

## SUSTAINABILITY REPORT

(In compliance to the Securities Exchange Commission’s Memorandum Circular No. 4, Series of 2019)

### Contextual Information

Name of Organization	Paxys, Inc. (Paxys, the “Parent Company” or the “Company”)
Location of Headquarters	15 <sup>th</sup> floor, 6750 Ayala Office Tower, Ayala Avenue, Makati City
Location of Operations	Paxys, Inc. has one operating subsidiary, Scopeworks Asia, Inc. (SWA). The registered office address of SWA is at Bldg. 1 LSL Compound Diode Street, LISP 1, Brgy. Diezmo, Cabuyao, Laguna.
Report Boundary: Legal entities (e.g., subsidiaries) included in this report	This report covers the Parent Company and its operating subsidiary, Scopeworks Asia, Inc. (both companies referred herein as “the Group”).
Business Model, including Primary Activities, Brands, Products, and Services	<p>Paxys, Inc. is an investment holding company incorporated in the Philippines. The Company was formerly known as Fil-Hispano Holdings Corporation, registered with the Philippine Securities and Exchange Commission (SEC) on February 14, 1952.</p> <p>SWA, currently the only operating subsidiary of Paxys, Inc., provides data conversion and other business process outsourcing services such as customer service, facilities and support services, back-office services, and subleasing.</p>
Reporting Period	January 1 to December 31, 2023
Highest Ranking Person responsible for this report	Tarcisio M. Medalla, Chairman and President

### Materiality Process

Paxys recognizes that corporate sustainability is essential in ensuring long-term corporate success. More than taking business profits, Paxys ensures that the company and its subsidiaries operate responsibly, complies with good corporate governance and regulatory requirements, and cares for the environment, the people, and the community where it operates.

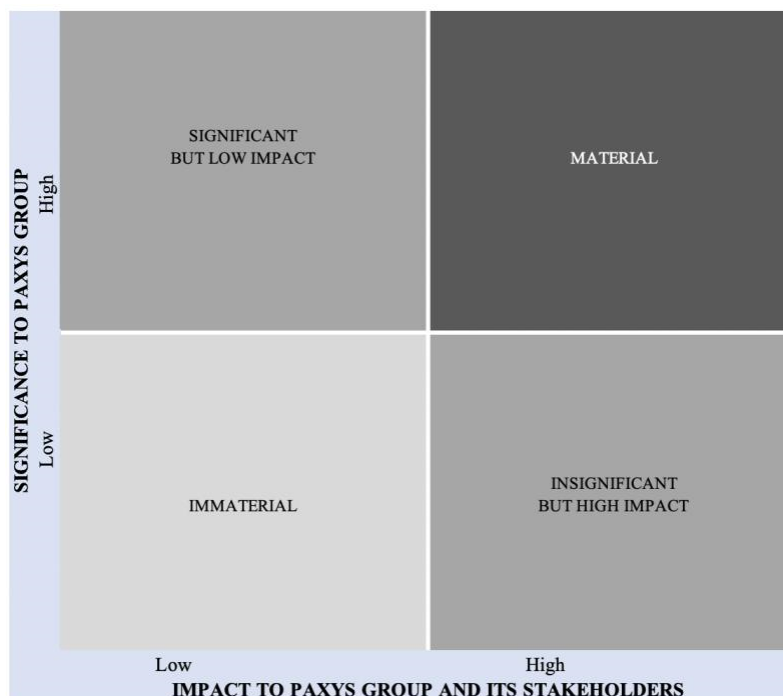
This report particularly covers the sustainability performance of Paxys, Inc. and its operating subsidiary, Scopeworks Asia, Inc. (SWA).

SWA is an export-oriented business process outsourcing company based in Laguna and Cebu. After the end of its contract with its client in 2022, its current business model, which includes facilities management, does not have dependencies on raw materials and machinery but only requires basic resources which include space, people, computers, and internet connectivity. The Group maintains a lean organization and an optimized number of support people at the Head Office.

The Group started its formal sustainability program by identifying the key personnel who are heavily exposed in managing the business and would be in the best position to become part of the core team for this program. These core team members, composed of a mix of employees with strong background in operations, accounting, legal, risk management, and corporate governance, were sent by the Company to a series of external sustainability reporting workshops, trainings, seminars, and development programs to keep them abreast of best sustainability practices from other businesses within the same industry.

