THE LOGISTICS OF TRANSFORMATION

2023 ANNUAL REPORT

International Container Terminal Services, Inc.

CORPORATE OFFICE
ICTSI Administration Building
Manila International Container Terminal
MICT South Access Road, Port of Manila
Manila 1012 Philippines
+63 2 8 245 4101
info@ictsi.com
www.ictsi.com

THE LOGISTICS OF TRANSFORMATION

2023 ANNUAL REPORT

International Container Terminal Services, Inc.

ABOUT THE COVER

Even as the Company accelerates its transformative work in port operations—including the greening of logistics and the digitalization of the supply chain–ICTSI remains focused on the broader horizon: developing, operating, and managing ports that bring about positive change and sustainable growth.

Our Butterfly Effect cover art reflects the impact of our principles, policies, practices, and processes. Expressed in every single day-to-day action, decision, or transaction, these act as pivot points that lead to large-scale change.

The layered images speak of the multiplicity of stakeholders we serve, and the spectrum of vital–and evolving–metrics by which we constantly evaluate and calibrate our performance as the world's largest independent global port operator.

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2023 ANNUAL REPORT

International Container Terminal Services, Inc.

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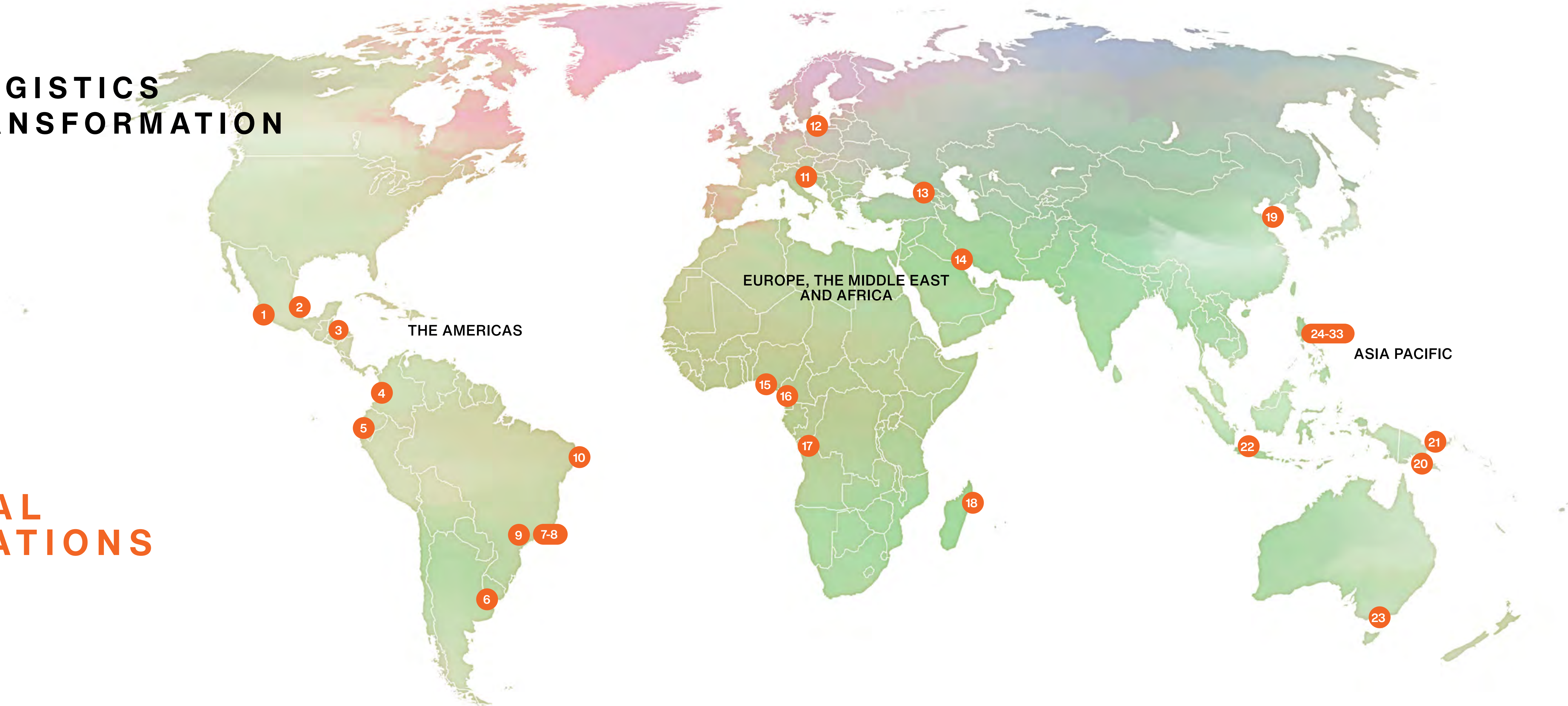

GLOBAL OPERATIONS MAP

THE AMERICAS

1 **Contecon Manzanillo**
Manzanillo, Mexico

2 **Tuxpan Maritime Terminal**
Veracruz, Mexico

3 **Puerto Cortés**
Cortés, Honduras

4 **Puerto Aguadulce**
Buenaventura, Colombia

5 **Contecon Guayaquil**
Guayaquil, Ecuador

6 **TecPlata**
Buenos Aires, Argentina

7 **Rio Brasil Terminal**
Rio de Janeiro, Brazil

8 **iTracker**
Rio de Janeiro and Barra Mansa, Brazil

9 **CLIA Pouso Alegre**
MinasGerais, Brazil

10 **Tecon Suape**
Pernambuco, Brazil

EUROPE, THE MIDDLE EAST AND AFRICA

11 **Adriatic Gate Container Terminal**
Rijeka, Croatia

12 **Baltic Container Terminal**
Gdynia, Poland

13 **Batumi International Container Terminal**
Adjara, Georgia

14 **Basra Gateway Terminal**
Umm Qasr, Iraq

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Port Harcourt, Nigeria

16 **Kribi Multipurpose Terminal**
Kribi, Cameroon

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Toamasina, Madagascar

ASIA PACIFIC

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PHILIPPINES

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Iloilo City

32 **Mindanao Container Terminal**
Tagoloan, Misamis Oriental

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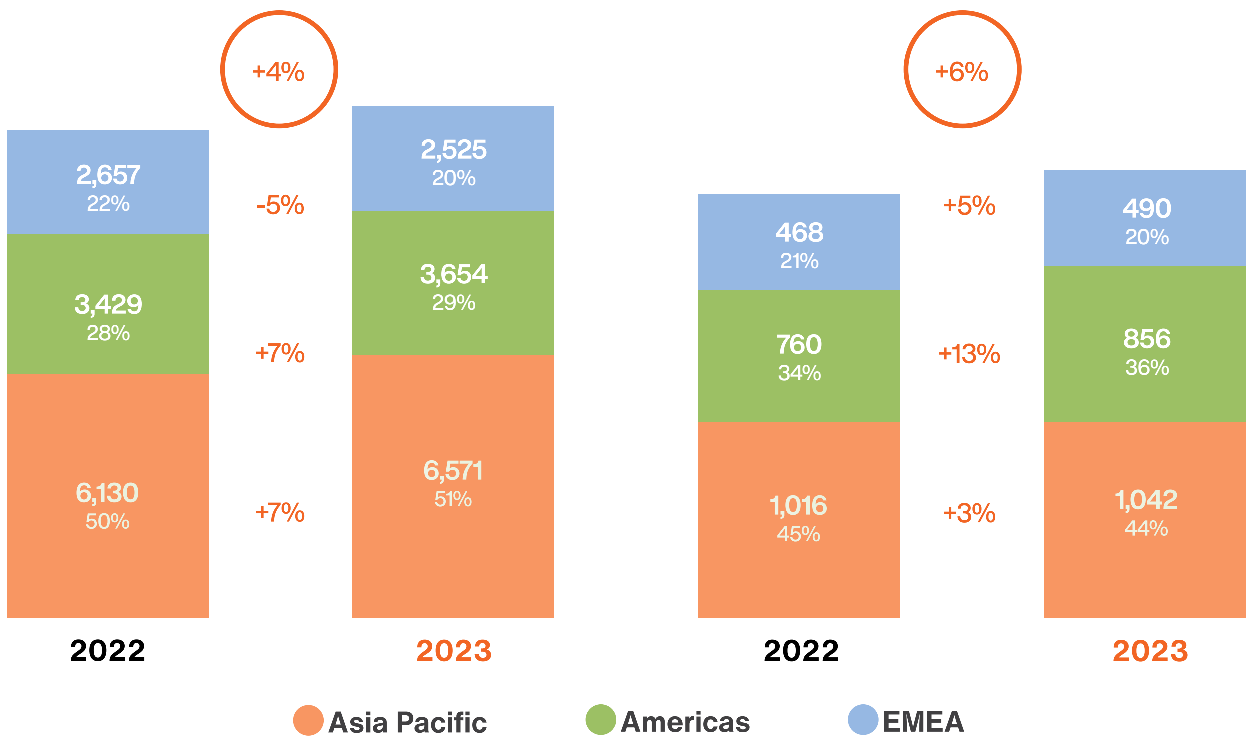
General Santos City

As of April 15, 2024

2023 HIGHLIGHTS

VOLUME
(in TEUs)

REVENUES
(in US$ millions)



(IN US$ '000, EXCEPT VOLUME AND EPS	2022	2023	CHANGE %
Volume (in TEU)	12,216,190	12,749,214	+4%
Gross Revenues from Port Operations	2,242,992	2,388,326	+6%
Cash Operating Expenses	612,115	662,704	+8%
EBITDA	1,409,273	1,505,614	+7%
Net Income	677,467	581,126	-14%
Net Income Attributable to Equity Holders	618,465	511,530	-17%
Total Assets	+3%	+3%	+3%
Total Equity	1,726,672	1,905,168	+10%
Diluted Earnings Per Share	0.287	0.287	-17%

OUR PURPOSE

To make ports around the world drivers of positive change and sustainable growth.

At ICTSI, we work tirelessly to develop and operate efficient and sustainable port facilities and to deliver the highest possible benefits to our stakeholders and the communities we serve.

OUR VALUES

ICTSI's commitment to our partners and communities began more than three decades ago in the Philippines. Our projects and terminals now extend across six continents and are anchored by many of the same founding values underpinning our sustainable approach to growing our business and our host economies. Our five values guide our behavior and form the foundation of our purpose:

- **Respect for all**. We place the utmost importance on safety, community, and diversity. The well-being and health of all our stakeholders are our number one priority. We strive to have the highest standards to ensure our people and stakeholders are safe, respected, and treated fairly.
- **Trust**. We lead with integrity, respect, and compassion for our people, partners, communities, and our environment. We take great pride in working responsibly to earn trust and keep it.
- **Collaboration**. We are a diverse and inclusive company working together and exploring new ways of doing things to deliver the best possible outcome for all stakeholders. As a responsible business, we embrace equality of opportunity and empower all our people to adapt, collaborate, and innovate across borders.
- **Tenacity**. Our people work tirelessly with utmost determination to achieve their goals and deliver on commitments to partners, shareholders, host communities, and the environment.
- **Passion**. We are pioneers in an industry with deep linkages to the host economies and communities we operate. Our people relish the challenge of exploring new opportunities, operating terminals, creating sustainable benefits for our host communities, and protecting the environment while also delivering returns to our shareholders.

CHAIRMAN'S REPORT

I first would like to say that the company did remarkably well in 2023, given the ongoing risks to the global economy. The war in Ukraine has entered its third year with still no end in sight, and new conflicts in the Middle East, which have caused maritime disruption to shipping in the Red Sea, and has once again resulted in supply chain delays in the Asian, European and Middle East trades similar to what was experienced during the height of the pandemic.

There were also many positives in areas where we have operations such as Latin America and Africa, which provided growth and improved margins that enabled the Company to achieve positive results.

GROUP VOLUME

ICTSI handled consolidated volume of 12,749,214 twenty-foot equivalent units or (TEUs) in 2023, four percent more compared to the 12,216,190 TEUs handled in 2022. The increase was mainly due to the contribution of Manila NorthPort that was consolidated in September 2022, improvement in trade, and new services at certain terminals. The growth was tapered by the expiration of our port concession in Pakistan; cessation of operations in Makassar Indonesia and Davao; and a slowdown in trade activities in some terminals. Without the contribution of NortPorth, Karachi, Makassar and Davao, consolidated volume would have increased by two percent.

FINANCIAL PERFORMANCE

Gross revenues from port operations for the year was six percent higher at US$2.39 billion compared to the US$2.24 billion reported in 2022 due to volume growth and higher revenues from ancillary services and general cargo business at certain terminals; tariff adjustments; contribution of NorthPort; and favorable translation impact of the Mexican Peso, Iraqi Dinar and Brazilian Reais.

The increase was tapered by the expiration of the PICT contract; slowdown in trade activities at Victoria International Container Terminal in Australia; and unfavorable translation impact of the Philippine Peso and Australian Dollar.

Consolidated EBITDA increased seven percent to US$1.51 billion from US$1.41 billion in 2022 due to higher revenues, but partially tapered by the increase in cash operating expenses. EBITDA margin remained flat at 63 percent.

Consolidated cash operating expenses in 2023 was eight percent higher at US$662.70 million compared to US$612.12 million in 2022. The increase was a result of global inflation across the board.

Net income attributable to equity holders of US$511.53 million was 17 percent less than the US$618.46 million earned last year because of non-recurring and non-cash impairment of goodwill from the acquisition of PICT and other noncurrent assets.

Without the non-cash write offs, net income attributable to equity holders would have grown seven percent to US$676.83 million.

Diluted earnings per share decreased by 17 percent to 24 cents in 2023, from 29 cents in 2022.

BUSINESS DEVELOPMENT

In July of last year, ICTSI was declared as the preferred bidder, after a competitive process, for the operation and management of the DCT 2 container terminal in the Port of Durban, South Africa, the largest container terminal in Africa. Recently, we were informed that we can proceed with finalizing the handover, and sometime in the middle of the year, we will commence operations.

In September, we acquired 60 percent of CLIA Pouso Alegre, an Integrated Customs Logistics Center in Minas Gerais, Brazil. Still in Brazil, Rio Brasil Terminal handled the inaugural call of COSCO Shipping Lines' Europe – East Coast of South America service.

In October, East Java Multipurpose Terminal broke ground for a state-of-the-art gateway for the Lamongan, Tuban and central Java hinterlands.

In December, VICT completed its Phase 3A AUD 152 million expansion project that increased the annual capacity by 25 percent to 1.25 million TEUs, including two new quay cranes, which are the largest in Australia.

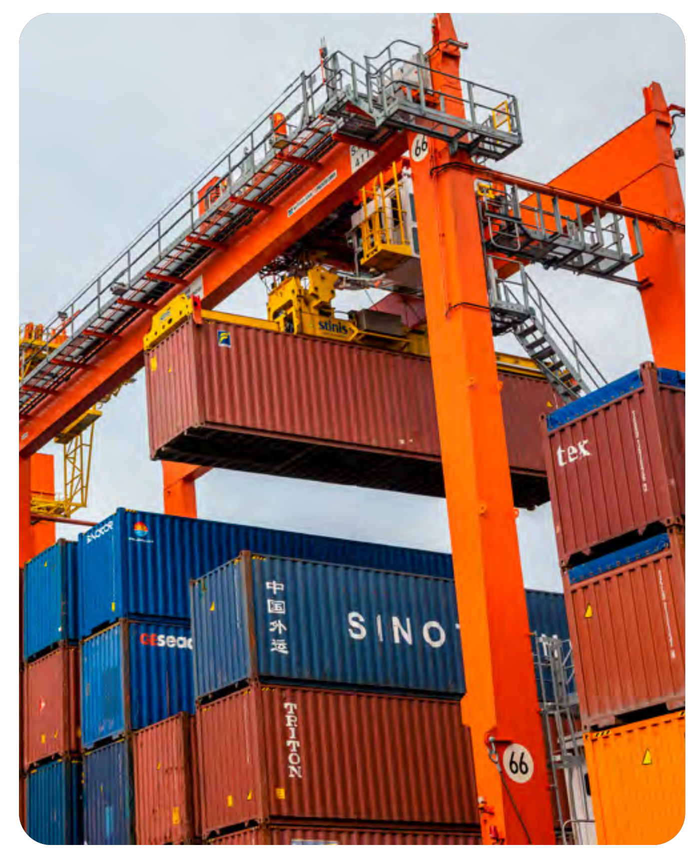
The terminal extension in MGT in Congo was also completed in December.

FUND MANAGEMENT

Capital expenditures, excluding capitalized borrowing costs, amounted to US$336.32 million in 2023. These were mainly for expansionary projects at CMSA in Mexico, MICT in the Philippines, VICT in Australia, MGT in DR Congo, RBT in Brazil, OMT in Nigeria and EJMT in Indonesia.

The Group's estimated capital expenditures for 2024, which includes US$60 million of capex carried forward from 2023, is approximately US$450 million.

This will be used mainly to complete the expansion in Brazil and the development of EJMT in Indonesia; continue the ongoing expansion in Mexico, Philippines and Democratic Republic of Congo; pay the last tranche of concession extension related expenditures in Madagascar; develop the recently acquired terminal in Iloilo in the Philippines; equipment acquisitions and upgrades; and for capital maintenance requirements.



In August, we secured a US$750 million loan from one of the country's biggest banks to further expand port operations worldwide. To date, this is the biggest credit facility secured by ICTSI and the largest bilateral facility extended by Metrobank. Proceeds of the six-year loan facility will be used to refinance short-term obligations and to fund strategic mergers and acquisitions.

CONTINUITY IN 2024 AND BEYOND

The continued increase of our financial results in 2023 has once again demonstrated our strengths as illustrated by the steady upward trajectory of our yields and the health of our balance sheet and cash flow profile.

The year 2024 is ripe with opportunities. We continue our single minded pursuit of our strategy of expanding in the regions that we are focused on, which give the company the best growth opportunities. We intend to pursue further growth in 2024 as we employ our strategy of operating gateway terminals where we have management control in locations with favorable competitive dynamics and high growth potential, while growing our operating terminals to ensure our resilience.

On behalf of the Board, I thank each and every member of the ICTSI Group across the world. We would not have gotten here if not for your hard work and dedication. To our shareholders and business partners, we are grateful for your support and trust.

(Signed)
Enrique K. Razon Jr.
Chairman & President

2023 TIMELINE

JANUARY

- ICTSI is recognized by *Cxociety* and *FutureCFO* for its Leadership in Sustainable Environmental, Social and Governance, particularly for the company's efforts to accelerate its digitization agenda during the pandemic and the implementation of a global cash pool program in 2023 to supports capital expenditure and deleveraging programs.

FEBRUARY

- Contecon Manzanillo at the Port of Manzanillo is the first Mexican port to be certified as carbon neutral

MARCH

- Contecon Manzanillo operates the the first block train service for Walmart de Mexico in cooperation with CMA CGM and Grupo Mexico

- Contecon Guayaquil is the first Ecuadorian terminal to offer cross-docking services by introducing Port to Door – an automated cross-docking service that allows customers to receive their cargo directly at their doorsteps. The Port to Door service is initially available to Guayaquil-based customers via Perimetral and Durán, and will be expanded to cover more areas.

- Motukea International Terminal and South Pacific International Container Termina welcome the maiden call of the newly launched PNG Express service by Meratus Line, one of Indonesia's leading maritime and logistics operators. The PNG Express is the first Indonesian service to operate in Papua New Guinea. It offers direct connections to Indonesia via Jakarta and Surabaya, Malaysia, Singapore, China, and East Timor via Dili.

- ICTSI continues to go above and beyond its concession obligations with the Philippine Ports Authority, adding another berth at the Manila International Container Terminal – the Philippines' premiere gateway for international trade. The expansion will increase MICT's capacity by 200,000 TEUs to 3.5 million TEUs, which will be key in addressing the increase in cargo volume as the country's economy fully reopens.

APRIL

- Operadora Portuaria Centroamericana in Honduras welcomes the inaugural call of Seaboard Blue – the first container vessel in the world to be converted from conventional diesel to liquified natural gas propulsion.

- Kribi Multipurpose Terminal introduces eco hoppers to its operations. The terminal handled 17,015 tons of clinker in 24 hours, equivalent to a throughput of 709 tons per hour, a significant increase in productivity.

MAY

- Motukea International Terminal at Port Moresby makes history by handling Papua New Guinea's first international gearless vessel, the Indonesian-flagged *Meratus Samarinda*.

- Contecon Guayaquil handles the inaugural call of Zim Shipping Line at the port of Guayaquil. The ZIM Colibri Express is an independent weekly service from South America West Coast to US East Coast.

- Basra Gateway Terminal handles four million TEUs after nine years of operation in the country's busiest port. The record volume was achieved during the unloading operation on the Yang Ming vessel *YM Mutuality.*

MAY

- ICTSI's flagship Manila International Container Terminal partners with Intelligent E-Processes Technologies Corp. (IETC), the subsidiary of San Miguel Corporation that manages Autosweep RFID, for more seamless gate processes for trucks at the Port of Manila. RFID scanners at MICT's gates can now read Autosweep tags and match the trucks' plate numbers, resulting in faster gate access and process.

- Victoria International Container Terminal in Melbourne receives the inaugural call of COSCO Shipping Lines' ANE service. The service offers direct connection between Australia's southeastern coast and New Zealand, providing coverage up to Bell Bay in Tasmania

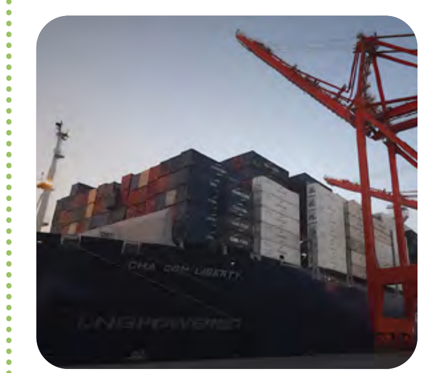
- **29 May:** ICTSI breaks ground for Manila International Container Terminal's Berth 8. Philippine Department of Transportation Secretary Jaime Bautista, Philippine Ports Authority General Manager Atty. Jay Daniel Santiago and ICTSI Executive Vice President Christian R. Gonzalez lead the ceremony.

- Matadi Gateway Terminal takes delivery of four hybrid rubber tired gantries. A first in African ports, the hybrid RTGs are part of MGT's commitment to expand DR Congo's leading international trading gateway while ensuring minimal effect on the environment.

JUNE

- *Corporate Governance Asia* recognizes ICTSI as Asia's Best CSR and one of the Best Investor Relations Companies in the Philippines during the 13th Asian Excellence Award. ICTSI officers are likewise recognized, including Chairman and President Enrique K. Razon Jr. as Asia's Best CEO (Investor Relations); former Senior Vice President and Chief Financial Officer Rafael D. Consing Jr. as Asia's Best CFO (Investor Relations); and Treasury Director and Head of Investor Relations Arthur R. Tabuena as Best Investor Relations Professional.

- Contecon Manzanillo handles the first carbon-neutral container in North America, and the *CMA CGM Liberty* – the first liquified natural gas-powered container vessel to arrive in Mexico.



- Basra Gateway Terminal welcomes the first direct freight service between the United Arab Emirates and Iraq for ro-ro shipments.

- Subic Bay International Terminals receives the inaugural call of Emirates Shipping Line South China Vietnam Philippines service. A new player in the Philippine market, the new service expands the Port of Subic's connectivity to South China and Vietnam.

- Victoria International Container Terminal received the inaugural call of COSCO Shipping Lines' recently launched ANE service.

JULY

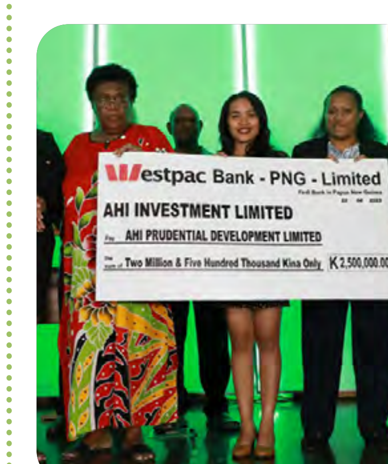
- **18 Jul:** ICTSI is declared the preferred operator for Durban Container Terminal Pier 2 at the Port of Durban in South Africa.

- ICTSI is recognized by Alpha Southeast Asia for having the Best Strategic Corporate Social Responsibility and Best Annual Report in the Philippines.

- Onne Multipurpose Terminal in Nigeria clocks in two million man-hours with zero lost time injury.

- TecPlata in Buenos Aires, Argentina receives the inaugural call of Zim Integrated Shipping Services' Patagonia Express Service that connects Argentina to the United States and the Caribbean Gulf, among other destinations.

- Ahi Investment Ltd. in Papua New Guinea turns over PGK2.5 million (USD695,000) in dividends to Ahi Prudential Development to fund development projects and programs across the Ahicommunities of Yalu, Kamkumung, Hengali, Butibam, Yanga and Wagang. AIL's subsidiary, Ahi Terminal Services Ltd., partially owns South Pacific International Container Terminal Ltd., part of the concession agreement between International Container Terminal Services, Inc. and the Ahi Group of Companies.



JULY

- Onne Multipurpose Terminal, in collaboration with Horatio Ltd., Chairborne Global Services Limited, Kerry Logistics and IO Materials Services, handles the unloading of essential project modules for Nigerian LNG's Train 7 expansion project at the latter's facility in Bonny. The modules were securely stored in OMT's yard and later loaded onto barges for transport to Bonny Island.

AUGUST

- Adriatic Gate Container Terminal (AGCT) in Croatia welcomes the new train service by Metrans, linking Rijeka to Budapest in Hungary.

