

# **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 and 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, 2019 to December 31, 2019
Highest Ranking Person responsible for this report	Tarcisio M. Medalla, Chairman and President

## **Materiality Process**

Paxys recognizes that corporate sustainability is essential to ensure long-term corporate success. More than taking business profits, Paxys ensures that the company and its subsidiaries operate responsibly, ensures compliance to good corporate governance and regulatory requirements, cares for the environment, 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 Muntinlupa with around 150-200 full-time personnel serving clients based in the US, UK, Australia and Canada . The current business model does not have dependencies with raw materials and machinery but only requires basic resource which include people, computers, and internet

connectivity. The Group have a lean organization and optimized number of support people in Operations and in 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 to series of external sustainability reporting workshops, trainings, seminars and development programs to keep them abreast in 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 and opportunities of the Group and its economic, social, and environmental impact. Various stakeholders were consulted in the process. Material topics significant to its operations were also identified and were further validated through several engagement sessions with other business heads, officers and concerned team members within the organization. The following matrix was used in order to assist the Group in determining the material topics in this report:



The topics which are highly relevant and high impact are considered as material topics for this report 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 and 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)	78.5
Direct economic value distributed:	
a. Operating costs <sup>1</sup>	26.7
b. Employee wages and benefits	61.7
c. Payments to suppliers, other operating costs	69.6
d. Dividends given to stockholders and interest payments to loan providers	-
e. Taxes given to government <sup>2</sup>	13.3
f. Investments to community (e.g. donations, CSR)	- <sup>3</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 portion of the generated economic value flows back to the Company's stakeholders which include:</p> <ul style="list-style-type: none"> <li>• <u>investors</u> as added value to their investment</li> <li>• <u>suppliers</u> as payment for the products and services;</li> <li>• <u>employees</u> as compensation for their work or service; and</li> <li>• <u>government</u> 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 provides 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</p>
<b>What are the Risk/s Identified?</b>		
Though the Business Process Outsourcing (BPO) industry outlook in the Philippines		

<sup>1</sup> Excluding direct personnel cost amounting to Php 31,678,673 included in the Employee wages and benefits

<sup>2</sup> Includes local business taxes, income taxes, and final taxes

<sup>3</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>remains to be very positive, the market risk is still a threat primarily because of possible government's policy changes effectively reducing the country's competitive advantage. On top of this, within the country alone, BPO companies struggle to compete within the industry.</p> <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 automation of processes. The more reliable the technology is, the lesser human intervention and quality assurance required.</p>	<p>Investors, Employees, Suppliers, Government</p>	<p>people and stakeholders are well taken care of.</p> <p>Company employees are provided with fair and competitive compensation and benefits and policies and controls were implemented to ensure employee compliance with labor laws and regulations.</p> <p>Part of the overall business strategy is to continuously seek business opportunities not only within the data conversion and transcription program but to other outsourced and managed services where there is a growing demand or market.</p>
<p><b>What are the Opportunity/ies Identified?</b></p>		<p>With efficient and effective management of business costs, the Group has positioned itself to continue to be the preferred service provider for data conversion in the BPO industry while tapping other markets and business opportunities.</p>
<p>While market and technology risks exist, there's still ample business opportunities for the Group and the BPO industry as a whole.</p> <p>Philippines remain 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 inexpensive and with continuous trainings, Filipino workers are regarded as hardworking and competent in any field.</p> <p>With technology advancement, it also aided the Group to be more efficient in its back office processes. Data conversion and transcription may be declining, but there's also a spur of 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>		

## Climate-related risks and opportunities<sup>4</sup>

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

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

Governance	Strategy	Risk Management	Metrics and Targets
<p>The Board of Directors sets the tone at the top and takes into serious consideration the 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 the 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 could have an impact to the Group.</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, 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 business nature, 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>Best 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 to the Group include severe weather conditions and flooding. These risks may result to a multitude chain of issues like supply chain disruption, unavailability of transportation, health risk and other issues which could greatly impact the Company's workforce or the core resource required for operating the BPO business.

<sup>4</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.

