



**SMALL
BUSINESS
CORPORATION**



SECRETARY'S CERTIFICATE

I, **JESSIE R. REOTUTAR**, acting in my capacity as Corporate Board Secretary of the Small Business Corporation, a government-owned and controlled corporation created by virtue of R.A. 6977, as amended by R.A. 8289 and further amended by R.A. 9501, after being duly sworn to in accordance with law, hereby certify that in the 193rd Meeting of the Board of Directors of the Corporation held on 25 June 2009 at the Shanghai Bistro, 3/F Paseo Center, 8757 Paseo de Roxas, Makati City and at which a quorum was present, the following Resolution was duly passed and approved:

BOARD RESOLUTION NO. 1619, SERIES OF 2009

CONFIRMATION OF THE CHARTER OF THE CORPORATE GOVERNANCE COMMITTEE

"RESOLVED: That as favorably recommended by the Corporate Governance Committee, the Charter of the Committee, a copy of which is herein attached as Annex "A" hereof be, as it is hereby confirmed."

CONFIRMED/APPROVED.

Makati City, 17 September 2010.

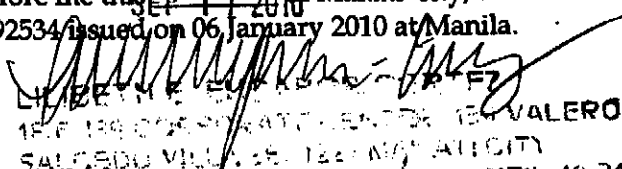

JESSIE R. REOTUTAR
Corporate Board Secretary

O A T H

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

SUBSCRIBED AND SWORN to before me this ~~17~~ ¹⁷ ~~2010~~ ²⁰¹⁰ at Makati City, affiant exhibited to me his Com. Tax Cert. No. 01492534 issued on 06 January 2010 at Manila.

Doc. No. 308;
Page No. 65;
Book No. 3;
Series of 2010.


LIZBETH E. SUAREZ, Notary Public
15/F 139 Corporate Center, 139 Valero St, Salcedo Village, 1227 Makati City
NOTRL COMMISSION NO. M-451 UNTIL 12.31.10
FTE NO. 00010647 / O.L. O. 10 / MAKATI CITY
IEP NO. 515298 / O.L. 20.10 / PANGASINAN
ROLL OF ATTORNEYS NO. 43169
MCLE COMPLIANCE NO. III-0000450

SMALL BUSINESS CORPORATION

CHARTER OF THE BOARD CORPORATE GOVERNANCE COMMITTEE

Corporate governance is a system and process of ensuring that a corporation is governed in a manner consistent with the principles and practices of a free and open society and of a competitive market economy. It assigns final authority and full responsibility to a Board of Directors, whose decision-making process is collegial and participatory, where independent and outside views are valued and given due weight. The Board of Directors seek to maximize shareholders' value through fairness, transparency and accountability.

The Board of Directors of SB Corporation shall actively promote corporate governance reforms and pursue the observance of the principles of fairness, accountability and transparency. The Corporate Governance Committee (CGC) shall assist the Board in fulfilling its corporate governance responsibilities. It shall be responsible for ensuring the Board's effectiveness and due observance of corporate governance principles and guidelines.

A. Composition

The CGC shall be composed of at least three (3) members of the Board of Directors, two (2) of whom shall be independent directors. The members of the Committee shall be appointed by the Board.

B. Meetings

The CGC shall meet at least once every quarter, with authority to convene additional meetings as circumstances require. All committee members are expected to attend each meeting, in person or via tele- or video-conference. Other Board members, members of management and other persons shall be invited to attend meetings to provide pertinent information or serve as resource persons.

C. Duties and Responsibilities

The CGC shall carry out the following duties and responsibilities:

1. **Formulate and institutionalize the Corporation's Code of Corporate Governance and Code of Ethics and ensure adherence to the Codes;**
2. **Review from time to time the Code of Corporate Governance, the Code of Ethics and the CGC Charter and recommend any changes to the Board;**

3. **Ensure attendance of Directors to corporate governance seminars conducted by BSP-accredited governance program seminar/training providers;**
4. **Determine if there is any potential conflict of interest by a Director and key officers, and institute a process for handling these situations in accordance with existing laws, rules and regulations and in line with global as well as ethical and other regulatory standards;**
5. **Oversee the periodic performance evaluation of the Board and its Committees. It shall also conduct an annual self-evaluation of its performance;**
6. **Decide the manner by which the Board's performance may be evaluated and propose an objective performance criteria approved by the Board. Such performance indicators shall address how the Board has enhanced long term shareholders' value;**
7. **Review regularly the organization plan and structure including proposed organizational changes/enhancements, compensation package (benchmarked with other GFIs as provided for by RA 9501) as well as manpower plan to ensure adequacy in meeting the growth need of the Corporation;**
8. **Review and evaluate the qualifications of all persons nominated to positions requiring appointment by the Board of Directors;**
9. **Oversee the Corporation's compliance efforts with respect to the Code of Corporate Governance, Code of Ethics, and related laws, rules and regulations as well as company policies and procedure;**
10. **Network with other offices with the end view of reviewing programs designed to raise the culture of ethics and compliance within the Corporation, and corollarily, to install an enforcement mechanism which should sanction non-compliance and unethical behavior while rewarding the deserving ones.**

The compliance functions of the CGC shall cover non-financial matters. Whenever necessary, the CGC shall jointly work with the Audit and Compliance Committee to make sure that governance and compliance aspects of a particular issue are thoroughly and adequately addressed.

D. Support

The Corporate Planning Office shall be the lead unit in coordinating the activities of the Committee as well as in providing technical support services to the Committee. On the other hand, the Office of the Board Secretary shall provide secretariat services.

