

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 247th Meeting of the Board of Directors of the Corporation held on 18 December 2013 at the SB Corporation Board Room, 18/F 139 Corporate Center, 139 Valero St., Salcedo Village, Makati City and at which a quorum was present, the following Resolution was duly passed and approved:

BOARD RESOLUTION NO. 2045, SERIES OF 2013

"NO GIFT POLICY" OF THE SMALL BUSINESS CORPORATION

"RESOLVED: That as favorably endorsed by the Corporate Governance Committee, the "No Gift Policy" of the Small Business Corporation, a copy of which is attached as Annex "A" and made an integral part hereof be, as it is hereby approved."

APPROVED.

Makati City, 18 December 2013.


JESSIE R. REOTUTAR
Corporate Board Secretary

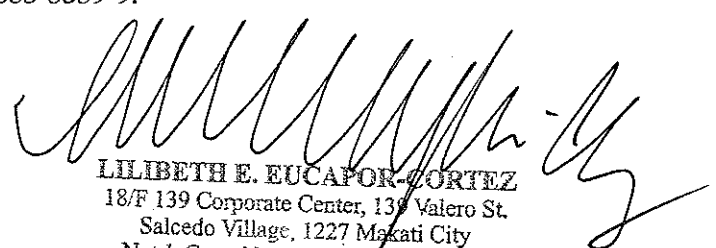
O A T H

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

18 DEC 2013

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

Doc. No. 198 ;
Page No. 41 ;
Book No. XII ;
Series of 2013.


LILIBETH E. EUCAFOR-CORTEZ
18/F 139 Corporate Center, 139 Valero St.
Salcedo Village, 1227 Makati City
Notrl. Com. No. M-06/Until 12-31-14
PTR No. 3671334/1.3.13/Makati City
IBP No. 914021/1.3.13/Pangasinan
Roll of Attorneys No. 49169
MCLE Compliance No. IV-00002308/8.3.11

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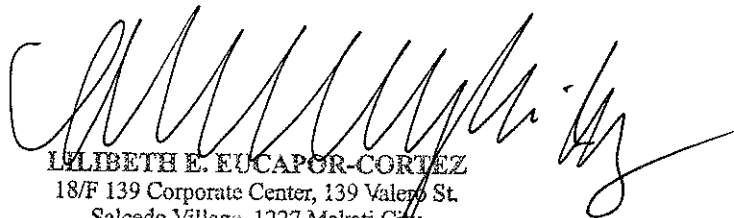
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Small Business Corporation

MEMORANDUM

For : The SBGFC Board of Directors

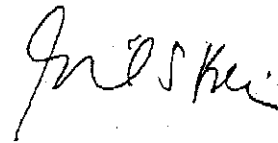
From : The Corporate Governance Committee (CGC)

Date : December 11, 2013

Subject : **Proposed No Gift Policy For The Small Business Corporation**

This is to respectfully endorse to the Board the attached Proposed No Gift Policy For The Small Business Corporation which was taken up in the last meeting of the CGC on December 6, 2013. This is one of the good governance conditions set by the Governance Commission for GOCCs.

For approval.

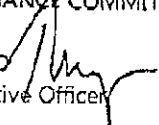


GIL S. BELTRAN
CGC Chairman

SMALL BUSINESS CORPORATION

MEMORANDUM

FOR : THE CORPORATE GOVERNANCE COMMITTEE

THRU : RAMON M. QUESADA, PhD 
Chairman and Chief Executive Officer

FROM : THE OIC/OFFICE OF THE PRESIDENT & CHIEF OPERATING OFFICER

DATE : 9 December 2013

SUBJECT : Proposed "No Gift Policy" for the Small Business Corporation

Respectfully transmitted herewith for review and endorsement to the Board is the proposed "No Gift Policy" for the Small Business Corporation. This is in compliance with Section 29 of GCG Memorandum Circular No. 2012-07 (Code of Corporate Governance for GOCCs) which mandates every Governing Board to "formally adopt a "No Gift Policy" within the GOCC and ensure its full advertisement to the community and its strict implementation by particular set of rules."

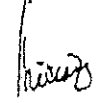
The proposed "No Gift Policy" fully complies with what is required by existing laws, as follows:

- R.A. No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees) and its IRR;
- R.A. No. 3019 (Anti-Graft and Corrupt Practices Act); and
- Civil Service Commission Resolution No. 1101502 (Revised Rules in Administrative Cases in the Civil Service).