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 to failure of service delivery.

To address the above risks, the Group ensures that plans and procedures are in place to ensure business continuity for climate-related business risks. Several initiatives include investing in a private transportation shuttle service for the Company’s workforce, provision for food and sleeping quarters when necessary, inclusion of insurance and health care program and benefits for employees, and continuous monitoring of weather conditions.

The Group have redundancy hot sites in geographically dispersed office locations which serves as the Group’s recovery site in the event of disaster. Multiple back-up of critical company data and redundant communication links on various internet providers were contracted to provide about 99% data connectivity. Power generator with capacity to operate all equipment at the main production site is 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 includes 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 specific supplier - dependent materials and machinery in order to operate.</p> <p>The Company basically requires an office space with workstations, computers, basic office supplies, electricity and internet connectivity.</p>	<p>Suppliers Community</p>	<p>The Group supports sustainable procurement by taking into consideration the 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</p>

Spending on local suppliers boosts local economy builds thriving community and creates jobs.		products and services which have the least environmental impact or footprint.
<b>What are the Risk/s Identified?</b>		Preference is given to local suppliers as this helps thrive the country's economy and by supporting them, it helps promotes employment and jobs, therefore aiding in reducing poverty.
Local suppliers may not always have the capacity to deliver or satisfy the requirements of the Company.  Eco-friendly materials may not necessarily result to lower cost.		However, the Company ensures the that it has adequate pool or network of suppliers and only transacts with reputable suppliers in order to protect the business.
<b>What are the Opportunity/ies Identified?</b>		Procurement policies were also in place to ensure fair, ethical and legal practices are carried out in all company procurement transactions.
There is a growing niche for sustainable, innovative and digital products and services.		

## **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 to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	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
Proper training across the organization would result to minimal or zero incidents of corruption thereby resulting to increased stakeholder trust and confidence.  Lack of training and communication on the companies policies and procedures on	Employees Suppliers Investor Government	Paxys is committed to high standards of ethical, moral, and legal conduct.  The Company has a formal Code of Business Conduct and Ethics in place which includes policies on bribery and anti-corruption. The

anti-corruption creates ambiguity, misaligned corporate values, and creates an opportunity for misguided and corrupt people to commit corrupt practices.		policy covers all employees of the Company and its subsidiaries regardless of rank, position, status, or classification.
<b>What are the Risk/s Identified?</b>		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.
Reputational Financial Compliance and Regulatory Risk		
<b>What are the Opportunity/ies Identified?</b>		
The Group already have formal trainings, policies and procedures against corrupt practices. Other than these, there are no new opportunities identified related to this.		It is vital that internal controls are in place to prevent and deter corrupt business practices and such policies, controls and procedures are communicated across the organization and the stakeholders not only through trainings but across multiple platforms and methods.

#### Incidents of Corruption

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
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	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<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 reputation and even lead to serious legal regulatory and compliance issues.</p>	<p>Employees Investor Officers Directors</p>	<p>The Company does not tolerate corruption in all forms and has existing several layer 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 at the core and backbone for preventing corrupt</p>



Proper internal controls, policies and procedures in place would generally help prevent and deter corrupt practices.		practices. Policies and procedures were implement and communicated across the organization. The Audit and Risk Management Committee of the Company requires regular reporting of possible anomalies, corruption, and internal control breakdown or weaknesses.
<b>What are the Risk/s Identified?</b>		
Reputational Financial Compliance and Regulatory Risk		
<b>What are the Opportunity/ies Identified?</b>		
The Group already have formal trainings, policies and procedures against corrupt practices. Other than these, there are no new opportunities identified related to anti-corruption.		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.  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.

