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SEC Registration Number

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(Company's Full Name)

M	I	C	T		S	O	U	T	H		A	C	C	E	S	S		R	O	A	D		M	A	N	I	L	A		
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(Business Address: No. Street City/Town/Province)

**Atty. Benjamin M. Gorospe III**

(Contact Person)

**245-4101**

(Company Telephone Number)

## Update in Annual Corporate Governance Report

1	2
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Month Day  
(Fiscal Year)

3	1
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N/A

(Secondary License Type, If Applicable)

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Total No. of Stockholders

**3<sup>rd</sup> Thursday of April**

Month Day  
(Annual Meeting)

N/A

Amended Articles Number/Section

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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STAMPS

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January 5, 2017

**Director Justina F. Callangan**  
Corporate Governance and Finance Department (CGFD)  
SECURITIES AND EXCHANGE COMMISSION  
SEC Building, EDSA, Greenhills, Mandaluyong City

Dear **Director Callangan**,

Pursuant to paragraph 4 of SEC Memorandum Circular 1 – 2014 on the Guidelines for Changes and Updates on the Annual Corporate Governance Report (ACGR), we write this letter of advisement regarding INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. (ICTSI)'s ACGR. We are updating the portion pertaining to the Attendance of Directors in 2016.

Attached herewith is page 48 of Annual Corporate Governance Report reflecting attendance for 2016 board meetings.

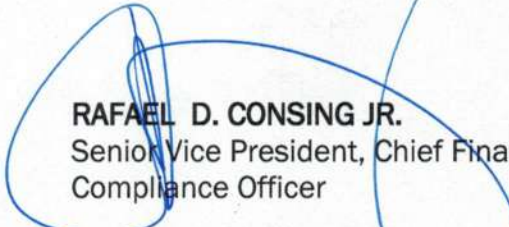
We trust that you find everything in order. Thank you.

Very truly yours,

**INTERNATIONAL CONTAINER TERMINAL SERVICES,  
INC. (ICTSI)**

By:

  
**ATTY. BENJAMIN M. GOROSPE III**  
Assistant Corporate Secretary

  
**RAFAEL D. CONSING JR.**  
Senior Vice President, Chief Financial Officer and  
Compliance Officer



**C. BOARD MEETINGS & ATTENDANCE**


**2.) Attendance of Directors in 2016:**

Board	Name	Date of Election <sup>1</sup>	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Enrique K. Razon Jr.	April 21, 2016	24	24	100
Member	Jon Ramon Aboitiz	April 21, 2016	24	24	100
Member	Jose C. Ibazeta	April 21, 2016	24	24	100
Member	Stephen A. Paradies	April 21, 2016	24	24	100
Member	Andres Soriano III	April 21, 2016	24	24	100
Independent	Octavio Victor R. Espiritu	April 21, 2016	24	24	100
Independent	Joseph R. Higdon	April 21, 2016	24	24	100

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – AGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year 2015 
2. Exact Name of Registrant as Specified in its Charter: International Container Terminal Services, Inc.
3. ICTSI Administration Building, Manila International Container Terminal (MCT)  
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
5. BIR Tax Identification Number: 000-323-228
6. (+632) 2454101  
Issuer's Telephone number, including area code
7. ....  
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	December, 1987	21 April 2016	ASM	29
JON RAMON ABOITIZ	NED	N/A	Stockholder	April, 2008	21 April 2016	ASM	8
OCTAVIO VICTOR R. ESPIRITU	ID	N/A	Stockholder; No relation	April, 2002	21 April 2016	ASM	14
JOSEPH R. HIGDON	ID	N/A	Stockholder; No relation	April, 2007	21 April 2016	ASM	9
JOSE C. IBAZETA	NED	N/A	Stockholder	December, 1987	21 April 2016	ASM	29
STEPHEN A. PARADIES	NED	N/A	Stockholder	December, 1987	21 April 2016	ASM	29
ANDRES SORIANO III	NED	N/A	Stockholder	July, 1992	21 April 2016	ASM	24

*Enrique K. Razon, Jr., age 56, Filipino*

Mr. Razon has been a Director of International Container Terminal Services, Inc. (ICTSI)\* since *December 1987* and has been its Chairman since 1995.

Concurrently, Mr. Razon is the Chairman and the President of ICTSI\*, ICTSI Warehousing, Inc., ICTSI Foundation, Inc., Razon Industries, Inc., Bloomberry Resorts Corporation\*, Prime Metroline Holdings Inc., Quasar Holdings Inc., Falcon Investco Holdings Inc., Achillion Holdings Inc., Collingwood Investment Company Ltd., Bravo International Port Holdings Inc. and Provident Management Group, Inc.; the CEO and the Chairman of Bloomberry Resorts and Hotels, Inc.; the Chairman of Sureste Realty Corp., Monte Oro Resources and Energy, Inc. and Pilipinas Golf Tournament Inc.; a Director B of ICTSI Capital B.V.; and a Director of Surestre Properties, Inc., ICTSI (Hongkong) Ltd., Australian Container Terminals Ltd., Pentland International Holdings Ltd., CLSA Exchange Capital, Xcell Property Ventures, Inc. and Asian Tour.

Mr. Razon is a member of the American Management Association, the Management Association of the Philippines, the US Philippines Society, and the ASEAN Business Club, Philippines, Inc.

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

Mr. Razon received his Bachelor of Science degree, major in Business Administration, from the De La Salle University in 1980.

*\*Publicly-listed Corporation*

***Jon Ramon Aboitiz, age 67, Filipino***

Mr. Aboitiz has been a Director of ICTSI\* since *April 2008* and was appointed as a Member of the ICTSI Audit Committee in April 2010.

Mr. Aboitiz is also the Chairman of Aboitiz & Co., Inc., and Aboitiz Equity Ventures, Inc.\*, an investment and Management enterprise, engaged in numerous and diverse business concerns ranging from power generation and distribution, banking and financial services, real estate development, construction, food, ship building and cement. He became the President of Aboitiz & Company in 1991 until 2008. He was President and CEO of Aboitiz Equity Ventures\* from 1993-2008.

Presently, he holds various positions in the Aboitiz Group including Vice Chairman of Aboitiz Power Corp.\*, Vice Chairman of Union Bank of the Philippines\* and Chairman of the Bank's Committees namely: Executive Committee; and Risk Management Committee; as well as Vice Chairman Compensation and Remuneration Committee. Mr. Aboitiz is a Director of ICTSI\* and is a member of its Audit Committee. He is also a Director of Bloomberry Resorts Corporation\* and the Chairman of its Audit Committee. He is Vice President and trustee of the Ramon Aboitiz Foundation, a trustee and a member of the Executive Committee of the Philippine Business for Social Progress and a member of the Board of Advisors of the Coca-Cola Export Corporation (Philippines).

Mr. Aboitiz began his career with the Aboitiz Group in 1970, right after graduating from the Sta. Clara University, California, with a degree of B.S. Commerce major in Management.

*\*Publicly-listed Corporation*

***Octavio Victor R. Espiritu, age 72, Filipino***

Mr. Espiritu has been an Independent Director of ICTSI\* since *April 2002* and has served as the Chairman of the Audit Committee, and a member of the Nomination Committee of ICTSI since February 2011 and also Chairman of Risk Management Committee since April 2015. He is also the Chairman of GANESP Ventures, Inc. and a Director of Bank of the Philippine Islands\*, Philippine Dealing System Holdings Corp. and Subsidiaries, and Phil Stratbase Consultancy Inc.

Mr. Espiritu was a three (3)-term former President of the Bankers Association of the Philippines, a former President and CEO of Far East Bank and Trust Company and the Chairman of the Board of Trustees of the Ateneo de Manila University for fourteen (14) years.

Mr. Espiritu received his primary, secondary and college education from the Ateneo de Manila University where he obtained his AB Economics degree in 1963. In 1966, at the age of 22, he received his Master's Degree in Economics from Georgetown University in Washington DC, USA.

*\*Publicly-listed Corporation*

***Joseph R. Higdon, age 74, American***

Mr. Higdon has been an Independent Director of ICTSI\* since *April 2007*. He is also an Independent Director of SM Investments Corporation\*, Security Bank Corporation\* and The Island Institute, a non-profit organization seeking to preserve island communities along the coast of Maine and Trekkers, a community based mentoring organization.

Mr. Higdon was the Senior Vice President of Capital Research and Management, a Los Angeles (USA)-based international investment management firm, until June 2006. He joined Capital Research and Management in 1974 and has covered Philippine stocks from 1989 to 2006. He was the Vice President of the New World Fund,



which focused on companies doing business in emerging countries and was a Director of Capital Strategy Research.

Mr. Higdon received his Bachelor of Science degree, major in Political Science, from the University of Tennessee in 1968.

*\*Publicly-listed Corporation*

***Jose C. Ibazeta, age 73, Filipino***

Mr. Ibazeta has been a Director of ICTSI\* since *December 1987*. In 2009, he was named a Trustee and the Vice President of ICTSI Foundation, Inc. He was a member of ICTSI's Audit Committee until April 2010 and a member of ICTSI's Nomination Committee since February 2011. He also served as ICTSI's Treasurer until February 2007, when he was appointed as the President of the Power Sector Assets and Liabilities Management Corporation (PSALM) by the President of the Republic of the Philippines. He served as PSALM President and CEO from March 1, 2007 to March 30, 2010. In April 2010, he declined his nomination to be a Director of ICTSI by reason of his appointment as the Acting Secretary of the Department of Energy, a position he held from April 1, 2010 until June 30, 2010. He was reinstated as a Director of ICTSI in August 2010.

Mr. Ibazeta is a Consultant to the Chairman and a Director of A. Soriano Corp.\* He is likewise a Director of ICTSI Ltd., Anscor Consolidated Corp., Anscor Property Holdings, Inc., Island Aviation, Inc., Minuet Realty Corp., Anscor Land, Inc., Phelps Dodge Philippine Energy Products Corp., Newco, Inc., Seven Seas Resorts and Leisure, Inc., A. Soriano Air Corp., Vicinetum Holdings, Inc., Vesper Industrial and Development Corp. and AG&P International Holdings, Ltd.; the Chairman of Island Aviation, Inc.; and a Director and the President of both Seven Seas Resorts and Leisure, Inc. and Pamalican Resort, Inc.

Mr. Ibazeta is a member of the Finance Committee of the Ateneo de Manila University and the Board of Trustees of Radio Veritas.

Mr. Ibazeta received his Bachelor of Science degree, major in Economics, from the Ateneo de Manila University in 1963, his Master's Degree in Business Administration from the University of San Francisco in 1968 and his MBA in Banking and Finance from New York University in 1975.

*\*Publicly-listed Corporation*

***Stephen A. Paradies, age 62, Filipino***

Mr. Paradies has been a Director of ICTSI\* since *December 1987*. He has been the Chairman of the Nomination Committee of ICTSI since February 2011 and is currently a member of ICTSI's Audit Committee and Stock Incentive Committee. He is also a Director of ICTSI Warehousing, Inc. Moreover, Mr. Paradies is the Senior Vice President/ Finance, Treasurer and Board Adviser of Aboitiz & Co. Inc. and Chairman/CEO of Hydro-Electric Development Corporation; a Director of Aboitiz Construction Group, Inc., Metaphil International, Inc., Prism Energy, Inc., Union Properties Inc. and UnionBank of the Philippines\*.

Mr. Paradies received his Bachelor of Science in Business Management degree from the Santa Clara University, California, USA.

*\*Publicly-listed Corporation*

***Andres Soriano III, age 64, American***

Mr. Soriano has been a Director of ICTSI\* since *July 1992* and is currently the Chairman of ICTSI's Compensation Committee. He is also the Chairman and Chief Executive Officer of A. Soriano Corporation\*; the Chairman and President of Anscor Consolidated Corp.; the Chairman of the Andres Soriano Foundation, Inc., Phelps Dodge International Philippines, Inc., Phelps Dodge Philippines Energy Products Corp., Seven Seas Resorts and Leisure, Inc., and Pamalican Resort, Inc.; a Director of Cirrus Medical Staffing, Inc. and the Manila Peninsula Hotel, Inc.

Mr. Soriano was formerly the President and Chief Operating Officer of San Miguel Corporation\* and later, its

Chairman and CEO. He was also the Chairman of Coca Cola (Philippines), Coca Cola Amatil (Australia) and Nestle (Philippines) and was a Director of SPI Technologies, Inc., and eTelecare Global Solutions, Inc. He was also a member of the G.E. Asian Advisory and Wharton East Asia Executive Board.

Mr. Soriano received a Bachelor of Science degree in Economics, with a major in Finance and International Business, from the Wharton School of Finance and Commerce, University of Pennsylvania in 1972.

*\*Publicly-listed Corporation*

**(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasis 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 (the Board) 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.** (interchangeably hereinafter referred to as ICTSI, the Corporation or the Company), its Board, officers and employees to strive to enhance the value of the Corporation and optimize over time the returns to its shareholders by:

- a. Sound, prudent, and effective management;
- b. Efficient and effective management information system;
- c. Effective risk management;
- d. Reliable financial and operational information;
- e. Cost effective and profitable business operations; and
- f. Compliance with laws, rules, regulations and contracts.

The Board 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 the Corporation's Management.

The Board respects minority rights. Due to cumulative voting, they have the ability to elect the members of the Board.

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, as stated in the ICTSI Manual on Corporate Governance. The Board conducts its review at least every five (5) years. The Board reviewed the vision, mission and corporate objectives last January 5, 2016.

**VISION, MISSION AND CORPORATE OBJECTIVES**

***Vision***

Leadership in global port management is, for ICTSI, a means to a larger end: the vision of building long-term shareholder value.

As ICTSI continues to pursue optimization of efficiency, leading to an increasingly seamless integration of transport and distribution systems, ICTSI's direct clients – and, those they also represent and serve – gain a competitive advantage in the world of commerce. The host governments of the countries where ICTSI operates these ports gain in economic terms as well. Ultimately and for the long term, such gains redound to ICTSI's shareholders.

### **Mission**

ICTSI commits to provide excellent growth opportunities for its employees; build successful, mutually rewarding businesses with ICTSI's corporate partners; deliver equitable shareholder returns and to provide superior services to its customers marked by efficiency, reliability, professionalism and profitability.

### **Corporate Objectives**

ICTSI is focused on its core competency: port management, operations and development.

ICTSI is open to expanding opportunities and to do this in strategically located ports, in both developed and developing economies, diversifying geographically across the world's continents. Specifically, ICTSI seeks to develop, acquire, own and operate common user container terminals in markets with superior growth and profit potential.

The Board monitors and oversees ICTSI's vision, mission, objectives and implementation of corporate strategy.

## **(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.
<b>ENRIQUE K. RAZON, JR.</b>	ICTSI Warehousing Inc.	Chairman
	ICTSI Foundation, Inc.	Chairman
	ICTSI Capital B.V.	Non-Executive
	ICTSI (Hongkong) Ltd.	Non-Executive
	Australian International Container Terminals Limited	Non-Executive
	Pentland International Holdings Ltd.	Non-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.
<b>STEPHEN A. PARADIES</b>	ICTSI Warehousing, Inc.	Non-Executive
<b>JOSE C. IBAZETA</b>	ICTSI Foundation Inc.	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>	Bloomerry Resorts Corporation	Chairman
<b>JON RAMON ABOITIZ</b>	Aboitiz Equity Ventures, Inc.	Chairman
	Aboitiz Power Corp.	Vice Chairman
	Unionbank of the Philippines	Vice Chairman
	Bloomerry Resorts Corporation	Non-Executive
<b>JOSE C. IBAZETA</b>	A. Soriano Corporation	Non-Executive
<b>STEPHEN A. PARADIES</b>	Unionbank of the Philippines	Non-Executive
<b>ANDRES SORIANO III</b>	A. Soriano Corporation	Chairman
<b>OCTAVIO VICTOR R. ESPIRITU</b>	Bank of the Philippine Islands	Non-Executive
<b>JOSEPH R. HIGDON</b>	SM Investments Corporation	Independent
	Security Bank Corporation	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
<b>ENRIQUE K. RAZON, JR.</b>	Stephen Paradies	Brother in law
<b>STEPHEN PARADIES</b>	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>	<p><b>As stated in the RMCG</b> and all applicable laws and regulations.</p> <p>RMCG provides that 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>	<p>As stated in the RMCG and all applicable laws and regulations, including Securities and Exchange Commission (SEC) Memorandum Circular 9 – 2011.</p> <ul style="list-style-type: none"> <li>▪ One (1) directorship</li> </ul>
<b>Non-Executive Director</b>	<p>RMCG, SEC Memo Circular 9 and all applicable laws and regulations.</p> <p>RMCG provides that the Board considers 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>	<p>As stated in the RMCG and all applicable laws and regulations, including SEC Memorandum Circular 9 – 2011.</p> <ul style="list-style-type: none"> <li>▪ Four (4) directorships</li> </ul>
<b>CEO</b>	<p>RMCG 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</p>	<p>As stated in the RMCG and all applicable laws and regulations.</p> <ul style="list-style-type: none"> <li>▪ One (1) directorship</li> </ul>

	Guidelines	Maximum Number of Directorships in other companies
	subsidiaries and affiliates of the Corporation shall 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."	

**(e) 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 March 31, 2016**

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	Percent <sup>1</sup>
Enrique K. Razon, Jr.	69,047,012	1,609,058,045	61.28% <sup>2</sup>
Andres Soriano III	150,050	9,000,431	0.33%
Stephen A. Paradies	4,087,573	-	0.15%
Jose C. Ibazeta	3,008,560	-	0.11%
Octavio Victor R. Espiritu	300,000	-	0.01%
Joseph R. Higdon	156,000	-	0.01%
Jon Ramon M. Aboitiz	135,000	-	0.00%
<b>Total</b>	<b>76,884,195</b>	<b>1,618,058,476</b>	

<sup>1</sup> Percentage ownerships were computed using total number of issued and outstanding common shares, preferred B voting shares and preferred A non-voting shares of 2,737,910,390 (which excludes treasury shares) as of March 31, 2016.

<sup>2</sup> The percentage of ownership of Enrique K. Razon, Jr. and the Razon Group is at 61.38% if based on the total number of issued and outstanding common shares and preferred B voting shares of 2,734,110,390 (which excludes treasury shares and preferred A non-voting shares) as of March 31, 2016.

**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 between the Chairman (as presiding officer of Board meetings) and the Chief Executive Officer (CEO) upon their election. The duties and responsibilities of the Chairman are provided in the By-laws, which include 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.

