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**SECURITIES AND EXCHANGE COMMISSION**

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mls@sec.gov.ph

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(Company's Full Name)

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(Business Address: No. StreetCity/Town/Province)

Susan S. Domingo
(Contact Person)

+632 245 4101
(Company Telephone Number)

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1	2
Month	Day
(Fiscal Year)	

0	4	3 <sup>rd</sup> Thursday
Month	Day	(Annual Meeting)

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(Secondary License Type, If Applicable)

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Total Amount of Borrowings	
Domestic	Foreign

To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year 2013
2. Exact Name of Registrant as Specified in its Charter: **International Container Terminal Services, Inc.**
3. **ICTSI Administration Building, Manila International Container Terminal (MICT)**  
**South Access Road, Port of Manila** **1012**  
Address of Principal Office Postal Code
4. SEC Identification Number: 147212
5. (SEC Use Only)   
Industry Classification Code
6. BIR Tax Identification Number: 000-323-228
7. (+632) 2454101  
Issuer's Telephone number, including area code
8. ....  
Former name or former address, if changed from the last report

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## A. BOARD MATTERS

### 1) Board of Directors

Number of Directors per Articles of Incorporation	7
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Actual number of Directors for the year	7
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#### (a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) <sup>1</sup>	Elected when (Annual /Special Meeting)	No. of years served as director
ENRIQUE K. RAZON, JR.	ED	N/A	stockholder	22 January 1988	18 April 2013	ASM	25
JON RAMON ABOITIZ	NED	NA	stockholder	16 April 2009	18 April 2013	ASM	4
OCTAVIO VICTOR R. ESPIRITU	ID	N/A	Stockholder; No relation	18 April 2002	18 April 2013	ASM	11
JOSEPH R. HIGDON	ID	N/A	Stockholder; No relation	19 April 2007	18 April 2013	ASM	6
JOSE C. IBAZETA	NED	NA	stockholder	22 January 1988	18 April 2013	ASM	25
STEPHEN A. PARADIES	NED	N/A	stockholder	22 January 1988	18 April 2013	ASM	25
ANDRES SORIANO III	NED	N/A	stockholder	01 July 1992	18 April 2013	ASM	21

- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Board of Directors adopted a Revised Manual on Corporate Governance (**RMCG**) which embodies their corporate governance policy. It serves as a guide for **INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. (ICTSI)**, its Board of Directors, officers and employees to strive to enhance the value of the Corporation and optimize over time the returns to its shareholders by:

- Sound, prudent, and effective management,
- Efficient and effective management information system,
- Effective risk management,
- Reliable financial and operational information,
- Cost effective and profitable business operations, and
- Compliance with laws, rules, regulations and contracts.

The Board of Directors (BOD) shall be primarily responsible for the governance of the Corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on management.

<sup>1</sup> Reckoned from the election immediately following January 2, 2012.

ICTSI ensures that its Executive Officers have the qualifications, duties and responsibilities specified in the by-laws of the Corporation or as may be specified or designated by the BOD, or by the Chairman and President.

Directors are provided with complete, adequate and timely information prior to Board meetings on an on-going basis. Management has an obligation to supply the Board with such information. The Board shall have separate and independent access to the senior management of the Corporation, including the Corporate Secretary.

The Board is primarily accountable to the shareholders, and Management is primarily accountable to the Board. The Board provides the shareholders with a fair, balanced and comprehensive assessment of the Corporation's performance position on a quarterly basis including interim and other reports to regulators as required by law.

ICTSI complies with all disclosure requirements under law. ICTSI believes that the essence of corporate governance is transparency. The more transparent the internal workings of the corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the corporation or misappropriate its assets.

(c) How often does the Board review and approve the vision and mission?

This is a regular task of the Board of Directors, as stated in the ICTSI Manual on Corporate Governance.

ICTSI's Vision and Mission are as follows:

**Our Vision**

Our main priority in conducting our business is to be a leading global port management company with the end view of building long-term shareholder value. We intend to accomplish this by presenting an efficient and integrated system of transport and distribution to give our clients a competitive advantage in the world of commerce. We will also accomplish this by maintaining our reputation for efficiency, reliability, professionalism and profitability. We believe that if we focus on our goals and live up to our commitments, profitability will follow.

**We commit to:**

Provide superior services  
 Deliver equitable shareholder returns  
 Provide excellent growth opportunities for our employees  
 Build successful, mutually rewarding businesses with our corporate partners

(d) Directorship in Other Companies

(i) Directorship in the Company's Group<sup>2</sup>

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Enrique K. Razon Jr.	Australian International Container Terminal Ltd.	Chairman
	Tecon Suape, S.A.	Executive

<sup>2</sup> The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
	Tecplata S.A.	Executive
	Cebu International Container Terminal, Inc.	Non-Executive
	Madagascar International Container Terminal Services Ltd.	Non-Executive
	ICTSI Hongkong Ltd.	Non-Executive
	Yantai Rising Dragon International Container Terminal Ltd.	Non-Executive
	ICTSI Capital B.V.	Non-Executive
	ICTSI Georgia Corporation	Non-Executive
	ICTSI Brazil Limited	Non-Executive
	ICTSI Poland Limited	Non-Executive
	Pentland International Holdings Ltd.	Non-Executive
	Pakistan International Container Limited	Non-Executive
	Contecon Guayaquil SA	Non-Executive
	Contecon Manzanillo SA	Non-Executive
	ICTSI Foundation, Inc.	Non-Executive
Stephen A. Paradies	ICTSI Ltd.	Non-Executive
	International Container Terminal Holdings, Inc.	Non-Executive
Andres Soriano III	ICTSI Ltd.	Non-Executive
	International Container Terminal Holdings, Inc.	Non-Executive
Jose C. Ibazeta	ICTSI Ltd.	Non-Executive
	International Container Terminal Holdings, Inc.	Non-Executive

(ii) Directorship in Other Listed Companies



Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
<b>ENRIQUE K. RAZON, JR.</b>	Bloomberry Resorts and Hotels, Inc.	Director and Chairman
<b>JON RAMON ABOITIZ</b>	Aboitiz Power Corp. Aboitiz Equity Ventures, Inc. Unionbank of the Philippines	Vice Chairman Chairman Vice Chairman
<b>JOSE C. IBAZETA</b>	A Soriano Corporation	Director
<b>STEPHEN PARADIES</b>	Aboitiz Equity Ventures, Inc. Unionbank of the Philippines	SVP/CFO Director
<b>ANDRES SORIANO III</b>	A Soriano Corporation	Chairman & CEO
<b>OCTAVIO VICTOR R. ESPIRITU</b>	SM Development Corporation Bank of the Philippine Islands	Director Director
<b>JOSEPH R. HIGDON</b>	SM Investment Corp. Security Bank Corporation	Independent Independent

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Enrique K. Razon, Jr.	Stephen Paradies	Brother in law
Stephen Paradies	Enrique K. Razon, Jr.	Brother in law

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

	Guidelines	Maximum Number of Directorships in other companies
<b>Executive Director</b>	<b>Revised Manual on Corporate Governance (RMCG)</b> and all applicable laws and regulations. RMCG provides: "The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number should take into	As stated in the Revised Manual on Corporate Governance and all applicable laws and regulations.

	Guidelines	Maximum Number of Directorships in other companies
	consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities. Practices by other world class corporations may be considered. Directors who pass the vetting by the Nomination Committee shall be considered to have complied with this requirement.”	
<b>Non-Executive Director</b>	<p>Revised Manual on Corporate Governance, SEC Memo Circular 9 and all applicable laws and regulations.</p> <p>RMCG provides: “The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities. Practices by other world class corporations may be considered. Directors who pass the vetting by the Nomination Committee shall be considered to have complied with this requirement.”</p>	As stated in the Revised Manual on Corporate Governance, SEC Memo Circular 9 and all applicable laws and regulations.
<b>CEO</b>	<p>Revised Manual on Corporate Governance and all applicable laws and regulations.</p> <p>The RMCG provides: “The Chief Executive Officer (“CEO”) and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve shall not be compromised. Directorship in subsidiaries and affiliates of the Corporation shall</p>	As stated in the Revised Manual on Corporate Governance and all applicable laws and regulations.

	Guidelines	Maximum Number of Directorships in other companies
	not be considered as a limitation. Officers who have passed the vetting of the Nomination Committee shall be considered to have complied with this requirement.”	

(c) Shareholding in the Company

Complete the following table on the members of the company’s Board of Directors who directly and indirectly own shares in the company:

**AS OF MAY 31, 2013:**

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock <sup>3</sup>
Enrique K. Razon Jr.	69,047,012	1,609,038,045	61.3765%
Andres Soriano III	150,050		0.0055%
Jose C. Ibazeta	3,058,560		0.1119%
Jon Ramon M. Aboitiz	10,000		0.0004%
Stephen A. Paradies	4,087,573		0.1495%
Octavio Victor R. Espiritu	300,000		0.0110%
Joseph R. Higdon	141,000		0.0052%
Rafael T. Durian	1,000		0.0000%
<b>TOTAL</b>	<b>76,795,795</b>	<b>1,609,038,045</b>	<b>61.6599%</b>

2) Chairman and CEO

- (a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes ☐

No ☒

There is a clear delineation of functions shall be made between the Chairman (as presiding officer of Board meetings) and CEO upon their election. The duties and responsibilities of the Chairman are provided in the By-laws, and includes, the following:

- (i) Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chairman may deem necessary;
- (ii) Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and directors; and
- (iii) Maintain qualitative and timely lines of communication and information between the Board and Management.

<sup>3</sup> where new issued shares as of May 31, 2013 is 2,034,085,360

In the Company's By – laws (Section 4, Article IV), it is stated that [t]he President shall, jointly with the Chairman of the Board, have general supervision, administration and management of the business of the Corporation. He shall, with the approval of the Chairman of the Board, appoint, suspend and discharge subordinate officers and all employees and agents of the Corporation, prescribe their duties and determine their compensation, subject to the standards and guidelines prescribed by, and/or with the approval of the Board of Directors or the Executive Committee. The President and the Chairman of the Board shall jointly establish general administrative and operating policies and guidelines. The President shall exercise other powers and perform such other duties as the Board of Directors may from time to time fix or delegate, and perform all other duties incident to this office. In the absence or incapacity of the President, any officer upon designation of the Board may execute contracts in the name of the Corporation. The Chairman of the Board shall exercise the powers and functions of the President in the absence or incapacity of the President, unless such absence or incapacity is permanent in which case the Board of Directors shall elect new President to serve the unexpired term.

Identify the Chair and CEO:

Chairman of the Board	Enrique K. Razon Jr.
CEO/President	Enrique K. Razon Jr.

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer/ President
Role	<p>The Roles of Chairman (as presiding officer of Board meetings) and the Chief Executive Officer (CEO) shall, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. A clear delineation of functions shall be made between the Chairman (as presiding officer of Board meetings) and CEO upon their election.</p> <p>In the Company's By – laws (Section 2, Article 4), it is stated that The Chairman of the Board shall preside at all meetings of the Stockholders and of the Board of Directors. The Chairman of the Board, jointly with the President, shall have general supervision, administration and management of the business of the Corporation. The Chairman of the Board may enter into contracts with the approval of the President binding the Corporation in accordance with the standards and guidelines prescribed by the Board of Directors. The Chairman of the Board may execute contracts approved by the Board of Directors or the Executive Committee. The Chairman of the Board and the President shall jointly establish general administrative and operating policies and guidelines. He shall</p>	<p>The Roles of Chairman (as presiding officer of Board meetings) and the Chief Executive Officer (CEO) shall, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. A clear delineation of functions shall be made between the Chairman (as presiding officer of Board meetings) and CEO upon their election.</p> <p>In the Company's By – laws (Section 4, Article IV), it is stated that [t]he President shall, jointly with the Chairman of the Board, have general supervision, administration and management of the business of the Corporation. He shall, with the approval of the Chairman of the Board, appoint, suspend and discharge subordinate officers and all employees and agents of the Corporation, prescribe their duties and determine their compensation, subject to the standards and guidelines prescribed by, and/or with the approval of the Board of Directors or the Executive Committee. The President and the Chairman of the Board shall jointly</p>

	perform other duties and functions as the Board, from time to time assign.	establish general administrative and operating policies and guidelines. The President shall exercise other powers and perform such other duties as the Board of Directors may from time to time fix or delegate, and perform all other duties incident to this office. In the absence or incapacity of the President, any officer upon designation of the Board may execute contracts in the name of the Corporation. The Chairman of the Board shall exercise the powers and functions of the President in the absence or incapacity of the President, unless such absence or incapacity is permanent in which case the Board of Directors shall elect new President to serve the unexpired term.
Accountabilities	<p>The duties and responsibilities of the Chairman shall be provided in the By-laws, and may include, the following:</p> <ul style="list-style-type: none"> <li>- Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chairman may deem necessary;</li> <li>- Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and directors; and</li> <li>- Maintain qualitative and timely lines of communication and information between the Board and Management.</li> </ul>	<ul style="list-style-type: none"> <li>- General supervision, administration and management of the business of the Corporation.</li> <li>- To enter into contracts binding the Corporation in accordance with the standards and guidelines prescribed by the Board of Directors.</li> <li>- Execute contracts approved by the Board of Directors or the Executive Committee.</li> </ul>
Deliverables	<p>The duties and responsibilities of the Chairman shall be provided in the By-laws, and may include, the following:</p> <ul style="list-style-type: none"> <li>- Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chairman may deem necessary;</li> <li>- Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and directors; and</li> <li>- Maintain qualitative and timely lines of communication and information between the Board and Management.</li> </ul>	<ul style="list-style-type: none"> <li>- Establish general administrative and operating policies and guidelines.</li> <li>- Appoint, suspend and discharge subordinate officers and all employees and agents of the Corporation, prescribed their duties and determine their compensation, subject to the standards and guidelines prescribed by, and/or with the approval of the Board of Directors or the Executive Committee.</li> </ul>

3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

- a. In ICTSI, the objective of succession planning is to reduce risks involved in leadership transition. Therefore we are guided by the following principles when we select/plan for succession:
  - a.1. We consider that future needs may be drastically different from what was needed then.
  - a.2. We cannot be myopically focused; we also need to look outside for talents.
  - a.3. The successor does not have to be “ready now”
- b. The BOD ensures that current CEOs develop potential successors within their organization. It also uses external search agencies to assess and benchmark external candidates.
- c. In planning for succession, the BOD determines/considers:
  - c.1. expected departure of incumbent CEOs
  - c.2. company’s strategic direction;
  - c.3. the knowledge, skills, social intelligence and personal attributes such as integrity, trustworthiness and sound character that the leader must have other than his technical capabilities
  - c.4. time needed to develop internal candidates
  - c.5. when to involve a search firm
  - c.6. transition time from one CEO to the next (whether outgoing CEO should remain on board while the new CEO assumes position)
- d. In the event of sudden departure of incumbent CEO:
  - d.1. BOD appoints an interim CEO
  - d.2. assures the public that the new CEO will be in place soon.

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Yes, there is a Nominating Committee that ensures the diversity of experience and background of directors in the board. The policy is enshrined in Section 2.1 of the RMCG, thus:

**2.1 Qualifications of Directors**

- 2.1.1 A director must have at least one share of stock of the Corporation in his name in the books of the Corporation. A director who ceases to be the owner of at least one (1) share of the capital stock of the Corporation shall cease to be a director.
- 2.1.2 Majority of the directors shall be citizens of the Philippines. Majority of the directors shall also be residents of the Philippines.
- 2.1.3 In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, the Board may consider any of the following qualifications as may be applicable:
  - (i) College education or equivalent academic degree;
  - (ii) Practical understanding of the business of the corporation;
  - (iii) Membership in good standing in relevant industry, business or professional organizations; and
  - (iv) Previous business experience.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Yes, please see Section 2.1.3. (ii) to (iv) above.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	The Chairman <u>or in his incapacity or absence, the President,</u> shall preside at all meetings of the Board of Directors and of the stockholders.	It is the Board's responsibility 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 best interests of its stockholders.	His role is to be 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.
Accountabilities	The <u>Chairman jointly with the President shall have general supervision,</u> administration and management of the business of the Corporation. The Chairman and the President shall jointly establish general administrative and operating policies and guidelines.	A director's office is one of trust and confidence. A director should act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress.	An ID's office is one of trust, confidence and utmost independence. A director should act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress.
Deliverables	<ul style="list-style-type: none"> <li>-Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chairman may deem necessary;</li> <li>-Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and directors; and</li> <li>Maintain qualitative and timely lines of communication and information between the Board and</li> </ul>	<ul style="list-style-type: none"> <li>- To conduct fair business transactions with the Corporation and ensure that personal interest does not bias Board decisions or does not conflict with the interest of the Corporation.</li> <li>- To attend Board meetings regularly and devote time and attention necessary to properly discharge his duties and responsibilities as a director.</li> <li>- To act judiciously on matters referred to the Board.</li> </ul>	<ul style="list-style-type: none"> <li>- To conduct fair business transactions with the Corporation and ensure that personal interest does not bias Board decisions or does not conflict with the interest of the Corporation.</li> <li>- To attend Board meetings regularly and devote time and attention necessary to properly discharge his duties and responsibilities as a director.</li> <li>- To act judiciously on matters referred to the Board.</li> </ul>

	Executive	Non-Executive	Independent Director
	<p>Management.</p> <p>Establish general administrative and operating policies and guidelines.</p> <p>Appoint, suspend and discharge subordinate officers and all employees and agents of the Corporation, prescribe their duties and determine their compensation, subject to the standards and guidelines prescribed by, and/or with the approval of the Board of Directors or the Executive Committee.</p>	<ul style="list-style-type: none"> <li>- To exercise independent judgment in deciding Board matters.</li> <li>- To have a working knowledge of the statutory and regulatory requirements affecting the Corporation, without prejudice to obtaining advice of legal counsel on appropriate issues.</li> <li>- To observe confidentiality on all proprietary, confidential and non-public information that comes to his possession as director.</li> </ul>	<ul style="list-style-type: none"> <li>- To exercise independent judgment in deciding Board matters.</li> <li>- To have a working knowledge of the statutory and regulatory requirements affecting the Corporation, without prejudice to obtaining advice of legal counsel on appropriate issues.</li> <li>- To observe confidentiality on all proprietary, confidential and non-public information that comes to his possession as director.</li> </ul>

Provide the company's definition of "independence" and describe the company's compliance to the definition.

