



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended: **December 31, 2022**
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.**
5. **Makati City, Philippines** (SEC Use Only)
Province, Country or other Industry Classification Code:
jurisdiction of incorporation or
organization
7. **15th Floor 6750 Ayala Office Tower Ayala Avenue, Makati City 1226**
Address of principal office Postal Code
8. **(+632) 8250 3800**
Issuer's telephone number, including area code
9. **Not Applicable**
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
<p>Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.</p>			
Recommendation 1.1			
<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	COMPLIANT	<p>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.</p>	
<p>2. Board has an appropriate mix of competence and expertise.</p>	COMPLIANT		
<p>3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.</p>	COMPLIANT		<p>Please see the Company's Definitive Information Statement chrome-https://paxys.com/public/files/2021%20Definitive%20Information%20Statement.pdf (pages 14 to 15), which provides for the details of the academic qualifications, industry knowledge, professional experience, expertise, and relevant trainings of directors.</p>
Recommendation 1.2			
<p>1. Board is composed of a majority of non-executive directors.</p>	COMPLIANT	<p>The Board is currently composed of one (1) executive director, four (4) non-executive directors, and two (2) independent directors.</p>	

		<p>The above combination of directors was designed in line with the Corporate Governance policies of the Company to ensure an objective decision-making process and to protect the Company's interest.</p> <p>Please see the Company's Annual Report at https://paxys.com/public/files/2022%20Annual%20Report.pdf (pages 28 to 29) for the list of directors and the type of their directorships.</p> <p>Said information are also contained in the following: (i) Company's Disclosure on the Results of the 2022 Annual Stockholders' Meeting dated December 13, 2022 at https://paxys.com/public/files/SEC%20Form%2017C_Result%20of%20Annual%20Stockholders'Meeting%20for%202022.pdf page 5) and (ii) Revised Manual on Corporate Governance http://paxys.com/public/files/RevisedAmmendedManual.pdf (page 3).</p>	
Recommendation 1.3			
<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p>COMPLIANT</p>	<p>The training policy of directors are indicated in the Company's Revised Manual on Corporate Governance at http://www.paxys.com/public/files/RevisedAmmendedManual.pdf (page 5) and in the Board Charter at http://paxys.com/public/files/BOD1.pdf</p>	

2. 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.	COMPLIANT	<p>the Company's corporate governance policy requires them to undergo a comprehensive business immersion and training/orientation program.</p> <p>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.</p> <p>Please refer to link to the Certificates of Completion of Corporate Governance Seminar of the Directors and Officers of the Company at https://paxys.com/public/files/36.36C.pdf (pages 4-9) and https://paxys.com/public/files/99C.17C.pdf</p> <p>.</p>	

Recommendation 1.4

1. Board has a policy on board diversity.	COMPLIANT	<p>The information on the Company's board diversity policy is contained in the Revised Manual on Corporate Governance http://www.paxys.com/public/files/RevisedAmmendedManual.pdf (pages 4-5).</p> <p>All members of the board of directors are male.</p>	
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Optional: Recommendation 1.4

1. 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 corporate affairs. The Corporate Secretary is not a member of Board of Directors and its committees. The information on the Company's Corporate Secretary, including her name, qualifications, duties, and function are provided in the Annual Report at https://paxys.com/public/files/2022%20Annual%20Report.pdf (page 29).	The Corporate Secretary is currently not separate from the Compliance Officer given that the organizational structure and minimal operations of the Company do not justify such separate positions.
2. Corporate Secretary is a separate individual from the Compliance Officer.	NON-COMPLIANT		
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT		
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, is found at https://paxys.com/public/files/36.36C.pdf (page 12) which provides for the Certificate of Completion of Corporate Governance Seminar of the Corporate Secretary.	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.			

Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	The Board is also assisted by a Compliance Officer, who is the Corporate Secretary, with adequate stature and authority in the Company. She is not a member of the Board or any of its committees. The information about the Compliance Officer, including her name, position, qualifications, duties and functions are provided in the Company's Annual Report at https://paxys.com/public/files/2022%20Annual%20Report.pdf (page 29-30).	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT		
3. Compliance Officer is not a member of the board.	COMPLIANT		
4. Compliance Officer attends training/s on corporate governance.	COMPLIANT		The information on the corporate 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 https://paxys.com/public/files/36.36C.pdf (page 12)
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
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 Board and ensures that all pertinent and necessary information are provided to the directors to enable them to make informed decisions.	

		Please see Annex 1 for the sample Minutes of Board meeting dated 28 March 2022 which shows how the directors normally conduct the meeting and how the functions are discharged.	
Recommendation 2.2			
1. Board oversees the development, review and approval 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.	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	COMPLIANT	Please see Annex 2 for sample minutes of board meeting dated 5 May 2022 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			
1. 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 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	COMPLIANT	As part of the Company's strategy execution process, the Company's plans	

<p>performance and is attuned to the company's business environment, and culture.</p>		<p>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.</p> <p>Please see Annex 3 for the draft Minutes of Annual Stockholders' Meeting dated 13 December 2022 containing the matters approved by the Board and ratified by the shareholders.</p> <p>Please also see the Company's Definitive Information Sheet containing the items ratified by the stockholders at https://paxys.com/public/files/2021%20Definitive%20Information%20Statement.pdf (pages 24 to 25).</p>	
Recommendation 2.3			
<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>COMPLIANT</p>	<p>The information about the Company's Chairperson, including his name and qualifications are found at the Company's Annual Report at https://paxys.com/public/files/2022%20Annual%20Report.pdf (page 28).</p>	
Recommendation 2.4			
<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	<p>COMPLIANT</p>	<p>The Board is committed to ensure the continuity of effective and competent leadership within the organization. With this, the Company has adopted a succession</p>	

		<p>planning for directors, officers and key employees.</p> <p>Please find the Company's Board Charter and the succession planning program at http://paxys.com/public/files/BOD1.pdf (page 4).</p>	
2. 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 the Republic Act (R.A.) No. 7641 or the Retirement Law, when applicable, should there be any retirement.

Recommendation 2.5

1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT	<p>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 the directors and key officers of the Company: (i) the remuneration of the directors and key officers 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 interests of the Company.</p> <p>The Company's annual reports and information statements disclose the fixed</p>	
2. Board adopts a policy specifying the relationship between remuneration and performance.	COMPLIANT		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT		

		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			
1. 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 deferred bonuses.			
Recommendation 2.6			
1. 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 director, how the candidates are shortlisted, and how it encourages nominations from shareholders are provided under the Company By-laws at http://www.paxys.com/public/files/3.BL.pdf (pages 5 to 7).	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	COMPLIANT		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

4. Board nomination and election policy includes how the board shortlists candidates.	COMPLIANT	AmmendedManual.pdf (pages 4 and 5). The Company also ensures that the minority shareholders have a right to nominate candidates to the board.	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	COMPLIANT	<p>The Nomination and Governance Committee is in charge of nominations for the annual election of officers and directors, Board and executive succession plan and Board Performance Evaluation.</p> <p>In compliance with the SEC rules, the Notice of Annual/Special Stockholders' Meeting includes the profiles of directors (age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election. See link at https://paxys.com/public/files/2021%20Definitive%20Information%20Statement.pdf (pages 9, 13-15).</p>	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.		<p>The summary of procedures for the selection/appointment and re-election, of the members of the Board of Directors can be found at http://paxys.com/public/files/BOD2.pdf.</p>	
Optional: Recommendation to 2.6			
1. 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			
1. 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	<p>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, major stockholders, officers, and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.</p> <p>The Company does not engage in related party transactions without prior Board approval.</p> <p>We apply the arms-length principle and these transactions are properly recorded and disclosed in the annual report and audited financial statements.</p> <p>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/files/rpt_p.pdf</p>	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT		
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according	COMPLIANT	Please refer to our responses in Recommendation 2.7 above.	

