

## ACGS Level 1 – E

### E.1.1

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

#### RESPONSE

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

#### Sources:

[ICTSI website](#)  
[click to open](#)

### E.1.2

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

#### RESPONSE

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

#### Sources:

[Amended By - Laws](#)  
Article III, Section 7 on the powers of the board of directors  
[click to open](#)

[Latest SEC Form 20-IS \("SEC Form 20-IS"\)](#)  
Item 15 Ratification of All Acts, Contracts, Investments and Resolutions of the Board of Directors  
[click to open](#)

[Revised Manual on Corporate Governance \("CG Manual"\)](#)  
Section 2.6 Duties and Functions of the Board  
[click to open](#)

### E.1.3

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

#### RESPONSE

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

**Sources:**

[Revised Manual on Corporate Governance \(“CG Manual”\)](#)

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

[click to open](#)

[Amended By - Laws](#)

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

[click to open](#)

### E.1.4

Does the company have an updated vision and mission statement?

#### RESPONSE

**Yes.** ICTSI has an updated vision and mission statement. It was reviewed by the Board of Directors last January 9, 2019, which is stated in its SEC Form 20-IS and Corporate Governance Report of ICTSI's glossy Annual Report distributed to the stockholders during the stockholders meeting ("CG Report"). The Company's updated vision and mission statement are likewise posted on its website.

**Sources:**

[SEC Form 20-IS](#)

[click to open](#)

[Latest Annual Report on Corporate Governance \(“CG Report”\)](#)

Vision, Mission and Corporate Objectives

[click to open](#)

[ICTSI Website](#)

[click to open](#)

## E.1.5

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

### RESPONSE

**Yes.** As part of its responsibilities (as indicated in the company's Revised Manual on Corporate Governance), the Board of Directors has a leading role in the process of developing and reviewing the company's strategy at least annually. In fact, the Board reviewed ICTSI's corporate strategy last January 9, 2019, along with its vision and mission, which is stated in its SEC Form 20-IS and Corporate Governance Report of ICTSI's glossy Annual Report distributed to the stockholders during the stockholders meeting ("CG Report").

#### Sources:

[SEC Form 20-IS](#)

[click to open](#)

[CG Report](#)

Vision, Mission and Corporate Objectives

[click to open](#)

## E.1.6

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

### RESPONSE

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

**Sources:**

[CG Manual](#)

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

[click to open](#)

[CG Report](#)

Vision, Mission and Corporate Objectives

[click to open](#)

## E.2.1

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

### RESPONSE

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

**Sources:**

[ICTSI Website](#)

Code of Business Conduct

[click to open](#)

[CG Report](#)

Code of Business Conduct and Ethics, page 45

[click to open](#)

## E.2.2

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

### RESPONSE

**Yes.** Without exception, all directors, senior management, officers and employees of ICTSI are required to comply with the Code of Business Conduct. In fact, the scope of application of ICTSI's code is broader

t also applies to ICTSI's consultants, contractors, trainees, seconded staff, casual workers and agency staff, interns, agents or any other person associated with ICTSI (wherever located), external third parties who are outside parties but acting with, for or on behalf of ICTSI, including: agents, consultants, distributors, teaming partners, contractors, and certain vendors.

ICTSI officials attends annual advanced corporate governance training.

**Sources:**

[ICTSI Website](#)

Code of Business Conduct

[click to open](#)

[CG Report](#)

Code of Business Conduct and Ethics, page 45

[click to open](#)

### E.2.3

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

## RESPONSE

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

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

**Sources:**

[ICTSI Website](#)

Code of Business Conduct

[click to open](#)

[CG Report](#)

Code of Business Conduct and Ethics, page 45

[click to open](#)

## E.2.4

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

### RESPONSE

**No**, but ICTSI has three independent directors, which is compliant with the SEC's Code of Corporate Governance (SEC Memorandum Circular 19 – 2016) and is above what the law requires.

#### Sources:

[SEC Memorandum Circular 19 - 2016](#)

[click to open](#)

[ICTSI Website](#)

[click to open](#)

## E.2.5

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

### RESPONSE

**Yes.** The policy of the Board to ensure compliance with laws, rules and regulations is stated in ICTSI's Revised Manual on Corporate Governance ("CG Manual"), which includes SEC Memo Circular 4 - 2017 on the 9 Year Term Limit of an Independent Director. Pursuant to the said SEC Memo Circular, the 9 year term limit is counted from 2012.

