

COVER SHEET

A 2 0 0 1 1 7 7 0 8

S.E.C. Registration No.

X U R P A S I N C .

(Company's Full Name)

7 F C A M B R I D G E C E N T R E B L D G .
 1 0 8 T O R D E S I L L A S S T .
 S A L C E D O V I L L A G E
 M A K A T I C I T Y

(Business Address : No. Street City / Town / Province)

MARK S. GORRICETA

Contact Person

(632) 889-6467

Company Telephone Number

1 2

Month Day
Fiscal Year

3 1

17-C

FORM TYPE

2nd Monday of May

Month Day
Annual Meeting

N/A

Secondary License Type, If Applicable

M S R D

Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings	
N/A	N/A

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **2018**
2. SEC Identification Number **A200117708** 3. BIR Tax Identification No. **219-934-330**
4. Exact name of issuer as specified in its charter **XURPAS INC.**
5. **PHILIPPINES** (SEC Use Only)
Province, Country or other jurisdiction of incorporation or organization Industry Classification Code:
7. **7F CAMBRIDGE CENTER BUILDING, 108**
TORDESILLAS ST., SALCEDO VILLAGE, MAKATI CITY **1227**
Address of principal office Postal Code
8. **(632) 889-6467**
Issuer's telephone number, including area code
9. **NOT APPLICABLE**
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	The Manual on Corporate Governance mandates that the Board should comprise of members that have competence and expertise to enable to fulfill its roles and responsibilities and respond to the needs of the Corporation based on the evolving business environment and strategic direction. Please see below link to access the qualifications of the directors: http://xurpasgroup.com/executive-committee/ See also Information Statement.	.
2. Board has an appropriate mix of competence and expertise.	Compliant		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant		
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	http://xurpasgroup.com/executive-committee/ For 2018, the Board had 3 executive directors, 2 non-executive directors and 2 independent directors.	
Recommendation 1.3			

<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p>Compliant</p>	<p>The Manual on Corporate Governance and Board Charter provide that all new directors shall have an 8-hour orientation program while existing directors are required to attend a 4-hour continuing training.</p> <p>http://xurpasgroup.com/wp-content/uploads/2017/09/Xurpas-Inc.-Revised-Manual-on-Corporate-Governance-FINAL.pdf</p> <p>Provided below is the certificate of attendance in relation to the corporate governance training of the directors/officers for calendar year 2018:</p> <p>http://xurpasgroup.com/wp-content/uploads/2018/04/Xurpas_-_Certificates-of-Attendance-of-the-Members-of-the-Board-and-Officers-20042018.pdf</p>	
<p>2. Company has an orientation program for first time directors.</p>	<p>Compliant</p>	<p>Please see certificates of compliance submitted by the Board and Officers.</p> <p>http://xurpasgroup.com/wp-content/uploads/2018/04/Xurpas_-_Certificates-of-Attendance-of-the-Members-of-the-Board-and-Officers-20042018.pdf</p>	
<p>3. Company has relevant annual continuing training for all directors.</p>	<p>Compliant</p>	<p>http://xurpasgroup.com/wp-content/uploads/2018/04/Xurpas_-_Certificates-of-Attendance-of-the-Members-of-the-Board-and-Officers-20042018.pdf</p>	

Recommendation 1.4

1. Board has a policy on board diversity.	Compliant	<p>Please see Manual on Corporate Governance.</p> <p>http://xurpasgroup.com/wp-content/uploads/2017/09/Xurpas-Inc.-Revised-Manual-on-Corporate-Governance-FINAL.pdf</p> <p>The Corporation has 7 directors. The Corporation has 1 female director.</p>	
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.			
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	Please see the Corporation's Manual on Corporate Governance and the list of officers/directors in the website.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Non-Compliant	<p>Atty. Mark S. Gorricketa is the Corporation's Corporate Secretary and his qualifications are disclosed in the link provided below:</p> <p>http://xurpasgroup.com/executive-committee/</p> <p>We confirm that the Corporate Secretary is not a member of the Board.</p>	<p>The board of directors is of the opinion that taking into account Atty. Mark S. Gorricketa experience and expertise in regulatory compliances, he should likewise be appointed as Compliance Officer. Please see Atty. Mark S. Gorricketa's background in the link provided below:</p> <p>http://xurpasgroup.com/executive-committee/</p> <p>Atty. Mark S. Gorricketa's business experience is likewise reflected in the Corporation's Annual Report (SEC Form 17A).</p>

3. Corporate Secretary is not a member of the Board of Directors.	Compliant		
4. Corporate Secretary attends training/s on corporate governance.	Complaint	<p>The Corporate Secretary attended a four hour seminar on corporate governance training in 2018.</p> <p>Provided below is the link to access the certification which was submitted with the SEC and the PSE for calendar year 2018:</p> <p>http://xurpasgroup.com/wp-content/uploads/2018/04/Xurpas_-_Certificates-of-Attendance-of-the-Members-of-the-Board-and-Officers-20042018.pdf</p>	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.		Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	<p>Atty. Mark S. Gorriceta is the Corporation's Corporate Secretary, Chief Legal Officer and Chief Compliance Officer.</p> <p>http://xurpasgroup.com/executive-committee/</p>	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Non-Compliant		Atty. Mark S. Gorriceta is not in the payroll of the Corporation. In any case, Atty. Mark S. Gorriceta is still considered to hold sufficient expertise and authority given the current organizational structure and size.