SECRETARY'S CERTIFICATE

I, **FRANCIS ANGELO A. LOPEZ**, in my capacity as Corporate Board Secretary of Small Business Corporation, a Government-Owned and Controlled Corporation created by virtue of R.A. 6977, as amended by R.A. 8289 and further amended by R.A. 9501, after being duly sworn to in accordance with law, hereby certify that during the 377th Meeting of the Board of Directors of the Corporation held on the 26th September 2024 and at which a quorum was present, the following Resolution was duly passed, approved and confirmed:

BOARD RESOLUTION NO. 2024-09-3675

APPROVAL OF REVISED BOARD AUDIT AND COMPLIANCE COMMITTEE (BACC) CHARTER

"RESOLVED: That as endorsed by the Board Audit and Compliance Committee during its meeting held on 25 September 2024 and by the Office of the Chief Compliance Officer through a Memorandum dated 25 September 2024, the Revised Board Audit Compliance Committee (BACC) Charter, the details of which are described in the Memorandum attached as *Annex "A"* and is made integral part hereof, be, as it is hereby confirmed."

APPROVED.

Makati City, 26 September 2024.


FRANCIS ANGELO A. LOPEZ
Corporate Board Secretary

OATH

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

MAKATI CITY

SEP 27 2024

SUBSCRIBED AND SWORN to before me this _____ at Makati City, affiant exhibited to me his IBP Lifetime Membership Card with Atty. Roll No. 61106 and Lifetime No. 14105.

Doc. No. 392
Page No. 80
Book No. 15
Series of 2024.

ATTY. JOEL FERRER FLORES

Notary Public for Makati City
Until December 31, 2024

Appointment No. M-115 (2023-2024)

Roll Of Attorney No. 77376

MCLE Compliance VHI No. 0001393-

Jan. 3, 2023 until Apr. 12, 2028

PTR NO. 10073945/ Jan. 2, 2024/ Makati City

IBP No. 330740/ Jan. 2, 2024/ Pasig City

2107 Bataan St., Guadalupe Nuevo, Makati City

Small Business Corporation is an Attached Agency of the Department of Trade and Industry

SMALL BUSINESS CORPORATION

MEMORANDUM
25 September 2024

FOR : GOVERNING BOARD
FROM : OFFICE OF THE CHIEF COMPLIANCE OFFICER (OCCO)
SUBJECT : REVISED BOARD AUDIT AND COMPLIANCE COMMITTEE
CHARTER

1. This is to submit to the Governing Board the proposed **Revised Board Audit and Compliance Committee (BACC) Charter** as endorsed by the BACC.
2. The Revised BACC Charter is aligned with the provisions of the Republic Act No. 9501 otherwise known as the Magna Carta for MSMEs, SB Corporation Bylaws and Manual of Corporate Governance, as well as the standards under the related BSP Circular on the composition, structure, functions, duties and responsibilities, and authorities of an Audit Committee.
3. The Revised BACC Charter was crafted in coordination with the Heads of the Internal Audit Group, Office of the Board Secretary and the Legal Services Group and was presented to the Management Committee during its meeting on June 11, 2024.

The minor revisions provided by the Management Committee in ManCom Resolution No. 2024-0611-002 and per instructions of the BACC in its 105th meeting held on the even date have been incorporated in the Revised BACC Charter.

4. For approval of the Governing Board.


ATTY. LIVIAN MAY SANCHEZ-LLORITO
Chief Compliance Officer

SMALL BUSINESS CORPORATION BOARD AUDIT AND COMPLIANCE COMMITTEE CHARTER

I. MISSION

The Board Audit and Compliance Committee (BACC) of the Small Business Corporation is an oversight committee of the Board of Directors ("Board") with the main objective of assisting the Board in fulfilling its responsibilities for the system of internal control, the audit process, and the company's process for monitoring compliance with the financial reporting, pertinent laws, regulations and other issuances, and the Code of Conduct.

II. COMMITTEE AUTHORITY

The Committee shall have the explicit authority to conduct or authorize investigations into any matters within its scope of responsibility with full access to material documents and cooperation by Management. Adequate resources shall be provided to enable it to effectively discharge its functions.

The Committee is empowered to:

- Resolve any disagreements between management and the internal auditor or the compliance office regarding financial reporting and compliance issues
- Pre-approve all audit work plan
- Retain independent counsels, accountants, or other experts to advise the committee or assist in the conduct of an investigation subject to relevant regulations
- Seek any information it requires from employees – all of whom are directed to cooperate with the committee's requests or external parties
- Meet with company officers, external auditors, or outside counsel, as necessary

To effectively discharge its function, each committee member shall endeavor to have a good understanding of the corporation's business operations and risk exposures.

III. STRUCTURE AND MEMBERSHIP

A. Composition

The Committee shall be composed of at least three (3) members of the Board who shall all be non-executive directors, including the Chairperson,¹ and at least one member must be a representative from the private sector.² The Chairperson of the BACC shall not be the Chairperson of the Board of Directors or of any other board-level committees³, preferably with accounting, auditing or related financial management expertise or experience.

¹ BSP c.969

² RA 9501; Sec 8.01 Proposed Revised Corporate By-Laws

³ BSP c.969

The members of the BACC shall be appointed by the Board. Appointed members of the BACC, who are also ex-officio members of the Board, may be represented by their respective alternates to the committee.⁴

An independent director⁵ who is a member of any committee that exercises executive or management functions that can potentially impair such director's independence shall not be a member of the BACC.⁶

Members of the BACC should have audit, accounting or finance background or related financial management expertise or experience. The BACC should have access to independent experts to assist them in carrying out its responsibilities.⁷

B. Term of Office

The term of office of all members of the BACC shall be in accordance with Section 9 of R.A. 10149 also known as the Corporate Governance Act of 2011.