#### Sources:

[CG Manual](#)

[click to open](#)

[SEC Memorandum Circular 4 - 2017](#)

[click to open](#)

[Integrated Annual Corporate Governance Report \("i-ACGR"\)](#)

[click to open](#)

## E.2.6

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

### RESPONSE

**Yes.** The policy on multiple board seats is provided in ICTSI's CG Manual and as a matter of actual practice, none of the independent directors hold more than 5 directorships in publicly - listed companies, as stated in its CG Report and i-ACGR.

#### Sources:

[CG Manual](#)

Board Governance, Part II

[click to open](#)

[CG Report](#)

Directorships in other Publicly - Listed Companies

[click to open](#)

[i-ACGR](#)

[click to open](#)

## E.2.7

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

### RESPONSE

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

#### Sources:

[CG Manual](#)

Board Governance, Part II

[click to open](#)

[CG Report](#)

Directorships in other Publicly - Listed Companies

[click to open](#)

[i-ACGR](#)

[click to open](#)

## E.2.8

Does the company have a Nominating Committee?

### RESPONSE

**Yes.** ICTSI has a Corporate Governance Committee, under which is the Nomination Sub-Committee, as shown in the company's CG Report (i.e. Governance Support) and website.

**Sources:**

[CG Report](#)

Board Committees

[click to open](#)

[ICTSI website](#)

Board Committees

[click to open](#)

[i-ACGR](#)

[click to open](#)

## E.2.9

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

### RESPONSE

**Yes.** The Corporate Governance Committee is entirely comprised of independent directors. ICTSI's Nomination Sub-Committee is under the said committee.

**Sources:**

[CG Report](#)

Board Committees

[click to open](#)

[ICTSI website](#)

Board Committees

[click to open](#)



[i-ACGR](#)  
[click to open](#)

### E.2.10

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

### RESPONSE

**Yes.** The Corporate Governance Committee is entirely comprised of independent directors, including its Chairman. ICTSI's Nomination Sub-Committee is under the said committee.

**Sources:**

[CG Report](#)  
Board Committees  
[click to open](#)

[ICTSI website](#)  
Board Committees  
[click to open](#)

[i-ACGR](#)  
[click to open](#)

### E.2.11

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

### RESPONSE

**Yes.** The Company discloses its Nomination Sub-Committee's governance structure and charter in various platforms and documents, including in its CG Report and website.

**Sources:**

[CG Report](#)  
Board Committees - Governance Structure  
[click to open](#)

Board Committee Memberships  
[click to open](#)

[ICTSI website](#)  
Board Committees  
[click to open](#)

Charter  
[click to open](#)

[i-ACGR](#)  
[click to open](#)

## E.2.12

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

### RESPONSE

**Yes.** The meeting attendance of the Nomination Sub-Committee is disclosed and they met at least twice a year, as stated in ICTSI's CG Report.

#### Sources:

[CG Report](#)  
Nomination Sub-Committee  
[click to open](#)

[i-ACGR](#)  
[click to open](#)

## E.2.13

Does the company have a Remuneration Committee?

### RESPONSE

**Yes.** ICTSI has a Corporate Governance Committee, under which is the Remuneration Sub-Committee, as shown in the company's CG Report (i.e. Governance Support) and website.

#### Sources:

[CG Report](#)  
Board Committees  
[click to open](#)

[ICTSI website](#)

Board Committees  
[click to open](#)

[i-ACGR](#)  
[click to open](#)

#### E.2.14

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

#### RESPONSE

**Yes.** The Corporate Governance Committee is entirely comprised of independent directors, including its Chairman. ICTSI's Remuneration Sub-Committee is under the said committee.

**Sources:**

[CG Report](#)  
Board Committees  
[click to open](#)

[ICTSI website](#)  
Board Committees  
[click to open](#)

[i-ACGR](#)  
[click to open](#)

#### E.2.15

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

#### RESPONSE

**Yes.** The Corporate Governance Committee is entirely comprised of independent directors, including its Chairman. ICTSI's Remuneration Sub-Committee is under the said committee.