		We confirm that Atty. Mark S. Gorricketa is not a member of the Board.	
3. Compliance Officer is not a member of the board.	Compliant		
4. Compliance Officer attends training/s on corporate governance.	Compliant	http://xurpasgroup.com/wp-content/uploads/2018/04/Xurpas_-_Certificates-of-Attendance-of-the-Members-of-the-Board-and-Officers-20042018.pdf	

Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

Recommendation 2.1

1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	<p>The Corporate Secretary sends out Notice of Meeting, Agenda and all other materials at least five (5) days prior to scheduled date of meeting. The Corporate Secretary who is also the Chief Legal Officer and Compliance Officer attends all meetings and provides the necessary legal advice to guide the Board.</p> <p>Please see also the link to the Corporation's Manual on Corporate Governance:</p> <p>http://xurpasgroup.com/wp-content/uploads/2017/09/Xurpas-Inc.-Revised-Manual-on-Corporate-Governance-FINAL.pdf</p>	
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Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	Section 2.1.4. of the Board Charter provides that the Board shall formulate the Corporation's vision, mission, objectives, strategies, policies and procedures that shall guide its activities and accordingly monitor and implement the same.	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant	<p>The business objectives and strategy are reviewed periodically. In 2018, the Board had a total of 13 meetings as reflected in the Information Statement of the Corporation. The Board discussed the business and operational results of the Corporation wherein the Corporation's objectives and strategies are considered.</p> <p>The Board likewise receives regular updates on the projects and business strategies from the officers of the Corporation.</p>	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	<p>.http://xurpasgroup.com/about-us/mission-and-vision/</p> <p>This is being reviewed periodically.</p>	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the	Compliant	Section 1.10 of the Manual on Corporate Governance provides that the Board formulates the Corporation's vision, mission, objectives, strategies, policies and procedures.	

<p>company's business environment, and culture.</p>		<p>The Corporation's Management/Executive Officers implements the strategic initiatives outlined by the Board. In 2018, the Board had 13 meetings wherein the business and operations of the Corporation are discussed to ensure that the strategic initiatives outlined by the Board are being implemented.</p> <p>All material decisions approved by the Board are reflected in the Corporation's Information Statement.</p>	
Recommendation 2.3			
<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>Compliant</p>	<p>Mr. Nico Jose S. Nollado is the Corporation's Chairman.</p> <p>Please see below link for the qualifications of the Chairman:</p> <p>http://xurpasgroup.com/executive-committee/</p> <p>This is also reflected in the Corporation's Information Statement.</p>	
Recommendation 2.4			
<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	<p>Compliant</p>	<p>Please see the Corporation's Manual on Corporate Governance posted in the website.</p> <p>The Board shall implement an effective succession planning for its</p>	

		<p>directors and Management to ensure the efficient transfer of leadership.</p> <p>http://xurpasgroup.com/wp-content/uploads/2018/10/POLICY-ON-SUCCESSION-PLANNING.pdf</p>	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant	<p>The Corporation's Policy on Succession Planning provides:</p> <p>The retirement age for directors shall be eighty (80) years old. The Board may however amend this policy, as it may deem appropriate. The retirement age for Management shall follow the compulsory retirement age prescribed under the Labor Code of the Philippines.</p>	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	<p>The Corporation's Policy on Remuneration of Board and/or Key Officers which is posted on the website states that the Board shall adopt a policy which shall specify the relationship between the remuneration and performance of directors. The same policy shall be applied for purposes of determining the remuneration and performance of employees and Management. The</p>	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant		

<p>3. Directors do not participate in discussions or deliberations involving his/her own remuneration.</p>	<p>Compliant</p>	<p>level of remuneration should always be commensurate to the responsibilities of the role.</p> <p>The Corporation has established a Personnel and Compensation Committee which shall handle matters relating to compensation.</p> <p>Please see also the Corporation's Manual on Corporate Governance, Board Charter, Policy on Remuneration of Board and/or Key Officers and Information Statement.</p> <p>http://xurpasgroup.com/governance-documents/</p>	
Optional: Recommendation 2.5			
<p>1. Board approves the remuneration of senior executives.</p>		<p>-</p>	
<p>2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.</p>		<p>-</p>	
Recommendation 2.6			
<p>1. Board has a formal and transparent board nomination and election policy.</p>	<p>Compliant</p>	<p>The Corporation's by-laws provide that all nominations for the election of</p>	

		directors by the stockholders shall be submitted in writing to the Nomination Committee <u>not earlier than sixty (60) days nor later than thirty (30) days</u> prior to the date when the Definitive Information Statement is required to be sent out to the stockholders under relevant regulations. Nominations which are not submitted within such nomination period shall not be valid.	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant		
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant	The Nomination Committee, by majority vote, shall pass upon the qualification of the nominee to the Board. It may also, in the exercise of its discretion and by majority vote of its members, disqualify a nominated shareholder who, in the Nomination Committee's judgment, represents an interest adverse to or in conflict with those of the corporation. No nominations shall be entertained or allowed on the floor during the Annual Stockholders' Meeting.	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant	The final list of candidates shall be made available to the Securities and Exchange Commission and to all stockholders through the filing and distribution of the Information Statement or in such other reports required by the Securities and Exchange Commission Please see also the Corporation's By-Laws, Manual on Corporate	

		Governance, Board Charter and Nomination Committee Charter posted in the website.	
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.		-	
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	The Corporation has adopted a Related Party Transactions Policy. Please see link below to access the policy: http://xurpasgroup.com/wp-content/uploads/2017/11/2.-Xurpas-RPT-Policy-.pdf	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	In 2018, there was no transaction which required the approval of the Related Party Transactions Committee.	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant		
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or	Compliant	Please see below link to access the Corporation's Related Party Transactions Policy:	

<p>transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>		<p>http://xurpasgroup.com/wp-content/uploads/2017/11/2.-Xurpas-RPT-Policy-.pdf</p>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>Compliant</p>	<p>Please see Related Party Transactions Policy posted in the website.</p> <p>Those covered by the materiality threshold as provided in the Policy will need to be reviewed by the Committee and accordingly endorsed to the Board.</p> <p>The Corporation also observes Section 32 of the Corporation Code wherein failure to comply with the conditions will require shareholders' approval.</p>	
Recommendation 2.8			
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Compliant</p>	<p>Section 1.11.2 of the Corporation's Manual on Corporate Governance provides that the Board shall elect the Chief Executive Officer, President and such other officers that comprise the management team.</p> <p>The board of directors during the Organizational meeting selects and appoints the officers of the Corporation for the year.</p>	

