



PHILGUARANTEE
Philippine Guarantee Corporation

PHILIPPINE GUARANTEE CORPORATION

**EXECUTIVE CREDITGUARANTEE
COMMITTEE CHARTER
2021**

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WHEREAS, the Philippine Guarantee Corporation (PHILGUARANTEE) is a government owned and controlled corporation resulting from the merger and consolidation of five (5) Philippine Guarantee Programs and Agencies (PGPAs) pursuant to Executive Order No. 58, Series of 2018;

Being the Principal Agency for State Guarantee Finance of the Philippines, the primary objective of PHILGUARANTEE is to perform its development financing role through the provision of credit guarantees in support to trade and investments, exports, infrastructure, energy, tourism, agricultural business/modernization, housing, MSMEs and other priority sectors of the economy, with the end in view of facilitating and promoting socio-economic and regional development;

WHEREAS, in keeping with the policy of the State, it is important to establish the monitoring of credit facilities, and to set the limits and standard framework for granting, processing and approving of guarantees;

WHEREAS, in order to: (i) identify and manage the Company's credit exposures; (ii) identify responses to trends affecting the said credit exposures; (iii) implement actions to ensure the adequacy of the allowance for credit losses; and (iv) determine the adequacy of PHILGUARANTEE's credit related policies, there is a need to establish an Executive Credit Guarantee Committee;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF PHILGUARANTEE, by virtue of the powers and authority vested on it by its Charter, do hereby create and constitute an Executive Credit Guarantee Committee (the "Committee").

Section 1. PURPOSE/OBJECTIVE

It shall be the objective of the Committee to oversee, review and make recommendations to the Board on the management of credit risk of PHILGUARANTEE's portfolio. It shall assist the Board in exercising oversight functions in the identification and management of credit risk on an enterprise-wide viewpoint, in the determination of the proper responses to trends affecting PHILGUARANTEE's exposures, and in the recognition of the correct actions to ensure the adequacy of PHILGUARANTEE's credit-related policies.

Section 2. COMPOSITION

The Committee shall be composed of five (5) members, including the Chairperson of the Board who shall also act as the Chairperson of the Committee and the President and CEO as the Vice-Chairperson. The General Counsel and the Head of the Enterprise Risk Management shall act as resource persons. The Executive Director of the Agricultural Credit Policy Counsel may be invited as resource person for AGFP proposals and/or discussions on changes/modifications of AGFP credit policies.

The Committee Members are expected to be knowledgeable of or have exposure on credit management, and credit financial risk controls, an understanding of the key business and strategies of the Agency, as well as the industry in which the Agency operates.

The Committee Members are encouraged to attend seminars/trainings/workshops related to the functions and responsibilities of the Committee. They are however required to attend seminar/s on corporate governance pursuant to the guidelines of the GCG, expenses for which shall be shouldered by the Agency.

Section 3. TERM OF OFFICE

The Chairperson and Members of the Committee shall hold office for a period of one (1) year. In case of death, permanent incapacity, resignation or removal, the vacancy shall be filled up by appointing or designating one from among the members of the Board, who shall serve for the unexpired portion of the term.

Section 4. DUTIES AND RESPONSIBILITIES

The Committee shall oversee and assess credit risks inherent to the PHILGUARANTEE's guarantee activities. Specifically, the Committee shall have the following duties and responsibilities:

1. Ensure that the credit policies set by the Board are implemented;
2. Review, assess, and recommend changes or amendments to the adequacy of PHILGUARANTEE's existing credit policies and its overall credit administration/implementation, such as but not limited to the general compliance with existing guidelines and procedures;
3. Review the quality of PHILGUARANTEE's guarantee portfolios assuring adherence to policies and guidelines and monitoring progress toward achieving corporate objectives without prejudice to the review to be conducted by an independent body/regulator;
4. Review and approve or deny all applications for guarantee involving amounts that fall within the amount limitations set by the Board for the Committee;

5. Review and recommend/endorse to the Board, all applications for guarantee involving amounts that exceed the amount limitations set by the Board for the Committee, as the need arises;
6. Advise on any matter of significance relating to credit including recommendations to the Board on changes in guarantee policies or directions;
7. Review and assess this Charter periodically and recommend any proposed changes to the Board for approval, and conduct annual assessment of its own performance; and
8. Perform such other functions as may be delegated by the Board from time to time or as may be required by law.