Guided by the GRI standards and best industry practices, the core team members of the Group carefully assessed and reviewed the Group’s business activities, including the risks faced by and opportunities available to the Group and their economic, social, and environmental impact. Various stakeholders were consulted in the process. Material topics significant to its operations were also identified and further validated through several engagement sessions with other business heads, officers and concerned team

members within the organization. The following matrix was used to assist the Group in determining the material topics for this report:



The topics which are of high significance and with high impact are as follows:

Economic	Environment	Social
<ul style="list-style-type: none"> <li>• Economic Performance</li> <li>• Procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Resource Management</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Management</li> <li>• Workplace Conditions, Labor Standards, Human Rights</li> <li>• Customer Privacy</li> <li>• Data Security</li> </ul>

## ECONOMIC

### Economic Performance

#### Direct Economic Value Generated and Distributed

Disclosure	Amount (In Php Million)
Direct economic value generated (revenue)	16.6
Direct economic value distributed:	
a. Operating Costs	15.6
b. Employee wages and benefits	21.6
c. Payment to suppliers, other operating costs	60.5
d. Dividends given to stockholders and interest payments to loan providers	-
e. Taxes given to government <sup>1</sup>	9.5
f. Investments to community (e.g., donations, CSR)	- <sup>2</sup>

What is the impact and where does it occur? What is the organization's involvement in the impact	Which stakeholders are affected?	Management Approach
<p>The performance of the Company highly impacts its stakeholders through the economic values generated from its business operations.</p> <p>Significant portions of the generated economic value flows back to the Company's stakeholders which include:</p> <ul style="list-style-type: none"> <li>- investors as added value to their investment</li> <li>- suppliers as payment for their products and services</li> <li>- employees as compensation for their work and service; and</li> <li>- government as payment for taxes</li> </ul>	<p>Investors Employees Suppliers Community Government</p>	<p>Paxys is aware of the economic impact of its business.</p> <p>Through its business operations, the Company makes available employment opportunities and livelihood not only to privileged and college graduates but also to a wide range of unemployed and underemployed at varying age groups regardless of achievement and social status.</p> <p>As a way of doing business, Paxys ensures that all regulatory requirements are complied with, stakeholders are timely informed and relevant business updates and information are shared, and its people and stakeholders are well taken care of.</p>
What are the risks identified?		
<p>Though the Business Process Outsourcing (BPO) and facilities management industries outlook in the Philippines remains to be positive, market risk is still a threat primarily because of possible changes in government policy that effectively reduce the country's competitive advantage. On top of this, BPO and facilities management companies in the country also compete within the industry.</p>	<p>Investors Employees Suppliers Government</p>	<p>The Company provides employees with fair and competitive compensation and benefits. It also implements policies and controls to ensure compliance with labor laws and regulations.</p> <p>The Company also endeavors to provide quality service to its facilities management clients through cost-effective and cost-efficient workspaces and infrastructure.</p>

<sup>1</sup>Includes local business taxes, income taxes, and final taxes

<sup>2</sup>The Company provides assistance to its employees, stakeholders, and the community where it operates. However, the donations and assistance provided are immaterial to the total expenses of the Company.

<p>The Group has also identified technology risk as a threat to the business. Over the past years, the data conversion/transcription program has started to decelerate mainly due to technological advancement and process automation.</p> <p>The more reliable the technology, the lesser human intervention and quality assurance required.</p>		
<p>What are the Opportunity/ies identified?</p>		
<p>While market and technology risks exist, there are still ample business opportunities for the Group and the BPO industry.</p> <p>Philippines remains to be a strong and competitive player in the BPO industry which allows the country to attract both foreign and local investors. Labor cost remains to be competitive in the Region and with continuous trainings, the Filipino workers are considered as hardworking and competent in any field.</p> <p>On the other hand, technology advancement also helps the Group to be more efficient in its back-office processes. Data conversion and transcription may be declining, but there is also growth in other technology-related solutions and services which include managed seat lease facility and disaster recovery sites, which are actively pursued by the Group.</p>		<p>Part of the overall business strategy is to continuously seek business opportunities not only in data conversion and transcription programs but also in other outsourced and managed services where there is a growing demand or market.</p>

### Climate-related Risks and Opportunities<sup>3</sup>

The Group's business does not create significant carbon footprint and climate-related risks and opportunities have a relatively low significance to the Group as compared to other industries. However, Paxys recognizes that climate change is a global issue that goes beyond gas emissions and energy, and it may have an impact not just on the Group but on everyone, both in the country and globally. It therefore requires concerted efforts between the government, international organizations, businesses, investors, and the general public.

For its part, Paxys has assessed the related risks and opportunities and has established programs, policies and action plans designed to mitigate the identified climate-related risks as well as take advantage of or act upon the related potential opportunities.