		<p>Please see below link to access the Corporation's Management Team:</p> <p>http://xurpasgroup.com/executive-committee/</p>	
<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	Compliant	<p>Section 1.11.2 of the Manual on Corporate Governance and Section 2.2.2 of the Board Charter provides that the Board has the responsibility of monitoring and assessing the performance of the Corporation's Management.</p>	
Recommendation 2.9			
<p>1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.</p>	Compliant	<p>Please see the Corporation's Manual on Corporate Governance and the Board Charter posted in the website.</p>	

2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant	Please see the Corporation's Board Charter posted in the website.	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	Please see the Corporation's Manual on Corporate Governance, the Board Charter, Audit Committee Charter, Related Party Transactions Policy and Conflict of Interest Policy posted in the website	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	http://xurpasgroup.com/governance-documents/ .	
3. Board approves the Internal Audit Charter.	Non-Compliant		The Corporation has not established an internal audit charter. However, the roles and responsibilities of an Internal Audit Head/Team are outlined in the Manual on Corporate Governance.
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	The Corporation has established a Board Risk Oversight Committee. It also has a Risk Management Policy posted in the website. http://xurpasgroup.com/wp-content/uploads/2017/11/5.-Xurpas_Enterprise-Risk-Management-.pdf	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well	Compliant		

as the effectiveness of risk management strategies.			
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	Please see link below to access the Board Charter: http://xurpasgroup.com/wp-content/uploads/2018/05/Xurpas-Charter-of-the-Board-of-Directors.pdf	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	Please see link below to access the Board Charter: http://xurpasgroup.com/wp-content/uploads/2018/05/Xurpas-Charter-of-the-Board-of-Directors.pdf	
3. Board Charter is publicly available and posted on the company's website.	Compliant		

Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	<p>The Corporation has adopted an Insider Trading Policy to promote fairness to the investing public by preventing an individual or a particular group from profiting from any material information which is not available to the public.</p> <p>Please see link to access the Insider Trading Policy of the Corporation:</p> <p>http://xurpasgroup.com/wp-content/uploads/2017/11/6.-Xurpas_Insider-Trading-Policy-.pdf</p>	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.			
2. Company discloses the types of decision requiring board of directors' approval.			
Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			
Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in	Compliant	The Corporation has established the following committees:	

<p>the optimal performance of its roles and responsibilities.</p>		<ol style="list-style-type: none"> 1. Executive Committee 2. Audit Committee 3. Nomination Committee 4. Corporate Governance Committee 5. Board Risk Oversight Committee 6. Related Party Transactions Committee 7. Personnel and Compensation Committee <p>Please see link below to access information relating to the board committees of the Corporation:</p> <p>http://xurpasgroup.com/board-committees/</p>	
Recommendation 3.2			
<ol style="list-style-type: none"> 1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. 	Compliant	<p>Please see below link to access the Audit Committee Charter:</p> <p>http://xurpasgroup.com/wp-content/uploads/2018/05/Xurpas-Audit-Committee-Charter.pdf</p> <p>The Audit Committee recommends the appointment and removal of the external auditor.</p>	
<ol style="list-style-type: none"> 2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent. 	Non-Compliant		<p>For 2018, the Chairman of the Audit Committee is an independent director. One member of the Audit Committee is a non-executive director while the two members of the Audit Committee are executive directors. The Corporation</p>

			believes that the Committee is able to perform its functions regardless of non-compliance with this recommendation. http://xurpasgroup.com/board-committees/
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	Please see below link to access the background of the directors: http://xurpasgroup.com/executive-committee/	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Non-Compliant		Mr. Alvin D. Lao is also the Chairman of the Board Risk Oversight Committee. The Corporation believes that regardless of non-compliance with this recommendation and taking into account the business experience of Mr. Alvin D. Lao, the Committee is able to perform its function. Please see below link: http://xurpasgroup.com/executive-committee/ and http://xurpasgroup.com/board-committees/
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	The Audit Committee reviews all non-audit services conducted by the external auditor. It has the authority to disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. Please see Audit Committee Charter posted on the website.	

		http://xurpasgroup.com/wp-content/uploads/2018/05/Xurpas-Audit-Committee-Charter.pdf The external auditor did not provide any non-audit services to the Corporation for 2018.	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Non-Compliant		The Audit Committee conducts meetings with the external audit team. However, such meetings are conducted in the presence of the management team. Considering that the roles and responsibilities of the Audit Committee are outlined in the charter, the committee is still able to fulfill its functions, regardless of the presence of the management team in the said meeting.
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.			
2. Audit Committee approves the appointment and removal of the internal auditor.			
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	Please see Manual on Corporate Governance and Corporate Governance Committee Charter. http://xurpasgroup.com/wp-content/uploads/2017/09/Xurpas-Inc.-Revised-Manual-on-Corporate-Governance-FINAL.pdf	

		<p>http://xurpasgroup.com/wp-content/uploads/2018/05/Xurpas-Inc.-_Charter-of-the-Corporate-Governance-Committee.pdf</p> <p>For those relating to qualifications of directors, the said role is assigned to the Nomination Committee.</p> <p>http://xurpasgroup.com/wp-content/uploads/2018/05/Xurpas-Nomination-Committee-Charter.pdf</p>	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Non-Compliant		<p>The Company is in the process of fully implementing its Manual on Corporate Governance. The Corporate Governance Committee is composed of two independent directors and one non-executive director.</p> <p>Please see below link for the members of the committee and their qualifications:</p> <p>http://xurpasgroup.com/board-committees/ and http://xurpasgroup.com/executive-committee/</p> <p>Despite non-compliance, the functions of the Corporate Governance Committee is still being effectively performed by the existing members.</p>
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	Mr. Jonathan Gerard A. Gurango, independent director, is the Chariman of Corporate Governance Committee.	

