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SEC FORM - I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year	ended:	December	31.	2017
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2. SEC Identification Number: 6609 3. BIR Tax Identification No. 000-233-218

4. Exact name of issuer as specified in its charter: Paxys, Inc.

Makati City, Philippines
 Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

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CA ID BE AITH OF

7. 15th Floor 6750 Ayala Office Tower Ayala Avenue, Makati City 12
Address of principal office Postal Code

8. (+632) 250 3800 Issuer's telephone number, including area code

Not Applicable
 Former name, former address, and former fiscal year, if changed since last report.

IN	TEGRATED ANNU	AL CORPORATE GOVERNANCE REPORT	
Principle 1: The company should be headed by		ADDITIONAL INFORMATION ernance Responsibilities rorking board to foster the long-term success o	EXPLANATION If the corporation, and to sustain its
competitiveness and profitability in a manner costakeholders.			
 Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector. Board has an appropriate mix of competence and expertise. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities 	COMPLIANT	The Board is composed of directors who have extensive experience and knowledge in the business and in the industry that the Company is in. All directors are competent and qualified, individually and collectively, to perform their tasks in overseeing the management and governance of the Company. Please see the Company's Definitive	
and respond to the needs of the organization.		Information Statement http://www.paxys.com/public/files/2016De finitiveInformationStatement.pdt (pages 10 to 13), which provides the details of the academic qualifications, industry knowledge, professional experience, expertise, and relevant trainings of directors.	
Recommendation 1.2			Marine Street Street
Board is composed of a majority of non- executive directors.	COMPLIANT	The Board is currently camposed of one (1) executive directar, four (4) non-executive directors, and two (2) independent directors.	

		The above combination of directors was designed in line with the Corporate Governance policies of the Company to ensure objective decision-moking process and to protect the Company's interest. Pleose see the Company's Annual Report http://www.paxys.com/public/files/017AnnualReport.pdf (page 22) for the list of directors and the type of their directorships. Said information are also contained in the following: (i) Company's Disclosure on the Results of the 2017 Annual Stockholders' Meeting dated December 7, 2017 at http://www.paxys.com/public/files/46.17C.pdf (page 4) and (ii) Revised Manual on Corporate Governance http://www.paxys.com/public/files/Revised http://www.paxys.com/public/files/Revised AmmendedManual.pdf (page 3).	
Recommendation 1.3			
Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	COMPLIANT	The training policy of directors are indicated in the Board Charter and the Company's Revised Manual on Corporate Governance at http://www.paxys.com/public/files/Revised AmmendedManual.pdf (page 5) Copy of the Board Charter is attached	
		herewith as Annex 1.	
Company has an orientation program for first time directors.	COMPLIANT	The members of the Board are already seasoned and industry experts. Should there be additional and first-time directors,	

3. Company has relevant annual continuing training for all directors. Output Description:	COMPLIANT	the Company's corporate governance policy requires them to undergo a comprehensive business immersion and training/orientation program. For the annual continuing training, existing directors are required to complete a minimum of 4-hour training per year to ensure that they are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the industry. Please refer to link to the Certificates of Completion of Corporate Governance Seminar af the Directors and Officers of the Company at http://www.paxys.com/public/files/44.17C.pdf (pages 5-12).	
Recommendation 1.4 1. Board has a policy on board diversity.	COMPLIANT	The information on the Company's board diversity policy is contained in the Revised Manual on Corporate Governance http://www.paxys.com/public/files/Revised/AmmendedManual.pdf (pages 4-5). All members of the board of directors are male	
Optional: Recommendation 1.4			
Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives. Recommendation 1.5			

1.	Board is assisted by a Corporate Secretary.	COMPLIANT	A duly-qualified Corporate Secretary was appointed by the Board to assist in all its		
2.	Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT	corporate affairs. The Corporate Secretary is separate from Compliance Officer and is		
3.	Corporate Secretary is not a member of the Board of Directors.	COMPLIANT			
			are provided in the Annual Report http://www.paxys.com/public/files/017AnnualReport.pdf (page 22 and 23).		
4.	Corporate Secretary attends training/s on corporate governance.	COMPLIANT	The information on the corporate governance training attended by the Corporate Secretary, including number of hours and topics covered, ore found at the following links:		
			Certificate of Completion of Corporate Governance Seminar of the Corporate Secretary http://www.paxys.com/public/files/44.17C.pdf (page 13); and		
			2. Certificate of Attendance on the 4 th PSE- SEC Corporate Governance Forum on 22 November 2017 at http://www.paxys.com/public/files/48.17C. pdf.		
0	ptional: Recommendation 1.5				

î.	Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.		
Re	commendation 1.6		
1.	Board is assisted by a Compliance Officer.	COMPLIANT	The Board is also assisted by a Compliance
2.	Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT	Officer with adequate stature and authority in the Company. He is not a member of the Board nor any of its committees.
3.	Compliance Otticer is not a member of the board.	COMPLIANT	The information about the Compliance Officer, including his/her name, position, qualifications, duties and functions are provided in the Company's Annual Report at http://www.paxys.com/public/files/017AnnualReport.pdf (page 22 and 24).
4.	Compliance Officer attends training/s on corporate governance.	COMPLIANT	The information on the corparate governance training attended by the Compliance Officer, including number of hours and topics covered, Is found in the Certificate of Completion of Corporate Governance Seminar at http://www.paxys.cam/public/files/44.17C . pdf (page 14).
of			es af the Board as provided under the law, the company's articles and by-laws, and hade known to all directors as well as to stockholders and other stakeholders.
1.	Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	COMPLIANT	The Board members are fully informed on any issues or facts requiring Board attention. The Corporate Secretary and Compliance Officer assists the Baard and

		ensures that all pertinent and necessary information are provided to the directors to enable them to make informed decisions. Please see Annex 2 samples Minutes of Board meeting dated 8 December 2017 which shows how the directors normally conduct its meeting and how the functions are discharged.	
Recommendation 2.2			
 Board oversees the development, review and approval of the company's business objectives and strategy. Board oversees and monitors the implementation of the company's business objectives and strategy. 	COMPLIANT	The Board oversees, reviews, and monitors the overall business objectives and strategy of the Company. The Management Team are required to provide information and business updates to the Board quarterly for their reference, review and/or approval. Please see Annex 3 for sample minutes of board meeting dated 5 May 2017 is	
		attached to this I-ACGR to show the quarterly management reporting process, as well as the Board review and approval process.	
Supplement to Recommendation 2.2			
Board has a clearly defined and updated vision, mission and core values.	COMPLIANT	The Company's vision, mission, and core values can be found at http://www.paxys.com/public/mission-vision.html	
SEC Form a LACGR * Undated 2 I Dec 2017		The Board has established and approved the Company's vision, mission, and core values. This is reviewed annually to ensure that these are still relevant to the Company's business plans and strategy.	

2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture. Output Description:	COMPLIANT	As part of the Company's strategy execution process, the Company's plans and programs for each year are presented to the Board for review and approval. In addition, these plans and programs are presented to and ratified by the Shareholders during Annual Stockholders Meeting. Please see Annex 17 for the draft Minutes of Annual Stockholders' Meeting dated 6 December 2017 containing the matters approved by the Board and ratified by the shareholders.	
Recommendation 2.3			
Board is headed by a competent and qualified Chairperson.	COMPLIANT	The information about the Company's Chairperson, including his/her name and qualifications are found at the Company's Annual Report at http://www.paxys.com/public/files/017AnnualReport.pdf (page 22).	
Recommendation 2.4		THE RESERVE OF THE PERSON NAMED IN	
Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	The Board is committed to ensure the continuity of effective and competent leadership within the organization. With this, the Company has adopted a succession planning for directors, officers and key employees. Please refer to Annex 1 for a copy of the Company's Board Charter and the succession planning program.	

Board adopts a policy on the retirement for directors and key officers.	NON- COMPLIANT		As for the retirement policy, the Company has currently no existing policy on retirement. The Company has less than 20 employees. It will formulate its own retirement plan in the event that a plan becomes warranted. It will comply with theRepublic Act (R.A.) No. 7641 or the Retirement Law, when applicable, should there be any retirement.
Recommendation 2.5			
Board aligns the remuneration of key officers and board members with longterm interests of the company.	COMPLIANT	In line with the corporate governance policies of the Company, and as set by the Compensation and Remuneration Committee, following are the key considerations in determining the proper remuneration of directors and key officers	
Board adopts a policy specifying the relationship between remuneration and performance.	COMPLIANT	remuneration of directors and key officers of the Company: (i) the remuneration of are commensurate to the responsibilities of the role (ii) no director shall participate in deciding on his remuneration, and (iii) the remuneration should consider long-term	
Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT	interests of the company. The Company's annual reports and information statements discloses the fixed and variable compensations paid directly or indirectly to directors including the top four (4) management officers during the preceding fiscal year.	
Optional: Recommendation 2.5			

l.	Board approves the remuneration of senior executives.			
2.	Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deterred bonuses.			
Re	commendation 2.6			
Į.	Board has a formal and transparent board nomination and election policy.	COMPLIANT	The information on the Company's nomination and election policy, as well as its process and implementation, including the criteria used in selecting a new	
2.	Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT	shortlisted, and how it encourages nominations from shareholders are provided under the Company By-laws at http://www.paxys.com/public/files/3.BL.pd f (pages 5 to 7). The qualifications and elections of the Directors are also provided in the Revised Manual on Corporate Governance at http://www.paxys.com/public/files/Revised AmmendedManual.pdf (pages 4 and 5). The Company also ensures that the minority shareholders have a right to nominate candidates to the board.	
3.	Board nomination and election policy includes how the company accepted nominations from minority shareholders.	COMPLIANT		
4.	Board nomination and election policy includes how the board shortlists candidates.	COMPLIANT		
5.	Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in	COMPLIANT	The Nominotion and Governance Committee is in charge of nominations for the annual election of officers and	

the nomination, election or replacement of a director. 6. Baard has a process for identifying the quality of directors that is aligned with the strategic direction of the company.		directors, Board and executive succession plan and Board Performance Evaluation. In compliance with the SEC rules, the Notice af Annual/Special Stockholders' Meeting includes the profiles of directors (age, qualification, date of first appaintment, experience, and directarships in other listed companies) nominated for election/re-election. See link at http://www.paxys.com/public/files/2016DefinitiveInformationStatement.pdf The summary of procedures for the selection/appointment and re-election, of the members of the Baard of Directors are attached hereto as Annex 18 of this report.
I. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.		
Recommendation 2.7		
Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	The Company has implemented principles and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, joint venture, subsidiaries, associates, affiliates,

 RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions. RPT policy encompasses all entities with the group, taking into account their size structure, risk profile and complexity of operations. 	nin COMPLIANT	major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board. The Company does not engage in related party transactions without prior Board approval. We apply the arms-length principle and these transactions are properly recorded and disclosed in the annual report and audited financial statements. The Company's policy on related party transaction, including policy on review and approval of significant RPTs can be found at http://www.paxys.com/public/compan-y-policies.html	
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered de minimal transactions that need not be reported announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	is or don't	Please refer to our responses in Recommendation 2.7 above. The Company's policy on related party transaction, including policy on review and approval of significant RPTs can be found at http://www.paxys.com/public/company_policies.html	

Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	COMPLIANT	Please refer to Annex 4 for a copy of policy on related party transactions, including provisions for materiality threshold and voting system.	
Recommendation 2.8	~		
Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	The information on the Board's policy and responsibility for approving the selection of management is provided in the Revised Manual of Corporate Governance at http://www.paxys.com/public/files/Revised// AmmendedManual.pdf under the Duties and Functions of the Board (pages 8 to 10) and the Internal Control Responsibilities of the Board (pages 11 to 12). The Nominations and Corporate Governance Committee is in charge of the selection process and is tasked to prepare recommendations for approval of the Board.	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	The information on Board's policy and responsibility for assessing the performance of management is provided in Revised Manual of Corporate Governonce at http://www.paxys.com/public/files/Revised//> AmmendedMonual.pdf under the Duties and Functions of the Board (pages 8 to 10). The Board usually conducts a periodic assessment over the CEO/President and the heads of the other control functions	

		based on the Board's established responsibilities.	
Recommendation 2.9			
Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT	The Company has an established performance management program and framework. The Board and its committee performs an annual self-assessment to ensure that the objectives as specified in the Board and Committee Charters are being achieved.	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT	Please refer to Annexes 5 and 6 for sample assessment forms of the Board.	
Recommendation 2.10			
Board oversees that an appropriate internal control system is in place.	COMPLIANT	The infarmation on the Baard's responsibility for overseeing that an appropriate internal control system is in place are provided in the Campany's Revised Manual on Corparate	
The internal contral system includes a mechanism far manitoring and managing potential conflict af interest of the Management, members and shareholders.	COMPLIANT	Governance at http://www.paxys.cam/public/files/Revised AmmendedManual.pdf (pages 11-12). The basic control environment cansists of a working Board which ensures that the Campany is properly managed and governance is in place, a management that actively manages and aperations the company is a prudent manner, working organizational risk management and	

3. Board approves the Internal Audit Charter.	COMPLIANT	control mechanisms, and independent audit function to ensure and monitor the efficacy and effectiveness of governance, risk management and internal controls. The Internal Audit Charter which defines the authority, responsibility and purpose of Internal Audit function in the Company has been reviewed and approved by the Board through its Audit, Risk and Related Party Transactions Committee. Please refer to Annex 7 for the copy of Internal Audit Charter.	
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	COMPLIANT	The Audit and Risk Committee assists the Board in ensuring that the risk management program is in place. The Committee ensures that an enterprise-wide risk management framework has been adopted and implemented. Identified	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	COMPLIANT	critical or high risks areas are presented to the Board for information and resolution. In general, the risk management program of the Company includes the following process: 1. Risk identification – risks are identified from enterprise level down to the business unit and department level. This may include financial risks, operational risks environmental risks, political risks, regulatory risks, etc.	

- 2. Risk evaluation the identified risks are assessed for likelihood or frequency and potential impact to the business is measured and quantified, as much as practicable. Risks are ranked depending on its severity and likelihood of occurrence.
- 3. Risk treatment after identifying and evaluating risk exposures, the Company identifies the risk treatment options and depending on the risk appetite of the Management, risk responses could include avoidance, acceptance, reduction, sharing or transferring of risk.

Please refer to Audit and Risk Committee Charter Sections B (Risk Management System) at http://www.paxys.com/public/files/audit-risk.docx (page 3).

Please also see link to the Company's Risk Management Policy at http://www.paxys.com/public/company_p olicies.html

Please refer to Annex 8 for the Enterprise Risk Management Program and framework of the Company

Recommendation 2.12

COMPLIANT	Please refer to Annex 1 far the Company's Board Charter which delineates the overall roles, responsibilities af the Board.	
COMPLIANT		
COMPLIANT		
COMPLIANT	The Board has a clear and defined insider trading palicy. The highlights of the policy is posted in the Company's website: http://www.paxys.com/public/company_p	
	THE RESIDENCE OF THE RE	
	COMPLIANT	COMPLIANT The Board has a clear and defined insider trading policy. The highlights of the policy is posted in the Company's website: http://www.paxys.com/public/company_policies.html

respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as namination and

remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter. Recommendation 3.1 1. Board establishes board committees that COMPHANT The following committees has been focus on specific board functions to aid in established to support the effective performance of the Board's functions: the optimal performance of its roles and 1. Executive Committee (Annex 9) responsibilities. 2. Audit, Risk Management and Related-Party Transactions Committee (Annex 10) 3. Compensation and Remuneration Committee (Annex 11) 4. Nominations and Corporate Governonce Committee (Annex 12) Please refer to the information at http://www.paxys.com/public/board.com mittees.html and attached Annexes for the copy of the committee charters. Recommendation 3.2 1. Board establishes an Audit Committee to COMPLIANT The Board has a separate and enhance its oversight capability over the independent committee for Audit, Risk Management, and Relate Party company's financial reporting, internal Transactions. control system, internal and external audit processes, and compliance with The Committee functions, authority, applicable laws and regulations. composition, and responsibilities are set forth in the Company's Revised Manual on Corporate Governance and the Audit Committee Charter http://www.paxys.com/public/board_com mittees.html

			http://www.paxys.com/public/files/Revised AmmendedManual.pdf (page 17 to 18)
2.	Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	COMPLIANT	The Company's Audit and Risk Management Committee is currently composed of four (4) non-executive members which includes two (2) independent directors.
			The committee members are disclosed in the Company's website: http://www.paxys.com/public/board_committees.html
			The qualifications of the committee members as well as their background, business knowledge and relevant experiences are disclosed in the Company's Annual Report. http://www.paxys.com/public/files/017Ann
3.	All the members of the committee have	COMPLIANT	Please refer to our response to
	relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.		Recommendation 3.2.2 above for the link to the background, qualifications, and relevant experiences for the committee members.
4.	The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	The Audit and Risk Management Committee Chairman is not the Chairman of the Board and/or of any ather committee.
			The Chairman of the Board, members of the Board, board committees and

		committee members are disclosed in the company's website: http://www.paxys.com/public/board_committees.html	
1. Audit Committee approves all non-audit services conducted by the external auditor. Supplement to Recommendation 3:2 1. Audit Committee approves all non-audit services conducted by the external auditor.	NOT APPLICABLE	There are no non-audif services conducted by the Company's external auditor, Reyes Tacandong and Co. (RTC), for the year 2017. Nevertheless, the Company's Audit and Risk Management Committee is responsible for the assessment, review and approval of non-audit services or engagement assigned to external auditors to ensure that the audit independence is maintained. In addition, non-audit work performed shall be appropriately disclosed in the Company's Annual Report in accordance with the Company's Revised Manual on Corporate Governance. http://www.paxys.com/public/files/Revised AmmendedManual.pdf - page 14, 17to 18	
Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	COMPLIANT	The Company's Audit and Risk Management Committee Charter require the members of the committee to convene at least three (3) times per year. The committee, at its discretion, may invite the external auditors, members of the monagement, and other concerned parties to attend and provide them with pertinent information, as necessary.	

		For the year 2017, the committee convened two (2) meetings with the company's external auditor for the discussion of 2016 audit results and 2017 audit plan. Selected members of the management were invited in the meeting as resource persons for any questians that the committee may ask in relation to the	
		reports discussed by the auditars. The Carporate Secretary maintains a record of all, including confidential, minutes of the Cammittee meetings.	
Optional: Recommendation 3.2 Audit Committee meet at least four times during the year.			
Audit Committee approves the appointment and removal of the internal auditor.			
Recommendation 3.3			
Board establishes a Carparate Gavernance Cammittee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were tarmerly assigned to a Namination and Remuneration Committee.	COMPLIANT	The information about the members of the Nomination and Corporate Gavernance Cammittee are cantained at http://www.paxys.com/public/baard_cammittees.html The functions of the Cammittee are provided in the Company's Revised Manual of Carporate Governance http://www.paxys.com/public/files/Revised_AmmendedManual.pdf (page 15).	

	1		
		The Nomination and Corporate Governance Committee Charter can be	
		found at	
		http://www.paxys.com/public/files/audit_ri	
		sk.docx. This is also attached as Annex 12	
		hereof.	
		The Committee undertook the process of	
		identifying the quality of directors in line	
		with the Company's strategic direction.	
2. Corporate Governance Committee is	COMPLIANT	Please see link to the details of the	
composed of at least three members, all		members of the Nomination and	
of whom should be independent directors.		Corporate Governance Committee at	
		http://www.paxys.com/public/board_com	
		<u>mittees.html</u>	
3. Chairman of the Corporate Governance	COMPLIANT	The Chairman of the Company's	
Committee is an independent director.		Nomination and Corporate Governance	
		Committee is Mr. George Sycip who is an	
		independent director.	
Optional: Recommendation 3.3.			
Corporate Governance Committee meet			
at least twice during the year.			
Recommendation 3.4			
Board establishes a separate Board Risk Board Risk	COMPLIANT	The functions of the Board Risk Oversight	
Oversight Committee (BROC) that should		Committee (BROC) is currently undertaken	
be responsible for the oversight of a		by the Company's Audit, Risk Management, and Related Party	
company's Enterprise Risk Management		Tronsactions Committee.	
system to ensure its functionality and effectiveness.		Torisactions Continuines.	
enectiveness.		A copy of the Committee Charter is	
		available at	
		http://www.paxys.com/public/files/audit_ri	

			sk.docx. This is also attached as Annex 10 hereof
2.	BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	COMPLIANT	The Audit, Risk Management, and Related Party Transactions Committee is composed of four (4) members, including independent directors. The information on the members of the Committee, including their type of directorships, can be found at http://www.paxys.com/public/board.com mittees.html. The principal responsibility of the
			committee is to assist the board in fulfilling its corporate governance and fiduciary oversight responsibilities in relation to the risk management, internal control systems, accounting policies and practices, internal and external audit functions and financial reporting of the Company and its subsidiaries.
3.	The Chairman of the BROC is not the Chairman of the Board or of any other committee.	COMPLIANT	The Chairman of the Audit, Risk, and Related Party Transactions Committee is not the chairman of the Board nor any of its other committees. The detailed list of board committees and its members are available at http://www.paxys.com/public/baard.com mittees.html.
4.	At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	COMPLIANT	All members of the Committee are directors and/or experienced officers not just for the Company but of several other companies. They have extensive

		business/industry knowledge and experience to enable them to perform their roles on risk management and the overall overseeing of overall corporate governance practices of the Company. Please see link of their respective background at http://www.paxys.com/public/bod_mngmt.html	
Recommendation 3.5			
Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	COMPLIANT	This function is currently undertaken by the Company's Audit, Risk, and Related Party Transactions Committee. The Board through its Committee reviews and approves all material related party transaction of the Company. This is expressly indicated in the Audit, Risk Management, and Related Party Transactions Committee Charter at http://www.paxys.com/public/files/audit risk.docx . Please refer to Annex 10 for the copy of the Committee Charter.	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman. SECT. LASSILLA LABORAGE.	COMPLIANT	The Committee is composed of four (4) non-executive members. Two (2) of whom are independent directors, including the Committee Chairman. Please refer to the company website at http://www.paxys.com/public/board.com mittees.html for information on the	

		members of the Audit, Risk, and Related Party Transactions Committee, including their type of directorship.	
Recommendation 3.6 1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	All Board committees have established Charters which delineates the committee's overall purpose, authority, responsibility, composition, meetings and reporting process. The responsibilities indicated in the charter serves as the basis in the evaluation of each committee's	
Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT	performance. Please refer to the links below for a copy of the Committee Charters:(i) Nomination and Corporate Governance Committee Charter at	
Committee Charters were fully disclosed on the company's website.	COMPLIANT	http://www.paxys.com/public/files/audit_ri_sk.docx and (ii) Audit, Risk, and Related Party Transactions Committee Charter at http://www.paxys.com/public/files/audit_ri_sk.docx (ii) Audit, Risk, and Related Party Transactions Committee Charter at http://www.paxys.com/public/files/audit_ri_sk.docx	

Principle 4: To show full commitment to the campany, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

Recommendation 4.1

1.	The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	COMPLIANT	The Board of Directors met six (6) times during the covered period on the following dates: March 20, 2017 (Regular); May 5, 2017 (Regular); August 10, 2017 (Regular); November 6, 2017 (Regular); December 6, 2017 (Organizational); and December 8, 2017 (Regular). Please find attached link on attendance of the Members of the Board during the said meetings as certified by the Corporate Secretary at http://www.paxys.com/public/files/DA17.pdf	
2.	The directors review meeting materials for all Board and Committee meetings.	COMPLIANT	The Corporate Secretary ensures that the necessary information, reports, including meeting agenda are provided to the members of the board to facilitate efficient review of all business matters to be discussed in the board or committee meetings.	
3.	The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT	The directors have the liberty to ask questions or clarifications during board and committee meetings. The Corporate Secretary likewise encourages the directors to ask questions before an agenda item is approved and closed.	
			All matters taken up in the meetings are transcribed in the board or committee minutes of the meeting. Please refer to Annexes 2 and 3 for the sample minutes of the Board meeting.	