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 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 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 shall elect new President to serve the unexpired term.”

Identify the Chairman 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
<b>Role</b>	<p>The Roles of Chairman (as presiding officer of Board meetings) and 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 “[t]he 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 perform other duties and functions as the Board, from time to time assign.”</p>	<p>The Roles of Chairman (as presiding officer of Board meetings) and 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 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</p>

		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.”
<b>Accountabilities</b>	<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; and</li> <li>▪ Execute contracts approved by the Board or the Executive Committee.</li> </ul>
<b>Deliverables</b>	<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; and</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 or the Executive Committee.</li> </ul>

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

The Board ensures that current CEO/President and top key management positions develop potential successors within the organization. It also uses external search agencies to assess and benchmark external candidates.

Based on its Charter, the Committee on Compensation and Remuneration has the primary task to prepare and ensure the implementation of a succession planning process. The Committee also sees to it that an effective

management succession plan is in place and that the Committee assesses and recommends to the Board a successor to the CEO / President and top key management positions in the event of a vacancy of the position.

#### 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 Nomination Committee that ensures the diversity of experience and background of Directors in the Board. The policy is enshrined in the Nomination Committee, which states that, it has “develop(ed) board succession plans so that an appropriate balance of skills, experience, expertise and **diversity is maintained.**” (See Part V of the Nomination Committee Charter)

The above policy is likewise supported by Section 2.1 of the RMCG, thus:

##### 2.1 Qualifications of Directors

xxx

- 2.1.1 In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code (SRC) 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. Also, the qualifications of the Directors are provided in the Annual Report to show the expertise of each Director, especially those with vast experience in transportation, logistics and port management sectors. In fact, 4 non-executive directors have prior working experience in transportation and logistics. For example, Mr. Aboitiz is also the Chairman of Aboitiz & Co., Inc., 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 and ship building, **transportation (air/land/sea) and logistics** that are closely linked to nation building and progress.

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

	Executive	Non-Executive	Independent Director
<b>Role</b>	The <u>Chairman or in his incapacity or absence, the President</u> , shall preside at all meetings of the Board 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.	This Director’s 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.

	Executive	Non-Executive	Independent Director
<b>Accountabilities</b>	<p>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.</p>	<p>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/she should also exercise leadership, prudence and integrity in directing the Corporation towards sustained progress.</p>	<p>An Independent Director's office is one of trust, confidence and utmost independence. An Independent Director should act in the best interest of the Corporation in a manner characterized by transparency, accountability and fairness. He/she should also exercise leadership, prudence and integrity in directing the Corporation towards sustained progress.</p>
<b>Deliverables</b>	<ul style="list-style-type: none"> <li>▪ To ensure that the meetings of the Board are held in accordance with the By-laws or as the Chairman may deem necessary;</li> <li>▪ To 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;</li> <li>▪ To maintain qualitative and timely lines of communication and information between the Board and Management;</li> <li>▪ To establish general administrative and operating policies and guidelines;</li> <li>▪ To appoint, suspend and discharge subordinate officers and all employees and agents of the</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> <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 advise of legal counsel on</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> <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 advise of legal counsel on</li> </ul>

	Executive	Non-Executive	Independent Director
	Corporation, prescribed their duties and determine their compensation, subject to the standards and guidelines prescribed by, and/or with the approval of the Board or the Executive Committee.	<p>appropriate issues; and</p> <ul style="list-style-type: none"> <li>To observe confidentiality on all proprietary, confidential and non-public information that comes to his possession as Director.</li> </ul>	<p>appropriate issues; and</p> <ul style="list-style-type: none"> <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/her 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 has adopted and is compliant with all the laws, circulars and applicable rules and regulations on the term limits of Independent Directors.

As such, the Company has adopted as part of its internal policies, **SEC Memorandum Circular No. 9**, which provides that re-election of a person who has served as an Independent Director for five (5) years is allowed after the mandatory two (2)-year cooling-off period. Upon re-election, such person may serve as an Independent Director for another five (5) consecutive years. However, after serving for ten (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:**

The table below is not applicable because there are no changes in the composition of the Board.

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>		
<b>(i) Executive Directors</b>	<p>According to Section 1, Article IV of the Company's 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>	<ul style="list-style-type: none"> <li>▪ A Director must have at least one (1) 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;</li> <li>▪ Majority of the Directors shall be citizens of the Philippines.</li> <li>▪ 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>
<b>(ii) Non-Executive Directors</b>	<p>According to Section 1, Article I of the Company's By –laws:</p> <p>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 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>Sections 2 to 10 of the same Article</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 cease to be a Director;</li> <li>▪ Majority of the Directors shall be citizens of the Philippines;</li> <li>▪ Majority of the Directors shall also be residents of the Philippines;</li> <li>▪ College education or</li> </ul>



Procedure	Process Adopted	Criteria
	<p>1 provide:</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/she 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 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>equivalent academic degree;</p> <ul style="list-style-type: none"> <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>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 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</p>	

Procedure	Process Adopted	Criteria
	<p>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. 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>	
<b>(iii) Independent Directors</b>	<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>The said Committee 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 Parts IV(A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made</p>	<ul style="list-style-type: none"> <li>▪ He/she shall have at least one (1) share of stock of the corporation;</li> <li>▪ He/she shall be at least a college graduate or at least have been engaged or exposed to the business of the corporation for at least five (5) years;</li> <li>▪ He/she shall possess integrity/probity; and</li> <li>▪ He/she shall be assiduous.</li> </ul>

Procedure	Process Adopted	Criteria
	<p>available to the SEC 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 SEC. The name of the person or group of persons who recommended the nomination of the 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>		
<b>(i) Executive Directors</b>	Following the same process as in selection / appointment stated in the Company's By-laws and RMCG but subject to SEC restrictions regarding number of directorships handled and number of years serving as Director for the Company.	Following the same process as in selection / appointment stated in the Company's By-laws and RMCG but subject to SEC restrictions regarding number of directorships handled and number of years serving as Director for the Company.
<b>(ii) Non-Executive Directors</b>	Following the same process as in selection / appointment stated in the Company's By-laws and RMCG but subject to SEC restrictions regarding number of directorships handled and number of years serving as Director for the Company.	Following the same process as in selection / appointment stated in the Company's By-laws and RMCG but subject to SEC restrictions regarding number of directorships handled and number of years serving as Director for the Company.
<b>(iii) Independent Directors</b>	Following the same process as in selection / appointment stated in the Company's By-laws and RMCG but subject to SEC restrictions regarding number of directorships handled and number of years serving as Director for the	Following the same process as in selection / appointment stated in the Company's By-laws and RMCG but subject to SEC restrictions regarding number of directorships handled and number of years serving as Director for the Company.

Procedure	Process Adopted	Criteria
	Company.	
<b>c. Permanent Disqualification (based on the By – Laws and Revised Manual on Corporate Governance)</b>		
<b>(i) Executive Directors</b>	<p>According to Section 2, Article III of the Company's By-laws:</p> <p>Vacancies occurring in the Board other than removal by stockholders or expiration of term may be filled for the unexpired term at any regular meeting of the Board, 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 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 SEC 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 violating the laws that govern securities and banking activities;</li> <li>Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud,</li> </ul>

Procedure	Process Adopted	Criteria
		<p>embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <ul style="list-style-type: none"> <li>▪ Any person who has been adjudged by final judgment or order of the SEC, 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, SRC or any other law administered by the SEC or Bangko Sentral ng Pilipinas (BSP), or any of its rule, regulation or order;</li> <li>▪ Any person earlier elected as Independent Director ceases to be such when he/she 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; and</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>



Procedure	Process Adopted	Criteria
(ii) Non-Executive Directors	<p>According to Section 2, Article III of the Company's By-laws:</p> <p>Vacancies occurring in the Board other than removal by stockholders or expiration of term may be filled for the unexpired term at any regular meeting of the Board, 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 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 SEC 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 violating the laws that govern securities and banking activities;</li> <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,</li> </ul>

Procedure	Process Adopted	Criteria
		<p>bribery, false affirmation, perjury or other fraudulent acts;</p> <ul style="list-style-type: none"> <li>▪ Any person who has been adjudged by final judgment or order of the SEC, 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, SRC or any other law administered by the SEC 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/she 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; and</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>

Procedure	Process Adopted	Criteria
(iii) Independent Directors	<p>According to Section 2, Article III of the Company's By-laws:</p> <p>Vacancies occurring in the Board other than removal by stockholders or expiration of term may be filled for the unexpired term at any regular meeting of the Board, 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/she becomes an officer or employee of the corporation where he/she 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/her beneficial security ownership exceeds ten percent (10%) of the outstanding capital stock of the company where he/she is such director;</li> <li>Fails, without any 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; and</li> <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/she 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/her business interest as required under the SRC 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> </ul>

Procedure	Process Adopted	Criteria
		<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; and</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/she 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 SRC 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</li> </ul>

Procedure	Process Adopted	Criteria
		<p>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;</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; and</li> <li>▪ If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.</li> </ul>
<b>(iii) Independent Directors</b>	A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the	<ul style="list-style-type: none"> <li>▪ Refusal to fully disclose the extent of his/her business interest as required under the</li> </ul>

Procedure	Process Adopted	Criteria
	<p>appropriate action to remedy or correct the disqualification. If he/she fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>	<p>SRC and its implementing regulations;</p> <ul style="list-style-type: none"> <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 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; and</li> <li>▪ If any of the judgments or orders cited in the grounds</li> </ul>



Procedure	Process Adopted	Criteria
		for permanent disqualification has not yet become final.
<b>e. Removal</b>		
<b>(i) Executive Directors</b>	<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 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</p>	In accordance with the RMCG and applicable laws, rules and regulations.

Procedure	Process Adopted	Criteria
	be entitled under Section 24 of the Corporation Code.	
(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 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>	In accordance with the RMCG and applicable laws, rules and regulations.

Procedure	Process Adopted	Criteria
(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 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>	In accordance with the RMCG and applicable laws, rules and regulations.

Procedure	Process Adopted	Criteria
<b>f. Re-instatement (based on the Revised Manual on Corporate Governance)</b>		
<b>(i) Executive Directors</b>	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/she 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>(ii) Non-Executive Directors</b>	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/she 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>(iii) Independent Directors</b>	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/she 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>		
<b>(i) Executive Directors</b>	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/she fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	Same criteria as temporary disqualification.
<b>(ii) Non-Executive Directors</b>	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/she fails or refuses to do so for unjustified reasons, the	Same criteria as temporary disqualification.

Procedure	Process Adopted	Criteria
	disqualification shall become permanent.	
<b>(iii) Independent Directors</b>	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/she fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	Same criteria as temporary disqualification.

#### Voting Results of the last Annual General Meeting (April 21, 2016)

Election of Directors	For	Against	Abstain	Total Received
Enrique K. Razon, Jr.	2,304,214,926	29,838,391	674,960	2,334,728,277
Jon Ramon Aboitiz	1,995,852,930	338,875,347	-	2,334,728,277
Octavio Victor R. Espiritu*	2,329,001,423	5,726,854	-	2,334,728,277
Joseph R. Higdon*	2,334,728,277	-	-	2,334,728,277
Jose C. Ibazeta	2,025,657,587	309,070,690	-	2,334,728,277
Stephen A. Paradies	1,975,874,274	358,854,003	-	2,334,728,277
Andres Soriano III	2,006,046,373	328,681,904	-	2,334,728,277

## 6) Orientation and Education Program

### (a) Disclose details of the company's orientation program for new directors, if any.

Should there be any newly – elected director, an orientation or on-boarding program will be provided by the Company.

As stated in Clause 9.3 of the Revised Manual on Corporate Governance, ICTSI also continuously provides information campaigns, orientation program or workshops on corporate governance under this Manual to its directors (new or re-elected), officers and employees.

ICTSI conducts a 2-day Orientation Program in the following phases:

#### *First Day – Human Resources Agenda*

- Introduction to company - mission, vision, culture including the port's role in the trade and economy of a country for better understanding of the business
- Overview of the company profile and the presentation of the international and local ICTSI organizations
- Safety Orientation & Port Tour— safety, fire, and emergency evacuation

#### *Second Day – Review of Policies*

- Policy reviews— code of conduct including administrative proceedings briefing

Also part of the On-boarding process is a 1-day talk called Operations for Non-Ops with the Terminal Head himself as the speaker. The main objective is for the new employee, officer or director to understand and appreciate the flow of operations as it is the heart of the business and how this impacts his/her job.

- (b) State any in-house training and external courses attended by Directors and Senior Management<sup>3</sup> for the past three (3) years:

**2013**

<u>ATTENDEES</u>	<u>SEMINAR TITLE</u>	<u>DATE</u>	<u>VENUE</u>
CAUSON, CAROLINE C.	26 <sup>TH</sup> FINANCIAL MODELING MASTERCLASS	JULY 25-26, 2014	Crown Plaza, Ortigas
CAUSON, CAROLINE C.	5 <sup>TH</sup> BUDGETING AND FORECASTING USING EXCEL	Oct. 10-11, 2013	Astoria Plaza
PANILLA, CATHERINE D.	SAP BUSINESS ALL-IN-ONE LOGISTICS SPECIALIZATION TRAINING (A1LOG)	Sept. 4,5,6,9-10, 2013	Makati City
PEÑALBA, PABLO L.	TERMINAL FULL AUTOMATION SEMINAR	Oct. 16-17, 2013	UK, London
SAMONTE, BERLIN	37 <sup>TH</sup> LEADERSHIP & MANAGEMENT DEVELOPMENT PROGRAM	March 14-June 15, 2013	ADMU, Makati City
TABUENA, ARTHUR QUINTIN R.	SEMINAR ON THE FUNDAMENTALS OF INVESTOR RELATIONS	Sept. 5-6, 2013	Makati City
FELICIANO, JOSELITO V.	PREDICTIVE MAINTENANCE SEMINAR	Aug. 14-15, 2013	Pan Pacific Hotel

In – house training:

<u>NUMBER OF ATTENDEES</u>	<u>SEMINAR TITLE</u>	<u>DATE</u>	<u>CONDUCTED BY</u>
20	HMI ORIENTATION	Jan. 25 and 29	HMI/HRD
12	PORT SAFETY & HEALTH STANDARDS SEMINAR	March 12	SAFETY/HRD
17	OPERATIONS FOR NON OPERATIONS	April 30	HRD/ICTSI
12	PORT SAFETY & HEALTH STANDARDS SEMINAR	July 4	SAFETY/HRD
21	EARTHQUAKE PREPAREDNESS SEMINAR	July 16	SAFETY
10	PORT SAFETY & HEALTH STANDARDS SEMINAR	Sept. 25	SAFETY/ICTSI
22	EFFECTIVE INTERNAL AUDITING OF INTEGRATED MGT. SYSTEM	Oct. 8-10	CERTIFICATION INT'L
18	ICTSI CUSTOMER MANAGEMENT TRAINING	March 27-28	RIZAL TOWER, ROCKWELL, MAKATI

**2014**

<sup>3</sup> Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

<u>ATTENDEES</u>	<u>SEMINAR TITLE</u>	<u>DATE</u>	<u>VENUE</u>
CAUSON, CAROLINE C.	CHARTERED FINANCIAL ANALYST (CFA) PROGRAM – LEVEL 1 EXAM	DEC. 6	SELF STUDY PROGRAM
CRUZ, REYNALDO MARK S., JR.	PORTS OPERATION AND STRATEGY	MARCH 26- 27	ASCOTT HOTEL
SAMONTE, BERLIN O.	PORT PLANNING & REDESIGN PORT OPERATIONS & STRATEGY	MARCH 24- 27	ASCOTT HOTEL

In – house training:

<u>ATTENDEES</u>	<u>SEMINAR TITLE</u>	<u>DATE</u>	<u>CONDUCTED BY</u>
JOSE MANUEL M. DE JESUS RAFAEL D. CONSING JR. JOSE JOEL M. SEBASTIAN ANTONIUS FLORIS MARTIJN VAN DEN BOSCH ATTY. SILVERIO BENNY J. TAN ATTY. BENJAMIN M. GOROSPE III	Orientation Course on Corporate Governance	May 22, 2014	Institute of Corporate Directors

<u>ATTENDEES</u>	<u>SEMINAR TITLE</u>	<u>DATE</u>	<u>CONDUCTED BY</u>
ENRIQUE K. RAZON, JR. CHRISTIAN R. GONZALEZ MARTIN L. O'NEIL FERNANDO L. GASPAR LISA ESCALER SANDY ALIPIO ANTONIUS FLORIS MARTIJN VAN DEN BOSCH	Orientation Course on Corporate Governance	May 29, 2014	Institute of Corporate Directors

## 2015

<u>ATTENDEES</u>	<u>SEMINAR TITLE</u>	<u>DATE</u>	<u>VENUE</u>
ENRIQUE K. RAZON JR.	Forbes Global CEO Conference	Oct. 12-14	Solaire Resort & Casino
FERNANDO L. GASPAR	ASIA CEO FORUM FINANCIAL TIMES INVESTMENT SUMMIT 2015  CORPORATE GOVERNANCE	JAN. 13 MAY 20  JULY 9	DUSIT MAKATI SHANGRI-LA HOTEL  NEW WORLD HOTEL
JOSE JOEL M. SEBASTIAN	CORPORATE GOVERNANCE Forbes Global CEO Conference	JULY 9 Oct. 12-14	NEW WORLD HOTEL Solaire Resort & Casino

In – house training:



<u>ATTENDEES</u>	<u>SEMINAR TITLE</u>	<u>DATE</u>	<u>CONDUCTED BY</u>
<b>ENRIQUE K. RAZON, JR.</b> <b>MARTIN O'NEIL</b> <b>CHRISTIAN R. GONZALEZ</b> <b>ANTONIUS FLORIS MARTIJN VAN DEN BOSCH</b> <b>GUILLAUME LUCCI</b> <b>SANDY A. ALIPIO</b> <b>EARL ERIC NESTOR H. FERRER</b> <b>LISA MARIE TERESA ESCALER</b> <b>ATTY. SILVERIO BENNY J. TAN</b>	Corporate Governance	May 26, 2015	Institute of Corporate Directors