**"Independence,"** as used in describing the Company's Independent Director, is being independent of Management and free from any business or other relationship which could reasonably be perceived to materially interfere with one's exercise of independent judgment in carrying out his responsibilities as a director.

The Nomination Committee ensures that the nominees for Independent Directors possess the above quality.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Company is compliant with all the laws, circulars and applicable rules and regulations on the term limits of independent directors, especially SEC Memorandum Circular No. 9. As such, re-election of a person who has served as an independent director for five years is allowed after the mandatory two-year cooling-off period. Upon reelection, such person may serve as an independent director for another five consecutive years. However, after serving for 10 years, a person is perpetually barred from serving as an independent director for the Company without prejudice to his being elected as such in other companies outside of the Company's business conglomerate.

#### 5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

##### (a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

No changes.

Name	Position	Date of Cessation	Reason
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A



(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors	<p>According to Section, 1 Article IV of the By – Laws:</p> <p>The officers of the Corporation shall be composed of the Chairman of the Board, the President, the Executive Vice President, the Treasurer, the Chief Finance officer, the Secretary, the Chairman of the Executive Committee and such Senior Operating officers as the Board may elect. All officers, except those who hold office by appointment or designation of the Board, shall serve for a period of one (1) year and may serve for an equal period as often as they are re-elected; Officers by appointment or designation shall serve the Corporation for the period provided for under their respective appointments or contract. The Board of Directors, or the Executive Committee, may create such other offices as it may determine and appoint officers to fill such officers. The Board may fill vacancies in any office, delegate to one or more officers any of the duties of any officer or office provided they are not incompatible, and prescribe the duties of any officer.</p>	<p>A director must have at least one share of stock of the Corporation in his name in the books of the Corporation. A director who ceases to be the owner of at least one (1) share of the capital stock of the Corporation shall cease to be a director;</p> <ul style="list-style-type: none"> <li>- Majority of the directors shall be citizens of the Philippines. Majority of the directors shall also be residents of the Philippines;</li> <li>- College education or equivalent academic degree;</li> <li>- Practical understanding of the business of the corporation;</li> <li>- Membership in good standing in relevant industry, business or professional organizations; and</li> <li>- Previous business experience</li> </ul>
(ii) Non-Executive Directors	<p>According to Article I of the By – Laws:</p> <p>Section 1. The annual meeting of the stockholders of the Corporation for the election of directors and for the transaction of such other business as may properly</p>	<ul style="list-style-type: none"> <li>- A director must have at least one share of stock of the Corporation in his name in the books of the Corporation. A director who ceases to be the owner of at least one (1) share of the capital stock of the Corporation shall</li> </ul>

Procedure	Process Adopted	Criteria
	<p>come before the meeting, shall be held at the principal office of the Corporation at Metro Manila on the third Thursday of April 10 o'clock in the morning in each and every year, if said day is not a legal holiday, if a legal holiday on the following business day.</p> <p>Section 2. Notice of the time and place of holding such annual meeting of stockholders shall be served either personally or by mail upon each stockholder of record of the Corporation entitled to vote at such meeting not less than ten (10) days before the date fixed for such meeting. If mailed, it shall be directed, except as otherwise provided by law, to each stockholder at his post office address as it appears on the stock and transfer books of the Corporation. [As amended on March 14, 1997 by the Board of Directors and on April 17, 1997 by the stockholders by deleting the word "nor fifteen (15) days" between the word "ten (10)" and "before"].</p> <p>Section 3. Special meeting of stockholders, unless otherwise provided by law, may be called at any time by the Chairman of the Board and/or the President of the Corporation, or by the Secretary of the Corporation on the order of the Board of Directors. The Secretary shall call a special meeting of stockholders whenever he is requested in writing so to do by holders of record of a majority of the subscribed capital stock of the Corporation entitled to vote At such meeting.</p> <p>Section 4. Notice of</p>	<p>cease to be a director;</p> <ul style="list-style-type: none"> <li>- Majority of the directors shall be citizens of the Philippines. Majority of the directors shall also be residents of the Philippines;</li> <li>- College education or equivalent academic degree;</li> <li>- Practical understanding of the business of the corporation;</li> <li>- Membership in good standing in relevant industry, business or professional organizations; and</li> <li>- Previous business experience</li> </ul>

Procedure	Process Adopted	Criteria
	<p>each such special meeting, unless otherwise provided by law, may be given as herein provided for giving notice of an annual meeting.</p> <p>Section 5. At all meeting of stockholders, annual or special, other than meetings a quorum at which is fixed by law, in order to constitute a quorum there shall be present either in person or by proxy holders of record of a majority of the shares of the subscribed capital stock of the Corporation entitled to vote.</p> <p>Section 6. At any meeting of stockholders, annual or special, if less than a quorum be present, the holders of record of the majority of the subscribed shares present may adjourn the meeting from time to time until a quorum shall be present, and no notice of such adjourned meeting shall be required.</p> <p>Section 7. Except as otherwise provided by law or by the certificate of incorporation or other certificate filed pursuant to law, each stockholder of record shall be entitled to every meeting of stockholders to one vote, either in person or by proxy executed in writing by the stockholder or by his duly authorized attorney, for each share of stock standing in his name in the stock and transfer books of the Corporation. [As amended on 25 January 2007 by the Board of Directors and approved by the Stockholders 19 April 2007]</p> <p>Section 8. In the election of directors and in voting on any question on</p>	

Procedure	Process Adopted	Criteria
	<p>which a vote by ballot is required by law, or is demanded by any stockholder, the voting shall be by ballot. On all other questions the voting may be viva voce or by approved by show of hands. [As amended on 35 January 2007 by the Board of Directors and approved by the Stockholders on 19 April 2007].</p> <p>Section 9. The Board of Directors, prior to the annual meeting of the stockholders each year, may appoint two (2) inspectors of election to act at such annual meeting and at all other meetings of stockholders held during the ensuing year. In the event of the failure of the Board to make such appointment or if any inspector on election shall for any reason fail to attend and to act at such meeting, an inspector or inspectors of election, as the case may be, may be appointed by the Chairman of the meetings. [As amended on 25 January 2007 by the Board of Directors and approved by the Stockholders on 19 April 2007].</p> <p>Section 10. All nominations for each directors to be elected by the stockholders of the corporation shall be submitted in writing to the corporate secretary of the corporation at the principal office of the corporation not earlier than forty (40) days not later than twenty (20) days prior to the date of the regular or special meeting of stockholders for the election of directors. Nominations which are not submitted within such nomination period shall not be valid.</p>	

Procedure	Process Adopted	Criteria
	<p>Only a stockholder or record entitled to notice of and to vote at the regular or special meeting of stockholders for the election of directors shall be qualified to be nominated and elected a director of the corporation. [Amended as of November 20, 1992 by the Board of Directors and approved by the Stockholders on January 18, 1993].</p>	
(iii) Independent Directors	<p>Nomination of independent director/s shall be conducted by the Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees;</p> <p>It shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s;</p> <p>After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV(A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement, in accordance with SRC Rule 17.1(b) or SRC Rule 20, respectively, or in such other reports the company is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the</p>	<ul style="list-style-type: none"> <li>- He shall have at least one (1) share of stock of the corporation;</li> <li>- He shall be at least a college graduate or he shall have been engaged or exposed to the business of the corporation for at least five (5) years;</li> <li>- He shall possess integrity/probity; and</li> <li>- He shall be assiduous.</li> </ul>

Procedure	Process Adopted	Criteria
	<p>independent director shall be identified in such report including any relationship with the nominee;</p> <p>Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director/s. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual annual stockholders'/member-ships' meeting.</p>	
<b>b. Re-appointment</b>		
(i) Executive Directors	Following the same process as in selection / appointment stated in the By – laws and Revised Manual on Corporate Governance but subject to SEC restrictions regarding no. of directorships handled and number of years serving as director for the company.	Following the same criteria as in selection / appointment stated in the By – laws and Revised Manual on Corporate Governance but subject to SEC restrictions regarding no. of directorships handled and number of years serving as director for the company.
(ii) Non-Executive Directors	Following the same process as in selection / appointment stated in the By – laws and Revised Manual on Corporate Governance but subject to SEC restrictions regarding no. of directorships handled and number of years serving as director for the company.	Following the same criteria as in selection / appointment stated in the By – laws and Revised Manual on Corporate Governance but subject to SEC restrictions regarding no. of directorships handled and number of years serving as director for the company.
(iii) Independent Directors	Following the same process as in selection / appointment stated in the By – laws and Revised Manual on Corporate Governance but subject to SEC restrictions regarding no. of directorships handled and number of years serving as director for the company.	Following the same criteria as in selection / appointment stated in the By – laws and Revised Manual on Corporate Governance but subject to SEC restrictions regarding no. of directorships handled and number of years serving as director for the company.
<b>c. Permanent Disqualification (based on the By – Laws and Revised Manual on Corporate Governance)</b>		
(i) Executive Directors	According to Section 2, Article III:	- Any person convicted by final judgment or order by a competent

Procedure	Process Adopted	Criteria
	<p>Vacancies occurring in the Board of Directors other than removal by stockholders or expiration of term may be filled for the unexpired term at any regular meeting of the Board of Directors, or at any special meeting thereof called for that purpose, by remaining directors constituting a quorum.</p>	<p>judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code ("SRC"); (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <ul style="list-style-type: none"> <li>- Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission ("SEC" or "Commission") or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully</li> </ul>

Procedure	Process Adopted	Criteria
		<p>violating the laws that govern securities and banking activities;</p> <ul style="list-style-type: none"> <li>- Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</li> <li>- Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;</li> <li>- Any person earlier elected as independent director ceases to be such when he becomes an officer, employee or consultant of the same corporation;</li> <li>- Any person judicially declared as insolvent;</li> <li>- Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts,</li> </ul>



Procedure	Process Adopted	Criteria
		<p>violations or misconduct enumerated in sub-paragraphs above;</p> <ul style="list-style-type: none"> <li>- Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.</li> </ul>
(ii) Non-Executive Directors	<p>According to Section 2, Article III:</p> <p>Vacancies occurring in the Board of Directors other than removal by stockholders or expiration of term may be filled for the unexpired term at any regular meeting of the Board of Directors, or at any special meeting thereof called for that purpose, by remaining directors constituting a quorum.</p>	<ul style="list-style-type: none"> <li>- Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code ("SRC"); (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</li> <li>- Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission ("SEC" or "Commission") or any court or administrative body of competent jurisdiction from: (a)</li> </ul>

Procedure	Process Adopted	Criteria
		<p>acting as underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities;</p> <ul style="list-style-type: none"> <li>- Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</li> <li>- Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;</li> </ul>

Procedure	Process Adopted	Criteria
		<ul style="list-style-type: none"> <li>- Any person earlier elected as independent director ceases to be such when he becomes an officer, employee or consultant of the same corporation;</li> <li>- Any person judicially declared as insolvent;</li> <li>- Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs above;</li> <li>- Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.</li> </ul>
(iii) Independent Directors	<p>According to Section 2, Article III:</p> <p>Vacancies occurring in the Board of Directors other than removal by stockholders or expiration of term may be filled for the unexpired term at any regular meeting of the Board of Directors, or at any special meeting thereof called for that purpose, by remaining directors constituting a quorum.</p>	<ul style="list-style-type: none"> <li>- He becomes an officer or employee of the corporation where he is such member of the board of directors/trustees, or becomes any of the persons enumerated under letter A of SEC Memorandum Circular No. 16;</li> <li>- His beneficial security ownership exceeds 10% of the outstanding capital stock of the company where he is such director;</li> <li>- Fails, without any</li> </ul>

Procedure	Process Adopted	Criteria
		<p>justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family;</p> <ul style="list-style-type: none"> <li>- Such other disqualifications which the company's Manual on Corporate Governance provides.</li> </ul>
<b>d. Temporary Disqualification (based on the Revised Manual on Corporate Governance)</b>		
(i) Executive Directors	<p>A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>	<ul style="list-style-type: none"> <li>- Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its implementing regulations;</li> <li>- Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident, or other similar reasons, or the performance of an order by or a duty to the corporation. This disqualification shall apply for the purpose of the succeeding election;</li> <li>- Dismissal/termination from directorship in another listed corporation for irregularity, fraud or other valid causes. This disqualification shall be in effect until such person has cleared himself of any involvement in the alleged irregularity,</li> </ul>

Procedure	Process Adopted	Criteria
		<p>fraud or other valid cause for termination or such cause does not apply to the Corporation (e.g. disqualification as a competitor in another line of business not related to the business of the Corporation);</p> <ul style="list-style-type: none"> <li>- Being a director, officer or substantial stockholder of a company or business that is directly in competition with the business of the Corporation, as determined by the Board;</li> <li>- If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;</li> <li>- If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.</li> </ul>
(ii) Non-Executive Directors	<p>A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>	<ul style="list-style-type: none"> <li>- Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its implementing regulations;</li> <li>- Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during said incumbency, unless</li> </ul>

Procedure	Process Adopted	Criteria
		<p>the absence is due to illness, death in the immediate family or serious accident, or other similar reasons, or the performance of an order by or a duty to the corporation. This disqualification shall apply for the purpose of the succeeding election;</p> <ul style="list-style-type: none"> <li>- Dismissal/termination from directorship in another listed corporation for irregularity, fraud or other valid causes. This disqualification shall be in effect until such person has cleared himself of any involvement in the alleged irregularity, fraud or other valid cause for termination or such cause does not apply to the Corporation (e.g. disqualification as a competitor in another line of business not related to the business of the Corporation);</li> <li>- Being a director, officer or substantial stockholder of a company or business that is directly in competition with the business of the Corporation, as determined by the Board;</li> <li>- If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;</li> </ul>

Procedure	Process Adopted	Criteria
		<ul style="list-style-type: none"> <li>- If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.</li> </ul>
(iii) Independent Directors	<p>A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>	<ul style="list-style-type: none"> <li>- Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its implementing regulations;</li> <li>- Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident, or other similar reasons, or the performance of an order by or a duty to the corporation. This disqualification shall apply for the purpose of the succeeding election;</li> <li>- Dismissal/termination from directorship in another listed corporation for irregularity, fraud or other valid causes. This disqualification shall be in effect until such person has cleared himself of any involvement in the alleged irregularity, fraud or other valid cause for termination or such cause does not apply to the Corporation (e.g. disqualification as a competitor in another line of business not</li> </ul>

Procedure	Process Adopted	Criteria
		<p>related to the business of the Corporation);</p> <ul style="list-style-type: none"> <li>- Being a director, officer or substantial stockholder of a company or business that is directly in competition with the business of the Corporation, as determined by the Board;</li> <li>- If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;</li> <li>- If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.</li> </ul>
<b>e. Removal</b>		
(i) Executive Directors	<p>Following the Corporation Code: Any director or trustee of a corporation may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock, or if the corporation be a non-stock corporation, by a vote of at least two-thirds (2/3) of the members entitled to vote: Provided, That such removal shall take place either at a regular meeting of the corporation or at a special meeting called for the purpose, and in either case, after previous notice to stockholders or members of the corporation of the intention to propose such removal at the meeting. A special meeting of the</p>	<p>In accordance with the RMCG and applicable laws, rules and regulations.</p>