Recommendation 4.2			
Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	COMPLIANT	None of the non-executive directors of the company serves or seats in the board of more than five (5) publicly-listed companies. The Company's policy setting the limit of board seats that a non-executive director can hold simultaneously can be found at the Company's Revised Manual on Corporate Governance http://www.paxys.com/public/files/Revised AmmendedManual.pdf (page 3) In addition, the Company's Definitive Information Statement contains information on the directorships of the Company's directors in both listed and non-listed companies at http://www.paxys.com/public/files/2016DefinitiveInformationStatement.pdf (pages 10 to 12).	
Recommendation 4.3		the second secon	
The directors notify the company's board before accepting a directorship in another company.	COMPLIANT	The policy that requires the written notification to the board can be found at the Company's Revised Manual on Corporate Governance at http://www.paxys.com/public/man_corp_gov.html For the year covered, no directors have accepted new directorships from another companies, thus, there were no	

			notifications received by the Board nor taken up in the meetings.	
0	otional: Principle 4			
	Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.			
3.	Company schedules board of directors' meetings before the start of the financial year.			
4.	Board of directors meet at least six times during the year.			
5.	Company requires as minimum quarum of at least 2/3 for baard decisions.			
Pr	inciple 5: The board should endeavor ta exerc	cise an abjective	and independent judgment on all carporate	affairs
R€	commendation 5.1			The second secon
1.	The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	NON- COMPLIANT		The Company has 2 Independent Directors out of 7. The management believes that this is adequate for the time being.
Re	commendation 5.2			
Ť	The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	COMPLIANT	The information on the qualifications of the independent directors are provided in the Company's Annual Report at http://www.paxys.com/public/files/017AnnualReport.pdf (page 23)	

Supplement to Recommendation 5.2		
Company has no shareholder agreements, by-laws provisions, or other arrangements that constroin the directors' ability to vote independently.	COMPLIANT	The Revised Manual of Corporate governance provides that "The Board membership may be a combination of Executive Directors and Non-Executive Directors (which include Independent Directors) in order that no single director or small group of directors can dominate the decision-making process. The Non-Executive Directors shall comprise at least a majority of the entire Board membership. The Non-Executive Directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board." http://www.paxys.com/public/files/Revised AmmendedManual.pdf (page 3)
Recommendation 5.3		
The independent directors serve for a cumulative term of nine years (reckoned from 2012).	COMPLIANT	All independent directors are in compliance to this requirement. Both directors have served the Company for five (5) year cumulative term reckoned from year 2012. The Nominations and Governance Committee reviews the qualifications and disqualifications of all directors, including the term limits for independent directors. Such information will be disclosed in the Company's Definitive Information Report.

2.	The company bars an independent director from serving in such capacity after the term limit of nine years.	COMPLIANT	The Company's policy on term limits for its independent director is provided in the Company's Revised Manual on Corporate Governance http://www.paxys.com/public/files/Revised AmmendedMonual.pdf (page 3)	
3.	In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	COMPLIANT	The requirement of meritorious justification and proof of shareholders' approval during the annual shareholders' meeting is provided in the Revised Manual of Corporate Governance http://www.paxys.com/public/files/Revised AmmendedManual.pdf (page 3) This situation has not yet occurred in the Company during the covered period. Thus, there is no applicable proof that can be submitted herein.	
Re	commendation 5.4			
1.	The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	non- compliant		The Campany is a holding company and the nature of its business and operation is very simple. As such, the Company at this time daes not find the need to have separate positions for the Chairman of the Baard and the Chief Executive Officer.
2.	The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	COMPLIANT	The rales and responsibilities of the Chairman of the Board and Chief Executive Officer are pravided in the Revised Manual of Carporate Governance http://www.paxys.com/public/files/Revised AmmendedManual.pdf (pages 3 to 4)	

Recommendation 5.5		The Summary of roles and responsibilities of the Chairman and Chief Executive Officer are indicated in Annex 18 of this report.	
If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	COMPLIANT	The Revised Manual of Corporate Governance http://www.paxys.com/public/files/Revised AmmendedManual.pdf (page 4) provides: "Moreover, the Board shall designate a lead director among the Independent Directors if the positions of the Chairman of the Board and the CEO are held by one person. The lead Independent Director shall preside over the meetings of the Non- Executive Directors, who shall have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any of Executive Directors present. The purpose of these meetings is to ensure that proper checks and balances are in place within the Corporation." The Chairman of the Board is not and independent director. The Company's lead Independent Director is Mr. Jose Antonio Lichauco.	
Recommendation 5.6			
Directors with material interest in a transaction affecting the corporation SEC Form = IACGB * Hadated 21 Dec 2017	COMPLIANT	The Revised Manual of Corporate Governance http://www.paxys.com/public/files/Revised	

abstain from taking part in the deliberations on the transaction. Recommendation 5.7		AmmendedManual.pdf (page 4) includes the following as duty af the directors: "Canduct fair business transactions with the Corporation, and ensure that his personal interest daes not canflict with the interests of the Corporation. The basic principle to be observed is that a director should not use his position to profit ar gain some benefit or advantage for himself and/or his related interests. A director should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest shall be considered material if the director's personal or business interest is antaganistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation." This situation has not yet occurred in the Company. Thus, there is no available proof of abstention to be provided herein.	
The non-executive directors (NEDs) hove separate periodic meetings with the external auditar and heads of the internal	COMPLIANT	The non-executive directors (NEDs), by constituting the Audit, Risk, and Related Party Transaction Committee, usually	

2.	audit, compliance and risk functions, without any executive present. The meetings are chaired by the lead independent director.	COMPLIANT	conduct separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions. Said meetings are chaired by Mr. Jose Antonio Lichauco, the lead independent director. During these meetings, the committee may invite members of the executive for inquiries that can be confirmed by the latter.
Op	tional: Principle 5		
	None of the directors is a former CEO of the company in the past 2 years.		
1.	Board conducts an annual self-assessment of its performance as a whole.	COMPLIANT	The Company's Revised Manual of Corporate Governance requires the
	The Chairman conducts a self-assessment of his performance.	COMPLIANT	member of the Board to annually assess the Board's, the CEO's, and their own individual performance through a Board Assessment Review initiated by the Nomination and Corporate Governance
	The individual members conduct a self- assessment of their performance.	COMPLIANT	Committee. Results of the Board, Self and CEO Assessments are presented to the Board Nomination and Corporate Governance Committee and circulated to
1	Each committee conducts a self-assessment of its performance.	COMPLIANT	the Board for their feedback and confirmation.
			Please refer to Annex 5, 6, 13, 14, and 15 for sample assessment forms used by the

5. Every three years, the assessments are supported by an external facilitator.	COMPLIANT	Article 7 of the Revised Manual of Corporate Governance http://www.paxys.com/public/files/Revised AmmendedManuol.pdf (page 13) provides: " Every three (3) years, the assessment shall be supported by an external facilitator." The Company hos yet to identify and appoint an external facilitator.
0	-	
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individuol directors and committees. 2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT	Article 7 of the Revised Manual of Corporate Governance http://www.paxys.com/public/files/Revised AmmendedManual.pdf (page 13) provides: "The Board shall have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system shall allow for a feedback mechanism from the shareholders."
Principle 7: Members of the Roard are duty hour	nd to apply high	ethical standards, taking into account the interests of all stakeholders.
Recommendation 7.1	пало арріу піgn	emicorstandatos, taking into account the interests of all stakeholders.
 Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in 	COMPLIANT	Please see the Company's Code of Business Conduct and Ethics is at http://www.paxys.com/public/files/Condu ctEthics.pdf

	internal and external dealings of the company.			
2.	The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	The Board, senior management and employees are aware of the Code of Business Ethics. The Code of Ethics was properly circulated to the directors, senior management and employees. The Code of Ethics is also available for viewing in the Company's website (www.paxys.com).	
3.	The Code is disclosed and mode available to the public through the company website.	COMPLIANT	Please see the Company's Code of Business Conduct and Ethics is at http://www.paxys.com/public/files/ConductEthics.pdf	
Su	pplement to Recommendation 7.1			
1.	Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	COMPLIANT	Bribery and corruption in all forms are not tolerated in the Company. The Company has established serious sanctions for employees proven guilty of bribery. Pleose refer to page 7 of the Company's Code of Business Conduct and Ethics at http://www.paxys.com/public/files/ConductEthics.pdf .	
Re	commendation 7.2			
	Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	The Directors, Senior Management, and all employees are expected to adhere to the Code of Ethics by: - Engaging in honest conduct. All	
2.	Board ensures the proper and efficient implementation and monitoring of	COMPLIANT	employees of the company are expected to comply with applicable laws, rules and regulations. - Demands brought about by business	

compliance with company internal policies.		exigencies or pressures are not excuses for violating the stipulations in the Code of Ethics. - Personally adhering to the standards and restrictions imposed by those laws, rules and regulations. The Code of Business Conduct is being cascaded during new-hire orientation. The implementation and monitoring is delegated to the line leaders. Internal Audit is part of the monitoring process through its periodic audits.	
	Discl	osure and Transparency	
Principle 8: The company should establish corporand regulatory expectations. Recommendation 8.1			in accordance with best practices
Board establishes corporate disclosure	COMPLIANT	Please see the Company's policy on	
policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	COMI EI/AIVI	Disclosure and Transparency in the Company's Revised Manual on Corporate Governance at http://www.paxys.com/public/files/Revised AmmendedManual.pdf (page 20) The Company uses its carparate website, email, mails, SEC/PSE disclosures, in order to disseminate information to its stockholders.	
Supplement to Recommendations 8.1			
Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90)	non- Compliant		The Company distributes and makes available its annual and quarterly consolidated reports, cash flow statements, and special audit

	days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.			revisions. Its interim reports are published within forty-five (45) days from the end of the reporting period. However, its consolidated financial statements are published on or before April 15, 2017 (not 90 days), which is the standard period for the filing thereof. Please refer to Annex 18 of this report for the summary list of filed reports and the actual date of filing, and due dates.
2.	Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	COMPLIANT	Please see link to the Company's Annual Report at http://www.paxys.com/public/files/017AnnualReport.pdf disclosing the following: 1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders: Principal shareholder is cognizant of the rights of the minority shareholders and has not exercised its power or exercise any action that is detrimental to the minority shareholders. Please see page 9 (Holders), page 25 (Security Ownership of Certain Beneficial Owners and management), page 26 (Certain Ownership and Related Transactions);	

		2. cross-holdings among company affiliates: please see page 5 (Related Party Transactions), page 7 (Properties), page 9 (Holders) page 26 (Certain Ownership and Related Transactions), pages 10 to 12(Financial Information), Exhibit C (Consolidated Financial Statements of Paxys Group), page 26 (Certain Ownership and Related Transactions); and 3. any imbalances between the controlling shareholders' voting power and overall equity position in the company: please see page 7 (Submissian of Matters to a Vote of Security Holders).
Recommendation 8.2		
Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	COMPLIANT	Please see the Company's policy requiring directors and officers to disclose their dealings in the Company's shares at the Company's Revised Manual of Corporate Governance at http://www.paxys.com/public/files/Revised/AmmendedManual.pdf (page 20). The Company also discloses any dealings by officers and directors in its Annual Report at http://www.paxys.com/public/files/017AnnualReport.pdf page 26 (Certain Ownership

		and Related Transactions). There has been	
		no such dealing within the covered period.	
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	COMPLIANT	Please see link/reference to the shareholdings of directors, management and top 100 shareholders at http://www.paxys.com/public/files/24.StockHolders.pdf Please see link or reference to the company's Conglomerate Map at http://www.paxys.com/public/corp struct ure.html	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	Please see details of the directors' academic qualifications, share ownership in the company, membership in other boards, ather executive positions, professional experiences, expertise and relevant trainings attended at the Company's Definitive Information Statement at http://www.paxys.com/public/files/2016DefinitiveInformationStatement.pdf (pages 10 to 13).	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	Please see details of key officers' academic qualifications, share ownership in the Company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended at the Company's Definitive Information	

		Statement at http://www.paxys.com/public/files/2016DefinitiveInformationStatement.pdf (pages 10 to 12).	
Recommendation 8.4		The state of the s	
Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	COMPLIANT	Please see the Company policy and practice for setting board remuneration at the Company's Revised Manual of Corporate Governance at http://www.paxys.com/public/files/Revised AmmendedManual.pdf (page 13)	
Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	COMPLIANT	Please see the Company policy and practice for setting board remuneration at the Company's Revised Manual of Corporate Governance at http://www.paxys.cam/public/tiles/Revised AmmendedManual.pdt (page 13)	
Company discloses the remuneration on an individual basis, including termination and retirement provisions.	NON- COMPLIANT		In compliance with the Data Privacy Law the details of every employee, including directors and executive officers, are regarded as confidential. As such, for purposes of confidentiality and protection ot every otticer of the Company, the Company discloses the aggregate amount of remuneration of all of its executive officers.
Recommendation 8.5		The state of the s	
Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring	COMPLIANT	Please see the Company's RPT policy at http://www.paxys.com/public/company_p olicies.html	

transactions in their Manual on Corporate Governance.		The Company's Revised Manual on Corporate Governance also requires that if the director with conflict of interest abstained from the board discussion on that particular transaction. See link at http://www.paxys.com/public/files/Revised AmmendedManual.pdf (page 10).	
Company discloses material or significant RPTs reviewed and approved during the year. The second	COMPLIANT	As provided in the Company Annual Report http://www.paxys.com/public/files/017Ann ualReport.pdf Related Party Transactions (page 5) Transactions between related parties for the year 2017 mainly include cash advances for working capital advances and are accounted for at arms-length prices. Paxys, Inc. granted cash advances in support of working capital requirements of ACS Pacific Limited and SSPI amounting to ₱10.1 million and ₱3.6 million, respectively. Certain Relationships and Related Transactions (page 26) Except from those mentioned in the above item, there has been no transaction during the last two years, nor is any transaction presently proposed, to which the Company was or is to be a party in which any director or executive officer of the Company, or nominee for election as a	

		director, or owner of more than 10% of the Company's voting securities, or voting trust holder of 10% or more of any class of the Company's securities, or any member of the immediate family of any of the foregoing persons had or is to have a direct or indirect material interest. In the ordinary and regular course of business, the Company had or may have transactions with other companies in which some of the foregoing persons may have an interest.	
Supplement to Recommendation 8.5	2001/01/11	W 1 W 18 1 THE 1 THE 1	
Company requires directors to disclose their interests in transactions or any other conflict of interests.	COMPLIANT	Under the Revised Manual of Corporate Governance at http://www.paxys.com/public/files/Revised AmmendedManual.pdf (page 20), the Board shall commit at all times to full disclosure of material information of all their dealings. It shall cause the filing of all required information through the oppropriate Exchange mechanisms for listed companies and submission to the SEC for the interest of the stockholders and stakeholders. The disclosure/report to the Corporation of any dealings of the Corporation's shares should be made within three (3) business days.	
Optional : Recommendation 8.5			
Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length. SEC Form = I-ACGR * Updated 21Dec2017			

Re	commendation 8.6			
1000	Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which cauld adversely affect the viability or the interest of its shareholders and other stakeholders.	COMPLIANT	All disclosures are filed through the Philippine Stock Exchange and are made are available to the public through the Company's website: http://www.paxys.com/public/sec_filings.html	
2.	Board appoints an independent party ta evaluate the fairness of the transaction price an the acquisition or disposal of assets.	COMPLIANT	No similar transaction was made during the covered period. However, the Company's Revised Manual of Corporate Gavernance provided that the Board shall disclose material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and ather stakeholders. Moreover, the Board of the offeree company shall appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets. See link at http://www.paxys.com/public/files/Revised AmmendedManual.pdf (page 20)	
A COLUMN TWO IS NOT THE OWNER.	pplement to Recommendation 8.6			
1.	Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on	COMPLIANT	The Company usually discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	

	the control, ownership, and strategic direction of the company.		However, no such transaction was made during the covered period. Thus, no proof can be provided herein.	
Re	commendation 8.7			
Ť.	Company's corporate gavernance policies, programs and procedures are contained in its Manual an Corporate Governance (MCG).	COMPLIANT	Please see the Company's Revised Manual on Corporate Governance at http://www.paxys.com/public/files/Revised AmmendedManual.pdf	
2.	Campany's MCG is submitted to the SEC and PSE.	COMPLIANT		
3.	Campany's MCG is posted on its company website.	COMPLIANT		
Su	oplement to Recommendation 8.7			
	Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	COMPLIANT	Please see proof of submission of the Revised Manual on Corporate Governance on 30 May 2017 at http://www.paxys.com/public/files/Revised/AmmendedManual.pdf (pages 1 ta 2).	
	tional: Principle 8			
í.	Does the company's Annual Report disclose the following information:			
	a. Carporate Objectives			

b.	. Financial performance indicators
C.	Non-financial performance indicators
d.	. Dividend Policy
e.	Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors
f.	Attendance details of each director in all directors meetings held during the year
g.	. Total remuneration of each member of the board of directors
co wi ar id	ne Annual Report contains a statement onfirming the company's full compliance ith the Code of Corporate Governance and where there is non-compliance, lentifies and explains reason for each uch issue.
di co m fir	ne Annual Report/Annual CG Report iscloses that the board of directors onducted a review of the company's naterial controls (including operational, nancial and compliance controls) and sk management systems.
co	ne Annual Report/Annual CG Report ontains a statement from the board of irectors or Audit Committee commenting

on the adequacy of the company's			
internal controls/risk management systems.			
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).			
Dringing O. The corresponding to a stablish stander			version offerships appropriately of the
Principle 9: The company should establish stands same to strengthen the external auditor's indepe			exercise effective oversigni of the
Recommendation 9.1	shadhed and ar	manes again quality.	
Audit Committee has a robust process for	COMPLIANT	The Company's Audit and Risk	
approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	CONTINUED ATT	Management Committee Charter delineates the process for the appraval, recommendation for appointment, reappointment, removal and fees of external auditors. http://www.paxys.com/public/board_committees.html	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	COMPLIANT	In the Company's Annual Stockholders' Meeting held last December 6, 2017, the reappointment of the Company's external auditor, Reyes, Tacandong & Co (RT & Co) has been ratified and appraved by the shareholders. A copy of the Minutes of the Annual Stockholders' Meeting has been provided and disclosed to the Exchange last December 6, 2017.	

 Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external 		the Company's website: http://www.paxys.com/public/board_com_mittees.html	
Audit Committee Charter includes the	COMPLIANT	A link to the Audit and Risk Management Committee Charter has been provided in	
Recommendation 9.2		external auditor or the lead and signing audit partner shauld be rotated or changed every five (5) years or earlier. The Company's current external auditor and lead audit partner has served a cumulative term of four (4) years as of December 31, 2017. http://www.paxys.com/public/files/Revised AmmendedManual.pdf page 18	
 Company has a policy of rotating the lead audit partner every five years. 	COMPLIANT	The Company's Revised Manual on Corporate Governance indicates that the	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	COMPLIANT	http://www.paxys.com/public/other_disclosures.html The company's external auditor has been reappointed for the year 2017. Should the removal of the Company's external auditor take place, the Company shall comply and provide the necessary disclosures to the regulators and the public.	

	auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suifability and effectiveness on an annual basis.	COMPLIANT		
Suş	oplement to Recommendations 9.2			
1.	Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	COMPLIANT	A link to the Audit and Risk Management Committee Charter has been provided in the Company's website: http://www.paxys.com/public/board_com mittees.html	
2.	Audit Committee ensures that the external auditor has adequate quality control procedures.	COMPLIANT	A link to the Audit and Risk Management Committee Charter has been provided in the Company's website: http://www.paxys.com/public/board_com mittees.html	
Re	commendation 9.3			
1.	Company discloses the nature of non- audit services performed by its external	COMPLIANT	There are no non-audit services conducted by the Company's external auditor, Reyes Tacandong and Co. (RTC), far the year 2017.	

auditor in the Annual Report to deal with the potential conflict of interest.		Should a non-audit work be engaged going forward, the Company shall provide the necessary disclosures in the Annual Report of the Company.	
Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	COMPLIANT	The Company's Revised Manual on Corporate Governance delineates that the Audit and Risk Management Committee functions include the review of non-audit services performed by the external audifors and its responsibility for ensuring that the objectivity of external auditors are maintained. http://www.paxys.com/public/files/Revised AmmendedManual.pdf page 14	
		Anniendedmanodi.par page 14	
Supplement to Recommendation 9.3			
Fees paid for non-audit services do not outweigh the fees paid for audit services.	COMPLIANT	There are no non-audit services conducted by the Company's external auditor, Reyes Tacandong and Co. (RTC), for the year	
		2017.	
		Should a non-audit work be engaged going forward, the Company shall provide the necessary disclosures regarding fees paid in the Annual Report of the Company.	
Additional Recommendation to Principle 9		Should a non-audit work be engaged going forward, the Company shall provide the necessary disclosures regarding fees	

		 3. Audit engagement partner: Haydee M. Reyes 4. SEC Accreditation No. 0663-AR-3 valid until August 30, 2020ame, address, contact number of the audit firm. 	
 Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA). 	COMPLIANT	Reyes, Tacandong & Co. shall submit itself to any review and inspection by the SEC.	
Principle 10: The company should ensure that the	ne material and r	eportable non-financial and sustainability issue	es are disclosed.
Recommendation 10.1			
Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	COMPLIANT	The Company's Revised Manual on Corporate Governance provides that "The Board shall have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social, and governance issues of its business, which underpin sustainability. The Corporation shall adopt a globally recognized standard/framework in reporting sustainability and non-financial issues. See link at http://www.paxys.com/public/files/Revised-AmmendedManual.pdf (pages 20 to 21).	