## ENVIRONMENT

### **Resource Management**

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

#### Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	Immaterial	GJ
Energy consumption (gasoline)	Immaterial	GJ
Energy consumption (LPG)	Immaterial	GJ
Energy consumption (diesel)	Immaterial	GJ
Energy consumption (electricity)	542,864 (annual)	kWh

## Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	N/A	GJ
Energy reduction (LPG)	N/A	GJ
Energy reduction (diesel)	N/A	GJ
Energy reduction (electricity)	N/A	kWh
Energy reduction (gasoline)	N/A	GJ

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>	Employees Community	<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. Sleep settings of all equipment are activated to save energy when inactive.</li> <li>- The Company make the best use of natural daylight if 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 workplace and their respective homes.</li> </ul> <p>For its part, the Company also invested in latest energy-saving lights and inverter aircondition systems for efficiency and cost saving measures.</p>
<p><b>What are the Risk/s Identified?</b></p> <p>Inefficient use of energy will drive up the cost and expenses of the Company and will adversely impact the environment.</p>		
<p><b>What are the Opportunity/ies Identified?</b></p> <p>New technology has introduced numbers of energy saving products that the Company can make use of to achieve its consumption targets.</p>		

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	N/A	Cubic meters
Water consumption	3,726	Cubic meters
Water recycled and reused	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
<p>Conserving water guards the Company against rising costs and future water shortage.</p> <p>Lower consumption helps the Company to lessen its utility costs.</p>	<p>Employees Community</p>	<p>The Company has minimal energy requirement in the conduct of its operations. Water consumption is mainly for drinking and for the personal use of employees. However, in support of the global call for water consumption, basic rules and procedures to ensure efficient water consumption are being implemented:</p> <ul style="list-style-type: none"> <li>- Pipes and faucets are regularly checked for any leaks and are repaired immediately.</li> <li>- Water is 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 workplace and their respective homes.</li> </ul>
<p><b>What are the Risk/s Identified?</b></p> <p>Inefficient use of water will drive up the utility expense of the Company and will adversely impact the environment.</p>		
<p><b>What are the Opportunity/ies Identified?</b></p> <p>New water saving technology can be utilized by the Company for a more efficient use of power and water resources.</p>		

The following sustainability topics and sub-topics, including the risks and opportunities associated to it, are immaterial to the Group and were removed in the report:

- Materials used by the organization
- Ecosystems and biodiversity
- Environmental impact management
  - Air emissions
  - GHG
  - Air pollutants
- Solid and Hazardous Wastes
  - Solid waste
  - Hazardous waste
  - Effluents
- 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>5</sup>		
a. Number of female employees	46	#
b. Number of male employees	81	#
Attrition rate <sup>6</sup>	24%	rate
Ratio of lowest paid employee against minimum wage	1.48	ratio

##### Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS (coverage)	Y	100%	100%
SSS Maternity	Y	8%	N/A
SSS Sickness	Y	10%	1%
SSS EC	Y	2%	0%
SSS Salary Loan	Y	28%	27%
PhilHealth (coverage)	Y	100%	100%
PhilHealth Hospitalization	Y	6%	2%
Pag-ibig (coverage)	Y	100%	100%
Pag-ibig Salary Loan	Y	48%	38%
Parental leaves	Y	0%	0%
Vacation leaves	Y	50%	38%
Sick leaves	Y	42%	33%
Medical benefits (aside from PhilHealth))	Y	100%	100%

<sup>5</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>6</sup> Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed 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	Y	10%	10%
Flexible-working Hours	Y	10%	10%

What is the impact and where does it occur? What is the organization's involvement in the impact?	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 well-being of employees.</p> <p>Paxys provides competitive compensation, remuneration and benefits to its employees. Performance incentives and rewards are given to top performing employees and various employee engagement activities are held to keep employees motivated at work.</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 Risk/s Identified?</b></p> <p>Employee compensation and benefit program is one of the factors that impacts the attrition or turnover in the BPO industry.</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 provides a platform to reach out to 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>	

## Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	2,536	hours
b. Male employees	8,693	hours
Average training hours provided to employees		
a. Female employees	51	hours/employee
b. Male employees	99	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 Risk/s Identified?</b></p> <p>Highly-trained and competent employees are in-demand not only within the BPO industry, hence, the risk of attrition is prevalent.</p> <p>Training and development results to additional overhead cost to the Company.</p> <p>Lack of training in the workplace results to poor employee performance which may impact the 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 to 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 the employees and the management, labor issues are properly managed and issues are addressed and acted upon. These processes help 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 business and Department or team sessions and huddles are regularly conducted from top management and down to the staff levels.</p> <p>The Company also adheres to and complies with labor laws and the rules and regulations issued by the Department of Labor and Employment.</p>
<p><b>What are the Risk/s Identified?</b></p> <p>Poor communication at work may lead to disagreements, employee dissatisfaction, stressful working environment and ultimately may result to 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

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
% of female workers in the workforce	36	%
% of male workers in the workforce	64	%
Number of employees from indigenous communities and/or vulnerable sector*	10	#

\*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>7</sup>

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<p>Equal opportunity and diversity in the workplace reduces conflicts even between the most different team members and unite them with a common purpose rather than divide them.</p> <p>It also brings a wide talent of pool for the company, wide range of ideas, innovation, increased employee confidence and engagement, and reduced employee turnover.</p>	<p>The Company gives equal opportunity for all, regardless of the gender, race, age, ethnicity, sexual orientation, religion and civil status.</p> <p>The Company ensures that all employees have equal opportunities to succeed, and it 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 Risk/s 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>7</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
<p>A safe and healthy workplace protects the employees from injury and illness and reduce employee absences and turnover. It is important for all industries to promote protection and wellness of its human capital.</p>	<p>The Company ensure that the workplace condition is in compliance with the Occupancy Safety and Health Standards set by the Department of Labor and Employment (DOLE) at all times.</p> <p>Safety and emergency drills are periodically conducted to raise preparedness in case of actual emergency disaster.</p> <p>Established safety procedures are in place and safety officers are assigned.</p> <p>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 are provided to all employees.</p>
<p><b>What are the Risk/s Identified?</b></p> <p>Lack of safety precautions in the workplace may cause on-the-job injuries and accidents.</p> <p>While physical hazards and work-related injuries are not common within the BPO industry, there are lifestyle-related diseases associated with workers in the BPO industry.</p>	
<p><b>What are the Opportunity/ies Identified?</b></p> <p>While the rapid growth of the BPO industry has created significant employment opportunities, there are health and safety concerns linked to peculiar working conditions in the industry. There are calls within the BPO industries 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.</p>	

## 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 disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	The Company adopts and complies with the 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
<p>Respect for human rights is a fundamental business responsibility. Human rights and labor rights are inseparable, interrelated and mutually supportive.</p> <p>Compliance and respect to the existing laws and regulations on labor and human rights promotes a good working environment resulting to higher stakeholder trust and confidence.</p>	<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 to ensure all company requirements are met prior to employment contract signing.</p>
<b>What are the Risk/s Identified?</b>	<p>The Company's Code of Conduct (COC) ensures that there is order and discipline among the employees in the organization. These are established set of company policies and procedures to ensure labor and human rights of employees are protected, including specific provisions for harassment bullying.</p> <p>There is also a grievance mechanism in place and violators are seriously dealt with accordingly.</p>
<p>Failure to identify and respond to labor and human rights issues may lead to costly legal actions, negative publicity, reputational risk, and financial losses.</p>	
<b>What are the Opportunity/ies Identified?</b>	
<p>Industry specific frameworks and rules would strengthen the government's efforts in protecting labor and human rights.</p>	

## Supply Chain Management

The Company have 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 encompasses the 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 builds positive brand awareness, minimized environmental impact and brings long-term profitability.</p> <p>Paxys ensures that it only deals with suppliers who are compliant to the laws and regulations.</p>	<p>The Company's vendor management policies and procedures ensures 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 having the least carbon footprint and compliant with the industry best standards for worker safety, environmental protection and business ethics.</p>
What are the Risk/s Identified?	
Potential investor divestment, negative publicity, reputational risks, and financial losses.	
What are the Opportunity/ies Identified?	
The Company would consider the inclusion of sustainability topics in the vendor management policies.	