IV. MEETINGS AND PROCEDURES

A. Meetings

The Committee shall meet at least four times a year, with authority to convene additional meetings, as circumstances require. The time and place of the meetings shall be determined by the Committee.

The Committee shall invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. It shall hold private meetings / executive sessions with auditors and compliance officer, as necessary.

⁴ GCG M.C. No. 2012-08

⁵ Definition of an Independent Director - An independent director shall refer to a person who -

- (1) is not or was not a director, officer, or employee of the BSFI, its subsidiaries, affiliates or related interests during the past three (3) years counted from the date of his election/appointment
- (2) is not or was not a director, officer, or employee of the BSFI's substantial stockholders and their related companies during the past three (3) years counted from the date of his election/appointment;
- (3) is not an owner of more than two percent (2%) of the outstanding shares or a stockholder with shares of stock sufficient to elect one (1) seat in the board of directors of the institution, or in any of its related companies or of its majority corporate shareholders;
- (4) is not a close family member of any director, officer or stockholder holding shares of stock sufficient to elect one (1) seat in the board of directors of the BSFI or any of its related companies or of any of its substantial stockholders;
- (5) is not acting as a nominee or representative of any director or substantial shareholder of the BSFI, any of its related companies or any of its substantial shareholders;
- (6) is not or was not retained as professional adviser, consultant, agent or counsel of the BSFI, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his election;
- (7) is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the BSFI or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment;

⁷ *supra*.1

⁷ *supra*.1

Meeting agendas shall be prepared and provided in advance to members, along with appropriate briefing materials.

Special meetings may be called by the Chairperson at his/her discretion, or upon written request by members of the Board comprising a quorum.⁸

In the absence of a quorum, the Chairperson may declare a recess of not more than one (1) hour to wait for other members to join the scheduled meeting; or in the alternative, majority of the members present may compel the immediate attendance of any member absent without justifiable cause.

If no quorum still exists despite the enforcement of the above remedial measures, the Chairperson may, *motu proprio*, or upon proper motion from any member of the Governing Board or Board Committee and duly seconded, the meeting shall be declared "lack of quorum"⁹.

The Internal Audit Group shall be responsible for the sending out the notices of the meeting, materials, preparation of the agenda, and the certification of attendance of all BACC meetings.

The Office of the Board Secretary shall remain to be the Secretariat of the BACC and shall be responsible in the roll call, determination of quorum as well as the preparation of the minutes, the deliverables/matters arising from the previous minutes and/or meeting.

B. Attendance via Teleconferencing, Videoconferencing, or Any Other Alternative Modes

All committee members are expected to attend each meeting, in person or via tele- or video-conference, or other alternative modes of communication that allow them reasonable opportunities to participate¹⁰ provided that all persons participating can hear each other.

The attendance and participation of members in committee meetings shall be considered in accordance with the GCG laws.¹¹

C. Notice of Meetings

No regular or special meetings shall be held without a written notice or e-mail sent to the members of the Committee, which shall state the time, date, and place thereof, and the purpose/s for which the meeting is called.

Service of such notice shall be deemed complete upon its delivery at the business/e-mail address of the members at least one (1) day before the meeting.

Irregularity in the service of notice shall not invalidate the proceedings of the meeting thereat. In case of special meetings, the purpose/s thereof need not be stated in the notice.¹²

⁸ Revised Corporate By-Laws

⁹ Id

¹⁰ Revised Corporate By-Laws

¹¹ GCG Circular No. 2012-02 (Re-Issued)

¹² SB Corporation By-Laws

D. Minutes and Records

Minutes of the meeting shall be kept and carefully preserved as a record of the business transacted at such meetings by the Office of the Board Secretary¹³ and shall remain in custody in accordance with NAP.¹⁴

E. Remunerations

No fees or other remunerations shall be payable to the members and advisors of the Committee for services provided or attendance to Committee meetings, except for fees or remunerations as provided for under Sections 8, 10, 11 and 12 of Executive Order No. 24 in relation to R.A. 10149.

V. DUTIES AND RESPONSIBILITIES

Consistent with the principles provided by the Bangko Sentral ng Pilipinas, the BACC shall be responsible for overseeing senior management in establishing and maintaining adequate, effective, and efficient internal control framework. The committee shall ensure that systems and processes are designed to provide assurance in areas including reporting and monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, financial audit and safeguarding of assets.

The Committee shall carry out the following:

Monitor and Evaluate the Adequacy and Effectiveness of the Internal Control

- Consider the effectiveness of the company's internal control system, including information technology security and control and coordinate with the Commission on Audit.
- Understand the scope of internal and external auditors' review of internal control over financial reporting and obtain reports on significant findings and recommendations, together with management's responses.

Oversee the Internal Audit Function

- Review with management and the chief audit officer the charter, plans, activities, staffing and organizational structure of the internal audit function.
- Ensure that the audit plan is aligned with the overall plan strategy and budget of the corporation and is based on robust risk assessment.
- Ensure that the internal audit office has adequate human resources with sufficient qualifications and skills necessary to accomplish the internal audit activities.
- Ensure the independence of the internal audit function.
- Establish and identify the reporting line of the chief audit officer so that reporting level allows the internal audit activity to fulfill its responsibilities. The chief audit officer shall report directly to the BACC functionally.

¹³ Id.

¹⁴ NAP General Circular No.5

- The Committee shall ensure that the internal auditors shall have free and full access to all the corporation's records, properties and personnel relevant to the internal audit activity and that the internal audit activity should be free from interference in determining the scope of internal audit examinations, performing work, and communicating results, and shall provide a venue for the Committee to review and approve the annual internal audit plan, scope, and budget.
- Review the effectiveness of the internal audit function, including compliance with sound internal auditing standards such as the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and other supplemental standards issued by regulatory authorities/government agencies, as well as with relevant code of ethics.
- Review discoveries of fraud and violations of laws and regulations as raised by the internal audit function.
- Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the chief audit officer and key internal auditors.
- On a regular basis, meet separately with the chief audit officer to discuss any matters that the committee or internal audit believes should be discussed separately.