2. Compony odopts o globolly recognized standard/fromework in reporting sustainability and non-financial issues. Principle 11: The company should maintain a contained is crucial for informed decision-making Recommendation 11.1			The Company has no Sustainobility Report os it does not currently have any investment on what it would consider will require policies that would hove on impact on the local communities, indigenous people, the environment, energy resources, or greenhouse gas emission. However, the Company is willing to comply with the Sustainability Report Framework that may be required by the SEC. The Company has the policies, procedures and processes in place to ensure that it always in compliance with all labor laws and regulations.
1. Company hos media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	COMPLIANT	The Company uses its website www.paxys.com for its notices, quarterly reporting, current reporting, and other disclosures.	
Supplemental to Principle 11			
Company has a website disclosing up-to- date information on the following:	COMPLIANT	All required disclosures and investor information are available to public through the company's website at	
a. Financial statements/reports (latest	COMPLIANT	www.paxys.com.	

 b. Materials provided in briefings to analysts and media 	COMPLIANT	
c. Downloadable annual report	COMPLIANT	
d. Notice of ASM and/or SSM	COMPLIANT	
e. Minutes of ASM and/or SSM	COMPLIANT	
f. Company's Articles of Incorporation and By-Laws	COMPLIANT	
Additional Recommendation to Principle 11		
Company complies with SEC-prescribed website template.	COMPLIANT	The company website is at www.paxys.com .
In	ternal Control Sys	stem and Risk Management Framework
		overnance in the conduct of its affairs, the company should have a strong and
effective internal control system and enterprise		
Recommendation 12.1		
Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	The Company's Board has established an adequate and effective internal control system in the conduct of business. An Internal Audit Charter has been approved and in place.
Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	The Company has established process in assessing its risks, its impact, and risk treatment. Given the size and current complexity of the business, the current process can be done without the need of a formal enterprise risk management framework. The Company will review and assess the need to adopt a formal enterprise risk

Supplement to Recommendations 12.1 1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances. Coplianal: Recommendation 12.1 1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board. Recommendation 12.2 1. Company has in place an independent internal audit function that provides an independent and objective assuronce, and consulting services designed to add value ond improve the company's operations. COMPLIANT The internal audit function currently rests under the responsibilities of the Audit and Risk Management Committee. This function is independent from the company operations and was designed to add value in order to improve the efficiency and effectiveness of company operations.			management framework in a way of process improvement.	
Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board. Recommendation 12.2	Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the	COMPLIANT	with the corporate governance policies of the Company, the Board has established system to ensure compliance with laws and relevant regulations. The company has duly-appointed a Compliance Officer to ensure that this process is in place and the review is being	
1. Company has in place an independent internal audit function that provides an independent and objective assuronce, and consulting services designed to add value ond improve the company's operations. COMPLIANT The internal audit function currently rests under the responsibilities of the Audit and Risk Management Committee. This function is independent from the company operations and was designed to add value in order to improve the efficiency and	Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and			
	Company has in place an independent internal audit function that provides an independent and objective assuronce, and consulting services designed to add value ond improve the company's	COMPLIANT	under the responsibilities of the Audit and Risk Management Committee. This function is independent from the company operations and was designed to add value in order to improve the efficiency and	

2.	Company has a qualified Chief Audit Executive (CAE) appointed by the Board. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	COMPLIANT	The independent internal audit function is currently being performed by the Company's Chief Audit Executive (Sheri Inocencio). Please refer to the company website for the list of Company's executive officers: http://www.paxys.com/public/board_committees.html	
3.	In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	NOT APPLICABLE	The Company did not outsource its internal audit activity for the period covered.	
Re	commendation 12.4			
1.	Company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	The Company has a risk management function which is separate the operations. This is usually done at the top management level with inputs coming from and the results cascaded down up to the level of employees. This Chief Risk Officer has been dulyappointed and is tasked to report on the enterprise-wide risk to the Board through the Audit, Risk Management and Related Party Transactions Committee. Please refer to Annex 8 of this report for the Risk Management Framework of the Company	

Supplement to Recommendation 12.4			
 Company seeks external technical support in risk management when such competence is not available internally. 	COMPLIANT	The Company has competent management team and people to carry out risk management activity and there is no need yet to seek external technical support for the period covered. Should the need for external support arises, the Company will tap external parties for its requirements in accordance with the Companies policies and procedures.	
Recommendation 12.5			
 In managing the company's Risk Management System, the company has a Chief Risk Otticer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM). CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities. 	COMPLIANT	The risk management function is currently being performed by the Company's Chief Risk Officer (Divine Gandeza). Please refer to the company website for the list of Company's executive officers: http://www.paxys.com/public/board_committees.html	
Additional Recommendation to Principle 12			
 Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place 	COMPLIANT	Please refer to Annex 6 for a copy of the statement signed by the CEO and CAE certifying that a sound internal audit, control and compliance system is in place and working effectively.	

Recommendation 13.1

1.	Boord ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	Article 6 of the Manual on Corporate Governance provides for Stockholders' Rights and Protection of Minority Stockholders' Interests at http://www.paxys.com/public/files/Revised AmmendedManual.pdf (pages 18-19).	
2.	Boord ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	The Company by-lows ot http://www.paxys.com/public/files/3.BL.pd f provides for shareholders' rights.	
Su	oplement to Recommendation 13.1			
1.	Company's common share has one vote for one share.	COMPLIANT	The Company by-laws at http://www.paxys.com/public/files/3.BL.pd f provides for Voting provision (page 4)	
2.	Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	COMPLIANT	Article 7 of the Company's Amended Articles of Incorporation provides that the company only has common shares. See http://www.paxys.com/public/files/5.AOI.pdf df page 7. The Company By-Laws	
			http://www.paxys.com/public/files/3.BL.pd f further provides for Voting provision (page 4).	
3.	Board has an effective, secure, and efficient voting system.	COMPLIANT	The Company's Definitive Information Statement provides for the he Voting Procedure. Voting shall be done via voice or by raising of hands and the votes cast for or against the matter submitted shall be tallied by the Corporate Secretary in case of division of the house. See link at	

			http://www.paxys.com/public/files/2016De finitiveInformationStatement.pdf page 19.	
4.	Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	COMPLIANT	Under the Company's Revised Manual on Corporate Governance http://www.paxys.com/public/files/Revised AmmendedManual.pdf (page 19) Although all stockholders should be treated equally or without discrimination, minority stockholders may request in writing the holding of meetings and the items for discussion in the agenda that relate directly to a legitimate purpose and the business of the Corporation, subject to the requirement under the By-laws that such requesting stockholder is the holder of record of not less than one-fourth (1/4) of the outstanding voting capital stock of the Corporation.	
5.	Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	COMPLIANT	The Company's Revised Manual on Corporate Governance (page 19) http://www.paxys.com/public/files/Revised AmmendedManual.pdf provides that the Notice of Annual or Special Shareholders' Meeting will contain sufficient and relevant information and will be sent to the shareholders at least, as much as practicable, twenty-eight (28) days before the meeting. The Board also encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available by the next	

		working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be available in the company website within five (5) business days from the end of the meeting.	
Board clearly articulates and enforces policies with respect to treatment of minority shareholders. Output Description:	COMPLIANT	Under the Company's Revised Manual on Corporate Governance http://www.paxys.com/public/files/Revised AmmendedManual.pdf the minority shareholders has the following rights: (pages 2 to 3) Nomination by minority shareholders in the Composition of the Board. (page 19) minority stockholders may request in writing the holding of meetings and the items for discussion in the agenda that relate directly to a legitimate purpose and the business of the Corporation, subject to the requirement under the Bylaws that such requesting stockholder is the holder of record of not less than one-fourth (1/4) of the outstanding voting capital stock of the Corporation.	
7. Company has a transparent and specific dividend policy.	NON- COMPLIANT		The Company has not generated enough profit, and does not see any dividend declaration in the immediate future. Should the opportunity present itself in the future, it shall accordingly establish a clear dividend policy which is contemplated to be a cash

			dividend payout of at least 50% of net profit.
Optional: Recommendation 13.1			
Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.			
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	COMPLIANT	The notice and agenda of the annual stockholders' meeting was sent on 8 November 2017 or 28 days before the ASM. There was no shareholders' approval of remuneration or any changes therein in the agenda of the meeting. See link to the Agenda in the Company's Definitive Information Statement (SEC Form 20-IS) at http://www.paxys.com/public/files/2016DefinitiveInformationStatement.pdf (page 2).	
Supplemental to Recommendation 13.2			
Company's Notice of Annual Stockholders' Meeting contains the following information:			
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	COMPLIANT	See link to the Profile of Directors in the Company's Definitive Information Statement (SEC Form 20-IS) at http://www.paxys.com/public/files/2016DefinitiveInformationStatement.pdf (pages 10 to 13).	

	a. Auditors seeking appointment/re- appointment	COMPLIANT	See link to the details of the Independent Public Accountant in the Company's Definitive Information Statement (SEC Form 20-IS) at http://www.paxys.com/public/files/2016DefinitiveInformationStatement.pdf (page 16).	
(c. Proxy documents	COMPLIANT	See link to the Proxy form at http://www.paxys.com/public/files/2016DefinitiveInformationStatement.pdf (pages 114 & 115)	
Ор	tional: Recommendation 13.2			
1.	Company provides rationale for the agenda items for the annual stockholders meeting	COMPLIANT	See link to the Agenda Details and rationale in the Company's Definitive Information Statement (SEC Form 20-IS) at http://www.paxys.com/public/files/2016DefinitiveInformationStatement.pdf (pages 3 to 5).	
Re	commendation 13.3			
1.	Board encourages octive shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly ovailable the next working day.	COMPLIANT	See the Company's Disclosure of the Results of the Annual Stockholders Meeting dated 6 December 2017 at http://www.paxys.com/public/files/46.17C.pdf	
2.	Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	NON- COMPLIANT		The Company is compliant with the SEC rules on the disclosure of the Minutes of Annual Stockholders Meeting. The Company thus disclose the same after its approval. In order to provide an advance information to the PSE and SEC, the

		on December 7, 2017 with the following link: http://www.paxys.com/public/files/ 46.17C.pdf. The Company, however, is not compliant with the recommendation that the disclosure should be made within five business days.
		The Real Property of the Land
COMPLIANT	Representatives from Reyes Tacandong and Co. and Rizal Commercial Banking Corp, Stock Tronsfer Department were present during the ASM.	
COMPLIANT	No conflict has arisen between the company and any of its stockholders, third parties or regulatory authorities.	
COMPLIANT	See link to the Company's Manual on Corporate Governance at http://www.paxys.com/public/files/Revised AmmendedManual.pdf (page 9 item k)	
COMPLIANT	The Company's Corporate Information Officer serves as its Investor Relations Officer with details below:	
	COMPLIANT	and Co. and Rizal Commercial Banking Corp, Stock Tronsfer Department were present during the ASM. COMPLIANT No conflict has arisen between the company and any of its stockholders, third parties or regulatory authorities. COMPLIANT See link to the Company's Manual on Corporate Governance at http://www.paxys.com/public/files/Revised_AmmendedManual.pdf (page 9 item k) COMPLIANT The Company's Corporate Information Officer serves as its Investor Relations

	IRO is present at every shareholder's meeting.	COMPLIANT	1. Name of the person: Atty. Mayette Tapia 2. Telephone number: +632-250-3800 3. Fax number: (+632) 250-3801 4. E-mail address: mayette.tapia @paxys.com The IRO was present during the ASM.	
	Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	COMPLIANT	The Company has not yet encountered any takeover situations requiring these measures.	
2.	Company has at least thirty percent (30%) public float to increase liquidity in the market.	NON- COMPLIANT		The Company is compliant with the public float requirement as it has about 14.96% public float, which is way above the required 10%. The Company is, however, not compliant with the recommendation of at least 30% public float.
Op	otional: Principle 13			
1.	Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting			
2.	Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.			

Duti				

Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

their rights.			
Recommendation 14.1			
Board identifies the company's various stakeholders and promotes cooperation between them and the company in creoting wealth, growth and sustainobility.	COMPLIANT	Please find details of the Company's shareholders at http://www.paxys.com/public/files/24.StockHolders.pdf The Revised Manual on Corporate Governance at http://www.paxys.com/public/files/Revised AmmendedManual.pdf provides that the Board shall ensure a high standard of best practice for the Corporation and its stockholders and other stakeholders. Article 6 thereof also provides for the Stockholders' Rights and Protection of Minority Stockholders' Interests (pages 18 to 19)	
Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	Please refer to Annex 18 of this report for the summary of Company policies related to the fair treat and protection of shareholders.	
Recommendation 14.3			
Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	COMPLIANT	(1) Objectives To build the trust and confidence of our stakeholders in the company's ability to create value.	

		(2) Principles (3) Modes of	To create understanding and awareness of the company amongst the investing community. Fair disclosure of information; bilateral communication Company website,	
		Communications 4) Investors Relations Officer	PSE Details provided above/ Same as the Corporate Information Officer	
		(5) Whistleblowing policy	Please see link at http://www.paxys.c om/public/compan y_policies.html	
Supplement to Recommendation 14.3				
Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	COMPLIANT	No conflict has ariser company and any o parties or regulatory	f its stockholders, third	
Additional Recommendations to Principle 14				
Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company	COMPLIANT	The Company has no exemption.	o existing request for	

well take	closes the reason for such action, as I as presents the specific steps being en to finally comply with the applicable r, rule ar regulation.			
2. Car righ	mpany respects intellectual praperty tts.	COMPLIANT	The Campany has no specific transaction invalving intellectual property rights during the covered period.	
Option	al: Principle 14			
	mpany discloses its policies and ctices that address customers' welfare			
	mpany discloses its policies and ctices that address supplier/contractor ection procedures			
sele				
sele	le 15: A mechanism for emplayee particip		developed to create a symbiatic environmen	t, realize the company's goals and
Principl particip	le 15: A mechanism for employee participo de la its corporate governance process		developed to create a symbiatic enviranmen	t, realize the company's goals and
Principl particip Recom	le 15: A mechanism for employee participo de la lista corporate governance processimendation 15.1	es.		t, realize the company's goals and
Principl particip Recom 1. Baa	le 15: A mechanism for employee participo ate in its corporate governance process mendation 15.1 ard establishes palicies, programs and		The Company recognizes the contributions	t, realize the company's goals and
Principl particip Recom 1. Baa prod	le 15: A mechanism for employee participate in its corporate governance process mendation 15.1 and establishes palicies, programs and cedures that encourage employees to	es.	The Company recagnizes the contributions af its emplayees in the achievement of	t, realize the company's goals and
Principl particip Recom 1. Baa prod	le 15: A mechanism for employee participo ate in its corporate governance process mendation 15.1 ard establishes palicies, programs and	es.	The Company recognizes the contributions	t, realize the company's goals and
Principl particip Recom 1. Baa prod	le 15: A mechanism for employee participate in its corporate governance process mendation 15.1 and establishes palicies, programs and cedures that encourage employees to ively participate in the realization of the	es.	The Company recagnizes the contributions af its emplayees in the achievement of company goals and objectives. Through its	t, realize the company's goals and
Principl particip Recom 1. Baa prod	le 15: A mechanism for employee participate in its corporate governance process mendation 15.1 and establishes palicies, programs and cedures that encourage employees to ively participate in the realization of the	es.	The Company recagnizes the contributions af its emplayees in the achievement of company goals and objectives. Thraugh its Human Resource, the Company has established several palicies and programs concerning health, safety, welfare, training	t, realize the company's goals and
Principl particip Recom 1. Baa prod	le 15: A mechanism for employee participate in its corporate governance process mendation 15.1 and establishes palicies, programs and cedures that encourage employees to ively participate in the realization of the	es.	The Company recagnizes the contributions af its emplayees in the achievement of company goals and objectives. Thraugh its Human Resource, the Company has established several palicies and programs concerning health, safety, welfare, training and development and incentive or	t, realize the company's goals and
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Principl particip Recom 1. Baa prod	le 15: A mechanism for employee participate in its corporate governance process mendation 15.1 and establishes palicies, programs and cedures that encourage employees to ively participate in the realization of the	es.	The Company recagnizes the contributions af its emplayees in the achievement of company goals and objectives. Thraugh its Human Resource, the Company has established several palicies and programs concerning health, safety, welfare, training and development and incentive or	t, realize the company's goals and
Principl particip Recom 1. Bad prod acti con	le 15: A mechanism for employee participate in its corporate governance process mendation 15.1 and establishes palicies, programs and cedures that encourage employees to ively participate in the realization of the	es.	The Company recagnizes the contributions af its emplayees in the achievement of company goals and objectives. Thraugh its Human Resource, the Company has established several palicies and programs concerning health, safety, welfare, training and development and incentive or rewards which are designed to encourage the emplayees to stay productive and	t, realize the company's goals and
Principl particip Recom 1. Baa prod acti con	le 15: A mechanism for employee participate in its corporate governance process mendation 15.1 and establishes palicies, programs and cedures that encourage employees to ively participate in the realization of the mpany's goals and in its governance.	es.	The Company recagnizes the contributions af its emplayees in the achievement of company goals and objectives. Thraugh its Human Resource, the Company has established several palicies and programs concerning health, safety, welfare, training and development and incentive or rewards which are designed to encourage the emplayees to stay productive and	t, realize the company's goals and

of the company beyond short-term financial measures.		number of shares that may be issued as approved by the SEC is 50,000,000 shares and shall terminate on the 10th anniversary after the effective date on May 1, 2005. The aggregate number of options granted and exercised is 15,230,000 from 2005 up to 2009. There are no options granted and exercised from 2010 to date.	
Company has policies and practices on health, safety and welfare of its employees.	COMPLIANT	The Company implements an integrated approach to employees' safety, health and welfare. Employees are provided with a comprehensive coverage for hospitalizatian and medical services including preventive medicines. Health and safety awareness are reinforced to the employees through various Human Resource activities, information blasts and bulletin. Various organizations are likewise invited to the Company premises to conduct trainings on health and safety of the employees or select employees are designated to cascade to all employees. The Company also ensures that the workplace is compliant to all applicable safety standards and laws. http://www.paxys.com/public/conduct_et_hics.html (page 5)	
Company has policies and practices on training and development of its employees.	COMPLIANT	The Company ensures that its employees are equipped with the appropriate skills and training to carry out the tasks and responsibilities assigned.	

		Through its Human Resource, the Company has implemented various programs an training and development of its employees. The trainings are either done in-house through the Company's Training Department or outsourced for more specialized and highly technical needs.	
Recommendation 15.2		والمستعدد المستعدد ال	
Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	COMPLIANT	Corrupt practices in the Company constitute an offense which is subject to immediate termination. This is expressly written in the Company's Code of Conduct. The same was also included in the Group's policy on Company's Code of Ethics which was approved at the Board level. http://www.paxys.com/public/conduct_ethics.html (page 6 to 7)	
Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	The company policies and pragrams are discussed during New Hire Orientatian and signed-off by individual employees. A copy is also made available and accessible to the employees thraugh the company's digital shared storage.	
Supplement to Recommendation 15.2			
 Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes. 	COMPLIANT	Bribery and all forms of corruptian are not tolerated in the Company. Any employee caught and proven guilty of such practices are subject for immediate termination.	

Recommendation 15.3		For the period covered, there are no employees guilty nor reported for possible corrupt practices. Please further refer to our response in Recommendation 15.2.1.	
 Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. Board supervises and ensures the enforcement of the whistleblowing framework. 	COMPLIANT	The Company is committed to high standards of ethical, moral, and legal conduct. Directors, officers and employees are encouraged to report suspected anomalies, illegal acts, malpractice and violations in the organization's Code of Discipline, Code of Ethics and Conduct and other company rules and regulations without fear of retaliation, punishment or unfair treatment. Whistleblowing communication channels are made available and anyone can report any alleged illegal or unethical practices. The reports received will be reported directly to the members of Board. http://www.paxys.com/public/company_policies.html	

Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.
Recommendation 16.1

Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	COMPLIANT	The Company is committed to contribute in the society and environment where it operates. From social outreach and feeding programs, to initiatives that protect the environment and educational scholarships, the Company continues to apply innovative solutions in its CSR programs by aligning and incorporating CSR strategy across all operational functions.	
Optional: Principle 16			
Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development			
Company exerts effort to interact positively with the communities in which it operates			

Pursuant to the requirements of the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE), this Integrated Annual Corporate Governance Report (I-ACGR) is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of on 14 MAR 2018.

SIGNATURES

TARCISIO M. MEDALLA Chairman of the Board

JOSE ANTONIO A. LICHAUCO Independent Director

GEORGE Y. SYCIP Independent Director

PABLITO O. LIM Compliance Officer

MAYETTE H. TAPIA Corporate Secretary

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SIGNATURES

TARCISIO M. MEDALLA
Chairman of the Board

JOSE ANTONIO A. LICHAUCO Independent Director

GEORGEY. SYCIP Independent Director

PABLITO O. LIM Compliance Officer

MAYETTE H. TAPIA Corporate Secretary

Name	C	ompetent Evidence of Identification	on
=	Passport No.	Date of Issue	Place of Issue
Tarcisio M. Medalla	EB9971636	13 January 2014	DFA Manila
Jose Antonio A. Lichauco	EC4151525	12 May 2015	DFA NCR East
George Y. Sycip	506254556	7 January 2015	USA
Pablito O. Lim	P5165853A	28 November 2017	DFA Calasiao
Mayette H. Tapia	EC1939186	21 August 2014	DFA NCR East

IN WITNESS WHEREOF, I have hereunto affixed my signature and Notarial Seal.

Doc. No.: 1914, Page No.: 40; Book No.: 111;

Series of 2018.

NOTARY PUBLIC

PTR D R 160 5522486 C 1-3-18

Roll No. 53832 r TIN # 129-671-009

LL No. 9499256 valid nom 94156316 with 04142019Pass Cap
Address 31-F Harvard St. Guben, Q C



CHARTER OF THE BOARD OF DIRECTORS

Section 1. INTRODUCTION

The Board of Directors (the "Board") of Paxys, Inc. (the "Corporation" or "Paxys") is the supreme authority in matters of governance and in managing the business of the Corporation. Within their authority under the Corporation Code and other applicable laws and the By-laws of the Corporation (the "By-laws"), the Directors, acting as a Board, have the fullest powers to regulate the concerns of the Corporation according to their best judgment.