<p>to those that are considered <i>de minimis</i> or transactions that need not be reported or 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.</p>		<p>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/files/rptp.pdf</p>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>COMPLIANT</p>	<p>Please see http://www.paxys.com/public/files/rptp.pdf for the Company's policy on related party transactions, including provisions for materiality threshold and voting system.</p>	
<p>Recommendation 2.8</p>			
<p>1. 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).</p>	<p>COMPLIANT</p>	<p>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/RevisedAmmendedManual.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).</p> <p>The Nominations and Corporate Governance Committee is in charge of the selection process and is tasked to prepare recommendations for approval of the Board.</p>	

<p>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).</p>	<p>COMPLIANT</p>	<p>The information on Board's policy and responsibility for assessing the performance of management is provided in Revised Manual of Corporate Governance at http://www.paxys.com/public/files/RevisedAmmendedManual.pdf under the Duties and Functions of the Board (pages 8 to 10) as well as in the Board Charter at http://paxys.com/public/files/BOD1.pdf.</p> <p>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.</p>	
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Recommendation 2.9

<p>1. 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.</p>	<p>COMPLIANT</p>	<p>The Company has an established performance management program and framework. The Board and its committee perform an annual self-assessment to ensure that the objectives as specified in the Board and Committee Charters are achieved.</p>	
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<p>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.</p>	<p>COMPLIANT</p>	<p>Please refer to the sample annual assessment forms for the Board and its members at http://www.paxys.com/public/files/BC4.pdf and at http://www.paxys.com/public/files/BC5.pdf.</p>	
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Recommendation 2.10

1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	The information on the Board's responsibility for overseeing that an appropriate internal control system is in place are provided in the Company's Revised Manual on Corporate Governance at	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT	<p>http://www.paxys.com/public/files/RevisedAmmendedManual.pdf (pages 11-12).</p> <p>The basic control environment consists of a working Board which ensures that the Company is properly managed and governance is in place, a management that actively manages the operations of the company in a prudent manner, working organizational risk management and control mechanisms, and independent audit function to ensure and monitor the efficacy and effectiveness of governance, risk management and internal controls.</p>	
3. Board approves the Internal Audit Charter.	COMPLIANT	<p>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 Management, and Related Party Transactions Committee.</p> <p>Please refer to the Company's Internal Audit Charter at http://www.paxys.com/public/files/BC2.pdf.</p>	

Recommendation 2.11

<p>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.</p>	<p>COMPLIANT</p>	<p>The Audit, Risk Management and Related Party Transactions 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.</p>	
<p>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.</p>	<p>COMPLIANT</p>	<p>In general, the risk management program of the Company includes the following process:</p> <ol style="list-style-type: none"> 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 	

		<p>include avoidance, acceptance, reduction, sharing or transferring of risk.</p> <p>Please refer to Audit, Risk Management and Related Party Transactions Committee Charter at http://www.paxys.com/public/files/BC1.pdf</p> <p>Please also see link to the Company's Risk Management Policy at http://www.paxys.com/public/company_policies.html</p> <p>Please refer to http://www.paxys.com/public/files/ERM1.pdf for the Enterprise Risk Management Program and framework of the Company</p>	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	COMPLIANT	Please refer to http://paxys.com/public/files/BOD1.pdf for the Company's Board Charter which delineates the overall roles and responsibilities of the Board.	
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT		

3. Board Charter is publicly available and posted on the company's website.	COMPLIANT		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	COMPLIANT	The Board has a clear and defined insider trading policy. The highlights of the policy are posted in the Company's website at http://www.paxys.com/public/company_policies.html	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.			
2. Company discloses the types of decision requiring board of directors' approval.			
Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination 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 focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	COMPLIANT	The following committees have been established to support the effective performance of the Board's functions: 1. Executive Committee. Please find the Charter of the Executive Committee at	

		<p>http://www.paxys.com/public/files/BC9.pdf</p> <p>2. Audit, Risk Management and Related-Party Transactions Committee. Please find the Charter of the Audit, Risk Management and Related-Party Transactions Committee at http://www.paxys.com/public/files/BC1.pdf</p> <p>3. Compensation and Remuneration Committee. Please find the Charter of the Compensation and Remuneration Committee at http://www.paxys.com/public/files/BC7.pdf</p> <p>4. Nominations and Corporate Governance Committee. Please find the Charter of the Nominations and Corporate Governance Committee at http://www.paxys.com/public/files/BC8.pdf</p>	
Recommendation 3.2			
<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit</p>	<p>COMPLIANT</p>	<p>The Board has a separate and independent committee for Audit, Risk Management, and Related Party Transactions.</p>	

<p>processes, and compliance with applicable laws and regulations.</p>		<p>The Committee functions, authority, composition, and responsibilities are set forth in the Company's Revised Manual on Corporate Governance at http://www.paxys.com/public/files/RevisedAmmendedManual.pdf (pages 17 to 18) and the Audit, Risk Management, and Related Party Transactions Committee Charter at http://www.paxys.com/public/files/BC1.pdf</p>	
<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>COMPLIANT</p>	<p>The Company's Audit, Risk Management and Related Party Transaction Committee is currently composed of four (4) non-executive members which includes two (2) independent directors.</p> <p>The committee members are disclosed in the Company's website: https://paxys.com/public/board_committees.html</p> <p>The qualifications of the committee members as well as their background, business knowledge and relevant experiences are disclosed in the Company's Annual Report at https://paxys.com/public/files/2022%20Annual%20Report.pdf (pages 28 to 29).</p>	

3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	Please refer to our response to 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	<p>The Audit, Risk Management and Related Party Transaction Committee Chairman is not the Chairman of the Board and/or of any other committee.</p> <p>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</p>	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	COMPLIANT	<p>The Company's Audit, Risk Management and Related Party Transaction 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/RevisedAmmendedManual.pdf - pages 14, and 17 to 18</p>	

		In 2022, there are no non-audit services conducted by the Company's external auditor, Reyes Tacandong and Co. (RTC).	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	COMPLIANT	<p>The Company's Audit, Risk Management and Related Party Transaction 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 management, and other concerned parties to attend and provide them with pertinent information, as necessary.</p> <p>For the year 2022, the committee convened two (2) meetings with the company's external auditor for the discussion of 2021 audit results and 2022 audit plan. Selected members of the management were invited in the meeting as resource persons for any questions that the committee may ask in relation to the reports discussed by the auditors.</p> <p>The Corporate Secretary maintains a record of all, including confidential, minutes of the Committee meetings.</p>	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.			

2. Audit Committee approves the appointment and removal of the internal auditor.			
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	COMPLIANT	<p>The information about the members of the Nomination and Corporate Governance Committee are contained at https://paxys.com/public/board_committees.html</p> <p>The functions of the Committee are provided in the Company's Revised Manual of Corporate Governance http://www.paxys.com/public/files/RevisedAmmendedManual.pdf (page 15).</p> <p>The Nomination and Corporate Governance Committee Charter can be found at http://paxys.com/public/files/BC8.pdf</p> <p>The Committee undertook the process of identifying the quality of directors in line with the Company's strategic direction.</p>	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	COMPLIANT	Please see link to the details of the members of the Nomination and Corporate Governance Committee at http://www.paxys.com/public/board_committees.html	
3. Chairman of the Corporate Governance Committee is an independent director.	COMPLIANT	The Chairman of the Company's Nomination and Corporate Governance Committee is Mr. George Sycip who is an independent director.	

Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.			
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	COMPLIANT	<p>The functions of the Board Risk Oversight Committee (BROC) is currently undertaken by the Company's Audit, Risk Management, and Related Party Transactions Committee.</p> <p>A copy of the Committee Charter is available at http://paxys.com/public/files/BC1.pdf</p>	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	COMPLIANT	<p>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 https://paxys.com/public/board_committees.html</p> <p>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.</p>	

<p>3. The Chairman of the BROCC is not the Chairman of the Board or of any other committee.</p>	<p>COMPLIANT</p>	<p>The Chairman of the Audit, Risk Management, and Related Party Transactions Committee is not the chairman of the Board nor any of its other committees.</p> <p>The detailed list of board committees and its members are available at https://paxys.com/public/board_committees.html</p>	
<p>4. At least one member of the BROCC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>COMPLIANT</p>	<p>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 in risk management and the overall overseeing of overall corporate governance practices of the Company. Please see link of their respective background at https://paxys.com/public/board_committees.html</p>	
Recommendation 3.5			
<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>COMPLIANT</p>	<p>This function is currently undertaken by the Company's Audit, Risk Management, and Related Party Transactions Committee.</p> <p>The Board through its Committee reviews and approves all material related party transaction of the Company.</p>	

		This is expressly indicated in the Audit, Risk Management, and Related Party Transactions Committee Charter at http://paxys.com/public/files/BC1.pdf as well as in the Company's Related Party Transaction Policy at http://www.paxys.com/public/files/RPT2.pdf	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	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 https://paxys.com/public/board_committees.html for information on the members of the Audit, Risk Management, 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 delineate the committee's overall purpose, authority, responsibility, composition, meetings and reporting process. The responsibilities indicated in the charter serve as the basis in the evaluation of each committee's performance.	
2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT	Please refer to the links below for a copy of the Committee Charters:(i) Nomination and Corporate Governance Committee	

3. Committee Charters were fully disclosed on the company's website.	COMPLIANT	Charter at http://paxys.com/public/files/BC8.pdf and (ii) Audit, Risk Management, and Related Party Transactions Committee Charter at http://paxys.com/public/files/BC1.pdf	
Principle 4: To show full commitment to the company, 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 five (5) times during the covered period on the following dates: March 28, 2022(Regular); May 5, 2022 (Regular); August 4, 2022 (Regular); November 7, 2022(Regular); and December 13, 2022 (Organizational). Please find attached link on attendance of the Members of the Board during the said meetings as certified by the Corporate Secretary at https://paxys.com/public/files/Directors%20Attendance%20for%202022.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.	

