

ACGS Level 1 PRIMARY CGS SECTIONS

E. Responsibilities of the Board

E.1.1

Does the company disclose its corporate governance policy / board charter?

Response

Yes. The corporate governance policy / board charter is comprehensively discussed in ICTSI' Revised Manual on Corporate Governance ("CG Manual"), which is posted on and downloadable from ICTSI's website.

Sources:

ICTSI website

Under Corporate Governance tab is another tab "ACGR & CG Manual"

[click to open](#)

E.1.2

Are the types of decisions requiring board of directors/commissioners' approval disclosed?

Response

Yes. All board approvals are disclosed in the Amended By - Laws, Notice of the Annual Stockholders Meeting (ASM), and CG Manual. All these are posted on and downloadable from ICTSI's website.

Sources:

Amended By - Laws

Article III, Section 7 on the powers of the board of directors

[click to open](#)

Notice of the ASM (20 - IS)

Item 15 Ratification of All Acts, Contracts, Investments and Resolutions of the Board of Directors

[click to open](#)

CG Manual

Section 2.6 Duties and Functions of the Board

[click to open](#)

E.1.3

Are the roles and responsibilities of the board of directors/commissioners clearly stated?

Response

Yes. The roles and responsibilities of the board are clearly stated in the CG Manual and Amended By - Laws. Both are posted on and downloadable from ICTSI's website.

Sources:

CG Manual

Section 2.5 on the Responsibility of the Board and the Directors and Section 2.6 Duties and Functions of the Board

[click to open](#)

Amended By - Laws

Article III, Section 7 on the powers of the board of directors

[click to open](#)

E.1.4

Does the company have an updated vision and mission statement?

Response

Yes. ICTSI has an updated vision and mission statement, as it reviewed the same last February 10, 2017, which are stated in its glossy Annual Report distributed to the stockholders during the stockholders meeting ("glossy Annual Report") and posted on its website.

Sources:

glossy Annual Report

Chapter on Corporate Governance

Vision, Mission and Corporate Objectives

[click to open](#)

E.1.5

Does the board of directors play a leading role in the process of developing and reviewing the company's strategy at least annually?

Response

Yes. As part of its responsibilities (as indicated in the company's Revised Manual on Corporate Governance), the Board of Directors has a leading role in the process of developing and reviewing the company's strategy at least annually. In fact, the Board reviewed ICTSI's vision, mission and **corporate strategy** last February 10, 2017.

Sources:

Revised Manual on Corporate Governance

[click to open](#)

glossy Annual Report

Chapter on Corporate Governance

Vision, Mission and Corporate Objectives

[click to open](#)

E.1.6

Does the board of directors have a process to review, monitor and oversee the implementation of the corporate strategy?

Response

Yes. The Board has a process to review, monitor and oversee the implementation of ICTSI's corporate strategy, as stated in its Revised Manual on Corporate Governance. The Board periodically evaluates and monitors implementation of such strategies and policies, business plans and operating budgets as well as management's over-all performance and provides sound strategic policies and guidelines to ICTSI on major capital expenditures. As a result thereof, the Company's corporate strategy is to focus on its core competency: port management, operations and development. ICTSI is open to expanding opportunities and to do this in strategically located ports, in both developed and developing economies, diversifying geographically across the world's continents. Specifically, ICTSI seeks to develop, acquire, own and operate common user container terminals in markets with superior growth and profit potential.

Sources:

Revised Manual on Corporate Governance

2.6 Duties and Functions of the Board

[click to open](#)

glossy Annual Report

Chapter on Corporate Governance
Vision, Mission and Corporate Objectives

[click to open](#)

E.2.1

Are the details of the code of ethics or conduct disclosed?

Response

Yes. The details of the Code of Business Conduct are fully disclosed. The entire code is posted on and downloadable from ICTSI's website. It is also comprehensively discussed in the Annual Corporate Governance Report (ACGR).

Sources:

ICTSI Website

Code of Business Conduct tab

[click to open](#)

Annual Corporate Governance Report (ACGR)

Part on Code of Business Conduct and Ethics, page 38

[click to open](#)

E.2.2

Does the company disclose that all directors/commissioners, senior management and employees are required to comply with the code?

Response

Yes. Without exception, all directors, senior management, officers and employees of ICTSI are required to comply with the Code of Business Conduct. In fact, the scope of application of ICTSI's code is broader, it also applies to ICTSI's consultants, contractors, trainees, seconded staff, casual workers and agency staff, interns, agents or any other person associated with ICTSI (wherever located), external third parties who are outside parties but acting with, for or on behalf of ICTSI, including: agents, consultants, distributors, teaming partners, contractors, and certain vendors.