**Sources:**

[CG Report](#)  
Board Committees

[click to open](#)

[ICTSI website](#)

Board Committees

[click to open](#)

[i-ACGR](#)

[click to open](#)

## E.2.16

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

### RESPONSE

**Yes.** The Company discloses its Remuneration Sub-Committee's governance structure and charter in various platforms and documents, including in its CG Report and website.

#### Sources:

[CG Report](#)

Board Committees - Governance Structure

[click to open](#)

Board Committee Memberships

[click to open](#)

[ICTSI website](#)

Board Committees

[click to open](#)

Charter

[click to open](#)

[i-ACGR](#)

[click to open](#)

## E.2.17

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

## RESPONSE

**Yes.** The meeting attendance of the Remuneration Sub-Committee is disclosed and they met at least twice a year, as stated in ICTSI's CG Report.

**Sources:**

[CG Report](#)

Remuneration Sub-Committee

[click to open](#)

[i-ACGR](#)

[click to open](#)

## E.2.18

Does the company have an Audit Committee?

## RESPONSE

**YES.** ICTSI has an Audit Committee, as disclosed in the CG Report, other reports required by the regulators and posted on the company's website.

**Sources:**

[CG Report](#)

Board Committees

[click to open](#)

[ICTSI website](#)

Board Committees

[click to open](#)

[i-ACGR](#)

[click to open](#)

## E.2.19

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

## RESPONSE

**YES.** ICTSI's Audit Committee is comprised entirely of non-executive directors, majority are independent directors, including its Chairman.

**Sources:**

[CG Report](#)

Board Committees

[click to open](#)

Board Committee Memberships

[click to open](#)

[ICTSI website](#)

Board Committees

[click to open](#)

[i-ACGR](#)

[click to open](#)

## E.2.20

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

## RESPONSE

**YES.** The chairman of the Audit Committee is an independent director.

**Sources:**

[CG Report](#)

Board Committees

[click to open](#)

Board Committee Memberships

[click to open](#)

[ICTSI website](#)

Board Committees

[click to open](#)

[i-ACGR](#)

[click to open](#)

## E.2.21

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

## RESPONSE

**Yes.** The Company discloses its Audit Committee's governance structure and charter in various platforms and documents, including in its CG Report and website.

### Sources:

#### [CG Report](#)

Board Committees - Governance Structure

[click to open](#)

Board Committee Memberships

[click to open](#)

#### [ICTSI website](#)

Board Committees

[click to open](#)

Charter

[click to open](#)

#### [i-ACGR](#)

[click to open](#)

## E.2.22

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

## RESPONSE

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

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

### Sources:

#### [CG Report](#)

Directors' Profile

[click to open](#)

[SEC Form 20-IS](#)  
Directors' Profile  
[click to open](#)

### E.2.23

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

### RESPONSE

**Yes.** The meeting attendance of the Audit Committee was disclosed in the CG Report and the committee met at least four times during the year.

**Sources:**

[CG Report](#)  
Audit Committee  
[click to open](#)

[i-ACGR](#)  
[click to open](#)

### E.2.24

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

### RESPONSE

**YES.** ICTSI's Audit Committee has the primary responsibility for recommendation on the appointment, and removal of the external auditor. This is clearly laid out in ICTSI's CG Manual and its Charter.

**Sources:**

[CG Manual](#)  
Clause 2.11 (c) Oversight function over external auditor  
[click to open](#)

Clause 5.2 Selection/appointment, resignation, dismissal or cessation of service of an external auditor  
[click to open](#)

[ICTSI website](#)



Audit Committee Charter (Clause V. Responsibilities)  
[click to open](#)

[i-ACGR](#)  
Principle 9  
[click to open](#)

[CG Report](#)  
Audit Committee  
[click to open](#)

### E.3.1

Are the board of directors meeting scheduled before the start of financial year?

#### RESPONSE

**Yes.** Last December 10, 2018, the Board has set its board meetings for 2019. In addition, the Company By-Laws provide that regular board meetings shall be held during the third week of each month and the Corporate Secretary also has a calendar of board meetings for the year.