Procedure	Process Adopted	Criteria
	<p>stockholders or members of a corporation for the purpose of removal of directors or trustees, or any of them, must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock, or, if it be a non-stock corporation, on the written demand of a majority of the members entitled to vote. Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders or members by any stockholder or member of the corporation signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in this Code. Removal may be with or without cause: Provided, That removal without cause may not be used to deprive minority stockholders or members of the right of representation to which they may be entitled under Section 24 of the Corporation Code.</p>	
(ii) Non-Executive Directors	<p>Following the Corporation Code: Any director or trustee of a corporation may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock, or if the corporation be a non-stock corporation, by a vote of at least two-thirds (2/3) of the members entitled to vote: Provided, That such removal shall take place either at a regular meeting of the corporation or at a special meeting called for the</p>	<p>In accordance with the RMCG and applicable laws, rules and regulations.</p>

Procedure	Process Adopted	Criteria
	<p>purpose, and in either case, after previous notice to stockholders or members of the corporation of the intention to propose such removal at the meeting. A special meeting of the stockholders or members of a corporation for the purpose of removal of directors or trustees, or any of them, must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock, or, if it be a non-stock corporation, on the written demand of a majority of the members entitled to vote. Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders or members by any stockholder or member of the corporation signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in this Code. Removal may be with or without cause: Provided, That removal without cause may not be used to deprive minority stockholders or members of the right of representation to which they may be entitled under Section 24 of the Corporation Code.</p>	
(iii) Independent Directors	<p>Following the Corporation Code, applicable laws and SEC Memorandum Circulars: Any director or trustee of a corporation may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock, or if the</p>	<p>In accordance with the RMCG and applicable laws, rules and regulations.</p>

Procedure	Process Adopted	Criteria
	<p>corporation be a non-stock corporation, by a vote of at least two-thirds (2/3) of the members entitled to vote: Provided, That such removal shall take place either at a regular meeting of the corporation or at a special meeting called for the purpose, and in either case, after previous notice to stockholders or members of the corporation of the intention to propose such removal at the meeting. A special meeting of the stockholders or members of a corporation for the purpose of removal of directors or trustees, or any of them, must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock, or, if it be a non-stock corporation, on the written demand of a majority of the members entitled to vote. Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders or members by any stockholder or member of the corporation signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in this Code. Removal may be with or without cause: Provided, That removal without cause may not be used to deprive minority stockholders or members of the right of representation to which they may be entitled under Section 24 of the Corporation Code.</p>	

Procedure	Process Adopted	Criteria
<b>f. Re-instatement (based on the Revised Manual on Corporate Governance)</b>		
(i) Executive Directors	A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	If the reason for temporary disqualification has been removed/corrected.
(ii) Non-Executive Directors	A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	If the reason for temporary disqualification has been removed/corrected.
(iii) Independent Directors	A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	If the reason for temporary disqualification has been removed/corrected.
<b>g. Suspension (based on the Revised Manual on Corporate Governance)</b>		
(i) Executive Directors	A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	Same criteria as temporary disqualification.
(ii) Non-Executive Directors	A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	Same criteria as temporary disqualification.

Procedure	Process Adopted	Criteria
(iii) Independent Directors	A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	Same criteria as temporary disqualification.

#### Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Enrique K. Razon Jr.	2,156,651,322
Joseph Higdon	2,132,956,691
Stephen A. Paradies	2,137,287,708
Jon Ramon Aboitiz	2,121,909,829
Octavio Victor R. Espiritu	2,137,628,791
Andres Soriano III	2,115,188,831
Jose C. Ibazeta	2,132,871,928

#### 6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any. N/A
- (b) State any in-house training and external courses attended by Directors and Senior Management<sup>4</sup> for the past three (3) years:

#### 2010

<u>ATTENDEES</u>	<u>SEMINAR TITLE</u>	<u>DATE</u>	<u>VENUE</u>
<b>CABAS, JESULITO R.</b>	AUTOMATING THE AUDIT PROCESS	JULY 2	Makati City
<b>CONSING, RAFAEL JOSE D., JR.</b>	ACCOUNTING FOR NON ACCOUNTANTS	MAY 27 - 28	Makati City
<b>FESTIN, GERARD ANGELO EMILIO J.</b>	FINANCIAL ACCOUNTING, ANALYSIS & AUDITING	AUGUST 16 - 20	Nevada Reno
<b>GOROSPE, BENJAMIN M.</b>	BEST PRACTICES IN CRAFTING HR POLICIES & CONTRACTS	MAY 13 - 14	Edsa Shangri-La
<b>GOROSPE, BENJAMIN M.</b>	BEST PRACTICES IN TRANSFER PRICING & HANDLING SPECIAL AUDITS OF RELATED COMPANIES & CONGLOMERATES	AUG. 19	Peninsula Hotel
<b>MIGUEL, GIGI ILUMINADA T.</b>	ADVANCED LOAN DOCUMENTATION	JUNE 24 - 25	Hongkong
<b>OCCENA, ESTELA T.</b>	FINANCIAL ACCOUNTING, ANALYSIS & AUDITING	AUGUST 16 - 20	Nevada Reno
<b>PANILLA, CATHERINE D.</b>	VALUE-AT-RISK : A GUIDE TO UNDERSTANDING and APPLICATION	JUNE 10 - 11	Makati City
<b>SAMONTE, BERLIN O.</b>	NEGOTIATION ESSENTIALS FOR PROJECT MANAGEMENT	AUG. 31 - SEPT. 1	Makati City

<sup>4</sup> Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

<b>SAMSON, ROMMEL T.</b>	ADVANCED BUDGET MANAGEMENT PROGRAM	JUNE 23 - 24	Ortigas Center
<b>TABLANTE, ARNIE D.</b>	VALUE-AT-RISK : A GUIDE TO UNDERSTANDING and APPLICATION	JUNE 10 - 11	Makati City
<b>ZULUETA, MA. CRISTINA G.</b>	SEMINAR-WORKSHOP ON JOB EVALUATION & SALARY ADMINISTRATION	SEPT. 16 - 17	UST Graduate School

## 2011

<u>ATTENDEES</u>	<u>SEMINAR TITLE</u>	<u>DATE</u>	<u>VENUE</u>
<b>CABAS, JESULITO R.</b>	CONTROL SELF ASSESSMENT : AN INTRODUCTION	JAN. 3 - 4	BEST WESTERN HOTEL
<b>CABAS, JESULITO R.</b>	SPANISH LANGUAGE INSTRUCTION	FEB. 8 - MARCH 10	ICTSI
<b>DOMINGO, SUSAN S.</b>	SPANISH LANGUAGE INSTRUCTION	JAN. 31 - FEB. 11	ICTSI
<b>DOMINGO, SUSAN S.</b>	MODERN ERM : RISK INTELLIGENCE PARADIGM 2011	JUNE 8 - 9	KUALA LUMPUR
<b>FELICIANO, JOSELITO V.</b>	36TH ANNUAL NATIONAL CONVENTION	NOV. 23 - 26	PICC
<b>FERRER, EARL ERIC NESTOR H.</b>	BASIC SPANISH INSTRUCTION	APRIL 25 - 29	ICTSI
<b>GOROSPE, BENJAMIN M.</b>	BEST PRACTICES GUIDE TO VALID DISMISSAL	FEB. 24	The Peninsula Manila
<b>GOROSPE, BENJAMIN M.</b>	MAXIMIZING TAX SAVINGS USING TAX TREATIES	MARCH 30 - 31	New World Hotel
<b>GOROSPE, BENJAMIN M.</b>	3 DAY MBA IN MERGERS & ACQUISITIONS	OCT. 12 - 14	SINGAPORE
<b>MIGUEL, GIGI ILUMINADA R.</b>	SPANISH LANGUAGE INSTRUCTION	FEB. 8 - MARCH 10	ICTSI
<b>MIGUEL, GIGI ILUMINADA R.</b>	5 DAY MBA IN PROJECT FINANCE	MARCH 21 - 25	SINGAPORE
<b>MIGUEL, GIGI ILUMINADA R.</b>	NEW ICC RULES FOR DEMAND GUARANTEES	OCT. 20 - 21	Edsa Shangrila Hotel
<b>PANILLA, CATHERINE D.</b>	SPANISH LANGUAGE INSTRUCTION	FEB. 8 - MARCH 10	ICTSI
<b>SAMSON, ROMMEL T.</b>	5 DAY MBA IN FINANCIAL MODELLING	JAN. 17 - 21	SINGAPORE
<b>TABLANTE, ARNIE D.</b>	SPANISH LANGUAGE INSTRUCTION	FEB. 8 - MARCH 10	ICTSI
<b>TABLANTE, ARNIE D.</b>	3 DAY MBA IN FINANCIAL MODELLING	JULY 20 - 24	HONGKONG
<b>TABLANTE, ARNIE D.</b>	FINANCIAL MODELLING MASTERCLASS	APRIL 5 - 6	Oakwood, Ortigas
<b>ZULUETA, MA. CRISTINA G.</b>	UNDERSTANDING REWARDS PHILOSOPHY, JOB ANALYSIS, JOB EVALUATION & SALARY STRUCTURE DEVT.	FEB. 9 - 11	Discovery Suites

## 2012

<u>ATTENDEES</u>	<u>SEMINAR TITLE</u>	<u>DATE</u>	<u>VENUE</u>
<b>CABAS, JESULITO MAGDALENO R.</b>	FRAUD MASTER CLASS	JAN. 24 – 26	New World
<b>CABAS, JESULITO MAGDALENO</b>	TRANSFORMATION OF THE INTERNAL	FEB. 25	Hotel

<u>ATTENDEES</u>	<u>SEMINAR TITLE</u>	<u>DATE</u>	<u>VENUE</u>
R.	AUDIT FUNCTION		Intercon
DOMINGO, SUSAN S.	SEC COMPLIANCE WITH RULES ON DISCLOSURE	AUG. 29	Peninsula Hotel
FELICIANO, JOSELITO V.	COMPREHENSIVE COURSE IN GROUNDING OF INDUSTRIAL & COMMERCIAL POWER SYSTEM	MARCH 14 – 15	Quezon City
TABLANTE, ARNIE D.	3 DAY MBA IN PORTS	MAY 30 - JUNE 1	HONGKONG

In – house training:

<u>ATTENDEES</u>	<u>SEMINAR TITLE</u>	<u>DATE</u>	<u>VENUE</u>
CABRAL, JULIO CARDOSO, MICKAEL CORONEL, ANTONIO FERRER, EARL GONZALEZ, CHRISTIAN R. GUTIERREZ, WILLIAM JOLEJOLE, MARILOU LA CHICA, RODRIGO G. LLAMADO, JULIVER LOCSIN, ROBERTO LOZANO, CHRISTIAN MONZON, NOEL PARADIES, IAN TABLANTE, ARNIE VALDEZ, JAY WYCOCO, VOLTAIRE ZAMORA, MARIEL ZULUETA, MA. CRISTINA	ICTSI CUSTOMER MANAGEMENT TRAINING	MARCH 27-28, 2012	Rizal Tower Rockwell, Makati

- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

<b>Name of Director/Officer</b>	<b>Date of Training</b>	<b>Program</b>
Jon Ramon Abotiz	Sept. 27, 2012	Economic Briefing by Leif Eskesen and Trinh Nguyen of HSBC
	Nov. 9-10, 2012	Board Retreat
	Nov. 10, 2012	Boardbooks User Training
	Npv. 28, 2012	Ancillary Service Briefing
	Nov. 28, 2012	(AON) Directors & Officers – Liability Insurance
Stephen G. Paradies	Feb. 20, 2012	2012 Enterprise Risk Management Forum

## B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior

management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p>Directors are required to conduct fair business transactions with the Corporation and ensure that personal interest does not bias Board decisions or does not conflict with the interest of the Corporation.</p> <p>Hiring of relatives to a certain degree of consanguinity or affinity at certain departments is prohibited in order to avoid conflict of interest.</p>	<p>Senior Management is required to conduct fair business transactions with the Corporation and ensure that personal interest does not bias Board decisions or does not conflict with the interest of the Corporation.</p> <p>Hiring of relatives to a certain degree of consanguinity or affinity at certain departments is prohibited in order to avoid conflict of interest.</p>	<p>Hiring of relatives to a certain degree of consanguinity or affinity at certain departments is prohibited in order to avoid conflict of interest.</p>
(b) Conduct of Business and Fair Dealings	<p>A director is required to act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress.</p>	<p>Bribery, fraud and acts of dishonesty are prohibited under the Company's policies and procedures.</p>	<p>Bribery, fraud and acts of dishonesty are prohibited under the Company's policies and procedures.</p>
(c) Receipt of gifts from third parties	<p>Policy against tipping and other forms of bribery is strictly implemented. The policy prohibits and penalizes the acts of <b>receiving and/or soliciting or exacting monetary consideration</b> from port users, company clients or the public in consideration of work.</p>	<p>Policy against tipping and other forms of bribery is strictly implemented. The policy prohibits and penalizes the acts of <b>receiving and/or soliciting or exacting monetary consideration</b> from port users, company clients or the public in consideration of work.</p>	<p>Policy against tipping and other forms of bribery is strictly implemented. The policy prohibits and penalizes the acts of <b>receiving and/or soliciting or exacting monetary consideration</b> from port users, company clients or the public in consideration of work.</p>
(d) Compliance with Laws & Regulations	<p>The Board of Directors is required to comply with laws, rules,</p>	<p>The Company complies with all the PPA regulations and all other</p>	<p>Faithful compliance to provisions of existing Collective Bargaining</p>



Business Conduct & Ethics	Directors	Senior Management	Employees
	<p>regulations and circulars related to securities regulation and corporate governance.</p> <p>The Company complies with all the PPA regulations and all other laws related to port management and operations.</p> <p>There is faithful compliance to provisions of existing Collective Bargaining Agreement and other relevant labor laws.</p> <p>There is an active Internal Audit Department making sure that there is rigid compliance with all laws and regulations.</p>	<p>laws related to port management and operations.</p> <p>There is faithful compliance to provisions of existing Collective Bargaining Agreement and other relevant labor laws.</p> <p>There is an active Internal Audit Department making sure that there is rigid compliance with all laws and regulations.</p>	<p>Agreement and other relevant labor laws.</p> <p>There is an active Internal Audit Department making sure that there is rigid compliance with all laws and regulations.</p>
(e) Respect for Trade Secrets/Use of Non-public Information	Incorporation of non-disclosure and intellectual property clauses in contracts entered into by the company with third parties.	Incorporation of non-disclosure and intellectual property clauses in contracts entered into by the company with third parties.	Incorporation of non-disclosure and intellectual property clauses in employment contracts.
(f) Use of Company Funds, Assets and Information	Use of company funds is always subject to proper liquidation process and internal audit check.	Use of company funds is always subject to proper liquidation process and internal audit check.	Use of company funds is always subject to proper liquidation process and internal audit check.
(g) Employment & Labor Laws & Policies	Faithful compliance to provisions of existing Collective Bargaining Agreement and other labor laws and social legislation.	Faithful compliance to provisions of existing Collective Bargaining Agreement and other labor laws and social legislation.	Faithful compliance to provisions of existing Collective Bargaining Agreement and other labor laws and social legislation.
(h) Disciplinary action	Compliance to requirements of both substantive and procedural due process.	Compliance to requirements of both substantive and procedural due process.	Compliance to requirements of both substantive and procedural due process.
(i) Whistle Blower	Employee – informants are always encouraged during Labor Management Councils.	Employee – informants are always encouraged during Labor Management Councils.	Employee – informants are always encouraged during Labor Management Councils.
(j) Conflict Resolution	Resort to alternative modes of dispute resolution i.e.	Resort to alternative modes of dispute resolution i.e. grievance	Resort to alternative modes of dispute resolution i.e. grievance machinery

Business Conduct & Ethics	Directors	Senior Management	Employees
	grievance machinery procedure under the CBA; Labor Management Cooperation meetings.	machinery procedure under the CBA; Labor Management Cooperation meetings.	procedure under the CBA; Labor Management Cooperation meetings.

- 2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

The Company policies and procedures are discussed and disseminated during the Orientation Program and is available in the public folder of the Company's network/Outlook.

- 3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

The Company has a separate and independent Industrial Relations Section which implements and monitors compliance with its policies and procedures. Further, the Internal Audit Dept. verifies and checks compliance as well.