Corporate Compliance

- Oversee the corporate compliance program, including policies and practices designed to ensure the organization's compliance with all applicable legal, regulatory, and ethical requirements. These include compliance with RA 9501 (Magna Carta for MSMEs), COA and BSP rules and regulations, RA 9160 (Anti-Money Laundering Act of 2001, as amended), applicable Philippine Financial Reporting Standards (PFRS), and other applicable laws, rules, and regulations by other regulatory agencies.
- Recommend approval of the annual corporate compliance plan and review processes and procedures for reporting concerns by officers, employees and others.
- Recommend organizational integrity guidelines and a Code of Conduct. Review and reassess the guidelines and Code of Conduct at least annually.
- Review resources for corporate compliance with the compliance officer and CEO to ensure that sufficient resources are provided.
- Review and evaluate findings and recommendations from completed compliance activities and audits, including management responses and action plans.
- Report to the Board of Directors at least annually on the corporate compliance program.

VI. REPORTING RESPONSIBILITIES

- Regularly report to the Board about committee activities, issues and related recommendations and about the status of accomplishments of outsourced internal audit activities, if any, including significant findings noted during the conduct of the internal audit.
- Provide an open avenue for communication between internal audit, the external auditors, compliance office, and the Board of Directors.
- Report to the Board the annual performance appraisal of the head of the internal audit function and of the compliance function.
- Report annually to the shareholders, describing the committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.
- Review any other reports the corporation issues that relate to committee responsibilities.

VII. OTHER RESPONSIBILITIES

- Perform other activities related to this charter as requested by the Board.
- Authority to investigate matters within its term of reference or as needed.
- Oversee the implementation of corrective actions relative to BSP examination findings/ directives and COA audit observations and recommendations and ensure that senior management is taking necessary actions in a timely manner to address the weaknesses, non-compliance with policies, laws, and regulations and other issues identified by auditors and other control functions.
- Establish whistleblowing mechanism and other mechanisms in compliance to pertinent laws, regulations, and other issuances.

VIII. CHARTER REVIEW, AMENDMENT, REPEAL, AND ALTERATION

This Charter shall be reviewed at least annually or whenever significant recommendations for changes to the committee's mandate, scope, and working procedures, if any, shall be submitted to the Board for approval.¹⁵

¹⁵ BSP c.969



**SMALL
BUSINESS
CORPORATION**



SECRETARY'S CERTIFICATE

I, **JESSIE R. REOTUTAR**, acting in my capacity as Corporate Board Secretary of the Small Business Corporation, a government-owned and controlled corporation created by virtue of R.A. 6977, as amended by R.A. 8289 and further amended by R.A. 9501, after being duly sworn to in accordance with law, hereby certify that in a referendum among the members of the Board of Directors of the Corporation held on 07 March 2014 and at which a quorum was present, the following Resolution was duly passed and approved:

BOARD RESOLUTION NO. 2067, SERIES OF 2014

APPROVAL OF AMENDED RISK OVERSIGHT COMMITTEE CHARTER

"RESOLVED: That as favorably endorsed by the Risk Oversight Committee, the Amended Risk Oversight Committee Charter incorporating the amended section on committee membership to adopt the exact provision of BSP Circular No. 749 dated 27 February 2012 which reads: "The committee shall be composed of at least three (3) members of the board of directors including at least one (1) independent director, and a chairperson who is a non-executive member", a copy of which is attached as Annex "A" and made an integral part hereof be, as it is hereby approved."

APPROVED.

Makati City, 14 March 2014.


JESSIE R. REOTUTAR
Corporate Board Secretary


O A T H

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

MAR 14 2014

SUBSCRIBED AND SWORN to before me this _____ at Makati City, affiant exhibited to me his UMID No. CRN-006-0083-3539-9.

Doc. No. 276 ;
Page No. 42 ;
Book No. XV ;
Series of 2014.



LILIBETH E. EUCAPOR-CORTEZ
Commission No. M-06
Notary Public for Makati City
Until December 31, 2014
18/F 139 Corporate Center,
139 Valero St., Salcedo Village, Makati City
Roll No. 49169 / 05-04-2004
IBP OR No. 930404 / 1.03.14 / Pangasinan
PTR No. 4225974 / 01.03.14 / Makati City

RECEIVED

Chavez
MAR 11 P.M. 3:03 pm

SECRETARY'S CERTIFICATE

I, **JESSIE R. REOTUTAR**, acting in my capacity as Corporate Board Secretary of the Small Business Corporation, a government-owned and controlled corporation created by virtue of R.A. 6977, as amended by R.A. 8289 and further amended by R.A. 9501, after being duly sworn to in accordance with law, hereby certify that in a referendum among the members of the Board of Directors of the Corporation held on 07 March 2014 and at which a quorum was present, the following Resolution was duly passed and approved:

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APPROVED.

Makati City, 14 March 2014.

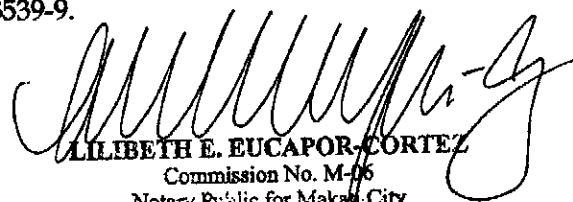

JESSIE R. REOTUTAR
Corporate Board Secretary

O A T H

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

SUBSCRIBED AND SWORN to before me on this MAR 14 2014 at Makati City, affiant exhibited to me his UMID No. CRN-006-0083-3539-9.