<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p>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.</p> <p>All matters taken up in the meetings are transcribed in the board or committee minutes of the meeting.</p> <p>Please refer to Annexes 1 and 2 for the sample minutes of the Board meeting.</p>	
Recommendation 4.2			
<p>1. 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.</p>	<p>COMPLIANT</p>	<p>None of the non-executive directors of the company serves or seats in the board of more than five (5) publicly listed companies.</p> <p>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/RevisedAmmendedManual.pdf (page 3)</p> <p>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 https://paxys.com/public/files/2021%20Definitive%20Information%20Statement.pdf (pages 13-14).</p>	

Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	COMPLIANT	<p>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</p> <p>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.</p>	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.			
2. Company schedules board of directors' meetings before the start of the financial year.			
3.			
4. Board of directors meet at least six times during the year.			
5. Company requires as minimum quorum of at least 2/3 for board decisions.			
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			

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.
Recommendation 5.2			
1. 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 is provided in the Company's Annual Report at https://paxys.com/public/files/2022%20Annual%20Report.pdf (page 29)	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain 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/RevisedAmmendedManual.pdf (page 3)	
Recommendation 5.3			

<p>1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).</p>	<p>COMPLIANT</p>	<p>All independent directors are in compliance with this requirement. Both directors have served the Company for nine (9) year cumulative term reckoned from year 2012. For the year 2022, the Company opted to reelect the two (2) independent directors by sufficient meritorious justifications and as approved during the 2022 annual stockholders meeting.</p> <p>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.</p>	
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p>COMPLIANT</p>	<p>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/RevisedAmmendedManual.pdf (page 3)</p> <p>For the year 2022, the Company opted to reelect the two (2) independent directors by sufficient meritorious justifications and as approved during the 2022 annual stockholders meeting.</p>	
<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board</p>	<p>COMPLIANT</p>	<p>The requirement of meritorious justification and proof of shareholders' approval during the annual shareholders' meeting is</p>	

<p>provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.</p>		<p>provided in the Revised Manual of Corporate Governance http://www.paxys.com/public/files/RevisedAmendedManual.pdf (page 3)</p> <p>This requirement is complied with for the reappointment of the two (2) independent directors.</p> <p>For the year 2022, the Company opted to reelect the two (2) independent directors by sufficient meritorious justifications and as approved during the 2022 annual stockholders meeting.</p> <p>Likewise, SEC Memo. Circular No. 4, Series of 2017 re: Term Limit of Independent Directors is complied with by the Company. The Company confirmed that, as of September 30, 2021, the nominees have served the Company for a cumulative term of nine (9) years reckoning from year 2012. Pursuant to the Company's Corporate Governance Guidelines and the SEC Memorandum Circular No. 19 dated November 22, 2016 on Code of Corporate Governance, the Company disclosed that it intends to retain these Independent Directors who has served for nine (9) years, subject to the Board's finding of meritorious justification/s shareholders' approval. Please refer to page 14 of the Definitive Information Statement at https://paxys.com/public/files/2021%20Definitive%20Information%20Statement.pdf</p>	
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		Both independent directors have submitted a Certificate of Qualification as required by the Securities and Exchange Commission pursuant to its Notice dated October 20, 2006. Please see Annexes "4" and "5" of the Definitive Information Statement at https://paxys.com/public/files/2021%20Definitive%20Information%20Statement.pdf	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	NON-COMPLIANT		The Company is a holding company and the nature of its business and operation is very simple. As such, the Company at this time does not find the need to have separate positions for the Chairman of the Board and the Chief Executive Officer.
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	COMPLIANT	The roles and responsibilities of the Chairman of the Board and Chief Executive Officer are provided in the Revised Manual of Corporate Governance http://www.paxys.com/public/files/RevisedAmmendedManual.pdf (pages 3 to 4) The Summary of roles and responsibilities of the Chairman and Chief Executive Officer are provided in http://paxys.com/public/files/BOD3.pdf .	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board	COMPLIANT	The Revised Manual of Corporate Governance	

<p>designates a lead director among the independent directors.</p>		<p>http://www.paxys.com/public/files/RevisedAmmendedManual.pdf (page 4) provides: <i>“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.</i></p> <p><i>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.”</i></p> <p>The Chairman of the Board is not an independent director. The Company's lead Independent Director is Mr. Jose Antonio Lichauco.</p>	
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Recommendation 5.6

<p>1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.</p>	<p>COMPLIANT</p>	<p>The Revised Manual of Corporate Governance http://www.paxys.com/public/files/RevisedAmmendedManual.pdf (page 4) includes the following as duty of the directors: <i>“Conduct fair business transactions with the Corporation and ensure that his personal interest does not conflict with the interests of the Corporation. The basic principle to be observed is that a director should not use his position to profit or gain some benefit or</i></p>	
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		<p>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 antagonistic to that of the Corporation or stands to acquire or gain financial advantage at the expense of the Corporation."</p> <p>This situation has not yet occurred in the Company. Thus, there is no available proof of abstention to be provided herein.</p>	
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Recommendation 5.7

<p>1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.</p>	<p>COMPLIANT</p>	<p>The non-executive directors (NEDs), by constituting the Audit, Risk Management, and Related Party Transaction Committee, usually 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.</p>	
<p>2. The meetings are chaired by the lead independent director.</p>	<p>COMPLIANT</p>		

Optional: Principle 5

1. None of the directors is a former CEO of the company in the past 2 years.			
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	COMPLIANT	The Company's Revised Manual of Corporate Governance requires the 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 Committee. Results of the Board, Self and CEO Assessments are presented to the Board Nomination and Corporate Governance Committee and circulated to the Board for their feedback and confirmation. Please refer to the following links for sample assessment forms used by the Board, its members, the CEO, and the committees: (i) http://paxys.com/public/files/BC4.pdf ; (ii) http://paxys.com/public/files/BC5.pdf ; (iii) http://paxys.com/public/files/BC6.pdf ; (iv) http://paxys.com/public/files/BC10.pdf ; (v) http://paxys.com/public/files/BC11.pdf	
2. The Chairman conducts a self-assessment of his performance.	COMPLIANT		
3. The individual members conduct a self-assessment of their performance.	COMPLIANT		
4. Each committee conducts a self-assessment of its performance.	COMPLIANT		
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/RevisedAmmendedManual.pdf (page 13) provides:	

		<p>" Every three (3) years, the assessment shall be supported by an external facilitator."</p> <p>The Company has yet to identify and appoint an external facilitator.</p>	
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	COMPLIANT	Article 7 of the Revised Manual of Corporate Governance http://www.paxys.com/public/files/RevisedAmmendedManual.pdf (page 13) provides: <i>"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."</i>	
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT		
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. 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 internal and external dealings of the company.	COMPLIANT	Please see the Company's Code of Business Conduct and Ethics is at http://www.paxys.com/public/files/ConductEthics.pdf	
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 made 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	
Supplement 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. Please refer to page 7 of the Company's Code of Business Conduct and Ethics at http://www.paxys.com/public/files/ConductEthics.pdf .	
Recommendation 7.2			
1. 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:	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT	<ul style="list-style-type: none"> - Engaging in honest conduct. All employees of the company are expected to comply with applicable laws, rules, and regulations. - Demands brought about by business 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.	
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure 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.	COMPLIANT	Please see the Company's policy on Disclosure and Transparency in the Company's Revised Manual on Corporate Governance at http://www.paxys.com/public/files/RevisedAmmendedManual.pdf (page 20) The Company uses its corporate website, email, mails, SEC/PSE disclosures, in order to disseminate information to its stockholders.	
Supplement to Recommendations 8.1			
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) 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.	COMPLIANT	The Company distributes and makes available its consolidated annual and quarterly financial reports and cash flow statements to the stakeholders through the company's website and the Philippine Stock Exchange. Interim reports are published within forty-five (45) calendar days from the end of the reporting period. The audited consolidated financial statements are normally published within	

		<p>105 calendar days after the end of the fiscal year, in compliance with the deadline set by the Securities and Exchange Commission (SEC).</p> <p>For the year 2022, the consolidated financial statement report was filed on 12 April 2022 or within 105 days from end of fiscal year.</p> <p>Please refer to Annex 4 of this report for the summary list of filed reports and the actual date of filing, and due dates.</p>	
<p>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.</p>	<p>COMPLIANT</p>	<p>Please see link to the Company's Annual Report at https://paxys.com/public/files/2022%20Annual%20Report.pdf</p> <p>disclosing the following:</p> <ol style="list-style-type: none"> 1. <i>principal risks to minority shareholders associated with the identity of the company's controlling shareholders:</i> Principal shareholder is cognizant of the rights of the minority shareholders and has 	

