

## ACGS Level 1 PRIMARY CGS SECTIONS

### A. Rights of Shareholders

#### A.1.1

Does the company pay (interim and final/annual) dividends in an equitable and timely manner; that is, all shareholders are treated equally and paid within 30 days after being (i) declared for interim dividends and (ii) approved by shareholders at general meetings for final dividends? In case the company has offered Scrip dividend, did the company paid the dividend within 60 days?

##### **Response**

**YES.** ICTSI paid dividends in an equitable and timely manner, thus:

Dividends Declaration Date: April 20, 2017

Date Record: May 5, 2017

Date Payment: May 17, 2017

##### **Sources:**

##### **ACGR**

Item J. Rights of Stockholders, page 91

[click to open](#)

##### **ICTSI Website**

Investor Relations, Diclosures, SEC Form 17-C (Current Report), 2017 Cash Dividend Declaration

[click to open](#)

#### A.2.1

Do shareholders have the right to participate in amendments to the company's constitution?

##### **Response**

**YES.** Shareholders have the right to participate in the Amendments to the company's constitution.

##### **Sources:**

**CORPORATION CODE OF THE PHILIPPINES**

All stockholders are mandated by law to vote in the Amendments to the company's constitution, among other critical matters, thus:

Section 6. Classification of shares. -  
XXX

Where the articles of incorporation provide for non-voting shares in the cases allowed by this Code, the holders of such shares shall nevertheless be entitled to vote on the following matters:

1. **Amendment of the articles of incorporation**; 2. Adoption and amendment of by-laws; 3. Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the corporate property; 4. Incurring, creating or increasing bonded indebtedness; 5. Increase or decrease of capital stock; 6. Merger or consolidation of the corporation with another corporation or other corporations; 7. Investment of corporate funds in another corporation or business in accordance with this Code; and 8. Dissolution of the corporation. Except as provided in the immediately preceding paragraph, the vote necessary to approve a particular corporate act as provided in this Code shall be deemed to refer only to stocks with voting rights. (5a)

### **ACGR**

Item J. Rights of Stockholders, item (2) page 91

[click to open](#)

### **SEC FORM 20-IS**

Management Report, page 65

[click to open](#)

### **SEC FORM 20-IS**

Item 17, Amendment of Charter, By-Laws or Other Documents, page 40

[click to open](#)

### **REVISED MANUAL ON CORPORATE GOVERNANCE**

Item 6. Stockholders' Rights and Protection of Minority Stockholders' Interest, 6.5

Appraisal Right, page 18

[click to open](#)

### **AMENDED ARTICLES OF INCORPORATION**

Article VII, page 5

[click to open](#)

## A.2.2

Do shareholders have the right to participate in the authorisation of additional shares?

### **Response**

**YES.** Shareholders have the right to participate in the authorisation of additional shares.

**Sources:**

## **CORPORATION CODE OF THE PHILIPPINES**

All stockholders are mandated by law to vote in the authorisation of additional shares, among other critical matters, thus:

Section 6. Classification of shares. -  
XXX

Where the articles of incorporation provide for non-voting shares in the cases allowed by this Code, the holders of such shares shall nevertheless be entitled to vote on the following matters: 1. Amendment of the articles of incorporation; 2. Adoption and amendment of by-laws; 3. Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the corporate property; 4. Incurring, creating or increasing bonded indebtedness; 5. **Increase or decrease of capital stock**; 6. Merger or consolidation of the corporation with another corporation or other corporations; 7. Investment of corporate funds in another corporation or business in accordance with this Code; and 8. Dissolution of the corporation. Except as provided in the immediately preceding paragraph, the vote necessary to approve a particular corporate act as provided in this Code shall be deemed to refer only to stocks with voting rights. (5a)

## **ACGR**

Item J. Rights of Stockholders, Stockholders Participation, No. 2 page 90

[click to open](#)

## **REVISED MANUAL ON CORPORATE GOVERNANCE**

Stockholders' Rights and Protection of Minority Stockholders Interest, 6.5 Appraisal Right, page 18

[click to open](#)

## **AMENDED ARTICLES OF INCORPORATION**

Article VII, Page 5

[click to open](#)

## **SEC FORM 20-IS**

Management Report, page 65

[click to open](#)

# A.2.3

Do shareholders have the right to participate in the transfer of all or substantially all assets, which in effect results in the sale of the company?