- 4) Related Party Transactions

- (a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	Monitored by the Controller Group and checked by the independent external auditor.
(2) Joint Ventures	Monitored by the Controller Group and checked by the independent external auditor.
(3) Subsidiaries	Monitored by the Controller Group and checked by the independent external auditor.
(4) Entities Under Common Control	Monitored by the Controller Group and checked by the independent external auditor.
(5) Substantial Stockholders	Monitored by the Controller Group and checked by the independent external auditor.
(6) Officers including spouse/children/siblings/parents	Monitored by the Controller Group and checked by the independent external auditor.
(7) Directors including spouse/children/siblings/parents	Monitored by the Controller Group and checked by the independent external auditor.
(8) Interlocking director relationship of Board of Directors	Monitored by the Controller Group and checked by the independent external auditor.

- (b) Conflict of Interest

- (i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

<p align="center"><b>Details of Conflict of Interest (Actual or Probable)</b></p>
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	Details of Conflict of Interest (Actual or Probable)
Name of Director/s Joseph R. Higdon Stephen A. Paradies Jon Ramon Aboitiz Octavio Victor R. Espiritu Andres Soriano III Jose C. Ibazeta	NONE
Name of Officer/s Enrique K. Razon Jr. Martin O'Neil Fernando L. Gaspar Christian R. Gonzalez Jose Joel M. Sebastian Susan S. Domingo Vivien F. Miñana Rafael D. Consing Jr. Brian Oakley Jose Manuel M. De Jesus Earl Eric Nestor H. Ferrer	NONE
Name of Significant Shareholders Enrique K. Razon Jr.	NONE

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	This is being checked by an independent external auditor.
Group	This is being checked by an independent external auditor.

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,<sup>5</sup> commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
NONE	N/A	N/A

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
NONE	N/A	N/A

<sup>5</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity.

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
NONE	N/A	N/A

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	The Company adopts the Philippine Arbitration Law.
Corporation & Third Parties	The Company adopts the Philippine Arbitration Law.
Corporation & Regulatory Authorities	The Company adopts the Philippine Arbitration Law.

Also, the Company adopts the following alternative dispute resolution systems:

#### GRIEVANCE MACHINERY

Article XV of the Collective Bargaining Agreement signed on April 13, 2009 between ICTSI and Nagkakaisang Manggagawa sa Pantalan ng ICTSI- NAFLU (NMPI-NAFLU) provides that the COMPANY and the UNION agree on the principle that disputes between labor and management may be solved through friendly negotiations; that both have the same interest in the continuity of work until all points of the dispute shall have been discussed and settled; that an open conflict in any form involves losses to the parties and that therefore, every effort shall be exerted to avoid such an open conflict.

Any difference of opinion, controversy or dispute between the COMPANY and the union, or between the COMPANY and any employee or worker covered by the CBA, arising from the interpretation and/or implementation of any provisions of this Agreement which is not settled or adjusted to the satisfaction of the COMPANY or UNION or employee concerned, shall be considered as GRIEVANCE and hence shall be resolved in accordance with the grievance machinery provisions of the CBA.

Any grievance is resolved first at the friendly stage of the machinery. Any employee infraction is resolved through counseling and in the most amicable manner. Failure of resolution in this stage will elevate the case to Supervisor level then to Manager level and lastly to Top management level. If the case still remains unresolved despite exhausting all the levels of the machinery, the case shall be elevated to voluntary arbitration under the supervision of the Department of Labor and Employment. The decision of the voluntary arbitrators shall be final and binding among the parties and they shall abide by the said decision without recourse to appeal.

#### LABOR MANAGEMENT COOPERATION (LMC)

The LMC features a structure that addresses the different levels of concern in the company and it paved the way to discovering new leaders among the Rank and File Employees since some of the taskforces are chaired by the Rank and File Employees themselves. It has the *Steering Committee* that heads and oversees all functions of the different taskforces. There are nine (9) taskforces, namely: *Taskforce on Supply and Deployment of Manpower*, *Taskforce on Attendance and Manning*, *Taskforce on Safety*, *Taskforce on Employee Welfare and Wellness*, *Taskforce on Equipment Breakdown and Maintenance*, *Taskforce on Communications*, *Taskforce on IMS (Integrated Management System)*, *Taskforce on Training*, and *Taskforce on Promotion*. All of these taskforces meet regularly every month, both as a taskforce and as a whole body of the LMC, in order to discuss the concerns delegated to them by the LMC Steering Committee, to check and report on its status, to recommend measures in order to address such concerns, and to carry out these recommendations according to the function of the different taskforces in coordination with the departments concerned.

The purpose of the Committee are:

- a) To provide means for discussion of mutual problems that may arise from time to time;
- b) To provide a direct channel of communication between the employees and the management;
- c) To provide a means for constructive cooperation in increasing the level of performance and efficiency of employees to improve productivity;
- d) To discuss and resolve other matters that may be mutually agreed upon by the members.

### C. BOARD MEETINGS & ATTENDANCE

- 1) Are Board of Directors' meetings scheduled before or at the beginning of the year? Before the year - There is a minimum number of meetings required under the company's By Laws.
- 2) Attendance of Directors —

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Enrique K. Razon Jr.	April 19, 2012	16	16	100
Member	Jon Ramon Aboitiz	April 19, 2012	16	16	100
Member	Jose C. Ibazeta	April 19, 2012	16	16	100
Member	Stephen A. Paradies	April 19, 2012	16	16	100
Member	Andres Soriano III	April 19, 2012	16	15	94%
Independent	Octavio Victor R. Espiritu	April 19, 2012	16	16	100
Independent	Joseph R. Higdon	April 19, 2012	16	16	100

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? 9 times
- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

Yes, depending on the actions to be taken and pursuant to the relevant provisions of the Corporation Code and other applicable laws, rules and regulations.

- 5) Access to Information

- (a) How many days in advance are board papers<sup>6</sup> for board of directors meetings provided to the board?

At least 3 days

- (b) Do board members have independent access to Management and the Corporate Secretary? Yes

- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc? Yes

The RMCG provides:

- 3.1.1 The Corporate Secretary shall gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation. He shall advise and

<sup>6</sup> Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

monitor that Board procedures are being followed and applicable rules and regulations are complied with.

- 3.1.2 The Corporate Secretary shall deal with the Board of Directors, management, stockholders and other stakeholders professionally and objectively. To the extent feasible, the Corporate Secretary shall have sufficient administrative skills, interpersonal skills, legal skills and financial skills as may reasonably be necessary to allow him to perform his duties and responsibilities as Corporate Secretary.
- 3.1.3 The Corporate Secretary shall be part of the scheduling of the different Board or stockholders meetings. He shall prepare a schedule of regular Board meetings for the current year in coordination with the Board. He should send notices to all Directors before each Board meetings.
- 3.1.4 The Corporate Secretary shall serve as an adviser to the directors and assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations as directors of the Corporation.
- 3.1.5 The Corporate Secretary shall attend and take the minutes of all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so. In his absence, the Assistant Corporate Secretary or a person designated by the Board shall take the minutes of the meeting.
- 3.1.6 The Corporate Secretary shall serve as liaison officer with the Securities and Exchange Commission (SEC) with respect to compliance with SEC requirement pertaining to this Manual. The Corporate Secretary shall also monitor the compliance of this Manual and shall report his findings to the Board.
- 3.1.7 If the Corporate Secretary is also the Compliance Officer, he shall perform all the duties and responsibility of said officer as provided hereunder and other existing laws, rules and regulations.
- 3.1.8 The Corporate Secretary shall be loyal to the mission, vision and objectives of the corporation; work fairly and objectively with the Board, Management and stockholders; have a working knowledge of the operations of the corporation; and ensure that all Board procedures, rules and regulations are strictly followed by the members.
- 3.1.9 The Corporate Secretary shall issue a certification every January 30<sup>th</sup> of the year on the attendance of directors in meetings of the board of directors, countersigned by the Chairman of the Board.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative. **Yes**

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes ☐ / ☐

No ☐

Committee	Details of the procedures
Executive	N/A
Audit	Notice and Agenda of the meeting is provided within a reasonable time prior to the Committee meeting.
Nomination	Notice and Agenda of the meeting is provided within a reasonable time prior to the Committee meeting.
Remuneration	Notice and Agenda of the meeting is provided within a reasonable time prior to the Committee meeting.
Others (specify)	N/A

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
Directors may seek professional advice.	Sec III of the Audit Committee (AC) Charter provides that the Audit Committee has authority to retain independent counsel, accountants, or others to advise the committee or to assist in the conduct of an investigation.

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
N/A	NONE	N/A

**D. REMUNERATION MATTERS**

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

A Compensation and Remuneration Committee was organized by the Board to establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates. The Chairman of the Compensation and Remuneration Committee is Mr. Andres Soriano III with Mr. Stephen A. Paradies and Mr. Octavio V. Espiritu as members.

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

The following is the breakdown of the aggregate amount of compensation paid in 2011 and 2012, and estimated to be paid in 2013 to all directors and executive officers, as a group (amounts in millions):

	2011	2012	2013
Nature	(Actual)		(Estimate)
Salaries	US\$0.7	US\$0.6	US\$0.6
Bonuses and others	4.2	3.6	4.6
Total	US\$4.9	US\$4.2	US\$5.2

The members of the Board receive directors' fees as compensation in accordance with the Company's By-Laws. There are no material terms of any other arrangements or contracts where any director of ICTSI was compensated

or is to be compensated, directly or indirectly, in 2011, 2012 or in the coming year, for any service provided as a director.

Named executives officers are covered by Letters of Appointment with the Company stating therein their respective terms of employment.

There are no existing compensatory plans or arrangements, including payments to be received from ICTSI by any named executive officer, upon resignation, retirement or any other termination of the named executive officer's employment with the Company and its subsidiaries or from a change-in-control of the Company (except for the automatic vesting of awarded shares under the Stock Incentive Plan referred to below) or a change in the named executive officers' responsibilities following a change-in-control.

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
<p>The members of the Board receive directors' fees as compensation in accordance with the Company's By-Laws. There are no material terms of any other arrangements or contracts where any director of ICTSI was compensated or is to be compensated, directly or indirectly, in 2011, 2012 or in the coming year, for any service provided as a director.</p> <p>A Compensation and Remuneration Committee was organized by the Board to establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates. The Chairman of the Compensation and Remuneration Committee is Mr. Andres Soriano III with Mr. Stephen A. Paradies and Mr. Octavio V. Espiritu as members.</p>	<p>April 18, 2013</p> <p>The acts of the Board of Directors are ratified and the Annual Report (where directors' fees are disclosed) is approved during the Annual Stockholders Meeting (ASM).</p>

### 3) Aggregate Remuneration

The aggregate compensation paid to the President and executive officers named below, as a group, for 2012 amounted to US\$3.4 million (2011: US\$4.1 million). The estimated compensation expected to be paid in 2013 to the President and executive officers named below, as a group, amounted to US\$4.0 million.

Name	Position
Enrique K. Razon, Jr.	Director, Chairman and President
Jon Ramon Aboitiz	Director
Octavio Victor R. Espiritu	Independent Director
Joseph R. Higdon	Independent Director
Jose C. Ibazeta	Director
Stephen A. Paradies	Director
Andres Soriano III	Director
Rafael T. Durian	Corporate Secretary, Compliance Officer
Edgardo Q. Abesamis <sup>1</sup>	Executive Vice President
Fernando L. Gaspar	Senior Vice President and Chief Administration Officer
Martin L. O'Neil <sup>2</sup>	Chief Financial Adviser
Rafael J. Consing	Vice President and Treasurer
Christian R. Gonzales	Vice President and MICT General Manager



Name	Position
Vivien F. Miñana	Vice President and Senior Administration Officer
Jose Joel M. Sebastian	Vice President and Controller
Susan S. Domingo	Vice President, Audit and Compliance
Earl Eric Nestor H. Ferrer	Vice President, Global Information Technology
Jose Manuel M. de Jesus	Vice President, Business Development
Brian Oakley	Vice President, Engineering

<sup>1</sup> Retired in August 2012.

<sup>2</sup> Appointed in January 2011. Served as Senior Vice-President and Chief Financial Officer until December 2010.

The following is the breakdown of the aggregate amount of compensation paid to the President and executive officers in 2011 and 2012, and estimated to be paid to the President and executive officers in 2013 named above (amounts in millions):

	2011	2012	2013
Nature	(Actual)		(Estimate)
Salaries	US\$0.7	US\$0.6	US\$0.6
Bonuses and others	3.4	2.8	3.4
Total	US\$4.1	US\$3.4	US\$4.0

#### 4) Stock Rights, Options and Warrants

##### (a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

ICTSI's directors and named executive officers do not hold any outstanding warrants or options as of December 31, 2012. There were no adjustments or amendments made on the options previously awarded to any officers and directors of ICTSI. Certain officers were granted awards under the Stock Incentive Plan (SIP) in 2010, 2011 and 2012. Discussion on the SIP is further disclosed in Note 18, *Share-based Payment Plan*, to the Annual Audited Consolidated Financial Statements.

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
N/A	N/A	N/A	N/A	N/A

##### (b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
An Employees Stock Option Plan ("ESOP") was established in 1991 under which shares from authorized but unissued capital stock were set aside for subscription by directors, officers, and employees. A Stock Option Committee composed of three (3) directors determined the number of shares to which a particular recipient was entitled. The subscription price under the ESOP was 95% of the issue price in the initial public offering of the Company and is subject to revision by Stock Option Committee from time to time.	<p>In January 2007, Board approved the amendment of ESOP to convert it into a restricted stock plan called the "Stock Incentive Plan" (the "SIP"). The amendment of the ESOP into an SIP was approved by the stockholders at a special meeting held in March 2007.</p> <p>Under the SIP, shares from our treasury will be granted to a participant by a resolution of Stock Incentive Committee. The Committee determines who and how many will be the awarded shares under the SIP.</p> <p>Descriptions and explanations of the above transactions are further disclosed in Note 18, <i>Share-based Payment Plan</i>, to the Annual Audited Consolidated Financial Statements.</p>	April 12, 2007

#### 5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
The Company disclosed its Senior Management's Remuneration under item 10, Part IV of its Annual Report (17-A)	

### E. BOARD COMMITTEES

#### 1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

##### (i) Audit Committee

In accordance with the Manual of Corporate Governance, ICTSI's Board created the Audit Committee. The organization, authority and responsibilities of this committee are embodied in the Audit Committee Charter. As stated in its charter, the Company's Audit Committee is responsible for assisting the Board of Directors in fulfilling its oversight responsibilities to the shareholders relating to the company's financial statements and financial reporting process, governance, risk management

and internal control systems, the internal and external audit process, and the company's process for monitoring compliance with contracts, laws and regulations and the code of conduct. The Audit Committee maintains independence from management and the controlling stockholders. The Committee is comprised of three (3) Board members, including one (1) independent director who serves as the committee chairman. Such Committee reports to its Board and is required to meet at least four (4) times a year. As of the date of this report, the Audit Committee Chairman is Mr. Octavio Victor R. Espiritu who serves with Mr. Jon Ramon Aboitiz and Mr. Stephen A. Paradies.

(ii) Nomination Committee

The Board organized the Nomination Committee to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors. The Nomination Committee is composed of Mr. Stephen A. Paradies as Chairman and Mr. Jose C. Ibazeta and Mr. Octavio V. Espiritu as members.

(iii) Compensation and Remuneration Committee

A Compensation and Remuneration Committee was organized by the Board to establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates. The Chairman of the Compensation and Remuneration Committee is Mr. Andres Soriano III with Mr. Stephen A. Paradies and Mr. Octavio V. Espiritu as members.

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	N/A	N/A	N/A	N/A	N/A	N/A
Member (ED)	N/A	N/A	N/A	N/A	N/A	N/A
Member (NED)	N/A	N/A	N/A	N/A	N/A	N/A
Member (ID)	N/A	N/A	N/A	N/A	N/A	N/A
Member	N/A	N/A	N/A	N/A	N/A	N/A

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Octavio Victor R. Espiritu	April 19, 2012	4	4	100%	10
Member (NED)	Jon Ramon Aboitiz	April 19, 2012	4	3	75%	4
Member (NED)	Stephen A. Paradies.	April 19, 2012	4	4	100%	10

Disclose the profile or qualifications of the Audit Committee members.

**Octavio Victor R. Espiritu**, age 69, Filipino

Mr. Espiritu is the Chairman of the Audit Committee and a member of the Nomination Committee of ICTSI effective February 2011.

Mr. Espiritu has been an independent Director of ICTSI since 2002. A three-term former President of the Bankers Association of the Philippines (BAP) and former President and Chief Executive Officer of Far East Bank and Trust Company, and Chairman of the Board of Trustees of the Ateneo de Manila University for 14 years.

He is currently Chairman of Delphi Group, Inc., and a member of the Board of Directors of Bank of the Philippine Islands, Digital Telecommunications Philippines, Inc., SM Development Corporation and Netvoice, Inc.