<u>ATTENDEES</u>	<u>SEMINAR TITLE</u>	<u>DATE</u>	<u>CONDUCTED BY</u>
<b>RAFAEL D. CONSING JR.</b> <b>JOSE MANUEL M. DE JESUS</b> <b>ANTONIUS FLORIS MARTIJN VAN DEN BOSCH</b> <b>ARTHUR R. TABUENA</b> <b>ATTY. BENJAMIN M. GOROSPE III</b> <b>JOAQUIN MANTECON</b>	Corporate Governance	June 1, 2015	Institute of Corporate Directors

<u>ATTENDEES</u>	<u>SEMINAR TITLE</u>	<u>DATE</u>	<u>CONDUCTED BY</u>
<b>SANDY A. ALIPIO</b> <b>JOSE JOEL M. SEBASTIAN</b> <b>GUILLAUME LUCCI</b> <b>RAFAEL D. CONSING JR.</b> <b>ANTONIUS FLORIS MARTIJN VAN DEN BOSCH</b> <b>LISA MARIE TERESA ESCALER</b>	Vision of the Future Leadership Workshop	June 15, 2015	Odgers

<u>ATTENDEES</u>	<u>SEMINAR TITLE</u>	<u>DATE</u>	<u>CONDUCTED BY</u>
<b>MARTIN O'NEIL</b> <b>SANDY A. ALIPIO</b> <b>JOSE JOEL M. SEBASTIAN</b> <b>GUILLAUME LUCCI</b> <b>RAFAEL D. CONSING JR.</b> <b>ANTONIUS FLORIS MARTIJN VAN DEN BOSCH</b> <b>LISA MARIE TERESA ESCALER</b>	VP Strategic Management	August 27, 2015	Odgers

<u>ATTENDEES</u>	<u>SEMINAR TITLE</u>	<u>DATE</u>	<u>CONDUCTED BY</u>
<b>SANDY A. ALIPIO</b> <b>ANTONIUS FLORIS MARTIJN VAN DEN BOSCH</b>	Individual Leadership & Development	September 9, 2015	Odgers

**2016**

In – house training:

<u>ATTENDEES</u>	<u>SEMINAR TITLE</u>	<u>DATE</u>	<u>CONDUCTED BY</u>
CHRISTIAN R. GONZALEZ RAFAEL D. CONSING, JR. JOSE MANUEL M. DE JESUS ARTHUR R. TABUENA FERDINAND S. MAGTALAS ROBERTO R. LOCSIN CHRISTIAN L. LOZANO VOLTAIRE C. WYCOCO CARMELA RODRIGUEZ GABRIEL D. MUÑASQUE	Corporate Governance	August 22, 2016	Institute of Corporate Directors
ENRIQUE K. RAZON, JR. RAFAEL D. CONSING, JR. JOSE JOEL M. SEBASTIAN GUILLAUME LUCCI SANDY A. ALIPIO EARL ERIC NESTOR H. FERRER LISA MARIE TERESA ESCALER ATTY. BENJAMIN M. GOROSPE III	Corporate Governance	August 23, 2016	Institute of Corporate Directors

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

**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
<b>(a) Conflict of Interest</b>	<p>Under ICTSI's Code of Business Conduct (Code), a conflict of interest arises when a Director's personal or financial interest interferes with or is inconsistent with the best interest of the Company.</p> <p>Some examples where a potential conflict of interest may arise include:</p> <ul style="list-style-type: none"> <li>Assisting family members or friends</li> </ul>	<p>Under ICTSI's Code, a conflict of interest arises when an officer's personal or financial interest interferes with or is inconsistent with the best interest of the Company.</p> <p>Some examples where a potential conflict of interest may arise include:</p> <ul style="list-style-type: none"> <li>Assisting family members or friends with doing business with ICTSI;</li> </ul>	<p>Under ICTSI's Code, a conflict of interest arises when an employee's personal or financial interest interferes with or is inconsistent with the best interest of the Company.</p> <p>Some examples where a potential conflict of interest may arise include:</p> <ul style="list-style-type: none"> <li>Assisting family members or friends with doing business with ICTSI;</li> </ul>

Business Conduct & Ethics	Directors	Senior Management	Employees
	<p>with doing business with ICTSI;</p> <ul style="list-style-type: none"> <li>Having outside employment or engaging in businesses that competes or does business with ICTSI;</li> <li>Receiving any personal benefits from any business transactions involving ICTSI; or</li> <li>Using company resources and information to gain personal benefits.</li> </ul> <p>As such, if a Director becomes aware of any potential or actual conflict of interest, he/she must disclose this to the Board and seek prior written approval before engaging in the concerned activity/transaction. The Board will consider each situation carefully in order to determine whether a conflict arises.</p>	<ul style="list-style-type: none"> <li>Having outside employment or engaging in businesses that competes or does business with ICTSI;</li> <li>Receiving any personal benefits from any business transactions involving ICTSI; or</li> <li>Using company resources and information to gain personal benefits.</li> </ul> <p>As such, if an officer becomes aware of any potential or actual conflict of interest, he/she must disclose this to his/her superiors and seek prior written approval before engaging in the concerned activity/transaction. Management will consider each situation carefully in order to determine whether a conflict arises.</p>	<ul style="list-style-type: none"> <li>Having outside employment or engaging in businesses that competes or does business with ICTSI;</li> <li>Receiving any personal benefits from any business transactions involving ICTSI; or</li> <li>Using company resources and information to gain personal benefits.</li> </ul> <p>As such, if an employee becomes aware of any potential or actual conflict of interest, he/she must disclose this to his/her direct supervisor and seek prior written approval before engaging in the concerned activity/transaction. Management will consider each situation carefully in order to determine whether a conflict arises.</p>
(b) Conduct of Business and Fair Dealings	<p>The Company conducts its business consistent with the law. It also has a firm commitment to integrity.</p> <p>As provided in the Code, ICTSI does not engage in unethical or illegal business practices. While ICTSI competes vigorously for business, the Company's conduct must be consistent with the law and our commitment to integrity.</p> <p>Business information may not be obtained through the use of unlawful or unethical means, such as misrepresentation, deception, theft or bribery.</p> <p>In many countries, there are</p>	<p>As provided in the Code, ICTSI does not engage in unethical or illegal business practices. While ICTSI competes vigorously for business, the Company's conduct must be consistent with the law and our commitment to integrity.</p> <p>Business information may not be obtained through the use of unlawful or unethical means, such as misrepresentation, deception, theft or bribery.</p> <p>In many countries, there are antitrust laws to prohibit business conduct that restrict competition based on merits. It is a policy of ICTSI to comply with all applicable antitrust laws.</p>	<p>As provided in the Code, ICTSI does not engage in unethical or illegal business practices. While ICTSI competes vigorously for business, the Company's conduct must be consistent with the law and our commitment to integrity.</p> <p>Business information may not be obtained through the use of unlawful or unethical means, such as misrepresentation, deception, theft or bribery.</p> <p>In many countries, there are antitrust laws to prohibit business conduct that restrict competition based on merits. It is a policy of ICTSI to comply with all applicable antitrust laws.</p>

Business Conduct & Ethics	Directors	Senior Management	Employees
	antitrust laws to prohibit business conduct that restrict competition based on merits. It is a policy of ICTSI to comply with all applicable antitrust laws.		
(c) Receipt of gifts from third parties	<p>The Code of the Company recognizes that the practice of giving and receiving gifts, hospitality and travel (collectively, Business Courtesies) are necessary in appropriate circumstances to strengthen business relationships and create goodwill. However, such practices may vary in terms of what is appropriate and lawful from country to country.</p> <p>In order to prevent any impression of impropriety, caution should be exercised by the Directors, officers and employees in extending or receiving Business Courtesies. As such, it must be ascertained that said Business Courtesies:</p> <ul style="list-style-type: none"> <li>▪ do not violate local laws or regulations;</li> <li>▪ is modest in value to local standards and consistent with customary business practices;</li> <li>▪ is for an appropriate business purpose;</li> <li>▪ is appropriate in the particular context, e.g. whether it is in the middle of a bidding process or business negotiations;</li> <li>▪ does not embarrass ICTSI or would not be against ICTSI's values;</li> </ul>	<p>The Code of the Company recognizes that the practice of giving and receiving gifts, hospitality and travel (collectively, Business Courtesies) are necessary in appropriate circumstances to strengthen business relationships and create goodwill. However, such practices may vary in terms of what is appropriate and lawful from country to country.</p> <p>In order to prevent any impression of impropriety, caution should be exercised by the Directors, officers and employees in extending or receiving Business Courtesies. As such, it must be ascertained that said Business Courtesies:</p> <ul style="list-style-type: none"> <li>▪ do not violate local laws or regulations;</li> <li>▪ is modest in value to local standards and consistent with customary business practices;</li> <li>▪ is for an appropriate business purpose;</li> <li>▪ is appropriate in the particular context, e.g. whether it is in the middle of a bidding process or business negotiations;</li> <li>▪ does not embarrass ICTSI or would not be against ICTSI's values;</li> <li>▪ is unlikely to be construed as a bribe;</li> </ul>	<p>The Code of the Company recognizes that the practice of giving and receiving gifts, hospitality and travel (collectively, Business Courtesies) are necessary in appropriate circumstances to strengthen business relationships and create goodwill. However, such practices may vary in terms of what is appropriate and lawful from country to country.</p> <p>In order to prevent any impression of impropriety, caution should be exercised by Directors, officers and employees in extending or receiving Business Courtesies. As such, it must be ascertained that said Business Courtesies:</p> <ul style="list-style-type: none"> <li>▪ do not violate local laws or regulations;</li> <li>▪ is modest in value to local standards and consistent with customary business practices;</li> <li>▪ is for an appropriate business purpose;</li> <li>▪ is appropriate in the particular context, e.g. whether it is in the middle of a bidding process or business negotiations;</li> <li>▪ does not embarrass ICTSI or would not be against ICTSI's values;</li> <li>▪ is unlikely to be construed as a bribe;</li> </ul>

Business Conduct & Ethics	Directors	Senior Management	Employees
	<ul style="list-style-type: none"> <li>is unlikely to be construed as a bribe;</li> <li>is not in cash or cash equivalent.</li> </ul> <p>Directors, officers and employees should also take into consideration the frequency of Business Courtesies in determining their propriety. If in doubt as to the said propriety of the Business Courtesies, the party involved should seek guidance from the Company's Vice President for Corporate Affairs and Governance or refer to the Company's "Anti-Bribery Compliance Policy and Procedure" for detailed guidance.</p>	<ul style="list-style-type: none"> <li>is not in cash or cash equivalent.</li> </ul> <p>Directors, officers and employees should also take into consideration the frequency of Business Courtesies in determining their propriety. If in doubt as to the said propriety of the Business Courtesies, the party involved should seek guidance from the Company's Vice President for Corporate Affairs and Governance or refer to the Company's "Anti-Bribery Compliance Policy and Procedure" for detailed guidance.</p>	<ul style="list-style-type: none"> <li>is not in cash or cash equivalent.</li> </ul> <p>Directors, officers and employees should also take into consideration the frequency of Business Courtesies in determining their propriety. If in doubt as to the said propriety of the Business Courtesies, the party involved should seek guidance from the Company's Vice President for Corporate Affairs and Governance or refer to the Company's "Anti-Bribery Compliance Policy and Procedure" for detailed guidance.</p>
(d) Compliance with Laws & Regulations	<p>As explicitly stated in the Code, it is a policy of ICTSI to comply with all applicable laws and regulations in every country it operates in. For the avoidance of doubt, to the extent that any part of the Code is inconsistent with the local laws and/or regulations, local law and regulations should prevail.</p> <p>The Board is required to comply with laws, rules, 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 (CBA) and other relevant labor laws.</p> <p>There is an active Internal</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 CBA 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>In fact, the Code states that if a Director, officer or employee becomes aware of any potential or actual violations of the law or of the Code, he/she is required to immediately disclose any relevant information to the Company's Vice President for Corporate Affairs and Governance.</p>	<p>Faithful compliance to provisions of existing CBA 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>In fact, the Code states that if a Director, officer or employee becomes aware of any potential or actual violations of the law or of the Code, he/she is required to immediately disclose any relevant information to the Company's Vice President for Corporate Affairs and Governance.</p>

Business Conduct & Ethics	Directors	Senior Management	Employees
	<p>Audit Department making sure that there is rigid compliance with all laws and regulations.</p> <p>In fact, the Code states that if a Director, officer or employee becomes aware of any potential or actual violations of the law or of the Code, he/she is required to immediately disclose any relevant information to the Company's Vice President for Corporate Affairs and Governance.</p>		
(e) Respect for Trade Secrets/Use of Non-public Information	<p>The Company incorporates non-disclosure and intellectual property clauses in contracts entered into by the Company with third parties.</p> <p>As provided in the Code, ICTSI does not engage in unethical or illegal business practices. While ICTSI competes vigorously for business, the Company's conduct must be consistent with the law and our commitment to integrity.</p> <p>Business information may not be obtained through the use of unlawful or unethical means, such as misrepresentation, deception, theft or bribery.</p>	<p>The Company incorporates non-disclosure and intellectual property clauses in contracts entered into by the Company with third parties.</p> <p>As provided in the Code, ICTSI does not engage in unethical or illegal business practices. While ICTSI competes vigorously for business, the Company's conduct must be consistent with the law and our commitment to integrity.</p> <p>Business information may not be obtained through the use of unlawful or unethical means, such as misrepresentation, deception, theft or bribery.</p>	<p>The Company incorporates non-disclosure and intellectual property clauses in contracts entered into by the company with third parties as well as in employment contracts.</p> <p>As provided in the Code, ICTSI does not engage in unethical or illegal business practices. While ICTSI competes vigorously for business, the Company's conduct must be consistent with the law and our commitment to integrity.</p> <p>Business information may not be obtained through the use of unlawful or unethical means, such as misrepresentation, deception, theft or bribery.</p>
(f) Use of Company Funds, Assets and Information	<p>Use of Company funds is always subject to proper liquidation process and internal audit check.</p>	<p>Use of Company funds is always subject to proper liquidation process and internal audit check.</p>	<p>Use of Company funds is always subject to proper liquidation process and internal audit check.</p>
(g) Employment & Labor Laws & Policies	<p>The Company ensures faithful compliance to provisions of existing CBA and other labor laws and social legislation.</p> <p>The Company has an in-</p>	<p>The Company ensures faithful compliance to provisions of existing CBA and other labor laws and social legislation.</p> <p>The Company has an in-house labor counsel to ensure</p>	<p>The Company ensures faithful compliance to provisions of existing CBA and other labor laws and social legislation.</p> <p>The Company has an in-house labor counsel to ensure</p>

Business Conduct & Ethics	Directors	Senior Management	Employees
	<p>house labor counsel to ensure compliance with the above.</p> <p>Moreover, ICTSI's Code expressly states that the Company embraces workplace diversity and considers its employees to be its greatest asset. The Company strives to maintain a fair, harmonious and respectful work environment where all employees are treated with dignity, and individual differences are respected. ICTSI strictly prohibits discrimination of any kind, including that on the basis of race, religion, gender, age, disability or pregnancy. Any form of harassment, unprofessional or inappropriate work conduct will not be tolerated. Where applicable, additional local requirements will also be complied with.</p>	<p>compliance with the above.</p> <p>Moreover, ICTSI's Code expressly states that the Company embraces workplace diversity and considers its employees to be its greatest asset. The Company strives to maintain a fair, harmonious and respectful work environment where all employees are treated with dignity, and individual differences are respected. ICTSI strictly prohibits discrimination of any kind, including that on the basis of race, religion, gender, age, disability or pregnancy. Any form of harassment, unprofessional or inappropriate work conduct will not be tolerated. Where applicable, additional local requirements will also be complied with.</p>	<p>compliance with the above.</p> <p>Moreover, ICTSI's Code expressly states that the Company embraces workplace diversity and considers its employees to be its greatest asset. The Company strives to maintain a fair, harmonious and respectful work environment where all employees are treated with dignity, and individual differences are respected. ICTSI strictly prohibits discrimination of any kind, including that on the basis of race, religion, gender, age, disability or pregnancy. Any form of harassment, unprofessional or inappropriate work conduct will not be tolerated. Where applicable, additional local requirements will also be complied with.</p>
(h) Disciplinary action	<p>ICTSI is firm on its compliance to requirements of both substantive and procedural due process.</p> <p>The Company has an in-house labor counsel to ensure compliance with the above.</p> <p>ICTSI also takes violations of the Code seriously. Directors, officers and employees who fail to comply with the Code may face disciplinary action, including termination of employment. Third parties who violate the Code may face termination of the business relationship and barred from acting on behalf of ICTSI in future.</p>	<p>ICTSI is firm on its compliance to requirements of both substantive and procedural due process.</p> <p>The Company has an in-house labor counsel to ensure compliance with the above.</p> <p>ICTSI also takes violations of the Code seriously. Directors, officers and employees who fail to comply with the Code may face disciplinary action, including termination of employment. Third parties who violate the Code may face termination of the business relationship and barred from acting on behalf of ICTSI in future.</p>	<p>ICTSI is firm on its compliance to requirements of both substantive and procedural due process.</p> <p>The Company has an in-house labor counsel to ensure compliance with the above.</p> <p>ICTSI also takes violations of the Code seriously. Directors, officers and employees who fail to comply with the Code may face disciplinary action, including termination of employment. Third parties who violate the Code may face termination of the business relationship and barred from acting on behalf of ICTSI in future.</p>
(i) Whistle Blower		Employees are required to	

Business Conduct & Ethics	Directors	Senior Management	Employees
	<p>Employees are required to report violations.</p> <p>If employees have any concerns or become aware of any breaches of the Code on Business Conduct and other company policies, they are responsible for reporting the violation immediately, where in the case of a director, to the Board. He/she may also notify the Vice President for Corporate Affairs and Governance. <u>The identity of the employee – informant shall be treated with confidentiality. Rights of the employee – informant will be protected based on applicable policies and local laws.</u></p> <p>Employee – informants are always encouraged during Labor Management Councils.</p> <p>This is implemented and rolled out to all directors, senior management, employees and all covered personnel and monitored by the the Vice President for Corporate Affairs and Governance.</p>	<p>report violations.</p> <p>If employees have any concerns or become aware of any breaches of the Code on Business Conduct and other company policies, they are responsible for reporting the violation immediately to their line manager. He/she may also notify the Vice President for Corporate Affairs and Governance. <u>The identity of the employee – informant shall be treated with confidentiality. Rights of the employee – informant will be protected based on applicable policies and local laws.</u></p> <p>Employee – informants are always encouraged during Labor Management Councils.</p> <p>This is implemented and rolled out to all directors, senior management, employees and all covered personnel and monitored by the Vice President for Corporate Affairs and Governance.</p>	<p>Employees are required to report violations.</p> <p>If employees have any concerns or become aware of any breaches of the Code on Business Conduct and other company policies, they are responsible for reporting the violation immediately to their line manager. He/she may also notify the Vice President for Corporate Affairs and Governance. <u>The identity of the employee – informant shall be treated with confidentiality. Rights of the employee – informant will be protected based on applicable policies and local laws.</u></p> <p>Employee – informants are always encouraged during Labor Management Councils.</p> <p>This is implemented and rolled out to all directors, senior management, employees and all covered personnel and monitored by the the Vice President for Corporate Affairs and Governance.</p>
<b>(j) Conflict Resolution</b>	ICTSI resort to alternative modes of dispute resolution i.e. grievance machinery procedure under the CBA; Labor Management Cooperation meetings.	ICTSI resort to alternative modes of dispute resolution i.e. grievance machinery procedure under the CBA; Labor Management Cooperation meetings.	ICTSI resort to alternative modes of dispute resolution i.e. grievance machinery 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?**

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

Moreover, a refresher on these policies is given every quarter to employee birthday celebrators during the Company's Ugnayan sa Pantalan, which is a Forum for employees to address their concerns and work – related grievances.