The Board is responsible to promote and adhere to the principles and best practices of corporate governance, to foster the long-term success of the Corporation and to secure its sustained competitiveness in the global environment in a manner consistent with its fiduciary responsibility.

The Board shall exercise its powers and duties in the best interest of the Corporation, its shareholders, and other stakeholders.

Section 2. COMPOSITION OF THE BOARD

- 1. Number of Directors. The Board shall have seven (7) members.
- 2. Board Competencies and Diversity. The Board shall be composed of members who possess the necessary knowledge, skills and experience required to properly perform the duties of the Board.

The Board shall encourage the selection of a mix of competent Directors, each of whom can add value and independent judgment in the formulation of sound corporate strategies and policies. Careful attention must be given to ensure that there is independence and diversity, and appropriate representation of women in the Board to the greatest extent possible.

- 3. Review of Board Profile. The Board shall regularly review its composition, taking into account the evolving requirements of the Corporation and best practices in corporate governance.
- 4. Independent Directors The Board shall have such number of Independent Directors as may be required by law and the rules of the Securities and Exchange Commission (SEC) and of the Philippine Stock Exchange (PSE) (hereafter, the "Philippine Requirements") and the standards or criteria set by the Association of Southeast Asian Nations (ASEAN) for the strengthening of the ASEAN capital market development and integration for the establishment of an ASEAN Economic Community (hereafter, the "ASEAN Standards").

To be considered independent, a Director shall, apart from his fees and shareholdings, hold no interests or relationships with the Corporation that may hinder his independence from the Corporation, Management, or shareholders which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a Director of the Corporation. For this purpose, an Independent Director shall submit to the Corporate Secretary a letter of confirmation stating that he holds no interests affiliated with the Corporation, Management or controlling shareholder at the time of his election or appointment and/or re-election as a Director.

Section 3. BOARD INDEPENDENCE AND CONFLICT OF INTEREST

It is the responsibility of each Director to promote the best interest of the Corporation. Therefore, in making decisions, they should only pursue the interest of the Corporation, and must not consider their personal interest.

- 1. Disclosure of Interest. Each Director shall disclose any conflict of interest annually. Director with any material conflict of interest that has been determined to be permanent in nature shall be disqualified from the Board.
 - Notwithstanding the precautions set by the annual disclosure of conflict of interest, a Director shall abstain from participating in the discussion of, and voting on, any matter where he is in conflict of interest.
- 2. Dealing in Corporation's Shares. In line with the insider trading policy of the Corporation, each Director is required to report to the Board within three (3) business days from dealing in the shares of stock of the Corporation (the "Shares").
- 3. Number of Independent Non-executive Directors. In line with best practice in corporate governance and in accordance with the ASEAN Standards, it is the Corporation's goal to have Independent Non-executive Directors comprising at least 2/3 of the Board.
- 4. Policy on Multiple Board Seats. The Corporation shall ensure that adequate time and attention is given to the fulfilment of the Directors of their duties. The Independent Directors and Non-executive Directors shall hold no more than five board seats in publicly-listed companies.
- 5. Confidentiality Rule Directors shall keep confidential all the information contained in the confidential reports or discussions. They shall also ensure that all persons who have access to the same information likewise comply with this rule. The confidentiality rule applicable to incumbent Directors shall continue to apply to former Directors.

Section 4. ELECTION OF DIRECTORS

The Directors shall be elected by the Corporation's stockholders entitled to vote at the annual meeting in accordance with the By-laws and the Voting Procedure for Annual Stockholders' Meeting.

- Nomination of Directors. Pursuant to the Corporation Code, any shareholder, including minority shareholders, shall have the right to nominate candidates for the Board. The list of names of the nominees to the Board of Directors, together with the written consent of the nominees shall be filed and submitted to the Nomination and Governance Committee through the office of the Corporate Secretary at least thirty (30) business days prior to the date set for the annual meeting wherein they will be elected.
- 2. Required Vote. For the election of Directors, it is necessary for one-half plus one of the outstanding shares of stock to be present or represented in the annual stockholders' meeting.
- 3. Ownership of Corporation Shares. No person shall be elected nor be competent to hold the office of Director unless at least one (1) share of stock of the Corporation shall stand in his name in the books of the Corporation at the time of his election.
- 4. Ground for Disqualification for Nomination. No person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Corporation in accordance with the Bylaws.
- 5. **Term of Office.** Directors shall hold office for a term of one (1) year, more or less, immediately upon their election and until their successors shall have been elected and qualified in accordance with the By-Laws.
- 6. **Term Limits for Independent Directors**. Independent Directors can serve as such for five (5) consecutive years, provided that service for a period of at least six (6) months shall be equivalent to one (1) year, regardless of the manner by which the Independent Director position was relinquished or terminated.
- 7. Re-election of Independent Directors. After completion of the five-year service period, an Independent Director shall be ineligible for election as such in the Corporation unless the Independent Director has undergone a "cooling off" period of two (2) years, provided, that during such period, the Independent Director concerned has not engaged in any activity that under existing rules of the SEC disqualifies a person from being elected as Independent Director of the Corporation.

An Independent Director re-elected as such in the Corporation after the "cooling off" period can serve for another four (4) consecutive years under the conditions mentioned in paragraph 6 above.

- 8. Disassociation of Independent Directors. After serving as Independent Director for nine (9) years, the Independent Director shall be perpetually barred from being elected as such in the Corporation, without prejudice to being elected as Independent Director in other companies outside of the business conglomerate, where applicable, under the same conditions provided for in the rules and regulations of the Securities and Exchange Commission.
- 9. Filling of Vacancies/Succession Planning. In case any vacancy or vacancies should occur on the Board of Directors other than removal or expiration of term, due to death, resignation or other causes, the remaining Directors, if still consisting a quorum, may fill said vacancies by election from among the stockholders and the stockholders so elected shall act as members of said Board until the new Board of Directors is elected. In case of the vacancy of the position of the Chairman, the appointed Vice-Chairman shall perform his duties and responsibilities. The Board will decide of the same Vice-Chairman may also serve as the President/CEO of the Corporation or if there is a need to appoint another officer for the latter position.

Section 5. BOARD MEETINGS

Frequency of Meetings. - The Board shall meet at least six (6) times each calendar year.
It shall hold meetings before the start of the financial year, immediately after the annual meeting of stockholders, at least once every quarter, and on such other days that it may designate.

It may be convened in special meeting by the Chairman or at least the request majority of the directors.

- 2. Quorum. Two-thirds (2/3) of the number of Directors as fixed in the articles of incorporation shall constitute a quorum for the transaction of corporate business.
- 3. Attendance. Directors are encouraged to attend all Board meetings, either in person or via teleconferencing facility. A Director who fails, without any justifiable cause, to attend at least 75% of the total number of Board meetings during any term shall not be eligible for re-election.
- 4. Notice of Meeting. The Board meetings shall be announced at least two weeks in advance. Notice of meetings may be given by any customary means of communication (e.g. by e-mail, in writing, by telephone, by telefax, etc.). The notice shall specify the time and place of the meeting and include a detailed agenda. As a rule, Board materials are to be distributed to all Directors at least five (5) business days prior to each Board meeting.
- 5. Chairman of the Meeting. Board meetings shall be chaired by the Chairman of the Board or, in his or her absence, by the Vice Chairman.

- 6. Matters for Discussion in Meetings. In any Board meeting, decisions may be made on matters not included in the distributed meeting agenda only if there are no objections posed by any member of the Board.
- 7. **Minutes of the Meeting**. Minutes of the Board meetings shall be taken and recorded by the Office of the Corporate Secretary. Minutes shall be signed by the chairman of the meeting and by the individual who has been appointed to take notes during the meeting.
- 8. Executive Sessions. At least once a year, the Non-executive Directors must meet without any executives present.

Section 6. RESPONSIBILITIES OF THE BOARD

- Duties, Powers and Attributes of the Board. The Board of Directors shall have the following duties, powers and attributes, in addition to those assigned to it by the Corporation Code or other applicable law and the By-Laws which are not set forth herein:
 - (a) Adopt, continuously review, monitor the implementation of the corporate strategy;
 - (b) Determine the period, manner and conditions under which the Corporation shall engage in the kinds of business comprised in Article II of the Articles of Incorporation;
 - (c) Review the vision and mission statement of the Corporation every year;
 - (d) Determine the manner in which the corporate capital shall be invested, subject to the provisions of Article II of the Corporation's By-Laws;
 - (e) Make rules for the internal regulation of the Corporation;
 - (f) Create committees and other bodies it may deem advantageous or necessary in running the affairs of the Corporation;
 - (g) Determine the creation of branches, agencies, office departments of any class, under the conditions it may deem convenient;
 - (h) Decide as to the safekeeping of the funds of the Corporation, open current accounts, fixed deposit accounts and savings accounts with any bank authorized to operate in the Philippines and/or abroad;
 - (i) Approve the budgets and general expense accounts of the Corporation each year and each quarter, if necessary;
 - (j) Fix annually the percentage to be written off on all capital expenditures of the Corporation such as buildings, furniture and fixtures, etc. and determine the distribution of profits and dividends;
 - (k) Submit annually to the annual meeting of stockholders the Balance Sheet, profit and Income Statement and Annual Report on the condition of the Corporation;
 - (I) Call special meetings:
 - (m) Authorize any other person or persons it may deem fit to purchase, sell, or mortgage the real or personal properties of the Corporation;
 - (n) Authorize any other person or persons it may deem fit to cancel mortgages or pledges executed as securities for loans and bonds when the mortgages have been repaid to the Corporation and when the bonds have been cancelled;
 - (o) Determine the time and manner of issuance of unissued stocks of the Corporation;

- (p) Settle any doubts that may arise relative to the interpretation of the Corporation's By-Laws and supply any omissions, reporting thereon to the stockholders' general meeting for such action as it may see fit to take;
- (q) Conduct an annual performance assessment of the Board, the individual Directors, the board committees, the President and CEO, and other key management officials. Attached as Annex "A" Guidelines in Conducting Performance Assessments.
- **(r)** Oversee the process of disclosure and communications of relevant corporate information in accordance with applicable laws, rules, and company policies.
- 2. Adherence to the Code of Conduct and Ethics. The Board shall ensure that all Directors, executives and employees adhere to the Corporation's Code of Conduct and Ethics. The Board shall adopt measures for the strict implementation and monitoring of compliance with the Code.
- 3. Reporting Responsibility of the Management. Management shall inform the Board regularly, promptly and comprehensively about any issues concerning the Corporation's strategy, risk management, and compliance. Management shall regularly update the Board of the implementation of the Corporation's strategy and explain variances from the approved plans and targets.
- **4. Approval of the Financial Statements**. Based on the report by the Audit, Risk and Related Party Transactions Committee, the Board shall, with the help of independent auditors, approve the financial statements of the Corporation.
- **5.** Approval of Annual Plans and Budgets. The Board shall be responsible in approving the annual plans and budget of the Corporation, as well as the corresponding investments and personnel movements.

Section 7, THE CHAIRMAN OF THE BOARD

- **1. Powers of the Chairman**. The Chairman of the Board is the legal representative of the Corporation and has powers:
 - (a) To preside at all of stockholders' meetings and meetings of the Board;
 - (b) To cast the deciding vote in case of a tie in the stockholders' meetings or in the Board meetings;
 - (c) To exercise such other powers which are given him in the By-laws.
- 2. Chairman of Board Meetings. The Chairman of the Board shall chair all Board meetings, or in case of his absence, the Vice Chairman shall automatically take his place as Acting Chairman of the Board.

The Chairman of the Board shall ensure that all Board members are allowed to freely express their opinions about any matter being discussed.

Section 8. CORPORATE SECRETARY

It shall be the duty of the Corporate Secretary, who must be a citizen and a resident of the Philippines, to prepare and keep the minutes of all meetings of the Board and stockholders and attend to the correspondence and files of the Corporation, to sign, jointly with the President, all stock certificates, keep and affix the corporate seal, record all transfers of stock and cancellations and keep all stock certificates transferred, likewise, keep a list in alphabetical order of all stockholders of the Corporation and of their residences and the shares owned by each, and to perform all other duties which may be assigned to him by the Board.

Section 9. BOARD COMMITTEES

- **1.** Creation of Board Committees. The Board may create such committees (each a "Board Committee") as it may deem necessary to support it in the performance of its functions and in accordance with the By-Laws and to aid in good governance.
- 2. Delegation of Rights and Responsibilities to the Board Committees. The Board may delegate part of its rights and responsibilities to any of its committees. The committees shall be composed of Board members and key officers of the Corporation specifically chosen for their particular background and areas of expertise that will allow them to adequately perform the functions assigned to their committee. The rights and responsibilities of each Board committee may be defined in greater detail in specific committee charters duly approved by the Board.
- 3. Board Committee Charters. The Board shall adopt for each Board Committee a charter providing, among others, the composition of the Board Committee, the qualifications of the members, the powers, duties and responsibilities of the Board Committee and the rules governing the exercise of those powers or performance of the duties and responsibilities.
- **4. Board Committees.** The Board shall constitute an Executive Committee, an Audit, Risk and Related Party Transaction Committee, a Compensation and Remuneration Committee, and a Nomination and Corporate Governance Committee.

Section 10, COMPENSATION OF THE BOARD

Non-executive Directors shall be entitled to receive from the Corporation, pursuant to a resolution of the Board of Directors, fees and other compensation for their services as Directors. The Board shall have the sole authority, in accordance with a resolution of the stockholders or the By-laws, to determine the amount, form and structure of the fees and other compensation of the Directors.

Section 11. ORIENTATION AND CONTINUING EDUCATION PROGRAMS FOR DIRECTORS

Prior to assuming office, all new Directors shall undergo orientation program on the Corporation's business and corporate structure, its vision, mission and corporate strategy, the By-laws, and Manual of Corporate Governance, and other relevant matters essential for the effective performance of their duties and responsibilities.

Directors shall likewise be required to undergo training and continuing education programs to further their knowledge and assist in their development as Directors.

Section 12. MISCELLANEOUS

- **1.** Access to Information. The Board shall have reasonably free and full access to all relevant information, data, records, properties and personnel of the Corporation.
- 2. Technical Assistance. The Board may invite such members of Management and other persons to its meetings and may secure independent expert advice as it may deem desirable or appropriate.
- 3. Annual Review. This Charter shall be reviewed by the Board annually.
- **4. Effectivity**. This Charter shall take effect when approved by the Board and shall apply prospectively.

Annex A

Guidelines in Conducting Performance Assessments

Annual performance assessments of the Board, the individual Directors, the Board Committees, and the President and CEO and key management officials shall be conducted in accordance with the following guidelines:

I. For the performance assessment of the Board

The Board shall conduct a self-evaluation where all the board members shall participate. An outside consultant may be employed to conduct simultaneous evaluation of the Board's performance. In evaluating the Board's performance, the following criteria/factors shall be considered:

- (i) Knowledge Whether the Board possesses adequate information on industry trends and overall business environment;
- (ii) Strategy and Implementation Whether the Board has adopted appropriate corporate strategy and whether the same has been effectively implemented;
- (iii) Risk Management Whether the Board has a keen understanding of the types of risks to which the Corporation may be exposed and would be vulnerable, and whether it has adopted appropriate systems and processes to manage these risks;
- (iv)Corporate Ethics Whether the Board has taken the lead role to ensure faithful compliance with all the applicable laws and rules, and the Corporation's By-laws, Manual of Corporate Governance, Code of Conduct and Ethics, and other relevant company policies; and
- (v) Internal Control/Oversight Function Whether the Board has taken reasonable steps to ensure that the Corporation is properly managed, including monitoring of the operational and financial results.

II. For the performance assessment of the Directors

The Board shall assess the performance of its individual members. In evaluating the performance of each Director, the following criteria/factors shall be considered:

- (i) Knowledge Whether the Director has an in-depth knowledge of the Corporation's business and strategic direction;
- (ii) Participation Whether the Director attended all, some or only a few of the meetings of the Board and of the committees in which he/she is a member, and whether he/she made valuable contributions in the discussion of matters before the Board and/or the committees; and
- (iii) Fair Dealing Whether the Director conducted fair business transactions with the Corporation and ensured that his/her personal interest did not conflict with the interest of the Corporation

III. For the performance assessment of the Board Committees

The Board Committees shall assess their respective performance. The Board may conduct simultaneous evaluation of the performance of each Board Committee. In evaluating the performance of the Board Committees, the following criteria/factors shall be considered:

- (i) Committee Organization Whether the Committee is composed of appropriate number of Directors with the right balance of skills, experiences and backgrounds to ensure the proper performance of the roles and responsibilities of the Committee;
- (ii) Committee Meetings Whether the Committee had adequate number of meetings to sufficiently focus on significant matters of concern; and
- (iii) Committee Processes and Procedures Whether the Committee adopted processes and procedures to ensure timely resolution of matters before it.

IV. For the performance assessment of the President and CEO, and other key management officials

The Board shall assess the performance of the President and CEO, and other key management officials. In evaluating their performance, the following criteria/factors shall be considered:

- (i) Compliance Whether the President and CEO, and other key management officials have taken steps to ensure the Corporation's compliance with all the legal requirements in the management of its affairs:
- (ii) Administration Whether the President and CEO, and other key management officials have effectively managed the day-to-day operations of the Corporation towards the achievement of the organization's goals and objectives;
- (iii) Knowledge, Skills and Competence Whether the President and CEO, and other key management officials possess appropriate knowledge, skills and competence essential to the due performance of duties;
- (iv) Corporate Ethics Whether the President and CEO, and other key management officials have consistently demonstrated integrity and observed the corporate core values; and
- (v) Board-Management Relationship Whether the President and CEO, and other key management officials have worked closely with the Board and provided the latter with complete, adequate information on the operations and affairs of the Corporation in a timely manner.

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF PAXYS, INC.

Held on 8 December 2017 At the 15th Floor, 6750 Ayala Office Tower Ayala Avenue, Makati City, Philippines

PRESENT:

TARCISIO M. MEDALLA
ROGER LEO A. CARIÑO
GEORGE Y. SYCIP (Independent Director)
ROBERTO A. ATENDIDO
LIM GHEE KEONG
JOSE ANTONIO A. LICHAUCO (Independent Director)
CHRISTOPHER B. MALDIA

ALSO PRESENT:

MAYETTE H. TAPIA ANA KATIGBAK EDMUNDO MACASO PABLITO LIM DIVINE GANDEZA

1. Call to Order

The Chairman, Mr. Tarcisio M. Medalla, called the meeting to order at 10:00 am and presided over the same. The Corporate Secretary, Atty. Mayette H. Tapia, recorded the proceedings.

2. Certification of Quorum

The Corporate Secretary stated that at least a majority of the directors were present at the meeting and certified that a quorum was present for the transaction of official business by the Board. She also announced that the meeting was being recorded for reference purposes.

3. Approval of the Minutes of the Previous Meetings

The Corporate Secretary announced that the next item on the agenda is the approval of the minutes of the previous meeting of the Board of Directors held on 6 November 2017 (Review and Approval of the Third Quarter 2017 Financial Performance Report). Thereafter, upon motion made and duly seconded, the minutes of the meeting of the Board of Directors held on 6 November 2017 was unanimously approved.

4. Approval of the sale of Toyota Fortuner with Plate No. NOF108

After motion duly made and seconded, the Board approved the following

resolutions:

"RESOLVED, that PAXYS, INC. (the "Corporation") hereby approves and ratifies the sale of the following motor vehicle, through the Deed of Absolute Sale with NGL Pacific Limited-RHQ ("NGL"), a Corporation organized and existing under and by virtue of the laws of Hong Kong, with its Regional Headquarters at 18th Floor 6750 Ayala Office Tower, Ayala Avenue, Makati City and registered with the Securities and Exchange Commission, more particularly described as follows:

MAKE : 2010 TOYOTA FORTUNER

TYPE OF BODY : SUV

ENGINE NUMBER : 1KD7939448

CHASSIS NUMBER : MR0YZ59G900094273

PLATE NUMBER : NOF108

RESOLVED FURTHER, that the Corporation approves and ratifies the authority of the Corporation's President, Mr. Tarcisio M. Medalla, to sign and execute the Deed of Absolute Sale with NGL and to perform all acts as may be necessary to implement the Corporation's sale of said motor vehicles.

RESOLVED FINALLY, that the NGL, are hereby authorized to cause the transfer of the registrations of the above-described motor vehicle in the name of the Corporation, to represent the Corporation in the processing of the transfer of registration before the Land Transportation Office, to submit the necessary documents and to perform any and all acts as may be necessary to implement the transfer of the registration of said motor vehicle in name of the Corporation."

5. Review and Approval of 2018 Budget

The Corporate Secretary announced that the next item on the agenda is the review of the 2018 Budget for Paxys and its subsdiaries. The highlights of the report were as follows:

(a) Consolidated Income Statement

- Gross Revenue for 2017 is budgeted at P95.8M. This is about 32% higher than the 2017 Latest Estimate (LE) of P72.5M. The increase is mainly due to the anticipated additional volume requirement from SWA Client. The Gross Revenue also includes P1.4 M disaster recovery service fee for 40 seats starting the second half of year 2018.
- Given the above projected increase in Revenue, Direct Cost will increase by P10.8M consisting mainly of additional personnel and premises costs.
 Operating Expenses shall be higher by P9.1M versus 2017 year-end estimate due to business development and related activities of the Group.
- Interest Income from surplus funds is budgeted at P70.6M or a slight increase of 2% from the current year's estimate of P68.9M. The increase is due to projected higher

- exchange rates for US dollar (USD) to Philippine peso (P or Peso) used per budget.
- Overall, the projected Net Income Before Tax is at P4.1M or 116% increase versus 2017 latest estimate of P1.9M.

(b) Consolidated Balance Sheet

- The 2018 year-end consolidated Cash and Cash Equivalents is projected at P3.76B.
 This is higher by 1% compared to 2017's year-end estimate mainly due to the difference in foreign exchange rates used.
- Paxys Group surplus funds will be invested in short-term placements and short-duration bonds. These are projected to generate P70.6M in Interest Income which will substantially cover the total overhead cost of the Group.
- The USD/Peso exchange rate is budgeted at P51.50 to 1 USD for 2018 compared with our latest estimate year-end closing of P50.75 to 1 USD. This results in a Cumulative Translation Adjustment in the Other Equity Reserves of P39.5M.

After some discussion, the Board, upon motion duly made and seconded, resolved to approve the 2018 Budget for Paxys and its subsidiaries, as reported.

5. Other Matters

Mr. Joey Santos provided updates on the following projects:

- (a) Real property projects in Bonifacio Global City and Makati areas that are being reviewed.
- (b) Joint venture with Phinma and PHA on developing a mixed-use condominium project at Southwestern University, which is owned by Phinma.