### **Response**

**YES.** Shareholders have the right to participate in the transfer of all or substantially all assets.

**Sources:**

**CORPORATION CODE OF THE PHILIPPINES**

All stockholders are mandated by law to vote in the authorisation of additional shares, among other critical matters, thus:

Section 6. Classification of shares. -  
XXX

Where the articles of incorporation provide for non-voting shares in the cases allowed by this Code, the holders of such shares shall nevertheless be entitled to vote on the following matters: 1. Amendment of the articles of incorporation; 2. Adoption and amendment of by-laws; 3. **Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the corporate property**; 4. Incurring, creating or increasing bonded indebtedness; 5. Increase or decrease of capital stock; 6. Merger or consolidation of the corporation with another corporation or other corporations; 7. Investment of corporate funds in another corporation or business in accordance with this Code; and 8. Dissolution of the corporation. Except as provided in the immediately preceding paragraph, the vote necessary to approve a particular corporate act as provided in this Code shall be deemed to refer only to stocks with voting rights. (5a)

### **ACGR**

Item J. Rights of Stockholders, Stockholders Participation, No. 2 page 90

[click to open](#)

### **REVISED MANUAL ON CORPORATE GOVERNANCE**

Item 6. Stockholders' Rights and Protection of Minority Stockholders' Interest, 6.5

Appraisal Right page 20

[click to open](#)

## **.3.1**

Do shareholders have the opportunity, evidenced by an agenda item, to approve remuneration (fees, allowances, benefit-in-kind and other emoluments) or any increases in remuneration for the non-executive directors/commissioners?

### **Response**

**YES.** Shareholders have the opportunity to approve compensation or any increases in remuneration for the non-executive directors.

Last date of approval by the shareholders: April 20, 2017

### **Sources:**

#### **ACGR**

D. Remuneration Matters, Item 2. Remuneration Policy and Structure for Executive and Non-Executive Directors, page 52-53

[click to open](#)

### **17-A / Annual Report**

Consolidated Financial Statement, Item 20 Share-based Payment Plan, page 79

[click to open](#)

## A.3.2

Does the company provide non-controlling shareholders a right to nominate candidates for board of directors/commissioners?

### **Response**

**YES.** The Company provides non-controlling shareholders a right to nominate candidates for board of directors.

### **Sources:**

#### **Amended By-Laws**

Section 10, Article I, page 2: Nomination can be submitted by ANY stockholder.

[click to open](#)

#### **Notice of the Annual Stockholders Meeting (ASM)**

Part I.B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of January 31, 2017, common shares issued and outstanding were 2,045,177,671 shares (including 17,130,267 treasury shares). While Preferred A and B shares outstanding as of the same date were 3,800,000 shares and 700,000,000 shares, respectively.

Only Stockholders of record at the close of business on March 17, 2017 are entitled to notice and to vote at the Annual Stockholders' Meeting. The common stock and preferred B stock will vote on matters scheduled to be taken up at the Annual Meeting with each share being entitled to cast one (1) vote.

**For the election of Directors, Stockholders entitled to vote may vote such number of shares for as many persons as there are Directors to be elected, or may cumulate said shares and give one candidate as many votes as the number of Directors to be elected multiplied by the number of their shares shall equal or may distribute them on the same principle among as many candidates as they shall see fit.**

[click to open](#)

#### **Nomination Committee Charter**

[click to open](#)

## A.3.3

Does the company allow shareholders to elect directors/commissioners individually?

**Response**

**YES.** The company allows shareholders to elect directors individually.

**Source:**

**ACGR**

Item J. Rights of Stockholders, No. 2 Treatment of Minority Stockholders, page 96

[click to open](#)

**Amended By-Laws**

Sections 8 and 10, Article I, page 2

[click to open](#)

**Revised Manual on Corporate Governance**

Item 6. Stockholders' Rights and Protection of Minority Stockholders' Interest, 6.6 Right to Nominate Directors, page 18

[click to open](#)

**2017 ASM Minutes**

Item 7. Election of Directors, page 5-6

[click to open](#)

## A.3.4

Does the company disclose the voting procedures used before the start of meeting?

**Response**

**YES.** The company discloses the voting and vote tabulation procedures used, declaring both before the meeting proceeds.

**Sources:**

**NOTICE OF ASM (20-IS)**

Item 19. Voting Procedure

[click to open](#)

**Part I.B. CONTROL AND COMPENSATION INFORMATION**

Item 4. Voting Securities and Principal Holders Thereof

[click to open](#)

## A.3.5

Do the minutes of the most recent AGM record that the shareholders were given the opportunity to ask questions and the questions raised by shareholders and answers given recorded?

**Response**

**YES.** The minutes of the most recent AGM record the opportunity allowing for shareholders to ask questions or raise issues.

**Source:**

**2017 ASM Minutes**

Other Matters, page 8

[click to open](#)

## A.3.6

Does the company disclose the voting results including approving, dissenting, and abstaining votes for all resolutions/each agenda item for the most recent AGM?

**Response**

**YES.** The Company discloses the voting results for each agenda item for the most recent AGM.

**Source:**

**ACGR**

Item A. Board Matters, page 34

[click to open](#)

See also Results of the 2017 ASM in the ACGR

[click to open](#)

**2017 ASM MINUTES**

pages 1,4-7

[click to open](#)

**ACGR**

Item J. Rights of Stockholders

page 90

[click to open](#)

## A.3.7

Does the company disclose the list of board members who attended the most recent AGM?