- **21 Aug:** Victoria International Container Terminal at the Port of Melbourne expands its equipment fleet with six new automated stacking cranes (ASC). Part of VICT's ongoing expansion project, the new ASCs will operate on three new yard modules to increase the terminal's yard and reefer capacity by 30 percent and 43 percent, respectively. Fifteen additional truck grids will be added to the landside to increase slot availability by 30 percent.

- **23 Aug:** Baltic Container Terminal at the Port of Gdynia in Poland receives the first direct call of Mediterranean Shipping Company's (MSC) SWAN service. Restored by MSC in May, the service links ports in Europe and the Far East, and provides the Port of Gdynia with a direct connection to Chinese and Korean ports.

AUGUST

- **31 Aug:** ICTSI secures a USD750 million loan from one of the country's biggest banks, Metropolitan Bank & Trust Co. (Metrobank), to further expand port operations worldwide. To date, this is the biggest credit facility secured by ICTSI and the largest bilateral facility extended by Metrobank. Proceeds of the six-year loan facility will be used to refinance the global port operator's short-term obligations and to fund strategic mergers and acquisitions.

SEPTEMBER

- ICTSI is named the Philippines' Most Outstanding Company in the transportation sector at *Asiamoney* Asia's Outstanding Companies Poll. The citation is based on the company's financial performance, management team excellence, investor relations, and corporate social responsibility (CSR) initiatives. Over 1,200 fund managers, research analysts, and bankers took part in the voting across 12 markets in Asia.

- **05 Sep:** ICTSI acquires 60 percent ownership in Armazéns Gerais Sul das Gerais S.A., which operates CLIA Pouso Alegre, an Integrated Customs Logistics Center in Minas Gerais, Brazil.

SEPTEMBER

- **15 Sep:** Rio Brasil Terminal handles the inaugural call of COSCO Shipping Lines' Europe – East Coast of South America (ESE2) service. The new service connects the Brazilian states of Rio de Janeiro and Minas Gerais to Europe, offering customers a stable weekly connection with very competitive transit times from the East Coast of South America to Europe.

- **21 Sep:** Victoria International Container Terminal welcomes the *M/V CMA CGM Pelleas*, the largest ship ever to dock in Australia.

- **25 Sep:** ICTSI marks a milestone in Latin America with the arrival of *CMA CGM Alexander Von Humboldt* at Contecon Manzanillo in Mexico and Sociedad Puerto Industrial Aguadulce in Colombia. The 396-meter-long vessel is the first of its size to operate a regular service in Latin America. CMA CGM Alexander Von Humboldt operates the Asia Central South America 1 (ACSA1) service, which connects Asia and Latin America.

- **27 Sep:** Ecuador's Contecon Guayaquil S.A. celebrates handles 135 million tons of cargo since starting operations at the Port of Guayaquil.

OCTOBER

- ICTSI is one of the top publicly-listed companies in the Philippines based on the ASEAN Corporate Governance Scorecard (ACGS). With three Golden Arrows, for scoring between 100 to 109 points, the Company maintains compliance with the best practices in Board responsibilities, disclosure and transparency, rights of shareholders, equitable treatment of shareholders; and role of stakeholders.

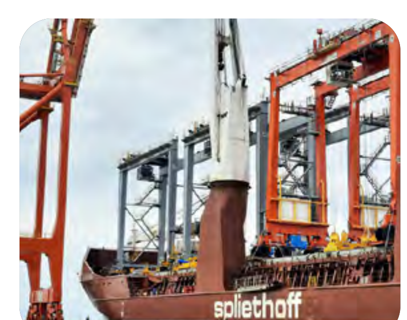
OCTOBER

- EJMT breaks ground for a state-of-the-art gateway for the Lamongan, Tuban and central Java hinterlands. The development consists of a 300-meter quay line, breakwater, super heavy lift breakbulk deck, and dredging of the navigational channel to 13.5 meters. It will be supported by two post-Panamax mobile harbor cranes and other cargo handling equipment.

- Victoria International Container Terminal takes delivery of two new ship-to-shore cranes. The new cranes are the largest in Australia, with a lift height of 49 meters or 10 meters higher than the terminal's five existing STS cranes.

- Tecon Suape in Brazil is certified as a carbon-neutral company in accordance with Associação Brasileira de Normas Técnicas (ABNT) NBR ISO 14064-3:2007 Standards – Greenhouse Gas Emissions Management and PAS 260.

- South Pacific International Container Terminal at the Port of Lae, Papua New Guinea acquires two brand new Mitsui hybrid rubber tired gantries. Powered by a combination of a smaller diesel engine and lithium-ion battery, the hybrid mechanism helps reduce the terminal's greenhouse gas emission.



OCTOBER

- Contecon Manzanillo is included in the rotation of Mediterranean Shipping Company's (MSC) Santana service after terminating the westbound call at Lazaro Cardenas and choosing Manzanillo as the preferred eastbound way port for Mexican operations under the Santana service.

NOVEMBER

- Contecon Manzanillo hits a new milestone with the handling of 14,400 TEUs during the call of the CMA CGM vessel APL Vanda. This milestone operation breaks Mexico's port industry record for a single vessel operation.

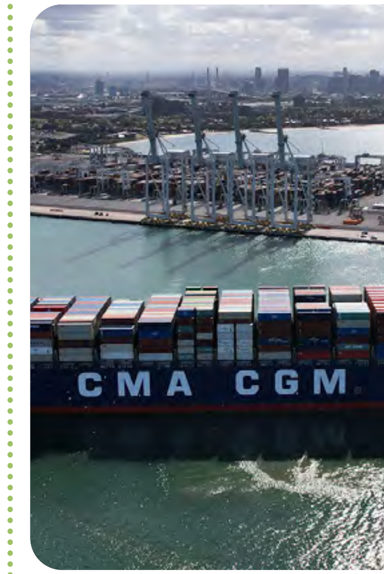
- Rio Brasil Terminal in Rio de Janeiro welcomes the inaugural call of the Sirius/Neo Bossa service jointly operated by CMA CGM and Maersk. The start of the weekly service was marked by the arrival of the 9,000-TEU Maersk Lota followed by the 10,000-TEU CMA CGM Columbia.

- Operadora Portuaria Centroamericana in Honduras obtains the Great Place to Work®.

- **17 Nov:** South Pacific International Container Terminal and Motukea International Terminal at Papua New Guinea's Lae and Motukea, welcome the largest boxship to dock in Papua New Guinea and the Pacific Islands region. The 2,754-TEU gearless ship KOTA GABUNG made its inaugural call in Lae on 12 November and in Motukea, adjacent to Port Moresby, on 17 November. The ship is operated by Mariana Express Line Ltd. as part of the North Asia Express (NAX) service, which is a vessel sharing agreement with Swire Shipping Line. The NAX service connects Eastern and Southern China main ports to Papua New Guinea and Northern Australia.

DECEMBER

- Victoria International Container Terminal completes its Phase 3A AUD235 million expansion project. This increases terminal's capacity by 30 percent, bringing it to 1.25 million TEUs.



- UK-based Lloyd's List, the world's oldest maritime trade publication, cites ICTSI as eighth among the best box port operators for 2023.

- ICTSI commits to achieve net zero by 2050.

- **03 Dec:** East Java Multipurpose Terminal in Lamongan Regency, Indonesia receives the inaugural call of Meratus Line's SBON service. The weekly domestic service is operated by two 629-TEU multipurpose vessels and calls at the Indonesian ports of Surabaya, Makassar, Ambon and Lamongan.

REVIEW OF OPERATIONS

ICTSI GROUP

International Container Terminal Services, Inc. (ICTSI) demonstrated industry outperformance for the year in review, reflecting a strong diversified portfolio, operating strategy and financial discipline that enabled the Company to successfully navigate a challenging geopolitical and economic environment.

Consolidated volume handled by the ICTSI Group for the year in review increased 4.4 percent to 12,749,214 TEUs from 2,216,190 TEUs in the previous year. The volume increase was mainly due to the contribution of Manila North Harbour Port, Inc. (NorthPort), improvement in trade activities, and new additional services at certain terminals. The growth, however, was partially tapered by the impact of the expiration of concession contract at Pakistan International Container Terminal (PICT), termination of cargo handling operation of Makassar Terminal Service (MTS), and slowdown of trade activities in some terminals.

Excluding NorthPort and the discontinued operations of PICT, MTS and Davao Integrated Port and Stevedoring Services Corp., consolidated volume handled by the Group would have increased 1.6 percent in 2023.

In January, MTS ceased commercial operations at the Makassar Port Container Terminal in South Sulawesi, Indonesia following the expiration of its extended term of cooperation with PT Pelabuhan Indonesia IV.

PICT transitioned its terminal operations at the Port of Karachi to the new port operator in June following the nonrenewal of its 21-year concession agreement with the Karachi Port Trust.

Also in June, South Cotabato Integrated Port Services, Inc. (SCIPSI) secured another Hold-over-Authority (HOA), valid from January to December 2023, over the cargo handling services at Makar Wharf, Port of General Santos. As at February 28, 2024, SCIPSI continued to operate and has submitted the letter of intent including the requirements for the issuance of a new HOA.

ICTSI secured a six-year USD750 million loan facility with Metropolitan Bank & Trust Co. in August to refinance its short-term obligations and fund strategic mergers and acquisitions.

ICTSI continued its expansion in Africa after securing a 25-year joint venture to develop and operate Durban Container Terminal (DCT) Pier 2 at the Port of Durban. The Group will commence operations at South Africa's largest container terminal in the middle of 2024 and DCT Pier 2 will become ICTSI's largest operation in the continent.

In September, ICTSI acquired 60 percent of CLIA Pouso Alegre, an Integrated Customs Logistics Center located in Minas Gerais. CLIA Pouso Alegre operates as a bonded facility, providing various integrated logistics services such as storage and transport of bonded cargo and pharmaceutical inputs. The acquisition bolsters the Group's portfolio in Brazil, enabling it to serve more sectors through the combined platforms of Rio Brasil Terminal, CLIA Pouso Alegre and iTracker.

Joining the global effort to address climate change, ICTSI launched its Climate Change Action Initiative. The undertaking forms part of the Group's initiative to align its business strategy with the goals of the United Nations Climate Change Paris Agreement.

ICTSI remained as one of the top Asian companies, receiving multiple citations from leading investment institutions including Most Outstanding Company in the Philippines under the Transportation Sector category from Asiamoney and Best Investor Relations Company in the Philippines from Corporate Governance Asia. The Company was also recognized

by Alpha Southeast Asia as one of the best managed companies in the Philippines at the 13th Annual Institutional Investor Awards.

Among publicly listed companies in the Philippines, ICTSI was cited for having the Best Strategic Corporate Social Responsibility and Best Annual Report. The Institute of Corporate Directors also lauded ICTSI as one of the high-ranking PLCs in the Philippines based on the ASEAN Corporate Governance Scorecard.

Finally, Cxociety and FutureCFO conferred ICTSI with the Leadership in Sustainable Environmental, Social and Governance award.

Seeking opportunities to expand markets, foster new partnerships and stay ahead of industry trends, several ICTSI business units participated in marketing and commercial events throughout the year.

In February, Basra Gateway Terminal and Kribi Multipurpose Terminal joined the Break Bulk Middle East conference, while ICTSI Americas subsidiaries joined Intermodal South America.

In March, the MICT attended the APAC Navis User Group Conference.

ICTSI Global Commercial, together with business units East Java Multipurpose Terminal, RBT and Contecon Manzanillo, represented the Company at the sixth China International Import Expo in November.

ASIA PACIFIC

Corporate Offices
Manila, Philippines

Manila International Container Terminal

NorthPort

Manila Multipurpose Terminal

Cavite Gateway Terminal
Tanza, Cavite

Subic Bay International Terminals (NCT 1 and 2)

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Mindanao Container Terminal
Tagoloan, Misamis Oriental

Makar Wharf
General Santos City

Yantai International Container Terminals
Toamasina, Madagascar

Motukea International Terminal
Port Moresby,
Papua New GWWuinea

South Pacific International Container Terminal
Lae, Papua New Guinea

East Java Multipurpose Terminal
Lamongan, Indonesia

Victoria International Container Terminal
Melbourne, Australia

⇧7.2%

6,570,833 TEUs

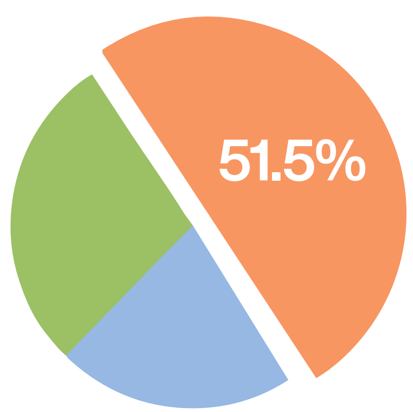
Total Volume Handled

⇧2.6%

USD 1,042,432

Gross Revenues from Port Operations (in thousands)

*As of April 15, 2024



CONTRIBUTION TO TOTAL GROUP VOLUME

The Group performed well in Asia, recording the highest volume growth across all three regions despite lower trade volumes in Victoria International Container Terminal (VICT), certain Philippine terminals, and Olah Jasa Andal (OJA), as well as the termination of cargo handling operations of PT Makassar Terminal Services (MTS) in Indonesia. Volume from Asia increased by 7.2 percent to 6,570,833 TEUs from 6,129,900 TEUs in 2022, mainly due to the impact of consolidation of Manila North Harbour Port, Inc. (NorthPort) starting September 2022.

Operations in Asia accounted for 51.5 percent of the Group's consolidated volume for 2023.

25 YEARS OF SAFE OPERATIONS AT BIPI

Bauan International Port, Inc. (BIPI) marked its 25th anniversary in April with a safety milestone, achieving one million safe man-hours without lost time incident. The milestone covers a period of six years starting in 2017, during which the company overcame challenges including extreme temperatures, complex cargo configurations and the COVID-19 pandemic.

In December, BIPI also received the 2023 Zero Damage Achievement Award at K-Line's annual Roro Asia Damage Prevention Meeting.

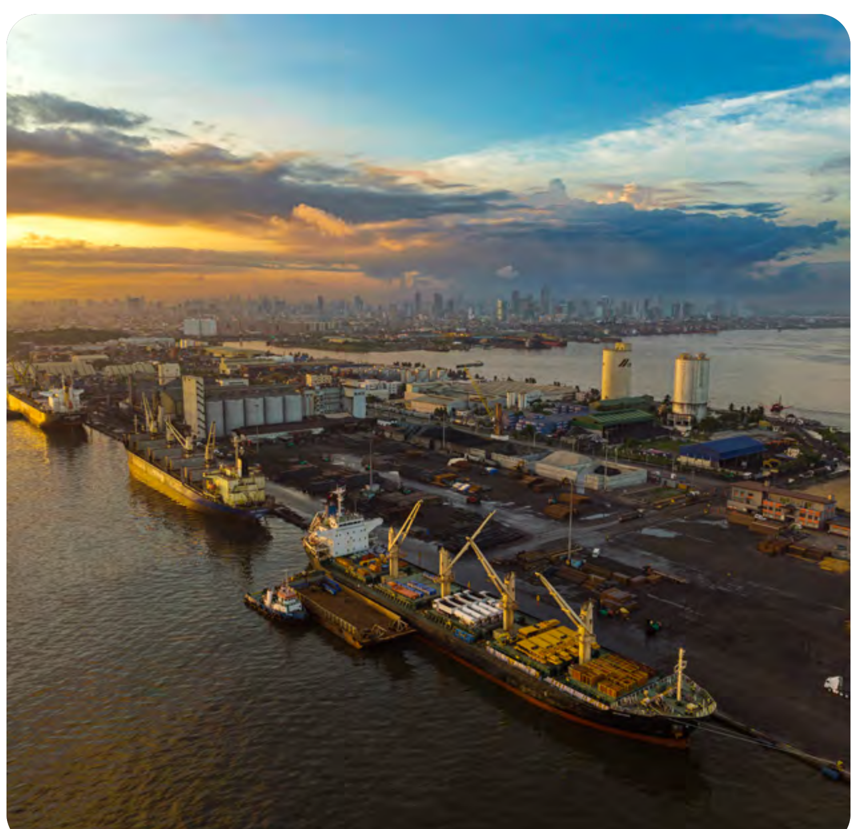
EXPANSION, ENHANCED EFFICIENCY AND SAFETY AT MICT

Manila International Container Terminal (MICT), the Group's flagship, broke ground on its eighth berth in May. Being built in phases, Berth 8 will enable MICT to service ultra container vessels up to 18,000 TEUs. The new berth will add 300 meters of quay along with 12 hectares of yard space. Upon completion, the project will increase the terminal's capacity by 200,000 TEUs to 3.5 million TEUs.

MICT was also issued the Statement of Compliance of a Port Facility by the Philippine Department of Transportation – Office for Transportation Security, signifying the terminal's compliance to Chapter XI-2 IMO SOLAS and the International Code of Security of Ships and Port Facilities.

IMPROVED OPERATIONS AT MMT

In January, MMT took delivery of five remote-controlled bulk cargo handling grabs with a capacity of five to eight cubic meters to strengthen bulk cargo operations and improve productivity.



Other investments included dredging alongside the terminal's 1,035-meter berth to 10.5 meters MLLW to improve berthing capacity. The Port Interactive Assistant for enhanced customer service was also rolled out.

MMT reached a milestone in March, recording the most productive month in the terminal's history.

In June, MMT surpassed the 10 million metric ton cumulative throughput mark two years after joining the ICTSI Group in 2021.

MMT also facilitated the unloading of 20,000 tons of fertilizer donations from China in June and leased its largest warehouse facility to Philcement in July.

MMT launched the Ideal Vessel Requirements campaign in the fourth quarter of 2022 to orient clients on best practices for packing and marking cargo, and to encourage port users to utilize vessels with individual cranes that have at least 25 metric ton working load per hatch. The campaign achieved its objectives, resulting in the elimination of vessel queueing times within the first quarter of 2023.

NEW SERVICE AT MCT

Mindanao Container Terminal (MCT) welcomed its re-inclusion in the rotation of Wan Hai Lines' Mindanao – Hong Kong – Taiwan service, which resumed calls to the terminal in August. The resumption of the weekly service re-established MCT's links to the trade hubs of Hong Kong and Taiwan.

Earlier in March, MCT co-sponsored the Mindanao Shipping Conference 2023 in Davao.

SCIPSI CITED FOR PEOPLE MANAGEMENT PRACTICES

South Cotabato Integrated Port Services, Inc. (SCIPSI) received the 2023 People Investor of the Year Award for upholding exemplary people management practices. SCIPSI employee Dovie Daligdig was also named first runner-up for the Community Employee of the Year Award.

NEW SERVICE AT SBITC

Subic Bay International Terminals (SBICT) welcomed the inaugural call of the South China – Vietnam – Philippines service in June. Operated by Emirates Shipping Line together with ASEAN Sea Line and Pacific International Line, the new weekly service enhanced the Port of Subic's connectivity with South China and Vietnam.

Earlier in March, SBITC facilitated the safe and timely handling of the remotely operated vehicle (ROV) Hydros, which was transported and deployed to Oriental Mindoro to assist in oil spill cleanup operations.

NEW SERVICE, EQUIPMENT AND EXPANSION AT VICT

Victoria International Container Terminal (VICT) welcomed the inaugural call of COSCO Shipping Lines' and Orient Overseas Container Lines' ANE joint service in May. Catering to the speed-to-market requirement between key ports on the Eastbound and Westbound Trans-Tasman lanes, the new service directly links Australia's southeastern coast and New Zealand, providing coverage up to Bell Bay in Tasmania.

As part of its AUD152 million expansion project, VICT acquired six new automatic stacking cranes and two new ship-to-shore (STS) cranes. The new STS cranes are the largest port equipment in Australia, enabling VICT to handle the largest container vessels to arrive in the country. Phase 3A of VICT's expansion project was completed in December, increasing the terminal's capacity by 25 percent to 1.25 million TEUs and allowing two 366-meter vessels to berth simultaneously.

In September, VICT welcomed the inaugural call of CMA CGM Pelleas, one of the vessels operating the A3C service. The 350-meter long and 10,000 TEU capacity ship set the record for the largest boxship to dock in Australia.

VICT was recognized at the Daily Cargo News Australian Shipping & Maritime Industry Awards 2023 in November, receiving the Highly Commended Award for the Supply Chain Innovation & Technology and Diversity Inclusion categories. The company was also among the finalists for Port Terminal of Year Award.

STABLE YEAR FOR YICT

Yantai International Container Terminals had a stable year, handling one percent more international cargo compared to 2022.

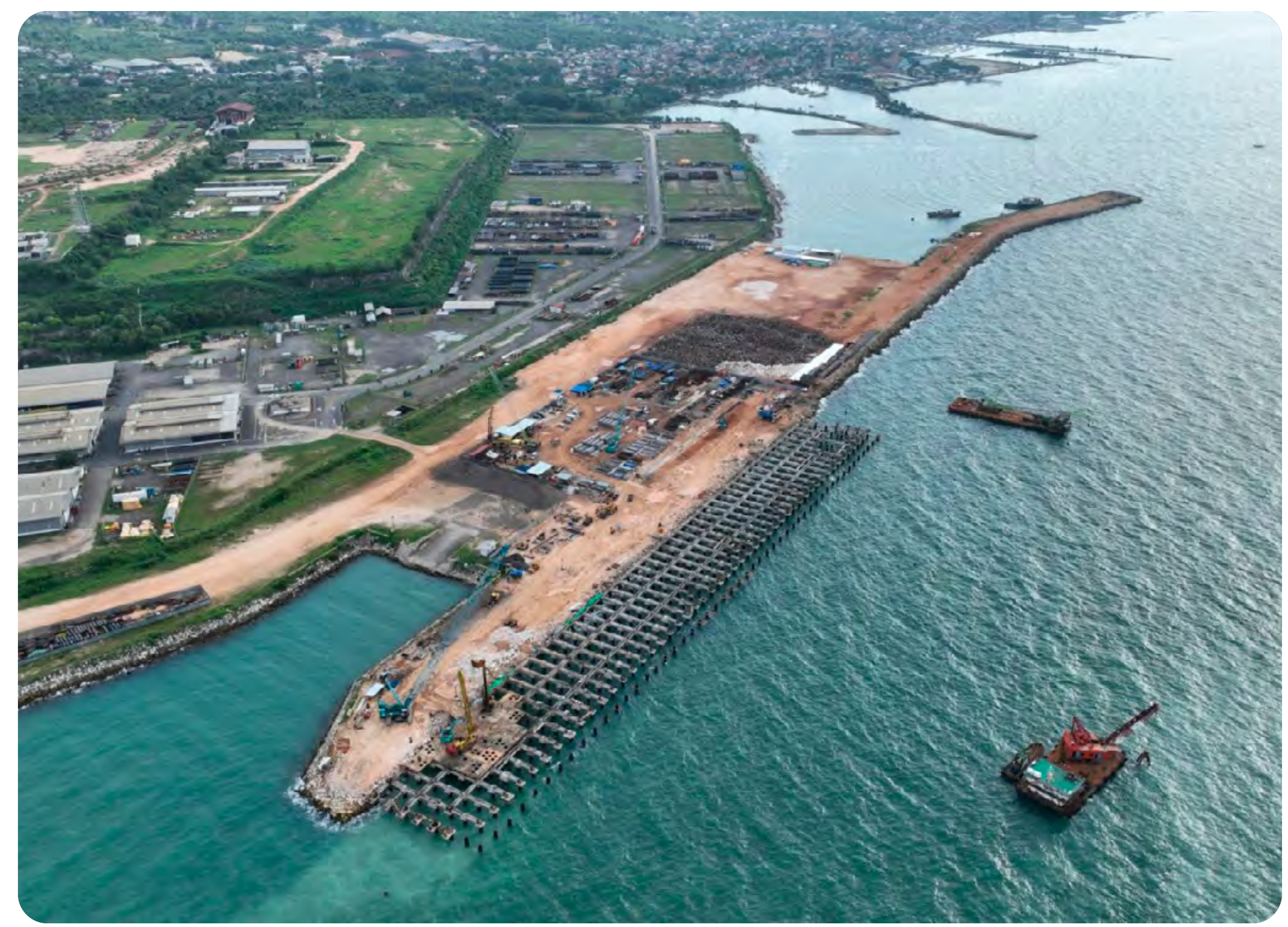
Preparing for a stronger business year in 2024, the company implemented several projects to improve its operational efficiency including the construction of an onsite Customs H986 facility and installation of shore power connectors on three berths.

YICT also received a new Quality Management System certificate issued by China Classification Society, which includes the ISO9001:2015, ISO14001:2015, and ISO45001:2018 standards.

NEW GATEWAY, SERVICE AT EJMT

East Java Multipurpose Terminal (EJMT), the ICTSI Group's new operation in Indonesia, broke ground on the new state-of-the-art gateway for the Lamongan, Tuban and central Java hinterlands in October. The development consists of a 300-meter quay line, breakwater, super heavy lift breakbulk deck and dredging of the navigational channel to -13.5 meters. Upon completion, the terminal will be equipped with two post-Panamax mobile harbor cranes.

In December, EJMT received the inaugural call of Meratus Lines' SBON service. The weekly service is operated by two 629-TEU vessels and calls the Indonesian ports of Surabaya, Makassar, Ambon and Lamongan.



MTS CEASES OPERATION

PT Makassar Terminal Services (MTS) ceased commercial operations following the expiration of the extended term of cooperation agreement with PT Pelabuhan Indonesia IV on 31 January. MTS' 20-year operation at the Makassar Port Container Terminal in South Sulawesi contributed more than 2.5 million TEUs to the Group's consolidated volume.