**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 Department verifies and checks compliance as well. Company supervisors are also being trained to handle administrative cases, specifically the observance of due process, through modules provided by the Human Resource Department.

**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.

The Board, through its Audit Committee, formulates and implements policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company and its joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, as well as the interlocking director relationships by members of the Board. The Audit Committee reviews the Company's related party transactions (or RPT) and ensures that these are conducted in a fair and arm's length manner.

**(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.

As of December 31, 2015	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	NONE

As of December 31, 2015	Details of Conflict of Interest (Actual or Probable)
Joseph R. Higdon Stephen A. Paradies Jon Ramon Aboitiz Octavio Victor R. Espiritu Andres Soriano III Jose C. Ibazeta	
Name of Officer/s Enrique K. Razon, Jr. Martin O'Neil Rafael D. Consing Jr. Jose Joel M. Sebastian Fernando L. Gaspar Christian R. Gonzalez Sandy Alipio Jose Manuel M. De Jesus Lisa Escaler Earl Eric Nestor H. Ferrer Guillaume Lucci Ton van den Bosch Vivien F. Miñana	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>4</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
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<sup>4</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity.

NONE	N/A	N/A

- (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
<b>Corporation &amp; Stockholders</b>	The Company adopts the Philippine Arbitration Law.
<b>Corporation &amp; Third Parties</b>	The Company adopts the Philippine Arbitration Law.
<b>Corporation &amp; Regulatory Authorities</b>	The Company adopts the Philippine Arbitration Law.

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

### GRIEVANCE MACHINERY

Article XV of the CBA signed on April 25, 2014 between ICTSI and Nagkakaisang Manggagawa sa Pantalan ng ICTSI-NAFLU (NMPI-NAFLU) provides that the Company and the NMPI-NAFLU 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 NMPI-NAFLU, or between the Company and any employee or worker covered by the CBA, arising from the interpretation and/or implementation of any provisions of the CBA which is not settled or adjusted to the satisfaction of the Company or NMPI-NAFLU 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 purposes 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; and
- 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 in 2016 (as updated through Advisement Letter dated January 5, 2017):

Board	Name	Date of Election <sup>6</sup>	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Enrique K. Razon Jr.	April 21, 2016	24	24	100
Member	Jon Ramon Aboitiz	April 21, 2016	24	24	100
Member	Jose C. Ibazeta	April 21, 2016	24	24	100
Member	Stephen A. Paradies	April 21, 2016	24	24	100
Member	Andres Soriano III	April 21, 2016	24	24	100
Independent	Octavio Victor R. Espiritu	April 21, 2016	24	24	100
Independent	Joseph R. Higdon	April 21, 2016	24	24	100

	Jan 5	Feb 5	Feb 9	Feb 23	Mar 7	Mar 14	Mar 22	Mar 31	Apr 21	Apr 21	Apr 21	May 24
Enrique K. Razon Jr.	P	P	P	P	P	P	P	P	P	P	P	P
Jon Ramon Aboitiz	P	P	P	P	P	P	P	P	P	P	P	P
Jose C. Ibazeta	P	P	P	P	P	P	P	P	P	P	P	P
Stephen A. Paradies	P	P	P	P	P	P	P	P	P	P	P	P
Andres Soriano III	P	P	P	P	P	P	P	P	P	P	P	P
Octavio R. Espiritu	P	P	P	P	P	P	P	P	P	P	P	P
Joseph R. Higdon	P	P	P	P	P	P	P	P	P	P	P	P

	June 17	June 30	Jul 27	Aug 15	Aug 19	Sep 8	Sep 20	Oct 3	Oct 14	Nov 23	Dec 16	Dec 23
Enrique K. Razon Jr.	P	P	P	P	P	P	P	P	P	P	P	P
Jon Ramon Aboitiz	P	P	P	P	P	P	P	P	P	P	P	P
Jose C. Ibazeta	P	P	P	P	P	P	P	P	P	P	P	P
Stephen A. Paradies	P	P	P	P	P	P	P	P	P	P	P	P
Andres Soriano III	P	P	P	P	P	P	P	P	P	P	P	P
Octavio R. Espiritu	P	P	P	P	P	P	P	P	P	P	P	P
Joseph R. Higdon	P	P	P	P	P	P	P	P	P	P	P	P

### 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

<sup>6</sup> April 21, 2016 was when a Regular Board Meeting, Annual Stockholders Meeting and Organizational Board Meeting were conducted.

Yes, at least four (4) times.

**4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.**

Yes, 2/3 votes are required for major decisions 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>7</sup> for board of directors meetings provided to the board?**

At least five (5) business days, based on Revised Manual on Corporate Governance (RMCG), Part IV, clause 4.1.

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

Yes. Part IV on SUPPLY OF ADEQUATE AND TIMELY INFORMATION of ICTSI's RMCG, it is provided that:

"4.1 Directors should be provided with complete, adequate and timely information prior to Board meetings on an on-going basis.

4.2 Management shall have an obligation to supply the Board with such information. The Board shall have separate and independent access to the senior management of ICTSI, including the Corporate Secretary.

4.3 The Board may provide a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice concerning matters pending before the Board, if necessary, at ICTSI's expense."

**(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/she shall advise and 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, 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/her 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/she shall prepare a schedule of regular Board meetings for the current year in coordination with the Board. He/she 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

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<sup>7</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.

him/her 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 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/she 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, 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. The company / corporate secretary and the assistant corporate secretaries are lawyers. One of the assistant corporate secretaries is both an accountant and a lawyer. Please see Annual Report (SEC 17 – A), thus:

Atty. Rafael Durian has been ICTSI's Corporate Secretary since 1987. He is likewise the Corporate Secretary of International Container Terminal Holdings, Inc.; the Corporate Secretary and a Director of Razon Industries, Inc., Sureste Realty Corp. and Provident Management Group, Inc.; and a Trustee of the ICTSI Foundation, Inc. Atty. Durian earned his Bachelor of Laws degree from San Beda College and is a member of the Integrated Bar of the Philippines. He is a Partner at Cruz Durian Alday & Cruz-Matters Law Office.

Atty. Benjamin Gorospe was appointed as the Asst. Corporate Secretary of ICTSI on September 17, 2013. He is also the Global Head for Tax and Regional Legal Manager for the Americas of ICTSI. Moreover, Atty. Gorospe is a Director and the Corporate Secretary of Davao Integrated Port & Stevedoring Services Corp., Mindanao International Container Terminal Services, Inc., Cordilla Properties Holdings, Inc.; and a Director of ICTSI Far East Pte. Ltd. Atty. Gorospe joined ICTSI in 2003 as a Tax Manager. Prior to this, he worked with the Tax Department of SGV & Co. for five (5) years and with its Audit Department for one (1) year. Atty. Gorospe completed his law degree at the University of the Philippines, Diliman. He is also a Certified Public Accountant. He graduated from Xavier University with a degree of Bachelor of Science in Commerce, Major in Accounting.

Atty. Benny Tan, also an Asst. Corporate Secretary, is the managing partner of the law firm Picazo Buyco Tan Fider & Santos. He is a director and corporate secretary of Prime Metroline Holdings, Inc., Bravo International Port Holdings Inc., Alpha International Port Holdings Inc., Eiffle House Inc., Cyland Corp., OSA Industries Philippines Inc. and Negros Perfect Circles Food Corp. He is also a director of the following companies: Celestial Corporation, Skywide Assets Ltd., Monte Oro Minerals (SL) Ltd., and Dressline Holdings Inc. and its subsidiaries and affiliates. He is the corporate secretary of several companies including: Mapfre Insular Insurance Corporation, Sureste Properties, Inc., Bloomberry Resorts and Hotels Inc.\*, Lakeland Village Holdings Inc., Devoncourt Estates Inc., and Pilipinas Golf Tournaments, Inc. He is the assistant corporate secretary of ICTSI, ICTSI Ltd., Apex Mining Company Inc.\* and Monte Oro Resources & Energy Inc. Atty. Tan holds a Bachelor of Laws, cum laude, from the University of the Philippines College of Law and a Bachelor of Arts Major in Political Science, cum laude, from the University of the Philippines College Iloilo. Atty. Tan placed third in the 1982 Philippine Bar exams.

*\*Publicly-listed Corporation*

- (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.
Risk Management	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
Code of Business Conduct (Code)	ICTSI consolidated its business principles and policies in order to create a framework, which will be the basis on how it will operate its business all over the world.	To set out what is expected of every Director, officer, employee and business partner working with or on behalf of ICTSI. The Code serves as a statement of the Company's beliefs, values and commitment.
Anti-Bribery Compliance Policy and Procedure (Policy)	ICTSI consolidated its business principles and policies in order to create a framework, which will be the basis on how it will operate its business all over the world.	To provide further guidance to ICTSI's Directors, officers, employees, business partners and third parties acting on behalf of the Company, in that this Policy sets out operating procedures specifically targeted at combating corruption risks in order to ensure that ICTSI is

		operating in compliance with applicable regulations. This Policy should be read in conjunction with the Code.
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## 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.

Based on the Compensation and Remuneration Committee Charter, the Compensation Policies and programs for the directors, President and other executives are:

- Assist the Board in setting the remuneration policy for directors and executives.
- Determine any criteria necessary to measure the performance of management in discharging executive functions and responsibilities.
- Review and monitor ICTSI's remuneration and incentive framework applying to directors and executives and the associated strategies, systems, policies and processes implemented and reported.
- Approve the remuneration and incentive awards of executives based on the recommendations of the President and consistent with the remuneration policy.

### 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 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 2014, 2015 or in the coming year, for any service provided as a Director.

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 Director's 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 2014, 2015 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</p>	<p>April 21, 2016</p> <p>The acts of the Board are ratified and the Annual Report (where Directors' fees are disclosed) is approved during the Annual Stockholders Meeting (ASM).</p>



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.	
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### 3) Aggregate Remuneration

The aggregate compensation paid to the Chairman of the Board and President, and four (4) highest paid executive officers named below, as a group, for 2015 amounted to US\$4.3 million (2014: US\$3.5 million). The estimated amount of compensation expected to be paid in 2016 to the Chairman of the Board and President and four (4) highest paid executive officers as a group, amounted to US\$2.6 million.

Name and Principal Position	Year	Salary	Bonus and Others <sup>(a)</sup>	Total <sup>(b)</sup>
Enrique K. Razon, Jr. <i>Chairman of the Board and President</i>				
Martin O'neil <sup>(c)</sup> <i>Executive Vice-President</i>				
Rafael J. Consing, Jr. <sup>(c)</sup> <i>Senior Vice-President and Chief Financial Officer</i>				
Christian R. Gonzalez <sup>(d)</sup> <i>Senior Vice President, Regional Head of Asia Pacific Region and MICT**</i>				
Jose Joel M. Sebastian <sup>(c)</sup> <i>Senior Vice-President, Finance</i>				
Chairman of the Board and President and four (4) highest paid executive officers, as a group	2016 (Estimate)	US\$0.5M	US\$2.1M	US\$2.6M
	2015 (Actual)	0.5M	3.8M	4.3M
	2014 (Actual)	0.4M	3.1M	3.5M
All officers and Directors, as a group, Unnamed <sup>(e)</sup>	2016 (Estimate)	1.4	6.2	7.6M
	2015 (Actual)	1.1	8.3	9.4M
	2014 (Actual)	0.9	7.2	8.1M

(a) Mainly includes non-cash compensation based on Stock Incentive Plan paid out of the allocated Treasury Shares of ICTSI

(b) Includes total compensation paid in the Philippines by the registrant and its subsidiaries

(c) Promoted last October 5, 2015

(d) Promoted last November 9, 2015

(e) Including four (4) highest paid executive officers

### 4) Stock Rights, Options and Warrants

#### (a) Board of Directors

ICTSI's Directors do not hold any outstanding warrants or options as of December 31, 2015. There were no adjustments or amendments made on the options previously awarded to any Director of ICTSI.

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:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
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N/A	N/A	N/A	N/A	N/A
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(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
<p>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 ninety five percent (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>	<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 April 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>	<p>April 12, 2007</p>

## 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
Enrique K. Razon, Jr. <i>President</i>	The aggregate compensation paid to the Chairman of the Board and President, and four (4) highest paid executive officers named below, as a group, for 2015 amounted to US\$4.3 million (2014: US\$3.5 million). The estimated amount of compensation expected to be paid in 2016 to the Chairman of the Board and President and four (4) highest paid executive officers as a group, amounted to US\$2.6 million.
Martin O'neil <i>Executive Vice President</i>	
Rafael D. Consing, Jr. <i>SVP &amp; Chief Financial Officer and Compliance Officer</i>	
Christian R. Gonzalez <i>SVP, Regional Head-Asia Pacific &amp; MICT</i>	
Jose Joel M. Sebastian <i>SVP, Finance</i>	

## 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 RMCG, 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 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) Directors, including one (1) Independent Director who serves as the Committee Chairman. Such Committee reports to the 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 as members.

#### (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.

(iv) Risk Management Committee

The Board organized the Risk Management Committee to assist on its oversight of the company's risk management framework, including key strategic and operational risks as well as the adequacy and effectiveness of its risk management system. The Risk Management Committee is composed of Mr. Octavio Victor R. Espiritu as Chairman and Mr. Jon Ramon Aboitiz and Mr. Stephen Paradies 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

Explanation: There is no Executive Committee.

(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 16, 2015	3	3	100%	14
Member (NED)	Jon Ramon Aboitiz	April 16, 2015	3	3	100%	6
Member (NED)	Stephen A. Paradies.	April 16, 2015	3	3	100%	14

\*Reappointed during the Organizational Meeting last April 21, 2016

Disclose the profile or qualifications of the Audit Committee members.

The following Directors were re-appointed as members of the Audit Committee last April 16, 2015:

***Octavio Victor R. Espiritu, age 72, Filipino***

Mr. Espiritu has been an independent Director of ICTSI\* since April 2002 and has served as the Chairman of the Audit Committee and a member of the Nomination Committee of ICTSI since February 2011 and also Chairman of Risk Management Committee since April 2015. He is also the Chairman of GANESP Ventures, Inc. and a Director of Bank of the Philippine Islands\*, Philippine Dealing System Holdings Corp. and Subsidiaries, Phil Stratbase Consultancy Inc.

Mr. Espiritu was a three (3)-term former President of the Bankers Association of the Philippines, a former President and CEO of Far East Bank and Trust Company and the Chairman of the Board of Trustees of the Ateneo de Manila University for fourteen (14) years.

Mr. Espiritu received his primary, secondary and college education from the Ateneo de Manila University where he obtained his AB Economics degree in 1963. In 1966, at the age of 22, he received his Master's Degree in Economics from Georgetown University in Washington DC, USA.

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***Jon Ramon Aboitiz, age 67, Filipino***

Mr. Aboitiz has been a Director of ICTSI\* since *April 2008* and was appointed as a Member of the ICTSI Audit Committee in April 2010.

Mr. Aboitiz is also the Chairman of Aboitiz & Co., Inc., and Aboitiz Equity Ventures, Inc.\*, an investment and Management enterprise, engaged in numerous and diverse business concerns ranging from Power-Generation and distribution, banking and financial services, real estate development, construction, food, ship building and cement.

Mr. Aboitiz began his career with the Aboitiz Group in 1970 right after graduating from the Sta. Clara University, California, with a degree of B.S. Commerce major in Management.

He became President of Aboitiz & Company in 1991 until 2008. He was President and CEO of Aboitiz Equity Ventures from 1993-2008.

Presently, he holds various positions in the Aboitiz Group including Vice Chairman of ABOITIZ POWER, Vice Chairman of Union Bank of the Philippines\* and Chairman of the Bank's Committees namely Executive Committee; Risk Management Committee; Vice Chairman Compensation and Remuneration Committee. Mr. Aboitiz is a Director of ICTSI\* and is a member of its Audit Committee. He is also a Director of Bloomberry Resorts Corporation\* and is Chairman of its Audit Committee. He is Vice President and trustee for the Ramon Aboitiz Foundation, a trustee and a member of the Executive Committee of the Philippine Business for Social Progress and a member of the Board of Advisors of the Coca-Cola Export Corporation (Philippines).

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***Stephen A. Paradies, age 62, Filipino***

Mr. Paradies has been a Director of ICTSI\* since *December 1987*. He has been the Chairman of the Nomination Committee of ICTSI since February 2011 and is currently a member of ICTSI's Audit Committee and Stock Incentive Committee. He is also a Director of ICTSI Warehousing, Inc. Moreover, Mr. Paradies is the Senior Vice President/ Finance, Treasurer and Board Adviser of Aboitiz & Co. Inc. and Chairman/CEO of Hyfro-Electric Development Corporation; a Director of Aboitiz Construction Group, Inc., Metaphil International, Inc., Prism Energy, Inc. Union Properties Inc. and UnionBank of the Philippines\*.

Mr. Paradies received his Bachelor of Science in Business Management degree from the Santa Clara University, California, USA.