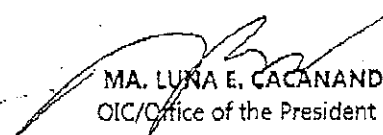
As required by GCG, the publication and strict implementation of a GCG-approved "No Gift Policy" shall be part of the organization's Performance Evaluation System and a condition to the grant of year-end Performance Based Bonus (PBB).

For consideration.

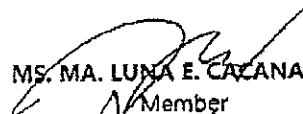
Prepared by:


ALICE L. SY
Group Head, HRMDG

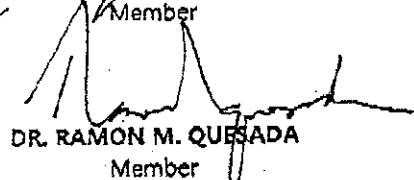
Endorsed by:


MA. LUNA E. CACANANDO
OIC/Office of the President & COO

ENDORSED TO THE BOARD FOR APPROVAL
Corporate Governance Committee


MS. MA. LUNA E. CACANANDO
Member

DIR. PONCIANO C. MANALO, JR.
Member


DR. RAMON M. QUESADA
Member


DIR. GIL B. BELTRAN
Chairman



"NO GIFT POLICY" OF THE SMALL BUSINESS CORPORATION

Pursuant to Section 29 of Memorandum Circular (MC) No. 2012-07 (**Code of Corporate Governance**) of the Governance Commission for GOCCs, every Governing Board shall formally adopt a "No Gift Policy" within the GOCC and ensure its full advertisement to the community and its strict implementation by particular set of rules.

The "No Gift Policy" of SB Corp is embodied in Item 4.4.3 (d), Section 4 (Norms of Conduct) of the **Code of Conduct of Small Business Corporation**, which was approved by the Board of Directors through Board Resolution No. 1646, s. 2009 and became effective on 7 October 2009. In view of SB Corp's policy to uphold the highest standards of ethics and conduct in public service and in order to underscore the importance of strictly adhering to the "No Gift Policy" under the said Code of Conduct, the following guidelines are hereby adopted:

1 **Legal Basis.** The "No Gift Policy" is in conformity with the following laws that were enacted to guide the conduct of public officials and employees:

1.1 Republic Act No. 3019, otherwise known as the "Anti-Graft and Corrupt Practices Act", which declares as corrupt practices the following acts:

- "Directly or indirectly requesting or receiving any gift, present, share, percentage, or benefit, for himself or for any other person, in connection with any contract or transaction between the Government and any other party, wherein the public officer in his official capacity has to intervene under the law." (*Section 3, Republic Act No. 3019*)
- "Directly or indirectly requesting or receiving any gift, present or other pecuniary or material benefit, for himself or for another, from any person for whom the public officer, in any manner or capacity, has secured or obtained, or will secure or obtain, any Government permit or license, in consideration for the help given or to be given..." (*Section 3, Republic Act No. 3019*);

1.2 Presidential Decree No. 46, entitled "Making it Punishable for Public Officials and Employees to Receive, and for Private Persons to Give, Gifts on any Occasion, Including Christmas" which makes it "punishable for any public official or employee,

whether of the national or local governments, to receive, directly or indirectly, and for private persons to give, or offer to give, any gift, present or other valuable thing on any occasion, including Christmas, when such gift, present or other valuable thing is given by reason of his official position, regardless of whether or not the same is for past favor or favors or the giver hopes or expects to receive a favor or better treatment in the future from the public official or employee concerned in the discharge of his official functions. Included within the prohibition is the throwing of parties or entertainments in honor of the official or employee or his immediate relatives.”;