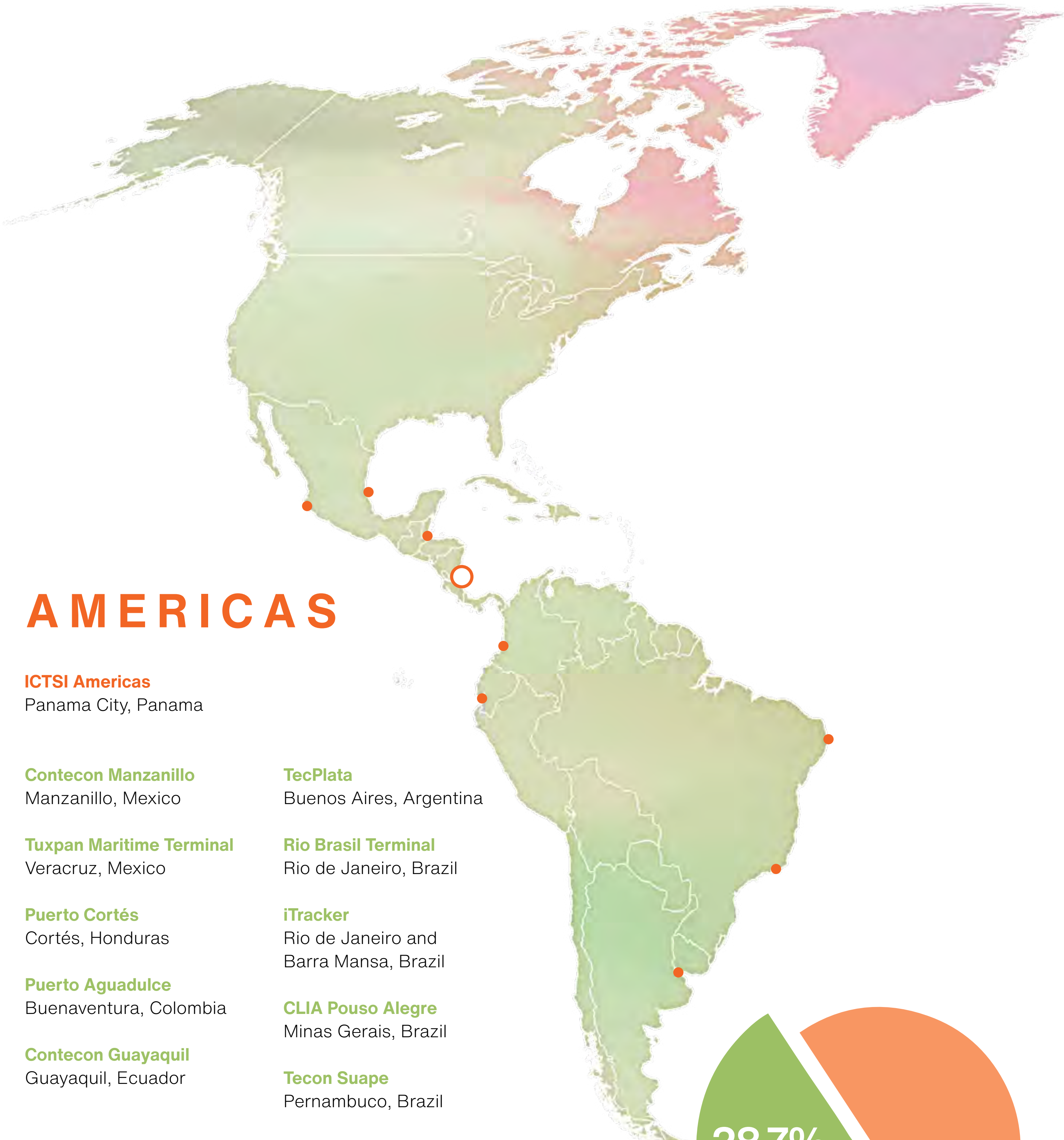
FIRST GEARLESS VESSEL IN PNG DOCKS AT MIT

Motukea International Terminal (MIT) received in April the inaugural call of Meratus Samarinda, the first gearless international vessel to dock in PNG. The 526-TEU vessel operates Meratus Lines' new PNG Express service, which directly connects PNG to Indonesia, Malaysia, Singapore, China and East Timor.

Kota Gabung, the largest container ship to arrive in PNG, made its inaugural call to MIT in November.

SPICT WELCOMES LARGEST INTERNATIONAL VESSEL TO ARRIVE IN PNG

South Pacific International Container Terminal received the inaugural call of Kota Gabung, the largest boxship to arrive in Papua New Guinea (PNG) in November. The 2,754-TEU boxship operates Mariana Express Line's North Asia Express service, a vessel sharing agreement with Swire Shipping Line that links the main ports in Eastern and Southern China to PNG and Northern Australia.



AMERICAS

ICTSI Americas
Panama City, Panama

Contecon Manzanillo
Manzanillo, Mexico

Tuxpan Maritime Terminal
Veracruz, Mexico

Puerto Cortés
Cortés, Honduras

Puerto Aguadulce
Buenaventura, Colombia

Contecon Guayaquil
Guayaquil, Ecuador

TecPlata
Buenos Aires, Argentina

Rio Brasil Terminal
Rio de Janeiro, Brazil

iTracker
Rio de Janeiro and
Barra Mansa, Brazil

CLIA Pouso Alegre
Minas Gerais, Brazil

Tecon Suape
Pernambuco, Brazil

⇧6.5%

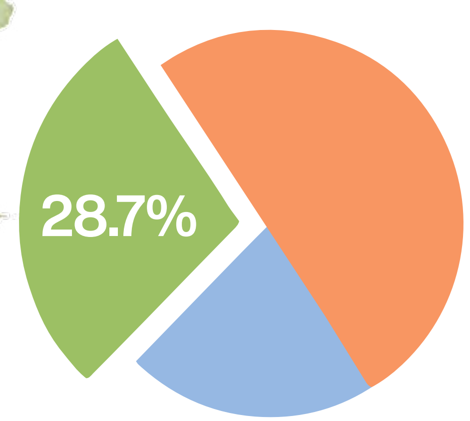
3,653,516 TEUs

Total Volume Handled

⇧12.6%

USD 855,615

Gross Revenues from Port Operations (in thousands)



CONTRIBUTION TO TOTAL GROUP VOLUME

The Group's operations in the Americas yielded positive results, mainly driven by improved trade activities and new services at Contecon Guayaquil (CGSA), Contecon Manzanillo (CMSA) and Rio Brasil Terminal (RBT). Volume from the Americas increased by 6.5 percent to 3,653,516 TEUs from 3,429,002 TEUs for the same period in 2022, partially tapered by lower trade volume at Operadora Portuaria Centroamericana (OPC).

Operations in the Americas accounted for 28.7 percent of the Group's consolidated volume in 2023.

NEW SHIPPING LINE SERVICE, OPPORTUNITIES IN TECPLATA

TecPlata added new destinations to its service offerings with the arrival of Zim Integrated Shipping Services' Patagonia Express service in July. The new service connects Argentina to the United State and the Caribbean Gulf through the ports of Kingston and Houston, providing a reliable and efficient connection for Argentina's foreign trade.

In October, TecPlata hosted a delegation from COSCO Shipping South America to discuss route prospects, feeder network construction, carbon neutral certification and prefabricated warehouse business, among other opportunities for mutual cooperation.

GREEN MILESTONES, NEW SHIPPING LINE SERVICES IN RIO BRASIL TERMINAL

Rio Brasil Terminal (RBT) became the first port terminal in Brazil to be certified carbon-neutral. The certification was issued by the Brazilian Nature Defense Institute in June based on RBT's reforestation initiatives and use of green equipment in its operations. Almost 90 percent of the terminal's equipment, mainly the ship-to-shore cranes and rubber tired gantries, are powered by clean energy.

In September, RBT welcomed the inaugural call of the Europe – East Coast of South America 2 joint service by COSCO Shipping Lines, Orient Overseas Container Line, and Ocean Network Express. The new service links Rio de Janeiro and Minas Gerais to Europe, catering mostly to refrigerated cargoes from South America and the consuming markets of the United Kingdom, the Netherlands and Belgium.

RBT and COSCO also signed the preliminary contract for the operation of CLIA Pouso Alegre in Minas Gerais in September.

In October, RBT welcomed the inaugural call of the Sirius/Neo Bossa join service by CMA CGM and Maersk. The service connects Europe and the Mediterranean to the East Coast of South America.

RBT set new records in November, moving a total of 4,087 TEUs and 3,857 TEUs during the calls of Evergreen vessels Ever Lenient and Ever Liberal, respectively.

In November, RBT, iTracker and CLIA Pouso Alegre facilitated the unloading, storage and transport of cargo for Midea's new factory in Minas Gerais.

SUSTAINABLE OPERATIONS AT TECON SUAPE

Tecon Suape was certified carbon-neutral in accordance with Associação Brasileira de Normas Técnicas NBR ISO 14064-3:2007 Standards – Greenhouse Gas Emissions Management and PAS 260, becoming the fourth terminal in the Group to achieve carbon-neutral status following CMSA, CGSA and RBT.

Earlier in the year, Tecon Suape also introduced a reformulated Mission, Vision and Values as part of the new strategic plan that will guide the company.

SPIA HANDLES ITS LARGEST BOXSHIP

Sociedad Puerto Industrial de Aguadulce reaffirmed its status as the preferred terminal in the Colombian Pacific with its handling of the CMA CGM Alexander Von Humboldt in August. With a length overall (LOA) of 400 meters, the ship is the first of its size to operate a regular service in Latin America. The call highlighted SPIA's capacity and the confidence of shipping lines in SPIA's capability to service the most important ships that arrive in Colombia.

NEW SERVICE OFFERINGS, INVESTMENTS, LINER SERVICES AND MILESTONES AT CGSA

CGSA rolled out two key services for its customers: Port-to-Door and Contecon Plus.

Port-to-Door is an automated cross-docking service that enables customers to receive their cargo directly at their footsteps. Customers can avail of the service and track their cargo online. CGSA is the first terminal to offer cross-docking services in Ecuador.

Mainly catering to importers and exporters, Contecon Plus is a centralized solution comprising logistics services like warehousing, distribution and other specialized services.

CGSA also made notable investments to improve security and its operation. In January, CGSA inaugurated the first phase of civil works for the installation of port scanners. The project is part of CGSA's commitment to enhance the competitiveness and security of Ecuador's foreign trade. With the project completed in February 2024, CGSA became the first terminal Ecuador to operate port scanners.

In April, CGSA handled its largest container vessel – the Maersk Camden, and received the inaugural call of ZIM Shipping Line to Ecuador.

In August, CGSA became the first terminal the country to implement a private Long Term Evolution (LTE) network. The USD1 million project offers strategic benefits, including enhanced efficiency and connectivity, process automation, security with advanced monitoring and surveillance systems, and customer experience.

In October, CGSA laid the first stone for the foundation of the future barracks of the national police inside the terminal. The USD3.5 million facility is part of the 2022 agreement signed by CGSA and the Ministry of Government for the enhanced surveillance and anti-narcotics functions of the national police inside the Simón Bolívar Libertador Port. Construction of the barracks commenced in November.

SUSTAINABLE OPERATIONS, INCLUSIVE WORKPLACE CULTURE AT OPC

In March, OPC received the inaugural call of Seaboard Blue – the first container vessel in the world to be converted from conventional diesel to liquified natural gas propulsion.

OPC made notable some achievements that reflect its strong, positive and responsible organizational culture. The company was cited as the best logistics company to work for in Honduras for the second consecutive year in June, and was certified as a Great Place to Work® in October. In November, OPC received the Socially Responsible Seal from the Honduran Foundation for Corporate Social Responsibility for the eight consecutive time.

OPC successfully renewed its certification for ISO 9001, 45001 and 14001, maintaining its position as the only port in the CA-4 region with the aforementioned integrated certifications.

In November, OPC started installing 5,160 square meters of solar panels capable of generating up to 1 MWp of electricity. The project was completed in January 2024, providing the terminal with a renewable alternative energy source.

GREEN MILESTONE, EXPANDING RAIL SERVICES AT CMSA

CMSA maintained its leadership across Mexico's ports and logistics industry, setting the standard for efficiency, sustainability and corporate social responsibility.

In February, CMSA became the first organization across the local port industry to be certified carbon-neutral. The distinction highlights CMSA's commitment to global climate change initiatives, renewable energy use and decarbonization of ports and maritime transport. Four months later in June, CMSA handled the first carbon-neutral container in North America during operations on CMA CGM Liberty – the first liquified natural gas-powered container vessel to arrive in Mexico.

CMSA was recognized by the Mexican Center for Philantrophy and the Alliance for Corporate Social Responsibility as a Socially Responsible Company for the fourth consecutive year in February. CMSA was also the first Mexican port operator in the Responsible Companies list by Expansión, the flagship publication of Grupo Expansión, in October.

CMSA, in partnership with CMA CGM and Grupo México, launched a dedicated block train service in February for Walmart de Mexico.

In April, CMSA commissioned five new empty handlers to further optimize container stowage times and contribute to the efficiency of landside operations.

CMSA, together with SSA Mexico, Ocupa, Friman, Hazesa, Corporacion Multimodal and Tap Logistica, launched the Association of Terminals and Operators Manzanillo (ASTOM) in May. ASTOM aims to further enhance the efficiency and competitiveness of the Port of Manzanillo and strengthen the leadership of Mexico's most important port across the American Pacific. Jose Antonio Contreras, CMSA chief executive officer, served as ASTOM's first president.

In August, CMSA proved its capability to service the largest ships in existence with its handling of the 400-meter LOA CMA CGM Alexander Von Humboldt – the largest container vessel to operate a regular service in Latin America. A second 400-meter LOA vessel, the APL Vanda, arrived in October and paved the way for CMSA to set a new record for the most containers handled on a single vessel at 14,400 TEUs.

In October, Mediterranean Shipping Company terminated the westbound call at Lazaro Cardenas and selected Manzanillo as the preferred eastbound way port of its Santana Service. The move highlighted CMSA's status as the gateway of choice for Mexican trade to the Far East.

ICTSI Europe, the Middle East and Africa (EMEA)
Dubai, United Arab Emirates

EUROPE, THE MIDDLE EAST & AFRICA

Adriatic Gate Container Terminal
Rijeka, Croatia

Baltic Container Terminal
Gdynia, Poland

Batumi International Container Terminal
Adjara, Georgia

Basra Gateway Terminal
Umm Qasr, Iraq

Onne Multipurpose Terminal
Port Harcourt, Nigeria

Kribi Multipurpose Terminal
Kribi, Cameroon

Matadi Gateway Terminal
Kongo Central, D.R. Congo

Madagascar International Container Terminal
Toamasina, Madagascar

⇩5%

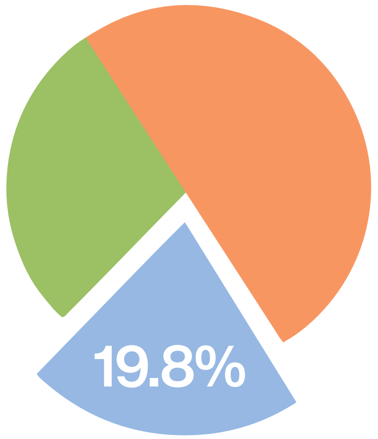
2,524,865 TEUs

Total Volume Handled

⇧4.8%

USD 490,279

Gross Revenues from Port Operations (in thousands)



CONTRIBUTION TO TOTAL GROUP VOLUME

The Group's performance in Europe, Middle East and Africa (EMEA) developed positively. EMEA recorded an 11% organic volume growth driven by the African terminals and Basra Gateway Terminal (BGT). The Pakistan International Container Terminal (PICT) concession expired in June, negatively impacting the year-on-year volume development, thus comparable volume from EMEA operations decreased by five percent to 2,524,865 TEUs from 2,657,288 TEUs for the same period in 2022.

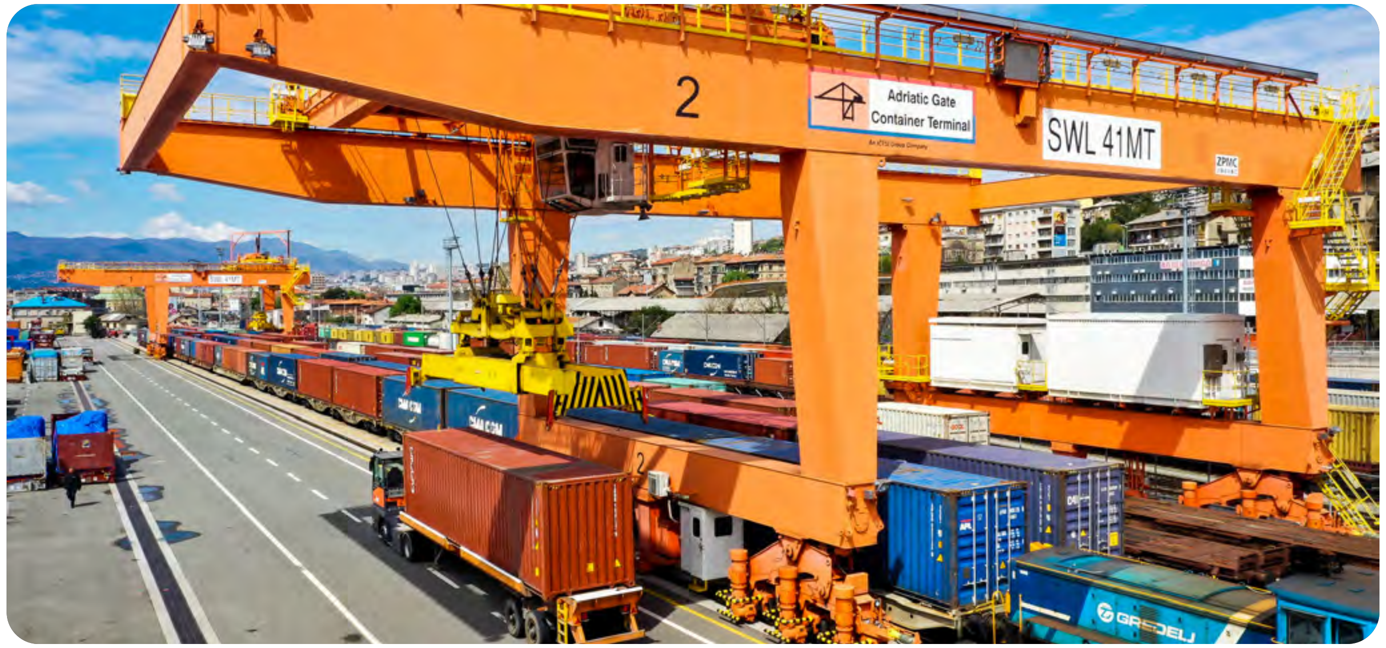
Operations in EMEA accounted for 19.8 percent of the Group's consolidated volume in 2023.

IMPROVED PRODUCTIVITY, GREENER OPERATIONS AT KMT

Kribi Multipurpose Terminal (KMT) saw a significant increase in productivity resulting from the deployment of eco hoppers early in the year. The eco hoppers enabled KMT to more efficiently handle cargo like clinker, gypsum, limestone and petcoke while suppressing dust emissions to make cargo handling operations safer for workers and the environment.

In April, KMT set a record by handling 17,015 tons of clinker in 24 hours, equivalent to throughput rate of 709 tons per hour.

NEW RAIL CONNECTIONS AT AGCT



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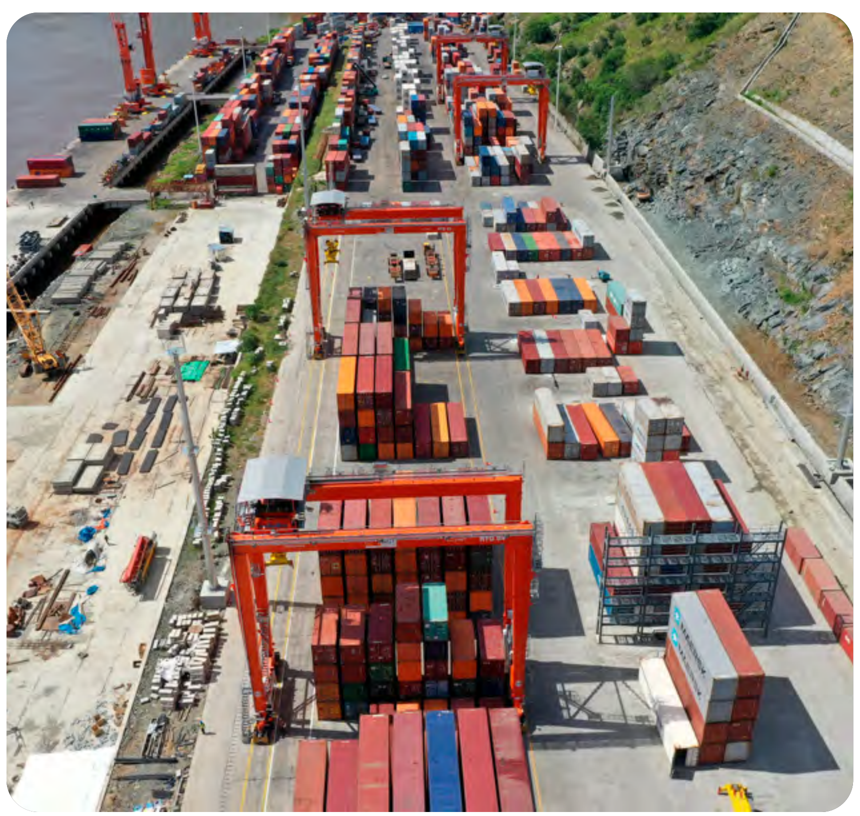

NEW INVESTMENTS AT MGT

Matadi Gateway Terminal (MGT) unveiled new investments aimed at improving productivity and access to the Port of Matadi.

MGT inaugurated four new hybrid rubber tired gantries (RTG) in May, becoming the first terminal in Africa to deploy hybrid RTGs and third in the ICTSI Group. MGT also launched the Western Urban Road Project, which entails the construction of a 2.65-kilometer road that will offer a second access road to MGT. The new urban road will improve access to the port and ease traffic in the city of Matadi.

The MGT Phase 2 development was completed in December. The berth has been extended to 500 meters and additional backup yard has been added, increasing the handling capacity from 200,000 TEUs to 400,000 TEUs.

MILESTONES AT BGT

Nine years after starting operations at the Port of Umm Qasr, BGT became the first terminal in Iraq to handle four million TEUs. BGT achieved the milestone in May during unloading operations on the Yang Ming Vessel YM Mutuality.

BGT continued to set the standard in Iraq's port industry with its handling of the 330-meter, 9,000-TEU YM Utility, the largest Yang Ming vessel to dock in Iraq, and a vessel productivity exceeding 120 moves per hour.

SAFE AND EFFICIENT OPERATIONS AT OMT

OMT recorded a healthy increase in its share of the Eastern Nigerian container market and upped its productivity levels.

Steadfast in its commitment to support Nigeria's oil and gas sector, Onne Multipurpose Terminal (OMT) seamlessly facilitated the unloading of project modules for Nigerian LNG's USD10 billion Train 7 expansion project in Bonny. OMT unloaded the modules from three vessels and provided secure storage before loading them onto barges for transport to Bonny Island.

In May, OMT recorded two million manhours with zero lost time injury. OMT achieved the milestone two years after commencing commercial operations in 2021.

END OF CONCESSION FOR PICT

Baltic Container Terminal (BCT) celebrated its 20th year in May and presented its vision for the future following the 30-year extension of its concession agreement with the Port of Gdynia Port Authority.

BCT received the first direct call of Mediterranean Shipping Company's SWAN service in August. The service established BCT's first ever direct container connection with Chinese and Korean ports, signaling the Port of Gdynia's transition from being a feeder port to a full-fledged maritime import and export gateway.

The year also marked the start of the quay rehabilitation program at the Port of Gdynia, which will enhance BCT's ability to handle larger container vessels.