*\*Publicly-listed Corporation*

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 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 16, 2015	2	2	100	5
Member (NED)	Jose C. Ibazeta	April 16, 2015	2	2	100	5
Member (ID)	Octavio V. Espiritu	April 16, 2015	2	2	100	5

\*Reappointed during the Organizational Meeting last April 21, 2016

(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 16, 2015	2	2	100	6*
Member (NED)	Stephen A. Paradies	April 16, 2015	2	2	100	10**
Member (ID)	Octavio V. Espiritu	April 16, 2015	2	2	100	4***

\*Reappointed during the Organizational Meeting last April 21, 2016

\*2006, 2011-2015

\*\*2006 – 2010

\*\*\*2004 – 2015

(e) Risk Management Committee

Office	Name	Date of Appointment	No. of Meetings Held*	No. of Meetings Attended*	%*	Length of Service in the Committee*
Chairman	Octavio V. Espiritu	April 16, 2015	3	3	100	11 months
Member (NED)	Jon Ramon Aboitiz	April 16, 2015	3	3	100	11 months
Member (ID)	Stephen A. Paradies	April 16, 2015	3	3	100	11 months

\*Reappointed during the Organizational Meeting last April 21, 2016

(f) Others (Specify)

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

## Stock Incentive 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 16, 2015	1	1	100	2
Member (NED)	Jon Ramon Aboitiz	April 16, 2015	1	1	100	2
Member (NED)	Jose C. Ibazeta	April 16, 2015	1	1	100	2

\*\*Reappointed during the Organizational Meeting last April 21, 2016

### 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
Risk Management	N/A	N/A
Others (specify)	N/A	N/A

Explanation: There are no changes in the composition of the Committees.

### 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 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	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.

Name of Committee	Work Done	Issues Addressed
	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.
Risk Management	Assisted the Board of Directors in its oversight of the company's risk management framework, including key strategic and operational risks as well as the adequacy and effectiveness of its risk management system.	Issues related to ICTSI's risk governance framework, risk assessment and risk management practices, and the guidelines, policies and processes for risk assessment and risk management.
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	Finalized Charter and establish succession plan for Directors.	To ensure compliance with SEC restrictions on number of service years.
Remuneration	Finalized charter	Establish a formal and transparent procedure for determining the remuneration of Directors and officers
Risk Management	Finalized charter	Establish a procedure for assessing ICTSI's risk governance framework, and its risk management practices
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) identify and manage its risks to support the Company's 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 within 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.B. 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 Financial Statements 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 2015

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

(Quarterly by Senior Management and Audit and Compliance, while annually by External Auditor). 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 failure) that may result to customer dissatisfaction, damage to reputation, lost revenue or operational shutdown.
Market/Economic conditions and Competition	Must manage & monitor risk	To maximize opportunities and minimize risk of failure to assess and manage the impact of economic trends, market condition including competition.
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)	Risk Management and Control (Structures, Procedures, Actions)
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	Process)	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> <li>Existence of safety procedures and emergency response team</li> <li>Annual training/drill on Fire Prevention &amp; Suppression Seminar</li> <li>Strict Compliance to Dangerous Goods Handling circular and rulings</li> <li>Inspect containers for compliance with the labeling requirements of the Hazard</li> </ul> </li> </ul>
Market/Economic conditions and Competition	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>Periodic strategic and operational meetings held by corporate, regional and local executive management.</li> <li>Established corporate and regional business development function.</li> <li>Decentralized group management and reporting structure with extensive authority delegated to the regional operating units.</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	Risk measured in terms of impact to the business and the likelihood	Conduct monthly MTM and realized cash report and submit to Senior

outstanding hedges	of occurrence using the Company's ERM Assessment Rating Table ; Quarterly monitoring and reporting of compliance with debt covenants	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
Risk Management Committee	<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 subsidiary or divisional executives. They may also assist both management and the Audit Committee of the Board by monitoring,</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 processes for risk management</li> <li>Advise on risk management issues within the organization.</li> </ul>

	examining, evaluating, reporting on and recommending improvements to the adequacy and effectiveness of the ERM processes.	<ul style="list-style-type: none"> <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 2014 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 2015

- (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	Sandy Alipio (appointed last May 15, 2014)	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 Vice President – Audit & Compliance Group (VP-ACG) (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-ACG 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. 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.

None for 2015.

Name of Audit Staff	Reason
N/A	N/A
N/A	N/A
N/A	N/A

(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 2015. 100% coverage of planned audit areas
<b>Issues<sup>8</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>9</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 six (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>8</sup> "Issues" are compliance matters that arise from adopting different interpretations.

<sup>9</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; Review completed and updates were made in accordance with the recent changes in the International Standards for the Professional Practice of Internal Auditing. Revised Internal Audit Manual was approved in the May 2014 Audit Committee meeting.

(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.

The Chairman, Chief Executive Officer, Chief Financial Officer, Compliance Officer and Independent Directors attested to the Company’s full compliance with the SEC Code of Corporate Governance. This certification is provided in the SEC 17-A (Annual Report) because this Annual Corporate Governance Report (ACGR) is attached thereto, thus:



“The Group also adopted a Manual on Corporate Governance in January 2003 and submitted to SEC its latest Revised Manual on Corporate Governance (“CG Manual”) on July 30, 2014. The Company submitted a Certificate last January 28, 2016 which states that the Company is in full compliance thereof. The Company likewise submitted its 2015 Consolidated Changes in the Annual Corporate Governance Report on January 8, 2016. The Company’s Compliance Officer was appointed in February 2014. Last February 9, 2016, concurrent as Chief Financial Officer, Rafael D. Consing, Jr. was appointed as the new Compliance Officer. The Compliance Officer coordinates with the Philippine SEC with respect to compliance requirements, monitor compliance with the revised manual and report any governance-related issues to the Board. The Company commits itself to principles and best practices of governance in the attainment of corporate goals.”

ICTSI’s Revised CG Manual adopted in full SEC’s Code of Corporate Governance. In view of the foregoing, ICTSI is in full compliance with SEC mandated code of corporate governance.

## H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	<p>ICTSI continues to implement projects aimed at improving services for its customers.</p> <ul style="list-style-type: none"> <li>Focusing on CSR activities on initiatives that will benefit our less fortunate customers, giving particular attention to truckers and their families, especially those who are residents in our surrounding communities;</li> <li>Developing operational KPIs which consider the livelihood, health, and well-being of customers such as faster truck turnaround times and creating safer, accident-free work environments;</li> <li>Offering of educational opportunities for our customers through terminal-sponsored customer training programs that promote anti-corruption initiatives, world-class health and safety behavior, and overall well-being;</li> <li>Promoting interactive activities between our customers and management at all levels including participation in athletic and social activities;</li> <li>Striving for a corruption-free environment through automating processes which</li> </ul>	<ol style="list-style-type: none"> <li>Established an MICT customer care team to handle day to day client requirements/complaints/assistance and the likes;</li> <li>Implemented MICT Track and Trace system “check cargo status real time online and via SMS”;</li> <li>Implemented an MICT Advisory system “important announcements to clients via email”;</li> <li>Implemented a total revamp of the billing system that will: <ol style="list-style-type: none"> <li>Result in faster queuing time for clients;</li> <li>Allow remote payment supported by more banks, therefore decongesting downstairs and saving them trips to the billing lounge;</li> <li>Project is ongoing, completion will be Q1 next year;</li> </ol> </li> <li>Invested on new equipment for faster service;</li> <li>Improved on port system procedures to provide faster and more efficient service;</li> <li>Implemented dredging projects;</li> <li>Expanded container yard and operational areas;</li> <li>Implemented a Radio Frequency Identification System on trucks that will enable trucking companies to inquire about the status of their tucks (time gated in and out of the port)</li> <li>Provides free shuttle service to/from MICT from/to Lawton and Del Pan, using brand new and air conditioned vehicles;</li> <li>Provides an affordable cafeteria open to all port users;</li> <li>Enforced Pre Advise system that resulted in improved truck flow and faster turnaround time;</li> <li>Opened and inland container at Laguna (the Laguna Gateway Inland Container Terminal Inc.)</li> </ol>

	Policy	Activities
	<p>are driven through customer feedback and interaction;</p> <ul style="list-style-type: none"> <li>• Achieving total community assimilation creating friendlier surrounding environments for our customers;</li> <li>• Delivering the necessary safety and security in and around our terminal areas to ensure the well-being and safety of all customers;</li> <li>• Providing, whenever possible, online or offsite access to terminal systems and facilities thus reducing travel time and idle time for our customers;</li> <li>• Providing community and terminal wide health and safety facilities and logistics which not only cover workforce requirements but also customer needs; and</li> <li>• Creating a safe, productive, friendly, healthy, and corruption-free workspace for all customers.</li> </ul>	<p>to provide a one-stop logistics service for importers and exporters in the south Luzon;</p> <ol style="list-style-type: none"> <li>14. Implementing a reefer monitoring system that will allow shipping lines to inquire about the status of their reefer containers Q2 2015</li> <li>15. Currently developing an online Client; Dashboard that will allow key importers to get summary reports for their import containers at MICT (Q2 2015);</li> <li>16. Will Launch the MICT CUSTOMER SURVEY (Q1 2015), which will be done quarterly to measure customer satisfaction and identify areas of improvement hearing the voice of customer.</li> <li>17. Developing a Customer Relationship; Management (CRM) system to better serve and understand MICT customers (Q4 2015);</li> <li>18. Posting of CCTV footage of MICT Pre Gate Area, Gates, Access Roads and Vessel Berthing schedules on official website to support MICT's transparency campaign (Q2 2015);</li> <li>19. Relaunching of official website (Q2 2015) with new features to improve the overall customer experience, including the development of a mobile App (Q4 2015);</li> <li>20. Participating in numerous port community related events to ensure the port user community is always updated on the current situation of MICT's overall terminal health;</li> <li>21. Upgrading of Terminal Operating System (NAVIS);</li> <li>22. Provides truck holding area in Spurline for ACTOO and CTAP; and</li> <li>23. Clearing of the access road (outbound) from Iglesia ni Cristo to Delpan to provide a safe walk way for the pedestrian</li> </ol>
Supplier/contractor selection practice	<p>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.</p>	<p>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.</p>

	Policy	Activities
Environmentally friendly value-chain	<p>ICTSI-MICT Integrated Management System (IMS) was reconfirmed ISO 9001:2008 and ISO 14001:2004 certified by Certification International Philippines, Inc. (CI) as follows;</p> <p>ISO 9001:2008 - QUALITY MANAGEMENT SYSTEM Issue date: 01 April 2014 Cert# CIP/35421Q/04/12/751</p> <p>ISO 14001:2004 – ENVIRONMENTAL MANAGEMENT SYSTEM Issue date: 01 April 2014 Cert# CIP/35421E/04/12/751</p> <p>The IMS certificates are valid until 20 January 2017, subject to satisfactory results of annual surveillance audits scheduled every December of year 2014-2016. The further extension of Certificates will be based on effective conformity to the requirements of ISO 9001:2008 and of ISO 14001:2004, as determined by a reassessment of Integrated Management System in its entirety.</p> <p>As a certified organization, we are required to maintain our IMS to ISO 9001:2008 and to ISO 14001:2004 standards and to comply with CI's conditions of certification.</p>	<p>Coastal clean-up was assisted by ICTSI ERT along with the joint efforts of ICTSI FI/ RVV Security Systems at Isla Puting bato (IPB) shorelines.</p> <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, ICTSI-FI Project Officer, received the certificate of recognition on behalf of the Foundation at the Summit Ridge in Tagaytay City.</p>
Community interaction	Please see Annual Report on Corporate Citizenship	Community interaction is a basic tenet of the operation of ICTSI Foundation. Since its inception in 2010, the Foundation has worked closely with the barangay leaders of the two (2) Parola communities in Barangays 20 and 275 in Manila in the identification, planning and implementation of pro-poor projects. These projects include livelihood seminars, medical missions, capability-building for mothers, daycare teachers, barangay leaders, tricycle drivers; feeding program and various school-based assistance. These communities, comprised mainly of informal settlers, are contiguous to Manila International Container Terminal (MICT), ICTSI's flagship project.

	Policy	Activities
		<p>For 2013, the Foundation's major undertaking in the said ICTSI host community is the Parola Solid Waste Management Project. This is to help address indiscriminate garbage littering and dumping which pose health hazards and contribute to environment degradation. Aside from the two (2) barangay councils, the other project implementing partners of the Foundation are the Department of Environment and Natural Resources (DENR), the Department of Social Welfare and Development (DSWD) and the Philippine Business for Social Progress (PBSP), with whom ICTSI Foundation signed a Memorandum of Understanding in April 2013.</p> <p>After a series of planning sessions with these project partners, sixty two (62) informal leader-residents from the thirty (30) Parola gates were identified jointly by the two (2) barangay councils and DSWD. These informal leaders were then trained as community-based Eco Patrols who played the role of solid waste management champions in their respective assigned community gates in Parola. After these trainings, these Eco Patrols undertake their own informal ways of influencing and convincing the residents in their assigned areas to comply with barangay regulations on solid waste management. ICTSI Foundation meets with these Eco Patrols on a weekly basis.</p> <p>Aside from the trainings for the sixty two (62) community-based-Eco Patrols, the Foundation, as part of the project's Information, Education and Communication (IEC) phase, conducted, in partnership with DENR, thirty two (32) solid waste management seminars for two thousand eight hundred twenty two (2,822) residents. The objective is to stir awareness among Parola residents about climate change and environment degradation, and what the community can do to help avert these. To date, a marked improvement can be seen in the maintenance of cleanliness, specifically along Parola's South Access Road.</p> <p>ICTSI-FI also had study tours with the officials of Barangays 20 and 275 in Barangay Fort Bonifacio, Taguig City and in the Integrated Solid Waste Management Facility of Teresa, Rizal which are two (2) of the DENR-cited-barangays with best practices on Solid Waste Management.</p> <p>With the deployment of trained community-based Eco Patrols, the next step will be the conduct of a Waste Analysis and Characterization Study (WACS). This study will determine the kind of wastes generated and their estimated volume, from where DENR can determine the appropriate livelihood technology to be adopted. The application of this technology will not only reduce, recycle and re-use</p>

	Policy	Activities
		<p>wastes but will also generate livelihood opportunities for Parola residents.</p> <p>This project is basically to assist Barangays 20 and 275 in complying with Republic Act 9003 in establishing an Ecological Solid Waste Management System in their areas.</p> <p>Other initiatives of the Foundation reflecting community interaction are support for the Family Day for ten (10) Parola daycare centers, Christmas party for pupils in ten (10) daycare centers in Parola and conduct of medical mission in Barangay Sasa, Davao and Barangay Kalalake, Olongapo.</p> <p><b>Other Outreach Activities</b></p> <p>Emergency Response Team Members contributed and volunteered in Relief operations for Eastern Visayas Earthquake and typhoon Haiyan's victims.</p>
Anti-corruption programs 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.	<p>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.</p> <p>Security team added ten (10) new cameras (5 wireless and 5 wired, 6 PTZ and 4 fixed cameras) to improve the current CCTV Security System.</p> <p>To show its strong commitment against corruption, ICTSI even went into filing administrative charges against its erring employees. Employees caught receiving and/or exacting monetary consideration from port users are suspended from employment. Recidivists are meted with the ultimate penalty of dismissal from employment after observance of the required due process. The imposition of these penalties serves as a deterrent to other possible violators.</p>
Safeguarding creditors' rights	The Group manages its liquidity profile to be able to finance its working capital and capital expenditure requirements including the timely servicing of debt, payment to suppliers and other corporate payables. As part of the liquidity risk management, the Group maintains strict control of its cash and ensures that excess cash held by subsidiaries are up streamed timely to the Parent Company. In line with this	<p>[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.]</p> <p>Liquidity Management</p> <ol style="list-style-type: none"> <li>1. Implemented the CS Lucas Treasury Management System – Money Market Module which is a database for the Group's investments that aids in the monitoring and yield maximization of investments.</li> </ol>

	Policy	Activities
	<p>objective, the subsidiaries are allowed to maintain cash at a maximum equivalent to its working capital requirement only. The Group monitors receivables and payables to ensure positive position at optimal levels. In addition, it regularly evaluates its projected versus actual cash flow information and continually assesses the conditions in the financial market to pursue fund raising initiatives when needed. These initiatives may include accessing bank loans, project finance facilities, debt capital markets and equity market.</p> <p>The Group regularly monitors its funding strategy and capital structure optimization plans in order to support management initiatives such as acquisition and expansion as well as financial crisis management. It is critical to follow debt capacity allocations and restrictions, if any, in order to fund growth, ensure timely servicing of debt and meet set leverage ratios.</p>	<ol style="list-style-type: none"> <li>2. Implemented the Citi Treasury Vision, a platform that allows head office full visibility of all bank accounts of the Group, including subsidiaries in different countries.</li> <li>3. Cash repatriation to Parent forms a major component of the subsidiaries' KPIs.</li> <li>4. A daily cash position report wherein the Parent's cash holdings and upcoming materials payments, especially loan interest and principal payments, are indicated. Utilizes the cash management system of Citi, HSBC and Deutsche Bank for more efficient transfer of funds, including payment of loans and bonds.</li> <li>5. Debt capacity, leverage ratios and liquidity ratios are computed every end of financial quarter and every time there is a financial transaction that impacts the capital structure and the debt covenants of the Group. Compliance certificates are submitted quarterly to creditors via appointed facility agents. Debt covenant computations are monitored by Auditors.</li> <li>6. Implemented the CS Lucas Treasury Management System – Term Loan Module which is a database for the Group's bank loans that aids in the monitoring and timely payment of bank debts.</li> <li>7. A Manager and an Assistant Manager are assigned the task of managing relationship with banks, compliance with BSP reportorial/monitoring requirements with respect to foreign loans, and compliance with debt covenants.</li> <li>8. Conducts regular discussions with credit risk officers of relationship banks to ensure updated and accurate internal credit rating and to solidify the bank's confidence for the ICTSI account.</li> <li>9. Loan/bond agreements, terms and conditions contain covenants, undertakings, representations and warranties, and events of default that safeguards the position of creditors.</li> </ol>

- 2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?  
Yes, please see SEC 17 – A, glossy Annual Report and company website.
- 3) Performance-enhancing mechanisms for employee participation.
  - (a) What are the company's policy for its employees' safety, health, and welfare?

#### HEALTH AND WELFARE

ICTSI ensures that every employee is annually provided with proper Personal Protective Equipment while on

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 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 outpatient 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.

The sick leave benefit was enhanced by paying a health bonus at the end of the year to encourage employees to stay healthy. Every employee is also enrolled under the company's Group Hospitalization Plan which provides a maximum of Php60,000.00 hospitalization benefits per illness in a year. The same is extended to his/her dependents.