Doc. No. 206 ;
Page No. 49 ;
Book No. XIV ;
Series of 2014.


LILIBETH E. EUCAPOR-CORTEZ
Commission No. M-06
Notary Public for Makati City
Until December 31, 2014
18/F 139 Corporate Center,
139 Valero St., Salcedo Village, Makati City
Roll No. 49169 / 03-04-2004
IBP OR No. 950404/ 1.03.14/ Pangasinan
PTR No. 4225974/ 01.03.14/ Makati City



Small Business Corporation Risk Oversight Committee Charter

I. RATIONALE

This Charter sets forth the objectives, composition, structure, powers, and responsibilities of the Risk Oversight Committee of the Small Business Corporation (SBC).

The Risk Oversight Committee (ROC) was established pursuant to the implementation of SBC's strengthened mandate under R.A. No. 9501; its compliance with BSP Circular Nos. 439 and 456 enunciating the need for a sound and effective credit risk management system in particular, and its need to manage risk in general through the establishment of a Risk Oversight Committee; and as part of the corporate checks and balances in the exercise of good corporate governance – all within the framework of and taking into consideration its fiduciary objectives and developmental mandate – as provided in BSP Circular No. 749.

II. ROLE

The ROC shall be primarily responsible for the development and oversight of the risk management programs of the Corporation. This includes:

1. Oversight of management function relative to the Corporation's risk management framework, its formulation of risk management policies, procedures and best practices relative to the various types of risks faced by the Corporation and thereby ensuring that the system of limits to discretionary authority which the Board delegated to Management are:
 - a. Properly observed;
 - b. Remains to be effective; and
 - c. That immediate corrective actions are taken whenever limits are breached
2. Ensure compliance to written policies and procedures relating to risk Management. This shall include:
 - a. A comprehensive and integrated risk management approach through the enterprise risk management process.
 - b. Effective management of all risk categories thru the establishment and promotion of a sustainable and effective risk culture in all corporate undertakings.
 - c. Identification of critical risk areas and ensure that these are properly mitigated.



Small Business Corporation Risk Oversight Committee Charter

III. AUTHORITY

The ROC is empowered to:

1. Approve the risk management program prepared by the Enterprise Risk Management Department (ERMD).
2. Exercise functional supervision over ERMD. Administrative supervision of ERMD shall be under the Chairman and Chief Executive Officer.
3. Review the staffing and organizational structure of the ERMD.

IV. DUTIES AND RESPONSIBILITIES

A. Core Responsibilities

The core responsibilities of the ROC are:

1. **Identify and Evaluate Exposures.** The ROC shall assess the probability of each risk becoming reality and estimate its possible effect and cost. Priority areas of concern are those risks that are most likely to occur and are costly when they happen.
2. **Develop Risk Management Strategies.** The ROC shall:
 - a. Develop a written plan defining the strategies for managing and controlling the major risks.
 - b. Identify practical strategies to reduce the chance or harm and failure or minimize losses if the risk becomes real.
3. **Implement the Risk Management Plan.** The ROC shall:
 - a. Communicate the risk management plan and loss control procedures to affected parties.
 - b. Conduct regular discussions on the Corporation's current risk exposure based on regular management reports and direct concerned units or offices on how to reduce these risks.
4. **Review and Revise the Plan as Needed.** The ROC shall:
 - a. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness



Small Business Corporation Risk Oversight Committee Charter

- b. Revisit strategies, look for emerging or changing exposures, and stay abreast of developments that affect the likelihood of harm or loss.
- c. Report regularly to the Board of Directors the entity's overall risk exposure, actions taken to reduce the risks, and recommend further action or plans as necessary.

B. Specific Duties and Responsibilities Risk Management

The Committee shall meet with, request/gather (or compel submission, in proper cases), receive and evaluate information from management and appropriate sources and act or approve proposals on items relating to the following risks:

1. Credit Risk

The ROC shall ensure that appropriate credit risk management systems such as the borrower risk rating and the facility risk rating are developed; concentration and exposure limits are well-defined; documentation are perfected and proper monitoring covenants are to ensure that the Corporation's borrowers or counterparties are able to meet their obligations on time and based on agreed terms.

2. Operational Risk

The ROC shall review Management reports relating to operational risk issues in areas including but not limited to internal and external fraud; development of material products and services; technological risks and technology strategies; business disruption and system failure; and business practices generally.

3. Compliance Risk

The ROC shall ensure that the Corporation is taking appropriate measures to address all existing regulatory requirements, and new requirements that may be enacted hereafter, including those under the Bangko Sentral ng Pilipinas, the Securities and Exchange Commission, the Commission on Audit and other regulatory agencies as may be required by higher authorities.

4. Market Risk

The ROC shall ensure that the Corporation has in place policies that will protect it from market fluctuations in the trading of assets and liabilities wherein sudden and unexpected changes in interest rates, foreign exchange rates, and other asset prices can result to huge losses which may impair revenue generation.



Small Business Corporation Risk Oversight Committee Charter

5. Liquidity and Solvency Risks

The Committee shall ensure that the Corporation has enough liquid assets to service its short-term liabilities and thus prevent any adverse impact on its solvency. Policy should address optimum timing in asset and liability disposal and asset acquisition to preclude any mismatch in cash flows.

In like manner, the Committee shall ensure that the Corporation thru prudent risk management strategies and exposure limits is able to avert huge losses that can result to insolvency. Safeguards should be in place to sustain and maintain capital at adequate levels.

The Committee shall monitor on a regular basis liquidity and capital adequacy positions of the Corporation and address any deficiencies through policy directives as needed.