- 1.3 Republic Act No. 6713, otherwise known as the “Code of Conduct and Ethical Standards for Public Officials and Employees” which provides that “[p]ublic officials or employees shall not solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan or anything of monetary value from any person in the course of their official duties or in connection with any operation being regulated by, or any transaction which may be affected by the functions of their office.” (*Section 7, Republic Act No. 6713*)
- 2 **Definition of Gift.** For the purpose of “*No Gift Policy*”, the term “gift” shall refer to a thing or a right disposed of gratuitously, or any act of liberality, in favor of another who accepts it, and shall include a simulated sale or an ostensibly onerous disposition thereof. (*Republic Act No. 6713*).
- 3 **Coverage.** The “*No Gift Policy*” shall apply to all members of the Board of Directors, officers and personnel of SB Corp. The term personnel shall include those who are occupying plantilla positions, as well as agency-hired personnel and those under contract of service arrangement with the Corporation.
- 4 **General Policy.** The Small Business Corporation shall uphold the “*No Gift Policy*”. As a general rule, the members of the Board of Directors, officers and employees of SB Corp shall NOT SOLICIT or ACCEPT, directly or indirectly, any gift, gratuity, favor, entertainment, loan or anything of monetary value from any person, group, association, or juridical entity, whether from the public or private sectors, at any time, on or off the work premises, where such gift is either:
 - 4.1 Given in the course of their official duties or in connection with any transaction which may be affected by the functions of their office;
 - 4.2 Illegal or in violation of laws;
 - 4.3 Part of an attempt to influence the actions of directors, officers or employees; or

4.4 Create the appearance of a conflict of interest. (*Republic Act No. 6713; Section 29, GCG Memorandum Circular No. 2012-07*)

5 **Exceptions.** The prohibition in this policy excludes the following:

5.1 Unsolicited gift of nominal or insignificant value not given in anticipation of, or in exchange for, a favor from SB Corp director, officer or employee or given after the transaction is completed or service is rendered. The propriety or impropriety of the foregoing shall be determined by its value, kinship, or relationship between giver and receiver and the motivation. As to what is a gift of nominal value will depend on the circumstances of each case taking into account the salary of the official or employee, the frequency or infrequency of the giving, the expectation of benefits, and other similar factors.

5.2 A gift from a member of the family or relative of the director, officer or employee, on the occasion of a family celebration, and without any expectation of pecuniary gain or benefit;

5.3 Nominal donations from persons with no regular, pending, or expected transactions with SB Corp, and without any expectation of pecuniary gain or benefits;

5.4 Donations coming from private organizations whether local or foreign, which are considered and accepted as humanitarian and altruistic in purpose and mission;

5.5 Donations from government to government entities;

5.6 Gift of nominal value tendered or received as a souvenir or mark of courtesy; and

5.7 Scholarship or fellowship grants, travel grants or expenses for travel taking place within or outside the Philippines (such as allowances, transportation, food and lodging) if appropriate or consistent with the interest of the government, and with prior approval by the proper authorities in accordance with applicable laws or regulations. (*Republic Act No. 6713*)

6 **Requirement to Inform.** SB Corp directors, officers and employees are required to professionally inform any individual or organization with any actual or potential business with the Corporation of the "*No Gift Policy*", the reasons the Corporation has adopted this policy, and request that such individual or organization respect such policy. (*GCG Memorandum Circular No. 2012-12*)

7 **Return and Acknowledgement of Gift.** – If SB Corp directors, officers or employees, receive a gift covered by the "*No Gift Policy*", such gift, if feasible, shall immediately and

politely be declined. In the event that it is not feasible, or it is inappropriate or impractical, to return the gift, e.g., it is a perishable item, the gift shall be donated to an appropriate charitable or social welfare institution. An acknowledgement letter shall be sent to the donor informing him/her of the "No Gift Policy" or that the gift has been returned or donated to a charitable or social welfare institution. (GCG Memorandum Circular No. 2012-12)

- 8 **Posting of the "No Gift Policy"**. The "No Gift Policy" shall be conspicuously displayed within the premises of SB Corp Head and Area Offices, as well as posted in the SB Corp website.
- 9 **Penalties**. Any violation of the "No Gift Policy" shall be dealt with in accordance with Civil Service rules and regulations and other applicable laws.
- 10 **Effectivity**. The "No Gift Policy" shall take effect immediately.

