent to carry out the Corporation's functions, be fully accountable to the State as its fiduciary, and act in the best interest of the Corporation and the State.

The SB Corp., acting through its Board of Directors and duly authorized Officers and Employees, shall conduct the affairs, operations and business of the Corporation in full compliance with applicable laws, rules, regulations. As public officers, all SB Corp. Directors, Officers and Employees must exemplify the behavior and professional demeanor consistent with such laws, rules, regulations, policies and procedures of the highest standard.

- 2. Background and Purpose.** - The purpose of this Whistleblowing Policy (Policy) is to enable any concerned individual to report and provide information, anonymously if he/she wishes, and even testify on matters involving the actions or omissions of the Directors, Officers and Employees of SB Corp., that are illegal, unethical, violate good governance principles, are against public policy and morals, promote unsound and unhealthy business practices, are grossly disadvantageous to SB Corp. and/or the Government.

All persons, stakeholders, and institutions concerned are encouraged and empowered, through this Policy, to report to SB Corp., using the modes and procedures herein established, any and all issues and concerns respecting the aforementioned actions or omissions.

- 3. Coverage.** - This Policy shall be applicable to all Directors, Officers and Employees of SB Corp. including workers under contract of services and consultancy agreements.
- 4. Reportable Conditions.** - This Policy is intended to be implemented in connection with acts or omissions that are of a serious and sensitive character, with considerable negative impact on SB Corp. in particular, or the GOCC Sector in general, as to warrant special attention and action under this Policy.

Whistleblowers may report to SB Corp. such acts or omissions that are illegal, unethical, violate good governance principles, are against public policy and morals, promote unsound and unhealthy business practices, are grossly disadvantageous to SB Corp. and/or the Government, such as, but not limited to: (a) Abuse of Authority: (b) Bribery: (c) Conflict of Interest: (d) Destruction/Manipulation of Records: (e) Fixing: (f) Inefficiency: (g) Making False Statements: (h) Malversation: (i) Misappropriation of Assets: (j) Misconduct: (k) Money Laundering: (l) Negligence of Duty: (m) Nepotism: (n)

Plunder: (o) Receiving a Commission: (o) Solicitation of Gifts: (o) Taking Advantage of Corporate Opportunities: (r) Undue Delay in Rendition of Service: (s) Undue Influence: (t) Violation of Procurement Laws:

Whistleblowers may also report such other acts or omissions that otherwise involve violations of the following laws, rules and regulations:

- (a) R.A. No. 6713, "Code of Conduct and Ethical Standards for Public Officials and Employees";
- (b) R.A. No. 3019, "Anti-Graft and Corrupt Practices Act";
- (c) R.A. No. 7080, as amended, "The Plunder Law";
- (d) Book II, Title VII, Crimes Committed By Public Officers, The Revised Penal Code;
- (e) Executive Order (E.O.) No. 292, s. 1987, "Administrative Code of 1987";
- (f) R.A. No. 10149, the 'GOCC Governance Act of 2011';
- (g) GCG M.C. No. 2012-05, "Fit and Proper Rule";
- (h) GCG M.C. No. 2012-06, "Ownership and Operations Manual Governing the GOCC Sector";
- (i) GCG M.C. No. 2012-07, "Code of Corporate Governance for GOCCS";
- (j) Violations of the Charter of the SBC; and
- (k) Other GCG Circulars and Orders, and applicable laws and regulations.

5. The SB Corp. Integrity Monitoring Committee (SIMC).- The SIMC shall be created to handle whistleblowing reports (WRs) and shall be composed of the following:

- a. Head, Legal Services Group as Chairman
- b. The Corporate Board Secretary as Vice Chairman
- c. The Chief Compliance Officer
- d. Head, Internal Audit Group
- e. Head, Human Resource Management & Development Group
- f. One (1) Lawyer from the LSG (A lawyer other than the Head, LSG)

In case any of the members of the SIMC is the whistleblower or respondent in a WR, he shall inhibit himself from the proceedings of the SIMC relative to the aforesaid WR except to provide the required information or documents as provided under items 13.2 and 13.3 below.

The HRMDG shall provide secretariat support to the SIMC and shall act as repository of all documents pertaining to a WR.

In case a member of the Board is the respondent in a WR or a member of the Board is one of the respondents in a WR, the Board Corporate Governance Committee shall act as the SIMC.

6. Whistleblowing Web Portal.- The SB Corp. has established the website www.feedback@sbgfc.org.ph as its primary reporting channel for whistleblowers under the Policy. This reporting channel is an online-based platform by which whistleblowers may securely submit reports electronically

while at the same time ensuring their anonymity and the confidentiality of their reports.

Whistleblowers are encouraged to utilize this online reporting channel. The SIMC will handle receipt of WRs submitted through this reporting channel.

7. Alternative Reporting Channel. - Whistleblowers may also submit WRs to the SB Corp. through the following alternative reporting channel:

(a) Mail : SIMC - 18/F 139 Corporate Center, 139 Valero St., Salcedo Village Makati City Philippines 1227;

8. Withdrawal of Report by the Whistleblower. - In the event that the whistleblower withdraws his WR, the investigation shall continue provided that the evidence gathered is sufficient as determined by the SIMC.