Last April 25, 2014, ICTSI and NMPI-NAFLU, the certified bargaining agent for its rank and file employees, concluded a new five (5) year CBA. The CBA provides for better benefits such as guaranteed wage increases for its employees for the next five (5) years. It also provides for other employee welfare benefits such as sick and vacation leave credits, increase in medical and dental benefits, increase in the hospitalization benefits for employees and their dependents, enrolment of employees to health insurance to cover both outpatient and inpatient medical benefits and services, annual physical examination for employees, increase in insurance coverage for life and accidental death, increase in burial assistance to legal heirs of deceased employees, significant increase in funding for the union's welfare, educational and calamity programs and increase in loyalty bonus for retiring employees.

## **SAFETY TRAINING AND DEVELOPMENT**

### **Developed Programs and policies for year 2015**

- Safety brochure and booklet – Eight Hundred (800) high gloss info catalogues with safety inserts/inputs for truckers safety, visitors safety, contractors safety, and port user's safety, were distributed;
- Full implementation of PPE to all; and
- New uniform with high visibility marks both upper garments and working pants were distributed for operation employees.

### **Accident Prevention**

- Intensified yard inspections and Safety Visibility;
- Regular monitoring of the container stacking at the container yard;



- Regular roving inspection and monitoring of the Terminal is being conducted daily to ensure that safety is properly implemented and exercised;
- Maintaining proper housekeeping inside the MICT premises; and
- Strict implementation of personal protective equipment for Employees, Port Users, Contractors and Visitors.

ICTSI is committed to provide a safe and healthful place of work accordance with industry standards and in compliance with government requirements:

To meet this commitment, we will abide by the following principles:

- Place the highest priority on the health and safety of all employees and port users;
- Provide health and safety training to employees to empower or incident prevention program;
- Encourage employees to perform their jobs properly in accordance with established procedures and work practices;
- Ensure the Company's operation and other activities comply with applicable government regulations.
- Provide full cooperation to clients, statutory authorities and local communities;
- Communicate and consult with employees to be able to continually improve work procedures and maintain safe practices in the performance of their jobs; and
- Monitor performance and conduct regular audits to ensure health and safety management system is up to date and continually improved.

Through these principles, we believe that:

- Accident loss can be controlled through good management combined with active employee involvement;
- Safety is the direct responsibility of all managers, supervisors, employees, contractors and port users;
- All employees will be aware of their statutory duty to take reasonable care of the health and safety of themselves and others who may be affected by their actions; and
- Health and safety for the company, in general will be steered towards a higher education.

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

## HEALTH AND WELFARE

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. Further, all regular employees and their immediate dependents are provided access to clinic medicines (i.e., antibiotics, maintenance medicines, over-the-counter (OTC) medicines, etc.) Annual drug test for all employees during Company's scheduled APE and Random Drug Test per month for minimum of 100 employees is also conducted. ICTSI also provides free Chest X-Ray for dependents with suspected Pulmonary Tuberculosis.

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 7:00a.m. to 4:00p.m. from Mondays to Fridays. The reliever nurse reports for duty from 7:00a.m. on Sundays to 7:00a.m. on Mondays.

ICTSI's medical and dental facilities provide round the clock services for employees and their dependents. We also maintain our own ambulance to address emergency medical cases. A fire truck is always on stand-by within the terminal premises to provide immediate service and assistance in cases of fire and other catastrophes.

In May 2014, the hospitalization benefits of employees was increased from Php30,000.00 to Php60,000.00. This is primarily to cope with the increasing cost of medical services. Aside from the group hospitalization benefits made available to employees and their dependents, regular employees in exempt positions are also given Annual Medical and Dental Reimbursement benefit.

ICTSI provides them with a pre-designated annual maximum amount to pay for the cost of their and their dependents' Medical Insurance Premiums. They may likewise reimburse other medical and dental expenses incurred not covered by their medical insurance i.e. medicines and other doctor's fees.

ICTSI also makes use of Service Providers with deep expertise in their industries and in the local market to administer our hospitalization, group life and group accident insurance as well as travel insurance benefits. These providers' expertise helps us in the following areas:

- a.) Facilitate enrollment in plans, transactions, reporting and processing of premium payments and claims;
- b.) Ensure proper benefits accounting, recordkeeping and reconciliation;
- c.) Gain access to right information to make the most informed and most cost-effective decisions on health and insurance providers;
- d.) Provide a panel or network of health care providers based on explicit standards for selecting providers;
- e.) Evaluate, shortlist and recommend cost-effective providers;
- f.) Reduce costs by negotiating favorable fees from providers; and
- g.) Review and manage utilization of providers i.e. evaluate appropriateness, medical needs and efficiency of health care procedures and facilities and manage health care cases.

ICTSI also introduced the ICTSI HEALTH INSURANCE PLAN (IHIP). The IHIP provides employees access to medical insurance coverage for their Out-Patient and In-Patient (hospitalization, consultation, laboratory, etc) medical needs. It is provided through an approved Health Care Provider and offers a choice of Employee IHIP Programs that vary by maximum amount limits. Employee also has the option to use his/her medical and dental reimbursement (MDR) benefit to enroll his/her dependents in any of our available Dependent Programs. This MDR benefit may also be used for the order and free delivery of medicines via MEDEXPRESS, a delivery service drugstore.

Annual Physical Exam is also conducted religiously in order to promote health awareness and early detection of illnesses. Standard exams include Physical Examination of the doctor, Electrocardiogram (ECG), X-ray, Complete Blood Count, Urinalysis, Fecalalysis and Visual Acuity Screening. During the APE event, our partner healthcare professionals also provides Cardiometabolic Workplace Wellness program which includes Biometric Tests (Blood Sugar, Cholesterol, Blood Pressure screening, Body Mass Index (BMI) /Obesity screening and Foot Doppler test) which helps us in profiling our employees and assessing their overall cardiometabolic health status thus, helping us further to reduce rates of illnesses like Hypertension, Diabetes, Dyslipidemia, etc. Also, from the baseline workforce profiling gathered during APE, we design and provide a customized wellness program like prevention of lifestyle-related diseases, Smoking Cessation campaign among others.

Employees with adverse finding after the above exams shall be directed to consult a specialist for further examination and medication. We have also tapped the services of different medical groups to provide us with seminars and briefing on diseases and medical conditions most common to our employees.

## **SAFETY**

### **1. Safety Orientations**

- Eight Thousand Five Hundred Eight (8,508) truck drivers were given an orientation about the Terminal Traffic Rules and Regulations. Two Thousand One Hundred Ninety (2,190) truck drivers from ACTOO and Six Thousand One Hundred Thirty One (6,131) truck drivers from CTAP and One Hundred Eight Seven (187) from HTI (EPZA accredited) were issued Certificate of Attendance.
- One hundred nineteen (119) Newly Hired employees for the year 2015 were oriented about the Safety Rules and Regulations of the Company.
- Four Hundred Ninety Six (496) Tool Box Meetings were conducted at different sections and were reminded/ reoriented on the Terminal guidelines and procedures as well as on the safe working habits.

### **2. Conducted Seminars and Trainings for ERT members and employees**

- Port Safety and health standards - A total of Thirty Six (36) employees participated the events on separate dates July 2015 and October 2015.
- ERT FIRE FIGHTING EXERCISE/DRILL - was successfully completed on the following dates of April 24, 2015 and July 16, 2015 at the ITHA (former ECD) and Admin Building, participated by the members of Emergency Response Team and assisted by the Bureau of Fire Protection Headed by Chief Insp. Rex Arvin A. Afalla
- Emergency Medical Services – Basic course was also conducted by the Bureau of Fire Protection on dates simultaneous with April 24, 2014 fire drill and July 30, 2015 Metro wide drill.
- The Earthquake Preparedness Seminar and Training Room to Room - Resource speakers were from The Office of Civil Defense NCR: Amy Daura Gumboc, FO3 Fernando Basada FO2 Marvin Manolid. The team structured an earthquake simulator assisted and participated in by ERT and different representatives from ICTSI departments. It was held last June 16, 2015 and July 30, 2015.

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

Part of ICTSI's objectives is to impart basic knowledge and skills to new employees and to assist existing employees to function more effectively by keeping them abreast of recent developments and concepts which they could use in their respective fields.

In 2015, ICTSI participated in 50 training programs for 167 employees to upgrade their professional & technical skills and knowledge. There were 40 other training programs for behavioral, health and other company orientations conducted internally for 1100 employees. Under the technical training program, a total of 13 employees were certified during the year to operate new or additional equipment and 12 were trained as new Hatch Clerks. ICTSI continues to provide its employees trainings programs that would best suit their needs and hone their skills.

- 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;
  - e. Ports Operation and Strategy;
  - f. Ports Planning and Design;

- g. Work Attitude and Values Enhancement Seminar / Tatak ICTSI;
- h. Customer Service Training;
- i. Employee Discipline Workshop;
- j. People Management Conference;
- k. Labor and Employee Relations Summit;
- l. PSQI Leadership Training;
- m. Team Building Sessions; and
- n. STAR Program for Supervisors.

2.) Company Orientation Programs which include:

- a. Operations for Non-Operations;
- b. Orientation for newly hired employees;
- c. Orientation re: government mandated benefits;
- d. Orientation for HMI;
- e. Orientation for Retiring Employees;
- f. Operations for Non-Operations;
- g. Counterfeit Detection; and
- h. Ugnayan sa Pantalan.

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 has a reward program that accounts for its performance beyond short-term financial measures, as it is based on company's improvement of its efficiency and productivity.

The company has a **Productivity Incentive Program** in place for the Operators of the Quay Crane, Rubber Tired Gantry (RTG), Prime Movers and Stacker Equipment with the following objectives:

- 1. Motivate operators to meet the productivity target;
- 2. Reward and recognize good performance;
- 3. Address personnel turn-over (resignations due to job offer abroad) in Operations; and
- 4. Upgrade the level of service and skills of ICTSI Operators.

The program was designed to be progressive while anchored on the involvement of all 4 major operational functions (QC, RTG, Prime Movers and Stacker Equipment) in the terminal with equal incentive pay out at target. The company believes that this would foster better coordination and teamwork among the said major functions.

The Incentive Guidelines are: the program is open to all operators - Quay Crane, RTG, Prime Movers and Stacker Equipment; all participants must comply with the dispatch list or as ordered by the Supervisor; all participants must have no accidents and disciplinary action for the month to qualify; all participants must meet the targeted moves required per month; a **monthly cash incentives** shall be given for previous month's performance; and those who will consistently meet or exceed the targets set will receive a **Year End Productivity Incentive** payable the following year. Management continuously evaluates and revises the guidelines and implementation of the above program, based on business exigency.

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.

The identity of the employee – informant shall be treated with confidentiality. Rights of the employee – informant will be protected based on applicable policies and local laws.

## I. DISCLOSURE AND TRANSPARENCY

### 1) Ownership Structure as of March 31, 2016

#### (a) Holding 5% shareholding or more

The following are known to the registrant to be directly or indirectly the record or beneficial owner of the more than five (5) percent of registrant's voting securities as of March 31, 2016:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage*
Common	PCD Nominee Corporation (Non-Filipino) Makati Stock Exchange Bldg., Ayala Avenue, Makati City 1200	Deutsche Bank Manila - Clients' Acct. - 26/F Ayala Tower One Ayala Triangle, Makati City 1200 Represented by Carlos Dela Torre, Head of Securities and Custody Operations, only holds legal title as custodian in favor of various clients, and is not the beneficial owner of the lodged shares.	Foreign	350,532,390 (Lodged with PCD) Indirect	12.80%
Common	PCD Nominee Corporation (Non-Filipino) Makati Stock Exchange Bldg., Ayala Avenue, Makati City 1200	The Hongkong & Shanghai Banking Corp. Ltd. – Clients' Acct. - 7/F HSBC Centre 3058 Fifth Avenue West Bonifacio Global City Taguig 1634 Represented by Maris Flores, Senior Vice President, HSBC Securities Services and Kathy Dela Torre, Senior Vice President Client Services, only holds a legal title as custodian, and is not the beneficial owner of the lodged shares.	Foreign	314,232,451 (Lodged with PCD) Indirect	11.48%
Common	Bravo International Port Holdings, Inc. 104 H.V. dela Costa St., 17-19 Floors Liberty Center Salcedo Village, Makati City 1200	Bravo International Port Holdings, Inc. represented by Enrique K. Razon, Jr.,	Filipino	279,675,000	10.21%

Common	PCD Nominee Corporation (Filipino) Makati Stock Exchange Bldg., Ayala Avenue, Makati City 1200	AB Capital Securities, Inc., Units 1401-1403, 14th Floor, Tower One, Ayala Triangle, Ayala Avenue, Makati City 1200 Represented by Lamberto M. Santos, Jr. President; and Ericsson C. Wee, First Vice President, only holds a legal title as custodian and is not the beneficial owner of the lodged shares	Filipino	424,957,976 (Lodged with PCD) Indirect	15.52%
Preferred B	Achillion Holdings, Inc. 104 H.V. dela Costa St., 17-19 Floors Liberty Center Salcedo Village, Makati City 1200	Achillion Holdings, Inc. represented by Enrique K. Razon, Jr.	Filipino	700,000,000	25.57%

\* Percentage ownerships were computed using total number of issued and outstanding common shares, preferred B voting shares and preferred A non-voting shares of 2,737,910,390 (which excludes treasury shares) as of March 31, 2016.

(b) Security Ownership of Management as of March 31, 2016

Title of Class	Name	Number of shares and nature of beneficial ownership		Citizenship	Percentage <sup>1</sup>
Common & Preferred B	Enrique K. Razon, Jr. <sup>2</sup>	1,678,105,057	Direct and indirect	Filipino	61.29% <sup>3</sup>
Common	Andres Soriano III	9,150,481	Direct and indirect	American	0.33%
Common	Stephen A. Paradies	4,087,573	Direct	Filipino	0.15%
Common	Jose C. Ibazeta	3,008,560	Direct	Filipino	0.11%
Common	Silverio Benny J. Tan	426,700	Direct and indirect	Filipino	0.02%
Common	Jose Manuel M. De Jesus	379,350	Direct	Filipino	0.01%
Common	Martin L. O'Neil	362,675	Direct	American	0.01%
Common	Fernando L. Gaspar	347,725	Direct	Filipino	0.01%
Common	Octavio Victor R. Espiritu	300,000	Direct	Filipino	0.01%
Common	Christian R. Gonzalez	218,019	Direct	Filipino	0.01%
Common	Vivien F. Miñana	165,925	Direct	Filipino	0.01%
Common	Joseph R. Higdon	156,000	Direct	American	0.01%
Common	Jose Joel M. Sebastian	143,382	Direct	Filipino	0.01%
Common	Jon Ramon M. Aboitiz	135,000	Direct	Filipino	0.00%
Common	Earl Eric Nestor H. Ferrer	97,051	Direct	Filipino	0.00%
Common	Rafael Jose D. Consing, Jr.	79,195	Direct	Filipino	0.00%
Common	Guillaume Lucci	77,917	Direct	French/American	0.00%
Common	Ton Van den Bosch	14,104	Direct	Dutch	0.00%
Common	Lisa Marie Teresa Escaler	13,094	Direct	American	0.00%
Common	Sandy Alipio	11,194	Direct	Filipino	0.00%
Common	Rafael T. Durian	1,000	Direct	Filipino	0.00%
-	Benjamin M. Gorospe III	-	-	Filipino	

<sup>1</sup> Percentage ownerships were computed using total number of issued and outstanding common shares, preferred B voting shares and preferred A non-voting shares of 2,737,910,390 (which excludes treasury shares) as of March 31, 2016.

<sup>2</sup> Shares in the name of Enrique K. Razon, Jr. and Razon Group.

<sup>3</sup> The percentage ownership of Enrique K. Razon, Jr. and the Razon Group is at 61.38% if based on the total number of issued and

outstanding common shares and preferred B voting shares of 2,734,110,390 (which excludes treasury shares and preferred A non-voting shares) as of March 31, 2016..

(b) Security Ownership of Management as of April 22, 2016

Title of Class	Name	Number of shares and nature of beneficial ownership		Citizenship	Percentage <sup>1</sup>
Common & Preferred B	Enrique K. Razon, Jr. <sup>2</sup>	1,678,105,057	Direct and indirect	Filipino	61.29% <sup>3</sup>
Common	Andres Soriano III	9,150,481	Direct and indirect	American	0.33%
Common	Stephen A. Paradies	4,087,573	Direct	Filipino	0.15%
Common	Jose C. Ibazeta	3,008,560	Direct	Filipino	0.11%
Common	Silverio Benny J. Tan	426,700	Direct and indirect	Filipino	0.02%
Common	Martin L. O'Neil	362,675	Direct	American	0.01%
Common	Octavio Victor R. Espiritu	300,000	Direct	Filipino	0.01%
Common	Vivien F. Miñana	165,925	Direct	Filipino	0.01%
Common	Joseph R. Higdon	156,000	Direct	American	0.01%
Common	Jose Joel M. Sebastian	143,382	Direct	Filipino	0.01%
Common	Jon Ramon M. Aboitiz	135,000	Direct	Filipino	0.00%
Common	Rafael T. Durian	1,000	Direct	Filipino	0.00%
Common	Rafael Jose D. Consing, Jr.	-	Direct	Filipino	-
-	Benjamin M. Gorospe III	-	-	Filipino	-

<sup>1</sup> Percentage ownerships were computed using total number of issued and outstanding common shares, preferred B voting shares and preferred A non-voting shares of 2,737,910,390 (which excludes treasury shares) as of March 31, 2016.

<sup>2</sup> Shares in the name of Enrique K. Razon, Jr. and Razon Group.

<sup>3</sup> The percentage ownership of Enrique K. Razon, Jr. and the Razon Group is at 61.38% if based on the total number of issued and outstanding common shares and preferred B voting shares of 2,734,110,390 (which excludes treasury shares and preferred A non-voting shares) as of March 31, 2016.

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	YES
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	YES
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

**Dividend Policy** - The Company's Dividends and Dividend Policy was clearly stated in the 2016 Notice of Annual Stockholders' Meeting. ICTSI has a track record of shareholder returns. Since 2013 to 2016, ICTSI was able to declare dividends from PhP 0.75 - PhP 0.91, which is based on the company's unrestricted retained earnings. Dividends are payable to all common stockholders, on the basis of outstanding shares held by them, each share being entitled to the same unit of dividend as any other share. Dividends are payable to stockholders whose names are recorded in the stock and transfer book as of the record date fixed by the Board. Preferred A shareholders are entitled to dividends at rates fixed by the Board.