Optional: Recommendation 3.3.

1. Corporate Governance Committee meet at least twice during the year.			
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	http://xurpasgroup.com/board-committees/ Please see also access to the document which provides the Risk Management Policy of the Corporation: http://xurpasgroup.com/wp-content/uploads/2017/11/5.-Xurpas_Enterprise-Risk-Management-.pdf	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	Please see below links: http://xurpasgroup.com/board-committees/ and http://xurpasgroup.com/executive-committee/	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Non-Compliant		The Chairman of the BROC is also the Chairman of the Audit Committee. The Corporation believes that the functions of the two committees are not in conflict with each other, and as such, the Chairman can still perform his function despite being the chairman of both committees. Please see below links: http://xurpasgroup.com/board-committees/ and

			http://xurpasgroup.com/executive-committee/
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	Please see below links: http://xurpasgroup.com/board-committees/ and http://xurpasgroup.com/executive-committee/	
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	Please see Related Party Transactions Committee Charter. http://xurpasgroup.com/wp-content/uploads/2018/05/Xurpas-RPT-Committee-Charter.pdf	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant	RPT Committee has 3 non-executive directors, and 1 independent director. Two members are independent directors, including the Chairman and one is a non-executive director. Please see below links: http://xurpasgroup.com/board-committees/ and http://xurpasgroup.com/executive-committee/	.
Recommendation 3.6			

<p>1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.</p>	<p>Non-Compliant</p>	<p>Please see below link for reference: http://xurpasgroup.com/governance-documents/</p>	<p>Please see below link for reference: http://xurpasgroup.com/governance-documents/</p> <p>The Corporation is still in the process of creating a Committee Charter for its Board Risk Oversight Committee. In any case, the Corporation believes that the said committee can still perform its objectives through the Risk Management Policy it is currently implementing.</p>
<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>	<p>Compliant</p>		
<p>3. Committee Charters were fully disclosed on the company's website.</p>	<p>Compliant</p>	<p>Please see below link for reference: http://xurpasgroup.com/governance-documents/</p>	

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

Recommendation 4.1

<p>1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>	<p>Compliant</p>	<p>Please see the Corporation's by-laws and the Board Charter posted in the website.</p> <p>Please see certification on directors' attendance as submitted with the SEC attached as Annex "A".</p>	
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>Compliant</p>	<p>Please see the Corporation's Board Charter which provides that each member of the Board shall act on a fully informed basis, in good faith, with due diligence and care and in the best interest of the Corporation and its shareholders.</p>	
<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>Complaint</p>	<p>Please see the Corporation's Board Charter which provides that each member of the Board shall act on a fully informed basis, in good faith, with due diligence and care and in the best interest of the Corporation and its shareholders.</p>	
<p>Recommendation 4.2</p>			
<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have</p>	<p>Compliant</p>	<p>Please see Corporation's Manual on Corporate Governance which provides that non-executive directors</p>	

sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.		shall concurrently serve as directors to a maximum of five (5) publicly-listed companies. http://xurpasgroup.com/executive-committee/	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	Section 1.1. of the Corporation's Manual on Corporate Governance provides that a director should notify the Board before accepting a directorship in another company. Please see Corporation's Manual on Corporate Governance.	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.			
2. Company schedules board of directors' meetings before the start of the financial year.			
3. Board of directors meet at least six times during the year.			
4. Company requires as minimum quorum of at least 2/3 for board decisions.			
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Non-Compliant		Despite not having three independent directors, the Board is still able to exercise an objective and independent judgment on all corporate affairs. http://xurpasgroup.com/executive-committee/
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	http://xurpasgroup.com/executive-committee/	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	We confirm that the Corporation has no shareholder agreements, by-laws provisions or other arrangements that constrain the directors' ability to vote independently. Please see the Corporation's Definitive Information Statement and Manual on Corporate Governance.	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	We confirm that independent directors serve for a cumulative term of nine years. As of date, all independent directors of the Corporation were appointed as such on December 2014. http://xurpasgroup.com/executive-committee/	

2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	Please see the Corporation's Manual on Corporate Governance.	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant	The Corporation has no intention to retain any independent director after the term limit of nine years.	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	For 2018, Mr. Nico Jose S. Nollado was appointed as Chairman of the Board while Mr. Raymond Gerard S. Racaza was appointed as President and Chief Executive Officer.	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	The roles of the Chairman and the Chief Executive Officer are provided in the By-laws and Manual on Corporate Governance.	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Compliant	For 2018, Mr. Alvin D. Lao has been appointed as the lead director. We note however that Mr. Alvin D. Lao has resigned as independent director as of date of submission of this report.	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	Please see Conflict of Interest Policy uploaded in the website. For 2018, there are no transactions which needs to be approved wherein a director has a material interest.	

Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Non-Compliant	The meeting with the external auditor takes place during the Audit Committee Meeting. The Chairman of the Audit Committee is an independent director.	The non-executive directors have meetings with the external auditor however, there are executives present and this is in the course of the Audit Committee Meeting. The Corporation believes that despite the attendance of the executives, the non-executive directors are still able to exercise an independent judgment.
2. The meetings are chaired by the lead independent director.	Compliant		
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.			
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			

1. Board conducts an annual self-assessment of its performance as a whole.	Non-Compliant		Please see Board Charter posted in the website. The Corporation intends to fully comply with the Manual on Corporate Governance, which includes having an annual self-assessment, as provided in the said Manual.
2. The Chairman conducts a self-assessment of his performance.	Non-Compliant		Please see Board Charter posted in the website. The Corporation intends to fully comply with the Manual on Corporate Governance, which includes having an annual self-assessment, as provided in the said Manual.
3. The individual members conduct a self-assessment of their performance.	Non-Compliant		Please see Board Charter posted in the website. The Corporation intends to fully comply with the Manual on Corporate Governance, which includes having an annual self-assessment, as provided in the said Manual.
4. Each committee conducts a self-assessment of its performance.	Non-Compliant		Based on the assessment of the Board, full compliance with this recommendation is not necessary taking into account the size, structure, risk profile and complexity of operations of the Corporation.
5. Every three years, the assessments are supported by an external facilitator.	Non-Compliant		The Corporation has not hired any external facilitator as of date. The Board believes that considering the size, structure and risk profile of the Corporation, hiring of external facilitator is not needed as of date.
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to	Compliant		

determine the performance of the Board, individual directors and committees.		Please see the Corporation's Manual on Corporate Governance and the Board Charter. http://xurpasgroup.com/wp-content/uploads/2017/09/Xurpas-Inc.-Revised-Manual-on-Corporate-Governance-FINAL.pdf	
2. The system allows for a feedback mechanism from the shareholders.	Compliant	http://xurpasgroup.com/wp-content/uploads/2018/05/Xurpas-Charter-of-the-Board-of-Directors.pdf	
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	Please see links to the different policies being implemented by the Corporation: http://xurpasgroup.com/governance-documents/	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	This has been routed to the Board, Key Officers and has been posted in the website to allow employees access to the said policies.	
3. The Code is disclosed and made available to the public through the company website.	Complaint	http://xurpasgroup.com/governance-documents/	
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and	Compliant	The Corporation adopts an Anti-Corruption Policy which states:	

<p>penalizing company involvement in offering, paying and receiving bribes.</p>		<p>The employees are expected not to seek any undue personal or pecuniary advantage from his dealings with or for an in behalf of the Corporation. The employees are expected to maintain the highest standards of honesty and professional conduct. Seeking of undue financial and material advantage arising from transactions involving the Corporation is considered as a breach of trust. For violations of this policy committed by employees, the Human Resources Department shall monitor, evaluate and impose the necessary penalties.</p>	
Recommendation 7.2			
<p>1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.</p>	<p>Compliant</p>	<p>Several Board committees and/or departments of the Corporation monitor compliance with these policies.</p>	
<p>2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.</p>	<p>Compliant</p>	<p>Employees, Directors and Officers are required to comply with the said policies</p>	
Disclosure and Transparency			
<p>Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.</p>			
Recommendation 8.1			
<p>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and</p>	<p>Compliant</p>	<p>Xurpas shall make a full, fair, accurate and timely disclosure to the public of every material fact or event that</p>	

<p>timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.</p>		<p>occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and stakeholders.</p> <p>Xurpas makes regular disclosure of the Corporation's financial results. Quarterly financial results are immediately disclosed (if available) after the approval by the Board to the PSE and SEC. Quarterly and year-end financial statements and detailed management's discussion and analysis are filed within 45 and 105 calendar days, respectively from the end of the financial period, in compliance with the requirements of the PSE and SEC. Xurpas' Management also ensures compliance on various disclosures prescribed by the SEC and the PSE rules. Any market-sensitive information is also immediately disclosed to the regulators and to the public through various modes of communication.</p> <p>Xurpas has also been consistent in the issuance of Press Releases and conduct of Analyst Briefings to discuss its financial performance and plans. Xurpas' Management also exerts effort in ensuring that the company website is up-to-date.</p>	
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Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	Non-Compliant		The consolidated financial statements are published within 105 calendar days from end of fiscal year, while interim reports are published within 45 days from the end of the reporting period, in accordance with the rules prescribed by the SEC and the PSE.
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	Non-Compliant	1.	The Corporation does not consider this as a significant risk that will merit a discussion in the Annual Report. The shareholdings of principal shareholders and related party transactions are disclosed in the Annual Report and Financial Statements, respectively.
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant.	Within three (3) trading days upon change in their ownership of securities, the directors and key officers are required to inform the Chief Compliance Officer and/or Corporate Secretary of such trades and accordingly submit SEC Form 23-B. The Chief Compliance Officer and/or Corporate Secretary shall submit the said form with the regulatory bodies (Securities and Exchange Commission and Philippine Stock Exchange).	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant		

Supplement to Recommendation 8.2			
<p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p>	Compliant	<p>The Company discloses via PSE edge and by posting on the website any change in shareholdings of the directors/officers via SEC Form 23B.</p> <p>The list of shareholders is also disclosed within 15 days from the end of the quarter.</p> <p>All buy-back of shares are also disclosed via PSE edge and posted on the company website.</p> <p>http://xurpasgroup.com/about-us/group-corporate-structure/</p>	
Recommendation 8.3			
<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	Compliant	<p>Please see link below to access the profile of each member of the Board:</p> <p>http://xurpasgroup.com/executive-committee/</p>	
<p>2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	Compliant	<p>Please see link below to access the profile of the key officers:</p> <p>http://xurpasgroup.com/executive-committee/</p>	

Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	<p>The Board Charter provides that the Board shall adopt a policy which shall specify the relationship between the remuneration and performance of directors. The same policy shall be applied for purposes of determining the remuneration and performance of employees and Management. The level of remuneration should always be commensurate to the responsibilities of the role.</p> <p>Please see Audit Committee Charter and Personnel and Compensation Committee Charter.</p>	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Compliant	<p>The Board Charter provides that the Board shall adopt a policy which shall specify the relationship between the remuneration and performance of directors. The same policy shall be applied for purposes of determining the remuneration and performance of employees and Management. The level of remuneration should always be commensurate to the responsibilities of the role.</p> <p>Please see Audit Committee Charter and Personnel and Compensation Committee Charter.</p>	