<sup>3</sup> Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

Governance	Strategy	Risk Management	Metrics and Targets
<p>The Board of Directors sets the tone at the top and takes into earnest consideration climate related risks and opportunities across the business.</p> <p>Through its Executive Committee, the Board oversees the implementation of company plans and programs to address climate-related risks and related opportunities.</p>	<p>Through the management and officers of the Company, the Group continuously monitors the impact of climate change to the business.</p> <p>While none has been identified as material, physical, acute, and chronic climate-related risks that could have an impact to the Group are monitored.</p>	<p>As part of the Group's Enterprise-wide Risk Management program, climate-related risks were identified and assessed taking into consideration the Group's industry, its nature, and business operations.</p> <p>Such climate-related risks were addressed depending on the likelihood and materiality of its impact to the business.</p> <p>Action plans were prepared accordingly to address those which are likely to happen and those which could have a material impact to the Group overall.</p>	<p>Given the nature of the Company's business, the Group adopts a simplified approach in assessing and managing all business risks, climate-related ones included.</p> <p>The key metrics used are the probability or likelihood of the risk to happen and the potential impact to the Group as a whole.</p> <p>Based on industry practice, an impact of at least 10% of the Group's consolidated assets would be considered material by the Group.</p>

Climate-related risks which may have an impact on the Group include strong earthquake, severe weather conditions, and flooding. These risks may result in a multitude of issues such as supply chain disruption, unavailability of transportation, health risk, and other issues which could significantly impact the Company's workforce.

Unavailability of electricity and data connectivity due to natural disasters will also be a risk to the Group as this could lead to hampered operations, which would ultimately result in failure of service delivery.

To address the above risks, the Group ensures that plans and procedures are in place to ensure business continuity despite the presence of climate-related business risks. Initiatives include provision of food and sleep areas, when necessary, inclusion of insurance and health care program and benefits for employees, and continuous monitoring of weather conditions.

The Group has redundancy hot sites in geographically dispersed office locations, which serve as the Group's recovery sites in the event of disaster. Multiple back-ups of critical company data and redundant communication links with various internet providers are available to provide about 99% data connectivity. Power generators with capacity to operate all equipment at the main office and managed sites are on stand-by to ensure continuity of business in case of any short-term or prolonged power failure due to inclement weather and disturbance. The group adopted virtual and cloud solutions which would help enable the Group to work remotely.

Other climate-related business risks were addressed by obtaining applicable insurance covers to reduce the company's exposure to an acceptable and tolerable level.

Opportunities identified by the Group include tapping the unserved markets for managed facility services and disaster recovery sites, which the company can potentially serve using underutilized company resources.

**Procurement Practices**

Proportion of spending on local suppliers:

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	%

What is the impact and where does it occur? What is the organization’s involvement in the impact	Which stakeholders are affected?	Management Approach
<p>Paxys’ business does not require critical and supplier-dependent materials and machinery for it to operate.</p> <p>The company only requires an office space with workstations, computers, basic office supplies, and internet connectivity.</p> <p>Spending on local suppliers boosts the local economy, builds a thriving community, and creates jobs.</p>	Suppliers Community	<p>The group supports sustainable procurement by taking into consideration social and environmental factors upon product consumption and when making procurement decisions.</p> <p>While cost is a major consideration in all purchases, the Company puts premium and value to innovative products and services that have lesser environmental impact or footprint.</p> <p>Preference is given to local suppliers as this helps the country’s economy. Supporting local suppliers helps promote employment and creates jobs, thereby aiding in the alleviation of poverty.</p> <p>Procurement policies are also in place to ensure that fair, ethical, and legal practices are conducted in all of the Company’s procurement transactions.</p>
What are the Risks Identified?		
<p>Local suppliers may not always have the capacity to deliver or satisfy the requirements of the Company.</p> <p>Eco-friendly materials may not necessarily result in lower cost.</p>		The Company ensures that it has an adequate pool or network of suppliers and only transacts with reputable suppliers to protect its business.
What are the Opportunity/ies Identified?		
There is a growing niche for sustainable, innovative, and digital products and services		The Company endeavors to search for and engage with suppliers that offer products and services that are sustainable and aligned with advances in technology.

## Anti-corruption

### Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>Proper training across the organization would result in minimal or zero incidents of corruption thereby resulting in increased stakeholder trust and Government confidence.</p> <p>Lack of training and communication on the Company's policies and procedures on anti-corruption creates ambiguity, results in misaligned corporate values, and creates an opportunity for misguided and corrupt people to engage in corrupt practices.</p>	Employees Suppliers	<p>Paxys is committed to high standards of ethical, moral, and legal conduct.</p> <p>The Company has a formal Code of Business Conduct and Ethics in place, which includes policies on bribery and anti-corruption. The policy covers all employees of the Company and its subsidiaries regardless of rank, position, status, or classification.</p> <p>These policies and procedures are cascaded to all employees and stakeholders. Regular refresher is done through internal information campaigns and trainings. The policy is periodically reviewed and updated, as necessary.</p>
<p>What are the Risks Identified?</p> <p>Reputational Financial Compliance and Regulatory Risk</p>		<p>It is vital that internal controls are in place to prevent and deter corrupt business practices. Policies, internal control, and procedures are communicated across the organization and to all stakeholders not only through trainings but across multiple platforms and methods.</p>
<p>What are the Opportunity/ies Identified?</p> <p>The Group already has formal trainings, policies, and procedures against corrupt practices. Other than these, there are no new opportunities identified related to this.</p>		