## 2) External Auditor's fee

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

	2013	2014	2015
Audit Fees	US\$775.0	US\$939.3	<b>US\$1,057.8</b>
Audit-Related Fees	711.4	—	<b>880.4</b>
Tax Fees	176.2	92.0	<b>295.6</b>
Other Fees	34.1	14.8	<b>73.1</b>

Audit Fees include the audit of the Group's annual financial statements. The consolidated audit fees increased in 2014 and 2015 as a result of new operating terminals and start-up companies.

Audited-Related Fees include the review of interim financial statements and issuance of comfort letters for the capital market raising transactions of the Group. In 2013 and 2015, this amount increased due to the issuances of three comfort letters as a result of the capital market raising transaction of the Group and project financing in one of the subsidiaries.

Tax fees paid to SGV & Co./Ernst & Young are for tax compliance, tax advisory services and transfer-pricing studies. In 2015, the amount increased mainly due to the transfer-pricing and thin capitalization studies and tax advisory on tax planning for the restructuring of our subsidiaries in Latin America.

Other fees mainly include due diligence services related to business development.

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 21, 2016.

## 3) Medium of Communication

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

- a. Print materials, such as:
  - Annual Report;
  - company newsletter/magazine;
  - newspaper of general circulation
  - Through press releases
  - Through corporate disclosure with regulatory agencies
- b. Company website
- c. Email
- d. Face to face meetings with key investors and analysts
- e. Investment conferences arranged by banks/investment houses
- f. Site visits by stakeholders

g. Quarterly Investors' briefing conference calls

The latest investors'/analysts'/media briefing conference was for the Full Year 2015 held last March 8, 2016, at 5:00pm through an international dial in facility with available lines in the Philippines, Hong Kong, Singapore, United Kingdom, United States and Australia.

The recording of the conference call was made available last March 8– March 11, 2016 and the presentation used may be viewed/downloaded from the ICTSI website.

4) Date of release of audited financial report: March 8, 2016 (date of posting in the company website of the most recent AFS)

5) Company Website

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

Business operations	<b>Yes</b> (Operations tab) <a href="http://www.ictsi.com/operations/">http://www.ictsi.com/operations/</a>
Financial statements/reports (current and prior years)	<b>Yes</b> (Disclosures [SEC Filings] under Investor Relations' tab) <a href="http://www.ictsi.com/content/investor-relations/disclosures">http://www.ictsi.com/content/investor-relations/disclosures</a>
Materials provided in briefings to analysts and media	<b>Yes</b> (IR Presentation and Program [Investor Relations Briefing and Presentation] under Investor Relations' tab) <a href="http://www.ictsi.com/content/investor-relations/ir-presentation--program/">http://www.ictsi.com/content/investor-relations/ir-presentation--program/</a>
Shareholding structure	<b>Yes</b> (i.e. <i>Shareholdings Structure</i> under About Us, <i>Top 20 Stockholders</i> under Share Information of Investor Relations' tab and <i>List Top 100 stockholders</i> quarterly, under Disclosures of Investor Relations' tab [Other Disclosures to SEC, PSE and Other Pertinent Agencies]) <a href="http://www.ictsi.com/content/about-us/shareholdings-structure/">http://www.ictsi.com/content/about-us/shareholdings-structure/</a>  <a href="http://www.ictsi.com/content/investor-relations/disclosures/">http://www.ictsi.com/content/investor-relations/disclosures/</a>
Group corporate structure	<b>Yes</b> Global Organizational Chart under Corporate Governance of Investor Relations. It is also part of the downloadable SEC Form 17-A under Disclosures of Investor Relations' tab <a href="http://www.ictsi.com/content/about-us/global-organizational-chart/">http://www.ictsi.com/content/about-us/global-organizational-chart/</a>  <a href="http://www.ictsi.com/content/investor-relations/disclosures/">http://www.ictsi.com/content/investor-relations/disclosures/</a>



Downloadable annual report	<b>Yes</b> (Annual Reports under Investor Relations' tab and SEC Form 17-A under Disclosures of Investor Relations' tab)  <a href="http://www.ictsi.com/content/investor-relations/annual-reports/">http://www.ictsi.com/content/investor-relations/annual-reports/</a>
Notice of AGM and/or EGM	<b>Yes</b> (Disclosures [Notice of Annual Stockholders' Meeting] under Investor Relations' tab)  <a href="http://www.ictsi.com/content/investor-relations/disclosures/">http://www.ictsi.com/content/investor-relations/disclosures/</a>
Company's constitution (company's by-laws, memorandum and articles of association)	<b>Yes</b> (Articles of Incorporation and By-Laws under Corporate Governance of Investor Relations tab)  <a href="http://www.ictsi.com/content/about-us/articles-of-incorporation-and-by-laws/">http://www.ictsi.com/content/about-us/articles-of-incorporation-and-by-laws/</a>

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

N/A because all information are duly disclosed.

## 6) 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:

				2013		2014		2015	
				Outstanding Receivable (Payable) Balance		Outstanding Receivable (Payable) Balance		Outstanding Receivable (Payable) Balance	
Related Party	Relationship	Nature of Transaction	Amount	Balance	Amount	Balance	Amount	Balance	
(In Millions)									
<b>ICBV</b>									
SPIA	Joint venture	Interest-bearing loans <sup>(i)</sup>	US\$0.31	US\$50.39	US\$64.73	US\$115.12	US\$94.77	US\$209.90	
PSA	Joint venture partner in SPIA	Transfer of 50% of loans to SPIA <sup>(i)</sup>	43.98	—	—	—	—	—	
<b>Parent Company</b>									
<b>YRDICTL/YICT</b>									
YPH	Non-controlling shareholder	Port fees <sup>(ii)</sup>	1.12	(0.04)	1.46	—	1.10	—	
		Trade transaction <sup>(iii)</sup>	—	—	0.37	(0.01)	0.09	(0.01)	
		Management fees <sup>(iv)</sup>	—	—	—	—	0.23	—	
YPG	Common shareholder	Port fees <sup>(ii)</sup>	—	—	3.02	(0.77)	3.72	(0.29)	
		Trade transaction <sup>(iii)</sup>	—	—	1.80	(0.13)	2.09	(0.32)	
		Purchase of equipment	—	—	—	—	2.58	—	
DP World	Non-controlling shareholder	Management fees <sup>(iv)</sup>	—	—	—	—	0.19	—	
<b>Tecplata</b>									
NPSA		Purchase of additional shares	16.00	—	6.00	—	—	—	
<b>SCIPSI</b>									
Asian Terminals, Inc.	Non-controlling shareholder	Management fees	0.16	(0.02)	0.17	(0.01)	0.16	(0.02)	
<b>AGCT</b>									
Luka Rijeka	Non-	Provision of services <sup>(v)</sup>	0.33	(0.01)	0.27	—	0.29	(0.03)	

				2013			2014			2015
				Outstanding Receivable (Payable) Balance	Amount	Outstanding Receivable (Payable) Balance		Amount	Outstanding Receivable (Payable) Balance	
Related Party	Relationship	Nature of Transaction	Amount	Balance	Amount	Balance	Amount	Balance	Balance	
(In Millions)										
	controlling shareholder	Consulting services and rental income <sup>(vi)</sup>	0.01	—	—	—	—	—	—	
<b>PICT</b>										
Premier Mercantile Services (Private) Limited	Common Shareholder	Stevedoring and storage charges <sup>(vii)</sup>	3.31	(0.42)	3.62	(0.68)	4.47	(0.52)		
Premier Software (Private) Limited	Common shareholder	Software maintenance charges <sup>(viii)</sup>	—	—	0.01	—	0.01	—		
Marine Services (Private) Limited, Portlink International (Private) Limited, and AMI Pakistan (Private) Limited	Common shareholder	Container handling revenue <sup>(ix)</sup>	0.40	0.06	0.81	0.08	0.57	0.04		
<b>LGICT</b>										
NCT Transnational Corp.	Non-controlling shareholder	Management fees <sup>(x)</sup>	—	—	—	—	0.16	0.16		
		Maintenance and repairs	—	—	—	—	0.04	0.04		

- (i) The loans were used by SPIA to finance its ongoing construction of the terminal. Interest rates were determined on an arm's-length basis. As part of the sale of the shares to SPIA, ICBV transferred half of its loans receivable from SPIA to PSA in exchange for cash.
- (ii) YRDICTL/YICT 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 Note 24.28). Port fees remitted by YRDICTL/YICT for YPH /YPG are presented as part of "Port authorities' share in gross revenues" in the consolidated statements of income. Outstanding payable to YPH/YPG related to these port charges presented under "Accounts payable and other current liabilities" account in the consolidated balance sheets.
- (iii) Trade transactions include utilities, rental and other transactions paid by YICT to YPG and YPH.
- (iv) The BOD of YICT approved a management fee of RMB6.8 million in 2015 allocated among the shareholders namely: ICTSI, DP World and YPG.
- (v) AGCT has entered into agreements with Luka Rijeka, a non-controlling 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 were recognized and presented in the consolidated income statement as part of Manpower costs, Equipment and facilities - related expenses and Administrative and other operating expenses.
- (vi) AGCT has earned revenues from consulting services and rental income for providing space for general cargo to Luka Rijeka. Related revenues were recognized under "Other income" account in the consolidated statements of income.
- (vii) PICT has entered into an agreement with Premier Mercantile Services (Private) Limited for the latter to render stevedoring and other services, which are settled on a monthly basis.
- (viii) Premier Software provided maintenance of payroll software to PICT paid on a monthly basis.
- (ix) Marine Services, Portlink and AMI are customers of PICT. Services provided to these parties amounted to US\$0.40 million in 2013, US\$0.81 million in 2014 and US\$0.57 million.
- (x) NCT Transnational Corp. (NCT) is a joint venture company of the following 40% owners of LGICT: Nippon Container Terminals Co. Ltd. Transnational Diversified Corp. and NYK-Fil Japan Shipping Corp. LGICT entered into an operations and management agreement with NCT since the latter has experience in managing and operating container depots.

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

Outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the years ended December 31, 2013, 2014 and 2015, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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>	<p>The Company follows its By Laws and provisions of the Corporation Code relevant to the approval of corporate acts.</p> <p>In the Company's By – Laws, it is stated that:</p> <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]. 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 <u>not</u> in The Corporation Code
None	None

Dividends

Declaration Date	Record Date	Payment Date
(Most recent) April 21, 2016	May 5, 2016	May 18, 2016

ICTSI has a track record of shareholder returns. Since 2013 to 2016, ICTSI was able to declare dividends from PHP 0.75 - PHP 0.91, which is based on the company's unrestricted retained earnings. Dividends are payable to all common stockholders, on the basis of outstanding shares held by them, each share being entitled to the same unit of dividend as any other share. Dividends are payable to stockholders whose names are recorded in the stock and transfer book as of the record date fixed by the Board. Preferred A shareholders are entitled to dividends at rates fixed by the Board.

(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: February 29, 2016 (for the most recent ASM, as disclosed in the PSE and posted in the website)
  - b. Date of the Annual/Special Stockholders' Meeting: April 21, 2016 (for the most recent ASM)
4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

The Chairman opened the floor and gave the stockholders the opportunity to raise questions/issues.

One stockholder asked about expectations in 2016 considering that economic situation is still unchanged. The Chairman replied that he thinks that challenges remain from 2015 and 2016 and probably more since the world trade and global economy slows down dramatically over the last couple of years. The challenges are to control cost and to maintain revenue, opportunities in new terminals not just in Congo and Australia which will be open this year and in Colombia. Those three and other existing terminals like Mexico, Iraq and Honduras will bring growth over the next couple of years. The same stockholder also asked about Oregon. The Chairman responded that the problem continues and it's a lengthy court battle. Hopefully, a resolution will be granted this year or next year.

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

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of the Annual Stockholders' Meeting held on 16 April 2015.	2,334,728,277 votes	None	None
Approval of the Chairman's Report (as delivered by the Chairman)	2,334,089,277 votes	None	639,000
Approval of the 2015 Audited Financial Statements	2,334,089,277 votes	None	639,000
Approval/Ratification of Acts, Contracts, Investments and Resolutions of the Board of Directors and Management since the last Annual Stockholders' Meeting.	2,334,081,527 votes	None	646,750
Election of the Board	See table below	See table below	See table below
Appointment of the External Auditor	2,333,142,807 votes	1,585,470 votes	None

Results of Election of the Board of Directors:

Election of Directors	For	Against	Abstain	Total Received
Enrique K. Razon, Jr.	2,304,214,926	29,838,391	674,960	2,334,728,277
Jon Ramon Aboitiz	1,995,852,930	338,875,347	-	2,334,728,277
Octavio Victor R. Espiritu*	2,329,001,423	5,726,854	-	2,334,728,277
Joseph R. Higdon*	2,334,728,277	-	-	2,334,728,277
Jose C. Ibazeta	2,025,657,587	309,070,690	-	2,334,728,277
Stephen A. Paradies	1,975,874,274	358,854,003	-	2,334,728,277
Andres Soriano III	2,006,046,373	328,681,904	-	2,334,728,277

The proxy votes were validated by ICTSI's stock and transfer agent, an independent third party.

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 21, 2016.

(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	<b>Name of Director/s</b> Enrique K. Razon, Jr. Stephen A. Paradies Octavio Victor R. Espiritu Andres Soriano III Jose C. Ibazeta  <b>Name of Officers</b> Martin O'Neil Fernando Gaspar Rafael D. Consing Jr Jose Joel M. Sebastian Benjamin M. Gorospe III Silverio Benny Tan	April 21, 2016	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	1.97%	83.45%	85.42%

	Lisa Marie Escaler Jose Manuel M. De Jesus Ton van den Bosch Guillaume Lucci		specific instructions), and they be declared duly elected.			
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?

The votes were counted by the stock transfer agent, an independent party, during the proxy validation last April 14, 2016. These formed part of the stockholders' votes on every resolution during the AGM.

- (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
Execution and acceptance of proxies Notary Submission of Proxy Several Proxies Validity of Proxy Proxies executed abroad Invalidated Proxy Validation of Proxy Violation of Proxy	<p>Proxy submission (to the Corporate Secretary) shall not be later than ten (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 2016, deadline of submission for shareholders under PCD was on April 8, 2016; and</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) will validate the proxies received.</p> <ul style="list-style-type: none"> <li>Proxy validation was held at the Harbor Lounge, 4F ICTSI Admin. Bldg on April 14, 2016.</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</p>

	<p>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>
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(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 ten (10) days before meeting date.</p> <p>Distribution of Definitive Information Statement together with all other soliciting materials to all 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)).</p>	<p>The SEC Form 20-IS or DIS and the audited FS are in CD format while the notice and agenda and proxy form are in hard copies. 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 Secretary and send via email or fax.</p>

(i) Definitive Information Statements and Management Report

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	1,454 stockholders as of record date March 18, 2016
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	March 18, 2016
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	March 30, 2016
<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 and the Proxy Form
<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.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes



The amount payable for final dividends.	No, actual amount was announced during the ASM
Documents required for proxy vote.	Yes Proxy form attached to 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 during their meeting immediately preceding the ASM. Final amount of dividends payable was announced during 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, the company's articles and by – laws as well as the nomination committee charter allow minority stockholders to nominate candidate for board of directors. Please see Section 10, Article I of ICTSI's By-Laws (<http://www.ictsi.com/admin/images/download/07292014083218Amended%20By-Laws%20June%202010.pdf#page=4>)

## 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>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> <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>The latest investors’/analysts’/media briefing conference was for the Full Year 2015 held last March 8, 2016, at 5:00pm through an international dial in facility with available lines in the Philippines, Hong Kong, Singapore, United Kingdom, United States and Australia.</p> <p>The recording of the conference call was made available last March 8-March 11, 2016 and the presentation used may be viewed/downloaded from the ICTSI website.</p>
(4) Investors Relations Officer	<p><b>Rafael D. Consing, Jr.</b>  <b>Senior Vice President &amp; Chief Financial Officer, and Compliance Officer</b>  3/F ICTSI Administration Building  Manila International Container Terminal  MICT South Access Road  1012 Manila, Philippines  Telephone: 632 / 247 8221  Facsimile: 632 / 247 8035  Email: <a href="mailto:jconsing@ictsi.com">jconsing@ictsi.com</a></p> <p><b>Arthur R. Tabuena</b>  <b>Director – Treasury and Investor Relations</b>  3/F ICTSI Administration Building  Manila International Container Terminal  MICT South Access Road  1012 Manila, Philippines  Telephone: 632 / 245 2255  Facsimile: 632 / 247 8035, 632/ 245 2595  Email: <a href="mailto:atabuena@ictsi.com">atabuena@ictsi.com</a></p> <p><b>Maricel Laud-Bataller</b>  Treasury Officer  3/F ICTSI Administration Building  Manila International Container Terminal  MICT South Access Road  1012 Manila, Philippines  Telephone: 632 / 247 8215  Facsimile: 632 / 247 8035</p>

- 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 to evaluate the fairness of the transaction price may vary per transaction. For instance, the most recent equity transaction which was the sale of treasury shares in May 2013 was evaluated by UBS and CLSA Limited and UBS AG. The latest capital market transactions which were two (2) Liability Management Exercises (LME) in January 2015 to reduce funding cost, lengthen duration of outstanding debt and optimize capital structure were evaluated by Citibank and HSBC.

## L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

- CSR initiatives are undertaken by both ICTSI, the parent company, and ICTSI Foundation, Inc.
- The ICTSI Foundation, Inc. implements programs and projects under three (3) development pillars: Education, Community Welfare Assistance and Sports Development.
- The priority areas of its operation are the public schools and host communities of the seven (7) ICTSI ports in Manila, Subic, Bauan, Batangas, General Santos, Davao and Misamis Oriental. But, as Special Projects, the Foundation also undertakes projects outside these areas, in response to requests for assistance.
- The implementing partners of ICTSI Foundation are: DSWD, Department of Education (DepEd), DENR, concerned barangay councils of ICTSI's host communities and PBSP, among others.