***Jon Ramon Aboitiz, age 64, Filipino***

Mr. Aboitiz has been a Director of ICTSI from 2008 up to the present. He was appointed as a Member of the ICTSI Audit Committee in April 2010.

Mr. Aboitiz is the Chairman of Aboitiz & Co., Inc. and Aboitiz Equity Ventures, Inc., and Vice Chairman of Aboitiz Power, a Cebu-based investment and management conglomerate, engaged in numerous and diverse business concerns ranging from power generation and distribution, banking and financial services, real estate development, construction, marketing, food, ship building, transportation (air/land/sea) and logistics that are closely linked to nation building and progress.

He started his career with the Aboitiz Group in 1970, right after graduation from the Sta. Clara University, California with a degree of B.S. Commerce major in Management. From a manager of the Aboitiz Shipping Corporation, he rose to become its President in 1976 and in 1991 became President and CEO of the Aboitiz Group until 2008. Presently, he holds various positions in the Aboitiz Group including President of the Aboitiz Foundation and Vice Chairman of Unionbank of the Philippines and Chairman of the following committees of the bank: Executive Committee; Risk Management Committee; Compensation and Remuneration Committee; Nominations Committee; and Corporate Governance Committee. He is also a Trustee of the Philippine Business for Social Progress and the Santa Clara University - California, U.S.A. and a member of the Board of Advisors of the Coca-Cola Export Corporation (Philippines).

***Stephen A. Paradies, age 59, Filipino***

Mr. Paradies has been a Director of ICTSI from 1987 to the present. He is also a Director of ICTSI Ltd. and ICTHI. He is the Chairman of the Nomination Committee of ICTSI effective February 2011 and is currently a member of the Audit Committee and the Stock Incentive Committee of ICTSI. He is also Senior Vice President/Chief Finance Officer of Aboitiz Equity Ventures. He sits on the Boards of Union Bank of the Philippines, Pilmico Animal Nutrition Corp., City Savings Bank, Aboitiz Construction Group, Inc. and Pilmico Foods Corporation. He serves as a Trustee of the Aboitiz Foundation, Inc.

Describe the Audit Committee's responsibility relative to the external auditor.

**External Audit (from Section V.E of the Audit Committee Charter)**

1. Prior to the commencement of the audit, discuss with the external auditors the nature, scope and expenses of the audit, including coordination of audit efforts with internal auditing to secure proper coverage and minimize duplication of efforts.
2. Review the performance of the external auditors, rotation process and exercise final approval on their appointment or discharge.
3. Review reports submitted by external auditors.
4. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to to ICTSI's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the company's annual report as may be required by law.
5. On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Stephen A. Paradies	April 19, 2012	2	2	100	3
Member (NED)	Jose C. Ibazeta	April 19, 2012	2	2	100	3
Member (ID)	Octavio V. Espiritu	April 19, 2012	2	2	100	3

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Andres Soriano III	April 19, 2012	2	2	100	3
Member (NED)	Stephen A. Paradies	April 19, 2012	2	2	100	8
Member (ID)	Octavio V. Espiritu	April 19, 2012	2	2	100	1

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	N/A	N/A	N/A	N/A		
Member (ED)	N/A	N/A	N/A	N/A		
Member (NED)	N/A	N/A	N/A	N/A		
Member (ID)	N/A	N/A	N/A	N/A		
Member	N/A	N/A	N/A	N/A		

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	N/A	N/A
Audit	N/A	N/A
Nomination	N/A	N/A
Remuneration	N/A	N/A
Others (specify)	N/A	N/A

#### 4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	N/A	N/A
Audit	Assisted the Board of Directors in fulfilling its oversight responsibilities to the shareholders relating to the company's financial statements and financial reporting process, governance, risk management and internal control systems, the internal and external audit process, and the company's process for monitoring compliance with contracts, laws and regulations and the code of conduct.	Issues related to company's financial statements and financial reporting process, governance, risk management and internal control systems, the internal and external audit process, and the company's process
Nomination	Reviewed and evaluated of the qualifications of all persons nominated to the Board and other appointments that require Board approval and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.	Issues related to qualifications of all persons nominated to the Board and other appointments that require Board approval and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors
Remuneration	Established a more transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates.	Issues related to a more transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates
Others (specify)	N/A	N/A

#### 5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	N/A	N/A
Audit	Annual review of AC Charter and annual performance evaluation of Audit Committee.	To comply with SEC Memo No. 4
Nomination	Finalize Charter and establish succession plan for directors.	To ensure compliance with SEC restrictions on number of service years.
Remuneration	Finalize charter	establish a formal and transparent procedure for determining the remuneration of directors and officers
Others (specify)	N/A	N/A

## F. RISK MANAGEMENT SYSTEM

### 1) Disclose the following:

#### (a) Overall risk management philosophy of the company;

ICTSI and all its subsidiaries (ICTSI Group) will identify and manage its risks in support of its vision, mission, goals and objectives as set out in the respective subsidiary's strategic plans. The ICTSI Group recognizes that risk cannot be eliminated, rather, it will ensure that existing and emerging risks are identified and managed with acceptable risk tolerances.

The ICTSI Board of Directors is committed to establishing an organization that ensures risk management is an integral part of all its activities and a core capability.

The executive management of ICTSI fully supports the implementation of the Risk Management (RM) Policy approved by the ICTSI Board of Directors and is responsible for the development of RM processes and the implementation of risk reduction strategies

#### (b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

Under Section V.D. of the Audit Committee Charter, it stated that it is the responsibility of the Audit Committee to monitor and evaluate the effectiveness of the company's risk management processes and policies in addressing the identified risks. In this regard, the Audit Committee obtains and reviews the following:

- 1) A quarterly report from Senior Management regarding major risk issues as disclosed in the quarterly and annual FS filed with the SEC.
- 2) Quarterly report from the Audit & Compliance Group regarding results of evaluation of risk management activities and monitoring of concession compliance risks
- 3) Annual report from External Auditor regarding the results of evaluation of financial statement risk

Comments on the adequacy and effectiveness thereof are discussed during the quarterly / annual Audit Committee meetings.

#### (c) Period covered by the review; Q1 to Q4 2012

#### (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

Please see above. The criteria for assessing effectiveness is how well the risk management activities prevent or minimize the likelihood of the risk happening and / or impact of the risk, should it happen.

#### (e) Where no review was conducted during the year, an explanation why not. N.A.

### 2) Risk Policy

#### (a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Concession Compliance Risk	Must manage & monitor risk;	Ensure that structures are in place to monitor and ensure that all concession commitments are

Risk Exposure	Risk Management Policy	Objective
		complied with.
Business interruption risk	Must manage & monitor risk	Prevent or, at least, minimize the negative impact of business interruptions (natural / mad-made disasters, system / equipment downtime) that may result to customer dissatisfaction.
Fire, Explosion, oil and chemical spill	Must manage & monitor risk	Prevent or, at least, minimize the negative impact of disaster arising from fire, explosion, oil and chemical spill that may hinder the company from realizing its earnings objectives.
Failure to meet all of the Debt Covenants & Undertakings	Must manage & monitor risk	To prevent an event of default that leads to cancellation of commitments and acceleration of payment.
Foreign Currency and interest rate risks	Must manage & monitor risk	To prevent or minimize losses on outstanding hedges

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

The company establishes the Enterprise Risk Management (ERM) system to be readily responsive to the dynamic business environment and to be able to achieve the following:

- Deal effectively with potential future events that create uncertainty associated with risks and opportunity, enhancing the capacity to build shareholder value.
- Enhance risk response decisions in a manner that reduces the likelihood of downside outcomes and increases the upside outcomes.
- Promote a culture across the organization that provides a common awareness and understanding of risk management discipline to manage greater risks effectively while optimizing returns.
- Embrace an open environment of sharing learnings and best practices on cross- enterprise risk issues throughout the organization to better manage risks.
- Ensure that the evaluation of risk is a continuing and integral part of the management process and consistent with the management risk philosophy.

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
NONE

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:



Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Concession Compliance Risk	Structure for monitoring compliance in place; Quarterly compliance reporting to Audit Committee in place. Risk measured in terms of impact to the business and the likelihood of occurrence using the Company's ERM Assessment Rating Table;	<ul style="list-style-type: none"> <li>• Establish adequate monitoring controls</li> <li>• Compliance monitored and validated by Audit &amp; Compliance Group;</li> <li>• Annual compliance audit by the Philippine Port Authority – no material exception noted in 2012.</li> </ul>
Business interruption risk	Risk measured in terms of impact to the business and the likelihood of occurrence using the Company's ERM Assessment Rating Table;	<ul style="list-style-type: none"> <li>• Obtain adequate insurance cover</li> <li>• Establish adequate controls to prevent / minimize risks <ul style="list-style-type: none"> <li>○ Implement Business Continuity Plan;</li> <li>○ monitor system availability;</li> <li>○ Establishment of disaster recovery site</li> </ul> </li> </ul>
Fire, Explosion, oil and chemical spill	Risk measured in terms of impact to the business and the likelihood of occurrence using the Company's ERM Assessment Rating Table ;	<ul style="list-style-type: none"> <li>• Obtain adequate insurance cover</li> <li>• Establish adequate controls to prevent / minimize risks <ul style="list-style-type: none"> <li>○ safety procedures</li> <li>○ emergency response team in place,</li> <li>○ Annual training/drill on Fire Prevention &amp; Suppression Seminar to be attended by the Emergency Response Team.</li> <li>○ Strict Compliance to Dangerous Goods Handling circular and rulings</li> <li>○ Inspect containers for compliance with the labeling requirements of the Hazard Communication Standard and correct those out of compliance.</li> <li>○ The Earthquake Preparedness Seminar and Actual Demonstration</li> <li>○ Petrol Fire Suppression Exercise</li> </ul> </li> </ul>
Failure to meet all of the Covenants & Undertakings constitutes an Event of Default that leads to cancellation of commitments and acceleration of payment.	Risk measured in terms of impact to the business and the likelihood of occurrence using the Company's ERM Assessment Rating Table ; Quarterly monitoring and reporting of compliance with debt covenants	Quarterly review of ratios and undertakings, and a monthly testing of financial ratios to include planned acquisitions and extra-ordinary capital expenditures

Failure to limit MTM and realized losses on outstanding hedges	Risk measured in terms of impact to the business and the likelihood of occurrence using the Company's ERM Assessment Rating Table ; Quarterly monitoring and reporting of compliance with debt covenants	Conduct monthly MTM and realized cash report and submit to Senior Management
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(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Foreign Exchange Risks	Monitored quarterly	The company enters into foreign currency forwards and/ or cross currency swaps agreements to manage its exposure to foreign currency fluctuations.
Interest rate risk	Monitored quarterly	On a limited basis, the Group enters into interest rate swaps agreements in order to manage its exposure to interest rate fluctuations.
Liquidity risk	Monitored quarterly	The Group maintains strict control of its cash and ensures that excess cash maintained by subsidiaries are upstreamed timely to the Parent Company. The Group also monitors and receivables and payables to ensure that these are at optimal levels. It also regularly evaluates is actual and projected cash flows and continually assesses the condition of the financial market to pursue fund raising initiatives.

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
ERM Oversight and Compliance Group	<ul style="list-style-type: none"> <li>to assist the CEO or Designee with ERM decisions, compliance and oversight responsibilities.</li> <li>Internal auditors can play an important role in the monitoring of ERM and the quality of performance as part of their regular duties or upon special request from senior management or</li> </ul>	<ul style="list-style-type: none"> <li>Setting the policy and strategy for risk management</li> <li>Primary champion of risk management at strategic and operational level</li> <li>Building a risk awareness culture within the organization including appropriate education</li> <li>Establishing internal risk policy and structure for business units</li> <li>Designing and reviewing</li> </ul>

	subsidiary or divisional executives. They may also assist both management and the Audit Committee of the Board by monitoring, examining, evaluating, reporting on and recommending improvements to the adequacy and effectiveness of the ERM processes.	processes for risk management <ul style="list-style-type: none"> <li>• Advise on risk management issues within the organization.</li> <li>• Develop risk response processes, including contingency and business continuity programmes.</li> <li>• Preparing reports on risk for the board and the stakeholders.</li> </ul>
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## G. INTERNAL AUDIT AND CONTROL

### 1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

As set forth in the company's Internal Control policy:

Internal Control is a process effected by people (board of directors / executive board, management and staff) to provide reasonable assurance regarding the achievement of the company's objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Safeguarding of Assets
- Compliance with applicable laws and regulations

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Board of Directors, through the Audit Committee, review the adequacy and effectiveness of the internal control system as one of the responsibilities defined in the Audit Committee charter. The annual performance review report for 2012 indicated that the Audit Committee has relied on the assurance provided by the External and Internal Auditors regarding the adequacy and effectiveness of internal controls.

(c) Period covered by the review;

For the year 2012

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

External Auditors – review internal controls related to the integrity of financial statements on an annual basis.  
Internal Auditors – review internal controls of each business unit in the ICTSI Group following a 2 or 3 year cycle depending on risk assessment.

The Audit Committee relies on the assurance provided by the external and internal auditor regarding the effectiveness of internal control system. Effectiveness is measured by how well the internal controls prevents or minimized identified risks.

(e) Where no review was conducted during the year, an explanation why not. N.A.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Audit & Compliance Group (ACG) shall work participatively, as part of a team to improve the company's operations by providing timely feedback and appropriate recommendations for the improvement of risk management, control and governance processes.	Assurance services in such areas as finance, accounting, operations, purchasing, inventory, engineering, information technology, human resources, administration and other areas as may be deemed necessary. IT may also perform consulting services such as serving on task forces to analyze operations or processes as requested by management for as long as these services do not represent a conflict of interest or detract ACG from its obligations to the Audit Committee. Audit coverage will include ICTSI and all local and foreign subsidiaries, as well as affiliated companies.	In-House	Susan S. Domingo VP – Audit & Compliance	Functionally reports to Audit Committee; Administratively reports to CFO.

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

The Audit Committee shall concur with the appointment or removal of the VP – Audit & Compliance (please refer to Sec. V.D.2 of the Audit Committee Charter).

- (c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The VP – Audit & Compliance reports functionally to the Chairman of the Board, through the Audit Committee, as defined in the Internal Audit Charter and as provided in the Audit Committee charter. The VP-ACG has direct access to senior management and the Audit Committee of the Board of Directors. The ACG is completely free to review all records, properties and personnel as provided in the Audit charter.

- (d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
Joselito Magdaleno R. Cabas	Career move; better employment opportunities
Ma. Cristina T. Lacsamana	Career move; better employment opportunities
Ruben B. Dalusung	Career move; better employment opportunities

- (e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

<b>Progress Against Plans</b>	For 2012. 75% coverage of planned audit areas
<b>Issues<sup>7</sup></b>	There were no compliance issues relating to difference in interpretations. There were also no major non-compliance issues regarding statutory reporting, reporting to SEC/ PSE and compliance with concession agreements.
<b>Findings<sup>8</sup></b>	All audit observations are classified either as High, Medium or Low risk issues; All high risk issues are reported to the Audit Committee, requires management action within 6 months and monitored on a quarterly basis until implemented; Moderate risk issues are shown as an Appendix in the Audit Report but not monitored quarterly. Instead, the implementation of agreed action plans is validated on the next audit cycle review. Management action is expected within a year; Low risk issues are also presented as an appendix on the audit report. These are just presented for management consideration but management action is not required.
<b>Examination Trends</b>	There are no major pervasive control issues or findings except for a few IT General control issues which are already currently being addressed by the new MICT ITSS Manager.

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- Preparation of an audit plan inclusive of a timeline and milestones;
- Conduct of examination based on the plan;

<sup>7</sup> "Issues" are compliance matters that arise from adopting different interpretations.

<sup>8</sup> "Findings" are those with concrete basis under the company's policies and rules.

- Evaluation of the progress in the implementation of the plan;
- Documentation of issues and findings as a result of the examination;
- Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;
- Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column “Implementation.”

Policies & Procedures	Implementation
Internal Audit Manual Parts I and II (Please see attached for the table of contents)	Implemented since 2005; currently being reviewed for updating in accordance with the recent updates in the International Standards for the Professional Practice of Internal Auditing.

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company’s shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
Internal Auditors – report functionally to the Chairman of the Board, thru the Audit Committee.  External Auditors – report functionally to the Audit Committee and also annually reports on the non-audit services handled.	There is an internal policy that the Company should not provide any information to financial analysts regarding projected income.	There is an internal policy that the Company should not provide any information to investment banks regarding projected income.	There is an internal policy that the Company should not provide any information to rating agencies regarding projected income.

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company’s full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

Chairman, CEO, Independent Directors and Compliance Officer.