BRIGHT FUTURE FOR BCT

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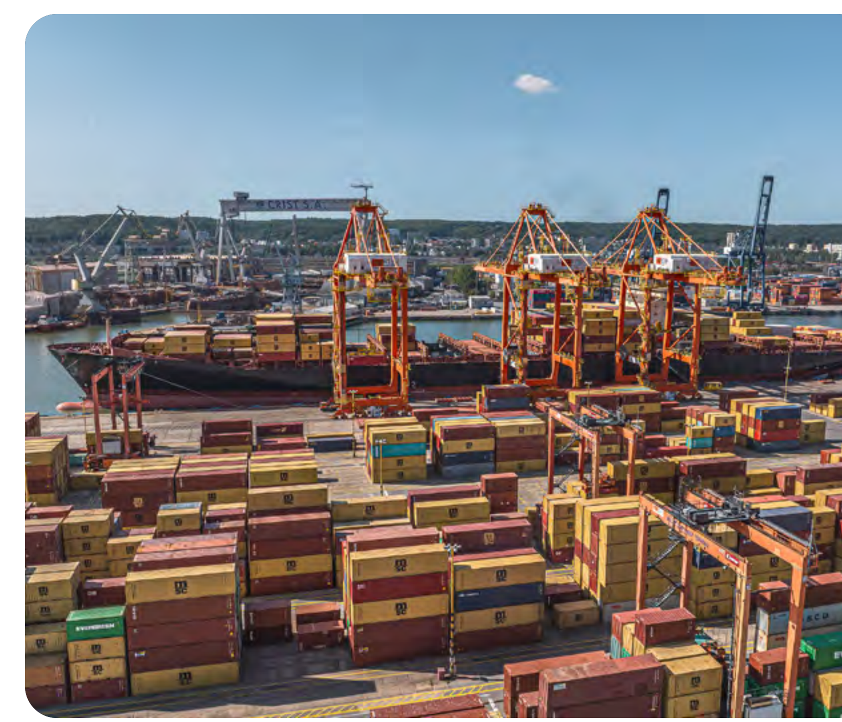

ICTSI BOARD OF DIRECTORS

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Chairman

Cesar A. Buenaventura
Independent Director

Carlos C. Ejercito
Independent Director

Jose C. Ibazeta
Non-Executive Director

Stephen A. Paradies
Non-Executive Director

Chief Justice Diosdado M. Peralta *(ret.)*
Independent Director

Andres Soriano III
Non-Executive Director

Atty. Rafael T. Durian
Corporate Secretary

Atty. Silverio Benny J. Tan
Asst. Corporate Secretary

Atty. Benjamin M. Gorospe III
Asst. Corporate Secretary

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President

Christian R. Gonzalez
Executive Vice President,
Compliance Officer and
Chief Sustainability Officer

Caroline C. Causon
Senior Vice President,
Global Corporate Planning
and Financial Services

Anders Kjeldsen
Senior Vice President,
Regional Head – Americas

Hans-Ole Madsen
Senior Vice President,
Regional Head – Europe,
Middle East and Africa

Emilio Manuel V. Pascua
Senior Vice President,
Chief Financial Officer and Chief
Risk Officer

Humberto Godfried Wieske
Senior Vice President,
Head of Global Commercial

Nathan A. Clarke
Vice President, Head of
Global Engineering
Infrastructure and Project Delivery

Antonio G. Coronel
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Logistics and Supply Chain

Michael Robin Cruickshanks
Vice President, Head of
Global Corporate Human Resources

Brian Mark Hibbert
Vice President,
Global Chief Information Officer

Damien Samuel Huppert
Vice President,
Head of Global Procurement

Arlyn L. McDonald
Vice President,
Global Financial Controller

Atty. Lirene C. Mora
Vice President, Global Corporate
Legal Affairs

Narlene A. Soriano
Vice President, Head of Global
Public Relations and ICTSI Foundation

Johan B. Swart
Vice President,
Head of Global Engineering
Equipment Maintenance

Arnie D. Tablante
Vice President and Treasurer

TERMINAL HEADS

PHILIPPINES

Phillip N. Marsham*
Manila International Container Terminal
Manila Harbor Center Port Services, Inc.

Aurelio Garcia
Mindanao International Container
Terminal Services, Inc.

Christian L. Lozano
Subic Bay International Terminal Corp.
ICTSI Subic, Inc.

Timothee Jeannin
Visayas Container Terminal, Inc.

Ferdinand S. Magtalas
Bauan International Port, Inc.

Noel C. Monzon
Cavite Gateway Terminal

Gabriel D. Muñasque
South Cotabato Integrated Port Services, Inc.

Carmela N. Rodriguez
Laguna Gateway Inland Container Terminal

Justin C. Tolentino
Manila North Harbour Port, Inc.

ASIA PACIFIC

Patrick Chan
East Java Multipurpose Terminal

Robert Maxwell
Motukea International Terminal Ltd.
South Pacific International Container Terminal Ltd.

Tejas Nataraj
PT Makassar Terminal Services, Inc.

Bruno Porchietto
Victoria International Container Terminal Ltd.

Apollo Zhou
Yantai International Container Terminals Ltd.

AMERICAS

Jose Antonio Contreras
Contecon Manzanillo S.A.

Juan Carlos Corujo
Operadora Portuaria Centroamericana S.A. de C.V

Javier Lancha
Contecon Guayaquil S.A.

Roberto Lopes
ICTSI Rio Brasil 1
I-Tracker
CLIA Pouso Alegre

Alvaro Otero
Sociedad Puerto Industrial de Aguadulce S.A.

Javier Ramirez
Tecon Suape S.A.

Juan Pablo Trujillo
TecPlata S.A.

EUROPE, THE MIDDLE EAST AND AFRICA

Philippe Baudry
Matadi Gateway Terminal

Nikoloz Gogoli
Batumi International Container Terminal LLC

Jacob Gulmann
Onne Multipurpose Terminal

Guido Heremans
Madagascar International Container Terminal Services Ltd.

Didier Kinsoen
Kribi Multipurpose Terminal SAS

Emmanuel Papagiannakis
Adriatic Gate Container Terminal JSC

Romeo A. Salvador
Basra Gateway Terminal

Wojciech Szymulewicz
Baltic Container Terminal Ltd.

** ROHQ Chief Operations Advisor*

CORPORATE INFORMATION

CORPORATE OFFICES

International Container Terminal Services, Inc. (ICTSI)
ICTSI Administration Building
Manila International Container Terminal
MICT South Access Road
Port of Manila
Manila 1012 Philippines

+63 2 8245 4101
+63 2 8245 2245
info@ictsi.com
www.ictsi.com

STOCKHOLDER INQUIRIES

International Container Terminal Services, Inc.'s (ICTSI) common stock is listed and actively traded in the Philippine Stock Exchange under the symbol "ICT". For shareholder assistance regarding account status, stock certificates, stockholder information changes, and dividend payments:

Ricardo D. Regala
Stock Transfer Services Inc.
Unit 34-D Rufino Pacific Tower
6784 Ayala Avenue, Makati City Philippines
+ 63 2 8403 2410
+ 63 2 8403 3433
+ 63 2 8403 2414
rdregala@stocktransfer.com.ph

INVESTOR INQUIRIES

ICTSI welcomes inquiries from investors, analysts and the financial community.
For more inquiries about ICTSI, please email investor@ictsi.com or visit investors.ictsi.com

Emilio Manuel V. Pascua
Senior Vice President, Chief Financial Officer and Chief Risk Officer
+ 63 2 8247 8048
mpascua@ictsi.com

Arthur R. Tabuena
Treasury Director and Head of Investor Relations
+ 63 2 8245 2255
+ 63 2 8247 8008
atabuena@ictsi.com

Our complete Annual Reports can be viewed or downloaded at www.ictsi.com

A thorough discussion of the Company's sustainability and social responsibility efforts can be found at the 2023 ICTSI Group Sustainability Report and the ICTSI Foundation Accomplishment Report.

THE LOGISTICS OF TRANSFORMATION

2023 FINANCIAL REPORT

International Container Terminal Services, Inc.

CORPORATE OFFICE
ICTSI Administration Building
Manila International Container Terminal
MICT South Access Road, Port of Manila
Manila 1012 Philippines
+63 2 8 245 4101
info@ictsi.com
www.ictsi.com

THE LOGISTICS OF TRANSFORMATION

2023 FINANCIAL REPORT

International Container Terminal Services, Inc.

ABOUT THE COVER

Even as the Company accelerates its transformative work in port operations—including the greening of logistics and the digitalization of the supply chain–ICTSI remains focused on the broader horizon: developing, operating, and managing ports that bring about positive change and sustainable growth.

Our Butterfly Effect cover art reflects the impact of our principles, policies, practices, and processes. Expressed in every single day-to-day action, decision, or transaction, these act as pivot points that lead to large-scale change.

The layered images speak of the multiplicity of stakeholders we serve, and the spectrum of vital–and evolving–metrics by which we constantly evaluate and calibrate our performance as the world's largest independent global port operator.

THE LOGISTICS OF TRANSFORMATION

2023 FINANCIAL REPORT

International Container Terminal Services, Inc.

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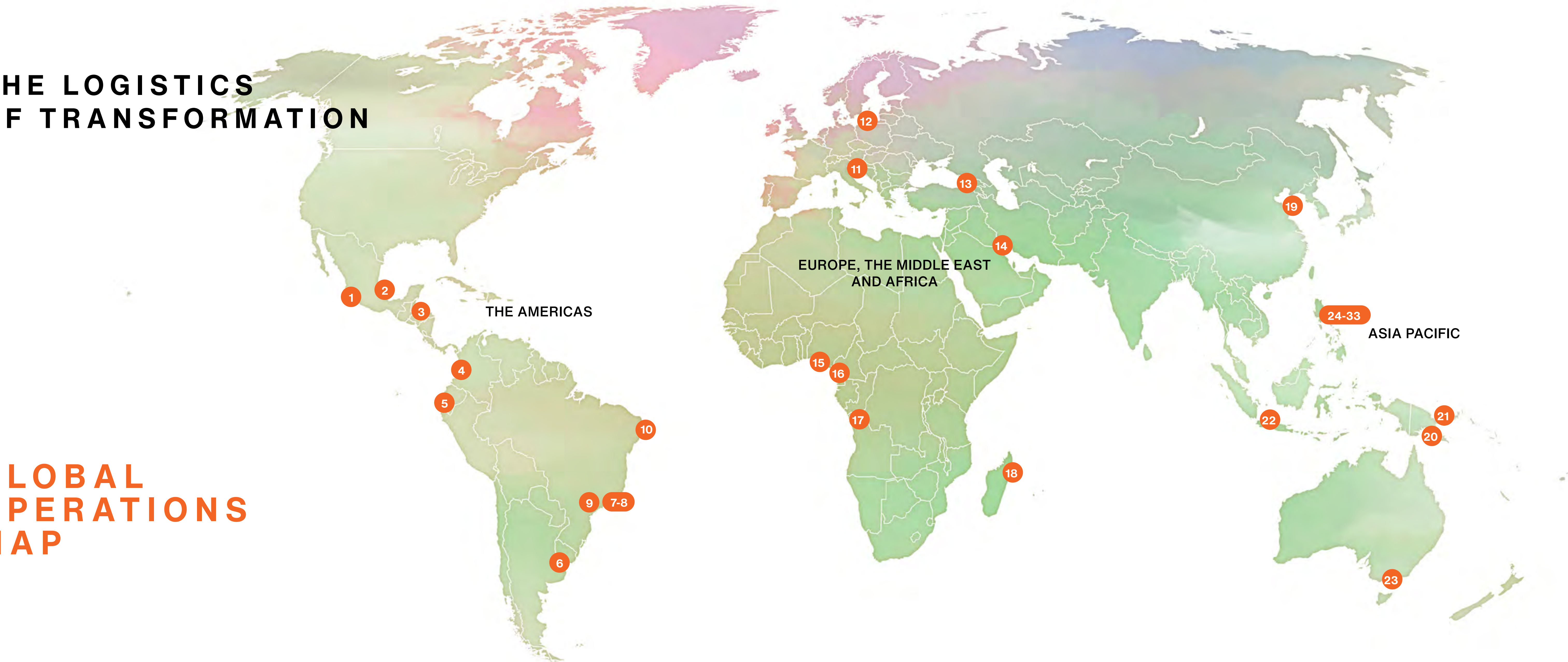
GLOBAL OPERATIONS MAP



THE AMERICAS

1 **Contecon Manzanillo**
Manzanillo, Mexico

2 **Tuxpan Maritime Terminal**
Veracruz, Mexico

3 **Puerto Cortés**
Cortés, Honduras

4 **Puerto Aguadulce**
Buenaventura, Colombia

5 **Contecon Guayaquil**
Guayaquil, Ecuador

6 **TecPlata**
Buenos Aires, Argentina

As of April 15, 2024

7 **Rio Brasil Terminal**
Rio de Janeiro, Brazil

8 **iTracker**
Rio de Janeiro and Barra Mansa, Brazil

9 **CLIA Pouso Alegre**
MinasGerais, Brazil

10 **Tecon Suape**
Pernambuco, Brazil

EUROPE, THE MIDDLE EAST AND AFRICA

11 **Adriatic Gate Container Terminal**
Rijeka, Croatia

12 **Baltic Container Terminal**
Gdynia, Poland

13 **Batumi International Container Terminal**
Adjara, Georgia

14 **Basra Gateway Terminal**
Umm Qasr, Iraq

15 **Onne Multipurpose Terminal**
Port Harcourt, Nigeria

16 **Kribi Multipurpose Terminal**
Kribi, Cameroon

17 **Matadi Gateway Terminal**
Kongo Central, D.R. Congo

18 **Madagascar International Container Terminal**
Toamasina, Madagascar

ASIA PACIFIC

19 **Yantai International Container Terminals**
Shandong, China

20 **Motukea International Terminal**
Port Moresby, Papua New Guinea

21 **South Pacific International Container Terminal**
Lae, Papua New Guinea

22 **East Java Multipurpose Terminal**
Lamongan, Indonesia

23 **Victoria International Container Terminal**
Melbourne, Australia

PHILIPPINES

24 **Manila International Container Terminal**

25 **NorthPort**

26 **Manila Multipurpose Terminal**

27 **Cavite Gateway Terminal**
Tanza, Cavite

28 **Subic Bay International Terminals (NCT 1 and 2)**
Olongapo City

29 **Laguna Gateway Inland Container Terminal**
Calamba City

30 **Bauan International Port**
Bauan, Batangas

31 **Visayas Container Terminal**
Iloilo City

32 **Mindanao Container Terminal**
Tagoloan, Misamis Oriental

33 **Makar Wharf**
General Santos City

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

The following discussion and analysis relate to the consolidated financial position and results of operations of ICTSI and its wholly and majority-owned subsidiaries (collectively known as "ICTSI Group") and should be read in conjunction with the accompanying audited consolidated financial statements and related notes as at and for the year ended December 31, 2023. References to "ICTSI", "the Company", and "Parent Company" pertain to ICTSI Parent Company, while references to "the Group" pertain to ICTSI and its subsidiaries.

OVERVIEW

The Group is an international operator of common user container terminals serving the global container shipping industry. Its business is the acquisition, development, operation and management of container terminals focusing on facilities with total annual throughputs ranging from 50,000 to 3,500,000 TEUs. It also handles general cargoes and provides a number of ancillary services such as storage, container packing and unpacking, inspection, weighing, and services for refrigerated containers or reefers. As at February 28, 2024, the Group is involved in 32 terminal operations, including concessions and port development projects in 19 countries worldwide. There are nine (9) terminal operations in the Philippines (including an inland container terminal, a barge terminal and combined terminal operations in Subic), four (4) in Brazil (including an intermodal rail ramp terminal and a Customs-bonded facility), two (2) in Papua New Guinea (PNG); and one (1) each in China, Indonesia, Ecuador, Poland, Georgia, Madagascar, Croatia, Honduras, Mexico, Iraq, Argentina, Democratic Republic (DR) of the Congo, Colombia, Australia, Cameroon and Nigeria; and a development project in Tuxpan, Mexico.

ICTSI was established in 1987 in connection with the privatization of Manila International Container Terminal (MICT) in the Port of Manila, and has built upon the experience gained in rehabilitating, developing and operating MICT to establish an extensive international network concentrated in emerging market economies. International acquisitions principally in Asia, Europe, Middle East and Africa (EMEA), and Americas substantially contributed to the growth in volume, revenues, EBITDA and net income. ICTSI's business strategy is to continue to develop its existing portfolio of terminals and proactively seek acquisition opportunities that meet its investment criteria.

The Group operates principally in one industry segment which is cargo handling and related services. ICTSI has organized its business into three geographical segments:

ASIA

- Manila - Manila International Container Terminal, Port of Manila, Philippines (MICT)
- Zambales - New Container Terminal (NCT) 1 and 2, Subic Bay Freeport Zone, Olongapo City, Philippines (SBITC/ICTSI Subic)
- Batangas - Bauan Terminal, Bauan, Philippines (BIPI)
- Laguna - Laguna Gateway Inland Container Terminal, Calamba City, Laguna, Philippines (LGICT)
- Cavite - Cavite Gateway Terminal, Tanza, Cavite, Philippines (CGT)
- General Santos - Makar Wharf, Port of General Santos, Philippines (SCIPSI)
- Misamis Oriental - Phividec Industrial Estate, Tagaloan, Philippines (MICTSI)
- Manila - Manila North Harbour Port, Inc., North Harbor, Manila, Philippines (MNHPI; *became a subsidiary effective September 8, 2022; previously a joint venture*)
- Manila - Manila Harbour Center Port Services, Inc, Manila, Philippines (MHCPSI)
- China - Yantai International Container Terminal, Port of Yantai, Shandong Province, China (YICT)
- Australia - Webb Dock Container Terminal and ECP at Webb Dock East, Port of Melbourne, Australia (VICT)
- Papua New Guinea - Port of Motukea, Papua New Guinea (MITL) and Port of Lae, Papua New Guinea (SPICTL)
- Indonesia - Tanjung Pakis Lamongan Public Terminal, East Java, Indonesia (EJMT; *starting August 16, 2022*); Makassar Port Container Terminal, Makassar, South Sulawesi, Indonesia (MTS; *ceased commercial operations on January 31, 2023*); and Port of Tanjung Priok, Jakarta, Indonesia (OJA; *until February 1, 2024*)
- Davao - Sasa Wharf, Port of Davao (DIPSSCOR; *ceased commercial operations on June 30, 2022*) and Hijo International Port, Davao del Norte, Philippines (HIPS; *until August 31, 2022*)

EMEA

- Poland - Baltic Container Terminal, Gdynia, Poland (BCT)
- Georgia - Port of Batumi, Batumi, Georgia (BICTL)
- Croatia - Brajdica Container Terminal, Rijeka, Croatia (AGCT)
- Madagascar - Port of Toamasina, Toamasina, Madagascar (MICTSL)
- DR Congo - Matadi Gateway Terminal, Mbengu, Matadi, Democratic Republic of Congo (IDRC)
- Iraq - Basra Gateway Terminal at Port of Umm Qasr, Iraq (ICTSI Iraq)
- Cameroon - Kribi Multipurpose Terminal, Kribi, Cameroon (KMT)
- Nigeria - Port of Onne, Rivers State, Nigeria (OMT)
- Pakistan - Port of Karachi, Karachi, Pakistan (PICT; *concession contract ended June 17, 2023*)

AMERICAS

- Brazil - Suape Container Terminal, Suape, Brazil (TSSA), Terminal de Contêineres; Port of Rio de Janeiro City, Brazil (ICTSI Rio); Floriano Intermodal Terminal, Barra Mansa, Rio de Janeiro State, Brazil (IRB Logistica); and CLIA Pouso Alegre, Minas Gerais, Brazil (*acquired on September 5, 2023*)
- Ecuador - Port of Guayaquil, Guayaquil, Ecuador (CGSA)
- Argentina - Port of La Plata, Buenos Aires Province, Argentina (TecPlata)
- Mexico - Port of Manzanillo, Manzanillo, Mexico (CMSA); and Port of Tuxpan, Mexico (TMT)
- Colombia - Port of Buenaventura, Buenaventura, Colombia (SPIA; *a joint venture*)
- Honduras - Puerto Cortés, Republic of Honduras (OPC)

RESULTS OF OPERATIONS AND KEY PERFORMANCE INDICATORS

RESULTS OF OPERATIONS

The following table shows a summary of the results of operations for the year ended December 31, 2023 as compared with the same period in 2022 and 2021 as derived from the accompanying audited consolidated financial statements:

TABLE 1 Audited Consolidated Statements of Income

In thousands, except % change data	2021	2022	**2023**	% Change *2021 vs 2022*	% Change *2022 vs 2023*
	For the Years Ended December 31				
Gross revenues from port operations	US$1,865,021	US$2,242,992	**US$2,388,326**	20.3	6.5
Revenues from port operations, net of port authorities' share	1,662,382	2,021,388	**2,168,318**	21.6	7.3
Total income (net revenues, interest and other income)	1,722,539	2,095,894	**2,259,871**	21.7	7.8
Total expenses (operating, financing and other expenses)	1,120,580	1,265,770	**1,512,329**	13.0	19.5
EBITDA[1]	1,139,057	1,409,273	**1,505,614**	23.7	6.8
EBIT[2]	892,063	1,142,555	**1,211,182**	28.1	6.0
Net income attributable to equity holders of the parent	428,569	618,465	**511,530**	44.3	(17.3)
Earnings per share					
Basic	US$0.181	US$0.287	**US$0.238**	58.3	(17.3)
Diluted	0.181	0.287	**0.237**	58.3	(17.3)

[1] EBITDA is not a uniform or legally defined financial measure. It generally represents earnings before interest, taxes, depreciation and amortization. EBITDA is presented because the Group believes it is an important measure of its performance and liquidity. EBITDA is also frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in the industry.

The Group's EBITDA figures are not, however, readily comparable with other companies' EBITDA figures as they are calculated differently and thus, must be read in conjunction with related additional explanations. EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Group's results as reported under PFRS. Some of the limitations concerning EBITDA are:

- EBITDA does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for working capital needs;
- EBITDA does not reflect fixed (and in-substance fixed) port fees and lease payments that are capitalized as concession assets under IFRIC 12, *Service Concession Agreements* and right-of-use assets under PFRS 16, Leases;
- EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal debt payments;
- Although depreciation and amortization are non-cash charges, the assets being depreciated or amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and
- Other companies in the industry may calculate EBITDA differently, which may limit its usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to the Group to invest in the growth of the business. The Group compensates for these limitations by relying primarily on the PFRS results and uses EBITDA only as supplementary information.

[2] EBIT, or Earnings Before Interest and Taxes, is calculated by taking net revenues from port operations and deducting cash operating expenses and depreciation and amortization.

The following table presents the computation of EBITDA as derived from the Group's consolidated net income attributable to equity holders of the parent for the year:

TABLE 2 EBITDA Computation

In thousands, except % change data	2021	2022	**2023**	% Change *2021 vs 2022*	% Change *2022 vs 2023*
	For the Years Ended December 31				
Net income attributable to equity holders of the parent	US$428,569	US$618,465	**US$511,530**	44.3	(17.3)
Non-controlling interests	48,974	59,002	**69,596**	20.5	18.0
Provision for income tax	124,416	152,658	**166,416**	22.7	9.0
Income before income tax	601,959	830,125	**747,542**	37.9	(9.9)
Add (deduct):					
Depreciation and amortization	246,994	266,718	**294,432**	8.0	10.4
Interest and other expenses	350,261	386,937	**555,193**	10.5	43.5
Interest and other income	(60,157)	(74,507)	**(91,553)**	23.9	22.9
EBITDA	US$1,139,057	US$1,409,273	**US$1,505,614**	23.7	6.8

KEY PERFORMANCE INDICATORS

The five (5) key performance indicators (KPIs) include gross moves per hour per crane, crane availability and berth utilization, which affect the operations of the Group, and volume growth in TEU and gross revenue growth, which are both financial in nature. These KPIs are discussed in detail in the succeeding paragraphs.

2023 Compared with 2022

Gross moves per hour per crane ranged to 12.3 to 30.0 moves per hour in 2023 from 12.0 to 31.1 moves per hour in 2022. Crane availability ranged to 66.8 percent to 99.7 percent in 2023 from 52.9 percent to 98.8 percent in 2022. Berth utilization was at 25.2 percent to 72.6 percent in 2023 and 22.3 percent to 77.9 percent in 2022.

2022 Compared with 2021

Gross moves per hour per crane ranged to 12.0 to 31.1 moves per hour in 2022 from 15.4 to 31.6 moves per hour in 2021. Crane availability ranged to 52.9 percent to 98.8 percent in 2022 from 82.2 percent to 99.3 percent in 2021. Berth utilization was at 22.3 percent to 77.9 percent in 2022 and 25.7 percent to 70.8 percent in 2021.

2021 Compared with 2020

Gross moves per hour per crane ranged to 15.4 to 31.6 moves per hour in 2021 from 16.0 to 32.5 moves per hour in 2020. Crane availability ranged to 82.2 percent to 99.3 percent in 2021 from 78.0 percent to 97.7 percent in 2020. Berth utilization was at 25.7 percent to 70.8 percent in 2021 and 21.8 percent to 74.5 percent in 2020.

The gross moves per hour per crane is a measure of crane productivity while working on vessels during discharging or loading operations. The crane availability relates to the efficiency of the maintenance of the crane. While berth utilization is a measure of how long the berth is utilized for a given period and this indicator measures the efficiency of the operations and the productivity on the vessel.

COMPARISON OF OPERATING RESULTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2023

TEU VOLUME

The below table presents the volume (in TEU) handled by the Group for the years ended December 31, 2022 and 2023:

TABLE 3 Volume

	For the Years Ended December 31		
	2022	**2023**	% Change
Asia	6,129,900	**6,570,833**	7.2
Americas	3,429,002	**3,653,516**	6.5
EMEA	2,657,288	**2,524,865**	(5.0)
	12,216,190	**12,749,214**	4.4

The Group's consolidated volume increased by 4.4 percent to 12,749,214 TEUs for the year ended December 31, 2023 from 12,216,190 TEUs handled for the same period in 2022 mainly due to the contribution of MNHPI that was consolidated starting September 2022; improvement in trade activities, and new and additional services at certain terminals; partially tapered by the impact of expiration of the concession contract at PICT; termination of cargo handling operations at MTS; and slowdown in trade activities at few terminals. Excluding MNHPI and discontinued operations (PICT, MTS and DIPSSCOR), consolidated volume would have increased by 1.6 percent for the year ended December 31, 2023.

Volume from the Asia segment, consisting of terminals in the Philippines, Australia, China, Papua New Guinea and Indonesia, increased by 7.2 percent to 6,570,833 TEUs for the year ended December 31, 2023 from 6,129,900 TEUs for the same period in 2022 mainly due to the contribution of MNHPI; partially tapered by lower trade volumes at VICT, certain Philippine terminals and OJA; and the termination of cargo handling operations at MTS. Excluding the contribution of MNHPI, and impact of discontinued operations at MTS and DIPSSCOR, volume from the Asia segment would have decreased by 5.1 percent for the year ended December 31, 2023. The Asia operations accounted for 50.2 percent and 51.5 percent of the consolidated volume for the years ended December 31, 2022 and 2023, respectively.