Sources:

ICTSI Website

Scope of ICTSI's Code of Business Conduct

[click to open](#)

ACGR

Part on Code of Business Conduct and Ethics, page 38

[click top open](#)

E.2.3

Does the company have a process to implement and monitor compliance with the code/s of ethics or conduct?

Response

Yes. The manner by which ICTSI implements and monitors compliance with its Code of Business Conduct is part of the code itself, posted on and downloadable from its website. It is also discussed in detail in Annual Corporate Governance Report (ACGR).

The Company has a separate and independent Industrial Relations Section which implements and monitors compliance with its policies and procedures. Further, the Internal Audit Department verifies and checks compliance as well. Company supervisors are also being trained to handle administrative cases, specifically the observance of due process, through modules provided by the Human Resource Department.

Sources:

ICTSI Website

Code of Business Conduct tab

[click to open](#)

ACGR

Part on Code of Business Conduct and Ethics, page 44

[click to open](#)

E.2.4

Do independent directors/commissioners make up at least 50% of the board of directors/commissioners?

Response

No, but ICTSI's number of independent directors is compliant with the Philippine corporate laws.

Sources:

Philippine Securities and Regulations Code

SEC. 38. *Independent Directors.* - Any corporation with a class of equity securities listed for trading on an Exchange or with assets in excess of Fifty million pesos (P50,000,000.00) and having two hundred (200) or more holders, at least of two hundred (200) of which are holding at least one hundred (100) shares of a class of its equity securities or which has sold a class of equity securities to the public pursuant to an effective registration statement in compliance with Section 12 hereof shall have at least two (2) independent directors or such independent directors shall constitute at least twenty percent (20%) of the members of such board, whichever is the lesser. For this purpose, an "independent director" shall mean a person other than an officer or employee of the corporation, its parent or subsidiaries, or any other individual having a relationship with the corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

[click to open](#)

glossy Annual Report

The Board is composed of seven (7) directors elected by the stockholders in accordance with the law and the Company's Articles of Incorporation and By-laws. Two (2) of directors are independent directors (Octavio Victor R. Espiritu and Joseph R. Higdon) and only one (1) is an executive director (Enrique K. Razon, Jr.). As defined in ICTSI's CG Manual, an independent director is a person who is independent of management and free from any business or other relationship which could reasonably be perceived to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director. The Board may require the presence of at least one independent director in all its meetings.

[click to open](#)

E.2.5

Does the company have a term limit of nine years or less or 2 terms of five years each for its independent directors/ commissioners?

Response

Yes. The policy of the Board to ensure compliance with laws, rules and regulations is stated in ICTSI's Revised Manual on Corporate Governance ("CG Manual"), which includes SEC

Memo Circular 4 - 2017 on the 9 Year Term Limit of an Independent Director. Pursuant to the said SEC Memo Circular, the 9 year term limit is counted from 2012.

Sources:

CG Manual
[click to open](#)

SEC Memo Circular 4 - 2017
[click to open](#)

E.2.6

Has the company set a limit of five board seats that an individual independent/non-executive director/commissioner may hold simultaneously?

Response

Yes. The policy on multiple board seats is provided in ICTSI's Revised Manual on Corporate Governance ("CG Manual") and as a matter of actual practice, none of the independent directors hold more than 5 directorships in publicly - listed companies (as shown in data in the Annual Corporate Governance Report or "ACGR").

Sources:

CG Manual
Board Governance, Part II
[click to open](#)

ACGR
Directorships in other Publicly - Listed Companies
[click to open](#)

E.2.7

Does the company have any executive directors who serve on more than two boards of listed companies outside of the group?

Response

None. The policy on multiple board seats is provided in ICTSI's Revised Manual on Corporate Governance ("CG Manual") and as a matter of actual practice, ICTSI's lone executive director DOES NOT hold more than 2 directorships in publicly - listed companies (as shown in data in the Annual Corporate Governance Report or "ACGR") outside of the ICTSI Group.

Sources:

CG Manual

Board Governance, Part II

[click to open](#)

ACGR

Directorships in other Publicly - Listed Companies

[click to open](#)

E.2.8

Does the company have a Nominating Committee?

Response

Yes. ICTSI has a Nomination Committee as shown in the company's Annual Corporate Governance Report (ACGR) and website.

Sources:

ACGR

Board Committees

[click to open](#)

ICTSI website

Board Committees

[click to open](#)

E.2.9

Is the Nominating Committee comprised of a majority of independent directors/commissioners?

Response

Yes. ICTSI has a Nomination Committee.