#### Sources:

[SEC Form 20-IS](#)  
December 10, 2018 Board Resolution  
[click to open](#)

[Amended By - Laws](#)  
Article III, Section 3  
[click to open](#)

[CG Manual](#)  
[click to open](#)

### E.3.2

Does the board of directors/commissioners meet at least six times during the year?

#### RESPONSE

**Yes.** The Board held 25 meetings during the year.

**Sources:**

[CG Report](#)  
[click to open](#)

[SEC Form 17-A](#)  
[click to open](#)

[i-ACGR](#)  
Principle 4  
[click to open](#)

### E.3.3

Has each of the directors/commissioners attended at least 75% of all the board meetings held during the year?

#### RESPONSE

**Yes.** The Board has been diligent in attending their meetings and their attendance surpassed 75% of all board meetings held during the year.

**Sources:**

[CG Report](#)  
[click to open](#)

[SEC Form 17-A](#)  
[click to open](#)

[i-ACGR](#)  
Principle 4  
[click to open](#)

### E.3.4

Does the company require a minimum quorum of at least 2/3 for board decisions?

#### RESPONSE

**Yes.** As shown by the Directors' attendance, the minimum quorum of at least 2/3 has been achieved in the 2018 board meetings.

**Sources:**

[CG Report](#)  
[click to open](#)

[SEC Form 17-A](#)  
[click to open](#)

[i-ACGR](#)  
Principle 4  
[click to open](#)

### E.3.5

Did the non-executive directors/commissioners of the company meet separately at least once during the year without any executives present?

#### RESPONSE

**Yes.** There is only one executive director and he is not part of any of the board committees that meet several times over the year, the non-executive directors of the company definitely meet separately more than once during the year without any executives present.

**Sources:**

[CG Report](#)  
[click to open](#)

[i-ACGR](#)  
Recommendation 5.7  
[click to open](#)

### E.3.6

Are board papers for board of directors/commissioners meetings provided to the board at least five business days in advance of the board meeting?

#### RESPONSE

**Yes.** Board papers for board of directors meetings are provided to the board at least five business days in advance of the board meeting.

**Sources:**

[CG Report](#)  
Meetings and Attendance  
[click to open](#)

[CG Manual](#)

Part IV, clause 4.1.

[click to open](#)

[i-ACGR](#)

[click to open](#)

### E.3.7

Does the company secretary play a significant role in supporting the board in discharging its responsibilities?

#### RESPONSE

**Yes.** The company secretary play a significant role in supporting the board in discharging its responsibilities.

**Sources:**

[CG Manual](#)

Part III, Clause 3.3. on the role of the Corporate Secretary

[click to open](#)

[i-ACGR](#)

[click to open](#)

### E.3.8

Is the company secretary trained in legal, accountancy or company secretarial practices and has kept abreast on relevant developments?

#### RESPONSE

**Yes.** The Corporate Secretary and the two (2) Assistant Corporate Secretaries are lawyers and have decades of experience in legal, accountancy and company secretarial practices.

**Sources:**

[SEC From 17-A](#)

[click to open](#)

[CG Manual](#)

Part III, Clause 3.3. on the role of the Corporate Secretary

[click to open](#)

[i-ACGR](#)  
[click to open](#)

### E.3.9

Does the company disclose the criteria used in selecting new directors/commissioners?

#### RESPONSE

**Yes.** The company discloses the criteria followed in appointing new directors.

**Sources:**

[CG Manual](#)  
Part II, Clause 2.4. on Qualifications of Directors  
[click to open](#)

[Nominations Sub-committee Charter](#)  
[click to open](#)

### E.3.10

Does the company disclose the process followed in appointing new directors/commissioners?

#### RESPONSE

**Yes.** The company disclose the process followed in appointing new directors.

**Sources:**

[Amended By-Laws](#)  
Section 10, Article I  
[click to open](#)

[CG Manual](#)  
Part II, Clause 2.4. on Qualifications of Directors  
[click to open](#)

[Nominations Sub-committee Charter](#)  
[click to open](#)

### E.3.11

Are all directors/commissioners subject to re-election every 3 years; or 5 years for listed companies in countries whose legislation prescribes a term of 5 years each?

## RESPONSE

**Yes.** The directors are subject to re-election every year, not only once every three years.

### Sources:

#### [Amended By - Laws](#)

Article III, Sec. 1 on the required annual election of the Board of Directors.