		<p>not exercised its power or exercise any action that is detrimental to the minority shareholders. Please see page 10 (Holders), page 32 (Security Ownership of Certain Beneficial Owners and management), page 34 (Certain Relationship and Related Transactions);</p> <p>2. <i>cross-holdings among company affiliates</i>: please see page 6 (Related Party Transactions), page 8 (Properties), page 10 (Holders) page 34 (Certain Relationship and Related Transactions), pages 11 to 26 (Financial Information), Exhibit C (Consolidated Financial Statements of Paxys Group); and</p> <p>3. <i>any imbalances between the controlling shareholders' voting power and overall equity position in the company</i>: please see page 8 (Submission of Matters to a Vote of Security Holders).</p>	
Recommendation 8.2			
1. Company has a policy requiring all directors 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/RevisedAmmendedManual.pdf (page 20).	
2. Company has a policy requiring all officers to disclose/report to the company any	COMPLIANT		

<p>dealings in the company's shares within three business days.</p>		<p>The Company also discloses any dealings by officers and directors in its Annual Report at https://paxys.com/public/files/2022%20Annual%20Report.pdf</p> <p>page 34 (Certain Relationship and Related Transactions). There has been no such dealing within the covered period.</p>	
Supplement to Recommendation 8.2			
<p>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).</p>	<p>COMPLIANT</p>	<p>Please see link/reference to the shareholdings of directors, management and top 100 shareholders at https://paxys.com/public/files/2022%20Annual%20Report.pdf</p> <p>Please see link or reference to the company's Conglomerate Map at https://www.paxys.com/public/corp_structure.html</p>	
Recommendation 8.3			
<p>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.</p>	<p>COMPLIANT</p>	<p>Please see details of the directors' 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 https://paxys.com/public/files/2021%20Definitive%20Information%20Statement.pdf (pages 9 to 11).</p>	

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 https://paxys.com/public/files/2021%20Definitive%20Information%20Statement.pdf (pages 11 to 12).	
Recommendation 8.4			
1. 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/RevisedAmmendedManual.pdf (page 13)	
2. 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.com/public/files/RevisedAmmendedManual.pdf (page 13)	
3. 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 of every officer of the Company, the Company discloses the aggregate

			amount of remuneration of all of its executive officers.
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	COMPLIANT	<p>Please see the Company's RPT policy at http://www.paxys.com/public/company_policies.html and at https://www.paxys.com/public/files/rptp.pdf</p> <p>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/RevisedAmmendedManual.pdf (page 10).</p>	
2. Company discloses material or significant RPTs reviewed and approved during the year.	COMPLIANT	<p>As provided in the Company Annual Report https://paxys.com/public/files/2022%20Annual%20Report.pdf</p> <p>Related Party Transactions (page 6)</p> <p>"Paxys has established procedures to ensure the integrity and transparency of related party transactions between and among the Company and its joint venture partners, subsidiaries, associates, affiliates, major stockholders, officers, and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by directors and officers. The arms-length principle is applied and these transactions</p>	

are properly recorded and disclosed in the financial records. The Group complies and shall disclose material RPTs in accordance with the SEC rules on material related transactions for publicly listed companies.

For years ending December 31 2022, 2021, and 2020, there are no material related party transactions nor any pending or proposed transactions, to which the Company was or is to be a party and/or in which any of its directors and officers, any close family members of such individuals, had or is to have a direct or indirect material interest except as provided hereunder.

Complete details of the related party transactions of the company were disclosed in the notes to the financial statements."

Certain Relationships and Related Transactions (page 34)

"Except from those mentioned in **Item 1 (viii)**, 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."	
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Supplement to Recommendation 8.5

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/RevisedAmmendedManual.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 appropriate 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.	
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Optional : Recommendation 8.5

1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.			
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Recommendation 8.6

1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur,	COMPLIANT	All disclosures are filed through the Philippine Stock Exchange and are made available to the public through the Company's website:	
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<p>particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.</p>		<p>https://paxys.com/public/sec_filings.html</p>	
<p>2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p>	<p>COMPLIANT</p>	<p>No similar transaction was made during the covered period. However, the Company's Revised Manual of Corporate Governance and Related Party Transactions Policy 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 other 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/RevisedAmmendedManual.pdf (page 20).</p>	
<p>Supplement to Recommendation 8.6</p>			
<p>1. Company 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.</p>	<p>COMPLIANT</p>	<p>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. However, no such transaction was made during the covered period. Thus, no proof can be provided herein.</p>	

Recommendation 8.7

1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	Please see the Company's Revised Manual on Corporate Governance at http://www.paxys.com/public/files/RevisedAmmendedManual.pdf	
2. Company's MCG is submitted to the SEC and PSE.	COMPLIANT		
3. Company's MCG is posted on its company website.	COMPLIANT		
Supplement to Recommendation 8.7			
1. 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/RevisedAmmendedManual.pdf (pages 1 to 2).	
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	COMPLIANT	The Company's Audit, Risk Management, and Related Party Transaction Committee Charter delineates the process for the approval, recommendation for appointment, reappointment, removal and fees of external auditors.	

		https://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	<p>In the Company's Annual Stockholders' Meeting held last December 13, 2022, the reappointment of the Company's external auditor, Reyes, Tacandong & Co (RT & Co) has been ratified and approved by the shareholders.</p> <p>Please see of the results of the Annual Stockholders' Meeting that has been provided and disclosed to the Exchange last December 13, 2022 at https://paxys.com/public/files/SEC%20Form%2017C_Result%20of%20Annual%20Stockholders'Meeting%20for%202022.pdf</p> <p>The draft Minutes of the Annual Stockholders' Meeting held last December 13, 2022, which will be approved during the next annual stockholders meeting, is also hereto attached as Annex 3.</p>	
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	The company's external auditor has been reappointed for the year 2022. 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.	
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	COMPLIANT	The Company has appointed its new lead auditor from Reyes, Tacandong & Co. for the year 2022-2023.	

		<p>This is within the allowable term per SEC rule 68 on rotation of external auditors which provides the rules on audit partner rotation in accordance with the Code of Ethics for Professional Accountants in the Philippines. Please see https://paxys.com/public/files/2022%20Annual%20Report.pdf</p> <p>Copy of latest Code of Ethics for Professional Accountants in the Philippines and Amendments Thereto can be found here: https://www.prc.gov.ph/sites/default/files/AccountancyCOE2.pdf</p>	
Recommendation 9.2			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant 	COMPLIANT	<p>A link to the Audit, Risk Management, and Related Party Transaction Committee Charter has been provided in the Company's website: http://paxys.com/public/files/BC1.pdf</p>	

Philippine professional and regulatory requirements.			
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	COMPLIANT		
Supplement 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	<p>The Group's current external auditor, Reyes Tacandong & Co., passed the criteria set by the Audit, Risk and Related Party Transactions Committee.</p> <p>A link to the Audit, Risk Management, and Related Party Transaction Committee Charter has been provided in the Company's website: http://paxys.com/public/files/BC1.pdf</p>	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	COMPLIANT	<p>The Groups' current external auditor, Reyes Tacandong & Co., passed the criteria set by the Audit, Risk and Related Party Transactions Committee.</p> <p>A link to the Audit, Risk Management, and Related Party Transaction Committee Charter has been provided in the Company's website at http://paxys.com/public/files/BC1.pdf</p>	
Recommendation 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	

<p>auditor in the Annual Report to deal with the potential conflict of interest.</p>		<p>Tacandong and Co. (RTC), for the year 2022.</p> <p>Should RTC be engaged for non-audit work going forward, the Company shall provide the necessary disclosures in the Annual Report of the Company.</p>	
<p>2. 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.</p>	<p>COMPLIANT</p>	<p>The Company's Revised Manual on Corporate Governance delineates that the Audit, Risk Management, and Related Party Transaction Committee functions include the review of non-audit services performed by the external auditors and its responsibility for ensuring that the objectivity of external auditors are maintained. Please see http://www.paxys.com/public/files/RevisedAmmendedManual.pdf page 14</p>	
<p>Supplement to Recommendation 9.3</p>			
<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	<p>COMPLIANT</p>	<p>There are no non-audit services conducted by the Company's external auditor, Reyes Tacandong and Co. (RTC), for the year 2022.</p> <p>Should RTC be engaged for non-audit work going forward, the Company shall provide the necessary disclosures regarding fees paid in the Annual Report of the Company.</p>	
<p>Additional Recommendation to Principle 9</p>			
<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<p>COMPLIANT</p>	<p>Details of the company's external auditor are as follows:</p> <p>1. Name: Reyes Tacandong & Co</p>	

		<ul style="list-style-type: none"> 2. Address: 26th Floor Citibank Tower 8741 Paseo de Roxas Makati City 3. Audit engagement partner: Michelle R. Mendoza- Cruz 4. BOA Accreditation No: 4782 valid until August 13, 2024 5. SEC Accreditation No. 97380-SEC Group A Issued April 8, 2021 valid up to 2024. 	
2. 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 material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
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/RevisedAmmendedManual.pdf (pages 20 to 21).	