After some discussion, the Board noted the updates.

6. Adjournment

There being no further matters to discuss, the meeting was adjourned at 12:00 pm.

MAYETTE H. TAPIA Corporate Secretary

ATTESTED:

TARCISIO M. MEDALLA

Chairman

ROGER LÉO A. CARIÑO

Director

GEORGE Y. SYCIP Independent Director

JOSÉ ANTONIO A. LICHAUCO

Director

RÓBERTO A. ATENDIDO

Director

LIM GHEE KEONG

Director

CHRISTOPHER B. MALDIA

Director



MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF PAXYS, INC.

Held on 5 May 2017 At the 15th Floor, 6750 Ayala Office Tower Ayala Avenue, Makati City, Philippines

PRESENT:

TARCISIO M. MEDALLA
ROGER LEO A. CARIÑO
GEORGE Y. SYCIP (Independent Director)
ROBERTO A. ATENDIDO
LIM GHEE KEONG
JOSE ANTONIO A. LICHAUCO (Independent Director)
CHRISTOPHER B. MALDIA
SIVAM KANDAVANAM
MARK DAVID P. MARTINEZ

ALSO PRESENT:

ANA MARIA KATIGBAK EDMUNDO MACASO PABLITO LIM DIVINE GANDEZA

1. Call to Order

The Chaiπnan, Mr. Tarcisio M. Medalla, called the meeting to order at 11:00 am and presided over the same. The Corporate Secretary, Atty. Mark David P. Martinez, recorded the proceedings.

2. Certification of Quorum

The Chairman called out the names of all the directors attending the meeting and inquired from the Corporate Secretary whether a quorum was present. The Corporate Secretary stated Messrs. Lim Ghee Keong and Sivam Kandavanam were attending via teleconference from Kuala Lumpur, Malaysia, while Mr. George Sycip was attending via teleconference from the United States. The rest of the directors were present in person in the boardroom. The Corporate Secretary certified that a majority of the directors were in attendance and that a quorum was present for the transaction of official business by the Board. He also announced that the meeting was being recorded for reference purposes.

3. Approval of the Minutes of the Previous Meetings

The Corporate Secretary announced that the next item on the agenda is the approval of the minutes of the previous meeting of the Board of Directors which was held on 20 March 2017 (2016 Audited Financial Statements). Upon motion made and duly seconded, the minutes of the meetings of the Board of Directors held on 20 March 2017 was unanimously approved.

4. Review and Approval of First Quarter 2016 Financial Performance Report

The Corporate Secretary announced that the next item on the agenda is the review of the First Quarter 2016 Financial Performance Report for Paxys and its subsdiaries. The highlights of the report were as follows:

(a) Consolidated Income Statement

- The Group generated Php20.3 million Revenue for the first quarter for a 21% favorable variance versus budget mainly due to higher actual volume of SWA business. Direct cost is likewise slightly higher versus budget at Php15.5 million. Gross Profit of Php4.7 million is 179% better than the budget of only Php1.7 million.
- Operating Expenses is lower by Php1.2 million versus budget due to unutilized provision for advances to affiliate.
- Other income of Php17.1 million is Php1.5 million higher than budget due to higher interest rates obtained for peso placements and net foreign exchange gain. This eovered the overhead costs of the parent eompany and provided the group with an overall Net Income of Php3.5

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million which is Php5.6 million higher versus budgeted loss of Php1.7 million. EBITDA is positive at Php3.9 million.

(b) Consolidated Balance Sheet

The movement in the Balance Sheet pertains mainly to the following items:

- The decrease in Cash and Cash equivalents is due mainly to the late remittance of payment of the amount due from Nuance
- Accounts Receivable increased by Php22.3 million due to accrued interest receivables of Paxys and PNV and trade receivables from Nuance
- Other Equity Reserves increased by Php25.4 million composed mainly of the foreign exchange gain on Paxys NV's USD funds amounting to about US\$50 million

After some discussion, the Board, upon motion duly made and seconded, resolved to approve the First Quarter 2016 Financial Performance Report of Paxys and its subsidiaries, as reported. The Board of Directors of the Company noted and affirmed that the First Quarter 2016 Financial Performance Report submitted in its final form shall be a true and fair representation of the Company's financial condition.

5. Other Matters

A. Operational Updates

Mr. Edmund Macaso provided updates on current operations and M&A initiatives, as follows:

- SWA's contract with Nuance is being renewed. SWA is pursuing additional volume from this
 account.
- ii. Paxys' is still looking for a qualified candidate to be the Head of Property Investments. Discussions with the current candidate were not completed.
- The prospective deal with the BPO company Assurant was not pursued. Assurant was considering to lease portions of SWA's idle space at the Cabuyao facility.
- iv. The palm oil business opportunity is still being reviewed.
- v. The property development project with Phinma and SWU is still on-going.

These discussions are very preliminary and will require further due diligence review on the legal and financial terms of these potential projects. After some discussion, the Board took note of the updates.

The Corporate Secretary informed the Board of the New Corporate Governance Manual due to be submitted to the PSE and the SEC by 31 May 2017. The Annual Corporate Governance Report is also due for submission to the PSE and the SEC by 30 May 2017. The draft Corporate Governance Manual will be circulated among the directors for their review and approval.

B. Change of authorized bank signatories with Banco De Oro Unibank, Inc.

"RESOLVED, as it is hereby resolved, that PAXYS, INC. (the "Corporation") be as it is hereby empowered and authorized to open and maintain current, savings and/or time deposit account/s with BANCO DE ORO UNIBANK, INC. (the "Bank") and/or avail itself of the products and services of the Bank's Transaction Banking Group ("TBG") such as without limitation to, integrated disbursement services ("IDS"), payment collection services, payroll services, Cash Card services, electronic banking services, corporate internet banking ("CIB") services, and such other existing and future products and services of TBG (collectively, the "TBG Products/Services"), and be bound in accordance with and subject to the Bank's rules and regulations, terms and conditions and/or agreement(s) to be entered into with the Bank for the use and availment of the TBG Products/Services;

"RESOLVED, that the following arc the only bank signatorics of the Corporation following the procedure set out below and shall be authorized, as they are hereby authorized, to enter into the above-specified arrangements with the Bank under such terms and conditions as the said individuals may deem necessary and to accordingly execute, sign, deliver and/or perform any and all contracts, instruments, documents or writings with or to the Bank that may be necessary for the implementation of the foregoing transactions.

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Authorized Signatories:

GROUP A		
Tarcisio M. Medalla	Chief Executive Officer	
Roger Leo A. Cariño	Director	
GROUP B		
Pablito O. Lim	Executive	
Edmundo Miguel D. Macaso	Executive	
GROUP C		
Divine Grace M. Gandeza	Senior Finance Manager	
Donna Marie L. Cabrera	Senior Aeeountant	

Signing Limits (in Philippine Pesos and/or in Foreign Currency equivalent)

- a. If the amount involved is up to Three Million Philippine Pesos (Php3,000,000.00) or its foreign eurrency equivalent based on the prevailing exchange rate on the transaction date, any two (2) signatories signing jointly from Groups A, B or C shall have the power and authority to effect the transaction or sign the relevant instruments;
- b. If the amount involved exceeds Three Million Philippine Pesos (Php3,000,000.00) or its foreign currency equivalent based on the prevailing exchange rate on the transaction date, the following signing jointly shall have the power and authority to effect the transaction or sign the relevant instruments:
 - i. any two (2) signatories consisting of any one (1) from Group A and any one (1) from Group B; or
 - ii. any two (2) signatories from Group A;
- c. For payroll disbursement, regardless of amount, any two (2) of the signatories signing jointly from Groups A, B or C shall have the power and authority to effect the transaction or sign the relevant instruments.

The foregoing authorized signatories ("the Representative/s"), be as he/she/they are hereby empowered and authorized to do the following acts on behalf of the Corporation with full power of substitution:

- 1. Open, maintain and manage in the name of the Corporation, current, savings and/or time deposit account/s (Philippine Peso and/or foreign currency) with any Branch/es of the Bank (the "Depository Account/s");
- 2. Deposit to and withdraw from the Depository Account/s, in whatever form and manner, and in such amount as the Representative/s shall, in his/her/their sole discretion, deem appropriate or necessary;
- 3. Close the Depository Account/s and ask, demand, collect, or receive the proceeds thereof in the name of the Corporation;
- 4. Receive, accept, endorse and negotiate all cheeks, drafts, or orders of payment payable to the Corporation or its order which may require the Corporation's endorsement;
- 5. Execute, sign, deliver, and perform for and on behalf of the Corporation, the documents, instruments, agreements, acts and/or deeds, which may be necessary or required in connection with the use and availment of the TBG Products/Services, under such terms and conditions as the Representative/s may deem fit, including emollment forms, notices, instructions, debit authorizations, and/or designation of email addresses authorized to transmit files and/or

instructions, that may be required or permitted under the terms of such documents, instruments, agreements, acts and/or deeds;

- 6. For CIB, enroll, dis-enroll, re-enroll Depository Account/s in CIB; name, designate, enroll Company System Administrator authorized to do and perform acts allowed under the BDO terms and conditions governing CIB; dis-enroll and/or re-enroll Company System Administrator in/from CIB; enroll, dis-enroll and/or re-enroll merchant/subscriber and/or third party accounts in CIB for bills/other payment purposes; enroll Users in the CIB Facility, with authority to exercise and perform access rights with respect to the enrolled Depository Account/s as may be allowed under the BDO terms and conditions governing CIB. For CIB, to designate the respective roles of Users in CIB Facility (Maker, Approver, and/or Verifier), and the acts/transactions which the Users are authorized to do or perform under CIB;
- 7. Give consent to or allow the enrollment, use, and aggregation of the Corporation's accounts with the Bank for purposes of compliance by its related company/ies with any average daily balance requirement (ADB) of the Bank, subject to existing policies of the Bank on ADB compliance requirement;
- 8. Give consent to or allow the enrollment and use of the Corporation's account/s with the Bank to serve as debit account/s to fund the needs/requirements of its related company/ies, subject to existing policies of the Bank;
- 9. Give consent to or allow the enrollment of the Corporation's related company/ies for electronic banking subject to existing policies of the Bank thereon; and
- 10. Execute, deliver, perform any and all acts, documents, instruments as may be necessary or required to give full force and effect to the foregoing authorized acts.

"RESOLVED, that the Corporation hereby ratifies and confirms all that the Representative/s or his/her/their substitute/s may lawfully do or cause to be done under and by virtue of these presents;

"RESOLVED, FURTHER, that the foregoing resolutions shall remain valid and subsisting unless otherwise revoked or amended in writing by the Corporation, duly served upon the Bank; and

"RESOLVED FINALLY, that any one of the Representatives or the Corporation's Corporate Secretary is hereby empowered and authorized to advise the Bank of these resolutions."

C. Change of authorized bank signatories with Bank of the Philippine Islands

"RESOLVED, that PAXYS, INC. (the "Corporation") be authorized, as it is hereby authorized, to enter into transactions and/or avail of products or facilities of, or brokered by, or through the intermediation of the BANK OF THE PHILIPPINE ISLANDS, or any of its branches, affiliates, and wholly/partly owned subsidiaries (hereinafter individually or collectively referred to as "BPI" for the purpose of these resolutions), including but not limited to, deposit accounts (including phone/electronic/internet banking facilities, cash management services, and similar transactions as the Corporation may deem reasonable, beneficial and in the furtherance of the interest of the Corporation;

RESOLVED, that the following officers or directors of the Corporation be, as they are hereby, authorized to sign, for and in behalf of the Corporation any documents, papers, instruments, ehecks and withdrawal slips, debit and credit instructions, funds transfer instructions, check encashment/endorsement, forms agreements, or contracts as may be appropriate and/or required for the implementation of the foregoing powers/transactions, authorized above;

	Authorized Signatories:	
GROUP A		
Tarcisio M. Medalla	Chief Executive Officer	
Roger Leo A. Cariño	Director	

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GROOF B		
Pablito O. Lim	Executive	*****
Edmundo Miguel D. Macaso	Executive	
GROUP C		
Divine Grace M. Gandeza	Senior Finance Manager	
Donna Marie L. Cabrera	Senior Accountant	

Signing Limits (in Philippine Pesos and/or in Foreign Currency equivalent)

- a. If the amount involved is up to Three Million Philippine Pesos (Php3,000,000.00) or its foreign currency equivalent based on the prevailing exchange rate on the transaction date, any two (2) signatories signing jointly from Groups A, B or C shall have the power and authority to effect the transaction or sign the relevant instruments;
- b. If the amount involved exceeds Three Million Philippine Pesos (Php3,000,000.00) or its foreign currency equivalent based on the prevailing exchange rate on the transaction date, the following signing jointly shall have the power and authority to effect the transaction or sign the relevant instruments:
 - i. any two (2) signatories consisting of any one (1) from Group A and any one (1) from Group B; or
 - ii. any two (2) signatories from Group A;

GROUP R

c. For payroll disbursement, regardless of amount, any two (2) of the signatories signing jointly from Groups A, B or C shall have the power and authority to effect the transaction or sign the relevant instruments.

RESOLVED FURTHER, that the Corporate Secretary of the Corporation be authorized, as he is hereby authorized, to submit the updated list of the incumbent officers/directors occupying the abovementioned positions, from time to time.

RESOLVED FINALLY, that the foregoing resolutions shall remain valid, subsisting and enforceable unless subsequently modified, revoked, reseinded or superseded by a resolution of the Board of Directors and a copy of such resolution is actually received by BPI."

D. Change of authorized bank signatories with Metrobank Card Corporation

"RESOLVED, that PAXYS, INC. (the "Corporation") be authorized, as it is hereby authorized, (i) to open and maintain money market placement accounts with METROBANK CARD CORPORATION (A FINANCE COMPANY) (the "Bank"); (ii) to invest in Retail Promissory Notes or deposit substitute instruments issued by the Bank; (iii) to renew and terminate such investments and (iv) do all acts related thereto in accordance with the terms and conditions of such investments, in either case signed by the following authorized signatories with signing limits:

Authorized Signatories:

GROUP A

Tarcisio M. Medalla Chief Executive Officer

Roger Leo A. Cariño Director Lim Ghee Keong Director Sivam Kandavanam Director

GROUP B

Pablito O. Lim Executive Edmundo Miguel D. Macaso Executive

Divine Grace M. Gandeza Senior Finance Manager

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Signing Limits (in Philippine Pesos and/or in Foreign Currency equivalent)

- a. If the amount involved is up to Three Million Philippine Pesos (Php3,000,000.00) or its foreign currency equivalent based on the prevailing exchange rate on the transaction date, any two (2) signatories consisting of one (1) signatory from Group A and any one (1) signatory from Group B, signing jointly, shall have the power and authority to effect the transaction or sign the relevant instruments;
- b. If the amount involved is up to Five Million Philippine Pesos (Php5,000,000.00) or its foreign currency equivalent based on the prevailing exchange rate on the transaction date, any two (2) signatories from Group A signing jointly shall have the power and authority to effect the transaction or sign the relevant instruments;
- c. If the amount involved exceeds Five Million Philippine Pesos (Php5,000,000.00) or its foreign currency equivalent based on the prevailing exchange rate on the transaction date, any three (3) signatorics from Group A signing jointly shall have the power and authority to effect the transaction or sign the relevant instruments; and
- d. For short-term investments, regardless of amount, any two (2) signatories from Group A and/or Group B signing jointly shall have the power and authority to effect the transaction or sign the relevant instruments.

be empowered, as they are hereby empowered and authorized to sign, execute and deliver any and all documents necessary to effect the foregoing resolutions.

RESOLVED FURTHER, that the Corporate Secretary or Assistant Corporate Secretary certifies the incumbent officers so designated as well as their respective specimen signature/s.

RESOLVED, FINALLY, that the foregoing resolutions shall remain valid and subsisting until a notice in writing shall be received of the revocation, termination or amendment of the resolutions herein".

- E. Change of authorized bank signatories with Metropolitan Bank & Trust Company
- (a) Opening/Maintaining of Bank Accounts with Metropolitan Bank & Trust Company

"RESOLVED, that METROPOLITAN BANK & TRUST COMPANY (hereinafter called "Metrobank") be, and is hereby, designated a depository of the funds/monies of the Corporation and that the Corporation be, and is hereby, authorized to open savings, time, current and/or trust accounts with Metrobank, Head Office, and/or any of its branches.

RESOLVED, FURTHER, that the following officers and directors of the Corporation be, as they are hereby, authorized (i) to sign, execute and/or deliver any and all documents in connection with the opening of any account(s) with or investment of any funds through Metrobank; (ii) to withdraw or transfer the funds/monies of the Corporation by checks, receipts, drafts, bills of exchange, withdrawal slips, orders for payment or otherwise, (iii) to sign, endorse, draw, accept, make, execute and/or deliver, for negotiation, payment, deposit or collection, checks, receipts, drafts, bills of exchange, orders for payment and/or other similar instruments in connection with the account(s), (iv) to close the account(s), receive the balance(s) thereof and sign any and all documents which Metrobank may require in connection therewith, and (v) to avail of all other banking services, apply for and enroll in electronic banking channels and appoint its authorized users:

Authorized Signatories:

GROUP A

Tarcisio M. Mcdalla Chief Executive Officer

Roger Leo A. Cariño Director Lim Ghee Keong Director Sivam Kandavanam Director

GROUP B

Pablito O. Lim Executive Edmundo Miguel D. Macaso Executive

Divine Grace M. Gandeza Senior Finance Manager

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Signing Limits (in Philippine Pesos and/or in Foreign Currency equivalent)

- If the amount involved is up to Three Million Philippine Pesos (Php3,000,000.00) or its foreign currency equivalent based on the prevailing exchange rate on the transaction date, any one (1) signatory from Group A and any one (1) signatory from Group B both signing jointly, shall have the power and authority to effect the transaction or sign the relevant instruments;
- ii. If the amount involved is up to Five Million Philippine Pesos (Php5,000,000.00) or its foreign currency equivalent based on the prevailing exchange rate on the transaction date, any two (2) signatories from Group A both signing jointly shall have the power and authority to effect the transaction or sign the relevant instruments;
- iii. If the amount involved exceeds Five Million Philippine Pesos (Php5,000,000.00) or its foreign currency equivalent based on the prevailing exchange rate on the transaction date, any three (3) signatories from Group A all signing jointly shall have the power and authority to effect the transaction or sign the relevant instruments; and
- iv. For short-term investments, regardless of amount, any two (2) signatories from Group A both signing jointly, or any two (2) signatories from Group B both signing jointly, shall have the power and authority to effect the transaction or sign the relevant instruments.

RESOLVED, FURTHERMORE, that Metrobank, its directors, officers, employees, agents or authorized representatives are each entitled and authorized to rely on these instructions as valid, binding, and effective upon the Corporation and that Metrobank, its directors, officers, employees, agents or authorized representatives shall not be liable for any act done or suffered by them in reliance of the above instructions, it being understood that any and all risks and costs arising from the above instructions shall be for Corporation's sole and exclusive account.

RESOLVED, FINALLY, that all things/acts done and documents executed and entered into by the aforementioned signatories pursuant to and in accordance with the foregoing authorities are hereby confirmed, affirmed and ratified. Likewise all things/acts done and documents executed and entered into prior to this Resolution are hereby affirmed, confirmed and ratified.

(b) Entering into Loan Agreements with Metrobank

RESOLVED, that the Corporation be, as it is hereby authorized to borrow from and/or enter into loans/credit aecommodations and trust receipt agreements with Metrobank, Head Office and/or any of its branches under such terms and conditions as may be imposed by Metrobank;

RESOLVED, FURTHER, that the following officers and directors of the Corporation be, as they are hereby, authorized in paragraph (a) to sign, execute and/or deliver applications for loan/credit accommodations, credit line/loan agreements, promissory notes, drafts, letters of eredit, trust receipts, indemnity agreements, undertakings, and any all documents/agreements in connection therewith, including the amendments, renewals or extensions thereof; (ii) to discount and/or negotiate elecks, drafts and/or commercial papers/instruments; and (iii) to assign, transfer, pledge, mortgage and/ or encumber the Corporation's savings/current/time/trust accounts, shares of stocks, bonds, securities, real or personal properties, rights and/or other assets as security for the above mentioned loans/credit accommodations and to sign, execute and/or deliver the corresponding deeds of assignment, real estate mortgages, chattel mortgages, pledge agreements, and such other document/agreements/deeds related or connected therewith; and (iv) to sign, execute and/or deliver debt restructuring agreements, assignments of properties (real and personal) in payment of the loans/credit accommodations of the Corporation with Metrobank.

RESOLVED, FURTHERMORE, that Metrobank, its directors, officers, employees, agents or authorized representatives are each entitled and authorized to rely on these instructions as valid, binding, and effective upon the Corporation and that Metrobank, its directors, officers, employees, agents or authorized representative shall not be liable for any act done or suffered by them in reliance of the above instructions, it being understood that any and all risks and costs arising from the above instructions shall be for the Corporation's sole and exclusive account.

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RESOLVED, FINALLY, that all things/acts done and documents executed and entered into by the aforementioned signatories pursuant to and in accordance with the foregoing authorities are hereby confirmed, affirmed and ratified. Likewise all things/acts done and documents executed and entered into prior to this Resolution are hereby affirmed, confirmed and ratified".