## H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	ICTSI continues to implement projects aimed at improving services for its customers.	<ol style="list-style-type: none"> <li>1. Improvement on billing facilities</li> <li>2. Investment on new equipment for faster service</li> <li>3. Improvement on port system procedures to provide faster and more efficient service.</li> <li>4. Dredging projects.</li> <li>5. Expansion of container yard and operational areas.</li> <li>6. Implementation of Radio Frequency Identification System.</li> </ol>
Supplier/contractor selection practice	In the selection of suppliers, ICTSI ensures that suppliers are selected based on their ability to meet contract requirements including quality system and any specific quality assurance requirements.	The procedure in supplier accreditation is strictly observed from the 1.) initial interview of potential suppliers, 2.) submission of the required accreditation documents, 3.) pre-visit activities which include a.) checking the correctness and completeness of the required documents; b.) interviewing other customers referred by the supplier and c.) reviewing financial statements submitted by the supplier, 4.) conduct of plant visit, 5.) preparation of final report and lastly 6.) issuance of certificate of accreditation and updating of directory.
Environmentally friendly value-chain	<p>ICTSI is ISO 14001:2004 Environmental Management Systems certified. The company has INTEGRATED QUALITY AND ENVIRONMENTAL POLICIES, see page 20 of the attached IMS Manual.</p> <p>Kindly see: SEC 17 - A (Annual Report) on Safety, Quality, Maintenance and Compliance with Environmental Laws.</p> <p>ICTSI is also Management Systems ISO 9001:2000 Quality Management Systems certified;</p>	ICTSI Foundation, Inc. (ICTSI-FI) received recognition for its used battery donations from Motolite on April 11, 2012.. Motolite's Balik Baterya (Return of batteries) Project aimed to derive funds from used lead acid batteries (ULAB) of different companies. These funds were then used to implement environment, education and community / social development projects. The proceeds were used in Lusog Dunong (Health Knowledge), a supplementary feeding program for daycare, kindergarten and grade 1 students of Parola and Isla Puting Bato in Manila. Ian Carlo Meimban (third from left), ICTSI-FI Project Officer, received the certificate of recognition on behalf of the Foundation at the Summit Ridge in Tagaytay City.
Community interaction	Please see Annual Report on Corporate Citizenship	ICTSI Foundation, Inc. (ICTSI-FI) recently sponsored a two-day training on Effective Day Care Teaching for 115 day care teachers in Manila's District 1. District 1 has 115 day care centers located in 136 barangays (villages). These centers accommodate about 9,000 student-enrollees yearly. In another project, a total of 345 public school teachers and day care workers in Tondo, Manila attended an ICTSI Foundation, Inc. (ICTSI-FI)-sponsored financial literacy seminar held last 12 and 18 April.

	Policy	Activities
Anti-corruption programmes and procedures	ICTSI strictly prohibits and penalizes the acts of <b>receiving and/or soliciting or exacting monetary consideration</b> from port users, company clients or the public in consideration of work.	Constant apprehension by the Security Group of policy violators. Apprehension is not limited to employees but also extends to those who voluntarily give gifts and other monetary consideration. Outside truck drivers who violate the policy are banned within ICTSI premises.
Safeguarding creditors' rights	The Group manages its liquidity profile to be able to finance its working capital and capital expenditure requirements through internally generated cash and proceeds from debt. As part of the liquidity risk management, the Group maintains strict control of its cash and makes sure that excess cash held by subsidiaries are up streamed timely to the Parent Company. The Group also monitors the receivables and payables to ensure that these are at optimal levels. In addition, it regularly evaluates its projected and actual cash flow information and continually assesses the conditions in the financial market to pursue fund raising initiatives. These initiatives may include accessing bank loans, project finance facilities and the debt capital markets.	ICTSI monitors and maintains a level of cash and cash equivalents and bank credit facilities deemed adequate to finance the Group's operations, ensure continuity of funding and to mitigate the effects of fluctuations in cash flows.

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

Yes

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?

ICTSI ensures that every employee is annually provided with proper Personal Protective Equipment while on tour of duty. These include hard hats, safety vests and safety shoes. Gas masks are also provided to employees assigned to handle hazardous cargoes *i.e.* toxic cargoes and perishable goods which could produce pungent and foul smell. To ensure that employees wear their protective equipment, ICTSI crafted a policy on the proper wearing of uniforms and protective equipment. The company policy provides for disciplinary action for those caught not wearing the same. The policy is strictly implemented to avoid accidents or at the very least to lessen injuries in case of any unforeseen events while on tour of duty. The Safety Section likewise religiously conducts Safety Training and Development as well as Accident Prevention Seminars not just for ICTSI employees but for all port users to instill in them safe working habits.

ICTSI further adheres to the importance of a safe, secure and healthful environment and it recognizes the need to sustain a drug and alcohol free workplace. Any employee found positive for prohibited drugs during the annual random drug testing are not dismissed from employment. Instead they are given another chance to rectify their mistake by allowing themselves to submit to an out patient rehabilitation conducted by the Dangerous Drugs Board. After six (6) months of rehabilitation and favorable evaluation and recommendation from the DDB, they are again allowed to work with the undertaking that



they will completely refrain from using prohibited drugs.

ICTSI makes certain that its employees are adequately rested. If exigencies of the operation require longer working hours or working on a designated rest day or holiday, the employees are paid the corresponding overtime pay, rest day or holiday premium, as the case may be, conformably with the provision of the CBA. In addition, every employee is entitled to at least sixteen (16) days of sick leave and sixteen (16) days of vacation leave after a year of service. Every employee is also enrolled under the company's Group Hospitalization Plan which provides a maximum of Php60,000 hospitalization benefits per illness in a year. The same is extended to his/her dependents.

(b) Show data relating to health, safety and welfare of its employees.

ICTSI maintains its own medical and dental facilities for the use of its employees and their dependents. **Medical Services** include medical check-ups, consultations, treatments, minor surgeries, issuance of medical certificates and approval of sick leave applications. This also includes services of duly licensed nurses whose duties are to assist the doctor in the treatment of employees and/or their dependent/s, dispense medicine to patients based on the doctor's prescription, file medical records of employees and/or their dependents, apply first aid and/or other immediate/necessary treatment to employees especially in cases of injuries sustained in accidents or incidents occurring within the company premises in the absence of a doctor, assist in transporting employee patients to accredited hospitals in case of emergencies, and conduct home visits to absent employees upon the written request from authorized representative/officer of ICTSI. **Dental Services** are performed by duly licensed dentists whose duties include oral check-ups, oral prophylaxis, tooth filing, and tooth extraction.

Medical practitioners are present at the clinic at the below schedules:

1. **Doctors** – One (1) doctor from 7:00a.m. to 7:00p.m., Mondays thru Fridays and one (1) doctor from 7:00a.m. to 3:00p.m. on Saturdays and Sundays excluding nonworking holiday.
2. **Dentists** – One (1) dentist from 8:00a.m. to 12:00noon and one (1) dentist from 1:00p.m. to 5:00p.m. Mondays thru Fridays excluding nonworking holidays.
3. **Nurses** – One (1) nurse from Mondays to Saturdays from 7:00a.m. to 3:00p.m. for the first shift and one (1) nurse from 3:00p.m. to 7:00a.m. of the following day for the second shift. Another one (1) nurse from 8:00a.m. to 5:00p.m. from Mondays to Fridays. The reliever nurse reports for duty from 7:00a.m. on Sundays to 7:00a.m. on Mondays.

(c) State the company's training and development programmes for its employees. Show the data.

- 1.) Behavioral trainings which are initiated by the company as part of organization development. These include:
  - a. 7 Habits of Highly Effective People
  - b. Team building
  - c. Interaction Management
  - d. Basic Management Programs and Leadership trainings
- 2.) Company Orientation Programs which include:
  - a. Operations for Non-Operations
  - b. Orientation for newly hired employees
  - c. Orientation re: government mandated benefits
- 3.) Technical training programs for skills enhancement of equipment operators i.e. Reach Stackers, Quay Cranes, Rubber Tired Gantries, Sidelifter and Checkers.

- (d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

#### **ICTSI COMPENSATION PHILOSOPHY**

ICTSI is driven by an organization of **competent and dedicated WORKFORCE** who are in **partnership with their CUSTOMERS/CLIENTS and other STAKEHOLDERS**. These dimensions result in a decisive difference in the pursuit of **SERVICE EXCELLENCE** and **PROFESSIONALISM**.

To recognize this, **ICTSI is committed to provide fair, timely and equitable compensation that values the comparable worth of jobs and the contribution of individuals.**

We are constantly guided by a strategic posture that **balances a mission-driven organization** with **financial viability, legal compliance, industry conditions, and organizational plans.**

Our performance is forged by the **inspiration to serve and excel in the spirit of PROFESSIONALISM** through the expression of our unique talents which are rendered fruitful by a high sense of discipline, integrity and accountability.

ICTSI will establish its total compensation (pay and benefits) at an appropriate level to **attract and retain a high-performing, motivated workforce**. Total Compensation is **designed to reflect and support the organizational values and the dynamic business needs of the Company.**

- Our Classification and Compensation programs will **reinforce and reward high levels of performance** and will **encourage skill development and advancement** for each person.
- The process for establishing classification and compensation is intended to be **fair and transparent**, such that Supervisors, Managers and staff will understand it. Supervisors and Managers will have the necessary tools, support, and resources to make pay and job level recommendations.
- Compensation will be **sensitive to relevant market pay rates and practices**, with attention to **internal equity**.

- 4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

Just like any other administrative case, the complaint shall be taken cognizance of and due process shall be strictly observed giving the respondent every opportunity to explain his side and adduce evidence on his behalf. If the person being complained of is an employee, substantive and procedural due process shall be strictly observed prior to issuance of any disciplinary action.

## **I. DISCLOSURE AND TRANSPARENCY**

- 1) Ownership Structure **AS OF MAY 31, 2013:**

- (a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent <sup>9</sup>
PCD NOMINEE CORPORATION(NON-FILIPINO)	900,870,708	44.29%
PCD NOMINEE CORPORATION (FILIPINO)	452,714,426	22.26%
BRAVO INTERNATIONAL PORT	279,675,000	13.75%

<sup>9</sup> where new issued shares as of May 31, 2013 is 2,034,085,360

HOLDINGS, INC.		
RAZON INDUSTRIES, INC.	108,594,835	05.34%

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock <sup>10</sup>
Enrique K. Razon Jr.	69,047,012	1,609,038,045	61.38%
Fernando L. Gaspar	640,000	0	0.0234%
Christian R. Gonzalez	48,740	0	0.0018%
Rafael Jose Consing, Jr.	0	0	0
Vivien F. Miñana	165,925	0	0.0061%
Susan S. Domingo	7,130	0	0.0003%
Jose Manuel M. De Jesus	305,000	0	0.0112%
Brian Oakley	262,500	0	0.0096%
Jose Joel M. Sebastian	75,000	0	0.0027%
Earl Eric Nestor H. Ferrer	85,220	0	0.0031%

2) Does the Annual Report disclose the following:

Key risks	YES
Corporate objectives	YES
Financial performance indicators	YES
Non-financial performance indicators	YES
Dividend policy	YES
Details of whistle-blowing policy	See explanation below
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	YES
Training and/or continuing education programme attended by each director/commissioner	See explanation below
Number of board of directors/commissioners meetings held during the year	YES
Attendance details of each director/commissioner in respect of meetings held	YES
Details of remuneration of the CEO and each member of the board of directors/commissioners	YES

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

The Company has no formal whistle-blowing policy as of yet but employees are encouraged to have a free discussion with management during Labor Management Councils. A formal whistle – blowing policy, moving forward, shall be considered by the Board of Directors.

Trainings were not made part of the director's profiles in the past Annual Report but it shall be included in the succeeding years.

<sup>10</sup> where new issued shares as of May 31, 2013 is 2,034,085,360

### 3) External Auditor's fee

ICTSI paid its external auditors the following fees (in thousands) for the last three years for professional services rendered:

	2010	2011	2012
Audit Fees	US\$46 4.4	US\$41 6.1	US\$59 9.7
Tax Fees	7.7	—	7.8
Other Fees	288.1	209.8	344.4

Tax fees paid to SGV & Co. are for tax compliance and tax advisory services. In 2010, "Other fees" pertains to fees paid in relation to the issuance of comfort letter for the bond offerings in March and May 2010, training on PFRS updates and other agreed-upon procedures. In 2011, "Other fees" pertains to fees paid in relation to the issuance of comfort letter for the offering of subordinated perpetual capital securities in April, agreed-upon procedures and fees paid for seminars relating to taxes. In 2012, "Other fees" pertains to fees paid in relation to the issuance of comfort letter for tapping the subordinated perpetual capital securities issued in January and agreed-upon procedures.

The Audit Committee makes recommendations to the Board concerning the external auditors and pre-approves audit plans, scope and frequency before the conduct of the external audit. The Audit Committee reviews the nature of the non-audit related services rendered by the external auditors and the appropriate fees paid for these services.

The reappointment of SGV & Co. as the Company's external auditors was approved by the stockholders in a meeting held on April 19, 2012.

### 4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

- Print materials, such as:  
Annual Report;  
company newsletter/magazine;  
newspaper of general circulation  
Through press releases  
Through corporate disclosure with regulatory agencies
- Company website
- Email
- Face to face meetings with key investors and analysts
- Investment conferences arranged by banks/investment houses
- Site visits by stakeholders
- Quarterly Investor briefing conference calls

### 5) Date of release of audited financial report: March 11, 2013 (date of posting in the company website of the most recent AFS)

### 6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes (Operations tab)
Financial statements/reports (current and prior years)	Yes (under Financial News Release)

Materials provided in briefings to analysts and media	Yes (Investor Presentation tab under IR)
Shareholding structure	Yes (by uploading the disclosures i.e. Top 100 stockholders quarterly)
Group corporate structure	Yes, through the posted and downloadable Annual Report under Financial news Release and Operations tab
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes (via Disclosure tab)
Company's constitution (company's by-laws, memorandum and articles of association)	No

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

Company's constitution documents are already public documents, available at the Securities and Exchange Commission.

## 7) Disclosure of RPT

### Transactions with Related Parties

The table below summarizes transactions with related parties for the last three years, as disclosed in the accompanying consolidated financial statements:

			2010		2011		2012	
				Outstanding Receivable (Payable) Balance		Outstanding Receivable (Payable) Balance		Outstanding Receivable (Payable) Balance
Related Party	Relationship	Nature of Transaction	Amount		Amount		Amount	
(In Millions)								
<b>Parent Company</b>								
Achillion	Common shareholder	Issuance of Preferred B shares (see Note 14.1)	US\$0.20	US\$0.20	US\$–	US\$–	US\$–	US\$–
<b>YRDICTL</b>								
YPH	Minority shareholder	Port fees <sup>(i)</sup>	1.30	(0.10)	1.50	(0.10)	1.30	(0.10)
		Infusion of additional capital (see Note 14.4)	19.40	–	–	–	–	–
<b>Tecplata</b>								
Loginter <sup>(ii)</sup>	Minority shareholder	Infusion of additional capital (see Note 14.4)	4.70	–	5.50	–	–	–
<b>SCIPSI</b>								
Asian Terminals, Inc.	Minority shareholder	Management fees	0.10	–	0.10	–	0.10	–
<b>AGCT</b>								
Luka Rijeka	Minority shareholder	Provision of services <sup>(iii)</sup>	–	–	2.60	(0.20)	0.40	(0.01)
		Consulting services and rental income <sup>(iv)</sup>	–	–	0.03	0.03	0.01	0.01
		Sale of equipment <sup>(v)</sup>	–	–	0.02	–	–	–
<b>PICT</b>								
Premier Mercantile Services (Private) Limited	Common Shareholder	Stevedoring and storage charges	–	–	–	–	1.40	(0.20)
Pakistan International Bulk Limited	Common shareholder	Sale of vehicles	–	–	–	–	0.20	0.20
Premier Software (Private) Limited	Common shareholder	Software maintenance charges	–	–	–	–	0.01	–
Marine Services (Private) Limited, Portlink International (Private) Limited, and AMI Pakistan (Private) Limited	Common shareholder	Container handling revenue	–	–	–	–	0.03	–

- (i) YRDICTL is authorized under the Joint Venture Agreement to collect port charges levied on cargoes; port construction fees and facility security fee in accordance with government regulations (see 23.25). Port fees remitted by YRDICTL for YPG are presented as part of "Port authorities' share in gross revenues" in the consolidated statements of income. Outstanding payable to YPG related to these port charges presented under "Accounts payable and other current liabilities" account in the consolidated balance sheets.
- (ii) On October 19, 2011, Loginter transferred all its shares in Tecplata to Nuevos Puertos, a new company owned by the stockholders of Loginter, to facilitate Tecplata's compliance with local regulations, among others (see Note 14.4).
- (iii) AGCT has entered into agreements with Luka Rijeka, a minority shareholder, for the latter's provision of services such as equipment maintenance, power and fuel and supply of manpower, among others. Total expenses incurred by AGCT in relation to these agreements and recognized and presented in the consolidated income statement as part of Manpower costs, Equipment and facilities - related expenses and Administrative and other operating expenses amounted to US\$0.5 million (HRK2.7 million), US\$1.8 million (HRK9.6 million) and US\$0.3 million (HRK1.6 million), respectively, in 2011; and US\$13 thousand (HRK75 thousand), US\$0.4 million (HRK2.4 million) and nil, respectively, in 2012. Outstanding payable presented as part of Accounts payable and other current liabilities in the consolidated balance sheet as of December 31, 2011 and 2012 amounted to US\$0.2 million (HRK1.2 million) and US\$8 thousand (HRK47 thousand), respectively.
- (iv) AGCT has earned revenues from consulting services and rental income for providing space for general cargo to Luka Rijeka in 2011. Related revenues, recognized under "Other income" account in the consolidated statements of income amounted to US\$35 thousand (HRK0.2 million) and US\$48 thousand (HRK0.2 million) for the years ended December 31, 2011 and 2012, respectively, and related receivables recognized in the consolidated balance sheets amounted to US\$33 thousand (HRK0.2 million) and US\$6 thousand (HRK34 thousand) as of December 31, 2011 and 2012, respectively.
- (v) In 2011, AGCT sold equipment to Luka Rijeka resulting in a gain of US\$21 thousand (HRK0.1 million) recognized as part of "Other income" account in the 2011 consolidated statement of income (see Note 19.1).