Volume from the Americas segment, consisting of terminals in Mexico, Ecuador, Brazil, Honduras and Argentina, increased by 6.5 percent to 3,653,516 TEUs for the year ended December 31, 2023 from 3,429,002 TEUs for the same period in 2022 mainly due to improvement in trade activities, and new and additional services at CGSA, CMSA and ICTSI Rio; partially tapered by lower trade volume at OPC. The Americas operations accounted for 28.1 percent and 28.7 percent of the consolidated volume for the years ended December 31, 2022 and 2023, respectively.

Volume from the EMEA segment, consisting of terminals in Iraq, DR Congo, Poland, Pakistan, Georgia, Croatia, Madagascar and Nigeria, decreased by 5.0 percent to 2,524,865 TEUs for the year ended December 31, 2023 from 2,657,288 TEUs for the same period in 2022 mainly due to expiration of the concession contract at PICT; partially tapered by volume growth due to market recovery at BGT. Excluding the contribution of PICT, volume from the EMEA segment would have increased by 11.2 percent for the year ended December 31, 2023. The EMEA operations accounted for 21.7 percent and 19.8 percent of the Group's consolidated volume for the years ended December 31, 2022 and 2023, respectively.

TOTAL INCOME

Total income consists of: (1) Revenues from port operations, net of port authorities' share in gross revenues; (2) Interest income; (3) Foreign exchange gain; (4) Equity share in net profit of joint ventures; and (5) Other income.

The table below illustrates the consolidated total income for the years ended December 31, 2022 and 2023:

TABLE 4 Total Income

	For the Years Ended December 31		
(In thousands, except % change data)	2022	**2023**	% Change
Gross revenues from port operations	US$2,242,992	**US$2,388,326**	6.5
Port authorities' share in gross revenues	221,604	**220,008**	(0.7)
Net revenues	2,021,388	**2,168,318**	7.3
Interest income	39,052	**57,977**	48.5
Foreign exchange gain	14,471	**10,489**	(27.5)
Equity share in net profit of joint ventures	1,987	**–**	(100.0)
Other income	18,996	**23,087**	21.5
	US$2,095,894	**US$2,259,871**	7.8

For the year ended December 31, 2023, net revenues stood at 95.9 percent of the total consolidated income while interest income, foreign exchange gain, and other income accounted for 2.6 percent, 0.5 percent and 1.0 percent, respectively. For the same period in 2022, net revenues stood at 96.4 percent of the total consolidated income while interest income, foreign exchange gain, equity share in net profit of joint ventures, and other income accounted for 1.9 percent, 0.7 percent, 0.1 percent and 0.9 percent, respectively.

Gross Revenues from Port Operations

Gross revenues from port operations include fees received for cargo handling, wharfage, berthing, storage, and special services.

The below table illustrates the consolidated gross revenues for the years ended December 31, 2022 and 2023:

TABLE 5 Gross Revenues from Port Operations

	For the Years Ended December 31		
(In thousands, except % change data)	2022	**2023**	% Change
Asia	US$1,015,533	**US$1,042,432**	2.6
Americas	759,825	**855,615**	12.6
EMEA	467,634	**490,279**	4.8
	US$2,242,992	**US$2,388,326**	6.5

The Group's consolidated gross revenues from port operations increased by 6.5 percent to US$2,388.3 million for the year ended December 31, 2023 from US$2,243.0 million for the same period in 2022 mainly due to the contribution of MNHPI; tariff adjustments, volume growth and higher revenues from ancillary services and general cargo business at certain terminals; and favorable translation impact mainly of Mexican Peso (MXN)- and Iraqi Dinar (IQD)-based revenues at CMSA and ICTSI Iraq, respectively, and Brazilian Real (BRL)-based revenues at TSSA and ICTSI Rio; partially tapered by the expiration of the concession contract at PICT; slowdown in trade activities and lower revenue from ancillary services largely at VICT and MICT; and unfavorable translation impact mainly of Philippine Peso (PHP)-, Nigerian Naira (NGN)- and Australian Dollars (AUD)-based revenues at Philippine terminals, OMT and VICT, respectively. Excluding the contribution of MNHPI, and impact of new businesses [EJMT, SBI (acquired in December 2022), CM Logista (started operations in August 2022, CLI (started operations in July 2023) and CLIA Pouso Alegre] and discontinued businesses (PICT, MTS, DIPSSCOR and HIPS), consolidated gross revenues would have increased by 5.5 percent for the year ended December 31, 2023.

Gross revenues from the Asia segment increased by 2.6 percent to US$1,042.4 million for the year ended December 31, 2023 from US$1,015.5 million for the same period in 2022 mainly due to the contribution of MNHPI; higher revenues from ancillary services and general cargo business, and tariff adjustments at certain Philippine terminals; partially tapered by slowdown in trade activities lower revenue from ancillary services largely at VICT and MICT; and unfavorable translation impact mainly of PHP- and AUD-based revenues at Philippine terminals and VICT, respectively. Excluding the contribution of MNHPI, and impact of new (EJMT, SBI and CLI) and discontinued (DIPSSCOR, MTS and HIPS) businesses, gross revenues of Asia segment would have decreased by 3.5 percent for the year ended December 31, 2023. The Asia operations captured 45.3 percent and 43.7 percent of the consolidated gross revenues for the years ended December 31, 2022 and 2023, respectively.

Gross revenues from the Americas segment increased by 12.6 percent to US$855.6 million for the year ended December 31, 2023 from US$759.8 million for the same period in 2022 mainly due to volume growth, favorable cargo mix, tariff adjustments and higher revenue from ancillary services at certain terminals; contribution of iTracker business at IRB Logistica; and favorable translation impact of MXN-based revenues at CMSA, and BRL-based revenues at TSSA and ICTSI Rio. Excluding the contribution of new businesses (CLIA Pouso Alegre and CM Logista), gross revenues of Americas segment would have increased by 12.4 percent for the year ended December 31, 2023. The Americas operations accounted for 33.9 percent and 35.8 percent of the consolidated gross revenues for the years ended December 31, 2022 and 2023, respectively.

Gross revenues from the EMEA segment increased by 4.8 percent to US$490.3 million for the year ended December 31, 2023 from US$467.6 million for the same period in 2022 mainly due to volume growth driven by market recovery at ICTSI Iraq, including favorable translation impact of IQD-based revenues; tariff adjustments and increase in trade activities at MICTSL and IDRC; partially tapered by the expiration of the concession contract at PICT; and unfavorable translation impact mainly of NGN-based revenues at OMT. Excluding PICT, gross revenues of EMEA segment would have increased by 14.4 percent for the year ended December 31, 2023. The EMEA operations stood at 20.8 percent and 20.5 percent of the consolidated gross revenues for the years ended December 31, 2022 and 2023, respectively.

Port Authorities' Share in Gross Revenues

Port authorities' share in gross revenues, which represents the variable fees paid to Port Authorities by certain terminals, other than the minimum guaranteed variable fees or in-substance fixed fees that were capitalized as part of concession rights and right-of-use assets, and amortized on a straight-line basis over the term of the concession, marginally decreased by 0.7 percent to US$220.0 million for the year ended December 31, 2023 from US$221.6 million for the same period in 2022 as a result of lower volume and revenues at some of these terminals.

Interest Income, Foreign Exchange Gain, Equity Share in Net Profit of Joint Ventures and Other Income

Consolidated interest income increased by 48.5 percent to US$58.0 million for the year ended December 31, 2023 from US$39.1 million for the same period in 2022 mainly due to higher interest earned from short-term deposits and government-issued debt securities at certain terminals.

Foreign exchange gain decreased by 27.5 percent to US$10.5 million for the year ended December 31, 2023 from US$14.5 million for the same period in 2022 mainly due to the unfavorable translation impact of certain currencies against US dollar. Foreign exchange gain mainly arises from the settlement and translation or restatement adjustments of foreign currency-denominated monetary assets and liabilities.

Equity share in net profit of joint ventures amounted to nil for the year ended December 31, 2023 from US$2.0 million for the same period in 2022 mainly due to the consolidation of MNHPI effective September 2022, that contributed positive equity share in net earnings as a joint venture prior to its consolidation.

Other income increased by 21.5 percent to US$23.1 million for the year ended December 31, 2023 from US$19.0 million for the same period in 2022. Other income includes the Group's rental income, gain from disposals of assets and settlement of claims, and sundry income accounts.

TOTAL EXPENSE

The table below shows the breakdown of total expenses for the years ended December 31, 2022 and 2023:

TABLE 6 Total Expenses

	For the Years Ended December 31		
(In thousands, except % change data)	2022	**2023**	% Change
Manpower costs	US$299,779	**US$329,115**	9.8
Equipment and facilities-related expenses	166,228	**167,837**	1.0
Administrative and other operating expenses	146,108	**165,752**	13.4
Total cash operating expenses	612,115	**662,704**	8.3
Depreciation and amortization	266,718	**294,432**	10.4
Interest expense and financing charges on borrowings	126,471	**140,333**	11.0
Interest expense on concession rights payable	62,699	**64,519**	2.9
Interest expense on lease liabilities	119,722	**133,793**	11.8
Equity share in net loss of joint ventures	–	**9,809**	100.0
Foreign exchange loss and other expenses	78,045	**206,739**	164.9
Total expenses	US$1,265,770	**US$1,512,329**	19.5

Total cash operating expenses of the Group increased by 8.3 percent to US$662.7 million for the year ended December 31, 2023 from US$612.1 million for the same period in 2022 mainly due to the costs contribution of MNHPI, and of iTracker business at IRB Logistica; government-mandated and contracted salary rate adjustments, including benefits; volume-driven increase in contracted services, repairs and maintenance, professional fees, including business development-related costs, and transportation and travel; and unfavorable foreign exchange effect mainly of MXN-based expenses at CMSA; partially tapered by the expiration of the concession contract at PICT, and termination of cargo handling operations at DIPSSCOR and MTS; decrease in power costs mainly at MICT; continuous cost optimization measures implemented; and favorable foreign exchange effect mainly of NGN-, PHP- and AUD-based expenses at OMT, Philippine terminals and VICT, respectively. Excluding contribution of MNHPI, and new and discontinued businesses (mainly PICT), consolidated cash operating expenses would have increased by 7.8 percent for the year ended December 31, 2023.

Manpower Costs

Manpower costs increased by 9.8 percent to US$329.1 million for year ended December 31, 2023 from US$299.8 million for the same period in 2022 primarily due to the costs contribution of MNHPI, and of iTracker business at IRB Logistica; government-mandated and contracted salary rate adjustments, including benefits, at certain terminals; volume-driven increase in contracted services; and unfavorable foreign exchange effect mainly of MXN-based manpower costs at CMSA; partially tapered by continuous cost optimization measures implemented; favorable foreign exchange effect mainly of NGN-, AUD- and PHP-based manpower costs at OMT, VICT and Philippine terminals, respectively; and expiration of concession contract at PICT, and termination of cargo handling operations at DIPSSCOR and MTS. Excluding contribution of MNHPI, and new and discontinued businesses (mainly PICT), consolidated manpower costs would have increased by 9.4 percent for the year ended December 31, 2023.

Manpower costs accounted for 49.0 percent and 49.7 percent of consolidated cash operating expenses for the years ended December 31, 2022 and 2023, respectively.

Equipment and Facilities-related Expenses

Equipment and facilities-related expenses consist mainly of repairs and maintenance costs of port equipment and facilities, power and light, tools expenses, equipment rentals, and fuel, oil and lubricants.

Equipment and facilities-related expenses increased by 1.0 percent to US$167.8 million for the year ended December 31, 2023 from US$166.2 million for the same period in 2022 mainly due to the costs contribution of MNHPI, and of iTracker business at IRB Logistica; increase in equipment repairs and maintenance at certain terminals; and unfavorable foreign exchange effect mainly of MXN-based equipment and facilities-related expenses at CMSA; partially tapered by the expiration of the concession contract at PICT, and termination of cargo handling operations at MTS and DIPSSCOR; decrease in power costs, fuel, and equipment rentals at certain terminals; and favorable foreign exchange effect mainly of NGN-based equipment and facilities-related expenses at OMT. Excluding contribution of MNHPI, and new and discontinued businesses (mainly PICT), consolidated equipment and facilities-related expenses would have marginally increased by 0.8 percent for the year ended December 31, 2023.

Equipment and facilities-related expenses represented 27.1 percent and 25.3 percent of consolidated cash operating expenses for the years ended December 31, 2022 and 2023, respectively.

Administrative and Other Operating Expenses

Administrative and other operating expenses increased by 13.4 percent to US$165.8 million for the year ended December 31, 2023 from US$146.1 million for the same period in 2022 driven by increases in professional fees, including business development-related costs, transportation and travel, taxes linked to revenues, sponsorships, and security costs; and the costs contribution of MNHPI; partially tapered by the general impact of continuous cost optimization measures implemented. Excluding contribution of MNHPI, and new and discontinued businesses, consolidated administrative and other operating expenses would have increased by 12.1 percent for the year ended December 31, 2023.

Administrative and other operating expenses stood at 23.9 percent and 25.0 percent of consolidated cash operating expenses for the years ended December 31, 2022 and 2023, respectively.

Depreciation and Amortization

Depreciation and amortization expense increased by 10.4 percent to US$294.4 million for the year ended December 31, 2023 from US$266.7 million for the same period in 2022 mainly driven by the cost contribution of MNHPI; acquisition of additional fixed assets and expansion projects at number of terminals, mainly at MICT; unfavorable translation impact of MXN-based depreciation and amortization charges at CMSA; increase in right-of-use asset as a result of remeasurement of lease liabilities at certain terminals, and new leases of equipment at IRB Logistica; partially tapered by favorable translation impact of NGN- and AUD-based depreciation and amortization charges at OMT and VICT, respectively. Excluding contribution of MNHPI, and new and discontinued businesses, depreciation and amortization expense would have increased by 4.7 percent for the year ended December 31, 2023.

Interest and Financing Charges on Borrowings

Interest and financing charges on borrowings increased by 11.0 percent to US$140.3 million for the year ended December 31, 2023 from US$126.5 million for the same period in 2022 primarily due to short-term and long-term loans availed by the Group; higher floating interest rate on certain loans; partially tapered by redemption of medium-term notes in January 2023.

Interest Expense on Concession Rights Payable

Interest expense on concession rights payable increased by 2.9 percent to US$64.5 million for the year ended December 31, 2023 from US$62.7 million for the same period in 2022 mainly due to the cost contribution of MNHPI; and remeasurement of concession rights payable at certain terminals. Excluding contribution of MNHPI and PICT, interest expense on concession rights payable would have marginally decreased by 0.6 percent for the year ended December 31, 2023.

Interest Expense on Lease Liabilities

Interest expense on lease liabilities increased by 11.8 percent to US$133.8 million for the year ended December 31, 2023 from US$119.7 million for the same period in 2022 mainly due to the renewal of the concession contract at BCT; remeasurement of lease liabilities at certain terminals; contract extension at OMT; and unfavorable translation impact of MXN- and BRL-based interest expenses at CMSA and TSSA, respectively; partially tapered by favorable translation impact of AUD-based interest expense at VICT.

Equity Share in Net Loss of Joint Ventures

Equity share in net loss of joint ventures amounted to US$9.8 million for the year ended December 31, 2023 mainly from equity share in net losses of SPIA and FAMI.

Foreign Exchange Loss and Other Expenses

Foreign exchange loss and other expenses increased to US$206.7 million for the year ended December 31, 2023 from US$78.0 million for the same period in 2022 mainly due to the nonrecurring impairment charge on non-financial assets, including goodwill attributed to PICT, amounting to $165.3 million; and higher foreign exchange loss arising from the unfavorable translation impact of certain currencies against US dollar.

EBITDA AND EBIT

Consolidated EBITDA increased by 6.8 percent to US$1,505.6 million for the year ended December 31, 2023 from US$1,409.3 million for the same period in 2022 mainly due to higher revenues, partially tapered by the increase in cash operating expenses. EBITDA margin increased to 63.0 percent in 2023 from 62.8 percent in 2022. Excluding contribution of MNHPI, and new and discontinued businesses (mainly PICT), EBITDA would have increased by 5.3 percent for the year ended December 31, 2023.

Meanwhile, consolidated EBIT increased by 6.0 percent to US$1,211.2 million for the year ended December 31, 2023 from US$1,142.6 million for the same period in 2022 mainly due to higher EBITDA, partially tapered by increase in depreciation and amortization charges. EBIT margin decreased to 50.7 percent in 2023 from 50.9 percent in 2022. Excluding contribution of MNHPI, and new and discontinued businesses (mainly PICT), EBIT would have increased by 5.4 percent for the year ended December 31, 2023.

INCOME BEFORE INCOME TAX AND PROVISION FOR INCOME TAX

Consolidated income before income tax decreased by 9.9 percent to US$747.5 million for the year ended December 31, 2023 from US$830.1 million for the same period in 2022 primarily due to nonrecurring impairment charge on non-financial assets amounting to $165.3 million; and increases in depreciation and amortization, and interests on loans, lease liabilities and concession rights payable; partially tapered by higher operating income, and interest earned from short-term investments and deposits; and lower COVID-19-related costs. Excluding impact of nonrecurring impairment charge, contribution of MNHPI, and new and discontinued businesses, consolidated income before income tax would have increased by 8.3 percent.

The ratio of consolidated income before income tax to consolidated gross revenues stood at 37.0 percent and 31.3 percent in 2022 and 2023, respectively.

Consolidated provision for current and deferred income taxes increased by 9.0 percent to US$166.4 million for the year ended December 31, 2023 from US$152.7 million for the same period in 2022 mainly due to the higher taxable income at certain terminals, and contribution of MNHPI. Effective income tax rate in 2022 and 2023 stood at 18.4 percent and 22.3 percent, respectively. Excluding impact of nonrecurring impairment charge, effective income tax rate would have been 18.0 percent and 18.2 percent in 2022 and 2023, respectively.

NET INCOME

Consolidated net income decreased by 14.2 percent to US$581.1 million for the year ended December 31, 2023 from US$677.5 million for the same period in 2022 primarily due to nonrecurring impairment charge on non-financial assets amounting to $165.3 million. The ratio of consolidated net income to gross revenues from port operations stood at 30.2 percent and 24.3 percent in 2022 and 2023, respectively. Excluding impact of nonrecurring impairment charge, contribution of MNHPI, and new and discontinued businesses, consolidated net income would have increased by 8.6 percent.

Consolidated net income attributable to equity holders decreased by 17.3 percent to US$511.5 million for the year ended December 31, 2023 from US$618.5 million for the same period in 2022. Excluding impact of nonrecurring impairment charge, contribution of MNHPI, and new and discontinued businesses, consolidated net income attributable to equity holders would have increased by 8.4 percent.

Basic earnings per share decreased to US$0.238 in 2023 from US$0.287 in 2022. Diluted earnings per share decreased to US$0.237 in 2023 from US$0.287 in 2022.

COMPARISON OF OPERATING RESULTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2022

TEU VOLUME

The below table presents the volume (in TEU) handled by the Group for the years ended December 31, 2021 and 2022:

TABLE 7 Volume

	For the Years Ended December 31		
	2021	**2022**	% Change
Asia	5,128,783	**6,129,900**	19.5
Americas	3,377,135	**3,429,002**	1.5
EMEA	2,657,555	**2,657,288**	(0.0)
	11,163,473	**12,216,190**	9.4

The Group's consolidated volume increased by 9.4 percent to 12,216,190 TEUs for the year ended December 31, 2022 from 11,163,473 TEUs handled for the same period in 2021 primarily due to consolidation of MNHPI starting September 2022; volume growth and improvement in trade activities as economies continue to recover from the impact of the COVID-19 pandemic and lockdown restrictions; and new shipping lines and services at certain terminals. Excluding MNHPI, OMT (started commercial operations in May 2021) and DIPSSCOR (ceased commercial operations on June 30, 2022), consolidated volume would have increased by 5.3 percent.

Volume from the Asia segment, consisting of terminals in the Philippines, Australia, China, Papua New Guinea and Indonesia, increased by 19.5 percent to 6,129,900 TEUs for the year ended December 31, 2022 from 5,128,783 TEUs for the same period in 2021 mainly due to the contribution of MNHPI; strong volume growth and recovery at MICT; higher vessel calls at OJA; new services at VICT; and increased trade activities at YICT; slightly tapered by termination of cargo handling services at DIPSSCOR. Excluding MNHPI and DIPSSCOR, volume of Asia segment would have increased by 11.1 percent in 2022. The Asia operations accounted for 45.9 percent and 50.2 percent of the consolidated volume for the years ended December 31, 2021 and 2022, respectively.

Volume from the Americas segment, consisting of terminals in Mexico, Ecuador, Brazil, Honduras and Argentina, increased by 1.5 percent to 3,429,002 TEUs for the year ended December 31, 2022 from 3,377,135 TEUs for the same period in 2021 mainly due to increased trade activities at OPC; partially tapered by decrease in trade volume at CGSA; and reduced vessel calls at TSSA. The Americas operations accounted for 30.3 percent and 28.1 percent of the consolidated volume for the years ended December 31, 2021 and 2022, respectively.

Volume from the EMEA segment, consisting of terminals in Iraq, DR Congo, Poland, Pakistan, Georgia, Croatia, Madagascar and Nigeria, remained flat at 2,657,288 TEUs for the year ended December 31, 2022 from 2,657,555 TEUs for the same period in 2021 primarily due to the offsetting impact of the decrease in trade activities at PICT and BCT; tapered by increased trade volume at AGCT; market recovery at ICTSI Iraq; and contribution of OMT. Excluding the contribution of OMT, volume of EMEA segment would have decreased by 1.1 percent. The EMEA operations accounted for 23.8 percent and 21.7 percent of the Group's consolidated volume for the years ended December 31, 2021 and 2022, respectively.

TOTAL INCOME

Total income consists of: (1) Revenues from port operations, net of port authorities' share in gross revenues; (2) Interest income; (3) Foreign exchange gain; (4) Equity share in net profit of joint ventures; and (5) Other income.

The table below illustrates the consolidated total income for the years ended December 31, 2021 and 2022:

TABLE 8 Total Income

	For the Years Ended December 31		
(In thousands, except % change data)	2021	**2022**	% Change
Gross revenues from port operations	US$1,865,021	**US$2,242,992**	20.3
Port authorities' share in gross revenues	202,639	**221,604**	9.4
Net revenues	1,662,382	**2,021,388**	21.6
Interest income	22,213	**39,052**	75.8
Foreign exchange gain	8,109	**14,471**	78.5
Equity share in net profit of joint ventures	–	**1,987**	100.0
Other income	29,835	**18,996**	(36.3)
	US$1,722,539	**US$2,095,894**	21.7

For the year ended December 31, 2022, net revenues stood at 96.4 percent of the total consolidated income while interest income, foreign exchange gain, equity share in net profit of joint ventures, and other income accounted for 1.9 percent, 0.7 percent, 0.1 percent and 0.9 percent, respectively. For the same period in 2021, net revenues stood at 96.5 percent of the total consolidated income while interest income, foreign exchange gain, and other income accounted for 1.3 percent, 0.5 percent and 1.7 percent, respectively.

Gross Revenues from Port Operations

Gross revenues from port operations include fees received for cargo handling, wharfage, berthing, storage, and special services.

The below table illustrates the consolidated gross revenues for the years ended December 31, 2021 and 2022:

TABLE 9 Gross Revenues from Port Operations

	For the Years Ended December 31		
(In thousands, except % change data)	2021	**2022**	% Change
Asia	US$836,614	**US$1,015,533**	21.4
Americas	602,509	**759,825**	26.1
EMEA	425,898	**467,634**	9.8
	US$1,865,021	**US$2,242,992**	20.3

The Group's consolidated gross revenues from port operations increased by 20.3 percent to US$2,243.0 million for the year ended December 31, 2022 from US$1,865.0 million for the same period in 2021 mainly due to volume growth and market recovery; favorable container mix; tariff adjustments at certain terminals; new contracts with shipping lines and services; higher revenues from ancillary services; and contribution of MNHPI and new businesses, mainly MHCPSI (acquired in June 2021), OMT and IRB Logistica (started commercial operations in July 2021); partially tapered by decline in trade activities at PICT; and unfavorable translation impact mainly of the depreciation of Philippine peso (PHP)- and Australian dollar (AUD)-based revenues at Philippine terminals and VICT, respectively, and Euro (EUR)-based revenues at MICTSL and AGCT. Excluding MNHPI, and new businesses (MHCPSI, OMT, IRB Logistica, EJMT, CM Logista and SBI) and discontinued businesses (DIPSSCOR and HIPS), consolidated gross revenues would have increased by 17.3 percent.

Gross revenues from the Asia segment increased by 21.4 percent to US$1,015.5 million for the year ended December 31, 2022 from US$836.6 million for the same period in 2021 mainly due to volume growth; improvement in trade activities and tariff adjustments at certain terminals; higher revenues from ancillary services; and contribution of MNHPI and MHCPSI; partially tapered by unfavorable translation impact of the depreciation of PHP- and AUD-based revenues at Philippine terminals and VICT, respectively. Excluding MNHPI, and new and discontinued businesses, gross revenues of Asia segment would have increased by 16.1 percent. The Asia operations captured 44.9 percent and 45.3 percent of the consolidated gross revenues for the years ended December 31, 2021 and 2022, respectively.

Gross revenues from the Americas segment increased by 26.1 percent to US$759.8 million for the year ended December 31, 2022 from US$602.5 million for the same period in 2021 mainly due to increase in revenues from ancillary services; tariff adjustments, new services and increase in trade activities at certain terminals; contribution of IRB Logistica; and favorable translation impact of the appreciation of Brazilian real (BRL)-based revenues at TSSA and ICTSI Rio. Excluding new businesses, mainly IRB Logistica, gross revenues of Americas segment would have increased by 25.1 percent. The Americas operations accounted for 32.3 percent and 33.9 percent of the consolidated gross revenues for the years ended December 31, 2021 and 2022, respectively.

