



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 ~~SEP 17 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. 63;
Book No. 3;
Series of 2010.

LILIEYTH E. EUSTACIO, Notary Public
15/F 139 Corporate Center, 139 Valero St, Salcedo Village, 1227 Makati City
NOTRL COMMISSION NO. M-454 UNTIL 12.31.10
PTR NO. 00010547 / O.L.O. 10 / MAKATI CITY
IEP NO. 516293 / 01.20.10 / PANGASINAN
ROLL OF ATTORNEYS NO. 49169
MCLE COMPLIANCE NO. III-0000458

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.