## Relationship with Community

### Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Provides opportunity for livelihood, employment and jobs to the residents where	Laguna and Muntinlupa areas	Solo-parents, PWDs, elderlies	Y	Equal opportunity Gender equality Diversity in the workplace	These were exhaustively discussed in the Management Approach in all topics

the company operates.					
Though taxes paid to the local government, the Company promotes economic growth in the areas of operations.					

*\*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	#
CP secured	Not applicable	#

What are the Risk/s 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 and regardless of the gender, race, age, ethnicity, sexual orientation, religion and civil status.
What are the Opportunity/ies Identified?	
Information and awareness campaign to encourage vulnerable groups to continue to become more productive members of the society.  Local community partnerships also provides the company a continuing talent pool for its human resource requirements.	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 it prevents individuals from being discriminated against or treated differently due to certain personality or physical characteristics.

## Customer Management

### Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (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 on way the services are delivered.	<p>The Company's customers and clients have established process and feedback system for the Company.</p> <p>Tied up through KPIs and risks and rewards systems with the client. The Client provides rewards for satisfactory performance of the Company. No third-party was hired as this feedback system is already embedded in the Operations and Client agreement.</p>
What are the Risk/s Identified?	
Lack of knowledge about customers' interests and preferences may lead to dissatisfaction which could negatively impact the revenue of the Company.	
What are the Opportunity/ies Identified?	
There are numbers of economical and efficient ways to measure customer satisfaction. Score helps the Company to identify areas for improvement and resolve issues on a timely manner.	

### Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	Not applicable	#
No. of complaints addressed	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	The services offered by the Company is primarily rendered through electronic systems.
What are the Risk/s Identified?	
Not applicable	

What are the Opportunity/ies Identified?	While health and safety of customers are of utmost importance to the Company, this is not applicable under current business operations.
Not applicable	

### Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	Not applicable	#
No. of complaints addressed	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	The services offered by the Company is primarily rendered through electronic systems using proprietary systems and digitally secured internet connectivity.  Marketing and labelling, including the related risks and opportunities, are not applicable under current business operations.
What are the Risk/s Identified?	
Not applicable	
What are the Opportunity/ies Identified?	
Not applicable	

### Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	N/A	#
No. of customers, users and account holders whose information is 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
Unauthorized use of customer data which may lead to damages and other contractual penalties e.g. termination of contract.  Proper handling of customer data would result to increased trust and confidence, better business	Customer privacy and data security is an important part of the business strategy of the Group. The operations of the business includes processing by way of conversion or transcription of third-party data, assisted by computer-enabled

value, higher profits and long-term business success.	software, which may or may not contain sensitive information.
<b>What are the Risk/s Identified?</b>	<p>The company is bound by strict contractual obligation to secure customer data and information. Specific physical and data security control mechanism were 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 have 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 up to the operations level.</p> <p>The Company's policies and procedures are in compliance with the government's Data Privacy laws and regulations.</p>
Leak of customer data to unauthorized party may lead to stakeholder loss of trust and confidence, legal cases, and financial losses.	
<b>What are the Opportunity/ies Identified?</b>	
Technology offers various ways to secure information like data/database encryption to improve data security measures	

#### Data Security

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	<b>Management Approach</b>
All companies must protect its data and prevent improper use of confidential information about the Company. Listed companies must ensure that no material information shall be divulged to third party, unless data has been disclosed to the Philippine Stock Exchange and to the Security and Exchange Commission, with consent from data subject.	<p>Customer privacy and data security are important parts of the business strategy of the Group. The operations of the business includes 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 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 up to the operations level.</p>
<b>What are the Risk/s Identified?</b>	<p>The company is bound by strict contractual obligation to secure customer data and information. Specific physical</p>
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 Opportunity/ies Identified?</b>	<p>and data security control mechanism were 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>
<p>Technology offers various ways to secure information like data/database encryption to improve data security measures.</p>	

## UN SUSTAINABLE 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</p> <p>e.g. voice to text 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 services 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>There are no known negative impact of these contributions.</p>	



	<p>Company has created employment opportunities in the Philippines through its operations.</p> <p><u>Gender equality and diversity</u></p>	
--	--	--

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