Gross revenues from the EMEA segment increased by 9.8 percent to US$467.6 million for the year ended December 31, 2022 from US$425.9 million for the same period in 2021 primarily due to volume growth, tariff adjustments and market recovery at certain terminals; increase in revenues from ancillary services; and contribution of OMT; partially tapered by decline in trade activities at PICT; and unfavorable translation impact of the depreciation of EUR-based revenues at MICTSL and AGCT, Polish zloty (PLN)-based revenues at BCT and Pakistani rupee (PKR)-based revenues at PICT. Excluding the contribution of OMT, gross revenues of EMEA segment would have increased by 7.8 percent. The EMEA operations stood at 22.8 percent and 20.8 percent of the consolidated gross revenues for the years ended December 31, 2021 and 2022, respectively.

Port Authorities' Share in Gross Revenues

Port authorities' share in gross revenues, which represents the variable fees paid to Port Authorities by certain terminals, other than the minimum guaranteed variable fees or in-substance fixed fees that were capitalized as part of concession rights and right-of-use assets, and amortized on a straight-line basis over the term of the concession, increased by 9.4 percent to US$221.6 million for the year ended December 31, 2022 from US$202.6 million for the same period in 2021 as a result of higher volume and revenues at some of these terminals.

Interest Income, Foreign Exchange Gain, Equity Share in Net Profit of Joint Ventures, and Other Income

Consolidated interest income increased by 75.8 percent to US$39.1 million for the year ended December 31, 2022 from US$22.2 million for the same period in 2021 mainly due to higher interest earned from short-term deposits and government-issued debt securities at certain terminals.

Foreign exchange gain increased by 78.5 percent to US$14.5 million for the year ended December 31, 2022 from US$8.1 million for the same period in 2021 mainly due to the favorable translation impact of certain currencies against US dollar. Foreign exchange gain mainly arises from the settlement and translation or restatement adjustments of foreign currency-denominated monetary assets and liabilities.

Equity share in net profit of joint ventures amounted to US$2.0 million for the year ended December 31, 2022 mainly due to the Company's share in net earnings of MNHPI (prior to consolidation in September 2022); partially tapered by share in net losses at SPIA and FAMI.

Other income decreased by 36.3 percent to US$19.0 million for the year ended December 31, 2022 from US$29.8 million for the same period in 2021 mainly due to the non-recurring gain from insurance proceeds in 2021. Other income includes the Group's rental, dividend income and sundry income accounts.

TOTAL EXPENSES

The table below shows the breakdown of total expenses for the years ended December 31, 2021 and 2022:

TABLE 10 Total Expenses

	For the Years Ended December 31		
(In thousands, except % change data)	2021	**2022**	% Change
Manpower costs	US$268,453	**US$299,779**	11.7
Equipment and facilities-related expenses	127,625	**166,228**	30.2
Administrative and other operating expenses	127,248	**146,108**	14.8
Total cash operating expenses	523,326	**612,115**	17.0
Depreciation and amortization	246,994	**266,718**	8.0
Interest expense and financing charges on borrowings	118,484	**126,471**	6.7
Interest expense on concession rights payable	58,255	**62,699**	7.6
Interest expense on lease liabilities	114,298	**119,722**	4.7
Foreign exchange loss and other expenses	59,223	**78,045**	31.8
Total expenses	US$1,120,580	**US$1,265,770**	13.0

Total cash operating expenses of the Group increased by 17.0 percent to US$612.1 million for the year ended December 31, 2022 from US$523.3 million for the same period in 2021 primarily due to costs contribution of MNHPI and new businesses, mainly MHCPSI, OMT and IRB Logistica; increase in equipment and facilities-related expenses, mainly fuel and power; government-mandated and contracted salary rate adjustments, including benefits; contracted services in relation to volume; and unfavorable foreign exchange effect of BRL-based expenses at ICTSI Rio and TSSA; partially tapered by continuous cost optimization measures implemented; and favorable foreign exchange effect mainly of PHP-, PKR-, AUD- and PLN-based expenses at Philippine terminals, PICT, VICT and BCT, respectively. Excluding contribution of MNHPI, and new and discontinued businesses, consolidated cash operating expenses would have increased by 12.4 percent.

Manpower Costs

Manpower costs increased by 11.7 percent to US$299.8 million for year ended December 31, 2022 from US$268.5 million for the same period in 2021 primarily due to costs contribution of MNHPI, and new businesses, mainly OMT, MHCPSI and IRB Logistica; government-mandated and contracted salary rate adjustments, including benefits, and increase in headcount relative to volume at certain terminals; and higher contracted services and overtime as a result of the volume increase at certain terminals; partially tapered by continuous cost optimization measures implemented; and favorable foreign exchange effect mainly of PHP-, AUD-, PKR- and PLN-based manpower costs at Philippine terminals, VICT, PICT and BCT, respectively. Excluding contribution of MNHPI, and new and discontinued businesses, consolidated manpower costs would have increased by 7.7 percent.

Manpower costs accounted for 51.3 percent and 49.0 percent of consolidated cash operating expenses for the years ended December 31, 2021 and 2022, respectively.

Equipment and Facilities-related Expenses

Equipment and facilities-related expenses consist mainly of repairs and maintenance costs of port equipment and facilities, power and light, tools expenses, equipment rentals, and fuel, oil and lubricants.

Equipment and facilities-related expenses increased by 30.2 percent to US$166.2 million for the year ended December 31, 2022 from US$127.6 million for the same period in 2021 mainly due to increase in prices and consumption of fuel and power driven by volume and revenue growth; costs contribution of MNHPI and new businesses, mainly IRB Logistica, OMT and MHCPSI; increase in repairs and maintenance, and equipment rental driven by volume and revenue growth; partially tapered by favorable foreign exchange effect mainly of PHP-, PKR- and PLN-based equipment and facilities-related expenses at Philippine terminals, PICT and BCT, respectively. Excluding contribution of MNHPI, and new and discontinued businesses, consolidated equipment and facilities-related expenses would have increased by 23.3 percent.

Equipment and facilities-related expenses represented 24.4 percent and 27.1 percent of consolidated cash operating expenses for the years ended December 31, 2021 and 2022, respectively.

Administrative and Other Operating Expenses

Administrative and other operating expenses increased by 14.8 percent to US$146.1 million for the year ended December 31, 2022 from US$127.2 million for the same period in 2021 primarily due to costs contribution of MNHPI and new businesses, mainly MHCPSI; costs of relocating port equipment, higher provisions for claims and losses, taxes and licenses, transportation and travel due to easing up of restrictions, and donations; partially tapered by decrease in professional fees; general impact of continuous cost optimization measures implemented; and favorable foreign exchange effect mainly of PHP-, Argentine peso (ARS)-, AUD- and PKR-based administrative and other operating expenses at Philippine terminals, TecPlata, VICT and PICT, respectively. Excluding contribution of MNHPI, and new and discontinued businesses, consolidated administrative and other operating expenses would have increased by 11.4 percent.

Administrative and other operating expenses stood at 24.3 percent and 23.9 percent of consolidated cash operating expenses for the years ended December 31, 2021 and 2022, respectively.

Depreciation and Amortization

Depreciation and amortization expense increased by 8.0 percent to US$266.7 million for the year ended December 31, 2022 from US$247.0 million for the same period in 2021 mainly driven by cost contributions of MNHPI and new businesses, mainly MHCPSI, OMT and IRB Logistica; increase in right-of-use assets at CMSA and TSSA, and concession rights asset at ICTSI Rio as a result of remeasurement of lease liabilities and concession rights payable, respectively, including unfavorable translation impact of BRL-based depreciation and amortization charges at TSSA and ICTSI Rio; and higher depreciation and amortization charges at certain terminals; partially tapered by favorable translation impact of AUD-, PKR- and Chinese Renminbi (RMB)-based depreciation and amortization charges at VICT, PICT and YICT, respectively. Excluding contribution of MNHPI, and new and discontinued businesses, depreciation and amortization expense would have increased by 2.6 percent.

Interest and Financing Charges on Borrowings

Interest and financing charges on borrowings increased by 6.7 percent to US$126.5 million for the year ended December 31, 2022 from US$118.5 million for the same period in 2021 primarily due to issuance of senior notes at ITBV in November 2021; short-term loans availed at ICTSI Parent in the second and third quarter of 2022; and contribution of MHCPSI; partially tapered by the repayment of loans at VICT in December 2021. Excluding contribution of MHCPSI, interest and financing charges on borrowings would have increased by 5.7 percent.

Interest Expense on Concession Rights Payable

Interest expense on concession rights payable increased by 7.6 percent to US$62.7 million for the year ended December 31, 2022 from US$58.3 million for the same period in 2021 mainly due to the remeasurement of concession rights payable at ICTSI Rio, MITL, SPICTL and CGSA, including unfavorable translation impact of BRL-based interest expense at ICTSI Rio; and cost contribution of MNHPI. Excluding contribution of MNHPI, interest expense on concession rights payable would have increased by 5.5 percent.

Interest Expense on Lease Liabilities

Interest expense on lease liabilities increased by 4.7 percent to US$119.7 million for the year ended December 31, 2022 from US$114.3 million for the same period in 2021 mainly due to remeasurement of lease liabilities at CMSA and TSSA, including unfavorable translation impact of BRL-based interest expense at TSSA; and equipment leases starting third quarter of 2022 associated with the iTracker business at IRB Logistica; partially tapered by favorable translation impact of AUD-based interest expense at VICT. Excluding contribution of new businesses, mainly IRB Logistica, interest expense on lease liabilities would have increased by 3.9 percent.

Foreign Exchange Loss and Other Expenses

Foreign exchange loss and other expenses increased by 31.8 percent to US$78.0 million for the year ended December 31, 2022 from US$59.2 million for the same period in 2021 mainly due to the increase in COVID-19-related costs, nonrecurring loss on impairment of non-current assets and derecognition of tax assets that are not expected to be utilized at certain terminals.

EBITDA AND EBIT

Consolidated EBITDA increased by 23.7 percent to US$1,409.3 million for the year ended December 31, 2022 from US$1,139.1 million for the same period in 2021 mainly due to higher revenues, partially tapered by the increase in cash operating expenses. EBITDA margin increased to 62.8 percent in 2022 from 61.1 percent in 2021. Excluding contribution of MNHPI, and new and discontinued businesses, EBITDA would have increased by 20.9 percent.

Meanwhile, consolidated EBIT increased by 28.1 percent to US$1,142.6 million for the year ended December 31, 2022 from US$892.1 million for the same period in 2021 mainly due to higher EBITDA, partially tapered by increase in depreciation and amortization charges. EBIT margin increased to 50.9 percent in 2022 from 47.8 percent in 2021. Excluding contribution of MNHPI, and new and discontinued businesses, EBIT would have increased by 25.9 percent.

INCOME BEFORE INCOME TAX AND PROVISION FOR INCOME TAX

Consolidated income before income tax increased by 37.9 percent to US$830.1 million for the year ended December 31, 2022 from US$602.0 million for the same period in 2021 primarily due to higher operating income; partially tapered by increase in depreciation and amortization charges, interests on loans, lease liabilities and concession rights payable, and nonrecurring impairment losses. Excluding contribution of MNHPI, and new and discontinued businesses, income before income tax would have increased by 36.9 percent.

The ratio of consolidated income before income tax to consolidated gross revenues stood at 32.3 percent and 37.0 percent in 2021 and 2022, respectively.

Consolidated provision for current and deferred income taxes increased by 22.7 percent to US$152.7 million for the year ended December 31, 2022 from US$124.4 million for the same period in 2021 mainly due to higher taxable income at certain terminals; partially tapered by the unfavorable impact on the net deferred tax assets at Philippine terminals in 2021 as a result of enactment of CREATE in the Philippines; and the impact of income tax incentive granted at ICTSI Iraq. Effective income tax rate in 2021 and 2022 stood at 20.7 percent and 18.4 percent, respectively.

NET INCOME

Consolidated net income increased by 41.9 percent to US$677.5 million for the year ended December 31, 2022 from US$477.5 million for the same period in 2021. Excluding contribution of MNHPI, new and discontinued businesses, and non-recurring items, consolidated net income would have increased by 39.5 percent in 2022. The ratio of consolidated net income to gross revenues stood at 25.6 percent and 30.2 percent in 2021 and 2022, respectively.

Consolidated net income attributable to equity holders increased by 44.3 percent to US$618.5 million for the year ended December 31, 2022 from US$428.6 million for the same period in 2021. Excluding contribution of MNHPI, new and discontinued businesses, and non-recurring items, net income attributable to equity holders would have increased by 43.2 percent.

Basic and diluted earnings per share increased to US$0.287 in 2022 from US$0.181 in 2021.

COMPARISON OF OPERATING RESULTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2021

TEU VOLUME

The below table presents the volume (in TEU) handled by the Group for the years ended December 31, 2020 and 2021:

TABLE 11 Volume

	For the Years Ended December 31		
	2020	**2021**	% Change
Asia	4,701,070	**5,128,783**	9.1
Americas	3,092,480	**3,377,135**	9.2
EMEA	2,399,834	**2,657,555**	10.7
	10,193,384	**11,163,473**	9.5

The Group's consolidated volume increased by 9.5 percent to 11,163,473 TEUs for the year ended December 31, 2021 from 10,193,384 TEUs handled for the same period in 2020 primarily due to volume growth and improvement in trade activities as economies recover from the impact of the COVID-19 pandemic and lockdown restrictions; and new contracts with shipping lines and services at certain terminals. Excluding the contribution of a new business, OMT, consolidated volume would have increased by 8.9 percent in 2021.

Volume from the Asia segment consisting of terminals in the Philippines, Australia, China, Papua New Guinea and Indonesia increased by 9.1 percent to 5,128,783 TEUs for the year ended December 31, 2021 from 4,701,070 TEUs for the same period in 2020 mainly due to strong volume growth and recovery at MICT and certain Philippine terminals; increased trade activities at YICT; recoveries at SPICTL and MITL; and slightly tapered by reduced vessel calls at OJA and VICT. The Asia operations accounted for 46.1 percent and 45.9 percent of the consolidated volume for the years ended December 31, 2020 and 2021, respectively.

Volume from the Americas segment, consisting of terminals in Mexico, Ecuador, Brazil, Honduras, and Argentina, increased by 9.2 percent to 3,377,135 TEUs for the year ended December 31, 2021 from 3,092,480 TEUs for the same period in 2020 mainly due to new shipping lines and services, and increase in import volume at CMSA; recovery and increased trade activities at OPC and TSSA; partially tapered by reduced vessel calls at CGSA and ICTSI Rio. The Americas operations accounted for 30.3 percent of the consolidated volume for both years ended December 31, 2021 and 2020, respectively.

Volume from the EMEA segment, consisting of terminals in Iraq, DR Congo, Poland, Pakistan (previously part of Asia segment), Georgia, Croatia, Madagascar and Nigeria, reported a 10.7 percent increase to 2,657,555 TEUs for the year ended December 31, 2021 from 2,399,834 TEUs for the same period in 2020 mainly due to recovery and increased trade activities at IDRC; contribution of new business, OMT; new services and increased trading activities at PICT; higher trade volumes at BCT; partially tapered by the impact of the pandemic resulting in decreased vessel calls and trade volumes at ICTSI Iraq. Excluding the contribution of OMT, volume from the EMEA segment would have increased by 7.9 percent in 2021. The EMEA operations accounted for 23.5 percent and 23.8 percent of the Group's consolidated volume for the years ended December 31, 2020 and 2021, respectively.

TOTAL INCOME

Total income consists of: (1) Revenues from port operations, net of port authorities' share in gross revenues; (2) Interest income; (3) Foreign exchange gain; and (4) Other income.

The table below illustrates the consolidated total income for the years ended December 31, 2020 and 2021:

TABLE 12 Total Income

	For the Years Ended December 31		
(In thousands, except % change data)	2020	**2021**	% Change
Gross revenues from port operations	US$1,505,500	**US$1,865,021**	23.9
Port authorities' share in gross revenues	175,038	**202,639**	15.8
Net revenues	1,330,462	**1,662,382**	24.9
Interest income	19,289	**22,213**	15.2
Foreign exchange gain	4,891	**8,109**	65.8
Other income	16,264	**29,835**	83.4
	US$1,370,906	**US$1,722,539**	25.6

For the year ended December 31, 2021, net revenues stood at 96.5 percent of the total consolidated income while interest income, foreign exchange gain, and other income accounted for 1.3 percent, 0.5 percent and 1.7 percent, respectively. For the same period in 2020, net revenues stood at 97.0 percent of the total consolidated income while interest income, foreign exchange gain, and other income accounted for 1.4 percent, 0.4 percent and 1.2 percent, respectively.

Gross Revenues from Port Operations

Gross revenues from port operations include fees received for cargo handling, wharfage, berthing, storage, and special services.

The below table illustrates the consolidated gross revenues for the years ended December 31, 2020 and 2021:

TABLE 13 Gross Revenues from Port Operations

	For the Years Ended December 31		
(In thousands, except % change data)	2020	**2021**	% Change
Asia	US$695,411	**US$836,614**	20.3
Americas	448,570	**602,509**	34.3
EMEA	361,519	**425,898**	17.8
	US$1,505,500	**US$1,865,021**	23.9

The Group's consolidated gross revenues from port operations increased by 23.9 percent to US$1,865.0 million for the year ended December 31, 2021 from US$1,505.5 million for the same period in 2020 mainly due to volume growth and recovery; favorable container mix; tariff adjustments at certain terminals; new contracts with shipping lines and services; higher revenues from ancillary services; contribution of new businesses mainly, OMT and MHCPSI; and net favorable impact of foreign exchange at certain terminals; partially tapered by decline in trade activities at certain terminals primarily due to the impact of COVID-19 pandemic. Excluding contribution of new businesses, OMT, MHCPSI, KMT (started commercial operations in October 2020) and IRB Logistica, consolidated gross revenues would have increased by 20.9 percent in 2021.

Gross revenues from the Asia segment increased by 20.3 percent to US$836.6 million for the year ended December 31, 2021 from US$695.4 million for the same period in 2020 mainly due to volume growth; improvement in trade activities and tariff adjustments at certain terminals; favorable translation impact of the appreciation of AUD- and RMB-based revenues at VICT and YICT, respectively, and contribution of new business, MHCPSI; partially tapered by decrease in volume at OJA and decline in trade activities at certain terminals primarily due to the impact of COVID-19 pandemic. The Asia operations captured 46.2 percent and 44.9 percent of the consolidated gross revenues for the years ended December 31, 2020 and 2021, respectively. Excluding contribution of MHCPSI, gross revenues of Asia segment would have increased by 17.8 percent.

Gross revenues from the Americas segment increased by 34.3 percent to US$602.5 million for the year ended December 31, 2021 from US$448.6 million for the same period in 2020 mainly due to volume growth; new services and contracts with shipping lines and increase in revenues from ancillary services mainly at CMSA; volume recovery and increase in revenues from ancillary services at OPC; tariff adjustments at certain terminals; and favorable translation impact of the appreciation of Mexican Peso (MXN)-based revenues at CMSA; partially tapered by unfavorable translation impact of the depreciation of BRL-based revenues at TSSA and ICTSI Rio . The Americas operations accounted for 29.8 percent and 32.3 percent of the consolidated gross revenues for the years ended December 31, 2020 and 2021, respectively. Excluding contribution of IRB Logistica, gross revenues from the Americas segment would have increased by 34.2 percent in 2021.

Gross revenues from the EMEA segment increased by 17.8 percent to US$425.9 million for the year ended December 31, 2021 from US$361.5 million for the same period in 2020 primarily due to recovery and volume growth, and higher ancillary services at IDRC; contribution of new businesses, OMT and KMT; new services and increased trade activities at PICT; recovery at BCT; favorable container mix, new services and tariff adjustments at certain terminals; combined with favorable translation impact of the appreciation of EUR-based revenues at MICTSL and AGCT; partially tapered by decreased volume together with unfavorable translation impact of the depreciation of Iraqi Dinar (IQD)-based revenues at ICTSI Iraq. The EMEA operations stood at 24.0 percent and 22.8 percent of the consolidated gross revenues for the years ended December 31, 2020 and 2021, respectively. Excluding contributions of OMT and KMT, gross revenues from the EMEA segment would have increased by 10.3 percent in 2021.

Port Authorities' Share in Gross Revenues

Port authorities' share in gross revenues, which represents the variable fees paid to Port Authorities by certain terminals, other than the minimum guaranteed variable fees or in-substance fixed fees that were capitalized as part of concession rights and right-of-use assets, and amortized on a straight-line basis over the term of the concession, increased by 15.8 percent to US$202.6 million for the year ended December 31, 2021 from US$175.0 million for the same period in 2020 mainly as a result of volume growth, stronger revenues at these terminals, and contribution of new businesses, OMT and KMT.

Interest Income, Foreign Exchange Gain, and Other Income

Consolidated interest income increased by 15.2 percent to US$22.2 million for the year ended December 31, 2021 from US$19.3 million for the same period in 2020 mainly due to interest earned from short-term deposits and government-issued debt securities at certain terminals.

Foreign exchange gain increased by 65.8 percent to US$8.1 million for the year ended December 31, 2021 from US$4.9 million for the same period in 2020 mainly due to the favorable translation impact of certain currencies against US dollar.

Other income increased by 83.4 percent to US$29.8 million for the year ended December 31, 2021 from US$16.3 million for the same period in 2020 mainly due to non-recurring gain from insurance proceeds in 2021, gain on sale of equipment and tax refund granted in the form of tax credits in 2021. Other income includes the Group's rental, dividend income, and other sundry income accounts.

TOTAL EXPENSES

The table below shows the breakdown of total expenses for the years ended December 31, 2020 and 2021:

TABLE 14 Total Expenses

	For the Years Ended December 31		
(In thousands, except % change data)	2020	**2021**	% Change
Manpower costs	US$239,632	**US$268,453**	12.0
Equipment and facilities-related expenses	102,018	**127,625**	25.1
Administrative and other operating expenses	111,983	**127,248**	13.6
Total cash operating expenses	453,633	**523,326**	15.4
Depreciation and amortization	230,137	**246,994**	7.3
Interest expense and financing charges on borrowings	109,693	**118,484**	8.0
Interest expense on concession rights payable	52,870	**58,255**	10.2
Interest expense on lease liabilities	97,402	**114,298**	17.3
Equity share in net loss of joint ventures and an associate	12,269	**–**	(100.0)
Foreign exchange loss and others	220,129	**59,223**	(73.1)
Total expenses	US$1,176,133	**US$1,120,580**	(4.7)

Total cash operating expenses of the Group increased by 15.4 percent to US$523.3 million for the year ended December 31, 2021 from US$453.6 million for the same period in 2020 mainly due to reduced costs in 2020 as a result of the pandemic, increase in equipment and facilities-related expenses and contracted services in relation to volume growth; contribution of new businesses; and unfavorable foreign exchange effect of AUD-, MXN- and RMB-based expenses at VICT, CMSA and YICT, respectively; partially tapered by continuous cost optimization measures; and favorable foreign exchange effect of IQD-based expenses at ICTSI Iraq, ARS-based expenses at TecPlata, and BRL-based expenses at ICTSI Rio and TSSA. Excluding contribution of new businesses, consolidated cash operating expenses would have increased by 11.9 percent.

Manpower Costs

Manpower costs increased by 12.0 percent to US$268.5 million for year ended December 31, 2021 from US$239.6 million for the same period in 2020 primarily due to cost contribution of new businesses; higher contracted services as a result of volume increase; government-mandated and contracted salary rate adjustments at certain terminals; and unfavorable foreign exchange effect of AUD-, MXN- and RMB-based manpower costs at VICT, CMSA and YICT, respectively; partially tapered by favorable foreign exchange effect of IQD- and ARS-based manpower costs at ICTSI Iraq and TecPlata, respectively, and BRL-based manpower costs at ICTSI Rio and TSSA. Excluding contribution of new businesses, consolidated manpower costs would have increased by 8.5 percent.

Manpower costs accounted for 52.8 percent and 51.3 percent of consolidated cash operating expenses for the years ended December 31, 2020 and 2021, respectively.

Equipment and Facilities-related Expenses

Equipment and facilities-related expenses consist mainly of repairs and maintenance costs of port equipment and facilities, power and light, tools expenses, equipment rentals, and fuel, oil and lubricants.

Equipment and facilities-related expenses increased by 25.1 percent to US$127.6 million for the year ended December 31, 2021 from US$102.0 million for the same period in 2020 mainly due to increase in prices and consumption of fuel and power driven by volume and revenue growth; increase in repairs and maintenance and equipment rentals driven by increase in volume; cost contribution of new businesses; and unfavorable foreign exchange effect of RMB-, MXN- and AUD-based equipment and facilities-related expenses at YICT, CMSA and VICT, respectively; partially tapered by favorable foreign exchange effect of IQD- and ARS-based equipment and facilities-related expenses at ICTSI Iraq and TecPlata, respectively, and BRL-based equipment and facilities-related expenses at TSSA and ICTSI Rio. Excluding contribution of new businesses, consolidated equipment and facilities-related expenses would have increased by 20.9 percent.

Equipment and facilities-related expenses represented 22.5 percent and 24.4 percent of consolidated cash operating expenses for the years ended December 31, 2020 and 2021, respectively.