V. COMPOSITION

A. Members

- The committee shall be composed of at least three (3) members of the board of directors including at least one (1) independent director, and a chairperson who is a non-executive member.
- On an annual basis, the members of the ROC shall be appointed by the BOD from among themselves and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. In instances of early resignation or removal, the BOD may have the option not to replace a member with an unfinished term.
- All members of the ROC shall have a basic understanding and appreciation of risk management in a financial institution. They are also expected to have a significant and relevant understanding of the financial, operational and legal issues and concerns which affect the business of running the Corporation.

B. Chair and Secretariat

- The Chair must be elected by the BOD from among the members of the Committee. The Chairman shall preside over all regular sessions of the Committee and shall set the agenda for Committee meetings.
- The Enterprise Risk Management Department (ERMD) which has been designated by the Management as the corporate risk manager, and the Office of the Board Secretary shall comprise the ROC Secretariat. The former shall be primarily responsible for extending the necessary technical



Small Business Corporation Risk Oversight Committee Charter

support to the Committee and the latter for administrative support (e.g. sending out of notices, confirming meeting venues, etc.)

VI. MEETINGS AND PROCEEDINGS

A. Frequency

- The Committee shall meet quarterly, or more frequently as circumstances dictate. Only the Committee Chair may call meetings of the Committee.

B. Agenda and Notice

- The Secretariat must notify members of the Committee of the date, time and location of Committee meetings as far in advance as possible but not less than three (3) days before the meeting.
- The Secretariat, in close coordination with the Committee Chairman, shall be responsible for drawing up the agenda for each meeting, including all supporting documents thereto.

C. Attendance & Quorum

- As a general rule, only committee members and members of the Secretariat are entitled to be present during committee meetings. However, any officer or staff of the Corporation or any resource person may participate therein on invitation extended by the Committee Chair or any Committee member, upon prior information and approval of the former.
- Attendance of a majority of committee members (i.e. one-half plus one) shall constitute a quorum for Committee meetings.
- Only Committee members are entitled to vote in matters requiring collegial action.

D. Presiding Officer

The Chair of the Committee shall preside over the Committee meetings. However, in the absence of the Chair, the remaining members of the Committee may elect one from their number as Chair for the meeting.

E. Minutes

- The Secretariat shall be responsible for recording the minutes of each meeting.
- The minutes of the meeting shall be submitted to the Board of Directors, for confirmation.



Small Business Corporation Risk Oversight Committee Charter

F. Conflict of Interest

- A Committee member will refrain from participating in discussions or voting in any issue whenever there is actual or perceived conflict of interest.
- A conflict of interest refers to a situation when someone, such as a public official, has competing professional or personal obligations or personal or financial interests that would make it difficult to fulfill his duties fairly. A conflict of interest exists even if no improper act results from it, and can create an appearance of impropriety that can undermine confidence in the conflicted individual or organization.

VII. REVIEW OF THE CHARTER

This Committee Charter shall be reviewed and approved annually by the Committee and the BOD. Revisions to this Charter may be done whenever appropriate and necessary as determined by the Committee and approved by the BOD.



**SMALL
BUSINESS
CORPORATION**



SECRETARY'S CERTIFICATE

I, **JESSIE R. REOTUTAR**, acting in my capacity as Corporate Board Secretary of the Small Business Corporation, a government-owned and controlled corporation created by virtue of R.A. 6977, as amended by R.A. 8289 and further amended by R.A. 9501, after being duly sworn to in accordance with law, hereby certify that in the 306th meeting of the Board of Directors of the Corporation held on 29 November 2018 at The Picasso Boutique Serviced Residences, 119 L.P. Leviste St., Salcedo Village, Makati City and at which a quorum was present, the following Resolution was duly passed, approved and confirmed:

BOARD RESOLUTION NO. 2018-11-2656

CREATION OF BOARD COMMITTEE ON VENTURE CAPITAL REVIEW

"RESOLVED: That as favourably recommended by Management, the creation of the Board Committee on Venture Capital Review, the Charter of which is attached as Annex "A" and made an integral part hereof and which shall be composed of the following members:

- | | |
|----------|------------------------------|
| Chairman | - Dir. Joe Jay T. Doctora |
| Members | - Dir. Ma. Luna E. Cacanando |
| | Dir. Benel D. Laguna |
| | Dir. Santiago S. Lim |
| | Dir. Ferdinand D. Tolentino |

be, as it is hereby approved and confirmed."

APPROVED.

Makati City, 03 December 2018.

Jessie R. Reotutar
JESSIE R. REOTUTAR
Corporate Board Secretary

O A T H

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

SUBSCRIBED AND SWORN to before me this DEC 04 2018 at Makati City, affiant exhibited to me his UMID No. CRN-006-0083-3539-9.

Doc. No. 470
Page No. 95
Book No. 153
Series of 2018.

Buenaventura U. Mendoza
BUENAVENTURA U. MENDOZA
Notary Public
Until December 31, 2018
PTR No. 6607798 Makati City-1/3/18
IBP No. 1050787 10-28-16 Roll No. 31206
500-A Madrigal Bldg, Ayala Ave. Makati City

SMALL BUSINESS CORPORATION

CHARTER OF THE BOARD COMMITTEE ON VENTURE CAPITAL REVIEW

A. RATIONALE

In compliance with the mandate of Small Business Corporation to provide, promote, develop and widen in both scope and service reach various alternative modes of financing for MSMEs, the Venture Capital program was implemented. To assist the Board in fulfilling its oversight responsibilities on the implementation of the Venture Capital program, the Board Committee on Venture Capital Review is hereby created.

B. RESPONSIBILITIES

The Committee shall have the following responsibilities:

1. Review and endorse to the Board for approval policies and procedures relating to the implementation of the VC program; and
2. Review and endorse to the Board for approval accounts/projects for enrolment under the VC program.

C. COMPOSITION

The Committee shall be composed of 5 members from the Governing Board. A member should have knowledge in finance and business operations.