The outstanding balance arising from these related party transactions are current and payable without the need for demand.

Aside from the transactions described above, ICTSI does not have any other transactions with its directors, executive officers, security holders or members of their immediate family.

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

Although, the Company does not have any other transactions with its directors, executive officers, security holders or members of their immediate family Director conflicts of interest, ICTSI ensures that if a director has an interest in a matter under consideration by the Board, then the Director should not participate in those discussions and the Board should follow any further appropriate processes. Individual directors are reminded through the Revised Manual on Corporate Governance that they should be conscious of shareholder and public perceptions and seek to avoid situations where there might be an appearance of a conflict of interest.

## J. RIGHTS OF STOCKHOLDERS

### 1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

#### (a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

<b>Quorum Required</b>	Section 5, Article I: At all meeting of stockholders, annual or special, other than meetings a quorum at which is fixed by law, in order to constitute a quorum there shall be present either in person or by proxy holders of record of a majority of the shares of the subscribed capital stock of the Corporation entitled to vote.
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#### (b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

<b>System Used</b>	System used is the one indicated in the By – laws and the Corporation Code
<b>Description</b>	The Company follows its By Laws and provisions of the Corporation Code relevant to the approval of corporate acts.  In the Company's By – Laws, it is stated that:

	<p><b>"ARTICLE III BOARD OF DIRECTORS</b></p> <p>Section 1. <u>The corporate powers, business and property of the Corporation shall be exercised, conducted and controlled by the Board of Directors elected annually at the regular meeting of the stockholders and by officers elected by the Board.</u> [As amended on 25 January 2007 by the Board of Directors and approved by the Stockholders on 19 April 2007].</p> <p>xxx</p> <p>Section 3. The Board of Directors shall hold regular meetings on the third week of each month at such time on such dates and at such places as the Board may prescribe, except that the organizational meeting of the Board of Directors shall be held immediately after the adjournment of the annual meeting of stockholders, and at such meeting the Board may elect and appoint officers of the Corporation. No notice shall be required for regular meetings of the Board.</p> <p>Section 4. Special meetings of the Board of Directors may be called by the Chairman or by the President. The Secretary shall call special meeting of the Board of Directors when requested in writing to do so by any four members thereof.</p> <p>xxx</p> <p>Section 6. At any meetings of the Board of Directors, regular or special, majority of the directors provided in this By-Laws shall continue a quorum for the transaction of the business."</p>
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(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights <b>not</b> in The Corporation Code
Pre-emptive rights	None

Dividends

Declaration Date	Record Date	Payment Date
(Most recent) April 18, 2013	May 6, 2013	May 21, 2013

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
Stockholders are encouraged to address or ask questions to the Chairman and President or any member of the Board. In fact, there is always an open forum every ASM.	Stockholders may directly address/communicate with the Board and Executive Officers for any concern.

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
  - a. Amendments to the company's constitution
  - b. Authorization of additional shares
  - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

The Company's policy is in accordance with the Corporation Code as well as applicable laws and regulations.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?
  - a. Date of sending out notices: (for the most recent ASM, as disclosed in the PSE and posted in the website) Feb. 25, 2013
  - b. Date of the Annual/Special Stockholders' Meeting: (for the most recent ASM) April 18, 2013

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

There is always an open forum in every ASM to allow questions and answers.

For the most recent ASM, a couple of stockholders expressed their appreciation for the good performance of ICTSI but there is no stockholder who asked a question or raised a concern to the Chairman or any member of the Board.

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Approval of Minutes of the Annual Meeting of Stockholders Held on April 19, 2012	Unanimous	None	None
Approval of the Annual Report	Unanimous	None	None
Approval of the Audited Financial Statements	Unanimous	None	None
Approval/Ratification of Acts, Contracts, Investments and Resolutions of the Board of Directors and Management Since the Last Annual Meeting	Unanimous	None	None
Election of the Board of Directors	Unanimous	None	None
Appointment of the External Auditor	Unanimous	None	None

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

Results are published on the same day as the ASM. For the most recent ASM, date of publication was



April 18, 2013.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
None	None

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	<p>Name of Director/s            Enrique K. Razon, Jr.            Joseph R. Higdon            Stephen A. Paradies            Jon Ramon Aboitiz            Octavio Victor R. Espiritu            Andres Soriano III            Jose C. Ibazeta</p> <p>Name of Officers            Martin O'Neil            Fernando L. Gaspar            Christian R. Gonzalez            Jose Joel M. Sebastian            Susan S. Domingo            Rafael D. Consing Jr</p>	April 18, 2013	A motion was made (which was approved with no objection from anyone) that since there were only 7 nominees for the 7 available seats, the corporate secretary be directed to cast the votes for the 7 nominees (except for the proxies with specific instructions), and they be declared duly elected.	.17%	81.25%	81.42%
Special	None	N/A	N/A	N/A	N/A	N/A

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Yes.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes, common shares carry "one share one vote". Only common shares have voting rights. Preferred A

and B have no voting rights.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
<p>Execution and acceptance of proxies</p> <p>Notary</p> <p>Submission of Proxy</p> <p>Several Proxies</p> <p>Validity of Proxy</p> <p>Proxies executed abroad</p> <p>Invalidated Proxy</p> <p>Validation of Proxy</p> <p>Violation of Proxy</p>	<p>Proxy submission (to the Corporate Secretary) shall not be later than 10 days prior to date of stockholders' meeting (SEC Memorandum Circular No. 5, series of 1996)</p> <p>The deadline of proxy submission is indicated in the notice and agenda (Notice and Agenda must be submitted to PSE at least ten (10) trading days prior to the record date fixed by ICTSI (Section 7 of the 2003 PSE Disclosure Rules).</p> <ul style="list-style-type: none"> <li>- For ASM 2013, deadline of submission for shareholders under PCD was last March 27, 2013</li> <li>- Shares lodged under PCD should secure a certification from their respective brokers.</li> </ul> <p>Proxy validation should not be less than 5 days prior to annual stockholders' meeting (SEC Memorandum Circular No. 5, series of 1996)</p> <p>The Corporate Secretary and the transfer agent (STSI) validate the proxies received.</p> <ul style="list-style-type: none"> <li>- Proxy validation was held at the Executive Lounge, 4F ICTSI Admin. Bldg.</li> </ul> <p>It is ICTSI's policy that:</p> <p>The Board promotes shareholder rights in accordance with law, remove impediments to the exercise of shareholders rights. The exercise of shareholders' voting rights and solution of collective act on problems through appropriate mechanisms are encouraged in accordance with applicable law.</p> <p>Excessive and other administrative or practical impediments to shareholders participation in meetings and/or voting in person are removed.</p>

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
<p>ICTSI By-laws states that notice of annual meeting of stockholders shall be sent at least 10 days before meeting date.</p> <p>Distribution of Definitive Information Statement together with all other soliciting materials to all</p>	<p>The SEC Form 20-IS or DIS and the audited FS are in CD format while the notice and agenda is in hard copy. These are sent via courier. In the printed notice, it states that a stockholder can request, free of charge, for a hardcopy through written request addressed to the Corporate</p>

stockholders of record date must at least be fifteen (15) business days prior to the scheduled date of the stockholders' meeting (SRC Rule 20(4)(f) / SRC Rule 17.1(b)(3)(b)).	Secretary and send via email or fax.
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(i) Definitive Information Statements and Management Report

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	1,549 stockholders as of record date March 11, 2013
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	March 25, 2013 (sent to brokers)
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	March 25, 2013
<b>State whether CD format or hard copies were distributed</b>	CD format with 1 hard copy of the notice and agenda of the meeting
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	Yes, stockholders, who prefer hardcopies, were able to request for the same.

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	<b>Yes</b>
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes (part of the Information statement)
The auditors to be appointed or re-appointed.	Yes (part of the Information Statement)
An explanation of the dividend policy, if any dividend is to be declared.	Yes (part of the Information Statement)
The amount payable for final dividends.	No, actual amount is revealed during the ASM
Documents required for proxy vote.	Yes, there is an instruction regarding Proxies stated in the Notice

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

The final amount of the dividends is determined and approved by the Board of Directors during their meeting immediately preceding the ASM.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
The Company respects and values its minority shareholders.	The Company recognizes cumulative voting.

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes.

**K. INVESTORS RELATIONS PROGRAM**

- 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

Major company announcements are reviewed by the Investor Relations Office and Corporate Legal Department. The approval would depend in the nature of the announcement.

- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	The objective of ICTSI's investor relations program is to build understanding and relationships of trust with financial media, analysts and shareholders, increase transparency and to achieve an appropriate valuation of ICTSI's stock and liabilities in the capital market
(2) Principles	We work toward our objectives through continuous, open and targeted dialog with all capital market participants. With regard to capital market professionals, the focus is on fund managers, investment fund, pension fund and insurance analysts, as well as banks/brokers and their sales and research teams. Naturally we also maintain contacts with our private investors.
(3) Modes of Communications	<p>The company communicates through various methods:</p> <p>Company announcements</p> <ul style="list-style-type: none"> <li>Through press releases</li> <li>Through corporate disclosure with regulatory agencies</li> </ul> <p>Meetings</p> <ul style="list-style-type: none"> <li>Face to face meetings with key investors and analysts</li> <li>Investment conferences arranged by banks/investment houses</li> <li>Site visits by stakeholders</li> <li>Quarterly Investor briefing conference calls</li> </ul> <p>Company website</p> <ul style="list-style-type: none"> <li>Updated archive of historical financial and operational information</li> <li>Uploading of major company announcements</li> </ul>
(4) Investors Relations Officer	<p><b>Arthur R. Tabuena</b>  Finance Manager – Investor Relations Head  Corporate Services Group  3/F ICTSI Administration Building  Manila International Container Terminal</p>

	MICT South Access Road 1012 Manila, Philippines Telephone: 632 / 245 2255 Facsimile: 632 / 247 8035 Email: atabuena@ictsi.com
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- 3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

Extraordinary transactions such as capital market transactions, mergers, and sales of substantial portions of corporate assets are elevated to the Board for their approval.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

The independent party appointed by the board of directors of the company to evaluate the fairness of the transaction price may vary per transaction. For instance, the most recent sale of treasury shares in May 2013 was evaluated by UBS and CLSA Limited and UBS AG while the issuance of the first series of US\$ Senior Unsecured Notes under the ICTSI US\$750 Million Medium Term Note Programme in January 2013 was managed by The Hongkong and Shanghai Banking Corporation Limited and UBS AG, Hong Kong Branch.

#### L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

	Initiatives	Beneficiaries
1.	Education	1. Manila
		<p>a. Project AIDE (Assistance to Improve Daycare Education)</p> <p>Beneficiaries:            9 daycare teacher-workers in Parola and Isla Puting Bato, Barangay 20, Tondo, Manila; 115 daycare teachers under Manila Department of Social Welfare, District 1 and 9,056 pupils under the 115 daycare centers in Manila District 1</p> <p>Description: This covered the following elements:</p> <ul style="list-style-type: none"> <li>Sponsorship for a 2-year-Certificate Course on Introduction to Early Childhood Education at Growth, Upgrading Resource Office (GURO), Miriam College, for 9 daycare teacher-workers in Parola and Isla Puting Bato</li> <li>Engagement of Miriam College's GURO for the development and production of a Resource Book for the 115 Daycare teacher-workers under Manila Department of Social Welfare, District 1 and the corresponding training</li> </ul> <p>b. Lusog Dunong Year 3 (Supplementary Feeding Program)</p> <p>Beneficiaries: 1,808 children from 10 daycare centers and 2 annexes of Rosauo Almario Elementary School in Parola and Isla PutingBato</p> <p>Description: This covered the following elements:</p> <ul style="list-style-type: none"> <li>Collaboration with Manila Department of Social Welfare, Manila Health Department, Philippine Business for Social Progress for project implementation</li> <li>Seminar on personal hygiene and proper preparation of food for parent-teacher-association members</li> </ul>

	Initiatives	Beneficiaries
		<ul style="list-style-type: none"> <li>• Deworming of feeding beneficiaries</li> <li>• 6-month-supplementary feeding for 1,808 pupils</li> </ul> <p>c. TEACH Program (<u>T</u>eachers <u>E</u>mpowerment <u>A</u>nd <u>C</u>apability <u>H</u>oning)</p> <p>Beneficiaries: 522 public school teachers from Rosauro Almario Elementary School, Raja Soliman Science and Technology High School, Tondo High School and Dr. Juan G. Nolasco High School.</p> <p>Description: The first among the capacity-building trainings for public school teachers under this project is the Personal Finance Literacy for public school teachers. This was specifically requested by Dra. Narcisa S. Sta Ana, of DepEd Manila, to address issues where due to mismanagement of personal finances, some public school teachers resort to the prohibited selling of merchandises to pupils, too much debts, etc. Trainer engaged for this training is Mr. Armand Bengco from Colayco Foundation, Inc.</p> <p>d. Scholarship</p> <p>Beneficiaries: Fifty (50) 2<sup>nd</sup> year high school students in Raja Soliman High School and Tondo High School</p> <p>Description: Fund provision for Daily Allowances (Meals and Transportation), Uniforms, Shoes, Socks, School Supplies, Authorized Fees, Books and other miscellaneous expenses.</p>
		<p>2. Davao</p> <p>a. Support to DepEd's ALS Program (Alternative Learning System)</p> <p>Beneficiaries: 289 out of school youth</p> <p>Description: Provision of allowance/honorarium for two (2) teachers undertaking classes and livelihood sessions for out-of-school-youth. The coordinator for this project is Mr. Ricardo G. Bohol of F. Bangoy Elementary School, Davao City.</p> <p>b. My Reading Nook Project</p> <p>Beneficiaries: 31 daycare pupils</p> <p>Description: provision of reading materials</p> <p>c. Science Educational Assistance</p> <p>Beneficiaries: 100 lowest-performing public schools in Davao with 36,509 pupils</p> <p>Description: Responding to the request of DepEd-Davao, ICTSI-FI sponsored the production of 1,400 pieces of science educational tarpaulins that will be used by the identified 100 lowest-performing public schools in Davao, some of which are located in far-flung areas.</p> <p>d. Medical and Dental mission</p> <p>Beneficiaries: 115 pupils in Nam Nam Primary School</p> <p>Description: Responding to the request of DepEd-Davao to reach out to the Ayta school-children in Barangay Nam Nam, Marilog District, Davao,</p>

