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Kaagapay ng Komunidad sa Maginhawang Pamumuhay



COMPLIANCE OFFICER'S CERTIFICATION OF SOCIAL HOUSING FINANCE CORPORATION'S COMPLIANCE WITH ITS REVISED MANUAL ON CORPORATE GOVERNANCE

This refers to the Securities and Exchange Commission (SEC) Memorandum Circular No. 6, Series of 2009, as amended by SEC Memorandum Circular No. 9, Series of 2014 and Section 15.4 (c) of Governance Commission for GOCCs (GCG) Memorandum Circular No. 2012-07 directing Social Housing Finance Corporation (SHFC), a Government-Owned and -Controlled Corporation (GOCC) covered by the Corporation Code, to submit its Compliance Officer's Certification on its compliance with its Revised Manual on Corporate Governance and government corporate standards governing GOCCs.

All told, the undersigned certifies that the following corporate actions were instituted and/or performed, to wit:

I. Rights of Stockholders

1. The Office of the Board Secretary issues and delivers the notices of annual stockholders' meeting containing the agenda at least twenty-one (21) calendar days prior to the date of the meeting in accordance with SEC Memorandum Circular No. 3, Series of 2020.
2. The Board held its 15th Annual Stockholders Meeting on 28 June 2022 at Ascott Hotel, BGC. The SHFC Board is composed of Ex-Officio Directors from various government agencies and Directors from the private sector;
3. The Corporation's 2022 Corporate Performance Report was presented to the Board in the 04-2022 Board Meeting held on 14 March 2022 and issued its Resolution No. 981 series of 2022 (Approval of the 2022 SHFC Corporate Performance Scorecard). The same Performance Report was submitted to the GCG for its evaluation and validation;
4. The Corporation has an Internal Audit Department under the supervision of the Audit Committee composed of appropriate Board Members based on their background and qualification.

II. Responsibilities, Duties and Functions of the Board

1. To maintain this Corporation's viability and efficiency in harmony with its purpose, the Board has resolved to approve the following policies and guidelines:
 - a. Approval of Guidelines on the Grant of Moratorium on the Payment of Monthly Amortizations on Housing Loans in Areas Affected by Incident/Crisis;

- b. Approval of the Designation of the Compliance Officer and Primary Designated Officer in the AMLC Portal;
 - c. Approval of the Designation of Freedom of Information (FOI) Decision Makers and Receiving Officers;
 - d. Approval of the 2022 SHFC Performance Scorecard;
 - e. Amendments to the Turnkey CMP Modality Framework and Internal Appraisal Method for Completed Housing Units;
 - f. Approval of Amendment to Board Resolution No. 847 Series of 2020 on Delegation of Authority for Procurement Matters;
 - g. Approval of Revisions to the Corporate Operating Budget (COB) FY 2022 and Revisions to Strategic Measure Numbers 1 and 5 of the 2022 Performance Scorecard;
 - h. Approval of the Composition of the Risk and Compliance Committee Designation of Its Chairperson and Authority to Certify Compliances;
 - i. Approval of SHFC's Corporate Workplan and Corporate Operating Budget (COB) FY 2023;
 - j. Grant of Authority to President and Chief Executive Officer Mr. Federico A. Laxa as Primary Signatory for All SHFC Financial Transactions with Any or All Banks and Financial Institutions; and
 - k. Approval of the Community Guided Financing (CGF) Framework.
2. To monitor Management's performance, the Board of Directors requires the reporting of Management's performance during its Board Meetings and up-to-date accomplishment report vis-à-vis the annual corporate target.
 3. The Board periodically evaluates and monitors the implementation of guidelines and policies, including management's strategic plans, operating budgets and overall performance.
 4. To assist the Board in the performance of its duties and pursuant to the GCG's Code on Corporate Governance, the Board issued the approval of Board Committee memberships through its Resolution No. 830 series of 2020 which maintains and functions through the following committees:
 - a. Executive Committee;
 - b. Governance, Policy and Nomination Committee;
 - c. Audit Committee; and
 - d. Risk Management Committee.
 5. For 2022, the Board Directors convened twelve (12) Board meetings.