Section 5. COMMITTEE MEETINGS

The Committee shall meet on a quarterly basis or as often as required. The presence of three (3) members of the Committee shall constitute a quorum.

Attendance of a member through teleconferencing or video conferencing shall be allowed in accordance with SEC Memorandum Circular No. 15, 2001 and SEC Memorandum Circular No. 6, 2020 and as recognized under GCG Memorandum Circular No. 2014-03.

The Chairperson shall preside over the meetings of the Committee. In the absence of the Chairperson at a duly convened meeting, the Vice-Chairperson shall preside over the said meeting.

The Chairperson, with the assistance of the Corporate Secretary, shall set the Agenda for every meeting of the Committee, and copies of the Agenda shall be distributed to the members of the Committee prior to every meeting.

All meetings of the Committee shall be recorded, and copies of the minutes of the meeting shall be provided to the members prior the next scheduled meeting. The minutes of the previous meeting shall be subject to the approval of the Committee at the following meeting.

All actions of the Committee shall be made by a majority of the members present at a meeting where a quorum is duly constituted. In lieu of a meeting, the Committee may also act through the members' unanimous written consent/ approval.

Section 6. APPROVAL OF THE COMMITTEE

An account submitted to the Committee for approval or endorsement to the Board shall always have the signature of the Chairperson.

All actions taken by the Committee shall be reported regularly to the Board of Directors through the President and CEO or in his absence the duly designated Officer-In-Charge, for information.¹The Committee may elevate any proposal/ matter to the Board or the next approving level for action/ consideration.

Section 7. SECRETARIAT

The Office of the Corporate Secretary shall serve as the Secretariat which shall assist the Committee in carrying out its duties and responsibilities effectively and efficiently.

In case the Committee shall have new member/s, the Secretariat shall ensure that said new member/s has/have undergone an induction process to ensure his/their acquaintance with the Committee's purpose, responsibilities, and practices. The induction process shall include the provision to the new member/s

¹*In extreme and justifiable cases, the Board of Directors may reverse the decision of the Committee.*

of a copy of the Committee's Charter and, to such extent that the new member/s may not yet be aware in his/their capacity as member/s of PHILGUARANTEE's Board of Directors, all information on the time commitment required, about PHILGUARANTEE as may be relevant to the Committee, and about key issues that may be pending before the Committee.

Section 8. ASSISTANCE OF CONSULTANTS

In the performance of its duties, the Committee, subject to the approval of the Board, may hire or retain consultants or other experts, at the expense of the Agency following the Philippine Government Procurement Law and its IRR and auditing and accounting standards.

Section 9. SUB-COMMITTEES

For the effective and efficient discharge of its duties and responsibilities, the Committee may form, and delegate authority to sub-committees, when appropriate.

Section 10. RELATIONSHIP OF COMMITTEE

The Executive Credit Guarantee Committee is a Board-level Committee. It should not act absolutely independent of the Board. All approvals and actions made by the Committee within its authority shall be reported to the Board for notation. It shall also work closely with the other Board Committees and shall maintain harmonious working relationship with PHILGUARANTEE Management. It can ask for the assistance of other members of the Board or of other committees, including the management and staff of PHILGUARANTEE, for the effective and efficient execution of its duties and responsibilities.

Section 11. REVIEW OF THE CHARTER

The Committee shall review this Charter once a year and submit it to the Board for approval together with proposed amendments. If any or as it deems necessary and appropriate in light of PHILGUARANTEE's needs, alignment to corporate governance principles/guidelines and legal and regulatory developments.

Section 12. REPEALING CLAUSE

All Board Resolutions, policies, and other PHILGUARANTEE's rules and regulations, or portions thereof, inconsistent herewith are hereby repealed or modified accordingly.

Section 13. EFFECTIVITY

This Charter of the Executive Credit Guarantee Committee of PHILGUARANTEE, as amended, shall take effect immediately upon approval of the Board.

Done in the City of Makati.

Approved by the Executive Credit Guarantee Committee on August 25, 2021.