COMPARISON OF "NO GIFT POLICY"

PERTINENT PROVISIONS OF EXISTING LAWS (Republic Act No. 6713 and its IRR)	DEVELOPMENT BANK OF THE PHILIPPINES	SMALL BUSINESS CORPORATION (Proposed)
<p>PROHIBITED GIFTS</p> <ul style="list-style-type: none"> Any gift, gratuity, favor, entertainment, loan or anything of monetary value which is solicited or accepted, directly or indirectly, by a public official or employee in the course of his official duties or in connection with any operation being regulated by, or any transaction which may be affected by the functions of, his office. <p>The propriety or impropriety of the foregoing shall be determined by its value, kinship or relationship between giver and receiver and the motivation. A thing of monetary value is one which is evidently or manifestly excessive by its very nature.</p>	<ul style="list-style-type: none"> Any gift, gratuity, favor, entertainment, loan or anything of monetary value which is solicited or accepted, directly or indirectly, by any person, group, association or juridical entity, whether from the public or private sector, at any time, on or off the work premises, where such gift is either: <ul style="list-style-type: none"> Given in the course of employees or director's official duties or in connection with any transaction which may be affected by the functions of their office; Illegal or in violation of laws; Part of an attempt or agreement to do anything in return; Given to influence the actions of directors or employees; or Create the appearance of a conflict of interest. 	<ul style="list-style-type: none"> Any gift, gratuity, favor, entertainment, loan or anything of monetary value which is solicited or accepted, directly or indirectly, by the members of the Board of Directors, officers and employees of SB Corp from any person, group, association, or juridical entity, whether from the public or private sectors, at any time, on or off the work premises, where such gift is either: <ul style="list-style-type: none"> Given in the course of employee, officer or director's official duties or in connection with any transaction which may be affected by the functions of their office; Illegal or in violation of laws; Part of an attempt or agreement to do anything in return; Given to influence the actions of directors, officers or employee; or Create the appearance of a conflict of interest.
<p>ALLOWABLE GIFTS</p> <ul style="list-style-type: none"> Unsolicited gift of nominal or insignificant value not given in anticipation of, or in exchange for, a favor from a public official or employee or given after the transaction is completed, or service is rendered. As to what is a gift of nominal value will depend on the circumstances of each case taking into account the salary of the official or employee, the frequency or infrequency of the giving, the expectation of benefits, and other similar factors. A gift from a member of the family or relative of the public official or employee on the occasion of a family celebration, and without any expectation of pecuniary gain or benefit. Nominal donations from persons with no regular, pending, or expected transactions with the department, office or agency with which the official or employee is connected, and without any expectation of pecuniary gain or benefits. Donations coming from private organizations whether local or foreign, which are considered and accepted as humanitarian and altruistic in purpose and mission; Donations from government to government entities; Gift of nominal value tendered or received as a souvenir or mark of courtesy Scholarship or fellowship grant or medical treatment Travel grant or expense for travel taking place entirely outside the Philippines (such as allowances, transportation, food and lodging) if appropriate or consistent with the interest of the Philippines, and permitted by the head of office, branch or agency to which the public official or employee belongs. 	<ul style="list-style-type: none"> Certificates, plaques, cards, thank you notes, or other written forms of souvenir or mark of courtesy, recognition, or appreciation; Seminar items (e.g., pens, hand-outs, etc.) or any other materials which are uniformly given to all participants in the seminar; Books, pamphlets, publications, data and other information or reading materials that are directly useful to the Bank in the performance of its mandates, objectives, and are given by individuals or organizations that have no pending business with the Bank as to create an actual or potential conflict of interest; Gifts given on special occasions between and among DBP employees or directors; Scholarship or fellowship grants, travel grants or expenses for travel taking place within or outside the Philippines (such as allowances, transportation, food and lodging) if appropriate or consistent with the interest of the government, and with prior approval by the proper authorities in accordance with applicable laws or regulations; Honoraria given as speaker or resource person in seminars when such honoraria are authorized under existing laws or rules or regulations and subject to compliance with all the requirements prescribed therein; Working lunches or dinners with clients or other stakeholders of the Bank if such lunches or dinners are inevitable in the course of official transaction; Product samples of nominal value given by clients or potential clients if giving such samples are allowed under the law or part of the standard procedures mandated by law or the rules (e.g., rules on bidding); and Unsolicited gift of nominal or insignificant value provided it is not given in anticipation of, or in exchange for, a favor from the public official or employee. 	<ul style="list-style-type: none"> Unsolicited gift of nominal or insignificant value not given in anticipation of, or in exchange for, a favor from SB Corp director, officer or employee or given after the transaction is completed or service is rendered. 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