DEVELOPMENT PILLAR/ PROJECT TYPE	PROJECT NAME	AREA/ACTIVITIES	BENEFICIARIES
	<p>1. Parola Solid Waste Management Program</p> <p>Description: This Project is in partnership with the DENR, DSWD, Barangay Councils of Barangays 20 and 275, PBSP and Department of Public Services of the City of Manila.</p> <p>The objective is to address the indiscriminate garbage littering and dumping in the two (2) Parola communities which endanger the health and safety of the residents and the environment, as well. Through the convergence of the efforts of the project partners and the organization and deployment of an initial sixty (62) community-based Eco Patrols, the establishment of an effective solid</p>	<ul style="list-style-type: none"> <li>• Parola Compound, Tondo, Manila. <ul style="list-style-type: none"> <li>○ Daily monitoring of waste disposal.</li> <li>○ Increase of Parola Ecopatrols from 62 to 78</li> <li>○ Project area was expanded to include Isla Puting Bato.</li> <li>○ Conduct of solid waste management seminars to 986 residents in Isla Putting Bato (Puroks 1-5)</li> <li>○ Project was cited as the Best Regional Employment Project in the National Capital Region and Special Awardee on the Most-Environmentally-Friendly Project in the Department of Social</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Direct beneficiaries: 78 Parola Ecopatrols</li> <li>• Reached through awareness seminars: 986 residents of Isla Putting Bato.</li> </ul>

<p><b>Community Welfare Assistance</b></p>	<p>waste management system is aimed in compliance with Republic Act 9003.</p> <p>As of today, an additional 15 EcoPatrols were added to the initial 62.</p>	<p>Welfare and Development's Bangon Kabuhayan Awards 2015</p> <ul style="list-style-type: none"> <li>○ Conduct of Art of Persuasion and Message Development to Parola Ecopatrols</li> <li>○ Hosting of visitors from the World Bank and the UN Special Rapporteur covering a study on the PSWM project.</li> <li>○ Conduct of educational tour or Lakbay Aral for Parola Ecopatrols in to 4 model barangays/areas in Metro Manila in terms of solid waste management practices</li> <li>○ Conduct of de-clogging and clean-up of South Access Road in coordination with DPS and MMDA (Linis Parola 2015).</li> <li>○ Monthly consultation meetings.</li> </ul>	
	<p>2. Medical Mission and Provision of Medical Equipment</p> <p>Description: This project aims to provide immediate medical services (check-up, referrals and medicines) in communities where ICTSI operates in partnership with Local Health Units / Municipal Health Offices.</p>	<ul style="list-style-type: none"> <li>• Barangay San Roque, Bauan, Batangas</li> <li>• Rural Health Unit 2, Barangay Aplaya, Bauan, Batangas</li> <li>• Davao City, Davao del Sur</li> <li>• General Santos City Brgy. Labangal</li> </ul>	<ul style="list-style-type: none"> <li>• 300 medical and 200 dental patients.</li> <li>• 40,000 residents of Bauan, Batangas.</li> <li>• 720 medical patients and 168 dental patients.</li> <li>• 300 families.</li> </ul>
	<p>3. Assistance to SAF 44 Families</p> <p>Description: Provision of financial assistance to the bereaved families of slain and wounded Special Action Force police troopers in the Mamasapano encounter.</p>	<ul style="list-style-type: none"> <li>• Taguig, Cagayan, Mt. Province, Nueva Viscaya, Ilocos, Cebu, Samar, Leyte, Davao, Sultan Kudarat, Lanao Del Norte, Zamboanga and Catanduanes</li> </ul>	<ul style="list-style-type: none"> <li>• 44 Families of SAF victims and 15 wounded SAF troopers.</li> </ul>
	<p>4. Relief Assistance for Parola Fire Victims</p>		<ul style="list-style-type: none"> <li>• 3,000 families</li> </ul>

	<p>Description: Assistance provided in the form of food, mats and laundry materials in response to immediate needs of fire victims.</p>	<ul style="list-style-type: none"> <li>Brgy. 275 Binondo and Brgy. 20, Tondo, Manila.</li> </ul>	
	<p>5. Rehabilitation Assistance for Yolanda Affected Institutions</p> <p>Description: Projects aim to restore and upgrade services (education and livelihood) of local government institutions in areas affected by Typhoon Yolanda.</p>	<ul style="list-style-type: none"> <li>Brgy. Algeciras Agutaya, Palawan</li> </ul> <p>2 classroom school building construction complete with blackboard, chairs, bookshelves, books and learning materials.</p>	<ul style="list-style-type: none"> <li>70 public elementary school students.</li> </ul>
	<p>6. 2015 Christmas Outreach (Handog Salu-salo at Regalo sa Pasko)</p> <p>Description: Annual gift-giving activity conducted in DSWD/CSWDO selected public, private and religious institutions, promoting generosity during the Holiday Season.</p> <p>For 2015, this project covered 16 social institutions and 12 daycare centers in the ICTSI host communities in Manila, Calamba, Laguna, Olongapo, General Santos, Misamis Oriental and Davao</p>	<p>Manila</p> <ul style="list-style-type: none"> <li>12 Parola Day Care Centers</li> <li>Missionaries of Charity <ul style="list-style-type: none"> <li>Home of Joy</li> <li>Sick and Abandoned Elderly</li> <li>Alay ng Puso</li> </ul> </li> <li>Manila Boys Town <ul style="list-style-type: none"> <li>Foundling Home</li> <li>Boys Home</li> <li>Girls Home</li> <li>Lualhati ng Maynila</li> </ul> </li> </ul> <p>Olongapo City</p> <ul style="list-style-type: none"> <li>Social Development Center</li> <li>Center for Youth</li> <li>Center for Women</li> </ul> <p>Calamba, Laguna</p> <ul style="list-style-type: none"> <li>Bahay ni Maria</li> </ul> <p>Misamis Oriental</p> <ul style="list-style-type: none"> <li>Center for Special Children</li> </ul> <p>General Santos</p> <ul style="list-style-type: none"> <li>Marcellin Foundation</li> <li>Home for Boys</li> <li>Substitute Home for Women</li> </ul> <p>Davao</p> <ul style="list-style-type: none"> <li>Reception and Study Center for Children</li> </ul>	<ul style="list-style-type: none"> <li>1,050 daycare students, parents and workers.</li> <li>58 children with special needs 90 elderly</li> <li>57 children and elderly</li> <li>23 children</li> <li>110 male children 210 female children 300 elderly</li> <li>25 children</li> <li>27 children 15 women</li> <li>30 elderly and 5 children</li> <li>68 children with special needs</li> <li>53 boys 22 boys 30 women</li> <li>58 children with special needs</li> </ul>

Education	<p>7. Local Scholarship Program</p> <p>Description: Fund provision for daily allowance (meals and transportation), uniforms, shoes, socks, school supplies, authorized school fees/tuition fees, books, school projects and other miscellaneous expenses.</p>	<p>Manila</p> <ul style="list-style-type: none"> <li>• (Raja Solaiman Science and Technology High School)</li> <li>• Olongapo City, Zambales (Olongapo National High School)</li> <li>• Municipality of Bauan, Batangas (Bauan Technological High School)</li> <li>• Davao City (F. Bangoy National High School)</li> <li>• General Santos City (General Santos National High School and Labangal National High School)</li> <li>• Misamis Oriental (Tagoloan National High School and Misamis Oriental General Comprehensive High School)</li> </ul>	<ul style="list-style-type: none"> <li>• 15 high school students</li> <li>• 22 college students</li> <li>• 5 High School students</li> <li>• 9 college students</li> <li>• 5 high school students</li> <li>• 12 high school students</li> <li>• 5 high school students</li> <li>• 11 college students</li> <li>• 5 high school students</li> <li>• 10 scholars</li> <li>• 5 high school students</li> <li>• 11 college scholars</li> </ul>
	<p>ICTSI-NEU International Scholarship Project</p> <p>Description: Sponsorship for the college education of 2 public high school graduates at Northeastern University, Boston, USA. This covers tuition, books, clothing, dormitory, travel and meal allowance, and other miscellaneous expenses.</p>	<p>ICTSI International Scholarship at Northeastern University, Boston, USA</p>	<ul style="list-style-type: none"> <li>• 2 public high school graduates from General Santos and Olongapo Cities.</li> </ul>
	<p>8. Technology and Livelihood Education (TLE) Assistance</p> <p>Description: The Foundation supports DepEd's TLE Program in public schools through the provision of equipment, materials and improvement of TLE classrooms.</p> <p>The TLE program provides livelihood skills to high school students to prepare them to join the workforce, in case, after graduation, they could not afford to go to college.</p>	<p>F. Bangoy National High School (Sasa, Davao City)</p> <p>Description: Provision of Beauty Care Laboratory and equipment</p> <p>Labangal National High School</p> <p>Description (Phase 2 renovation):</p> <ul style="list-style-type: none"> <li>- Installation of ceiling</li> <li>- Flooring and ceiling painting</li> <li>- Installation of metal sinks and plumbing works</li> </ul>	<ul style="list-style-type: none"> <li>• 2,550 Grade 7-10 students</li> <li>• 4 TLE teachers</li> <li>• 2,000 students of Labangal National High School</li> <li>• 300 grade 9, - 11 students enrolled in cookery and housekeeping</li> <li>• 10 TLE teachers</li> </ul>

		<ul style="list-style-type: none"> <li>- Installation of cabinets for equipment storage</li> <li>- Installation of additional lighting</li> </ul>	
	<p>9. Support for Alternative Learning Systems (ALS)</p> <p>Description: ICTSI Foundation supports this DepED ALS Program.</p> <p>This covers the conduct of weekend academic and livelihood classes for out of school youth and young working adults (janitors, maids, etc.). After a few months, DepEd will hold an examination and those who pass will be issued an equivalency certificate, like in a formal education.</p>	<ul style="list-style-type: none"> <li>• Davao City (F.Bangoy Elementary School)</li> </ul>	<ul style="list-style-type: none"> <li>• 250 students</li> </ul>
	<p>10. Project TEACH (Teacher Empowerment and Capacity Honing)</p> <p>Description: This project covers trainings for public school teachers. For 2015, the training covered the integration and use of current and relevant technologies, both hardware and software to the teachers' daily lesson plans.</p>	<ul style="list-style-type: none"> <li>• Casinglot National High School, Tagoloan, Misamis Oriental</li> </ul>	<ul style="list-style-type: none"> <li>• 19 high school teachers</li> </ul>
	<p>11. Project AIDE (Assistance to Improve Daycare Education)</p> <p>Description: Project AIDE covers: Facility Improvement, Professionalization of DayCare Teachers and Provision of Learning Materials.</p> <p>For 2015, Day Care Center improvements and provision of reading materials and bookshelves were undertaken. A Supplemental Story telling was provided in partnership with Adarna House.</p>	<ul style="list-style-type: none"> <li>• Manila <ul style="list-style-type: none"> <li>○ 10 Daycare Centers of Parola, Tondo, Manila</li> </ul> </li> <li>• Olongapo <ul style="list-style-type: none"> <li>○ 7 Daycare Centers in Brgy. Sta Rita</li> <li>○ 1 Daycare center in New Asinan.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• 1012 daycare students and teachers</li> <li>• 303 daycare students.</li> <li>• 54 daycare teachers</li> </ul>
	<p>12. Computer Nook</p> <p>Description: ICTSI Foundation, Inc.'s My Computer Nook Project was developed in response to the</p>	<ul style="list-style-type: none"> <li>• Olongapo <ul style="list-style-type: none"> <li>○ Kalalake Elementary Schools</li> </ul> </li> <li>• General Santos <ul style="list-style-type: none"> <li>○ Labangal Elementary School</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• 104 children with special needs.</li> <li>• 1,400 students</li> <li>• 35 teachers</li> </ul>

	<p>Department of Education's program of ICT integration in the Philippine educational system with the intention of making the current educational system globally geared up and competitive.</p> <p>My Computer Nook project entails the following:</p> <ol style="list-style-type: none"> <li>1. Provision of ICT equipment and peripherals such as computer units, multimedia projector including software.</li> <li>2. Renovation of computer laboratory room.</li> <li>3. ICT integration in education trainings.</li> </ol>	<ul style="list-style-type: none"> <li>• Misamis Oriental <ul style="list-style-type: none"> <li>○ Casinglot National High School</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• 484 students</li> <li>• 15 teachers</li> </ul>
<b>Sports</b>	13.Provision of Sports Equipment to Public Schools	<ul style="list-style-type: none"> <li>• Olongapo Kalalake Elementary School</li> <li>• Tagum City DepEd Tagum</li> <li>• Misamis Oriental Casinglot National High School (Casinglot, Tagoloan, MisOr)</li> </ul>	<ul style="list-style-type: none"> <li>• 104 children with special needs</li> <li>• 23,765 Elementary and Secondary students</li> <li>• 500 secondary students</li> </ul>
	<p>14. Junior Golf Tournament</p> <p>Description: Development of junior golf players who have the potentials to represent the Philippines in international competitions.</p>	Nationwide Event venue: Orchard Golf and Country Club, South Woods	450 child-athletes
	<p>15. Amateur Golf Tournament</p> <p>Description: Development and sponsorship of amateur golf players representing the Philippines in international golf tournaments.</p>	<ul style="list-style-type: none"> <li>• International events</li> </ul>	<ul style="list-style-type: none"> <li>• 7 amateur golf athletes and 1 trainee</li> </ul>

#### 2016 Planned Projects/Activities

DEVELOPMENT PILLAR/ PROJECT TYPE	PROJECT NAME	AREA	BENEFICIARIES
	Parola Solid Waste Management Project	Manila	Parola Ecopatrols Parola, Isla Putting Bato Communities
	Livelihood Project from solid wastes	Manila	Parola Community
	Medical Missions	Manila	Parola and Isla Putting Bato



Community Welfare Assistance			Community
		Bauan, Batangas	300-500 Residents of barangays in Bauan, Batangas.
		Olongapo City	Indigenous People's Community
		Davao City	Residents of Brgy. Sasa, Davao City
		Misamis Oriental	Residents of Brgy. Tagoloan, Misamis Oriental
		General Santos	Residents of Brgy. Labangal, General Santos City
	Christmas Outreach Program	Manila	12 social institutions of disadvantaged sector of society
	Volunteerism Program	Manila	Social institutions, public schools near MICT
	Water System Project	San Martin, Bamban, Tarlac	Indigenous People in San Martin, Bamban, Tarlac
	Safe Motherhood Caravan	Manila	Women of reproductive age residing in Parola, Tondo and Isla Puting Bato.
Education	Marikina Watershed Reforestation Project	Marikina	Agricultural workers/farmers within Marikina Watershed communities.
	Scholarship Program	Manila, Bauan, Batangas, Olongapo, Misamis Oriental, General Santos, Davao Northeastern University, Boston, USA	45 High School Students 75 College Students  2 College Students
	Project AIDE (Assistance to Improve Daycare Education)	Olongapo City	Day care centers in Olongapo City
		Davao City	23 Day Care centers in Davao
	Project TEACH	Olongapo City	Training for teachers at Asinan Elementary School and Tapinac Central Elementary School
		Misamis Oriental	High School Teachers of Tagoloan National High School
	Technology and Livelihood Education Assistance	Bauan, Batangas	Bauan Technical HS
		Olongapo City	Kalalake National High School
		General Santos City	Labangal National High School
	School Facility Improvement	Misamis Oriental	Tagoloan National High School
	Assistance to SPED DepEd	Bauan, Batangas	Bauan Central School
	My Computer Nook	Tagum City	Jose Tuazon National Memorial High School
	My Reading Nook	Davao City	F Bangoy CES – Edukasyong Pantahanan Pangkabuhayan
	ALS	Davao City	F. Bangoy National High School
	My Reading Nook	Olongapo City	Tapinac Elementary School
		Davao City	F. Bangoy Central Elementary School
		Tagum City	Madaum Elementary School
		General Santos City	Labangal Elementary School
Sports Development Assistance	Junior Golf Program	Nationwide	School-Based Golf Athletes
	Amateur Golf Program	Manila and ICTSI local subsidiaries	Amateur Golf Players
	Various sports sponsorships	Depending on request	Depending on request

#### 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 has established an internal rating and evaluation system.	In accordance with Section 2.7 of Revised Manual on Corporate Governance: transparency, accountability, fairness, leadership, prudence and integrity
<b>CEO/President</b>	Based on the Revised Manual on Corporate Governance, the Board has established an internal rating and evaluation system.	In accordance with the Revised Manual on Corporate Governance and the Amended By-Laws: general supervision, administration & management of the business


#### 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

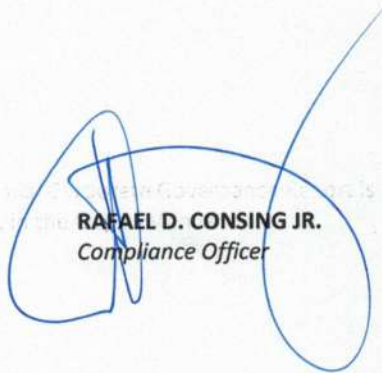
Violations	Sanctions
The Board has established an internal rating and evaluation system to determine and measure compliance with the RMCG.	The Board provides for sanctions for willful breach of the RMCG depending on gravity of the violation, and the relative importance and practicality of the provision 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 \_\_\_\_\_, 2016.

**ENRIQUE K. RAZON, JR.**  
*Chairman of the Board  
and President*


  
**OCTAVIO V. ESPIRITU**  
*Independent Director*

  
**JOSEPH R. HIGDON**  
*Independent Director*

  
**RAFAEL D. CONSING JR.**  
*Compliance Officer*

**SUBSCRIBED AND SWORN** to before me this APR 21 2016 day of \_\_\_\_\_, 2016, affiant(s) exhibiting to me their Passports, as follows:

NAME/PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Enrique K. Razon Jr. / Passport No. EB8438728	June 20, 2013	DFA Manila
Octavio Victor R. Espiritu / Passport No. EB5434643	May 21, 2012	DFA Manila
Joseph R. Higdon / Passport No. 513108471	December 2, 2013	USA
Rafael D. Consing Jr. / Passport No. EC3339689	February 2, 2015	DFA Manila

  
**ATTY. RAFAEL T. DURIAN**  
Notary Public until December 31, 2016  
Roll No. 13030  
IBP No. 957866, Manila I, November 12, 2014  
PTR No. 4938277, Manila, December 22, 2014  
MCLE Compliance No. IV-0018011 April 26, 2013  
Office Address: ACCLAW Bldg., 451-461 Cabildo St.  
Intramuros, Manila

Doc No. 14;  
Page No. 4;  
Book No. 7;  
Series of 2016.