2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT	The Company has a Sustainability Report for the year 2022 in compliance with the Sustainability Report Framework that may be required by the SEC. See link at https://paxys.com/public/files/2022%20Annual%20Report.pdf (page 160 of the pdf file) wherein the Sustainability Report is attached to the Annual Report.	
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Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

1. Company has 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.	
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Supplemental to Principle 11

1. 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 www.paxys.com .	
a. Financial statements/reports (latest quarterly)	COMPLIANT		
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			
1. Company complies with SEC-prescribed website template.	COMPLIANT	The company website is at www.paxys.com .	
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
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.	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	The Company has an established process in assessing its risks, their 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 management framework as a way of process improvement.	
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and	COMPLIANT	Being a publicly listed company and in line with the corporate governance policies of the Company, the Board has an	

<p>relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>		<p>established system to ensure compliance with laws and relevant regulations.</p> <p>The company has a duly appointed Compliance Officer to ensure that this process is in place and the review is being done periodically and as needed.</p>	
Optional: Recommendation 12.1			
<p>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.</p>			
Recommendation 12.2			
<p>1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.</p>	COMPLIANT	<p>The internal audit function currently rests under the responsibilities of the Audit, Risk Management, and Related Party Transactions 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.</p>	
Recommendation 12.3			
<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>	COMPLIANT	<p>The independent internal audit function is being performed by the Company's Chief Audit Executive, Ms. Ruth Mariñas.</p>	
<p>2. 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.</p>	COMPLIANT	<p>Please refer to the company website for the list of Company's executive officers: https://paxys.com/public/bod_mngmt.htm ! </p>	

<p>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.</p>	<p>NOT APPLICABLE</p>	<p>In 2022, the Company did not outsource its internal audit activity for the period covered.</p>	
<p>Recommendation 12.4</p>			
<p>1. Company has a separate risk management function to identify, assess and monitor key risk exposures.</p>	<p>COMPLIANT</p>	<p>The Company has a risk management function which is separate from the operations. This is usually done at the top management level with input coming from and the results cascaded down to the level of employees.</p> <p>The Chief Risk Officer has been duly appointed and is tasked to report on the enterprise-wide risk to the Board through the Audit, Risk Management and Related Party Transactions Committee.</p> <p>Please refer to https://paxys.com/public/files/ERM1.pdf for the Risk Management Framework of the Company</p>	
<p>Supplement to Recommendation 12.4</p>			
<p>1. Company seeks external technical support in risk management when such competence is not available internally.</p>	<p>COMPLIANT</p>	<p>The Company has a competent management team and people to carry out risk management activities and there is no need yet to seek external technical support for the period covered.</p> <p>Should the need for external support arise, the Company will tap external parties for its</p>	

		requirements in accordance with the Companies policies and procedures.	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	COMPLIANT	The risk management function is currently being performed by the Company's Chief Risk Officer, Ms. Sheri Inocencio. Please refer to the company website for the list of Company's executive officers: https://paxys.com/public/bod_mngmt.htm	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.		https://paxys.com/public/bod_mngmt.htm	
Additional Recommendation to Principle 12			
1. 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 and working effectively.	COMPLIANT	Please refer to Annex 5 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.	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board 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/RevisedAmmendedManual.pdf (pages 18-19).	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	The Company by-laws at http://www.paxys.com/public/files/3.BL.pdf provides for shareholders' rights.	

Supplement 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.pdf 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://paxys.com/public/files/5.AOI.pdf The Company By-Laws http://www.paxys.com/public/files/3.BL.pdf 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 Voting Procedure. Voting shall be done <i>via voice</i> 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 https://paxys.com/public/files/2021%20Definitive%20Information%20Statement.pdf page 25 of the pdf file.	
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/RevisedAmmendedManual.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	<p>The Company's Revised Manual on Corporate Governance (page 19) http://www.paxys.com/public/files/RevisedAmmendedManual.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.</p> <p>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.</p>	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	COMPLIANT	<p>Under the Company's Revised Manual on Corporate Governance http://www.paxys.com/public/files/RevisedAmmendedManual.pdf the minority shareholders have the following rights:</p>	

		<p>(pages 2 to 3) Nomination by minority shareholders in the Composition of the Board.</p> <p>(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 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.</p>	
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			
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	COMPLIANT	In compliance with the SEC Notice dated February 16, 2022 the notice of the meeting was published - in print format on November 18 and 19, 2022 and online format on	

<p>information at least 28 days before the meeting.</p>		<p>November 18 and 19, 2022 in the business sections of the Business World and the Philippine Star, both newspapers of general circulation. 28 days before the ASM.</p> <p>There was no shareholders' approval of remuneration or any changes therein in the agenda of the meeting.</p> <p>See link to the Agenda in the Company's Definitive Information Statement (SEC Form 20-IS) at https://paxys.com/public/files/2021%20Definitive%20Information%20Statement.pdf (pages 2 to 3).</p>	
Supplemental to Recommendation 13.2			
<p>1. Company's Notice of Annual Stockholders' Meeting contains the following information:</p>			
<p>a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)</p>	<p>COMPLIANT</p>	<p>See link to the Profile of Directors in the Company's Definitive Information Statement (SEC Form 20-IS) at https://paxys.com/public/files/2021%20Definitive%20Information%20Statement.pdf (pages 10 to 11).</p>	
<p>b. Auditors seeking appointment/re-appointment</p>	<p>COMPLIANT</p>	<p>See link to the details of the Independent Public Accountant in the Company's Definitive Information Statement (SEC Form 20-IS) at https://paxys.com/public/files/2021%20Definitive%20Information%20Statement.pdf</p>	

		(pages 18 to 19).	
c. Proxy documents	COMPLIANT	See link to the Proxy form at https://paxys.com/public/ASM2022.html	
Optional: 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 https://paxys.com/public/files/2021%20Definitive%20Information%20Statement.pdf (pages 4 to 5).	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	COMPLIANT	See the Company's Disclosure of the Results of the Annual Stockholders Meeting dated 13 December 2022 at https://paxys.com/public/files/SEC%20Form%2017C_Result%20of%20Annual%20Stockholders'Meeting%20for%202022.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 discloses the same after its approval. In order to provide an advance information to the PSE and SEC, the Company has disclosed the results of the Annual Stockholders' Meeting on December 13, 2022 with the following link: https://paxys.com/public/files/SEC%20Form%2017C_Result%20of%20Ann

			ual%20Stockholders'Meeting%20for%202022.pdf The Company, however, is not compliant with the recommendation that the disclosure should be made within five business days as the Minutes need to be approved during the next ASM.
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	COMPLIANT	Representatives from Reyes Tacandong and Co. and Professional Stock Transfer, Inc. were present during the ASM.	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	COMPLIANT	No conflict has arisen between the company and any of its stockholders, third parties or regulatory authorities.	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT	See link to the Company's Manual on Corporate Governance at http://www.paxys.com/public/files/RevisedAmmendedManual.pdf (page 9 item k)	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	COMPLIANT	The Company's Corporate Information Officer serves as its Investor Relations Officer with details below: 1. Name of the person: Atty. Mayette H. Tapia 2. Telephone number: +632-8250-3800	

		3. Fax number: (+632) 8250-3801 4. E-mail address: mayette.tapia@paxys.com	
2. IRO is present at every shareholder's meeting.	COMPLIANT	The IRO was present during the ASM.	

Supplemental Recommendations to Principle 13

1. 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%. Should the Company require additional capital for expansion, it will issue shares to the public to increase its public float to 30%.

Optional: 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.			

Duties to Stakeholders

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.

Recommendation 14.1							
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	<p>Please find details of the Company's shareholders at https://paxys.com/public/files/SEC%20Form%2017C%20List%20of%20Stockholders%20as%20of%2031%20October%202022.pdf</p> <p>The Revised Manual on Corporate Governance at http://www.paxys.com/public/files/RevisedAmmendedManual.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)</p>					
Recommendation 14.2							
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	<p>Please refer to http://paxys.com/public/files/BOD4.pdf for the summary of Company policies related to the fair treatment and protection of shareholders.</p>					
Recommendation 14.3							
1. 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	<table border="1"> <thead> <tr> <th></th> <th>Details</th> </tr> </thead> <tbody> <tr> <td>(1) Objectives</td> <td>To build the trust and confidence of our stakeholders in the company's ability to create value.</td> </tr> </tbody> </table>			Details	(1) Objectives	To build the trust and confidence of our stakeholders in the company's ability to create value.
	Details						
(1) Objectives	To build the trust and confidence of our stakeholders in the company's ability to create value.						