Administrative and Other Operating Expenses

Administrative and other operating expenses increased by 13.6 percent to US$127.2 million for the year ended December 31, 2021 from US$112.0 million for the same period in 2020 mainly due to cost contribution of new businesses; increases in information technology-related expenses; taxes and licenses, and provisions for claims and losses; and unfavorable foreign exchange effect of AUD-, MXN-, RMB-based administrative and other operating expenses at VICT, CMSA and YICT, respectively; partially tapered by continuous cost optimization measures implemented; and favorable foreign exchange effect of IQD- and ARS-based administrative and other operating expenses at ICTSI Iraq and TecPlata, respectively, and BRL-based administrative and other operating expenses at ICTSI Rio and TSSA. Excluding contribution of new businesses, consolidated administrative and other operating expenses would have increased by 10.9 percent.

Administrative and other operating expenses stood at 24.7 percent and 24.3 percent of consolidated cash operating expenses for the years ended December 31, 2020 and 2021, respectively.

Depreciation and Amortization

Depreciation and amortization expense increased by 7.3 percent to US$247.0 million for the year ended December 31, 2021 from US$230.1 million for the same period in 2020 mainly due to cost contribution of new businesses pertaining to amortization of right-of-use assets recognized at OMT and capitalized port fees at KMT, and acquisition of MHCPSI; increase in right-of-use assets at CMSA and TSSA, and concession rights asset at CGSA as a result of remeasurement of lease liabilities and concession rights; unfavorable translation impact of MXN-, AUD- and RMB-based depreciation and amortization charges at CMSA, VICT and YICT, respectively; and higher depreciation and amortization charges due to equipment acquisitions at certain terminals; partially tapered by lower amortization expense at TecPlata arising from the reduced carrying value of its concession right assets following the non-recurring impairment charge in December 2020. Excluding contribution of new businesses, depreciation and amortization expense would have increased by 5.0 percent.

Interest and Financing Charges on Borrowings
Interest and financing charges on borrowings increased by 8.0 percent to US$118.5 million for the year ended December 31, 2021 from US$109.7 million for the same period in 2020 primarily due to the issuance of senior notes at ICTSI Parent and ITBV in June 2020 and November 2021, respectively; and contribution of a new business, MHCPSI; partially offset by various repayment of loans during the year. Excluding contribution of new businesses, mainly MHCPSI, interest and financing charges on borrowings would have increased by 6.4 percent.

Interest Expense on Lease Liabilities
Interest expense on lease liabilities increased by 17.3 percent to US$114.3 million for the year ended December 31, 2021 from US$97.4 million for the same period in 2020 mainly due to remeasurement of lease liabilities at CMSA and TSSA; and unfavorable translation impact of MXN- and AUD-based interest expense at CMSA and VICT, respectively. Excluding contribution of new businesses, mainly OMT and IRB Logistica, interest expense on lease liabilities would have increased by 17.1 percent.

Interest Expense on Concession Rights Payable
Interest expense on concession rights payable increased by 10.2 percent to US$58.3 million for the year ended December 31, 2021 from US$52.9 million for the same period in 2020 mainly due to remeasurement of concession rights payable at CGSA and ICTSI Rio in January 2021 and March 2021, respectively; and recognition of concession rights payable at a new terminal, KMT in October 2020. Excluding contribution of KMT, interest expense on concession rights payable would have increased by 9.2 percent.

Equity Share in Net Loss of Joint Ventures and An Associate
Equity in net loss of joint ventures and an associate favorably decreased to US$0.4 thousand for the year ended December 31, 2021 from US$12.3 million for the same period in 2020 mainly due to the Company's share in the higher net earnings of MNHPI, including the impact of Corporate Recovery and Tax Incentives for Enterprises (CREATE) enactment in the Philippines on the deferred tax liabilities associated to the acquisition of MNHPI, and lower net loss at SPIA in 2021.

Foreign Exchange Loss and Other Expenses
Foreign exchange loss and other expenses decreased by 73.1 percent to US$59.2 million for the year ended December 31, 2021 from US$220.1 million for the same period in 2020 mainly due to lower non-recurring impairment charges in 2021 of US$6.7 million as compared to the impairment losses on concession rights of TecPlata and other nonfinancial assets in 2020 of US$180.3 million; lower COVID-19-related and restructuring costs; and decrease in foreign exchange losses arising from the favorable translation impact of certain currencies against US dollar; partially offset by the losses on write-off of debt issuance costs associated with the prepayment of loan facilities and termination of interest rate swap arrangements at VICT.

EBITDA AND EBIT
Consolidated EBITDA increased by 29.9 percent to US$1,139.1 million for the year ended December 31, 2021 from US$876.8 million for the same period in 2020 mainly due to higher revenues; and contribution of new terminals, mainly OMT and MHCPSI; partially tapered by increase in cash operating expenses. EBITDA margin increased to 61.1 percent in 2021 from 58.2 percent in 2020. Excluding contribution of new businesses, EBITDA would have increased by 26.8 percent.

Meanwhile, consolidated EBIT increased by 37.9 percent to US$892.1 million for the year ended December 31, 2021 from US$646.7 million for the same period in 2020 mainly due to higher EBITDA, partially tapered by increase in depreciation and amortization charges. EBIT margin increased to 47.8 percent in 2021 from 43.0 percent in 2020. Excluding contribution of new businesses, EBIT would have increased by 34.5 percent.

INCOME BEFORE INCOME TAX AND PROVISION FOR INCOME TAX
Consolidated income before income tax increased to US$602.0 million for the year ended December 31, 2021 from US$194.8 million for the same period in 2020 primarily due to higher operating income; lower non-recurring impairment charges in 2021; and decrease in equity in net loss of joint ventures and an associate; partially tapered by increase in depreciation and amortization; and higher interests on loans, concession rights payable, and lease liabilities and non-recurring losses on write-off of debt issuance costs associated with the prepayment of loan facilities and termination of interest rate swap arrangements at VICT. Excluding contribution of new businesses and non-recurring items, consolidated income before income tax would have increased by 60.1 percent in 2021. The ratio of consolidated income before income tax to consolidated gross revenues stood at 12.9 percent and 32.3 percent in 2020 and 2021, respectively.

Consolidated provision for current and deferred income taxes increased to US$124.4 million for the year ended December 31, 2021 from US$55.1 million for the same period in 2020 mainly due to revenue-driven higher taxable income at certain terminals, expiration of income tax holiday at Parent Company in July 2020, and unfavorable impact at effectivity date of the enactment of CREATE at Philippine terminals; tapered by the reduction in income tax rate in line with CREATE at Philippine terminals. Effective income tax rate in 2020 and 2021 stood at 28.3 percent and 20.7 percent, respectively.

NET INCOME
Consolidated net income increased to US$477.5 million for the year ended December 31, 2021 from US$139.6 million for the same period in 2020. Excluding contribution of new businesses and non-recurring items, consolidated net income would have increased by 49.0 percent in 2021. The ratio of consolidated net income to gross revenues stood at 9.3 percent and 25.6 percent in 2020 and 2021, respectively.

Consolidated net income attributable to equity holders increased to US$428.6 million for the year ended December 31, 2021 from US$101.8 million for the same period in 2020. Excluding contribution of new businesses and the non-recurring items, net income attributable to equity holders would have increased by 51.6 percent in 2021.

Basic and diluted earnings per share increased to US$0.181 in 2021 from US$0.020 in 2020.

TRENDS, EVENTS OR UNCERTAINTIES AFFECTING RECURRING REVENUES AND PROFITS

The Group is exposed to a number of trends, events and uncertainties which can affect its recurring revenues and profits. These include levels of general economic activity and containerized trade volume in countries where it operates, as well as certain cost items, such as labor, fuel and power. In addition, the Group operates in a number of jurisdictions other than the Philippines and collects revenues in various currencies. Continued appreciation of the US dollar relative to other major currencies, particularly the Philippine peso, Mexican peso, Australian dollars, Brazilian reais, Euro, Nigerian naira and Iraqi dinar may adversely affect the Group's reported levels of revenues and profits.

Russia-Ukraine and Israel-Hamas Conflict
On February 24, 2022, Russia launched a military attack on Ukraine that escalated an ongoing conflict that began in 2014.

On October 8, 2023, Israel officially declared war against the Palestinian militant group Hamas in relation to a surprise attack by Hamas. This declaration has triggered a potential escalation in the ongoing conflict, posing a threat to the stability of the region.

These events set several uncertainties with the potential to disrupt businesses and institutions and poses threat to world trade and economies, in general. The continuing effect of the situation on business and institutions could result in business continuity interference, trade disruptions, rising prices of basic commodities including oil and power, among others. The Group has no exposure to investments in Ukraine, Russia or Israel.

The scale and duration of the developments and events remain uncertain as at February 28, 2024. It is not possible to estimate the overall impact of the wars' near-term and longer effects. The Group will continue to closely monitor the progress of these situations.

FINANCIAL POSITION

TABLE 15 Consolidated Balance Sheets

	As at December 31				
(In thousands, except % change data)	2021	2022	**2023**	% Change *2021 vs 2022*	% Change *2022 vs 2023*
Total assets	US$6,266,460	US$7,053,620	**US$7,244,859**	12.6	2.7
Current assets	897,547	1,264,798	**1,212,086**	40.9	(4.2)
Total equity	1,511,579	1,726,672	**1,905,168**	14.2	10.3
Total equity attributable to equity holders of the parent	1,321,688	1,428,580	**1,592,742**	8.1	11.5
Total interest-bearing debt*	2,150,641	2,470,867	**2,171,989**	14.9	(12.1)
Current liabilities	496,117	1,265,830	**715,617**	155.1	(43.5)
Total liabilities	4,754,881	5,326,948	**5,339,691**	12.0	0.2
Current assets/total assets	14.3%	17.9%	**16.7%**		
Current ratio	1.81	1.00	**1.69**		

**Includes loans payable, current and non-current portion of long-term debt*

Total assets increased by 2.7 percent to US$7.2 billion as at December 31, 2023 from US$7.1 billion as at December 31, 2022 primarily due to the increase in right-of-use asset at BCT as a result of renewal of concession contract; and capital expenditures arising from ongoing expansion works and/or acquisition of terminal equipment mainly at CMSA, MICT, VICT, IDRC, ICTSI Rio, EJMT and OMT; and favorable impact on the translation of certain foreign operations' accounts; partially tapered by decrease in cash and cash equivalents mainly due to payment of dividends and repayment of loans. Noncurrent assets stood at 82.1 percent and 83.3 percent of the total consolidated assets as at December 31, 2022 and 2023, respectively.

Current assets decreased by 4.2 percent to US$1,212.1 million as at December 31, 2023 from US$1,264.8 million as at December 31, 2022 mainly due to the decrease in cash and cash equivalents attributable to payment of dividends and medium-term notes that was due in January 2023 and other borrowings; funding of capital expenditures; and payment of interest on lease liabilities, borrowings and concession rights payable; partially tapered by the cash generated from operations and availments of loans; and favorable impact on the translation of certain foreign operations' accounts. Current assets accounted for 17.9 percent and 16.7 percent of the total consolidated assets of the Group as at December 31, 2022 and 2023, respectively. Current ratio stood at 1.00 and 1.69 as at December 31, 2022 and 2023, respectively.

Total equity increased by 10.3 percent to US$1.9 billion as at December 31, 2023 from US$1.7 billion as at December 31, 2022 primarily due to the net income generated for the period; tapered by the declaration of dividends.

Total liabilities remains at US$5.3 billion as at December 31, 2023 and 2022 primarily due to offsetting impact of the increase in lease liabilities mainly from the renewal of concession contract at BCT; and net unfavorable impact on the translation of certain foreign operations' accounts; tapered by the payment of US$394.0 million notes in January 2023, and net payment of loans. Financial leverage, the ratio of total interest-bearing debt to total assets, stood at 35.0 percent and 30.0 percent as at December 31, 2022 and December 31, 2023, respectively.

Meanwhile, current liabilities decreased to US$715.6 million as at December 31, 2023 from US$1,265.8 million as at December 31, 2022 mainly due to payment of US$394.0 million notes in January 2023; and payment of short-term loans.

MATERIAL VARIANCES AFFECTING THE BALANCE SHEET

Balance sheet accounts as at December 31, 2023 with variances of plus or minus 5.0 percent against December 31, 2022 balances are discussed, as follows:

Noncurrent Assets

1. Property and equipment increased by 11.5 percent to US$1.8 billion as at December 31, 2023 mainly due to the capital expenditures arising from expansion works and/or acquisition of terminal equipment at CMSA, VICT, IDRC, EJMT, ICTSI Rio and OMT; tapered by the depreciation charge for the period, and unfavorable impact on the translation of certain foreign operations' accounts.

2. Right-of-use assets increased by 26.6 percent to US$916.4 million as at December 31, 2023 mainly due to the renewal of concession contract at BCT; remeasurement of lease payments, including additional lease area, at certain terminals; and favorable impact on the translation of certain foreign operations' accounts.

3. Investments in and advances to joint ventures and an associate increased by 8.5 percent to US$271.5 million as at December 31, 2023 mainly due to advances made to joint ventures during the year.

4. Following are the derivative assets and liability recognized in the consolidated balance sheets pertaining to the interest rate swaps and foreign currency forward:

Derivative Asset (Liability)

(In thousands, except % change data)	December 31, 2022	**December 31, 2023**	% Change
Interest Rate Swaps:			
Derivative Assets			
Noncurrent (classified under "Other noncurrent assets" account)	US$8,457,515	**US$4,186,513**	(50.5)
Current	6,471,720	**10,198,303**	57.6

(Forward)

Derivative Asset (Liability)

(In thousands, except % change data)	December 31, 2022	**December 31, 2023**	% Change
Derivative Liability			
Noncurrent (classified under "Other noncurrent liabilities" account)	–	**(10,316,934)**	100.0
Foreign Currency Forward:			
Derivative Assets			
Current	US$1,156,578	**US$–**	(100)

The changes on derivative assets and liabilities pertains to lower market valuation on the interest rate swap arrangements; and the settlement of the foreign currency forward in April 2023.

5. Other noncurrent assets decreased by 44.5 percent to US$195.9 million as at December 31, 2023 primarily due to nonrecurring impairment charge of nonfinancial assets.

Current Assets

6. Cash and cash equivalents decreased by 14.6 percent to US$716.1 million as at December 31, 2023 mainly due to payment of dividends, medium-term notes that was due in January 2023, and other borrowings; deployment of cash to fund capital expenditures; and payment of interest on lease liabilities, borrowings and concession rights payable; partially tapered by cash generated from operations and from borrowings; and favorable impact on the translation of certain foreign operations' accounts.

7. Receivables increased by 15.6 percent to US$182.5 million as at December 31, 2023 primarily due to higher revenues from port operations at most of the terminals.

8. Spare parts and supplies increased by 5.6 percent to US$55.8 million as at December 31, 2023 mainly due to acquisition of spare parts associated with operational requirements.

9. Prepaid expenses and other current assets increased by 19.3 percent to US$247.5 million as at December 31, 2023 mainly due to placement of short-term investments at CMSA with maturity ranging from more than three months to 12 months; higher balance of prepaid taxes at certain terminals; and favorable impact on the translation of certain foreign operations' accounts.

Equity

10. Retained earnings increased by 16.3 percent to US$799.7 million as at December 31, 2023 mainly due to the net income generated for the period amounting to US$511.5 million; partially tapered by dividends declared during the period amounting to US$370.3 million and distribution to holders of perpetual capital securities amounting to US$29.0 million.

11. Other comprehensive loss decreased by 22.2 percent to US$154.4 million as at December 31, 2023 mainly due to net favorable exchange differences on translation of foreign operations' accounts.

Noncurrent Liabilities

12. Noncurrent portion of long-term debt increased by 17.5 percent to US$2.0 billion as at December 31, 2023 mainly due to the availment of loans.

13. Noncurrent portion of lease liabilities increased by 18.3 percent to US$1.6 billion as at December 31, 2023 as a result of the renewal of concession contract at BCT, as well as remeasurement of lease liabilities, including additional leased area, at certain terminals; and the unfavorable impact on the translation of certain foreign operations' accounts.

14. Other noncurrent liabilities increased by 29.1 percent to US$47.2 million as at December 31, 2023 mainly due to lower market valuation of noncurrent derivative liabilities at ICTSI Parent.

Current Liabilities

15. Loans payable decreased by 58.6 percent to US$139.6 million as at December 31, 2023 due to net payment of loans.

16. Accounts payable and other current liabilities increased by 5.0 percent to US$412.1 million as at December 31, 2023 mainly due to volume driven increase in operating expenses; and increase in output and other taxes payable mainly driven by higher revenues.

17. Current portion of long-term debt decreased by 90.4 percent to US$42.4 million as at December 31, 2023 mainly due to the payment of US$394.0 million notes in January 2023.

18. Current portion of lease liabilities increased by 63.7 percent to US$41.9 million as at December 31, 2023 due to higher fixed and minimum guaranteed variable fees scheduled for payment in the next twelve months.

19. Income tax payable increased 14.4 percent to US$65.0 million as at December 31, 2023 mainly due to revenue-driven higher taxable income at certain terminals.

Balance sheet accounts as at December 31, 2022 with variances of plus or minus 5.0 percent against December 31, 2021 balances are discussed, as follows:

Noncurrent Assets

1. Intangibles increased by 15.9 percent to US$2.4 billion as at December 31, 2022 mainly due to additions through business combination of MNHPI including additions of port infrastructure largely at ICTSI, ICTSI Iraq and CGSA, tapered by net unfavorable impact on the translation of certain foreign operations' accounts.

2. Property and equipment increased by 9.6 percent to US$1.7 billion as at December 31, 2022 mainly due to the capital expenditures arising from expansion works and/or acquisition of terminal equipment at VICT, CMSA, IDRC and OMT; and acquisition of land in the Philippines and in Brazil for new projects; tapered by the depreciation charge for the period and unfavorable impact on the translation of certain foreign operations' accounts.

3. Right-of-use assets increased by 9.0 percent to US$723.8 million as at December 31, 2022 mainly due to the remeasurement of lease liabilities at CMSA, TSSA, VICT and OMT; tapered by the amortization charge for the period and unfavorable impact on the translation of certain foreign operations' accounts.

4. Investment properties decreased by 8.9 percent to US$5.8 million as at December 31, 2022 mainly due to the unfavorable impact on the translation of certain foreign operations' accounts.

5. Investments in and advances to joint ventures and an associate decreased by 44.3 percent to US$250.3 million as at December 31, 2022 mainly due to the consolidation of MNHPI effective September 8, 2022. Prior to consolidation, the investment in MNHPI was accounted for following the equity method as an investment in joint venture.

6. Deferred tax assets increased by 16.3 percent to US$392.9 million as at December 31, 2022 mainly due to the higher deferred tax benefit on unrealized foreign exchange loss at the Parent Company and addition due to consolidation of MNHPI; tapered by the utilization of income tax benefit from net operating loss carry-over at VICT.

7. Following are the derivative assets and liabilities recognized in the consolidated balance sheets pertaining to the interest rate swap at IGFBV and foreign currency forward at Parent Company:

	Derivative Asset (Liability)		
(In thousands, except % change data)	December 31, 2021	**December 31, 2022**	% Change
Interest Rate Swaps:			
Noncurrent	(US$7,766,630)	**US$8,457,515**	208.9
Current	(5,560,328)	**6,471,720**	216.4
Foreign Currency Forward:			
Current	US$–	**US$1,156,578**	100.0

The changes on derivative assets and liabilities pertain to unrealized mark-to market gains on interest rate swap arrangements recognized in equity and unrealized mark-to-market loss on foreign currency forward contract charged to profit or loss.

8. Other noncurrent assets increased by 9.2 percent to US$353.0 million as at December 31, 2022 primarily due to higher advances to suppliers and contractors, and deposits made in relation to investments and other projects; tapered by unfavorable impact on the translation of certain foreign operations' accounts, and nonrecurring loss on impairment including tax assets that are not expected to be utilized at certain terminals.

Current Assets

9. Cash and cash equivalents increased by 27.6 percent to US$838.9 million as at December 31, 2022 mainly due cash generated from operations; partially tapered by payment of dividends; redemption of perpetual capital securities including distributions; deployment of cash to fund capital expenditures; debt servicing; and placement of funds to short-term investments that are not classified as cash equivalents.

10. Receivables increased by 17.0 percent to US$157.9 million as at December 31, 2022 primarily due to higher revenues from port operations at most of the terminals.

11. Spare parts and supplies increased by 25.4 percent to US$52.9 million as at December 31, 2022 mainly due to addition through the consolidation of MNHPI; and acquisition of spare parts associated with operational requirements and purchase of additional terminal equipment.

12. Prepaid expenses and other current assets increased to US$207.5 million as at December 31, 2022 mainly due to placement of short-term investments at CMSA with maturity ranging from more than three months to 12 months; and higher balance of restricted cash at VICT for debt servicing and capital expenditures.

Equity

13. Treasury shares increased to US$40.0 million as at December 31, 2022 mainly due to acquisition of additional shares in 2022; partially tapered by share-based employee incentive payments.

14. Retained earnings increased by 98.6 percent to US$687.4 million as at December 31, 2022 mainly due to the net income generated for the period amounting to US$618.5 million; partially tapered by dividends declared during the period and distribution to holders of perpetual capital securities.

15. Perpetual capital securities decreased by 26.7 percent to US$583.2 million as at December 31, 2022 mainly due to redemption of perpetual capital securities with a carrying value of US$212.1 million.

16. Equity attributable to non-controlling interests increased by 57.0 percent to US$298.1 million as at December 31, 2022 mainly due to the recognition of non-controlling interests upon consolidation of MNHPI and net income attributable to non-controlling interests for the period; partially tapered by cash dividends declared to non-controlling interests during the period.

Noncurrent Liabilities

17. Noncurrent portion of long-term debt decreased by 18.1 percent to US$1.7 billion as at December 31, 2022 mainly due to the reclassification of the loans at ITBV that will be due within the next 12 months amounting to US$394.0 million, net of debt issuance cost, from non-current to current; repayment of loans at certain terminals; and favorable impact on the translation of certain foreign operations' accounts; partially tapered by availment of loans at VICT and IDRC.

18. Deferred tax liabilities increased by 43.4 percent to US$262.3 million as at December 31, 2022 mainly due to the addition through the consolidation of MNHPI; recognition of deferred tax on derivative assets and undistributed cumulative earnings of subsidiaries; and revaluation of deferred tax liability items.

19. Noncurrent portion of lease liabilities increased by 6.0 percent to US$1.3 billion as at December 31, 2022 as a result of remeasurement of lease liabilities at CMSA, TSSA, VICT and OMT; tapered by reclassification of the portion scheduled for payment in the next 12 months to current liabilities, and favorable impact on the translation of certain foreign operations' accounts.

20. Other noncurrent liabilities decreased by 12.7 percent to US$36.5 million as at December 31, 2022 mainly due to change in mark-to market value position on interest rate swap arrangements at IGFBV from liability as at December 31, 2021 to asset as at December 31, 2022, tapered by the addition through consolidation of MNHPI.

Current Liabilities

21. Loans payable increased to US$337.0 million as at December 31, 2022 due to the availment of short-term loans at ICTSI Parent, ICTSI Ltd., IGFBV and ICTSI Middle East DMCC; partially offset by payments at ICTSI Iraq.

22. Accounts payable and other current liabilities increased by 21.9 percent to US$392.3 million as at December 31, 2022 mainly due to addition through the consolidation of MNHPI and timing of payment of operating expenses; partially tapered by favorable impact on the translation of certain foreign operations' accounts.

23. Current portion of long-term debt, net of debt issuance costs increased to US$439.9 million as at December 31, 2022 mainly due to the reclassification of the loans at ITBV that will be due within the next 12 months amounting to US$394.0 million, net of debt issuance cost, from non-current to current.

24. Current portion of concession rights payable increased by 27.2 percent to US$14.2 million as at December 31, 2022 due to higher fixed and minimum guaranteed variable fees scheduled for payment in the next 12 months.

25. Current portion of lease liabilities decreased by 12.4 percent to US$25.6 million as at December 31, 2022 due to lower lease fees scheduled for payment in the next 12 months.

26. Income tax payable increased 22.3 percent to US$56.8 million as at December 31, 2022 mainly due to revenue-driven higher taxable income at certain terminals.

LIQUIDITY AND CAPITAL RESOURCES

This section discusses the Group's sources and uses of funds as well as its debt and equity capital profile.

LIQUIDITY

The table below shows the Group's consolidated cash flows for the years ended December 31, 2021, 2022 and 2023:

TABLE 16 Consolidated Cash Flows

	For the Years Ended December 31				
(In thousands, except % change data)	2021	2022	**2023**	*% Change 2021 vs 2022*	*% Change 2022 vs 2023*
Net cash provided by operating activities	US$947,188	US$1,275,097	**US$1,300,459**	34.6	2.0
Net cash used in investing activities	(146,384)	(518,342)	**(317,984)**	254.1	(38.7)
Net cash used in financing activities	(867,068)	(569,257)	**(1,120,212)**	(34.3)	96.8
Effect of exchange rate changes on cash	(10,974)	(6,152)	**14,901**	(43.9)	(342.2)
Net increase (decrease) in cash and cash equivalents	(77,238)	181,346	**(122,836)**	(334.8)	(167.7)
Cash and cash equivalents, beginning	734,832	657,594	**838,940**	(10.5)	27.6
Cash and cash equivalents, end	US$657,594	US$838,940	**US$716,104**	27.6	(14.6)

Consolidated cash and cash equivalents amounted to US$657.6 million, US$838.9 million, and US$716.1 million as at December 31, 2021, 2022 and 2023, respectively, and consisted mainly of cash generated from operations; partially tapered by net cash used in financing and investing activities.

Net cash generated from operating activities amounted to US$947.2 million, US$1,275.1 million, and US$1,300.5 million for the year ended December 31, 2021, 2022 and 2023, respectively, mainly driven by positive results of operations.