D. MEETINGS

The Committee shall meet every time an account is being recommended by Management for enrolment under the VC program. It shall also meet to review the policies and procedures to ensure that these are updated and responsive to the needs of the VC program.

E. TECHNICAL AND SECRETARIAT SUPPORT

The Special Programs Unit under the Office of the Executive Vice President shall provide technical support to the Committee. On the other hand, the Office of the Board Secretary shall serve as the secretariat.

SECRETARY'S CERTIFICATE

I, **LIVIAN MAY SANCHEZ-LLORITO**, acting in my capacity as Corporate Board Secretary of Small Business Corporation, a Government-Owned and Controlled Corporation created by virtue of R.A. 6977, as amended by R.A. 8289 and further amended by R.A. 9501, after being duly sworn to in accordance with law, hereby certify that during the Special Meeting of the Board of Directors of the Corporation held on the 12th of July 2023 and at which a quorum was present, the following Resolution was duly passed, approved and confirmed:

BOARD RESOLUTION NO. 2023-07-3454

AMENDED CHARTER OF THE INFORMATION TECHNOLOGY GOVERNANCE COMMITTEE

"RESOLVED: That as endorsed by Corporate Governance Committee under CGCom Resolution No. 2023-247, the proposed amendments to Charter of the renamed "Information Technology Governance Committee" by the Management under ManCom Resolution via Routing No. 2023-0615-055, the details of which are described in the attached Resolutions as Annexes "A" and "A-1" and are made integral parts hereof, be, as it is hereby confirmed."

APPROVED.

Makati City, 14 July 2023.



LIVIAN MAY SANCHEZ-LLORITO
Corporate Board Secretary

OATH

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

SUBSCRIBED AND SWORN to before me this JUL 14 2023 at Makati City, affiant exhibited to me her IBP Card with Atty. Roll No. 58800.

Doc. No. 318;
Page No. 65;
Book No. 1;
Series of 2023.


JOFRED PAUL B. JANDAYAN
Commission No. M-074
Notary Public for Makati City
Until December 31, 2024
17th Floor, 139 Corporate Center
139 Valero St., Makati City
Roll No. 61166/3-27-2012
PTR No. 9574671; 1/10/23; Makati City
IBP No. 294228; 1/19/23; Laguna
MCLE VII - 0014721; 4/6/22

SMALL BUSINESS CORPORATION

05 July 2023

MEMORANDUM

FOR : THE GOVERNING BOARD
FROM : CORPORATE GOVERNANCE COMMITTEE
SUBJECT : ENDORSEMENTS FOR APPROVAL

Arising from the meeting of the Corporate Governance Committee held on 05 July 2023, the following are being endorsed for **APPROVAL of the Governing Board**:

AMENDMENTS TO THE CHARTER OF THE BOARD INFORMATION TECHNOLOGY AND PLATFORMIFICATION COMMITTEE

- The proposed amendments to the Charter of the Board Information Technology and Platformification Committee.
- The basis is to align the charter to the current structure, function and paradigm of the Corporation in implementing IT projects.
- One of the notable proposed changes is Committee name from IT and Platformification Committee to "**IT Governance Committee.**"
- The list of changes proposed was presented to the Body (*Annex "A"*).
- After a thorough discussion, the Committee issued the following resolution for endorsement to the Corporate Governance Committee and to the Board:

CGCOM RESOLUTION NO. 2023-247

**PROPOSED AMENDMENTS TO THE CHARTER OF THE
"INFORMATION TECHNOLOGY GOVERNANCE COMMITTEE"**

"RESOLVED: That as endorsed by the Management under ManCom Resolution via Routing No. 2023-0615-055, the proposed amendments to the Charter of the renamed "Information Technology Governance Committee", the details of which is herein attached as Annex "A", be, at it is hereby approved for endorsement to the Corporate Governance Committee and to the Governing Board."

APPROVED.

**PROPOED AMENDMENTS TO THE CHARTER OF THE
BOARD INFORMATION TECHNOLOGY AND PLATFORMIFICATION COMMITTEE**

I. Summary (Please see Annex A for the Full Text of the Amended Charter)

FROM	TO <i>(Changes are underlined and in bold texts)</i>
Name of the Committee	
IT and Platformification Committee	IT Governance Committee
Roles and Responsibilities	
<p>(Bullet 7, under Item II, Page 1)</p> <p>Review the Technology and Information Management policies, standards, procedures and processes for their development, approval, implementation, and maintenance to ensure that they support the IT strategy and comply with regulatory and legal requirements.</p>	<p><u>(Item 2.6, Page 1)</u></p> <p><u>Set and approve, for endorsement to the Governing Board,</u> the Technology and Information Management policies, standards, procedures, and processes for their development, implementation, and maintenance, to ensure that they support the IT strategy <u>and overall SBCorp's Vision and Mission,</u> and comply with <u>the Board-approved SBCorp Project Life Cycle (SPLC) Framework and all relevant regulatory issuances and other mandatory compliances by oversight agencies.</u></p>
Composition	
<p>(Bullet 1 under Item B, Page 2)</p> <p>The Sector Head for the Strategy, Policy, and Business Development together with the Head of IT Group and the Management Information System (MIS) Department Manager shall provide technical support to the Committee.</p>	<p>(Item 3.2.1, Page 2)</p> <p>The <u>Strategy, Policy, and Systems Sector</u> shall provide technical support to the Committee.</p>
Meetings and Proceedings	
<p>(Item E, Page 3)</p> <p>Minutes</p>	<p>(Item 5.5, Page 3)</p> <p>Meeting Documentation</p>
<p>(Bullet 1 under Item E, Page 3)</p> <p>The Secretariat shall be responsible for recording the minutes of each meeting.</p>	<p>(Item 5.5.1, Page 3)</p> <p>The Secretariat shall be responsible for <u>preparing</u> the minutes <u>and resolutions</u> of each meeting.</p>