[click to open](#)

## E.3.12

Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy/practices (i.e. the use of short term and long term incentives and performance measures) for its executive directors and CEO?

## RESPONSE

**Yes.** The company discloses its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy/practices (i.e. the use of short term and long term incentives and performance measures) for its executive directors and CEO.

The company's Stock Incentive Program (SIP) covers permanent and regular employees of ICTSI with at least one year tenure; officers and **directors of ICTSI**, its subsidiaries or affiliates; or other persons **who have contributed to the success and profitability of ICTSI or its subsidiaries or affiliates.**

Certain officers and employees of the Group receive remuneration in the form of share-based payment transactions, whereby officers and employees are given awards, in the form of ICTSI common shares, in lieu of cash incentives and bonuses under the SIP ("equity-settled transactions"). The SIP was approved by the stockholders of ICTSI on March 7, 2007, effective for a period of ten years unless extended by the Board. On March 7, 2016, the Board approved for the extension of the SIP for a further 10 years until March 2027 and the amendment of vesting period of the SIP. The vesting period of the SIP was amended from two years where 50% is to vest on the first anniversary date of the award and the other 50% to vest on the second anniversary date of the award, to three years where 25% is to vest on the first anniversary date of the award, 25% to vest on the second anniversary date of the award, and 50% to vest on the third anniversary date of the award. The shares covered by the SIP are held under treasury until they are awarded and issued to the officers and employees as determined by the Stock Incentive Committee. The grant of shares under the SIP does not require an exercise price to be paid by the awardee. Awardees who resign or are terminated will lose any right to unvested shares. A change

in control in ICTSI will trigger the automatic vesting of unvested awarded shares. There are no cash settlement alternatives.

**Sources:**

[SEC \(17-A\)](#)

Share-based Payment Plan

[click to open](#)

Item 10

[click to open](#)

[i-ACGR](#)

Part D. Remuneration Matters where it was stated that:

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.

[click to open](#)

### E.3.13

Is there disclosure of the fee structure for non-executive directors/commissioners?

### RESPONSE

**Yes.** ICTSI discloses the fee structure for non-executive directors.

**Sources:**

[i-ACGR](#)

Part D. Remuneration Matters

[click to open](#)

[SEC From 17-A](#)

Item 10

[click to open](#)

[CG Manual](#)

Clause 2.10 on remuneration of (non-executive) directors.

[click to open](#)

[Amended By - Laws](#)

Article III, Section 8 on director's compensation

[click to open](#)

### E.3.14

Do the shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives?

#### RESPONSE

**Yes.** The shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives during the approval of the annual report in the annual stockholders meeting.

#### Sources:

[SEC Form 17-A](#)  
Item 10  
[click to open](#)

[i-ACGR](#)  
Part D. Remuneration Matters  
[click to open](#)

[CG Manual](#)  
Clause 2.10 on remuneration of (non-executive) directors.  
[click to open](#)

[Amended By - Laws](#)  
Article III, Section 8 on director's compensation  
[click to open](#)

### E.3.15

Does the company have measurable standards to align the performance-based remuneration of the executive directors and senior 24xecutive with long-term interests of the company, such as claw back provision and deferred bonuses?

#### RESPONSE

**Yes,** the company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interests of the company.



The company's Stock Incentive Program (SIP) covers permanent and regular employees of ICTSI with at least one year tenure; officers and **directors of ICTSI**, its subsidiaries or affiliates; or other persons **who have contributed to the success and profitability of ICTSI or its subsidiaries or affiliates. Those awarded with SIP shares have met or surpassed their respective Key Performance Indicators (KPIs).**

Certain qualified officers and employees of ICTSI and its subsidiaries receive remuneration for their services in the form of equity shares of the Parent Company (“equity-settled transactions”). The cost of equity-settled transactions with officers and employees is measured by reference to the fair value of the stock at the date on which these are granted. The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”).

**Sources:**

[SEC Form 17-A](#)

Share-based Payment Plan

[click to open](#)

[i-ACGR](#)

Part D. Remuneration Matters

[click to open](#)

### E.3.16

Does the company have a separate internal audit function?