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	%
Number of incidents in which employees were dismissed or disciplined for corruption	0	%
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact	Which stakeholders are affected?	Management Approach
<p>Paxys puts high regard to the integrity of its people and has zero tolerance for corrupt practices regardless of amount and magnitude involved.</p> <p>Corrupt practices, when not prevented and detected, could pose serious financial losses to the Company, damage the Company's reputation, and even lead to serious legal and regulatory compliance issues.</p> <p>Proper internal controls, policies, and procedures would generally help prevent and deter corrupt practices.</p>		<p>The Company does not tolerate corruption in all forms. It has several layers of internal control mechanisms to prevent, detect and monitor potential corrupt practices within the organization across all functional roles, business processes and transactions.</p> <p>The tone at the top serves as the core and backbone for preventing corrupt practices. Policies and procedures are implemented and communicated across the organization. The Audit, Risk Management, and Related Party Transactions Committee of the Company requires regular reporting of possible anomalies, corruption, and internal control breakdown or weaknesses.</p>
<p><b>What are the Risks Identified?</b></p> <p>Reputational Financial Compliance and Regulatory Risk</p>		<p>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 thru the Company's whistleblowing mechanism.</p>
<p><b>What are the Opportunity/ies Identified?</b></p> <p>The Group already has formal trainings, policies, and procedures against corrupt practices. Other than these, there are no new opportunities identified related to this.</p>		<p>Other policies implemented to prevent and deter corrupt practices in the organization include conflict of interest policy, insider trading policy and related party transactions policy.</p>



## ENVIRONMENT

### Resource Management

The Company can operate with minimal energy use. Primary use for energy pertains to electricity consumed for powering up the company's office lights, air-conditioning, and computers. Water consumption is mainly for drinking and personal use of employees. Gasoline and diesel consumption are immaterial and not monitored extensively as this pertains only to the requirement for few vehicles designated as company shuttle and for personal use of select company officers

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	NA	NA
Energy consumption (gasoline)	Immaterial	Liters
Energy consumption (LPG)	NA	NA
Energy consumption (diesel)	Immaterial	Liters
Energy consumption (electricity)	Immaterial	KwH

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (renewable sources)	N/A	NA
Energy reduction (LPG)	N/A	NA
Energy reduction (diesel)	N/A	Liters
Energy reduction (electricity)	N/A	KwH
Energy reduction (gasoline)	N/A	Liters

What is the impact and where does it occur? What is the organization's involvement in the impact	Which stakeholders are affected?	Management Approach
<p>Implementing energy-efficient measures can significantly reduce gas emissions that contribute to climate change.</p> <p>Energy efficiency also provides financial benefits i.e., reduced costs and expenses.</p>	<p>Employees Community</p>	<p>The Company has minimal energy requirement in the conduct of its operations. However, it still employs basic rules and procedures to ensure efficient energy consumption:</p> <ul style="list-style-type: none"> <li>- Office equipment and vehicles are regularly maintained to ensure they are functioning efficiently.</li> <li>- Sleep/standby settings for all equipment are activated to save energy when inactive.</li> <li>- The Company makes the best use of natural daylight, whenever possible.</li> <li>- Employees and building occupants are well-informed about the importance of energy management.</li> <li>- Employees are highly encouraged to take part in the resource management efforts of the Company in both the workplace and their respective homes.</li> </ul>

What are the Risks Identified?	Employees Community	The Company has invested in latest energy-saving lights (LED) and inverter air-conditioning systems for power efficiency and cost-saving measures.
Inefficient use of energy will drive up the cost and expenses of the Company and will adversely impact the environment.		
What are the Opportunity/ies Identified?		
Advanced technology has introduced several energy-saving products that the Company can make use of to achieve its energy consumption targets.		

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	N/A	Cubic Meters
Water consumption	Immaterial	Cubic Meters
Water recycled and re-used	N/A	Cubic Meters

What is the impact and where does it occur? What is the organization's involvement in the impact	Which stakeholders are affected?	Management Approach
Conserving water guards the Company against rising costs and future water shortage. Lower consumption helps the Company lessen its utility cost.	Employees Community	Water consumption is mainly for drinking and for personal use of employees. However, in support of the global call for water conservation, basic rules, and procedures to ensure efficient water consumption are being implemented: <ul style="list-style-type: none"> <li>- Pipes and faucets are regularly checked for any leaks and are immediately repaired.</li> <li>- Faucets are turned-off when not in use.</li> <li>- Employees are well-informed about the importance of water management.</li> <li>- Employees are highly encouraged to take part in the resource management efforts of the Company in both the workplace and their respective homes.</li> </ul>
What are the Risks Identified?		
Inefficient use of water will drive up the Company's utility expense and will adversely impact the environment.		
What are the Opportunity/ies Identified?		
New water-saving technology can be utilized by the Company for more efficient use of water resources.		