F. Change of authorized bank signatories with Security Bank Corporation

"RESOLVED, that PAXYS, INC. (the "Corporation") be authorized, as it is hereby authorized, to open/maintain bank account(s) with SECURITY BANK CORPORATION, in the name and for the use of the Corporation; that all moneys, checks, or other funds of the Corporation be deposited in said Security Bank Corporation and that until otherwise ordered, said bank be and it hereby is authorized to make payments from the funds of the Corporation and deposit with it upon and according to the cheek of the Corporation, or allow withdrawal of funds therefrom in case of savings accounts by way of withdrawal slips, in either case signed by the following authorized signatories with signing limits:

Authorized Signatoriex:

GROUP A

Tarcisio M. Medalla Chief Executive Officer

Roger Leo A. Cariño Director
Lim Ghee Keong Director
Sivam Kandavanam Director

GROUP B

Pablito O. Lim Executive Edmundo Miguel D. Macaso Executive

Divine Grace M. Gandeza Senior Finance Manager

Signing Limits (in Philippine Pesox and/or in Foreign Currency equivalent)

- a. If the amount involved is up to Three Million Philippine Pesos (Php3,000,000.00) or its foreign currency equivalent based on the prevailing exchange rate on the transaction date, any two (2) signatories consisting of any one (1) signatory from Group A and any one (1) signatory from Group B, signing jointly, shall have the power and authority to effect the transaction or sign the relevant instruments;
- b. If the amount involved is up to Five Million Philippine Pesos (Php5,000,000.00) or its foreign currency equivalent based on the prevailing exchange rate on the transaction date, any two (2) signatories from Group A signing jointly shall have the power and authority to effect the transaction or sign the relevant instruments;
- c. If the amount involved exceeds Five Million Philippine Pesos (Php5,000,000.00) or its foreign currency equivalent based on the prevailing exchange rate on the transaction date, any three (3) signatories from Group A signing jointly shall have the power and authority to effect the transaction or sign the relevant instruments; and
- d. For short-term investments, regardless of amount, any two (2) signatories from Group A and/or Group B signing jointly shall have the power and authority to effect the transaction or sign the relevant instruments.

that said bank is authorized to receive for deposit or collection any items purporting to be endorsed in the name of the Corporation; that all such checks, drafts, notes, or other negotiable papers endorsed to or signed by the Corporation, as aforesaid, including checks drawn to cash or bearer or to the individual order of any officer of the Corporation, shall be honored and paid by said bank without inquiry as to whether the same be drawn or required for the Corporation's business or benefit; and all such payments shall be charged to the Corporation's account; that the above-mentioned signatory/ies be authorized as authority is hereby given to designate or further authorize a representative to receive the proceeds of funds withdrawn from the Corporation's account; hereby rarifying and approving all that said bank may do or cause to be done by virtue hereof.

"RESOLVED, that the above-mentioned signatory/ies be authorized as authority is hereby given to effect fund transfers and/or enroll the corporate bank account(s) in Fund Transfer Facilities (Auto-

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Sweep, Check Protector, Maximizer and Scheduler) of Security Bank Corporation; to apply for and obtain from Security Bank Corporation, in the name of the Corporation, any of its banking services such as Digibankerm Telebanker and Mobilebanker Products, and other services such as, but not limited to, Deposit Pick Up, Cash Delivery, Payroll and Bills Payment Services, under such terms and conditions as are or may be required by Security Bank Corporation; to apply for, invest in and/or obtain from Security Bank Corporation any of its Treasury Products such as, but not limited to, Fixed Income Security, Money Market, Foreign Exchange, and Derivatives (hereinafter referred to as banking/treasury transactions) in the name of the Corporation, subject to such terms and conditions and collateral agreements, if any, as are or may be required by Security Bank Corporation;

"RESOLVED, further that said signatory/ies be authorized, as authority is hereby given, to renew, roll-over, amend, revise, convert or substitute as may be necessary and/or applicable, the above-mentioned deposits, placements, investments, banking/treasury transactions and other banking services, obtained from Security Bank Corporation;

"RESOLVED, further that said signatory/ies be authorized, as authority is hereby given, to execute, sign and deliver any and all such agreements, contracts and other documents as are or may be necessary to implement the foregoing authorities;

"RESOLVED, further that the foregoing authorized signatories with their respective signing limits be authorized as authority is hereby given, to apply for and obtain from Security Bank Corporation, from time to time and in the name of the Corporation, loans and other credit accommodations whether on line or non-line arrangement in such amount and under such terms and conditions and collateral arrangements as are or may be required by Security Bank Corporation; to pledge, mortgage, assign or otherwise hypothecate any asset of the Corporation as are or may be required therefor, including the execution of guarantees of suretyship; to make availments therefrom for such amounts as said signatories may deem beneficial to the Corporation, even if in excess of the amount of the original line granted to it by Security Bank Corporation; and to execute, sign and deliver any and all such credit and collateral agreements, Promissory Notes, drafts, import documents, Letters of Credit, Trust Receipts and the like as are or may be necessary for and in connection therewith;

"RESOLVED, further that said signatory/ies be authorized, as authority is also hereby given, to negotiate, from time to time, for the renewals, extension, amendments, revisions, restructuring, conversions and/or substitutions of such loans and other credit accommodations; and

"RESOLVED, further that the said signatory/ies be authorized, as authority is hereby given, to apply, obtain and sign any and all documents necessary for availing from Security Bank Corporation, in the name of the Corporation, the services of Security Bank Digibanker and all its related modules/function, to include but not limited to account balance viewing, fund transfers, payroll, auto credit payments, auto debit payments, check cutting. The following officers of the Corporation are assigned as the Access & Password Administrator for Security Digibanker:

Access Administrator: Pablito O. Lim / Executive

Password Administrator: <u>Divine Grace M. Gandeza / Senior Finance Manager</u>

As the Access & Password Administrator, they are hereby authorized to assign Users who may have access to the Security Digibanker and their corresponding access levels.

"FINALLY RESOLVED, that the foregoing resolutions shall continue and remain in full force and effect until repealed and/or amended by subsequent resolutions of the Board of Directors and appropriate copies thereof served upon and received by the Security Bank Corporation."

Director / Corporate Secretary

6. Adjournment

There being no further matters to discuss, the meeting was adjourned at 12:00 pm.

ATTESTED:

TARCISIO M. MEDALLA

Chairman

ROGER LEO A. CARIÑO

Director

GEORGE Y. SYCIP Independent Director

JOSE ANTONIO A. LICHAUCO

Indépendent Director

ROBERTO A. ATENDIDO

Director

LIM GHEE KEONG

Director

CHRISTOPHER B. MALDIA

Director

SIVAM KANDAVANAM

Director

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RELATED PARTY TRANSACTIONS POLICY

I. OBJECTIVES

This policy is intended to:

- Ensure that every Related Party Transaction is conducted in a manner that will protect the Company from conflict of interest, which may arise between the Company and Related Parties.
- Ensure the proper review, approval, ratification, and disclosure of transactions between the Company and any of its Related Party/ies as required in compliance with the legal and regulatory requirements.

II. DEFINITION

For the purpose of this policy, a Related Party means

- A Stockholder owning 1% or more of the total equity of the Company ("Stockholder") (other than financial or investment institutions under PCD Nominee Corporation whose beneficial owners could not be readily determined by the Company as it is being traded actively in the market);
- A Director of the Company, and its subsidiary ("Director");
- A Senior Officer of the Company (AVP up) ("Senior Officer");
- Immediate family members of a Stockholder, Director or Senior Officer up to the second degree of affinity or consanguinity;
- Entities in the group owned directly or indirectly by parent company and/or its subsidiaries/affiliates including special purpose entities or those that exert control over the Company; or
- Entities in which a Stockholder, Director, or Senior Officer majority owns or controls.

In the context of this policy, the following criteria apply to a *Related Party Transaction*

Materiality

A transaction with a Related Party shall be considered material if the transaction/s to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per its last audited financial statement.

Nature

Any of the following transactions entered into by the Company with a Related Party which includes:

- a. Finance (including credit accommodations and equity contributions in cash or in kind):
- b. Purchases, sales, or supply of good or materials;
- c. Rendering or receiving services;
- d. Agency agreements;
- e. Outsourcing arrangements;
- f. Leasing of property of any kind;
- g. License agreements;
- h. Selling or disposing of, or buying of property of any kind;
- i. Guarantees and sureties; and
- i. Management contracts.

Circumstances

The Company or its subsidiary is a participant to a Related Party Transaction in which a Related Party has the ability to control or to exercise significant influence in the outcome of a proposed Related Party Transactions such as a Senior Officer with discretion and can influence decisions solely.

III. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

1. The Audit, Risk, and Related Party Transaction Committee

- 1.1 All the transactions which are identified as Related Party Transactions should be preapproved by the Committee before the Company enters into such transactions. The Committee shall consider all relevant factors while deliberating the Related Party Transaction for its approval.
- 1.2 Any member of the Committee who has a potential interest in any Related Party Transaction while rescue himself and abstain from discussion and voting on the approval of the Related Party Transaction. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board of Directors or of shareholders as discussed subsequently.
- 1.3 The Committee may grant omnibus approval for Related Party Transaction which are repetitive in nature and subject to such conditions as the Committee may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- 1.4 The Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this policy.

1.5 A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Committee, will be placed before the Committee for ratification.

2. Board of Directors

In case any Related Party Transaction are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of the business, or (ii) not at arm's length price, the Board will consider such factors as nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction shall rescue himself and abstain from discussion and voting on the approval of the Related Party Transaction.

3. Shareholders

If a Related Party Transaction is (i) a material transaction as per the Philippine regulations or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds as may be imposed by the SEC, it shall require shareholders' approval by special resolution. In such case, any shareholder of the Company who is a Related Party shall not vote on a resolution passed for approving such Related Party Transaction.

IV. REPORTING OF RELATED PARTY TRANSACTIONS

- Every contract or arrangement, which is required to be approved by the Board/shareholders under this policy, shall be referred to in the Board's report to the shareholders with the justification for entering into such contract or arrangement.
- The Company shall also disclose in its website this policy as well as in the Annual Corporate Governance Report to the SEC and PSE.
- Material Related Transactions shall be reported to the regulatory agencies as required and shall be ratified and approved by the stockholders in the Annual Stockholders' Meeting.
- Necessary disclosures shall be made in the Notes to the Financial Statements of the Annual Report.

V. LIMITATIONS AND AMENDMENTS

In the event of any conflict between the provisions of this policy and the rules or the applicable laws provided by the regulatory agencies, the provisions of the latter shall prevail over this policy. Any subsequent amendment or modification in the he rules or the applicable laws in this regard shall automatically apply to this policy.



Annual Board Assessment Form (Board)

This Self-Assessment Questionnaire is composed of varying statements based on the roles, functions and responsibilities of the Board and Board Members found under the Company's Manual on Corporate Governance. For each statement, you will be asked to choose from among the following responses:

1-	Disagree
2-	Neutral
3-	Agree

Please be forthright in your responses. This questionnaire aims to determine the Board's strengths and weaknesses. Thank you.

	PERFORMANCE OF INDIVIDUAL BOARD MEMBERS	1	2	3
I. C	ompany Policies			
1	The Board effectively represents and protects the interests of the owners of the business, as well as other key external stakeholders.			
2	The Board ensures effective business governance of the various businesses in which the Company has an interest, with the objective of preserving stakeholder value in the long run.			
3	The Board ensures that key financial decisions made related to investments/capital expenditures are governed by appropriate processes and with proper Board approval.			
4	The Board ensures that the strategic business direction of the businesses of the Company is soundly established, and consistent with overall Company goals and strategies.			
5	The Board sets performance measures for the business of the Executive Management, and specific performance measures of the CEO to determine his effectiveness in the role.			
6	The Board ensures that appropriate compensation policies are in place, and that the compensation received by senior managers are at an appropriate level related to his/her contribution to the Company.			
7	The Board receives reports on progress related to the execution of strategic plans, financial performance of the business, and other matters related to the role and responsibilities of the Board from the Executive Management.			
	7.1 The Board has sufficient opportunity to evaluate such reports, and question the Executive Management on any matter of concern or clarification.			
8	If needed, the Board determines what are the additional board committees that should be establish, as well as their roles and composition.			
9	The Board has consistent understanding on and agrees with the Company's strategic business direction and the risks that should be considered therewith.			



II.	The Board and the Executive Management	36.4	ni (in	1775 I
1	The Board works in close cooperation with the Executive Management to effectively communicate the Company's strategic business direction, as well as to discuss the progress of the projects.	22.00		
2	The Board communicates to the Executive Management any perceived stakeholder concerns.			
3	The Board takes a direct interest in leadership succession, for the Company CEO and other key group senior management positions in particular, to ensure that appropriate processes are being effectively adopted to avoid some leadership gaps.			
4	The Board and Executive Management have reached consensus on the overall risk management framework and strategy for the organization.			
5	When communicating strategic direction, the Board and Executive Management includes formal references to defined risk appetite and tolerances.			
III.	Board Meetings and Facilities			
1	The Board meets on a regular basis to deliberate, with special emergency meetings held whenever required.			
2	The Board facilitates the conduct of Annual General Meetings, and any other special shareholder meetings that may be required.			
3	The Agenda for the Board meetings are relevant and appropriate			
4	The length of the Board meeting is sufficient to address matters that require Board attention.			
5	The quality of the presentations and/or reports are very satisfactory in form and in substance.			
6	The reporters are competent, articulate, clear, concise, and are responsive to queries from the Board.			
7	The materials are organized, updated, concise, and accurate.			
8	The materials were furnished to the Board before the scheduled Board meeting, giving the members of the Board sufficient time to read the materials.			
9	The venue for the Board meeting is sufficient for the size and needs of the Board and well equipped with video and teleconferencing facilities.			
IV.	Board Composition			
1	The size of the Board is appropriate for the size of the Company.			
2	The number of Independent Directors is sufficient.			
3	There is a system of ensuring continuity of the functions of the Board.			
4	The members of the Board are very competent and are fully cognizant of their functions.			
V.	Board Committees			
1	The number and kinds of committees are appropriate considering the			
2	size and needs of the Company. The members of the committees are properly assigned based on their			
3	expertise and strengths. The frequency, length, and agenda discussed during committee			





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Annual Board Assessment Form (Member)

This Self-Assessment Questionnaire is composed of varying statements based on the roles, functions, and responsibilities of the Board and Board Members found under the Company's Manual on Corporate Governance. For each statement, you will be asked to choose from among the following responses:

1-	Disagree
2-	Neutral
3-	Agree

Please be forthright in your responses. This questionnaire aims to determine the Board's strengths and weaknesses.

	PERFORMANCE OF INDIVIDUAL BOARD MEMBERS	1	2	3
ı.	Company Policies		W	
1	I take time to understand the Company and its subsidiaries, its goals and strategies, its businesses, its governance, and other key policies.			
2	I represent the Company positively and constructively in all external dealings, seeking to enhance the Company name and reputation.			
II.	Attendance and Participation			
1	I regularly attend Board and/or Committee meetings.			
2	I contribute effectively to discussions during Board and Committee meetings.			
3	I willingly offer alternative viewpoints during discussions to reflect own personal experiences and opinions.			
4	I offer any viewpoints objectively, avoiding any comments of a personal nature about another member of the Board or his/her viewpoints.			
5	I listen to the viewpoints of other Board members with full respect and with care, in order to achieve optimal understanding.			
6	I fully support decisions made by the Board in the external arena, even if that decision did not completely reflect my own viewpoints.			
III.	Performance			
1	I seek to find ways to continuously improve the efficiency and effectiveness of the Board or any committee that I am a member of, taking any relevant suggestions to the Board Chairman or Committee Chairman, as the case maybe, for his consideration.			
2	I am prepared to receive and act upon any feedback received through the Board or Committee Chairman on ways to improve performance as a Board Director or Committee member.			
3	I maintain complete external confidentiality on details of Board discussions, individual viewpoints and any matters of sensitivity, other than as the Board agrees is to be communicated in a specific manner.			
4	I always exercise independent judgment based on my assessments of			



	the situation or problem, even if my position is unpopular.		
5	I strive to keep myself informed of industry developments and business		
	trends affecting the businesses of the Company.		

For the succeeding questions, please answer those which are applicable to you.

	xecutive Directors only	-110	
	I maintain a primary identity as a Board member, while dealing with Board matters, at the same time bringing to the Board the benefit of closer knowledge of operational considerations.		
B. For I	Independent Directors only	10	
	I bring fully to the Board the benefit of the particular experience or expertise that encouraged the invitation to become a Board member, at the same time not feeling constrained to contribute on matters that may be outside my personal experience and expertise.		
C. For E	Board Committee members only		
1	I am familiar of the mandate of the committee that I am a member of.		
2	I am familiar with specific areas of concern covered by the committee that I am a member of, and do not seek to divert into other areas not specifically envisioned by the committee mandate.		
3	I engage constructively with the Company CEO and any other senior leader of the Company, who may be consulted for the purpose of the Committee being better informed, or better positioned to offer the Board a more reliable recommendation.		
4	I maintain external confidentiality related to details of Committee discussion, including the individual views of members, other than as agreed for formal communication to the Board and/or Executive Management by the Committee as a whole.		
D. For E	Board Committee Chairmen only		
1	I oversee the conduct of the Board Committee in line with the Committee mandate including:		
2	I manage the agenda of Committee meetings by taking into consideration the relevant and appropriate issues concerning the Committee.		
3	I effectively chair Committee meetings, ensuring proper consideration of matters for discussion and recommendation to the full Board.		
4	I ensure that each member of the Committee has full opportunity to express views and contribute effectively to discussion.		
5	I draw the attention of a Committee member who, for one reason or another, is not contributing to discussion and recommendations as effectively as he/she could.		
6	I bring the attention of the Board Chairman to any situation where, for one reason or another, a Committee member is failing consistently to honor responsibilities as a Committee member.		
7	I ensure that appropriate record of Committee deliberations and conclusions are maintained.		
8	I lead and facilitate the Committee in reporting back to the Chairman of		





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Internal Audit Department Charter

MISSION AND SCOPE OF WORK

The mission of the internal audit department is to provide independent, objective assurance and consulting services designed to add value and improve operational efficiency. It helps the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The scope of work of the internal audit department is to determine whether the organization's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed, including technology risks.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in the organization's control process.
- Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately.

Opportunities for improving management control, profitability, and the organization's image may be identified during audits. They will be communicated to the appropriate level of management.

ACCOUNTABILITY

The Chief Audit Executive, in the discharge of his/her duties, shall be accountable to the Board through the Board Audit Committee, to:

- Provide annually an assessment on the adequacy and effectiveness of the organization's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.
- Report significant issues related to the processes for controlling the activities
 of the organization and its affiliates, including potential improvements to
 those processes, and provide information concerning resolution of such
 issues.
- Periodically provide information on the status and results of the annual audit plan and the sufficiency of department resources.
- Coordinate with the other control and monitoring functions (risk management, security, legal, external audit).
- Report significant governance issues

INDEPENDENCE

To provide for the independence of the Internal Audit Department, its personnel report to the Chief Audit Executive, who reports functionally to the Board Audit Committee and administratively to the Chairman, in a manner outlined in the above section on Accountability. It will include as part of its reports to the audit committee a regular report on internal audit personnel.

RESPONSIBILITY

The Chief Audit Executive and staff of the Internal Audit Department have responsibility to:

- Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the audit committee for review and approval as well as periodic updates.
- Implement the annual audit plan, as approved, including as appropriate any special tasks or projects requested by management and/or the audit committee.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Issue bi-monthly reports to the Chairman and quarterly reports to the Audit Committee summarizing results of audit activities.
- Keep the Audit Committee informed of emerging trends and successful practices in internal auditing.

- Provide a list of significant measurement goals and results to the audit committee.
- Assist in the investigation of significant suspected fraudulent activities within the organization and notify management and the audit committee of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the organization at a reasonable overall cost.
- On a case to case basis and as agreed with management, participate in the systems development process and/or any special projects undertaken by the company (systems related or otherwise). However, the auditor's role is purely on a recommendatory basis. He will not be part of any decisionmaking process by the project team. This is to maintain the independence of the internal audit.
- Follow through on the implementation of action plans committed by management to mitigate identified risks and address control lapses.
- Help foster a strong internal control environment through education and training within and across Paxys and its subsidiaries.

AUTHORITY

The Chief Audit Executive and staff of the Internal Audit Department are authorized to:

- Have unrestricted access to all functions, records, property, and personnel.
- Have full and free access to the Audit Committee.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in units of the organization where they perform audits, as well as other specialized services from within or outside the organization.

The Chief Audit Executive and staff of the Internal Audit Department are not authorized to:

- Perform any operational duties for the organization or its affiliates.
- Initiate or approve accounting transactions external to the internal auditing department.
- Direct the activities of any organization employee not employed by the internal auditing department, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the Internal Auditors.

STANDARDS OF AUDIT PRACTICE

The Internal Audit Department will ensure compliance to the *Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors and the *Information Systems Audit & Control Association (ISACA) Standard* for I.S. Auditing.

(Signed)

Mr. Anton Lichauco Audit Committee Chairman

(Signed)

Mr. Tarcisio Medalla Chairman, Paxys, Inc.



Enterprise-wide Risk Management

PURPOSE/OBJECTIVES

Enterprise Risk Management is a process, effected by an entity's Board of Directors, management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives.

The Enterprise-wide Risk Management Program of Paxys, Inc. and Subsidiaries establishes the standards, processes and accountability structure to identify, assess, prioritize and manage key risk exposures across the Group. It enables the Board, Executives, Management, and employees to understand and effectively manage a broad array of risks in an informed and strategic manner to within an acceptable tolerance level.

RISK MANAGEMENT POLICY

Paxys recognizes that there is always uncertainty in doing business. These uncertainties come in the form of risk or opportunities that may present a threat to achieving the Company's objectives or may lead to potential growth and value if treated and managed effectively.

The effective management of the risks brought by uncertainties is the underlying rationale for the Enterprise Risk Management (ERM) program of the Company. Risks associated with the business are identified and managed through a top down approach. In assessing their potential effects, the identified risks are measured in terms of impact and likelihood. Action plans are then taken to ensure that the risks are addressed accordingly.

The ERM Program shall be a sustainable process to enable Paxys to focus and manage its key risks and embed risk management culture and awareness across all the organization, its subsidiaries, departments and functions. This shall include the following:

- Defining a risk management strategy
- Identifying and analyzing key risks exposure relating to economic, environmental, social and governance factors and the achievement of the organization's strategic objectives;

- Evaluating and categorizing each identified risk using the company's predefined risk categories and parameters;
- Establishing a risk register with clearly defined, prioritized and residual risks;
- Developing a risk mitigation plan for the most important risks to the company, as defined by the risk management strategy;
- Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and
- Monitoring and evaluating the effectiveness of the organization's risk management processes.

KEY ROLES AND RESPONSIBILITES

Board of Directors

The Board is ultimately responsible in ensuring that an efficient and effective Enterprise Risk Management process is in place to effectively identify, monitor, assess and manage key business risks to enable the group to anticipate and prepare for possible threats to its operational and financial viability. The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.

Audit, Risk Management and Related Party Transactions Committee

The Audit and Risk Committee assists the Board in ensuring that the risk management program is in place. The Committee ensures that an enterprise-wide risk management framework has been adopted and implemented. Identified critical or high risks areas are presented to the Board for information and resolution.

Chief Risk Officer (CRO)

The Chief Risk Officer shall be the ultimate champion for the whole ERM program. The responsibilities of the CRO includes the following:

- supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation.
- Communicates the top risks and the status of implementation of risk management strategies and action plans to the Audit, Risk Management and RPT Committee;
- Collaborates with the CEO in updating and making recommendations to the Board Risk Oversight Committee

- Suggests ERM policies and related guidance, as may be needed; and
- Provides insights on the following:
 - Risk management processes are performing as intended;
 - Risk measures reported are continuously reviewed by risk owners for effectiveness; and
 - o Established risk policies and procedures are being complied with.