### RESPONSE

**Yes, the company has a separate internal audit function.**

**Sources:**

[CG Report](#)

[click to open](#)

[i-ACGR](#)

[click to open](#)

[CG Manual](#)

2.11.1 (f)

[click to open](#)

### E.3.17

Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?

#### RESPONSE

**Yes.** Tricianne Zingapan is the Vice President for Global Corporate Audit and Compliance (i.e. internal audit) for the ICTSI Group effective March 6, 2019, replacing Sandy Alipio, and their names and profiles are disclosed.

#### Sources:

[SEC Form 17-A](#)

[click to open](#)

[CG Report](#)

[click to open](#)

[i-ACGR](#)

[click to open](#)

[CG Manual](#)

2.11.1 (f)

[click to open](#)

### E.3.18

Does the appointment and removal of the internal auditor require the approval of the Audit Committee?

#### RESPONSE

**Yes.** In ICTSI, the appointment and removal of the internal auditor require the approval of the Audit Committee.

#### Sources:

[Audit Committee Charter](#)

Sec. V.C.2

[click to open](#)

### E.3.19

Does the company establish a sound internal control procedures/risk management framework and periodically review the effectiveness of that framework?

## RESPONSE

**Yes.** The company discloses the internal control procedures/risk management systems it has in place and periodically reviews its effectiveness.

### Sources:

#### [CG Report](#)

Internal Control Procedures

[click to open](#)

Risk Management Framework

[click to open](#)

#### [CG Manual](#)

Sec. 2.6.8

[click to open](#)

#### [i-ACGR](#)

[click to open](#)

## E.3.20

Does the Annual Report/Annual CG Report disclose that the board of directors/commissioners has conducted a review of the company's material controls (including operational, financial, and compliance controls) and risk management systems?

## RESPONSE

**Yes.** The Annual Report discloses that the board of directors has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.

### Sources:

#### [i-ACGR](#)

[click to open](#)

#### [CG Report](#)

The Board, through its Board Risk Oversight Committee, provides an oversight and review 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.

[click to open](#)

Internal Control Procedures

[click to open](#)

Risk Management Framework

[click to open](#)

[CG Manual](#)

Sec. 2.6.8

[click to open](#)

### E.3.21

Does the company disclose the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic)?

#### RESPONSE

**Yes.** The company discloses the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).

#### Sources:

[CG Report](#)

[click to open](#)

[SEC Form 17 - A](#)

[click to open](#)

### E.3.22

Does the Annual Report/Annual CG Report contain a statement from the board of directors/commissioners or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems?

#### RESPONSE

**Yes.** The Annual Corporate Governance Report contains a statement on the adequacy of the company's internal controls and risk management systems.

**Sources:**

[CG Report](#)  
[click to open](#)

**E.4.1**

Do different persons assume the roles of chairman and CEO?

**RESPONSE**

**No.** However, there is a clear delineation of functions between the Chairman (as presiding officer of Board meetings) and the President / Chief Executive Officer (CEO) upon their election.

**Sources:**

[CG Manual](#)  
[click to open](#)

[CG Report](#)  
[click to open](#)

**E.4.2**

Is the chairman an independent director/commissioner?

**RESPONSE**

**No.** However, the proper checks and balances are laid down to ensure that the Board gets the benefit of independent views and perspectives.

**Sources:**

[CG Manual](#)  
[click to open](#)

[CG Report](#)  
[click to open](#)

**E.4.3**

Is any of the directors a former CEO of the company in the past 2 years?

## RESPONSE

**No.** However, the proper checks and balances are laid down to ensure that the Board gets the benefit of independent views and perspectives.

### Sources:

[CG Manual](#)  
[click to open](#)

[CG Report](#)  
[click to open](#)

## E.4.4

Are the roles and responsibilities of the chairman disclosed?

## RESPONSE

**Yes.** The role and responsibilities of the Chairman are disclosed.

### Sources:

[CG Manual](#)  
[click to open](#)

[CG Report](#)  
[Responsibilities](#)  
[click to open](#)

## E.4.5

If the Chairman is not independent, has the Board appointed a Lead/Senior Independent Director and has his/her role been defined?