The same Directors also had a total of twenty-one (21) Committee Meetings as tabulated below:

Executive Committee	10
Audit Committee	2
Governance, Policy and Nomination Committee	9
Total number of committee meetings held for 2022	21

6. On the issues presented by the Management at the Board and Committee meetings, the Board consults the Management and deliberates cautiously in making each resolution.

III. Internal Control Responsibilities of the Board

1. The Board established the internal control mechanism for the performance of the Board's oversight responsibility. It functions as follows:
 - a. Supervises and controls the discharge of the duties and responsibilities of the Corporation's President/CEO who is ultimately accountable for the Corporation's organizational and operational controls as embodied in the Corporation's Articles of Incorporation and By-Laws, as well as Sections 18-21 of RA No.10149 (GOCC Governance Act of 2011);
 - b. Evaluates and confirms the probationary appointment of a qualified and competent Vice President;
 - c. Evaluates and confirms the probationary appointment of qualified and competent Managers; and
 - d. Establishes an effective internal audit system by constituting the Audit Committee wherein the Corporation's Internal Audit Department (IAD) forms an integral part thereof.

IV. Citizen's Charter

Republic Act 9485 or the Anti-Red Tape of 2007 requires all government agencies including government-owned and controlled corporations to set up their respective service standards known as the Citizen Charter in the form of information billboards which should be posted at the main entrance of offices or at the most conspicuous place, and in the form of published material written either in English, Filipino, or in the local dialect, that detail:

- a. The procedure to obtain a particular service;
- b. The person/s responsible for each step;
- c. The maximum time to conclude the process;
- d. The document/s to be presented by the customer, if necessary;
- e. The amount of fees, if necessary; and
- f. The procedure for filing complaints.

As such, the Board approved Social Housing Finance Corporation's Citizen's Charter through Board Resolution No.617 Series of 2017 and ratified the same through Board Resolution No. 854 Series of 2020. The Charter highlights the Corporation's 90-day processing time from complete submission of documentary requirements to loan release under decentralized processes and its guided by its Vision and Mission Statements. This starts from the filing of loan application which may be a Community Mortgage Program (CMP), High Density Housing Program (HDHP), or Abot-Kaya-Pabahay Fund Development Loan Program (AKPF-DLP).

Upon receipt of documentary requirements from the community association, the project application will be processed and sent to the Executive Committee for Board approval and issuance of a Letter of Guaranty or Letter of Commitment for accommodation mortgage. The final step will be the release of a loan or "Take-Out" where payment is made to the landowner after submission of title with annotation of mortgage and settlement of documentary stamp tax and other transfer taxes.

V. Adequate and Timely Information of the Board

Pursuant to Management's duty to provide the Board of Directors with complete, adequate, and timely information about matters to be taken up in the Board and Committee meetings, the Office of the Board Secretary strictly adheres to the Department of Human Settlements and Urban Development directive to provide the Chairman of the Board and the Board Directors with materials and attachments pertinent to the specified agenda within the prescribed or reasonable period prior to the scheduled meeting. As per HUDCC Memorandum, dated 27 July 2017, submission of Board materials to the Office of the Chairman must be at least three (3) days prior to the scheduled Board meeting.

VI. Governance Self-Rating System

The Manual requires the Board to create an internal self-rating system that will measure the performance of the Board and its Officers.

To comply and pursuant to GCG Memorandum Circular 2014-03, the Board adopted in its Revised Manual on Corporate Governance the criteria provided by the aforementioned GCG circular on the performance evaluation for Directors in the GOCC sector, namely:

- a. SHFC's annual performance based on the SHFC-GCG performance scorecard;
- b. Directors' performance evaluation (Self-Appraisal and Peer Appraisal);
- c. Directors' attendance.

The Corporation likewise improved its performance evaluation system for SHFC officers and employees by adopting the Comprehensive Performance Management System which is aligned with the guidelines of the GCG Memorandum Circular on Performance-Based Bonus.

VII. Disclosure and Transparency

The Manual directs the Corporation to be more transparent by publicly disclosing all material information about the Corporation which could adversely affect its viability or the interest of the stockholders.