			To create understanding and awareness of the company amongst the investing community.	
		(2) Principles	Fair disclosure of information; bilateral communication	
		(3) Modes of Communications	Company website, PSE	
		4) Investors Relations Officer	Details provided above/ Same as the Corporate Information Officer	
		(5) Whistleblowing policy	Please see link at http://www.paxys.com/public/company_policies.html	

Supplement to Recommendation 14.3

1. 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 arisen between the company and any of its stockholders, third parties or regulatory authorities.	.
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Additional Recommendations to Principle 14

1. 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 discloses the reason for such action, as	COMPLIANT	The Company has no existing request for exemption.	
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well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.			
2. Company respects intellectual property rights.	COMPLIANT	The Company has no specific transaction involving intellectual property rights during the covered period.	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare			
2. Company discloses its policies and practices that address supplier/contractor selection procedures			
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	COMPLIANT	The Company recognizes the contributions of its employees in the achievement of company goals and objectives. Through its Human Resource, the Company has established several policies and programs concerning health, safety, welfare, training and development and incentive or rewards which are designed to encourage the employees to stay productive and motivated at work.	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance	COMPLIANT	The Company has an established Employee Equity Plan (EEP). The maximum number of shares that may be issued as approved by the SEC is 50,000,000 shares and shall	

<p>of the company beyond short-term financial measures.</p>		<p>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.</p>	
<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	<p>COMPLIANT</p>	<p>The Company implements an integrated approach to employees' safety, health, and welfare. Employees are provided with comprehensive coverage for hospitalization 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 conduct training 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 with all applicable safety standards and laws.</p> <p>http://www.paxys.com/public/conduct_et_hics.html (page 5)</p>	
<p>3. Company has policies and practices on training and development of its employees.</p>	<p>COMPLIANT</p>	<p>The Company ensures that its employees are equipped with the appropriate skills and training to carry out the tasks and responsibilities assigned.</p> <p>Through its Human Resource, the Company has implemented various programs on training and development of its employees. Training is either done in-house through the</p>	

		Company's Training Department or outsourced for more specialized and highly technical needs.	
Recommendation 15.2			
1. 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_et_hics.html (page 6 to 7)	
2. 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 programs are discussed during New Hire Orientation and signed-off by individual employees. A copy is also made available and accessible to the employees through the company's digital shared storage.	
Supplement to Recommendation 15.2			
1. 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 corruption are not tolerated in the Company. Any employee caught and proven guilty of such practices are subject to immediate termination. 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.	

Recommendation 15.3			
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	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.	
2. 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.	COMPLIANT		
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	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 the 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			
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	COMPLIANT	The Company is committed to contributing to the society and environment where it operates. From social outreach and feeding programs, to initiatives that protect the environment and educational scholarships,	

<p>advancement of the society where it operates.</p>		<p>the Company continues to apply innovative solutions in its CSR programs by aligning and incorporating CSR strategy across all operational functions.</p>	
Optional: Principle 16			
<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>			
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>			

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 MAKATI CITY on MAY 25 2023.

SIGNATURES



TARCISIO M. MEDALLA
Chairman of the Board



JOSE ANTONIO A. LICHAUCO
Independent Director

GEORGE EDWIN Y. SYCIP
Independent Director



MAYETTE H. TAPIA
Compliance Officer and
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 25 2023 at MAKATI CITY, affiants exhibited to me their competent evidence of identity, as follows:

Name	Competent Evidence of Identification		
	Passport No.	Date of Issue	Place of Issue
Tarcisio M. Medalla	P7548707A	14 June 2018	DFA Manila
Jose Antonio A. Lichauco	P2727466B	7 August 2019	DFA NCR East
George Edwin Y. Sycip	506254556	7 January 2015	USA
Mayette H. Tapia	P0985037B	9 March 2019	DFA NCR Central

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

Doc. No.: 281;
Page No.: 59;
Book No.: 3;
Series of 2023.

NOTARY PUBLIC

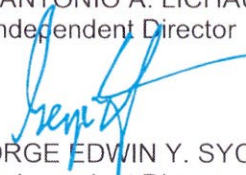

ATTY. JOEL FERRER FLORES
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2023 (2023-2024)
APPOINTMENT NO. M-115
ROLL NO. 77376 / MCLE (EXEMPT)
PTR NO. 9563564 / JAN. 03, 2023/MAKATI CITY
IBP NO. 261994 / JAN. 03, 2023/PASIG CITY
1107 D. BATAAN ST., GUADALUPE NUEVO, MAKATI CITY

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 _____.

SIGNATURES

TARCISIO M. MEDALLA
Chairman of the Board

JOSE ANTONIO A. LICHAUCO
Independent Director



GEORGE EDWIN Y. SYCIP
Independent Director

MAYETTE H. TAPIA
Compliance Officer and
Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ at _____, affiants exhibited to me their competent evidence of identity, as follows:

Name	Competent Evidence of Identification		
	Passport No.	Date of Issue	Place of Issue
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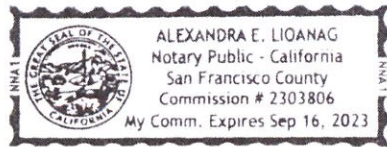
NOTARY PUBLIC

Doc. No.: _____;
 Page No.: _____;
 Book No.: _____;
 Series of 2023.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
 County of San Francisco)

Subscribed and sworn to (or affirmed) before me on May 24, 2023 by ***George Edwin Sycip***,
 proved to me on the basis of satisfactory evidence to be the person(s) appeared before me.



Signature *Alexandra E. Lioanag*
 Alexandra E. Lioanag, Notary Public

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

Held on 28 March 2022
Via Microsoft Teams Meeting

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
MAYETTE TAPIA (Corporate Secretary)

ALSO PRESENT:

EDMUNDO MACASO
PABLITO LIM
DIVINE GANDEZA
ATTY. ANA MARIA KATIGBAK

1. Call to Order

The Chairman, Mr. Tarcisio M. Medalla, called the meeting to order at 11:00 am and presided over the same. The Corporate Secretary, Atty. Mayette H. Tapia, recorded the proceedings.

2. Certification of Quorum

The Corporate Secretary 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 that all members of the board are attending via zoom videoconference. The Corporate Secretary thus 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. 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 meetings of the Board of Directors which were held on 14 December 2021 (Organization Board Meeting). Upon motion made and duly seconded, the minutes of the meeting of the Board of Directors held on 14 December 2021 was unanimously approved.

4. Review and Approval of 2021 Audited Financial Statements

The Corporate Secretary announced that the next item on the agenda is the review of the 2021 Audited Financial Statements for Paxys and its subsidiaries. The highlights of the report were as follows:

(a) Consolidated Income Statement

- The Group generated about P48.0M revenues for the year coming from SWA data conversion and managed facility services. Compared with budget, this is P21.1M or 31% lower due to decline in actual volume of business.
- Direct cost is lower than budget by P16.0M. To mitigate the impact of lower volume, cost saving initiatives were undertaken. In particular, FTE was managed through efficient use of personnel from operations and support team.
- Gross Profit is P15.7M, which is about P5.1M or 25% below the P20.8M budget. The lower gross profit is primarily due to the lower volume for the year. However, because of lower direct cost, gross profit is only 8.7% lower than actual gross profit in 2020.
- General and administrative expenses is P1.2M lower than budget, due in part to decrease in professional fees. Other Income, comprising mainly of the Interest Income from the group's surplus funds, is higher than budget by P15.2M due to mainly to the realized gain of about P8M on the redemption of managed fund in January 2021, as well as forex translation gain.
- Overall result is a Net Loss of P13.4M, which is lower than expected Net Loss of about P25.2 million. EBITDA is positive P5.3M.

(b) Consolidated Balance Sheet

- The Group's total assets increased by P157.2M or about 4.3% mainly due to higher cash and cash equivalents, partly due to the interest earned and resulting translation adjustments.
- Total liabilities increased by P24.7M due to the renewal of lease at 6750 Office Tower.
- Retained Earnings went down by P13.4M due to the net operating loss of the group for the year.
- Other Equity Reserve increased by P145.9M due to the translation gains on PNV's dollar funds.

After some discussion, the Board, upon motion duly made and seconded, resolved to approve the 2021 Audited Financial Statements of Paxys and its subsidiaries, as reported. The Board of Directors of the Company notes and affirms, that the Audited Financial Statements for the year ended 31 December 2021 submitted in its final form shall be a true and fair representation of the Company's financial condition.

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

"RESOLVED, that the Board of Directors of **PAXYS, INC.** (the "Corporation") authorize, as it hereby authorizes, the Corporation's external auditors, Reyes Tacandong & Co., to issue the Audited Financial Statements of the Corporation for the year ended 31 December 2021."

5. Other Matters

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

- I. *Approval of the holding of Board Meetings, Regular or Special, and Shareholders Meeting/s, by means of virtual meeting*

The Board has approved that the board meetings, regular and/or special, and Shareholders Meeting/s, of the Company shall be held by means of virtual meeting either via Microsoft Teams and/or Zoom Videoconference Meetings. As such, the Board has authorized the management to approve the rules of procedures for the conduct of the meeting/s.

- II. *Appointing Mr. Tarcisio M. Medalla to decide on the postponement of the Corporation's annual meeting of stockholders for 2021, as provided in its By-Laws and the new meeting date*

"RESOLVED, that the Board of Directors of **PAXYS, INC.** (the "Corporation") approved, as it hereby approved, to postpone to a later date the annual meeting of the stockholders of the Corporation for the year 2022, which, as provided in its By-Laws, is to be held on any ay in May each year. The purpose of the postponement is to provide the Board and Management of the Corporation with greater opportunity in determining its strategic direction.