3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Non-Compliant		<p>The Chairman, President and Chief Executive Officer and Chief Technology Officer, as founders of the Corporation did not receive any remuneration for 2018.</p> <p>The Corporation disclosed in the Annual Report the remuneration of its top 5 officers (on a consolidated basis). The Corporation does not consider the disclosure of the said information on an individual basis as material information that would require disclosure. Further, the Corporation considers the said remuneration as confidential information that should not be disclosed to the public.</p>
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	http://xurpasgroup.com/wp-content/uploads/2017/11/2.-Xurpas-RPT-Policy-.pdf	.
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	Please see Annual Report for the disclosure on RPT transactions. For 2018, there is no significant Related Party Transactions which needs to be approved by the Related Party Transactions Committee.	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	http://xurpasgroup.com/wp-content/uploads/2017/11/4-Xurpas_Conflict-of-Interest-Policy-.pdf	
Optional : Recommendation 8.5			

1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.			
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	Please see PSE/SEC Disclosures posted in the company website.	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	The Corporation appointed FTI Consulting for the acquisition of Art of Click Pte. Ltd.	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	There are no shareholder agreements or voting trust agreements that may impact the control, ownership and strategic direction of the Corporation.	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	http://xurpasgroup.com/wp-content/uploads/2017/09/Xurpas-Inc.-Revised-Manual-on-Corporate-Governance-FINAL.pdf	

2. Company's MCG is submitted to the SEC and PSE.	Compliant		
3. Company's MCG is posted on its company website.	Compliant		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	There are no amendments as of date.	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:		Provide link or reference to the company's Annual Report containing the said information.	
a. Corporate Objectives			
b. Financial performance indicators			
c. Non-financial performance indicators			
d. Dividend Policy			

e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors			
f. Attendance details of each director in all directors meetings held during the year			
g. Total remuneration of each member of the board of directors			
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.		Provide link or reference to where this is contained in the Annual Report	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.		Provide link or reference to where this is contained in the Annual Report	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting		Provide link or reference to where this is contained in the Annual Report	

on the adequacy of the company's internal controls/risk management systems.			
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).		Provide link or reference to where these are contained in the Annual Report	

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	The Audit Committee Charter provides that the Committee shall ensure that there is an established process on the appointment, reappointment, removal and fees of the external auditor, subject to the Board approval and ratified by the stockholders.	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	Please see Audit Committee Charter. The Shareholders likewise approve the appointment of the external auditor. This is included in the Agenda of the Annual Stockholders' Meeting as disclosed in the information statement.	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	There has been no recommendation to remove or change the existing external auditor of the Corporation.	

Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	Please see Annual report and Information Statement.	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	Compliant	Please see below link to access the Audit Committee Charter: http://xurpasgroup.com/wp-content/uploads/2018/05/Xurpas-Audit-Committee-Charter.pdf	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant	Please see below link to access the Audit Committee Charter: http://xurpasgroup.com/wp-content/uploads/2018/05/Xurpas-Audit-Committee-Charter.pdf	
Supplement to Recommendations 9.2			

1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Compliant	Please see below link to access the Audit Committee Charter: http://xurpasgroup.com/wp-content/uploads/2018/05/Xurpas-Audit-Committee-Charter.pdf	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant	Please see below link to access the Audit Committee Charter: http://xurpasgroup.com/wp-content/uploads/2018/05/Xurpas-Audit-Committee-Charter.pdf	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	Please see Annual Report and Information Statement. For 2018, the external auditor did not provide any non-audit services to the Corporation.	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	Please see Annual Report and Information Statement.	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	Please see Annual Report.	

		For 2018, the external auditor did not provide any non-audit services to the Corporation.	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	<ol style="list-style-type: none"> 1. Dolmar C. Montañez 2. 1561-AR-1 (Group A) 3. January 31, 2019 4. January 30, 2022 5. Sycip Gorres Velayo & Co. 	
6. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Compliant	<p>SGV may be subjected to SEC Oversight Assurance Review (SOAR) Inspection Program to be conducted by the SEC's Office of the General Accountant (OGA).</p> <p>SEC has not implemented the SOAR Inspection Program as of date.</p>	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Non-Compliant		The Corporation, as of date, does not adopt a policy on disclosure of non-financial information, including EESG issues. The Board believes that taking into account the structure, size, and risk profile of the Corporation, such is not necessary as of date.

2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Non-Compliant		The Corporation, as of date, does not have a sustainability report. The Board believes that taking into account the structure, size, and risk profile of the Corporation, such is not necessary as of date.
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Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	<p>The Company uses the website, analysts' briefing, press releases and disclosures via PSE Edge.</p> <p>The recording and the transcript of the analyst briefing is also posted on the company website.</p>	
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Supplemental to Principle 11

1. Company has a website disclosing up-to-date information on the following:		<p>http://xurpasgroup.com/financial-documents/</p>	
a. Financial statements/reports (latest quarterly)	Compliant	<p>http://xurpasgroup.com/corporate-governance/annual-stockholders-meeting-documents/</p> <p>Please see Corporate Documents posted in the website.</p>	
b. Materials provided in briefings to analysts and media	Compliant		

c. Downloadable annual report	Compliant		
d. Notice of ASM and/or SSM	Compliant		
e. Minutes of ASM and/or SSM	Compliant		
f. Company's Articles of Incorporation and By-Laws	Compliant		

Additional Recommendation to Principle 11

1. Company complies with SEC-prescribed website template.	Compliant	http://xurpasgroup.com	
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Internal Control System and Risk Management Framework

Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

Recommendation 12.1

1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	<p>The Internal Audit has already established programs relating to the following:</p> <ol style="list-style-type: none"> 1. Capital asset management 2. Payroll 3. Advances 4. Purchase of goods 5. Revenue flow 	
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		The said programs are reviewed periodically.	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Non-Compliant		<p>The Corporation is in the process of establishing an Enterprise Risk Management Framework.</p> <p>The Corporation has already established an Enterprise Risk Management Committee and has approved a Risk Management Policy. These acts reflect that the Corporation is committed in establishing an enterprise risk management framework to assess the risks which affects the Corporation.</p> <p>http://xurpasgroup.com/wp-content/uploads/2017/11/5.-Xurpas_Enterprise-Risk-Management-.pdf</p>
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	Non-Compliant		<p>The Corporation does not have a comprehensive enterprise-wide compliance program as of date. However, the Corporation's Chief Legal Counsel regularly updates the Board and Management with respect to new laws and regulations which may affect the Corporation.</p> <p>The Corporation is in the process of establishing a formal enterprise-wide compliance program.</p>
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security,			

<p>and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p>			
<p>Recommendation 12.2</p>			
<p>1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.</p>	<p>Non-Compliant</p>		<p>The Corporation has not established its Internal Audit Department. The Corporation commits to fully comply with its Manual on Corporate Governance.</p> <p>In any case, considering the current size and complexity of operations of the Corporation, the Board is of the opinion that regardless of non-compliance, the principles of integrity, transparency and proper governance of the Corporation's affairs are still observed.</p> <p>Likewise, the Audit Committee ensures that the said principles are observed.</p>

Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Non-Compliant		Considering the size and business operations of the Corporation, the Corporation believes that non-compliance with this Recommendation has no significant effect in its Corporation's operations.
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Non-Compliant		Considering the size and business operations of the Corporation, the Corporation believes that non-compliance with this Recommendation has no significant effect in its Corporation's operations.
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Compliant		Considering the size and business operations of the Corporation, the Corporation believes that non-compliance with this Recommendation has no significant effect in its Corporation's operations.
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	The Corporation has already established an Enterprise Risk Management Committee. http://xurpasgroup.com/board-committees/	

		The Risk Management Policy has also been approved: http://xurpasgroup.com/wp-content/uploads/2017/11/5.-Xurpas_Enterprise-Risk-Management-.pdf	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Non-Compliant		The Corporation may seek professional technical support in risk management as needed. The Corporation did not engage third party expertise on risk management for 2017.
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Non-Compliant		The Corporation has not appointed a Chief Risk Officer as of date. We note however that the risks are being regularly evaluated by the Board. The Corporation has also established an Enterprise Risk Management Committee that will evaluate the risk exposure of the Corporation.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Non-Compliant		The Corporation has not appointed a Chief Risk Officer as of date. The Corporation is in the process of finding a candidate for the said position.
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Non-Compliant		The Corporation is in the process of implementing a policy relating to this.

Cultivating a Synergic Relationship with Shareholders

Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

Recommendation 13.1

1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	Please see below link to the Corporation's Manual on Corporate Governance: http://xurpasgroup.com/wp-content/uploads/2017/09/Xurpas-Inc.-Revised-Manual-on-Corporate-Governance-FINAL.pdf	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Please See Annual Report and Information Statement	

Supplement to Recommendation 13.1

1. Company's common share has one vote for one share.	Compliant	Please see By-Laws and Information Statement.	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	Please see Amended Articles of Incorporation and Information Statement..	
3. Board has an effective, secure, and efficient voting system.	Compliant	Please see Amended By-Laws and Information Statement. Please see also Nomination Committee Charter.	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Compliant	Please see By-Laws and Information Statement. The Corporation also observes the shareholder vote requirements provided in the Corporation Code.	

5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	Please see the Corporation's By-Laws and Manual on Corporate Governance.	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	Please see By-Laws and Information Statement.	
7. Company has a transparent and specific dividend policy.	Compliant	Please see Annual Report and Information Statement. The Corporation has complied with the period requirements provided under SEC and PSE rules in matters relating to dividend declaration.	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.			
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Non-Compliant		The Corporation distributes the Information Statement to all stockholders at least 16 days prior to the said meeting. http://xurpasgroup.com/sec-filings/
Supplemental to Recommendation 13.2			

1. Company's Notice of Annual Stockholders' Meeting contains the following information:			
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	Please see Information Statement.	
b. Auditors seeking appointment/re-appointment	Compliant	Please see Information Statement.	
c. Proxy documents	Compliant	Please see Information Statement.	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting			
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Non-Compliant		Although the said documents are not made publicly available the next working day, the Corporation uploads the same in the website, once available.
2. Minutes of the Annual and Special Shareholders' Meetings were available on	Non-Compliant		Although the said documents are not made publicly available within five

the company website within five business days from the end of the meeting.			business days, the Corporation uploads the same in the website, once available.
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	This is confirmed. The External Auditor are always available during Annual Stockholders' Meeting.	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	<p>The Manual on Corporate Governance provides:</p> <p>The Board is responsible for establishing an alternative dispute resolution system to resolve intra-corporate disputes in an amicable and effective manner.</p> <p>The alternative dispute resolution system of the Corporation may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Corporation and circumstances deem fit.</p>	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	<p>The Manual on Corporate Governance provides:</p> <p>The Board is responsible for establishing an alternative dispute resolution system to resolve intra-corporate disputes in an amicable and effective manner.</p>	

		The alternative dispute resolution system of the Corporation may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Corporation and circumstances deem fit.	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	1. Ms. Erica Sarmiento-Lim 2. (632) 889-6467 3. Erica@xurpas.com	
4. IRO is present at every shareholder's meeting.	Compliant	The IRO was present during the 2018 ASM. .	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	The Corporation adopts a one share, one vote policy. As such, minority is adequately represented in shareholder actions.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Compliant	As of December 31, 2018, the public float is at 33.34%	
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting			
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.			