Sources:

glossy Annual Report

Board Committees, page 20

[click to open](#)

Annual Report (17-A)

with attached ACGR, Board Committees Part
[click to open](#)

E.2.10

Is the chairman of the Nominating Committee an independent director/commissioner?

Response

NO.

E.2.11

Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?

Response

Yes. The charter of the Nomination Committee is disclosed and posted on ICTSI's website.

Sources:

ICTSI website

Board Committees

[click to open](#)

E.2.12

Is the meeting attendance of the Nominating Committee disclosed and if so, did the Nominating Committee meet at least twice during the year?

Response

Yes. The meeting attendance of the Nomination Committee is disclosed and they met at least twice a year, as stated in ICTSI's Annual Corporate Governance Report (ACGR).

Sources:

ACGR

Board Committees

[click to open](#)

E.2.13

Does the company have a Remuneration Committee?

Response

YES. ICTSI has a Remuneration Committee as disclosed in its Annual Corporate Governance Report (ACGR) and posted on the company's website.

Sources:

ACGR

[click to open](#)

ICTSI website

[click to open](#)

E.2.14

Is the Remuneration Committee comprised of a majority of independent directors/commissioners?

Response

Sources:

ACGR

The ACGR is posted on and downloadable from ICTSI's website.
Part E. Board Committees, page 58

[click to open](#)

E.2.15

Is the chairman of the Remuneration Committee an independent director/commissioner?

Response

Sources:

glossy Annual Report

Board Committees, page 36

[click to open](#)

ACGR

The ACGR is posted on and downloadable from ICTSI's website.

Part E. Board Committees, page 56

[click to open](#)

E.2.16

Does the company disclose the terms of reference/ governance structure/ charter of the Remuneration Committee?

Response

Yes. The charter of the Remuneration Committee is disclosed and posted on ICTSI's website.

Sources:

ICTSI website

[click to open](#)

E.2.17

Is the meeting attendance of the Remuneration Committee disclosed and, if so, did the Remuneration Committee meet at least twice during the year?

Response

Yes. The meeting attendance of the Remuneration Committee was disclosed in the Annual Corporate Governance Report (ACGR) and the committee met at least twice during the year.

Sources:

ACGR

Board Committees

[click to open](#)

E.2.18

Does the company have an Audit Committee?

Response

YES. ICTSI has an Audit Committee as disclosed in the Annual Corporate Governance Report (ACGR) and posted on the company's website.

Sources:

ACGR

Board Committees

[click to open](#)

ICTSI website

[click to open](#)

E.2.19

Is the Audit Committee comprised entirely of non-executive directors/commissioners with a majority of independent directors/commissioners?

Response

YES. The Audit Committee is composed entirely of non-executive directors and is headed by an independent director.

Sources:

ICTSI website

[click to open](#)

E.2.20

Is the chairman of the Audit Committee an independent director/commissioner?

Response

Yes. The chairman of the Audit Committee is an independent director as disclosed in the Annual Corporate Governance Report (ACGR) and posted on the company's website.

Sources:

ACGR

Board Committees

[click to open](#)

ICTSI website

[click to open](#)

E.2.21

Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?

Response

Yes. The charter of the Audit Committee is disclosed and posted on the company's website.

Sources:

ICTSI website

[click to open](#)

E.2.22

Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?

Response

Yes. At least one of the independent directors have an accounting experience.

Mr. Paradies has been a Director of ICTSI* since December 1987. Moreover, Mr. Paradies is the Senior Vice President-Finance/Treasurer of Aboitiz & Company, Inc.; a Trustee of Bloomberry Foundation, Inc.; a Director, President and Chief Executive Officer of AEV Properties, Inc.; and a Director of Union Properties, Inc., Union Bank of the Philippines *, and NapaGapa Beverages, Inc. Mr. Paradies received his Bachelor of Science degree, major in Business Management, from the Santa Clara University, California, USA. Being the Vice President-Finance / Treasurer of Aboitiz & Company, Inc., he has sufficient accounting experience.

Sources:

ACGR

Board Committees

[click to open](#)

E.2.23

Is the meeting attendance of the Audit Committee disclosed and, if so, did the Audit Committee meet at least four times during the year?

Response

Yes. The meeting attendance of the Audit Committee was disclosed in the Annual Corporate Governance Report (ACGR) and the committee met at least four times during the year.

Sources:

ACGR

[click to open](#)

E.2.24

Does the Audit Committee have primary responsibility for recommendation on the appointment, and removal of the external auditor?

Response

YES. ICTSI has disclosed and posted on its website the Audit Committee Charter.

Sources:

ICTSI website

Under Corporate Governance tab, Board Committees sub-tab

[click to open](#)