## RESPONSE

**No,** however, all Directors are independent - minded and have diverse experiences and qualifications.

### Sources:

[CG Manual](#)  
See sub - clause 2.7.4  
[click to open](#)

## E.4.6

Does at least one non-executive director/commissioner have prior working experience in the major sector that the company is operating in?

### RESPONSE

**Yes.** Most of the directors have prior working experience in the major sector that the company is operating in. ICTSI's business is part of the transportation and logistics industry.

In fact, 3 non-executive directors have prior working experience in transportation and logistics.

#### Sources:

[SEC Form 17-A](#)

Directors

[click to open](#)

[CG Report](#)

Directors' Profile

[click to open](#)

## E.5.1

Does the company have orientation programmes for new directors/commissioners?

### RESPONSE

Yes. ICTSI has an orientation programmes for new directors.

#### Sources:

[CG Report](#)

The competence of the Board is enhanced by the conduct of annual continuing training for all the Directors and orientation program for first-time Directors.

[click to open](#)

## E.5.2

Does the company have a policy that encourages directors/commissioners to attend on-going or continuous professional education programs?

## RESPONSE

**Yes.** The company has a policy to abide by all regulations of the Securities and Exchange Commission (SEC), especially those pertaining to on-going education programs. Directors (and key officers) are required by the SEC to attend Corporate Governance trainings every year, through SEC Memo Circular 20 - 2013: [click to open](#). Likewise, ICTSI's training policy is stated in Clause 9.3 of the Revised Manual on Corporate Governance where ICTSI 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 also encourages directors to attend on-going or continuous professional, training, education and development programs within the company and the directors have attended the same as disclosed in the Annual Corporate Governance Report.

### Sources:

#### [CG Report](#)

The competence of the Board is enhanced by the conduct of annual continuing training for all the Directors and orientation program for first-time Directors.  
[click to open](#)

#### [CG Manual](#)

[click to open](#)

## E.5.3

Does the company disclose the process on how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management?

## RESPONSE

**Yes.** ICTSI discloses how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management. 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.

### Sources:

#### [CG Report](#)

[click to open](#)



[CG Manual](#)

Clause 2.3.6

[click to open](#)

[i-ACGR](#)

Recommendation 2.4

[click to open](#)

## E.5.4

Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?

### RESPONSE

**Yes.** The board of directors conducts an annual performance assessment of the CEO/Managing Director/President

**Sources:**

[SEC Form 20-IS](#)

See December 10, 2018 Board Resolution

[click to open](#)

[i-ACGR](#)

Recommendation 2.8 (2)

[click to open](#)

[CG Manual](#)

Governance Self - rating and Evaluation System

[click to open](#)

[CG Report](#)

[click to open](#)

## E.5.5

Did the company conduct an annual performance assessment of the board of directors/commissioners and disclose the criteria and process followed for the assessment?

### RESPONSE

**Yes.** The company's annual performance assessment of the board of directors follows the disclosed criteria and process.

**Sources:**

[SEC Form 20-IS](#)

See December 10, 2018 Board Resolution  
[click to open](#)

[i-ACGR](#)

Principle 6  
[click to open](#)

[CG Manual](#)

Governance Self - rating and Evaluation System  
[click to open](#)

[CG Report](#)

[click to open](#)

## E.5.6

Did the company conduct an annual performance assessment of the individual directors/commissioners and disclose the criteria and process followed for the assessment?

## RESPONSE

**Yes.** The company's annual performance assessment of the individual directors follows the disclosed criteria and process.

**Sources:**

[SEC Form 20-IS](#)

See December 10, 2018 Board Resolution  
[click to open](#)

[i-ACGR](#)

Principle 6  
[click to open](#)

[CG Manual](#)

Governance Self - rating and Evaluation System  
[click to open](#)

[CG Report](#)

[click to open](#)

## E.5.7

Did the company conduct an annual performance assessment of the board committees and disclose the criteria and process followed for the assessment?

### RESPONSE

**Yes.** The company's annual performance assessment of the board committees follows the disclosed criteria and process.

#### Sources:

##### [SEC Form 20-IS](#)

See December 10, 2018 Board Resolution  
[click to open](#)

##### [i-ACGR](#)

Principle 6  
[click to open](#)

##### [CG Manual](#)

Governance Self - rating and Evaluation System  
[click to open](#)

##### [CG Report](#)

[click to open](#)