RESOLVED FURTHER, that the Board authorize, as it here by authorizes its Chairman and President, Mr. Tarcisio M. Medalla, to determine the new meeting date and fix the record date.

RESOLVED, FINALLY, that the Corporate Secretary be, and is hereby, authorized to issue certifications covering the foregoing resolution adopted by the Board of Directors of the Corporation."

- III. *Authorizing its officers to represent Paxys Inc. with SEC through Efast (formerly known as Online Submission Tool)*

"RESOLVED, that the Board of Directors of **PAXYS, INC.** (the "Corporation") authorize, as it hereby authorizes, to designate the following officers to represent the Corporation and act for it in the submission of reportorial requirements with the SEC through eFAST (formerly known as Online Submission Tool):

Name	Position	Signature
Mayette H. Tapia	Corporate Secretary	_____

Sheri A. Inocencio

Controller

RESOLVED, FINALLY, that the Corporate Secretary be, and is hereby, authorized to issue certifications covering the foregoing resolution adopted by the Board of Directors of the Corporation.”

IV. *Approval of the change of bank signatories with BDO Unibank Inc. – Trust and Investments Group*

“**RESOLVED**, that **PAXYS, INC.** (the ‘Corporation’) be authorized, as it is hereby authorized, to open and maintain a trust account, investment management account, Unit Investment Trust Fund (UITF) account/s or other accounts (hereinafter referred to as the ‘Accounts’) with BDO Unibank, Inc.-Trust and Investments Group (BDO-Trust);

RESOLVED FURTHER, the following signatories with signing limits, be authorized, as they are hereby authorized, to sign, execute and deliver any and all documents relating to the Accounts, to operate and issue instructions regarding the same, and to do any and all acts to implement the foregoing resolution:

Authorized Signatories:

GROUP A

Tarcisio M. Medalla	Chairman and President	_____
Roger Leo A. Cariño	Treasurer	_____ / 6

GROUP B

Pablito O. Lim	Group Chief Financial Officer	_____
Edmundo Miguel D. Macaso	IT Head and Business Development	_____

GROUP C

Sheri A. Inocencio	Controller	_____
Lamae A. Cawed	Junior 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;
- c. For short-term investments, regardless of amount, any two (2) signatories from Group A, B and C signing jointly shall have the power and authority to effect the transaction or sign the relevant instruments.

V. *Approval of the change of bank signatories with Banco De Oro Unibank Inc. – Transaction Banking Group*

"**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") and Treasury Group ("Treasury") 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, foreign exchange, investments and such other existing and future products and services of TBG and Treasury (collectively, the "**TBG and Treasury 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 and Treasury Products/Services;

RESOLVED, that the following are the only bank signatories 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.

Authorized Signatories:

GROUP A

Tarcisio M. Medalla	Chairman and President	_____
Roger Leo A. Cariño	Treasurer	_____

GROUP B

Pablito O. Lim	Group Chief Financial Officer	_____
Edmundo Miguel D. Macaso	IT Head and Business Development	_____

GROUP C

Sheri A. Inocencio	Controller	_____
Lamae A. Cawed	Junior 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:
 - a. any two (2) signatories consisting of any one (1) from Group A and any one (1) from Group B; or
 - b. 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.

- d. For short-term investments, regardless of amount, any two (2) of the signatories both signing jointly from Groups A, B or C shall have the power and authority to effect the transaction or sign the relevant instruments.
- e. For foreign exchange transactions, regardless of amount, any two (2) of the signatories both 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 checks, 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 and Treasury Products/Services, under such terms and conditions as the Representative/s may deem fit, including enrollment 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."

7. 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 LEO A. CARIÑO
Director

GEORGE Y. SYCIP
Independent Director


JOSE ANTONIO A. LICHAURO
Independent Director

ROBERTO 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 2022
Via Microsoft Teams Videoconference

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
MAYETTE TAPIA (Corporate Secretary)

ALSO PRESENT:

ANA MARIA KATIGBAK
EDMUNDO MACASO
PABLITO LIM

1. Call to Order

The Chairman, Mr. Tarcisio M. Medalla, called the meeting to order at 11:00 am and presided over the same. The Corporate Secretary, Atty. Mayette H. Tapia, 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 confirmed that all members of the board are attending via Microsoft Teams Videoconference. The Corporate Secretary thus 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. 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, which was held on 28 March 2022 (2021 Audited Financial Statements). Upon motion made and duly seconded, the minutes of the meetings of the Board of Directors held on 28 March 2022 was unanimously approved.

4. Approval and Ratification of the 2022 Budget

The Corporate Secretary announced that the next item on the agenda is the review and approval of the 2022 Budget for Paxys and its subsidiaries. A copy of which was routed via email to the Board of Directors prior to the board meeting.

Mr. Pablito Lim made an exhaustive presentation of the budget, including the general and administrative expenses, the group's assets and liabilities.

There being no further questions and comments made, the Board, upon motion duly made and seconded, resolved to approve and ratify the 2022 Budget for Paxys and its subsidiaries, as reported.

5. Review and Approval of First Quarter 2022 Financial Performance Report

The Corporate Secretary announced that the next item on the agenda is the review of the First Quarter 2022 Financial Performance Report for Paxys and its subsidiaries. The highlights of the management report were as follows:

(a) Consolidated Income Statement

- The Group generated P12.3M revenues for the first quarter of 2022, coming from Scopeworks Asia, Inc. ("SWA") data conversion and managed facility services. Compared with budget, this is P0.3M or 3% higher mainly due to performance incentives received from the client for SWA's achievement of the KPIs.
- Direct cost went down by about P.6M as a result of cost saving initiatives.
- Gross Profit is P4.7M and this is about P0.9M or 24% higher than the P3.8M budget.
- General and administrative expense is P17M and is lower than budget by P0.7M.
- Other Income, comprising mainly of the Interest Income and translation gain from the group's surplus funds, is higher than budget by P1M.
- Overall result is a Net Loss of P0.9M, which is better than the projected Net Loss of P3.5 million per Budget. EBITDA is at positive P3.6M.

(b) Consolidated Balance Sheet

- The Group's total assets is almost flat, increasing only by P1M.
- Total liabilities went down by P7.2M due to lease payments.
- Retained Earnings went down by P0.9M due to the net operating loss of the group for the first quarter.
- Other Equity Reserve increased by about P9.1M due to the translation gain on PNV's dollar funds. PHP depreciated from P50.99 at year-end 2021 to P51.74 at the end of the first quarter of 2022.

Mr. Lim Ghee Keong inquired about the Php50 million G & A expenses of Paxys and Mr. Tarcisio Medalla accordingly instructed Mr. Pablito Lim to make a second review and report on it.

After some discussion, the Board, upon motion duly made and seconded, resolved to approve the First Quarter 2022 Financial Performance Report of Paxys and its subsidiaries, as reported. The Board of Directors of the Company noted and affirmed that the First Quarter 2022 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. Scopeworks Asia, Inc. Updates

- Mr. Macaso gave updates of SWA's operations. According to him, insofar as the Nuance contract, Nuance was notified by Telstra that it was ending its contract last February 14, 2022. As a result, Nuance terminated its contract with SWA effective March 31, 2022 even after SWA's 3 quarters of successive over performance and achievement of the quarterly incentive.
- Termination Notices were issued in two batches last March 2022 to 51 employees with a total separation cost of P2.6M. P1M has been provided for in SWA's Financial Statements, hence only P1.6M will hit the company's P&L in 2022.
- Insofar as the managed services of SWA, Mr. Macaso said that AMS, its current client, has indicated that it will extend its contract for the Alabang site beyond October 2022. In addition, SWA is now facilitating the set-up of a new 50-seat office in Cebu for AMS, which could potentially expand to 100 seats, and is exploring possible expansion requirements for AMS in Metro Manila in Q3 2022.
- SWA is now working with its existing tenant, Aspire, to take over the lease of the Cabuyao facilities no later than October 1, 2022. Management is confident that this will push thru given that Aspire has already put in substantial leasehold improvements in the facilities.
- SWA's lease on the Cabuyao site will expire on December 31, 2022; if no agreement is reached with Aspire on the takeover of the lease, SWA will issue a termination notice no later than September 30, 2022.

Mr. Lim Ghee Keong inquired as to what other business should SWA venture into after the termination of Nuance contract. Mr. Macaso thus discussed about the managed service agreement and the co-leasing

Mr. Anton Lichauco also inquired as to the other location that SWA is looking into in view of the termination of the lease. Mr. Macaso discussed about the current Alabang operation as well as the upcoming Cebu and Ortigas operations for AMS.

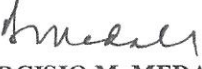
Mr. Tarcisio Medalla noted that the SWA operation is recovering and that it is just getting rid of the lease.