Duties to Stakeholders

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

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	Please see Manual on Corporate Governance.	
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Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Please see Manual on Corporate Governance.	
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Recommendation 14.3

1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	http://xurpasgroup.com/wp-content/uploads/2017/11/3.-Xurpas-WhistleBlowing-Policy-.pdf	
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Supplement to Recommendation 14.3

1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Compliant	Please see Manual on Corporate Governance.	
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Additional Recommendations to Principle 14

1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a	Compliant	The Corporation adheres to the highest standards of corporate governance in the conduct of its	
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corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.		operations. It does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue.	
2. Company respects intellectual property rights.	Compliant	The Corporation respects intellectual property rights and has no pending related legal proceedings material in nature that may cause significant adverse impact in its operations.	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare			
2. Company discloses its policies and practices that address supplier/contractor selection procedures			
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	Please see Policy and data relating to health, safety and welfare of employees, including company sponsored trainings posted in the website. http://xurpasgroup.com/wp-content/uploads/2017/11/1-Xurpas-Policy-on-Health-Safety-and-Welfare-of-Employees-.pdf	
Supplement to Recommendation 15.1			

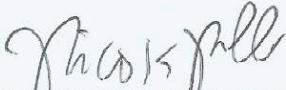
<p>1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.</p>	<p>Compliant</p>	<p>Please see Policy and data relating to health, safety and welfare of employees, including company sponsored trainings posted in the website.</p> <p>http://xurpasgroup.com/wp-content/uploads/2017/11/1-Xurpas-Policy-on-Health-Safety-and-Welfare-of-Employees-.pdf</p> <p>Approval of the Corporation's ESOP is also pending with the SEC.</p>	
<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	<p>Compliant</p>	<p>Please see Policy and data relating to health, safety and welfare of employees, including company sponsored trainings posted in the website.</p> <p>http://xurpasgroup.com/wp-content/uploads/2017/11/1-Xurpas-Policy-on-Health-Safety-and-Welfare-of-Employees-.pdf</p>	
<p>3. Company has policies and practices on training and development of its employees.</p>	<p>Compliant</p>	<p>Please see Policy and data relating to health, safety and welfare of employees, including company sponsored trainings posted in the website.</p> <p>http://xurpasgroup.com/wp-content/uploads/2017/11/1-Xurpas-Policy-on-Health-Safety-and-Welfare-of-Employees-.pdf</p>	
<p>Recommendation 15.2</p>			
<p>1. Board sets the tone and makes a stand against corrupt practices by adopting an</p>	<p>Compliant</p>	<p>The Board has implemented a policy wherein it states that employees are</p>	

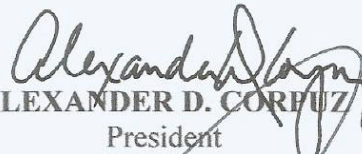
<p>anti-corruption policy and program in its Code of Conduct.</p>		<p>expected not to seek any undue personal or pecuniary advantage from their dealings with or for an on behalf of the Corporation. The employees are expected to maintain the highest standard of honesty and professional conduct. Seeking of undue financial and material advantage arising from transactions involving the Corporation is considered as a breach of trust. The Human Resources Department of the Corporation shall monitor violations of this policy and shall evaluate and impose the necessary penalties arising from the violation of this policy.</p> <p>Please see Anti-Corruption Policy posted in the website.</p>	
<p>2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.</p>	<p>Compliant</p>	<p>Policies are posted on the Corporation's website to ensure access by all employees across the organization</p>	
<p>Supplement to Recommendation 15.2</p>			
<p>1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.</p>	<p>Compliant</p>	<p>The Board has implemented a policy wherein it states that employees are expected not to seek any undue personal or pecuniary advantage from their dealings with or for an on behalf of the Corporation. The employees are expected to maintain the highest standard of honesty and professional conduct. Seeking of</p>	

		<p>undue financial and material advantage arising from transactions involving the Corporation is considered as a breach of trust. The Human Resources Department of the Corporation shall monitor violations of this policy and shall evaluate and impose the necessary penalties arising from the violation of this policy.</p> <p>Please see Anti-Corruption Policy posted in the website.</p>	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	<p>Please see Whistle Blowing Policy and Procedure posted in the website.</p> <p>http://xurpasgroup.com/wp-content/uploads/2017/11/3.-Xurpas-WhistleBlowing-Policy-.pdf</p> <p>The contact details are provided in the link.</p>	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	<p>Please see Whistle Blowing Policy and Procedure posted in the website.</p> <p>http://xurpasgroup.com/wp-content/uploads/2017/11/3.-Xurpas-WhistleBlowing-Policy-.pdf</p>	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	<p>Please see Whistle Blowing Policy and Procedure posted in the website.</p> <p>http://xurpasgroup.com/wp-content/uploads/2017/11/3.-Xurpas-WhistleBlowing-Policy-.pdf</p>	


Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	Please see link below which identifies the Corporation's CSR initiatives: http://xurpasgroup.com/corporate-social-responsibility/	
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development			
2. Company exerts effort to interact positively with the communities in which it operates			

Pursuant to the requirement of the Securities and Exchange Commission and the Philippine Stock Exchange, the Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereto duly authorized, in the City of **PASIG CITY** on MAY 29 2019.


NICO JOSE S. NOLLEDO
Chairman of the Board


ALEXANDER D. CORPUZ
President


JONATHAN GERARD A. GURANGO
Independent Director


MARK S. GORRICETA
Corporate Secretary and
Chief Compliance Officer

Republic of the Philippines)
PASIG CITY S.S.

SUBSCRIBED AND SWORN to before me this MAY 29 2019 day of 2019 affiants exhibiting to me their competent evidence of identity as follows:

Name	Passport No.	Date of Expiration
Nico Jose S. Nolleto	P3513313A	January 27, 20221
Alexander D. Corpuz	P5670777A	January 17, 2023
Jonathan Gerard A. Gurango	P5527309A	January 5, 2028
Mark S. Gorriceta	EC5401039	September 18, 2020

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Series of 2019.


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Appointment No. 147 (2019-2020)