**Response**

**YES.** The discloses the list of board members who attended the most recent AGM

**Sources:**

**2017 ASM Minutes**

Page 1

[click to open](#)

## A.3.8

Does the company disclose that all board members and the CEO (if he is not a board member) attended the most recent AGM?

**Response**

**YES.** The Company discloses that all board members and the CEO attended the most recent AGM.

**Source:**

**2017 ASM MINUTES**

Page 1

[click to open](#)

## A.3.9

Does the company allow voting in absentia?

**Response**

**YES.** The company allows for voting in absentia, through proxies.

**Sources:**

**ACGR**

J. Rights of Stockholders, page 90

[click to open](#)

**SEC FORM 20-IS**



[click to open](#)

### 2017 ASM MINUTES

page 1

[click to open](#)

### Amended By-Laws

Article 1 Stockholders, Section 7, page 2

[click to open](#)

## A.3.10

Did the company vote by poll (as opposed to by show of hands) for all resolutions at the most recent AGM?

#### Response

**YES.** The Company votes by poll for all resolutions at the most recent AGM.

#### Sources:

### Amended By - Laws

Article I, Section 8, page 2

[click to open](#)

### SEC FORM 20-IS

Item 19. Voting Procedures

[click to open](#)

## A.3.11

Does the company disclose that it has appointed an independent party (scrutineers/inspectors) to count and/or validate the votes at the AGM?

#### Response

**YES.** The company discloses that it has appointed an independent party to count and/or validate the votes at the AGM.

The votes were counted by the stock and transfer agent, an independent party, during the proxy validation last April 20, 2017. These formed part of the stockholders' votes on every resolution during the AGM.

#### Source:

### **Amended By-Laws**

Section 9, page 2

[click to open](#)

### **ACGR**

Item J. Rights of Stockholders,  
(f) Proxy Voting Policies, page 94

[click to open](#)

**20 - IS**

[click to open](#)

## **.3.12**

Does the company make publicly available by the next working day the result of the votes taken during the most recent AGM/EGM for all resolutions?

### **Response**

**YES.** The Company make publicly available, immediately after the meeting, the results of the votes taken during the most recent AGM for all resolutions.

### **Sources:**

**2017 ASM Minutes**

Page 1

[click to open](#)

### **ACGR**

Item J. Stockholders Participation Item 6  
page 93

[click to open](#)

## **A.3.13**

Does the company provide at least 21 days notice for all AGMs and EGMs?

### **Response**

**YES.** The company provide at least 21 days notice for all AGMs and EGMs.

### **Source:**

**Notice of ASM, page 2**

[click to open](#)

### **ACGR, Rights of Shareholders**

Stockholders' Participation, Item 3

[click to open](#)

## A.3.14

Does the company provide the rationale and explanation for each agenda item which require shareholders' approval in the notice of AGM/circulars and/or the accompanying statement?

### **Response**

**YES.** The company provides the agenda items which require shareholders' approval in the Notice of Annual Meeting of Stockholders.

### **Source:**

**SEC FORM 20-IS**

page 2

[click to open](#)

## A.3.15

Does the company give the opportunity for shareholder to place item/s on the agenda of AGM?

### **Response**

**YES.** The Company give opportunity for shareholder to place item/s on the Agenda of the AGM.

### **Sources:**

### **ACGR**

Item J, Rights of Stockholders, Stockholders' Participation

[click to open](#)

Revised Manual on Corporate Governance

Item 6. Stockholders' Rights and Protection of Minority Stockholders' Interest

[click to open](#)

## A.4.1

In cases of mergers, acquisitions and/or takeovers requiring shareholders' approval, does the board of directors/commissioners of the company appoint an independent party to evaluate the fairness of the transaction price?

**Response**

**YES.** The board of directors of the offeree company appoint an independent party to evaluate the fairness of the transaction price.

**Source:**

**ACGR**

Item K. Investors Relations Program, Item 3 page 98

Extraordinary transactions such as capital market transactions, mergers, and sales of substantial portions of corporate assets are elevated to the Board for their approval. The independent party appointed by the Board to evaluate the fairness of the transaction price may vary per transaction. For instance, the most recent equity transaction which was the sale of treasury shares in May 2013 was evaluated by UBS and CLSA Limited and UBS AG. The latest capital market transactions which were two (2) Liability Management Exercises (LME) in January 2015 to reduce funding cost, lengthen duration of outstanding debt and optimize capital structure were evaluated by Citibank and HSBC.

[click to open](#)

## A.5.1

Does the company disclose its practices to encourage shareholders to engage with the company beyond AGM?

**Response**

**YES.** The company publicly disclosed policies to encourage shareholders including institutional shareholders to attend the ASM.

**Sources:**

**ACGR**

Item J. Rights of Stockholders  
page 90-92

[click to open](#)

See also Item K, Investor Relations, Item 2

[click to open](#)

**REVISED MANUAL ON CORPORATE GOVERNANCE**

Item 6. Stockholders' Rights and Protection of Minority Stockholders' Interest  
page 17-19

[click to open](#)