FROM	TO <i>(Changes are underlined and in bold texts)</i>
<p>(Bullet 2 under Item E, Page 3)</p> <p>The minutes of the meeting shall be submitted to the Board of Directors for confirmation.</p>	<p>(Item 5.5.2, Page 3)</p> <p>The minutes of the meeting shall be submitted to the <u>Committee members</u> for confirmation <u>and the resolutions arising therefrom, if any, shall be endorsed to the Governing Board.</u></p>
<i>Review of the Charter</i>	
<p>(Bullet 1 under Item VI, Page 3)</p> <p>This Committee Charter shall be reviewed and approved annually by the Committee and the Board of Directors. Revisions to this charter may be done whenever appropriate and necessary as determined by the Committee and approved by the Board.</p>	<p>(Item 6.1, Page 3)</p> <p>The Committee Charter shall be reviewed at <u>least annually or whenever deemed appropriate and necessary by the Committee, the resulting updates or revisions from which shall be submitted for approval</u> by the Board.</p>

ANNEX A

INFORMATION TECHNOLOGY GOVERNANCE COMMITTEE CHARTER

1. Rationale

This Charter sets forth the objectives, composition, structure, powers, and responsibilities of the Information Technology (IT) Governance Committee of the Small Business Corporation (SBCorp).

To deliver the Corporation's public policy objectives and sustainable development outcomes, the IT Governance Committee is hereby created to provide insight, advice, and direction for the effective use of SBCorp's IT resources and management information systems (MIS).

2. Roles and Responsibilities

The Committee shall be primarily responsible for the development and oversight of the technology and information management programs of the Corporation. In particular, the Committee shall have the following roles and responsibilities:

- 2.1 Evaluate the effectiveness of the IT governance structure to ensure adequate Board control over the decisions, directions, and performance of technology and information management;
- 2.2 Set the strategic directions for technology and information management and ensure the confidentiality, integrity, and availability of SBCorp's information resources;
- 2.3 Evaluate Information Management and IT organizational structure, investment, use and allocation practices and commitment of resources in terms of time, personnel, and equipment to ensure that they support the organization's strategies and objectives;
- 2.4 Evaluate risk management practices to ensure that the organization's IT-related risks are properly managed;
- 2.5 Evaluate management practices to ensure compliance with the organization's IT strategy, policies, standards, and procedures; and,
- 2.6 Set and approve, for endorsement to the Governing Board, the Technology and Information Management policies, standards, procedures, and processes for their development, implementation, and maintenance, to ensure that they support the IT strategy and overall SBCorp's Vision and Mission, and comply with the Board-approved SBCorp Project Life Cycle (SPLC) Framework and all relevant regulatory issuances and other mandatory compliances by oversight agencies.

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3. COMPOSITION

3.1 Members

- 3.1.1 The Committee shall be composed of at least three (3) Board Members, including the President and CEO as a permanent member.
- 3.1.2 All members must have diverse backgrounds from all key areas and with knowledge and expertise in understanding the business impacts of information and related technology. They are generally responsible for ensuring that IT resources and management information systems are optimized in providing value and service delivery.

3.2 Technical Support and Secretariat

- 3.2.1 The Strategy, Policy, and Systems Sector shall provide technical support to the Committee.
- 3.2.2 The Office of the Board Secretary shall provide administrative support and shall serve as the Committee Secretariat.

4. AUTHORITY

- 4.1 The Committee shall be tasked to approve the SBCorp Information Systems Strategic Plan (ISSP) and its budget.

5. MEETINGS AND PROCEEDINGS

5.1 Frequency

- 5.1.1 The Committee shall convene quarterly or as necessary to act on matters of concern, as well as for monitoring purposes. In cases of urgent issues, a meeting shall be convened at the discretion of the Chairman.

5.2 Agenda and Notice

- 5.2.1 The Secretariat must notify members of the Committee of the date, time and location of the meetings as far in advance as possible but preferably not less than three (3) days before the meeting.
- 5.2.2 The Secretariat, in close coordination with the Committee Chairman and the Policy Documentation and Management Unit (PDMU), shall be responsible for identifying the agenda for each meeting, including all supporting documents thereto.

5.3 Attendance and Quorum

- 5.3.1 Attendance of majority of Committee members [i.e., fifty percent (50%) of the voting members plus one (1)] shall constitute a quorum and shall be required for a meeting to take place. Should a quorum not be attained, the meeting shall be postponed unless, alternative means of communication (e.g., online

communication platform) are available for the participation of members who could not be physically present.

5.3.2 Only Committee members are entitled to vote in matters requiring collegial action.

5.4 Presiding Officer

5.4.1 The Chairman of the Committee shall preside over the meetings. However, in the absence of the Chairman, the remaining members of the Committee may elect one among those present to act as the presiding officer of the meeting.

5.5 Meeting Documentation

5.5.1 The Secretariat shall be responsible for preparing the minutes and resolutions of each meeting.

5.5.2 The minutes of the meeting shall be submitted to the Committee members for confirmation and the resolutions arising therefrom, if any, shall be endorsed to the Governing Board.

5.6 Conflict of Interest

5.6.1 A Committee member shall refrain from participating in discussions or voting on any issue whenever there is an actual or perceived conflict of interest.

5.6.2 A conflict of interest refers to a situation when someone, such as a public official, has competing professional or personal obligations or personal or financial interests that would make it difficult to fulfill his or her duties fairly. A conflict of interest exists even if no improper act results from it and can create an appearance of impropriety that can undermine confidence in the conflicted individual or organization.

6. REVIEW OF THE CHARTER

6.1 The Committee Charter shall be reviewed at least annually or whenever deemed appropriate and necessary by the Committee, the resulting updates or revisions from which shall be submitted for approval by the Board.