Mr. George Sycip inquired about the nature of the managed services. Accordingly, Mr. Macaso made an exhaustive discussion of the seat-lease arrangement. Mr. Lichauco thus asked about the recurring costs for such services. Thus, Mr. Macaso discussed the following recurring costs: capital expenditure, lease, telco connectivity, security. Mr. Macaso added that these are all pass-through costs and of very low risk. Mr. Lichauco confirmed if said service has inventory space and Mr. Macaso explained that it has none because SWA does not build out.


6. Adjournment

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


ATTESTED:


TARCISIO M. MEDALLA
Chairman


MAYETTE H. TAPIA
Corporate Secretary



ROGER LEO A. CARIÑO
Director

GEORGE Y. SYCIP
Independent Director


JOSE ANTONIO A. LICHAUCO
Independent Director

ROBERTO A. ATENDIDO
Director

LIM GHEE KEONG
Director


CHRISTOPHER B. MALDIA
Director

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 13, 2022 at 2:00 p.m.

CALL TO ORDER

The Chairman, Mr. Tarcisio M. Medalla¹, 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,² Christopher B. Maldia, Roberto A. Atendido, and Independent Director Jose Antonio A. Lichauco.³ The Corporate Secretary, Atty. Mayette H. Tapia, recorded the proceedings.

PROOF OF NOTICE AND CERTIFICATION OF QUORUM

The Corporate Secretary reported that pursuant to SEC's Notice dated April 20, 2020, the notice of the meeting was published - in print and online format on November 18 and 19 2022 in the business sections of the Philippine Star and Business World, both newspapers of general circulation. A copy of the notice, together with the Definitive Information Statement, minutes of the previous meeting, and other documents related to the meeting were also made accessible through the Corporation's website.

As set out in the Requirements and Procedure for Participation and Voting in the meeting, which was attached to the Company's Definitive Information Statement and posted in the Company's website, stockholders who successfully registered within the prescribed period will be included in the determination of quorum. By voting *in absentia* or by proxy, a stockholder will be deemed present for purposes of determining quorum.

The Corporate Secretary announced that there were present, in person and by proxy, at least 976,601,235 shares representing at least 85.03% 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.

¹ Chairman of Executive Committee and of the Compensation Committee

² Treasurer

³ Chairman of Audit, Risk Management, and Related Party Transaction Committee

APPROVAL OF MINUTES OF PREVIOUS MEETING

The next item of business was the approval of the minutes of the previous meeting of the stockholders held on December 14, 2021, copies of which had been earlier distributed to the stockholders.

There being no objections, the reading of the minutes of the previous annual stockholders' meeting was dispensed with.

The Corporate Secretary noted for the record that stockholders owning at least 976,601,235 shares representing at least 85.03% of the outstanding capital stock, voted in favor of approving the minutes; 0 shares voted against; and 0 shares abstained on the matter. The affirmative votes are sufficient to approve the resolution.

Therefore, the following resolution was unanimously approved by the stockholders holding at least 85.03% of the outstanding capital stock of the Corporation:

"RESOLVED, that the minutes of the Annual Stockholders' Meeting of the Corporation held on December 14, 2021 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 highlights of 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, 2021; third quarter report for the period ended September 30, 2022; and interim period financial report.

After the report, the Corporate Secretary presented the proposed resolution and the voting results.

The Corporate Secretary noted for the record that stockholders owning at least 976,601,235 shares representing at least 85.03% of the outstanding capital stock, voted in favor of approving the management report and audited financial statements for the year ended December 31, 2021; 0 shares voted against; and 0 shares abstained on the matter. The affirmative votes are sufficient to approve the resolution.

Therefore, based on the voting forms results, the following resolution was unanimously approved by the stockholders holding at least 85.03% of the outstanding capital stock of the Corporation:

“RESOLVED, that the Management Report as presented by the President and the Corporation’s audited financial statements for year ended December 31, 2021 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.

The Corporate Secretary noted that for the record that stockholders owning at least 976,601,235 shares representing at least 85.03% of the outstanding capital stock, voted in favor of ratifying and approving the acts; 0 shares voted against; and 0 shares abstained on the matter. The affirmative votes are sufficient to approve the resolution.

Based on the voting forms results, the following resolution was unanimously approved by the stockholders holding at least 85.03% of the outstanding capital stock of the Corporation:

“RESOLVED, that all acts, proceedings, transactions, contracts, agreements, resolutions, and deeds, authorized and entered into by the Board of Directors, Management, and/or Officers of Paxys, Inc. from the date of the last annual stockholders’ meeting up to the present be, as they are hereby, ratified, confirmed, and approved.”

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 Corporation’s Corporate Governance Manual, all nominations for director were reviewed and approved by the Nominations and Governance Committee. Under SEC rules, only nominees whose names have been submitted to and evaluated by the Nominations and 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 EDWARD 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.

Upon motion made and duly seconded, and there being only seven (7) nominees to the seven (7) available seats for directors, the above nominees were unanimously elected by the stockholders holding at least 85.03% of the outstanding capital stock of the Corporation, as directors for the current year to serve as such for a period of one year and until their successors are duly elected and qualified.

The Chairman also declared that the independent directors on the Board are Mr. George Edward Y. Sycip and Mr. Jose Antonio A. Lichauco.

APPOINTMENT OF EXTERNAL AUDITORS

Thereafter, the meeting proceeded with the appointment of the external auditors of the Corporation for the current year. The Company's Audit and Governance Committee endorsed its reappointment following the review of the qualifications and performance of Reyes Tacandong & Co.

The Corporate Secretary noted that note for the record that stockholders owning at least 976,601,235 shares representing at least 85.03% of the outstanding capital stock, voted in favor of the appointment of Reyes, Tacandong & Company; 0 shares voted against; and 0 shares abstained on the matter. The affirmative votes are sufficient to approve the resolution.

There being no objection, and based on the voting forms result, the following resolution was approved by the stockholders holding at least 85.04% of the outstanding capital stock of the Corporation:

“RESOLVED, that the accounting firm of Reyes Tacandong & Company be re-appointed external auditors of the Corporation for the year 2021-2022.”

ADJOURNMENT

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

MAYETTE H. TAPIA
Corporate Secretary

ATTESTED:

TARCISIO M. MEDALLA
Chairman of the Stockholders' Meeting

Summary of Reports Filed to the SEC and PSE

REPORTS	DATE FILED		DUE DATE	REMARKS
	SEC	PSE		
1 st Quarterly Report	May 12, 2022	May 13, 2022	May 15, 2022	Filed within 45 days from end of period
2 nd Quarterly Report	August 11, 2022 (Amended) -August 15, 2022	August 15, 2022	August 15, 2022	Filed within 45 days from end of period
3 rd Quarterly Report	November 10, 2022 (Amended) - November 11, 2022	November 14, 2022	November 14, 2022	Filed within 45 days from end of period
Annual Report	April 11, 2023	April 12, 2023	April 15, 2023	Filed within 105 days from end of fiscal year
Audited Financial Statements	April 11, 2023	April 12, 2023	April 15, 2023	Filed within 105 days from end of fiscal year

Internal Control and Compliance

This report summarizes the state of Paxys' Internal Audit, Control and Compliance systems for the year 2022.

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
<p>Control Environment</p> <p>Pertains to the overall culture of internal controls at the organization, including governance and compliance.</p>	<p>There is an established "tone at the top" including explicit moral guidance about what is right and wrong within the organization.</p> <p>Management demonstrates a commitment to integrity and ethical behavior by example in its day-to-day activities.</p> <p>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.</p>
<p>Risk Assessment</p> <p>An activity whereby all of the activities, and associated risks, in an organization are identified and analyzed. The business risks are assessed as to its likelihood of</p>	<p>Management has an effective processes in place to identify, measure and monitor key business risks.</p> <p>Formal Enterprise Risk Management Program is in place and a risk register has</p>

<p>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.</p>	<p>been devised to document all associated risks.</p> <p>The risk management process is embedded in the culture and day-to-day activities from Board, Executive management and down to the employee level.</p>
<p>Control Activities</p> <p>This include procedures and controls put into place to mitigate identified risks. This include establishment of policies and procedures across the organization.</p>	<p>Policies and procedures are in place for all critical business processes.</p> <p>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.</p> <p>The Board is updated on the results of the risk assessment activities and continuous audits are done to ensure monitoring of high risk areas.</p>
<p>Communication and Information</p> <p>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.</p>	<p>There are effective communication processes for the use, distribution and sharing of information throughout the organization.</p>
<p>Monitoring</p> <p>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.</p>	<p>Continuous monitoring is embedded in the culture through internal controls designed by Management to detect errors and anomalies.</p> <p>Internal Audit is in charge for the review of the effectiveness of the design and soundness of the company's internal controls.</p>

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.

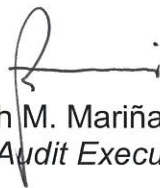
Internal Audit conducts an annual risk assessment to determine the risk auditable units for review. This is reviewed and approved by Audit Committee. The Internal Audit meets as often as necessary to discuss audit results and other control and compliance matters. A copy of the minutes of the committee 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



Ruth M. Mariñas
Chief Audit Executive