9. Resignation of Respondent Pending Completion of Investigation. - In the event that the respondent resigns prior to the final resolution of the case against him, the investigation shall continue provided that the evidence gathered is sufficient as determined by the SIMC.

10. Confidentiality. - Except when the whistleblower does not invoke anonymity and/or confidentiality when invoking the Policy, the SB Corp. shall ensure confidentiality of all information arising from whistleblowing reports submitted pursuant to this Policy. It shall treat all reports, including the identity of the whistleblower and the person/s complained of, in a confidential and sensitive manner. The identity of the whistleblower will be kept confidential, unless compelled by law or the Courts to be revealed, or unless the whistleblower authorized the disclosure of his/her identity.

11. Protection of a Whistleblower Against Retaliation. - Retaliatory acts against whistleblowers who submit WRs in good faith shall not be tolerated by SB Corp. which shall extend all possible assistance to the whistleblower under the law and given the circumstances. Such retaliatory acts may include:

- (a) Discrimination or harassment in the workplace;
- (b) Demotion;
- (c) Reduction in salary or benefits;
- (d) Termination of contract;
- (e) Evident bias in performance evaluation; or
- (f) Any acts or threats that adversely affect the rights and interests of the whistleblower.

12. Untrue Allegations. - If a whistleblower makes allegations that are determined to be fabricated or malicious falsehoods, and/or he/she persists in making them, legal action may be taken against him by SB Corp.

13. Handling of Whistleblowing Reports. -

13.1. Filing of Whistleblowing Reports. - All WRs must be submitted to SB Corp. through the online reporting channel or through the Alternative

Reporting Channel identified in paragraphs 6 and 7 of this Policy, respectively. If the whistleblower is known, the WR or complaint must be verified or made under oath.

13.2. Preliminary Evaluation of Whistleblowing Reports. – The SIMC shall undertake initial evaluation of the information provided in the WR within five (5) days after receipt of the WR.

The information in a WR, whether anonymously filed or not, may be considered sufficient in form if:

- a. The SB Corp. Office concerned is identified;
- b. The respondent is identified by his full name and position;
- c. Violation and/or charges are specified, including the relevant material facts (e.g., nature of the incident, time and places of the incident, persons involved, evidence, if any, and other important matters necessary to establish a case);
- d. The corresponding law, rules, or regulations or Memorandum Circular provisions violated are specified; and
- e. Relevant documents, files, photographs, videos, records, recordings, news clippings, and articles, among others, in support of the allegations are submitted.

While WRs may be filed anonymously, the whistleblower, whenever applicable, must state his/her connection to SB Corp., as well as his/her general relationship to the respondent, if any (e.g., Board Member, Officer, Employee, Customer, Supplier, Investor, Creditor, or Concerned Citizen). Likewise, the WR (if filed anonymously) must contain all the information listed in the immediately preceding paragraph, otherwise, the SIMC will consider it as not sufficient in form and substance.

The SIMC will make the initial determination of whether or not information provided may be considered as a Reportable Condition. If the SIMC determines that such information does not qualify as a Reportable Condition, the same may be treated as an ordinary complaint which will be acted on in accordance with the rules of the Corporation on ordinary complaints.

The SIMC reserves the right to disregard WRs that are vague, ambiguous, patently without merit, or are clearly harassment complaints made with malicious intent to tarnish the name and reputation of the person/s complained of. The SIMC shall communicate its initial findings on such WRs to the whistleblower, if known, who will be given the opportunity to substantiate the same, failing in which matters raised in the WR will be considered closed and terminated.

13.3. Full Investigation. – If the SIMC finds the WR sufficient in form and substance, the SIMC shall conduct an investigation, part of which will

involve informing the respondent of the allegations against him/her and requiring the respondent to submit comments within ten (10) days from receipt thereof. The SIMC may also seek the assistance of other government agencies in the conduct of the investigation of the WRs.

The SIMC shall then furnish the whistleblower, if known, a copy of the comments of the respondent, and give him/her opportunity to provide more information or controverting evidence. If the whistleblower submits additional information or evidence, the SIMC shall likewise give respondent the opportunity to submit rebutting evidence.

Within one (1) month after the SIMC is satisfied that all information and evidence necessary for the resolution of the WR are already on hand, it will prepare the corresponding resolution of the WR and submit its recommendations to the ManCom and/or the Board.

13.4. Monitoring. - The SIMC shall submit to ManCom a quarterly status report of all WRs with the corresponding actions taken thereon.

14. Final Actions on Whistleblowing Reports. - In cases of WRs against the SB Corp., its Directors, officers, and employees, the SB Corp. may pursue any of the following actions:

- (i) Dismiss the whistleblowing report for want of palpable merit;
- (ii) Submit a formal recommendation to the Board of Directors for the discipline of respondent Officer;
- (iii) Submit a formal recommendation to the Board of Directors for the suspension of the respondent Appointive Director;
- (iv) Submit a formal recommendation to the President for the removal of the respondent Appointive Director;
- (v) Indorse to the proper Government Agency, such as the Office of the Ombudsman, the pursuit of the criminal and/or administrative processes against the respondents;
- (vi) Enjoin the Board of Directors and Management to comply with applicable laws or jurisprudence and/or to undertake corrective measures to address the matters raised in the complaint; and
- (vii) Consider the WR closed and terminated if the response of the respondent is found to be adequate.