Internal Audit

The internal audit is an independent function established to assist in the review of the Group's internal controls, governance and risk management. The internal audit is responsible in providing an independent and objective view of the effectiveness of the Group's risk management process and provide recommendations for continuous improvement and management of risks.

Management and Employees

Management and the employees as a whole shall support the Group's risk management philosophy, promote compliance with the risk appetite and manage risks within their areas of responsibility. Management takes ownership for managing the risks within their areas of responsibility and is accountable for designing, implementing, monitoring and integrating ERM into their day-to-day activities. This should be done in a manner that ensures that risk management becomes a valuable strategic management tool.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

Paxys' Enterprise Risk Management Framework is made up of six process components which was derived from the Committee of Sponsoring Organizations of the Treadway Commission ERM Framework. While no risk management system can be absolutely correct and complete, the goal is to make critical and major business risks are managed within the Company's acceptable levels.

Event Identification & Risk Assessment

As part of the strategic planning process and day-to-day management of the business, functional leaders identify internal and external events that may affect the achievement of our Company's objectives. Risk management function personnel help identify and assess these risks through their expertise, formal assessments and analysis of business intelligence and trends.

Risk Response

A response is determined based upon the overall risk exposure, considered as a function of likelihood and impact of the occurrence. Risk responses may include avoiding or evading, accepting, reducing, and sharing or transferring risk.

Control Activities

Control activities are established to ensure that risk responses are carried out effectively and consistently throughout the organization. This involves formalizing risk response in our Company policies, ensuring clear accountability, utilizing self-assessment and monitoring tools and designing controls into our systems and critical business processes.

Information & Communication

Information and communication channels are in place to make the organization aware of risks that fall into their area of responsibility and expected behavior and actions to mitigate negative outcomes.

Monitoring

Management reviews, as well as assurance activities, such as testing, auditing and assessments, are in place to ensure that risks are effectively identified and assessed



CHARTER OF THE EXECUTIVE COMMITTEE

The Board of Directors ("Board) of Paxys, Inc. (the "Corporation") hereby adopts this Charter of the Executive Committee (the "Committee"):

Section 1. Membership

1. **Composition** – The Committee shall be composed of not less than three (3) but not more than five (5) members, majority of whom shall be citizens of the Philippines, to be appointed by the Board.

The Board shall designate from among the members of the Committee a Chairman and a Vice Chairman

The Board may from time to time increase the membership of the Committee, and appoint additional members therein, who may or may not be directors.

- 2. **Term** The Board shall appoint the members of the Committee at the annual organizational meeting of the Board and each member shall serve upon his election until the next organizational meeting of the Board unless removed or replaced by the Board.
- 3. Vacancy Any vacancy in the Committee caused by the death, resignation, or disqualification of any member, or by any other cause, may be filled by the Board. The member elected to fill the vacancy shall hold office for the remainder of the term, or until his successor shall have been duly elected and qualified.

Section 2. Powers, Duties and Responsibilities of Committee

The Committee shall exercise the powers and perform the duties of the Board of Directors during the intervening period between the Board's meetings. It shall act by majority vote of all its members on such specific matters within the competence of the Board as provided in the By-laws and applicable laws, rules and regulations, except with respect to:

- 1. approval of any action for which shareholders' approval is also required;
- 2. filling of vacancies in the Board;
- 3. amendment or repeal of By-Laws or the adoption of new By-Laws;

- 4. amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;
- 5. distribution of cash dividends to the shareholders; and
- 6. exercise of powers delegated by the Board exclusively to other committees, if any.

Section 3. Specific Powers, Duties and Responsibilities of the Chairman of the Executive Committee

The Chairman of the Committee is the legal representative of the Corporation. He shall:

- 1. execute the resolutions of the stockholders' General Meetings, of the Board, and of the Committee;
- 2. sign, in accordance with said resolutions, such contracts, instruments, and powers of attorney as may be necessary;
- 3. represent the Corporation and vote at the stockholders' meetings all stocks owned by the Corporation in other corporations or companies;
- 4. manage the business of the Corporation, and for this purpose, he shall have the following additional powers and duties:
 - (a) prepare semi-annually the budget of administration expenses;
 - **(b)** appoint and discharge the employees occupying the positions authorized by the Board or by the Committee;
 - (c) supervise the accounting and cash, and sign, with the President and the Treasurer, the Balance Sheet, profit and Loss Statement and Annual Reports;
 - (d) attend to the correspondence and sign receipts for incoming monies.
- 5. preside in all stockholders' meeting in case of absence of the Chairman of the Board.

With the consent of the Board, the Chairman of the Committee may delegate to any of the officers of the Corporation any and all powers granted him under this section; provided, however, that such delegation shall not divest the Chairman of the authority to exercise the same powers; provided further, that any such delegation of powers shall be submitted for ratification and confirmation at the next general meeting of stockholders.

With the consent of the Committee, the Chairman may also delegate powers to the President; provided, however, that any such delegation of powers shall also be submitted for ratification and confirmation by the stockholders.

Section 4. Resolutions and Actions

An act of the Committee which is within the scope of its powers shall not require ratification or approval by the Board for its validity and effectivity; provided, however, that such act shall be subject to revision or alteration by the Board; provided, further, that no rights or acts of third parties shall be affected by such revision or alteration.

Section 5. Meetings

The Committee shall hold meetings as often as may be deemed necessary or desirable at a time and place determined by its Chairman.

The actions of the Committee may also be taken by written consent (in physical, electronic or digital format) by majority of the members when deemed necessary by the Committee or its Chairman.

The minutes of the Committee meeting will be recorded and maintained by the Corporate Secretary and presented to the Committee at the next Committee meeting for approval. The Corporate Secretary or his designated representative shall act as secretary for the meetings.

Section 6. Miscellaneous

- 1) Access to Information The Committee shall have reasonably free and full access to all relevant information, data, records, properties and personnel.
- 2) Technical Assistance The Corporate Secretary, management and personnel of the Corporation shall provide technical assistance and support to the Committee.
- 3) Reports to the Board The Chairman of the Committee or his designated representative shall report to the Board of all actions of the Committee at the meeting of the Board following such actions.
- 4) Confidentiality of Records The Corporate Secretary shall keep and have custody of the records of the Committee. Except for information that are required to be disclosed pursuant to law or regulations issued by competent government authorities, the records shall be kept confidential.
- 5) Annual Review This Charter shall be reviewed by the Committee annually. Any proposed changes shall be approved by the Board.
- 6) Effectivity This Charter shall take effect when approved by the Board of Directors.



Audit, Risk and Related Party Committee Charter

PURPOSE/OBJECTIVES

The principal responsibility of the committee is to assist the board in fulfilling its corporate governance and fiduciary oversight responsibilities in relation to the risk management, internal control systems, accounting policies and practices, internal and external audit functions and financial reporting of Paxys, Inc. and its subsidiaries.

The committee is also tasked to assist the board in ensuring transparency and fairness for all stakeholders by reviewing and approving proposed related party transactions for purposes of determining whether such transactions are within arm's length basis.

AUTHORITY

The audit committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. Employees are to cooperate fully with the Audit Committee members.

- The committee is authorized to investigate any matter within the scope of its responsibilities and make appropriate recommendations to the board.
- The committee will have unrestricted access to senior management of Paxys, Inc. and its subsidiaries, and to company records as required.
- The committee is authorized to meet with the external and internal auditors, without any other member of management being present, as the Committee deems appropriate.
- The committee is authorized to obtain any independent legal or other professional advice that it considers necessary to execute its functions.
- The committee is authorized to expend organizational resources whenever necessary to fulfill its responsibilities.

COMPOSITION

The Audit, Risk and Related Party Transactions Committee will comprise of at least three and no more than six members of the Board of Directors. The Board or its nominating committee will appoint committee members and the committee chairman.

The Committee Chairman should be independent (must not be the Chairman of the Board) and members should be financially literate. At least one member shall be a "financial expert", as defined by applicable legislation and regulation. At least one member should have a significant relevant understanding of the business of the Group.

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MEETINGS

The committee will meet at least three (3) times a year, 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. The committee will invite members of management, external auditors, internal auditors and/or others to attend meetings and provide pertinent information, as necessary. It will hold private meetings with auditors and executive sessions as necessary. Meeting agendas will be prepared and provided in advance to members, along with executive reports. Minutes will be prepared and to be kept by the corporate secretary and shall be accessible to all members of the board.

Recommendations of the committee are referred to the board for approval, with the exception of the external and internal audit plans.

RESPONSIBILITIES

The scope of its responsibility entails serving as the focal point for communication between and among the:

- Board of Directors
- External Auditors
- Internal Auditors
- Risk Management Group
- Executive Management

The committee will carry out the following responsibilities:

(1) Financial Reporting Process

- Review with the external and internal auditors, significant accounting and reporting issues, significant adjustments recommended, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- 2. Review with management, the external and the internal auditors, the results of the audit, including any difficulties encountered.
- 3. Review with the General Counsel the status of legal matters that may have an effect on the financial statements.
- 4. Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- 5. Review with the head of the internal audit and the external auditor the coordination of audit effort to assure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.

(2) System of Risk Management

- The primary purpose of the committee concerning risk management is to assist the Board
 in defining the group's risk appetite and oversee the group's risk profile and performance
 against the defined risk appetite.
- 7. Review and assess the effectiveness of the organization's risk management system, including risks of information technology systems, and that the company is able to optimize its opportunities through its risk management program.
- 8. Inquire of management, the head of the internal audit, the risk management head, and the external auditor about significant risks or exposures and assess the steps management has taken to minimize such risks to the company.

(3) System of Internal Control

- 9. Ensure that the organization has a comprehensive policy on internal control and compliance.
- 10. Consider and review with the external and internal auditors, the effectiveness of the organization's internal control system, including information technology security and control.
- 11. 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 thereto.
- 12. Review the role of the internal auditor in the corporate governance process, including corporate governance documentation and training.

(4) Internal Audit Process

- 13. Oversee the selection process for the Chief audit executive and review and concur in his/her appointment, replacement, or dismissal.
- 14. Assure and maintain, through the organizational structure of the organization and by other means, the independence of the internal audit process.
- 15. Ensure that internal auditors have access to all documents, information and systems in the organization.
- 16. Ensure there are no unjustified restrictions or limitations placed on the Chief Audit Executive and internal audit staff.
- Review with management and the Chief Audit Executive the charter, objectives, plans, activities, staffing, budget, qualifications and the organizational structure of the Internal Audit Department.

3

- 18. Review significant audit findings for the year and management's responses thereto, including the responsiveness and timeliness of management's actions pertaining to any reported findings and recommendations.
- 19. Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing.*
- 20. On a need basis, meet separately with the Chief Audit Executive to discuss any matters that the committee or internal audit believes should be discussed privately.

(5) External Audit of the Financial Statements

- 21. Review the external auditor's proposed audit scope and approach, including coordination of audit effort with internal audit.
- 22. Recommend the appointment, retention and discharge, and review the performance, of the external auditor.
- Review and recommend the compensation of the external auditor.
- 24. Review and recommend for approval of the full board, the audited financial statements, associated management letter, attestation on the effectiveness of the internal control structure and procedures for financial reporting, other required auditor communications, and all other auditor reports and communications relating to the financial statements.
- 25. Review the responsiveness and timeliness of management's follow-up activities pertaining to any reported findings and recommendations.
- 26. On a need basis, meet separately with the external auditor to discuss any matters that the committee or auditors believe should be discussed privately.

(6) Related Party Transactions (RPTs)

- 27. Evaluates on an ongoing basis the existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors.
- 28. Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:

- The related party's relationship to the company and interest in the transaction;
- The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
- The benefits to the corporation of the proposed RPT;
- The availability of other sources of comparable products or services; and
- An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.
- 29. Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the company's affiliation or transactions with other related parties.
- 30. Reports to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties.
- 31. Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process.
- 32. Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

(7) Organization's Processes for Monitoring Compliance

- 33. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- 34. Review the process for communicating to all affected parties the ethics policy, code of conduct and fraud policy to organization personnel, and for monitoring compliance therewith.
- 35. Obtain regular updates from management and organization legal counsel regarding compliance matters.

(8) Special Investigations and Whistleblower Mechanism

 Provide an appropriate confidential mechanism for whistleblowers to provide information on potentially fraudulent transactions and breaches of internal control, without fear of retribution to the employee.

(9) Committee Management and Reporting Responsibilities

- 37. Prepare an annual report to the board on the activities of the committee, including major governance and control issues and significant risks.
- 38. Perform other activities related to this charter as requested by the Board of Directors.
- 39. Confirm annually that all responsibilities outlined in this charter have been carried out. Prepare letter for inclusion in the annual report that describes the committee's composition and responsibilities, and how they were discharged.



Compensation and Remuneration Committee Charter

PURPOSE/OBJECTIVES

This Charter sets out the basis on which the Board has established a Compensation and Remuneration Committee pursuant to its authority. This Charter may be amended by resolution of the Board.

COMPOSITION

The will comprise of at least three and no more than six members of the Board of Directors. The Board or its nominating committee will appoint committee members and the committee chairman.

The Committee Chairman should be independent (must not be the Chairman of the Board) and members should be financially literate..

MEETINGS

The committee will meet at least once (1) a year, 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.

The Committee may seek the advice of the Company's auditors, solicitors and other external consultants or specialists as to any matter pertaining to the duties of the Committee.

A notice of each meeting shall be forwarded to members of the Committee at least five working days prior to the date of the meeting. The notice will include relevant supporting papers for the agenda items to be reviewed and discussed.

All minutes of the Committee will be entered into a minute book maintained for that purpose and will be open at all times for inspection by any director, provided no conflict of interest exists.

A quorum will comprise any two committee members. In the absence of the Committee Chairman or appointed delegate, the members shall elect one of their number as Chairman for that meeting.

RESPONSIBILITIES

Without limiting its role, specific duties and responsibilities of the Committee include the following:

- to make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- to make recommendations to the Board on the remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- to ensure that no director or any of his or her associates is involved in deciding his or her own remuneration;
- to consult the Chairman and/or the Chief Executive Officer about their remuneration proposals for other executive directors. The Committee should have access to independent professional advice if necessary;
- to consider salaries paid by comparable companies, time commitment, responsibilities and employment conditions in the Group (which comprises the Company and its subsidiaries); and
- to consider other topics as defined by the Board.

REPORTING

The Committee shall provide a report of the actions of the Committee at the next Board meeting.

The Committee Chairman will also, if requested, provide a brief verbal report to the Board as to any material matters arising out of the Committee meeting.

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EVIEW
e Board will review the membership and terms of reference of the Committee annually.



NOMINATION AND GOVERNANCE COMMITTEE CHARTER

COMPOSITION

The Nomination and Governance Committee (the "Committee") of the Board of Directors (the "Board") of the Company shall consist of at least 3 and not more than 6 Directors, with at least one Independent Director. Members of the Committee shall be appointed and may be removed by the Board.

PURPOSE

The purpose of the Committee shall be to assist the Board in identifying qualified individuals to become member of the Board, in determining the composition of the Board and its committees, in monitoring and assessing the Board's effectiveness, and in developing and implementing the Company's corporate governance principles and guidelines.

AUTHORITY and RESPONSIBILITIES

In furtherance of its purpose, the Committee shall have the following authority and responsibilities:

- 1. To pre-screen and shortlist candidates nominated to become a member of the Board in accordance with the qualifications and disqualifications for Directors set forth in existing laws, relevant regulations and the Corporate Governance Manual;
- 2. To consider and recommend to the Board the permanent or temporary disqualification or such other appropriate administrative sanction of any Director based on the grounds provided under the Corporate Governance Manual and the Committee Charter.
- 3. To determine and submit an appropriate recommendation or finding on whether a candidate's directorship in other corporations would affect his capacity to serve and perform his duties as a Director diligently, taking into consideration the following factors: (a) the nature of the Company's business; (b) the number of directorships/active memberships and officerships of a Director in other corporations or organizations; (c) any possible conflict of interest; and (d) such other factors which the Board may consider from time to time.
- 4. To ensure that the Executive Directors, the Independent Directors and Non-Executive Directors who serve as full-time executives in other corporations shall submit themselves to a low-indicative limit on directorships in other corporations in order that the capacity of said Directors to serve the Company with utmost diligence shall not be compromised.

- 5. To ensure that the Company shall conform with the requirement to have an Independent Director or such number of Independent Directors as maybe required by law and its Articles of Incorporation and By-Laws;
- 6. In connection with the qualification and election of Independent Directors for purposes of the stockholder's meeting, to conduct the nomination process for the election of Independent Directors under the procedures/guidelines provided under the Committee's Charter.
- 7. After the nomination, to prepare a final list of all candidates which shall contain all the information about all the nominees for Independent Directors, which list, shall be made available to the Securities and Exchange Commission and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement. The name of the person or group of persons who recommended the nomination of the Independent Director shall be identified in such report including any relationship with the nominee. Only nominees whose names appear on the final List of Candidates shall be eligible as Independent Directors. No other nomination shall be entertained after the final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual stockholders' meeting.
- 8. To identify and recommend the candidates among the incumbent Directors to fill vacancies in any of the Board Committees, taking into consideration the factors set out in the respective Charters of said Committees as well as any other factors it deems appropriate.
- 9. To identify candidates for any vacancies in the Board.
- 10. To conduct an annual board evaluation process to assess the effectiveness of the Board.
- 11. To develop and recommend to the Board for its approval a set of corporate governance principles, standards and guidelines and taking a leadership role in shaping the corporate governance of the Company. The Committee shall review the guidelines at least annually, and recommend changes as necessary.
- 12. To develop and recommend to the Board for its approval an annual self-evaluation process of the Board and its committees. The Committee shall oversee the annual self-evaluations.
- 13. Assist the Board by ensuring that appropriate senior leadership succession planning is in place throughout the group and recommending to the Board appropriate potential and actual successors to the chief executive officer and other key senior leadership roles.
- 14. Monitor the Group's fiduciary and regulatory responsibilities with respect to external reporting; i.e., corporate plan, annual report, and other similar reports.

The Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate in its sole discretion.

The Committee shall have the authority to retain a search firm engaged to assist in identifying candidates for director, and to retain outside counsel and any other advisors as the Committee

may deem appropriate in its sole discretion. The Committee shall have sole authority to approve related fees and retention terms.

REPORTING RESPONSIBILITIES

The Committee shall report its actions and recommendations to the Board after each committee meeting and shall conduct and present to the Board an annual performance evaluation of the Committee. The Committee shall review at least annually the adequacy of this Charter and recommend any proposed changes to the Board for approval.



CHIEF EXECUTIVE OFFICER (CEO) EVALUATION

Name of CEO	:		_	
Date of Evalua	ation :		_	
Evaluated by	:		_	
functions and	responsibilities	restionnaire is composed s of the Chief Executive Of ng the following responses	ficer of the Company. For	
1-	Disagree			
2-	Neutral			
3-	Agree			

Put a check (X) mark on your rating. Please be forthright in your answers. This Questionnaire aims to determine the CEO's strengths and weaknesses. Thank you.

	1	2	3
PERSONAL QUALITIES			
The CEO is a person of integrity.			
The CEO has the respect of his peers within the business community.			
The CEO sets high personal standards and pursues goals with a high level of personal drive and energy.			
LEADERSHIP SKILLS			
The CEO clearly defines the vision and mission of the organization.			
2. Strategic Thinking. The CEO:			
(a) demonstrates a broad-based view of issues, events, and activities, in			
order to develop organizational strategies;			
(b) perceives longer-term impact and wider implications of issues and events and considers wide-ranging possibilities;			
(c) creates strategies to balance short-term requirements with long-range business plans consistent with the vision and mission.			
Business Leadership. The CEO:			
(a) Meets profit objectives through a keen sense of business and technical competence;			
(b) Seizes opportunities to increase current business or to expand into new markets, products, or services.			
4. Planning, Prioritizing and Maintaining Focus. The CEO:			
(a) establishes short-term and long term goals and business plans;			
(b) clarifies roles and responsibilities, sets priorities and milestones and is not distracted by unimportant details or activities.			
Analytical Thinking and Decision Making. The CEO:			
(a) analyses issues and breaks them down into their component parts;			



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	examines issues from different perspectives.			
(c)	makes systematic and rational judgments and decisions based on			
	consideration of all the relevant information.			
6.	Innovation. The CEO:			
(a)	identifies fresh approaches and shows a willingness to question			
` '	traditional assumptions;			
(b)	creates new and imaginative approaches to work-related issues.			
	Corporate Social Responsibility.			
	The CEO actively promotes the Company's CSR programs and			
	activities in close coordination with the Aboitiz Foundation.			
MA	NAGERIAL SKILLS: Building Commitment	9.75		45
7/4		1150.75	STALL	
1.	Catalyzing Teams.			
	The CEO effectively catalyses in building and maintaining teams'			
	achievement of business goals.			
2.	People Development.			
	The CEO plans and supports the development of individual's skills			
	and abilities so that they can fulfil current or future job/role			
	responsibilities more effectively.			
3.	Communication.			
	The CEO Clearly conveys information and ideas through a variety of			
	media to individuals or groups in a manner that engages the audience			
	and helps them understand and retain the message.			
4.	Building Partnerships and Networking.			
	The CEO actively identifies opportunities and takes action in building			
	strategic relationships between one's area and other areas, teams,			
	departments, units or organizations to help achieve business goals.			
5.	Motivating Others. The CEO			
(a)	empowers and motivates team members, and at the same time			
, ,	generates enthusiasm and commitment from others;			
(b)	executes clear policies established for how the Company and its			
. ,	employees will operate.			
MA	NAGERIAL SKILLS: Ensuring Execution			
	A SACTOR DISTRICT OF THE PROPERTY OF THE PROPE			li .
1.	Leading Change.			
	The CEO continuously uses change management skills and abilities			
	to seek opportunities for different and innovative approaches to			
_	addressing organizational problems and opportunities.			
2.	<u>Customer Focus.</u>			
	The CEO proactively develops customer relationships by making			
	efforts to listen to and understand the customer.			
3.	Managing Performance.			
	The CEO Focuses and guides others in accomplishing work and			
	business objectives.			
4.	Resilience.			
	The CEO maintains effective work behavior in the face of setbacks or			
	pressure. He remains calm, stable and in control, regardless of			
	pressure.			
BC	ARD RELATIONS			
1	The CEO works with the Board is developing the mission and laws			
<u>1.</u>	The CEO works with the Board in developing the mission and long-			





_				
	and short-range strategic plans.			
2.	The CEO works with the Board to create an optimal governance			
	environment.			
3.	The CEO appraises the Board regularly on Company plans,			
	performance, issues and opportunities at and between meetings.			
4.	The CEO helps educate the Board on the organization.			
	The CEO executes the philosophy and direction provided by the			
	Board of Directors.			
6.	The CEO creates a sense of trustworthiness in Board/CEO relations,			
-	NANCIAL MANAGEMENT	GROUP THE	ESTAND	
			F3/100	
1.	The CEO has a solid, up-to-date understanding of the Company's			
	financial statements and other measures relevant to its business and			
	financial situation.			
2.	The CEO is supported by a qualified and competent CFO who has			
	day-to-day accountability for managing and monitoring the			
	Company's finances.			
3.	The CEO understands the concept of value creation and makes			
•	decisions on where to allocate resources based on maximizing value			
	to the organization.			
4	The CEO ensures that the organization's financial records are			
١	accurate and up-to-date.			
0	/ERALL PERFORMANCE			
•	PENALE PENI ONMAROL			
La	m satisfied with the overall performance of the CEO.			
OLI	ESTIONS:			
-	our opinion, what are the major accomplishments of the CEO over the pa	ast vear :	and wha	t
	Vskills did he exhibit in making them happen? (List 2 or 3)	uot your t	and wind	•
liai	Jakina did tie exhibit in making them happen: (List 2 or 5)			
	Major Accomplishment Trait/Skill	ls Evhihit	od	
	Major Accomplishment Halvokiii	is Exilibit	cu	
VVh	at area/s, if any, could the CEO improve on his personal performance?			
		_		

What assistance or resources are needed to address his developmental needs?