As such, the following disclosure and transparency mechanisms are currently used for the above purposes, to wit:

1. SEC Reportorial Requirements for Financing Companies

SHFC submits the following documents to the SEC as part of its regular reportorial requirements, viz:

Un-Audited Financial Statement for the 1 st semester (January-June)	July 15 th of each year
Un-Audited Financial Statement for the 2 nd semester	January 15 th of each year
COA's Audited Financial Statement	Within ten (10) days from the date of the COA Audited Financial Statement
Special Form of Financial Statements for Financing Companies (in electronic format)	30 days after submission of Audited Financial Statement
Corporate Secretary's Certificate regarding Board Directors individual attendance to Board meeting during the immediate past year	January 30 th of each year
Compliance Officer's Certificate regarding compliance with its Revised Manual on Corporate Governance	January 30 th of each year
General Information Sheet	Thirty (30) days after the Annual Stockholders Meeting or after a change occurs in any of the information stated in the GIS

2. Uploading Information in the Corporate website (<https://www.shfc.dhsud.gov.ph>)

In accordance with the Manual, the following information presently appears on the SHFC website:

- a. Corporate profile and historical background;
- b. Names of the present Board Directors;
- c. Names and positions of the present SHFC Senior Officers and Managers;
- d. Corporations Telephone Directory;
- e. SHFC program background, checklist of requirements and process flow;
- f. List of corporate circular and guidelines
- g. Downloadable forms;
- h. Career opportunities;
- i. Corporate performance;

- j. Procurement/bidding announcements and BAC issuances;
- k. List of corporate events and activities;
- l. List of pipeline and taken-out project;
- m. List of active mobilizers with CERs;
- n. Collection Efficiency Ratio (CER);
- o. CMP accomplishment;
- p. Employees corner;
- q. President's corner; and
- r. Brand Manual.

In addition thereto, the following information may also be uploaded in the SHFC website in compliance with Chapter V of RA 10149 An Act to Promote Financial Viability and Fiscal Discipline in Government-Owned Or -Controlled Corporations and to Strengthen the Role of the State in its Governance and Management to Make Them More Responsive to the Needs of Public Interest and for Other Purposes:

- a. Annual Audited Financial Report;
- b. Corporate Operating Budget; and
- c. Complete compensation package of all Board Directors and officers.

In accordance with GCG Memorandum Circular No. 2012-07, the Corporation shall maintain a website and post therein for unrestricted public access.

1. On Institutional Matters:
 - a. Latest General Information Sheet and brief company background including of the date of the incorporation, history, functions and mandate; and
 - b. Government Corporate Information Sheet (GCIS) as mandate by GCG MC 2012-01
2. On the Board and Officers:
 - a. Listing of the Directors and Officers with attached resume and their membership in Board Committees;
 - b. Complete compensation package of all the Board Members and officers, including travel representation, transportation and any other form of expenses or allowance;
 - c. Information on Board Committees and their activities; and
 - d. Attendance record of Directors in Board and Committee meetings.
3. On Financial and Operational Matters:
 - a. The Corporation's latest Annual Financial and Performance Report within thirty (30) days from receipt of such report;
 - b. Audited Financial Statements in the immediate past three (3) years;
 - c. Quarterly and Annual Reports and Trial Balance;
 - d. Corporate Operating Budget (COB);
 - e. Any material risk factors and measures taken to manage such risks; and
 - f. Performance Evaluation System.

4. On Governance Matters:

- a. Charter Statement and Mission and Vision Statements;
- b. Performance Scorecard and Strategy Map;
- c. Organizational Chart;
- d. Manual of Corporate Governance
- e. Corporate Social Responsibility (CSR) Statement; and
- f. Balance Scorecard.


5. Such other information or report that the GCG may require.

Issued this 23rd day of January 2023 in Makati City, Philippines.


ATTY. KAROLINE J. ABELLO - LORDECILLA
Compliance Officer

SUBSCRIBED AND SWORN to before me this 23rd of January 2023 by affiant who exhibited to me her IBP ID with Roll No. 54522 as her competent evidence of identity.

Doc. No: 13 ;
Page No: 4 ;
Book No: I ;
Series of 2023.


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