	Initiatives	Beneficiaries
		<p>ICTSI-FI provided personal hygiene packs and supported the conduct of lectures on proper brushing of teeth as well as the use of anti-lice-medicine.</p> <p>e. Scholarship</p> <p>Beneficiaries: Ten (10) 2<sup>nd</sup> year high school students in Davao City National High School and F. Bangoy National High School</p> <p>Description: Fund provision for Daily Allowances (Meals and Transportation), Uniforms, Shoes, Socks, School Supplies, Authorized Fees, Books and other miscellaneous expenses.</p> <p>f. Project AIDE (Assistance to Improve Daycare Education)</p> <p>Beneficiaries: children of PDRHAI, Barangay Sasa, Davao City</p> <p>Description: Construction of one (1) daycare center</p>
		<p>3. Olongapo</p> <p>a. Project AIDE (Assistance to Improve Daycare Education)</p> <p>Beneficiaries: 8 day care teachers and 402 day care students</p> <p>Description: Provision of books for 8 daycare centers in Brgy, Kalalake and Brgy. Gordon Heights in Olongapo City</p> <p>b. Educational Assistance to Special Kids Year 2</p> <p>Beneficiaries: 11 hearing impaired students; 3 autistic children; 15 intellectually-challenged; 1 low vision and; 2 sped teachers</p> <p>Description: Provision of educational materials for the use of SPED pupils (vision-impaired, hearing-impaired, mentally-challenged) at Old Cabalan Elementary School.</p> <p>c. My Reading Nook</p> <p>Beneficiaries: 138 kinder students; 1,485 grades -6; and 36 regular teachers</p> <p>Description: Provision of books requested by and for Kalalake Elementary School, Olongapo City</p> <p>d. Scholarship</p> <p>Beneficiaries: Ten (10) 2<sup>nd</sup> year high school students in Olongapo City National High School</p> <p>Description: Fund provision for Daily Allowances (Meals and Transportation), Uniforms, Shoes, Socks, School Supplies, Authorized Fees, Books and other miscellaneous expenses.</p>
		<p>4. Misamis Oriental</p> <p>a. My Computer Nook</p>

	Initiatives	Beneficiaries
		<p>Beneficiaries: 500 3<sup>rd</sup> and 4<sup>th</sup> year students in Tagoloan National High School.</p> <p>Description: Provision of computer laboratory with 16 brand new computer sets</p> <p>b. Scholarship</p> <p>Beneficiaries: Ten (10) 2<sup>nd</sup> year high school students in Tagoloan National High School and Misamis Oriental General Comprehensive High School</p> <p>Description: Fund provision for Daily Allowances (Meals and Transportation), Uniforms, Shoes, Socks, School Supplies, Authorized Fees, Books and other miscellaneous expenses.</p>
		<p>5. General Santos City</p> <p>a. Project AIDE (<u>A</u>ssistance to <u>I</u>mprove <u>D</u>aycare <u>E</u>ducation)</p> <p>Beneficiaries: 17 daycare centers in Labangal, General Santos City with a total of 500 students</p> <p>Description: Provision of 17 sets of reading and educational materials</p> <p>b. My Reading Nook</p> <p>Beneficiaries: 338 kindergarten pupils of Saavedra Saway Central Elementary School</p> <p>Description: Provision of books</p> <p>c. Scholarship</p> <p>Beneficiaries: Ten (10) 2<sup>nd</sup> year high school students in Labangal National High School and General Santos City High School</p> <p>Description: Fund provision for Daily Allowances (Meals and Transportation), Uniforms, Shoes, Socks, School Supplies, Authorized Fees, Books and other miscellaneous expenses.</p> <p>d. Other Forms of Educational Assistance</p> <p>Beneficiaries: 1,404 students of Labangal Elementary School</p> <p>Description: Provision of Riso machine for the reproduction of lecture notes and examination papers of students</p>
		<p>6. Bauan, Batangas</p> <p>a. Science Laboratory Project</p> <p>Beneficiaries: 334 pupils in San Andres Elementary School</p> <p>Description: In response to San Andres Elementary School to help them upgrade their science subject in line with DepEd's K-12 Program, ICTSI-FI sponsored the provision of science laboratory with 4</p>



	Initiatives	Beneficiaries
		<p>compound/binocular and 5 dissecting microscopes, as well as, visual aids, and other science laboratory materials and equipment.</p> <p>b. Scholarship</p> <p>Beneficiaries: Ten (10) 2<sup>nd</sup> year high school students in Bauan Technical High School</p> <p>Description: Fund provision for Daily Allowances (Meals and Transportation), Uniforms, Shoes, Socks, School Supplies, Authorized Fees, Books and other miscellaneous expenses.</p>
2.	Community Welfare Assistance	<p>1. Alay Gabay Kay Nanay</p> <p>Beneficiaries: 1,163 parents of the supplementary feeding program in Manila</p> <p>Description: This seminar covered responsible parenthood, nutrition, maternal health and child care, household finance management</p> <p>2. Kaalamang Kabuhayan sa Pantalan</p> <p>Beneficiaries: 182 members of L.I.M (Lakas ng Inang Manilenyo); 26 DSWD 4Ps mothers (Manila); 39 parents (Misamis Oriental)</p> <p>Description: Provision of livelihood seminars</p> <p>3. Medical Mission</p> <p>Beneficiaries: 102 Aytas in Sitio Namnam, Davao City; 34 residents in Brgy. San Andres I, Bauan, Batangas; 179 dental and 238 medical patients in Brgy. Kalalake; 106 dental and 296 medical patients in Brgy. Gordon Heights, Olongapo City.</p> <p>4. Relief Operations</p> <p>Beneficiaries: 1,350 fire victim in Isla Puting Bato, Manila; 35,299 Typhoon Pablo victims in Davao</p>
3.	Sports Development Assistance	<p>Beneficiaries: 24 students in Rosauro Almario Elementary School (Manila) and 81 students Tagoloan National High School (Misamis Oriental)</p> <p>Description: Provision of the following Taekwondo equipment and gears: body armor, head gear, arm/shin guard, taekwondo uniforms, punching bag, kickpad SR, kick shield, gum shield, and, hand gloves.</p>
4.	Christmas Outreach Projects	<p>1. Christmas party (meals and toys) for 1,808 feeding program beneficiaries</p> <p>2. Fifty (50) mattresses for cancer-stricken kids in Tahan-Tahanan, East Avenue Medical Center, Quezon City</p> <p>3. Hygiene supplies for 250 sexually abused kids at DSWD-Marillac Hills, Alabang</p> <p>4. Hygiene supplies for visitor-less 350 female and 1,750 male inmates at Manila City Jail</p>

### Other CSR Initiatives of the Parent Company through fund support to other NGOs

	NGOs	Beneficiaries
1.	Operation Smile	Children with cleft palate
2.	AGGAP	Construction of one (1) 2-room- Kindergarten building at Saludin Anas Elementary School, General Santos City (completed in 2012) and another similar project in Quezon (for completion in 2013)
3.	Kalipay Negrense Foundation	Sexually/Physically abused, abandoned children in Bacolod City

### II. Planned Projects/Activities (year 2013)

	Initiatives	Beneficiaries
1.	Education	<p>1. Manila</p> <p>a. Scholarship</p> <p>Beneficiaries: Fifty (50) 3<sup>rd</sup> year high school students in Raja Soliman Science and Technology High School</p> <p>Description: Fund provision for Daily Allowances (Meals and Transportation), Uniforms, Shoes, Socks, School Supplies, Authorized Fees, Books and other miscellaneous expenses.</p> <p>b. Project AIDE (<u>A</u>ssistance to <u>I</u>mprove <u>D</u>aycare <u>E</u>ducation)</p> <p>Beneficiaries: 10 daycare teacher-workers in Parola and Isla Puting Bato, Barangay 20, Tondo, Manila</p> <p>Description: This shall cover the following:</p> <ul style="list-style-type: none"> <li>• Conduct of workshops to standardize the lesson plans among the 10 daycare centers in Parola and Isla Puting Bato.</li> <li>• Conduct of Quarterly culminating activities that showcases the topics and values learned</li> </ul>
		<p>2. Davao</p> <p>a. Scholarship</p> <p>Beneficiaries:</p> <ul style="list-style-type: none"> <li>• Five (5) 3<sup>rd</sup> year high school students in Davao City National High School</li> <li>• Five (5) 3<sup>rd</sup> year high school students in F. Bangoy National High School</li> </ul> <p>Description: Fund provision for Daily Allowances (Meals and Transportation), Uniforms, Shoes, Socks, School Supplies, Authorized Fees, Books and other miscellaneous expenses.</p> <p>b. Technology and Livelihood Education (TLE) Assistance</p> <p>Beneficiary: F. Bangoy National High School</p> <p>Description: Provision of Equipment and materials for the Food and Beverage course.</p> <p>c. Support to DepEd's ALS Program (Alternative Learning System)</p>

	Initiatives	Beneficiaries
		<p>Beneficiaries: out of school youth</p> <p>Description: Provision of allowance/honorarium for two (2) teachers undertaking classes and livelihood sessions for out-of-school-youth. The coordinator for this project is Mr. Ricardo G. Bohol of F. Bangoy Elementary School, Davao City.</p> <p>d. Information and Communication Technology (ICT) Training for Public School Teachers</p> <p>Beneficiaries: 80 public school teachers from F. Bangoy Central Elementary School, Sasa Elementary School, Cornelio C. Reta Sr. Elementary School and F. Bangoy National High School.</p> <p>Description: Conduct of 2-day ICT integration training to upgrade the teaching skills and methods of public school teachers.</p>
		<p>3. Olongapo</p> <p>a. Scholarship</p> <p>Beneficiaries: Ten (10) 3<sup>rd</sup> year high school students in Olongapo City National High School</p> <p>Description: Fund provision for Daily Allowances (Meals and Transportation), Uniforms, Shoes, Socks, School Supplies, Authorized Fees, Books and other miscellaneous expenses.</p> <p>b. My Reading Nook</p> <p>Beneficiaries: students of Tapinac Elementary School</p> <p>Description: Provision of story and educational books.</p> <p>c. Information and Communication Technology (ICT) Training for Public School Teachers</p> <p>Beneficiaries: 40 public school teachers from New Kalalake Elementary School and New Kalalake High School.</p> <p>Description: Conduct of 2-day ICT integration training to upgrade the teaching skills and methods of public school teachers.</p>
		<p>4. Misamis Oriental</p> <p>a. Scholarship</p> <p>Beneficiaries:</p> <ul style="list-style-type: none"> <li>Five (5) 3<sup>rd</sup> year high school students in Misamis Oriental General Comprehensive High School</li> <li>Five (5) 3<sup>rd</sup> year high school students in Tagoloan National High School</li> </ul> <p>Description: Fund provision for Daily Allowances (Meals and Transportation), Uniforms, Shoes, Socks, School Supplies, Authorized Fees, Books and other miscellaneous expenses.</p> <p>b. Information and Communication Technology (ICT) Training for Public</p>

	Initiatives	Beneficiaries
		<p>School Teachers</p> <p>Beneficiaries: 80 public school teachers from Gracia Elementary School and Tagoloan National High School.</p> <p>Description: Conduct of 2-day ICT integration training to upgrade the teaching skills and methods of public school teachers.</p> <p>c. My Reading Nook</p> <p>Beneficiaries: students of Casinglot Elementary School</p> <p>Description: Provision of story and educational books</p>
		<p>5. General Santos</p> <p>a. Scholarship</p> <p>Beneficiaries:</p> <ul style="list-style-type: none"> <li>Five (5) 3<sup>rd</sup> year high school students in General Santos City High School</li> <li>Five (5) 3<sup>rd</sup> year high school students in Labangal National High School</li> </ul> <p>Description: Fund provision for Daily Allowances (Meals and Transportation), Uniforms, Shoes, Socks, School Supplies, Authorized Fees, Books and other miscellaneous expenses.</p> <p>b. My Reading Nook</p> <p>Beneficiaries: students from Saludin Anas Elementary School, P. Kindat Elementary School, Balunto Elementary School, Labangal Elementary School</p> <p>Description: Provision of story and educational books</p> <p>c. Information and Communication Technology (ICT) Training for Public School Teachers</p> <p>Beneficiaries: 80 public school teachers from Saludin Anas Elementary School, Saavedra Saway Central Elementary School, Labangal Elementary School and Labangal High School.</p> <p>Description: Conduct of 2-day ICT integration training to upgrade the teaching skills and methods of public school teachers.</p> <p>d. Other Forms of Educational Assistance</p> <p>Beneficiaries: students from Saludin Anas Elementary School, Balunto Elementary School, P. Kindat Elementary School and Labangal National High School</p> <p>Description: Provision of Riso machine for the reproduction of lecture notes and examination papers of students. The Riso Machine will be lodged at the Division office.</p>
		<p>6. Bauan, Batangas</p>

	Initiatives	Beneficiaries
		<p>a. Scholarship</p> <p>Beneficiaries: Ten (10) 3<sup>rd</sup> year high school students in Bauan Technical High School</p> <p>Description: Fund provision for Daily Allowances (Meals and Transportation), Uniforms, Shoes, Socks, School Supplies, Authorized Fees, Books and other miscellaneous expenses.</p> <p>b. Information and Communication Technology (ICT) Training for Public School Teachers</p> <p>Beneficiaries: 80 public school teachers from San Andres Elementary School and Bauan Technical High School.</p> <p>Description: Conduct of 2-day ICT integration training to upgrade the teaching skills and methods of public school teachers.</p> <p>c. TLE Assistance</p> <p>Beneficiaries: 300 2<sup>nd</sup> year to 4<sup>th</sup> year students of Bauan Technical High School</p> <p>Description: Provision of 3 welding machines and safety gears.</p>
2.	Community Welfare Assistance	<p>1. Parola Solid Waste Management Program</p> <p>Beneficiaries: Residents of Barangay 20, Tondo and Barangay 275, Binondo</p> <p>Description: This project shall cover intensive information, education and communication initiatives to bring about positive behaviour change on proper solid waste disposal among the residents of the 2 barangays. Other components of this program are community organization, livelihood generation out of garbage treatment, improvement of health and environmental protection.</p> <p>2. Kaalamang Kabuhayan sa Pantalan</p> <p>Beneficiaries: Residents of Barangay 20, and 275 (Manila) Residents of Barangay Sasa belonging to the 4PS program of DSWD as identified by DSWD Davao (Davao City)</p> <p>Description: Assistance for the provision of livelihood seminars.</p> <p>3. Medical Mission</p> <p>Beneficiaries: 100 Residents of Barangays 20 and 275 in Manila; 100 residents insane Roque, Bauan, Batangas; 100 residents in New Kalalake, Olongapo</p> <p>4. Assistance for Bauan Health Center</p> <p>Beneficiaries: 50,275 residents of Bauan, Batangas</p>

	Initiatives	Beneficiaries
		Description: Provision of Olympus LED Binocular Microscope for analyzing various illnesses like tuberculosis.
3.	Sports Development Assistance	<p>1. Beneficiaries: 240 Taekwondo Students of Tagoloan National High School</p> <p>Description: Repair of the school's Taekwondo Room</p> <p>2. Beneficiaries: 54 football players of Tuloy Foundation</p> <p>Description: Provision of uniforms, shoes, socks and logistics for participation in the May 2013 Coca Cola Football Competition</p> <p>3. Beneficiaries: DepEd</p> <p>Description: Assistance to DepEd participation in the 2013 Asian School Sports Competition</p>

#### M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
<b>Board of Directors</b>		
<b>Board Committees</b>	There is an annual performance self-evaluation by the Audit Committee (AC) as provided in the AC Charter.	The AC performance evaluation is based on its performance of its responsibilities listed in the AC Charter. A quantitative rating of 1 to 10 is used and qualitative description of each rating such as poor, satisfactory, very satisfactory and outstanding is provided.
<b>Individual Directors</b>	Based on the Revised Manual on Corporate Governance, the Board may establish an <u>internal self rating and</u> evaluation system.	In accordance with the Revised Manual on Corporate Governance
<b>CEO/President</b>	Based on the Revised Manual on Corporate Governance, the Board may establish an <u>internal self rating and</u> evaluation system.	In accordance with the Revised Manual on Corporate Governance

#### N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
The Board may establish an <u>internal self-rating and</u> evaluation system to determine and measure compliance with this Manual.	The Board may provide for sanctions for willful breach of the Manual on Corporate Governance depending on gravity of the violation, and the relative importance and practicality of the provision violated.

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Manila on \_\_\_\_\_, 2013.

JUN 28 2013

ENRIQUE K. RAZON, JR.  
Chairman and President

SIGNATURES

OCTAVIO VICTOR R. ESPIRITU  
Independent Director

JOSEPH R. HIGDON  
Independent Director

SUSAN S. DOMINGO  
Compliance Officer

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of JUN 28 2013 20\_\_\_\_, affiant(s) exhibiting to me their \_\_\_\_\_, as follows:

NAME/NO.  
Enrique K. Razon, Jr.  
Octavio Victor R. Espiritu  
Joseph R. Higdon  
Susan S. Domingo

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RAFAEL T. DURIAN

Notary Public until December 31, 2014

Roll No. 13080

IBP No. 905751, Manila 1, November 14, 2012

PTR. No. 1397694, Manila, January 2, 2013

MCLE Compliance No. III-0011941, April 13, 2010