The following sustainability topics and sub-topics, including the associated risks and opportunities, are immaterial to the Group and are not included in the report:

- Materials used by the organization
- Ecosystems and biodiversity
- Environmental impact
- Management of Air emissions
  - GHG
  - Air pollutants
- Solid and Hazardous Wastes
  - Solid waste
  - Effluents
  - Hazardous Waste
- Environmental compliance: Non-compliance with Environmental laws and regulations

## SOCIAL

### **Employee Management**

#### **Employee Hiring and Benefits**

##### *Employee data*

Disclosure	Quantity	Units
Total number of employees <sup>4</sup>		
a. Number of female employees	7	#
b. Number of male employees	2	#
Attrition rate <sup>5</sup>	0	Rate
Ratio of lowest paid employee against minimum wage	0	Ratio

##### *Employee benefits*

Disclosure	Quantity	Units
SSS (coverage)	8	89%
SSS Maternity	0	0%
SSS Sickness	0	0%
SSS EC	0	0%
SSS Salary Loan	1	11%
PhilHealth (coverage)	9	100%
PhilHealth Hospitalization	0	0%
Pag-ibig (coverage)	8	89%
Pag-ibig Salary Loan	1	11%
Parental leaves	0	0%
Vacation leaves	5	56%
Sick leaves	0	0%
Medical benefits aside from Philhealth <sup>6</sup>	9	100%

<sup>4</sup> Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

<sup>5</sup> Attrition = (no. of turnover-no. of new hires)/(average of total no. of employees of previous year and total no. of employees of current year)

<sup>6</sup> The company provides health insurance to all employees. The company also procured booster vaccines offered for free to employees and their immediate family members.

List of Benefits	Y/N	% Of Female Employees Who Aailed for the Year	% Of Male Employees Who Aailed for the Year
Housing Assistance (aside from Pag-Ibig)	N	N/A	N/A
Retirement fund (aside from SSS)	N	N/A	N/A
Further education support	N	N/A	N/A
Company stock options	N	N/A	N/A
Telecommuting <sup>7</sup>	Y	100%	0%
Flexible working hours	Y	0%	0%

<i>What is the impact and where does it occur? What is the organization's involvement in the impact</i>	Management Approach
<p>People are one of the Company's major assets.</p> <p>Employees who are well-compensated are more productive, positive, and engaged in the business, which leads to better operational performance resulting to better service, increased business value, and stakeholder trust and confidence.</p>	<p>The Company implements a wholistic and integrated approach in managing its human resource.</p> <p>Guided by applicable best industry practices and relevant labor laws and regulations, Company policies and procedures are in place from recruitment, benefits, training, and retention, up to separation to ensure the well-being of employees.</p> <p>Performance evaluation system is designed and implemented to provide equitable basis of rewards and promotion.</p> <p>Employee satisfaction feedback mechanism is also in place to aid the Human Resource Department in understanding concerns and issues of the employees</p>
<p><b>What are the Risks Identified?</b></p> <p>Employee compensation and benefit program is one of the factors that impacts attrition or turnover in any organization.</p> <p>Attractive employee benefits, while vital in recruitment, retention, and productivity, is increasingly becoming costly year on year.</p>	
<p><b>What are the Opportunity/ies Identified?</b></p> <p>Social media and data analytics provide a platform to reach out to a broader audience for leverage on recruitment, building employee engagement and communication, strategic real-time listening tools for business intelligence, and expanding learning opportunities among employees.</p>	

<sup>7</sup>The Group continued to adopt alternating work from home arrangements in order to ensure the health and safety of employees in addition to helping the employees alleviate the effects of rising transportation cost as well as improve productivity, which is impacted by the worsening traffic conditions in the metro.

### Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	84	Hours
b. Male employees	24	Hours
Average training hours provided to employees		
a. Female employees	12	Hours/employee
b. Male employees	12	Hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact	Management Approach
<p>Robust training programs help attract and retain employees which serves as talent pool for the Company's succession planning.</p> <p>Employees who are trained and developed for their functions are more productive, efficient, and effective in the discharge of their duties adding more value to the business.</p>	<p>The Company is committed to providing continuous learning and development to its people at all levels from directors, officers, managers and down to the staff levels.</p> <p>A comprehensive in-house training was established across the organization with the aim of improving the skills of employees to equip them with the necessary training for the efficient and effective discharge of their functions. Various learning programs were designed and tailored to address the specific training and educational needs of employees across all levels and functions.</p> <p>When necessary, employees are sent to external trainings or further studies abroad to ensure that its workforce is up to date with the latest skills, knowledge, and best industry practices in order to perform in the best way possible.</p>
<p><b>What are the Risks Identified?</b></p> <p>Highly trained and competent employees are in-demand not only within the BPO industry but in other industries as well. Hence, risk of attrition is always present.</p> <p>Training and development results in additional overhead cost to the Company.</p> <p>Lack of training in the workplace results to poor employee performance, which may impact business operations causing financial losses or even brand and reputational risks.</p>	
<p><b>What are the Opportunity/ies Identified?</b></p> <p>With technology advancement and availability of social media and internet, training and development need not be expensive.</p>	

### Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact	Management Approach
<p>The Group does not have an existing organized labor union and collective bargaining agreement.</p> <p>However, through open communication between employees and management, labor issues are properly managed, and issues are addressed and acted upon. This process helps ensure employees are valued and heard in the organization and fosters a positive culture and good working environment.</p>	<p>Even without the collective bargaining agreements and labor unions, Paxys takes care of the needs and employment-related issues of its employees. The Group also ensures fair treatment of employees, and it adopts industry standard labor practices in all its business dealings.</p> <p>The Group also maintains an open communication line across the organization. Business strategies plans, and policies are communicated across the organization and within departments. Team sessions and huddles are regularly conducted from top management down to the staff level.</p> <p>The Company also adheres to and complies with labor laws as well as rules and regulations issued by the Department of Labor and Employment.</p>
<p><b>What are the Risks Identified?</b></p>	
<p>Poor communication at work may lead to disagreements, employee dissatisfaction, stressful working environment that could result in disruption of business operations.</p>	
<p><b>What are the Opportunity/ies Identified?</b></p>	
<p>Instead of labor unions, the Company takes advantage of close relationship of management and employees.</p>	

#### Diversity and Equal Opportunity

Disclosure	Quantity	Units
% Of female workers in the workforce	78	%
% Of male workers in the workforce	22	%
Number of employees from Indigenous communities and/or vulnerable sector*	0	%

\*Vulnerable sector includes elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E) <sup>8</sup>

What is the impact and where does it occur? What is the organization's involvement in the impact	Management Approach
<p>Equal opportunity and diversity in the workplace reduce conflicts among team members and unite, rather than divide, them with a common purpose.</p> <p>They also make available to the Company a talent pool with a wide range of ideas and varying levels of innovation and result in increased employee confidence and engagement as well as decreased employee turnover.</p>	<p>The Company gives equal opportunity to all, regardless of gender, race, age, ethnicity, sexual orientation, religion, social and civil status.</p> <p>The Company ensures that all employees have equal opportunities to succeed and prevents individuals from being discriminated against or treated differently due to certain personality or physical characteristics.</p> <p>The Company also adheres and complies to labor laws and the rules and regulations issued by the Department of Labor and Employment.</p>
<p><b>What are the Risks Identified?</b></p>	
<p>Common challenges of diversified workplace include communication barriers, conflicting beliefs, and generational differences.</p>	
<p><b>What are the Opportunity/ies Identified?</b></p>	
<p>Businesses need to keep abreast of changing employer-related laws and trends, especially diversity-related changes. Organizations should regularly review internal policies and make sure they reflect the most current laws and regulations.</p>	

<sup>8</sup>The Company has no available data regarding the family financial status of each employee within the organization

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-hours	No available data	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	2	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
A safe and healthy workplace protects the employees from injury and illness and reduces employee absences and turnover. It is important for all industries to promote protection and wellness of its human capital.	The Company ensures that the workplace conditions are always compliant with the Occupancy Safety and Health Standards set by the Department of Labor and Employment (DOLE).
What are the Risks Identified?	Safety and emergency drills are periodically conducted to raise preparedness in case of actual emergency disaster.
Lack of safety precautions in the workplace may cause on-the-job injuries and accidents.	Established safety procedures are in place and safety officers are assigned.
While physical hazards and work-related injuries are not common within the BPO and facilities management industries, there are lifestyle-related diseases associated with workers in the BPO industry.	The company also conducts Health and Awareness program through the Human Resource Department to encourage healthier lifestyle amongst employees. The company also ensures that appropriate health insurance is provided to all employees.
What are the Opportunities Identified	
While the rapid growth of the BPO industry has created significant employment opportunities, there are calls within the BPO industry to come up with a more improved, holistic, and integrated workplace-based approach to address the issues of stress, poor diet, physical inactivity, tobacco and alcohol use, HIV/AIDS, and other communicable diseases for BPO workers.	

## Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

	Y/N	If Yes, cite reference in the Company Policy
Forced labor	Y	The Company adopts and complies with government-mandated laws and policies concerning forced labor, child labor, and human rights.
Child labor	Y	
Human rights	Y	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Respect for human rights is a fundamental business responsibility. Human rights and labor rights are inseparable, interrelated and mutually supportive.  Compliance and respect to the existing laws and regulations on labor and human rights promote a good working environment resulting to higher stakeholder trust and confidence.	<p>The Company adheres to the rules and regulations pertaining to labor laws and human rights.</p> <p>The Company does not hire and does not permit any irregularities such as forced labor and child labor within the organization. The HR Department has established qualifications for potential applicants in the Company. Strict pre-employment checks and reviews are conducted to ensure all Company requirements are met prior to employment contract signing.</p> <p>The Company's Code of Conduct (COC) ensures that there is order and discipline among the employees in the organization. These is an established set of Company policies and procedures to ensure labor and human rights of employees are protected and include specific provisions on harassment and bullying.</p> <p>There is also a grievance mechanism in place and violators are seriously dealt with accordingly.</p>
What are the Risks Identified?	
Failure to identify and respond to labor and human rights issues may lead to costly legal actions, negative publicity, reputational risk, and financial losses	
What are the Opportunities Identified	
Industry specific frameworks and rules would strengthen the government's efforts in protecting labor and human rights.	

## Supply Chain Management

The Company has an existing vendor or supplier management policy but is currently focused mainly on vendor selection and accreditation, performance evaluation, and accreditation discontinuation.

Although there are no specific provisions in the policy related to sustainability topics, the Company has other existing policies which encompass issues on labor rights and human rights, bribery, and corruption.



What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p>Socially responsible product and services are not only good for the environment but also build positive brand awareness, minimize environmental impact, and bring long-term profitability.</p> <p>Paxys ensures that it only deals with suppliers who are compliant to established laws and regulations.</p>	<p>The Company's vendor management policies and procedures ensure that the Company only deals with reputable suppliers and reduces the risk.</p> <p>The Company supports responsible sourcing and values suppliers and vendors with green operations that have the least carbon footprint and are compliant with the best industry standards for worker safety, environmental protection, and business ethics.</p>
<p>What are the Risks Identified?</p>	
<p>Divestment, negative publicity, reputational risks, and financial losses.</p>	
<p>What are the Opportunities Identified</p>	
<p>The Company would consider the inclusion of sustainability topics in its vendor management policies.</p>	

### Relationship with Community

#### Significant Impact on Local Communities

Operations with Significant (positive or negative) Impact on Local Communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable Groups (if applicable)*	Does the particular operation have impact on Indigenous People (Y/N)?	Collective or individual rights that have been identified to be of particular concern for the community	Mitigating Measures (if negative) or Enhancement Measures (if positive)
<p>Provides opportunity for livelihood, employment, and jobs to the residents where the Company operates.</p> <p>Through taxes paid to the local government, the Company promotes economic growth in the areas of operations.</p>	Laguna	N/A	N/A	N/A	N/A

*\*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: \_\_\_\_\_

Certificates	Quantity	Units
FPIC process is still undergoing	Not applicable	Not applicable
CP Secured	Not applicable	Not applicable

What are the Risks Identified	Management Approach
Stringent rules and regulations in the local government may turn-off potential investors.  Some business tasks require highly specialized skills.	Through its business operations, the Company provides employment opportunities within the community where it operates to diverse individuals regardless of gender, race, age, ethnicity, sexual orientation, religion, and civil status.
What are the Opportunities Identified	The Company likewise welcomes and does not discriminate Indigenous people, persons with disabilities, and other workers from the most vulnerable sectors provided they have the basic skill necessary to perform the job.  The Company ensures that all employees have equal opportunities to succeed and prevents individuals from being discriminated against or treated differently due to certain personality or physical characteristics.
Information and awareness campaign to encourage vulnerable groups to continue to become more productive members of the society.  Local community partnerships also provide the Company a continuing talent pool for its human resource requirements.	

## Customer Management

### Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction survey (Y/N)?
Customer satisfaction	Not qualitatively assessed	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Customer satisfaction score provides information to the Company on what needs to be improved or changed in the way services are delivered.	The Company's customers and clients have established processes and feedback mechanisms for the Company.
What are the Risks Identified?	These processes and mechanisms are tied to the contracts with the client. The client provides rewards for the Company's satisfactory performance.
Lack of knowledge about customers' interests and preferences may lead to dissatisfaction which could negatively impact the revenue of the Company.	
What are the Opportunities Identified	No third party was hired to conduct a customer satisfaction survey as this system is already embedded in the Company's operations and Client Agreement.
There are a number of economical and efficient ways to measure customer satisfaction. The score helps the Company to identify areas for improvement and resolve issues in a timely manner.	

### Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety *	Not applicable	Not applicable
No. of complaints addressed	Not applicable	Not applicable

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Not applicable	<p>The services offered by the Company are primarily rendered through electronic systems.</p> <p>While health and safety of customers are of utmost importance to the Company, this is not applicable under current business operations.</p>
What are the Risks Identified?	
Not applicable	
What are the Opportunities Identified	
Not applicable	

### Marketing and Labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling *	Not applicable	Not applicable
No. of complaints addressed	Not applicable	Not applicable

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Not applicable	<p>The services offered by the Company are primarily rendered through electronic systems using proprietary systems and digitally secure internet connectivity.</p> <p>Marketing and labelling, including the related risks and opportunities, are not applicable under current business operations.</p>
What are the Risks Identified?	
Not applicable	
What are the Opportunities Identified	
Not applicable	

## Customer Privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy *	0	#
No. of complaints addressed	Not applicable	Not applicable
No. of customers, users, and account holders whose information are used for secondary purposes	0	#

\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p>Unauthorized use of customer data which may lead to damages and other contractual penalties, e.g., termination of contract</p> <p>Proper handling of customer data would result to increased trust and confidence, better business value, higher profits, and long-term business success.</p>	<p>Customer privacy and data security is an important part of the business strategy of the Group. Business operations include processing by way of conversion or transcription of third-party data, assisted by computer-enabled software, which may or may not contain sensitive information.</p> <p>The Company is bound by strict contractual obligation to secure customer data and information. Specific physical and data security control mechanism are in place to ensure compliance with the required contractual obligation for data privacy and security as well as with the related and applicable laws and regulations within the country and the domicile country of the customers.</p> <p>The Company takes data privacy and security seriously. The Executive Committee of the Board has designated a Corporate Information Officer, Chief Compliance Officer, Chief Risk Officer, and Data Privacy Officer to ensure that policies and procedures are in place and cascaded down through all levels of the organization.</p> <p>The Company's policies and procedures are in compliance with the government's Data Privacy laws and regulations.</p>
<p><b>What are the Risks Identified?</b></p> <p>Leak of customer data to unauthorized party may lead to stakeholder loss of trust and confidence, legal cases, and financial losses.</p>	
<p><b>What are the Opportunities Identified</b></p> <p>Technology offers several ways to secure information like data/database encryption to improve data security measures</p>	

Data Security

Disclosure	Quantity	Units
No. of data breaches including leaks, theft, and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
All companies must protect their data and prevent improper use of confidential information about the Company. Listed companies must ensure that no material information are divulged to any third party, unless data has been disclosed to the Philippine Stock Exchange and to the Security and Exchange Commission, with consent from the data subject.	The Company takes data privacy and security seriously. The Executive Committee of the Board have designated a Corporate Information Officer, Chief Compliance Officer and Chief Risk Officer, and Data Privacy Officer to ensure that policies and procedures are in place and cascaded down through all levels of the organization.
<b>What are the Risks Identified?</b>	<p>The company is bound by strict contractual obligation to secure customer data and information. Specific physical and data security control mechanisms are in place to ensure compliance with the required contractual obligation for data privacy and security as well as with the related and applicable laws and regulations within the country and the domicile country of the customers.</p> <p>The Company implements the best practices in data security and privacy which include:</p> <ul style="list-style-type: none"> <li>- Overall IT governance which provides the policies, procedures and guidelines related to data privacy and security, including defined roles and responsibilities not only for the officers but across all employees in the organization</li> <li>- Specific data security policies and procedures</li> <li>- Physical security and deployment of technology for access restriction like biometrics and RFIDs on site operations</li> <li>- Physical and digital restriction of computers</li> <li>- Data encryption and data management and back-up</li> <li>- Network segmentation, firewalls, and installation of anti-virus software, restrictions for mobile devices and internet sites</li> <li>- Information security campaign</li> </ul>
Breach of sensitive data may lead to reputational risk, costly legal suits, financial losses, and overall stakeholder loss of trust and confidence.	
<b>What are the Opportunities Identified</b>	
Technology offers several ways to secure information like data/database encryption to improve data security measures	

## UNSUSTAINABLE DEVELOPMENT GOALS

### Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value/Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
<p>Data conversion/transcription services, e.g., voice to text services</p> <p>Facilities management services</p>	<p>The Company supports the UN values through its corporate values and business operations.</p> <p>- <u>Industry Innovation</u></p> <p>Through the use of technology, data conversion can provide increased access to information and promotes innovation in conversational artificial intelligence.</p> <p>- <u>No Poverty, Decent Work and Economic Growth</u></p> <p>The Company has created employment opportunities in the Philippines through its operations.</p> <p>- <u>Gender Equality and Diversity</u></p>	<p>There are no known negative impact of these contributions.</p>	

*\* None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*