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the CEO.

Thank you for spending time accomplishing this evaluation form.



Assessment Form (Audit, Risk and Related Party Transactions Committee)

This Self-Assessment Questionnaire is composed of varying statements based on the roles, functions and responsibilities of the Committee found under Committee Charter. For each statement, you will be asked to choose from among the following responses:

1-	Disagree
2-	Neutral
3-	Agree

Please be forthright in your responses. This questionnaire aims to determine the Board's strengths and weaknesses. Thank you.

	PERFORMANCE OF THE COMMITTEE	1	2	3
l. F	Functions of the Committee	0.10		ji 1
1	The Committee accordingly exercises the powers and perform the duties of the Board of Directors during the intervening period between the Board's meetings.			
2	The Chairman of the Committee accordingly performed his duties and functions as the legal representative of the Corporation			
3	With the consent of the Committee, the Chairman is allowed to delegate powers to the President and such delegation of powers is submitted for ratification and confirmation by the stockholders.			
4	The Committee acts by majority vote of all its members on such specific matters within the competence of the Board as provided in the By-laws and applicable laws, rules and regulations, except for those matters enumerated in the Charter that can only be performed by the Board.			
5	The committee has the authority and resources to conduct and perform the roles and responsibilities as identified in the Committee Charter which includes overseeing and monitoring of the overall financial reporting process, risk management, internal controls, internal/external audits, compliances to laws and regulations, related party transactions, including the mechanisms for special investigations and whistleblowing systems.			
II. T	The Committee and the Board			
1	The Committee works in close cooperation with the Board to effectively communicate its proposals.			
	With the consent of the Board, the Chairman of the Committee is allowed to delegate to any of the officers of the Corporation any and all powers granted him under the Charter and such delegation did not divest the Chairman of the authority to exercise the same powers, which is also submitted for ratification and confirmation at the next general meeting of stockholders.			

2	The Chairman of the Committee or his designated representative	
	reports to the Board all actions of the Committee at the meeting of the	
	Board following such actions.	
3	The act of the Committee which is within the scope of its powers, no	
	longer required the ratification or approval by the Board for its validity and	
	effectivity, subject only to revision or alteration by the Board when	
	necessary.	
4	When revisions and alternations by the Board on the act of the	
	Committee is made, the Committee ensures that these revisions and	
	alterations same do not affect the rights or acts of third parties.	
181	Committee Markings and Facilities	
111.	Committee Meetings and Facilities	
1	The Committee holds meetings as often as may be deemed necessary	
	or desirable.	
2	The Chairman facilitates the conduct of the meeting.	
3	The Agenda for the Committee meetings are relevant and appropriate	
4	The length of the Committee meeting is sufficient to address matters that	
	require Board attention.	
5	The venue for the Board meeting is sufficient for the size and needs of	
	the Board and well equipped with video and teleconferencing facilities.	
6	The minutes of the Committee meeting will be recorded and maintained	
	by the Corporate Secretary and presented to the Committee at the next	
	Committee meeting for approval.	
IV.	Committee Composition	
1	The size of the Committee is appropriate for the considering the size and	
	needs of the Company.	
2	The number of Independent Directors is sufficient.	
3	There is a system of ensuring continuity of the functions of the	
	Committee.	
4	The members of the committees are properly assigned based on their	
	expertise and strengths.	
	Overall, I am very satisfied with the effectiveness and performance of the	
	Audit, Risk Management and RPT Committee.	
	Others	
	Others	
	For the next five (5) years, the Committee should concentrate on the fo	ollowing
	issues?	

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Commonte			
Comments			



Assessment Form (Executive Committee)

This Self-Assessment Questionnaire is composed of varying statements based on the roles, functions and responsibilities of the Executive Committee found under Executive Committee Charter. For each statement, you will be asked to choose from among the following responses:

1-	Disagree
2-	Neutral
3-	Agree

Please be forthright in your responses. This questionnaire aims to determine the Board's strengths and weaknesses. Thank you.

	PERFORMANCE OF THE COMMITTEE	2	3
1.	Functions of the Committee		
1	The Committee accordingly exercises the powers and perform the duties of the Board of Directors during the intervening period between the Board's meetings.		
2	The Chairman of the Committee accordingly performed his duties and functions as the legal representative of the Corporation		
3	With the consent of the Committee, the Chairman is allowed to delegate powers to the President and such delegation of powers is submitted for ratification and confirmation by the stockholders.		
4	The Committee acts by majority vote of all its members on such specific matters within the competence of the Board as provided in the By-laws and applicable laws, rules and regulations, except for those matters enumerated in the Charter that can only be performed by the Board.		
II.	The Committee and the Board		
1	The Committee works in close cooperation with the Board to effectively communicate its proposals.		
	With the consent of the Board, the Chairman of the Committee is allowed to delegate to any of the officers of the Corporation any and all powers granted him under the Charter and such delegation did not divest the Chairman of the authority to exercise the same powers, which is also submitted for ratification and confirmation at the next general meeting of stockholders.		
2	The Chairman of the Committee or his designated representative reports to the Board all actions of the Committee at the meeting of the Board following such actions.		
3	The act of the Committee which is within the scope of its powers, no longer required the ratification or approval by the Board for its validity and effectivity, subject only to revision or alteration by the Board when necessary.		

4	When revisions and alternations by the Board on the act of the		
	Committee is made, the Committee ensures that these revisions and		
	alterations same do not affect the rights or acts of third parties.		
	and all of the arrest the rights of acts of this parties.		
III.	Committee Meetings and Facilities		
1	The Committee holds meetings as often as may be deemed necessary or desirable.		
2	The Chairman facilitates the conduct of the meeting.		
3	The Agenda for the Committee meetings are relevant and appropriate		
4	The length of the Committee meeting is sufficient to address matters that require Board attention.		
5	The venue for the Board meeting is sufficient for the size and needs of the Board and well equipped with video and teleconferencing facilities.		
6	The minutes of the Committee meeting will be recorded and maintained by the Corporate Secretary and presented to the Committee at the next Committee meeting for approval.		
IV.	Committee Composition		
1	The size of the Committee is appropriate for the considering the size and needs of the Company.		
2	The number of Independent Directors is sufficient.		
3	There is a system of ensuring continuity of the functions of the Executive Committee.		
4	The members of the committees are properly assigned based on their expertise and strengths.		
	Overall, I am very satisfied with the effectiveness and performance of the Executive Committee.		
	Others		
	For the next five (5) years, the Executive Committee should concentra	te on the	<u> </u>
	following issues?		
	The performance of the Executive Committee can be improved by inst	itutina tl	
	following measures:	ituting ti	ie
	······		

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Comments	



Internal Control and Compliance

This report summarizes the state of Paxys' Internal Audit, Control and Compliance systems for the year 2017.

Internal control Systems

Basic control mechanisms such as organizational, structural and financial controls are existent. The company's control structure consists of the Board having oversight responsibility over the internal control systems with this oversight function being exercised through the Audit and Risk Management Committee. Management is accountable to the Board for developing, operating and monitoring the system of internal control. Internal control improvements are being identified at the management level and through both the internal and external audits. Depending on the required intervention, these improvements are either immediately carried out, or made into projects if the implementation will take longer time, or in major issues, may be elevated to the Board for decision.

Below are the implemented controls and areas for improvement/weaknesses based on the components of Internal Control.

INTERNAL CONTROL COMPONENTS	ASSESSMENT		
Control Environment Pertains to the overall culture of internal controls at the organization, including governance and compliance.	There is an established "tone at the top" including explicit moral guidance about what is right and wrong within the organization. Management demonstrates a commitment to integrity and ethical behavior by example in its day-to-day activities. Company policies regarding acceptable business practices, conflicts of interest, and expected ethical standards of ethical and moral behavior are established and communicated across the organization.		
Risk Assessment An activity whereby all of the activities, and associated risks, in an organization are identified and analyzed. The business risks are	Management has an effective processes in place to identify, measure and monitor key business risks. Formal Enterprise Risk Management Program is in place and a risk register has		

assessed as to its likelihood of occurrence and the probable impact to the Company. Risk treatment or action plans are devised to ensure that major and critical risks are managed or treated to ensure achievement of business objectives.

been devised to document all associated risks.

The risk management process is embedded in the culture and day-to-day activities from Board, Executive management and down to the employee level.

Control Activities

This include procedures and controls put into place to mitigate identified risks. This include establishment of policies and procedures across the organization.

Policies and procedures are in place for all critical business processes.

Based on the risk assessment done, high and critical risks are treated depending on the risk appetite of the Group. Responsibility for risk is shared across the organization through functional risk owners.

The Board is updated on the results of the risk assessment activities and continuous audits are done to ensure monitoring of high risk areas.

Communication and Information

Right information are provided to the right people at the right time for them to effectively carry out their activities. Useful information has relevant content and is timely, current, accurate, and accessible.

There are effective communication processes for the use, distribution and sharing of information throughout the organization.

Monitoring

This validates that controls are working as intended and identifies anomalies. Monitoring is done at various organizational levels to include: check points by personnel performing daily tasks; reviews of transactions or events by supervisors; spot checks by objective individuals; and various reviews by peers, management advisory services, consultants, and auditors.

Continuous monitoring is embedded in the culture through internal controls designed by Management to detect errors and anomalies.

Internal Audit is in charge for the review of the effectiveness of the design and soundness of the company's internal controls.

Internal Audit

The Internal Audit activity supports the Board and management's assessment of the soundness of internal control and compliance systems by doing an independent, objective review. The Internal Audit reports functionally to the Audit, Risk and Related Party Transactions Committee and administratively to the Chairman and President, thus providing full independence to the internal audit activity.

Internal Audit conducts an annual risk assessment to determine its scope of review which is approved by Committee. The Internal Audit meets quarterly to discuss audit results and other control and compliance matters. A copy of the minutes of the committee meetings is provided to the board.

Compliance Systems

The Compliance Officer is responsible in developing, overseeing and monitoring implementation of compliance program. He ensures the company's adherence to regulatory and fiduciary requirements. The compliance officer is tasked to regularly provide compliance reports to the Audit Risk and Related Party Transactions Committee. Internal Audit likewise conducts an annual review of the Company's compliance systems and processes.

Tarcisio M. Medalla Chairman & President

Sheri A. Inocencio Chief Audit Executive

MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS

OF

PAXYS, INC.

Held at the Manila Golf and Country Club Harvard Road, Forbes Park, Makati City on December 6, 2017 at 2:00 p.m.

CALL TO ORDER

The Chairman, Mr. Tarcisio M. Medalla, called the meeting to order and presided over the same. He introduced the members of the Board of Directors who were present, namely, Roger Leo A. Cariño, Christopher B. Maldia, Roberto A. Atendido, and Independent Directors George Y. SyCip and Jose Antonio A. Lichauco. The Corporate Secretary, Atty. Ana Maria Katigbak, recorded the proceedings.

PROOF OF NOTICE AND CERTIFICATION OF QUORUM

The Corporate Secretary reported that notices for the meeting had been sent to all the stockholders as provided in the By-Laws.

The Corporate Secretary announced that there were present, in person and by proxy, stockholders owning or representing at least 976,980,609 common shares or 85.06% of the outstanding capital stock. (The list of attendees and proxies is available at the office of the Corporation). She therefore certified that there was a quorum for the transaction of business.

APPROVAL OF MINUTES OF PREVIOUS MEETING

The next item for business was the approval of the minutes of the previous meeting of the stockholders held on December 6, 2016, copies of which had been earlier distributed to the stockholders.

Upon motion duly made and seconded, and there being no objections, the reading of the minutes of the previous annual stockholders' meeting was

dispensed with and the same were unanimously approved. The following resolution was therefore approved:

"RESOLVED, that the minutes of the Annual Stockholders' Meeting of Paxys, Inc. held on December 6, 2016 be, as it is hereby, approved."

ANNUAL REPORT

The next matter on the agenda was the Annual Report of Management to the stockholders. The Chairman, Mr. Tarcisio M. Medalla, presented the management report, copies of which had been previously distributed to the stockholders together with the audited financial statements as of calendar year ended December 31, 2016 and third quarter report for the period ended September 30, 2017.

After the report, the Chairman announced that questions on the reports would be entertained from the floor. None of the stockholders, however, raised any inquiry.

There being no further questions or comments, the Chairman requested for a motion on the Management Report. Whereupon, on motion made and duly seconded, the Annual Report of Management as presented by the Chairman, as well as the Company's financial statements as of December 31, 2016 and third quarter report for the period ended September 30, 2017 were duly noted and made part of the records of the Corporation. Thus, the below approved resolution:

"RESOLVED, that the Management Report as presented by the President and the Corporation's audited financial statements for year ended December 31, 2016 be, as it is hereby, approved."

Thereafter, the Corporate Secretary was requested to preside over the remainder of the meeting.

RATIFICATION OF CORPORATE ACTS

The Corporate Secretary stated that the next item on the agenda was the ratification of the acts of the Board of Directors, officers and management of the

Corporation from the last annual stockholders' meeting to date. There being no questions or objections, a motion was requested on the matter.

Upon motion made and duly seconded, the stockholders approved a resolution approving, confirming and ratifying all acts, contracts, resolutions and actions, authorized and entered into by the Board of Directors and Management of the Corporation from the date of the last annual stockholders' meeting up to the present, as set forth in the Annual Report and the financial statements. Thus, the below approved resolution:

"RESOLVED, that all acts, contracts, resolutions and actions of the Board of Directors and Management of the Corporation from the date of the last annual stockholder's meeting up to the present be, as they are hereby, approved, ratified and confirmed."

AMENDMENT OF THE ARTICLES OF INCORPORATION

The next item of our agenda was the amendment of the Articles of Incorporation. Previously, the Sixth Article of the Company's Articles of Incorporation provides for a total of nine (9) directors. It was proposed to decrease the number of directors to seven (7). The Corporate Secretary discussed that the purpose of the amendment is to enhance the efficiency and effectiveness of the management of the Company and the rights of the shareholders in electing the members of the Board of Directors. The proposed amendment was approved by the Company's Board of Directors and was, thus, endorsed to the stockholders for its approval, confirmation and ratification.

Upon motion made and duly seconded, the stockholders approved the amendment with the following resolution:

"RESOLVED, that the first paragraph of the SIXTH Article of the Company's Articles of Incorporation be amended to read as follows:

That the number of directors of the Corporation shall be seven (7) who will continue discharging their duties until the election of their successors in accordance with the By-Laws of the Corporation x x x'

RESOLVED FURTHER, that the Directors and Officers of the Corporation be authorized to sign, execute and file with the Securities and

Exchange Commission such documents and papers which may be required to give effect to the foregoing.

ELECTION OF DIRECTORS

The next matter on the agenda was the election of the members of the Board of Directors of the Corporation.

The Corporate Secretary explained that in accordance with the Company's Corporate Governance Manual, all nominations for director were reviewed and approved by the Nominations and Corporate Governance Committee. Under SEC rules, only nominees whose names have been submitted to and evaluated by the Nominations and Corporate Governance Committee, and whose names appear in the Final List of Candidates set forth in the Definitive Information Statement, shall be eligible for election as Independent Directors

The following were nominated as members of the Board of Directors for the current term and until their successors are duly elected and qualified in accordance with the By-Laws:

- 1. TARCISIO M. MEDALLA
- 2. ROGER LEO A. CARIÑO
- 3. CHRISTOPHER B. MALDIA
- 4. LIM GHEE KEONG
- 5. ROBERTO A. ATENDIDO

and as Independent Directors:

- 6. GEORGE Y. SYCIP
- 7. JOSE ANTONIO A. LICHAUCO

Thereafter, it was moved, seconded and unanimously resolved to close the nominations. The Corporate Secretary was directed and authorized to cast all votes of the stockholders present or represented at the meeting equally among all the seven (7) nominees. There being only seven (7) nominees to the positions of the existing seven (7) directors, the Chairman declared them to be the duly elected directors of the Corporation for the current term and until their successors shall have been elected and qualified as provided in the By-Laws. Messrs. SyCip and Lichauco were duly recognized as the Corporation's independent directors.

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APPOINTMENT OF EXTERNAL AUDITORS

Thereafter, the meeting proceeded with the appointment of the external auditors of the Corporation for the current year. It was proposed that the accounting firm Reyes Tacandong & Co. be reappointed external auditors of the Company for the current year. There being no questions or objections on the matter, a motion was requested.

Upon motion made and duly seconded, the stockholders approved a resolution authorizing the reappointment of Reyes Tacandong & Co. as the Company's external auditors for the current year, as follows:

"RESOLVED, that the accounting firm of Reyes, Tacandong & Co. be reappointed external auditors of the Company for the current year."

ADJOURNMENT

There being no further business to transact on motion duly made and seconded, the meeting was adjourned.

ATTY. ANA MARIA KATIGBAK Corporate Secretary

ATTESTED:

TARCISIO M. MEDALLA

Chairman of the Stockholders' Meeting



Summary of Procedures on Nomination and Election of Directors

Procedure	Process Adopted	Criteria		
a. Selection/Appointment	•			
(i) Executive Directors	There are only 2 executive directors and they are the President who is at the same time the chairman of the Board, and the Corporate Secretary who is at the same time Corporate Counsel.	General criteria: - College education or equivalent academic degree; - Practical understanding of the business of the Corporation; - Membership in good standing in relevant industry, business or professional organizations; - Previous business exposure On top of the general criteria, specific criteria is set as follows: - With financial expertise/background - Should be free of any conflict of interest that would violate the applicable law on independent directors Have the capacity and interest to represent the interests of the shareholders as a whole		
(ii) Non-Executive Directors	 Stockholders to submit nominees to the Nominations and Governance Committee (NGC) no more than 30 days before the date of the stockholder's meeting. The nominating form shall contain the name of the nominee and all information that may be required by the SEC. the nominating 			
(iii) Independent Directors	form should be signed by the nominating stockholder and have the signed conformity of the nominee. 3. NGC to screen qualifications of the nominee 4. Only shortlisted nominees shall be eligible for election, no further nominee shall be accepted on the floor. 5. Conduct of election of non-executive director shall be in accordance to the election procedures of the company, which happens during the Annual General Meeting (AGM) The chairman will inform all stockholders present during the (AGM) of the mandatory requirement to elect independent directors.			
b. Re-appointment				
(i) Executive Directors	Executive directors are covered by employment contract.	As evaluated by the Board based on set KPIs.		
(ii) Non-Executive Directors	Nomination and Governance Committee assesses the performance of the director vis a vis the needs of the business/company and his role as defined in the Manual.	Able to meet the roles and responsibilities of the job as set forth in the corporate governance manual and the corporation's by-laws		
(iii) Independent Directors	 If director is fit for the job, he stands for re-election during the Annual General Meeting. The process for election will then be adopted. 	The same		



Summary of Roles and Responsibilities of Chairman and President

	Chairman	Chief Executive Officer/President
Role	Responsible for the leadership of the Board	Leadership of the business and managing it within the authorities delegated by the Board.
Accountabilities	 Ensure effective Board functioning in accordance with its standards of corporate governance Ensure effective communication with shareholders, government and other stakeholders Ensure that all Board committees are properly established, composed and operated Chair the Nominations Committee and build an effective and complementary Board, regularly consider its composition and balance, including succession planning for Board and senior management appointments Facilitates the effective contribution of non-executive directors in particular and ensure constructive relations between executive and non-executive directors. 	Develop strategy for board recommendation Execute business plan and update the Board on the business performance Develop procedures to ensure compliance to regulatory requirements Ensure business is conducted in accordance with the company's business ethics



Summary of Reports Filed to the SEC and PSE

REPORTS	DATE FILED					
	SEC	PSE	45 days	90 days	Due date	
Quarterly Report						
1st	15-May-17	15-May-17	Complied within 45 days		15-May-17	
2nd	11-Aug-17	12-Aug-17	Complied within 45 days		14 - Aug-17	
3rd	06-Nov-17	07-Nov-17	Complied within 45 days		14-Nov-17	
Annual Report	12-Apr-18	12-Apr-18				
Annual Financial Statements	12-Apr-18			Filed within 105 days from end of fiscal year		



Summary of Policies on Fair Treat and Equal Protection of Shareholders

	Policy	Activities
Customers' welfare	Employees could avoid unfair advantage of anyone through manipulation, concealment, abuse of authority, misrepresentation and/or any unfair dealing. All employees must deal fairly with the company's customers.	Tracking of SLA's and KPIs
Supplier/contractor selection practice	Suppliers should undergo accreditation; procurement policy: vendor policy	Supplier accreditation; Implementation of the procurement policy
Environmentally friendly value-chain	None	None
Community interaction	Company will actively participate in community development and will support environment protection.	Scholarships for selected students in High School and College levels
Anti-corruption programmes and procedures	Company prohibits all forms of bribery and corruption. Gifts and other means of showing appreciation and gratitude maybe exchanged with business partners given that it will never influence business decisions. Acceptance and giving of any gift must be avoided if it may be perceived as unfair or may influence a business relationship or any business decision. Company has zero tolerance for fraud and will cooperate as necessary with law enforcement agencies. Company assets may be used only for legitimate business purposes.	We do not engage in solicitation programs with our suppliers and vendors Strict compliance and monitoring of regulatory requirements Implementing appropriate operational and financial controls
Safeguarding creditors' rights	None	None