Net cash used in investing activities for the year ended December 31, 2023 amounted to US$318.0 million and consisted mainly of capital expenditures of US$336.3 million, including advances to contractors and suppliers but excluding capitalized borrowing costs. The capital expenditures for the period ended December 31, 2023 included mainly ongoing expansions at CMSA, MICT, VICT, IDRC, ICTSI Rio, EJMT and OMT. For the year ended December 31, 2022, net cash used in investing activities amounted to US$518.3 million and consisted mainly of capital expenditures of US$386.3 million, including advances to contractors and suppliers, and concession extension-related expenditures at MICTSL but excluding capitalized borrowing costs, mainly for ongoing expansions at VICT, MICT, IDRC, CMSA and OMT; and the acquisition of land in the Philippines and in Brazil for new projects. Meanwhile, net cash used in investing activities for the year ended December 31, 2021 amounted to US$146.4 million that consisted mainly of capital expenditures of US$165.0 million, including advances to contractors and suppliers, mainly for the acquisition of port facilities and equipment at OMT and ongoing expansions at MICT, IDRC, VICT and CMSA, and infrastructure and equipment upgrades at CGSA; and acquisition of MHCPSI.

Net cash used in financing activities for the year ended December 31, 2023 amounted to US$1,120.2 million that consisted mainly of payment of dividends amounting to US$428.2 million; and payment of principal, as well as payments of interests on loans, lease liabilities and concession rights payable. For the year ended December 31, 2022, net cash used in financing activities consisted mainly of payment of dividends amounting to US$299.0 million; the redemption of perpetual capital securities, including distributions totaling US$251.6 million; and payment of principal and interests on loans, lease liabilities and concession rights payable; partially tapered by the availments of short-term and long-term loans. Meanwhile, net cash used in financing activities in 2021 included payment for the redemption and repurchase of perpetual capital securities, including distributions to security holders totaling US$544.9 million, payment of dividends, repayment of loans, and acquisition of 10.00% non-controlling interest in IDRC amounting to US$20.0 million and 15.88% non-controlling interest in PICT amounting to US$15.7 million; tapered by cash received from issuances of new senior notes.

CAPITAL RESOURCES

The table below illustrates the Group's capital sources as at December 31, 2021, 2022 and 2023:

TABLE 17 Capital Sources

	As at December 31				
(In thousands, except % change data)	2021	2022	**2023**	*% Change 2021 vs 2022*	*% Change 2022 vs 2023*
Loans payable	US$5,033	US$337,020	**US$139,563**	6,596.2	(58.6)
Current portion of long-term debt	76,836	439,894	**42,389**	472.5	(90.4)
Long-term debt, net of current portion	2,068,771	1,693,954	**1,990,037**	(18.1)	17.5
Total short and long-term debt	2,150,640	2,470,868	**2,171,989**	14.9	(12.1)
Equity	1,511,579	1,726,672	**1,905,168**	14.2	10.3
	US$3,662,219	US$4,197,540	**US$4,077,157**	14.6	(2.9)

2023 versus 2022

The Group's total debt and equity capital decreased by 2.9 percent as at December 31, 2023 primarily due to dividends declared during the period; distribution to holders of perpetual capital securities; and repayment of loans; tapered by the net income generated during the period, and availments of loans.

2022 versus 2021

The Group's total debt and equity capital increased by 14.6 percent as at December 31, 2022 primarily due to net income generated during the period, and availments of short term loans mainly at ICTSI Parent, ICTSI Ltd., IGFBV and ICTSI Middle East DMCC; tapered by redemption of perpetual capital securities with an aggregate carrying value of US$212.2 million; dividends declared during the period; distribution to holders of perpetual capital securities; and repayment of loans.

Debt Financing

The table below provides the breakdown of the Group's outstanding loans as at December 31, 2023:

TABLE 18 Outstanding Loans

(In thousands)	Company	Final Maturity	Interest Rate	Amount
Long-term Debt				
Medium-Term Note (MTN) Programme				
Secured US Dollar Bond	ITBV	2025	Fixed	US$390,038
Senior Notes				
Unsecured US Dollar Bond	ICTSI	2030	Fixed	394,209
Secured US Dollar Bond	ITBV	2031	Fixed	291,894
US dollar and Foreign Currency-denominated Term Loans and Securities				
Unsecured US Dollar Term Loan	ICTSI	2029	Fixed[a]	297,851
Secured AUD Bond	VICT	2039	Fixed	270,261
Secured US Dollar Term Loan	IGFBV	2026	Fixed[a]	257,212
Secured PHP Term Loan	MHCPSI	2029[b]	Floating	87,790
Secured US Dollar Term Loans	IDRC	2025	Fixed	18,000
Secured PGK Term Loan	SPICTL	2024-2026	Floating	9,916
Secured PGK Term Loan	MITL	2024-2026	Floating	4,503
Secured US Dollar Term Loans	CGSA	2027	Fixed	5,481
Secured NGN Term Loan	ICTSI Nigeria	2028	Floating	2,717
Secured BRL Term Loans	CLIA Pouso Alegre	2024-2027	Fixed	738
				2,030,610

(Forward)

(In thousands)	Company	Final Maturity	Interest Rate	Amount
Short-term Debt				
Secured USD Loan[c]	ICTSI Ltd.	2024	Fixed	US$134,200
Unsecured PGK Loan	MITL	2024	Floating	2,681
Unsecured PGK Loan	SPICTL	2024	Floating	2,681
				139,562
Total Debt				2,170,172
Effect of business combination [c]				1,817
Carrying Value of Debt				2,171,989
Less current portion and short-term [c]				181,952
Long-term debt, net of current portion				**US$1,990,037**

[a] *Under interest rate swap agreements*
[b] *Restructured and refinanced on April 11, 2022 by a Php6.35 billion loan with a final maturity date of March 14, 2029.*
[c] *Includes the carrying value of the difference between the fair value and the book value of the debt at business combination*

The table below is a summary of long-term debt maturities, gross of unamortized debt issuance cost, of the Group as at December 31, 2023:

TABLE 19 Outstanding Debt Maturities

(In thousands)	Amount
2024	US$42,753
2025	438,356
2026	275,553
2027	65,374
2028 and onwards	1,238,809
Total	US$2,060,845

The duration of the Group's long-term debt was extended by the liability management exercises (LME) undertaken by the Group including the recent LME, project finance loan refinancing at VICT, and loan restructuring at MHCPSI executed in November 2021, December 2021 and April 2022, respectively. In addition, the Group refinanced US$300.0 million of its short-term and 18-month term loans to a six-year term loan. As a result of these transactions, 77% of the Group's long-term debt will mature in 2026 and beyond.

Discussion on outstanding loans is further disclosed in Note 16, *Long-term Debt* and Note 18, *Loans Payable* to the 2023 Annual Audited Consolidated Financial Statements.

Loan Covenants

The loans from local and foreign banks impose certain restrictions with respect to corporate reorganization, disposition of all or a substantial portion of ICTSI's and subsidiaries' assets, acquisitions of futures or stocks, and extending loans to others, except in the ordinary course of business. ICTSI is also required to comply with a specified financial ratio relating to their debt to EBITDA up to 4 times when incurring additional debt.

There was no material change in the covenants related to the Group's long-term debts. As at December 31, 2023, ICTSI and subsidiaries were in compliance with their loan covenants.

There were no other significant transactions pertaining to the Group's long-term debt as at December 31, 2023, except as discussed above.

Equity Financing

Perpetual Capital Securities

RCBV engaged in a series of financial transactions involving the issuance, redemption, and consolidation of Senior Guaranteed Perpetual Capital Securities ("Securities") with interest rates ranging from 4.875 percent to 6.25 percent. These Securities are unconditionally and irrevocably guaranteed by ICTSI and were used to refinance existing debts, fund capital expenditures, and support general corporate purposes.

As at December 31, 2023 the carrying value of the perpetual capital securities amounted to US$583.2 million. For further details, please refer to Note 15, *Equity* to the 2023 Annual Audited Consolidated Financial Statements.

RISKS

ICTSI and its subsidiaries' geographically diverse operations expose the Group to various market risks, particularly foreign exchange risk, interest rate risk and liquidity risk, which movements may materially impact the financial results of the Group. The importance of managing these risks has significantly increased in light of the heightened volatility in both the Philippine and international financial markets.

With a view to managing these risks, the Group has incorporated a financial risk management function in its organization, particularly in the treasury operations.

FOREIGN EXCHANGE RISK

The Group has geographically diverse operations and transacts in currencies other than its functional currency. Consequently, the Group is exposed to the risk of fluctuation of the exchange rates between the US dollar and other local currencies such as PHP, MXN, AUD, BRL and EUR that may adversely affect its results of operations and financial position. The Group attempts to match its revenues and expenses whenever possible and, from time to time, engages in hedging activities. Changes in exchange rates affect the US dollar value of the Group's revenues and costs that are denominated in foreign currencies. The group also enters into cross currency swap agreements in order to manage its exposure to fluctuations in the net investments in its subsidiaries denominated in foreign currencies.

The Group's non-US dollar currency-linked revenues was 57.3 percent and 58.3 percent of gross revenues for the periods ended December 31, 2022 and 2023, respectively. Foreign currency-linked revenues include the following: (1) arrastre charges of MICT; and (2) non-US dollar revenues of international subsidiaries. ICTSI incurs expenses in foreign currency for the operating and start up requirements of its international subsidiaries. Concession fees payable to port authorities in certain countries are either denominated in or linked to the US dollar.

The below table provides the currency breakdown of the Group's revenue for the year ended December 31, 2023:

TABLE 20 Revenue Currency Profile

Subsidiary	USD/EUR Composition	Local Currency
ICTSI	46% USD	54% PHP
SBITC/ICTSI Subic	39% USD	61% USD
MICTSI	16% USD	84% PHP
SCIPSI		100% PHP
LGICT	22% USD	78% PHP
BIPI		100% PHP
CGT		100% PHP
MNHPI		100% PHP
SBI		100% PHP
CLI		100% PHP
VICT		100% AUD
PNG		100% PGK
YICT		100% RMB
OJA	71% USD	29% IDR
PTMTS		100% IDR
EJMT		100% IDR
CMSA	20% USD	80% MXN
CM Logista		100% MXN
CGSA	100% USD	
OPC	100% USD	
TSSA		100% BRL
ICTSI Rio	46% USD	54% BRL
IRB Logistica		100% BRL
CLIA Pouso Alegre		100% BRL
TecPlata	100% USD	
ICTSI Iraq	64% USD	36% IQD
IDRC	100% USD	
MICTSL	100% EUR	
BCT	65% USD/5% EUR	30% PLN
AGCT	100% EUR	
BICTL	100% USD	
KMT		100% XAF*
PICT	81% USD	19% PKR
ICTSI Nigeria	50% USD	50% NGN

**XAF pegged to the EURO*

INTEREST RATE RISK
The Group's exposure to market risk for changes in interest rates (cash flow interest rate risk) relates primarily to the Group's bank loans and is addressed by a periodic review of the Group's debt mix with the objective of reducing interest cost and maximizing available loan terms. The Group also enters into interest rate swap agreements in order to manage its exposure to interest rate fluctuations.

LIQUIDITY RISK
The Group manages its liquidity profile to be able to finance its working capital and capital expenditure requirements through internally generated cash and proceeds from debt and/or equity. As part of the liquidity risk management, the Group maintains strict control of its cash and makes sure that excess cash held by subsidiaries are up streamed timely to the Parent Company. The Group also monitors the receivables and payables turnover to ensure that these are at optimal levels. In addition, it regularly evaluates its projected and actual cash flow information and continually assesses the conditions in the financial market to pursue fund raising initiatives. These initiatives may include accessing bank loans, project finance facilities and the debt capital markets.

ICTSI monitors and maintains a level of cash and cash equivalents and bank credit facilities deemed adequate to finance the Group's operations, ensure continuity of funding and to mitigate the effects of fluctuations in cash flows.

There are no other known trends, demands, commitments, events or uncertainties that will materially affect the company's liquidity.

Consolidated Financial Statements
The Group's 2023 consolidated financial statements and accompanying notes are incorporated herein by reference.

Changes in and Disagreements with Accountants of Accounting and Financial Disclosure
There were no changes or disagreements with ICTSI's external auditors, SyCip Gorres Velayo & Co. (a member firm of Ernst & Young Global Limited), on accounting and financial statement disclosures.

INFORMATION ON INDEPENDENT ACCOUNTANT

The principal external auditor is the SyCip Gorres Velayo & Co. (SGV & Co.), a member firm of Ernst & Young (EY) Global Limited. The Group has engaged Mr. Roel E. Lucas, partner of SGV & Co., for the audit of the Group's books and accounts in 2023.

EXTERNAL AUDIT FEES AND SERVICES

Amounts received or due and receivable by the Group's external auditors relating to professional services rendered for the last three years are as follows (in thousands):

	2021	2022	**2023**
Audit Fees	US$1,469.3	US$1,511.2	**US$1,511.9**
Audit-related Fees	406.2	54.3	**46.1**
Tax Fees	238.9	239.0	**220.0**
Other Fees	87.7	167.1	**78.4**

Audit Fees include the audit of the Group's annual financial statements.

Audited-related Fees include the review of interim financial statements and issuance of comfort letters for the capital market raising transactions of the Group.

Tax fees paid to SGV & Co./EY are for tax compliance, tax advisory services and transfer-pricing studies.

Other fees include due diligence services related to business development, sustainability reporting, studies and other various one-time engagements.

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 20, 2023.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of International Container Terminal Services, Inc. (the Company) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as of and for the years ended December 31, 2021, 2022 and 2023, in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, have audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

SIGNATURE REDACTED

Enrique K. Razon, Jr.
Chairman and President

SIGNATURE REDACTED

Emilio Manuel V. Pascua
Senior Vice President, Chief Financial Officer, and Chief Risk Officer

SIGNATURE REDACTED

Arlyn L. McDonald
Vice President, Global Financial Controller

Signed this 28th day of February 2024.

CONSOLIDATED FINANCIAL STATEMENTS

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
International Container Terminal Services, Inc.

OPINION

We have audited the consolidated financial statements of International Container Terminal Services, Inc. (ICTSI) and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2021, 2022 and 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, 2022 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

BASIS FOR OPINION

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Impairment Testing of Goodwill and Nonfinancial Assets with Impairment Indicators
Under PFRSs, the Group is required to annually perform an impairment test of the carrying amounts of its goodwill. When indicators of impairment exist, the Group is also required to test for impairment its other nonfinancial assets. The impairment testing is significant to our audit because the carrying amount of goodwill and nonfinancial assets with impairment indicators of certain subsidiaries aggregating to US$168.1 million as of December 31, 2023 is material to the consolidated financial statements. In addition, management's assessment process involves significant judgment and estimation based on assumptions which are affected by market or economic conditions in the country where the cash-generating unit (CGU) operates. For value-in-use calculation of certain CGUs, the assumptions used in the forecasted free cash flows include forecasted revenue growth, earnings before interest, tax, depreciation and amortization (EBITDA) margins at the CGU level, capital expenditures and weighted average cost of capital.

The Group's disclosures about the impairment testing of goodwill and other nonfinancial assets are included in Notes 3, 10 and 11 to the consolidated financial statements.

Audit Response
We involved our internal specialist to assist us in evaluating the assumptions and methodologies used by the Group in determining recoverable amount, which is the higher of value-in-use and fair value less costs of disposal. For the value-in-use calculation of CGUs, the assumptions used in the forecasted free cash flows include revenue growth, EBITDA margins at the CGU level, capital expenditures and weighted average cost of capital. We reviewed the bases and assumptions for estimates of free cash flows, particularly those relating to the forecasted revenue growth and EBITDA margins at the CGU level, by comparing against historical performance of the CGU, or comparable country, regional or global market data or against the historical performance of other subsidiaries of the Group in the region. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of the goodwill and other nonfinancial assets. We also tested the mathematical accuracy of the calculation.

Recognition and Measurement of Deferred Income Taxes
The Group operates port terminals in nineteen (19) countries through several domestic and foreign subsidiaries that are governed by varying and complex income tax laws and regulations. Accordingly, management's assessment process for the recognition and measurement of deferred tax assets and liabilities involves the exercise of significant judgments and estimations using assumptions that are sensitive to future market or economic conditions as well as the forecasted performance of the relevant subsidiaries in the Group. As of December 31, 2023, the Group recognized deferred tax assets amounting to US$408.7 million and deferred tax liabilities amounting to US$273.5 million.

The Group's disclosures about deferred tax assets and liabilities are included in Notes 3 and 22 to the consolidated financial statements.

Audit Response
We involved our internal specialists in the countries where the Group's port terminals are located to review management's recognition and calculations of deferred taxes. We reviewed the management's assessment on the availability of future taxable income in reference to financial forecasts and tax planning strategies to support the realizability of the amounts recognized. We evaluated management's forecasts by comparing revenue growth and EBITDA margins. We reviewed the bases and assumptions for estimates of future taxable income, in particular those relating to the forecasted revenue growth and EBITDA margins, which we compared against historical performance and available comparable market data. We also reviewed the timing of the reversal of future taxable and deductible temporary differences. We also reviewed the bases for recognition of deferred tax liabilities on undistributed cumulative earnings of certain subsidiaries by reviewing the historical and forecasted dividend declaration made by those subsidiaries.

Other Information
Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2023 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20 IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2023, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Roel E. Lucas.

SYCIP GORRES VELAYO & CO.

Roel E. Lucas

Roel E. Lucas
Partner
CPA Certificate No. 98200
Tax Identification No. 191-180-015
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-095-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10079958, January 6, 2024, Makati City

February 28, 2024

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	As at December 31		
	2021	2022	**2023**
ASSETS			
Noncurrent Assets			
Intangibles (Notes 1, 5 and 25)	US$2,077,304,536	US$2,407,343,955	**US$2,389,063,462**
Property and equipment (Notes 1, 6, and 16)	1,510,840,297	1,655,697,582	**1,845,693,951**
Right-of-use assets (Notes 1, 7 and 25)	664,266,147	723,831,838	**916,366,357**
Investment properties (Note 8)	6,374,130	5,809,337	**5,633,749**
Investments in and advances to joint ventures and associate (Notes 1, 9 and 23)	449,201,522	250,265,699	**271,502,661**
Deferred tax assets (Note 22)	337,753,614	392,885,603	**408,653,279**
Other noncurrent assets (Notes 1, 10, 27 and 28)	323,172,170	352,988,089	**195,859,476**
Total Noncurrent Assets	5,368,912,416	5,788,822,103	**6,032,772,935**
Current Assets			
Cash and cash equivalents (Notes 1,12,27 and 28)	657,593,529	838,939,670	**716,104,043**
Receivables (Notes 1, 13, 27 and 28)	135,012,389	157,911,285	**182,507,225**
Spare parts and supplies (Note 1)	42,166,135	52,868,258	**55,822,377**
Prepaid expenses and other current assets (Notes 1, 14, 27 and 28)	62,775,308	207,450,090	**247,454,041**
Derivative assets (Notes 27 and 28)	–	7,628,298	**10,198,303**
Total Current Assets	897,547,361	1,264,797,601	**1,212,085,989**
	US$6,266,459,777	US$7,053,619,704	**US$7,244,858,924**
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Parent			
Capital stock:			
Preferred stock (Note 15)	US$236,222	US$236,222	**US$236,222**
Common stock (Note 15)	67,330,188	67,330,188	**67,330,188**
Additional paid-in capital (Notes 15 and 20)	572,814,879	573,980,749	**577,430,605**
Cost of shares held by subsidiaries (Note 15)	(72,492,481)	(72,492,481)	**(72,492,481)**
Treasury shares (Notes 15 and 20)	(12,481,187)	(39,991,203)	**(38,330,159)**
Excess of consideration over the carrying value of non-controlling interests acquired or disposed (Notes 1 and 15)	(171,875,534)	(172,684,906)	**(169,922,520)**
Retained earnings (Note 15)	346,227,001	687,449,513	**799,685,565**
Perpetual capital securities (Note 15)	795,224,279	583,162,965	**583,162,965**
Other comprehensive loss - net (Notes 9, 10, 15, 24 and 27)	(203,295,485)	(198,410,686)	**(154,358,265)**
Total equity attributable to equity holders of the parent	1,321,687,882	1,428,580,361	**1,592,742,120**
Equity Attributable to Non-controlling Interests (Note 15)	189,891,121	298,091,602	**312,425,668**
Total Equity	1,511,579,003	1,726,671,963	**1,905,167,788**
Noncurrent Liabilities			
Long-term debt - net of current portion (Notes 1, 6, 16, 27 and 28)	2,068,771,450	1,693,953,701	**1,990,036,959**
Concession rights payable - net of current portion (Notes 1, 25, 27 and 28)	711,846,090	740,188,980	**742,334,740**
Lease liabilities - net of current portion (Notes 1, 7, 25 and 28)	1,253,371,229	1,328,112,398	**1,571,022,387**
Deferred tax liabilities (Notes 1 and 22)	182,930,636	262,345,660	**273,522,534**
Other noncurrent liabilities (Notes 1, 17, 24, 27 and 28)	41,844,164	36,517,230	**47,157,301**
Total Noncurrent Liabilities	4,258,763,569	4,061,117,969	**4,624,073,921**
Current Liabilities			
Loans payable (Notes 18, 27 and 28)	5,032,970	337,020,000	**139,562,649**
Accounts payable and other current liabilities (Notes 1, 19, 23, 27 and 28)	321,863,798	392,329,036	**412,135,523**
Current portion of long-term debt (Notes 1, 6, 16, 27 and 28)	76,836,083	439,893,717	**42,389,052**
Current portion of concession rights payable (Notes 1, 25, 27 and 28)	11,188,766	14,227,765	**14,682,499**
Current portion of lease liabilities (Notes 1, 7, 25 and 28)	29,223,519	25,585,758	**41,877,334**
Income tax payable (Notes 1 and 22)	46,411,741	56,773,496	**64,970,158**
Derivative liabilities (Notes 17, 27 and 28)	5,560,328	–	**–**
Total Current Liabilities	496,117,205	1,265,829,772	**715,617,215**
Total Liabilities	4,754,880,774	5,326,947,741	**5,339,691,136**
	US$6,266,459,777	US$7,053,619,704	**US$7,244,858,924**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2021	2022	**2023**
INCOME			
Gross revenues from port operations (Notes 4 and 25)	US$1,865,020,500	US$2,242,991,855	**US$2,388,326,383**
Interest income (Notes 12 and 23)	22,213,250	39,052,181	**57,976,544**
Foreign exchange gain (Note 28)	8,109,442	14,471,422	**10,489,189**
Equity in net profit of joint ventures and an associate - net (Note 9)	–	1,986,758	**–**
Other income (Notes 1 and 21)	29,834,168	18,995,870	**23,087,457**
	1,925,177,360	2,317,498,086	**2,479,879,573**
EXPENSES			
Port authorities' share in gross revenues (Notes 1, 7, 21 and 23)	202,638,705	221,604,018	**220,008,757**
Manpower costs (Notes 20, 23 and 24)	268,452,620	299,779,275	**329,115,205**
Equipment and facilities-related expenses (Notes 7 and 23)	127,624,643	166,227,979	**167,836,512**
Administrative and other operating expenses (Notes 7 and 23)	127,247,842	146,107,794	**165,752,389**
Depreciation and amortization (Notes 5, 6, 7 and 8)	246,993,685	266,717,816	**294,431,515**
Interest expense and financing charges on borrowings (Notes 16 and 18)	118,483,773	126,470,885	**140,332,636**
Interest expense on concession rights payable	58,255,441	62,698,820	**64,518,959**
Interest expense on lease liabilities (Note 7)	114,298,044	119,722,451	**133,793,311**
Equity in net loss of joint ventures and an associate - net (Note 9)	350	–	**9,808,724**
Foreign exchange loss (Note 28)	7,164,303	6,473,690	**17,186,101**
Impairment losses on goodwill and other nonfinancial assets (Notes 5, 10 and 11)	6,701,426	16,013,234	**165,303,485**
Other expenses (Notes 21 and 23)	45,357,429	55,557,666	**24,249,937**
	1,323,218,261	1,487,373,628	**1,732,337,531**
CONSTRUCTION REVENUE (EXPENSE) (Note 25)			
Construction revenue	61,944,312	61,520,936	**65,270,968**
Construction expense	(61,944,312)	(61,520,936)	**(65,270,968)**
	–	–	**–**
INCOME BEFORE INCOME TAX	601,959,099	830,124,458	**747,542,042**
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 22)			
Current	139,857,135	176,547,020	**176,007,041**
Deferred	(15,440,479)	(23,889,387)	**(9,591,354)**
	124,416,656	152,657,633	**166,415,687**
NET INCOME	US$477,542,443	US$677,466,825	**US$581,126,355**
Attributable To			
Equity holders of the parent	US$428,568,591	US$618,464,708	**US$511,529,938**
Non-controlling interests	48,973,852	59,002,117	**69,596,417**
	US$477,542,443	US$677,466,825	**US$581,126,355**
Earnings Per Share (Note 29)			
Basic	US$0.181	US$0.287	**US$0.238**
Diluted	0.181	0.287	**0.237**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2021	2022	**2023**
NET INCOME FOR THE YEAR	US$477,542,443	US$677,466,825	**US$581,126,355**
OTHER COMPREHENSIVE INCOME (LOSS)			
Items to be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations' financial statements (Note 15)	(34,297,719)	(27,708,042)	**51,067,754**
Net change in unrealized mark-to-market values of derivatives (Notes 15 and 27)	24,289,950	29,412,771	**(12,109,652)**
Net unrealized mark-to-market gain on financial assets at FVOCI (Notes 10 and 15)	394,483	335,578	**396,624**
Net unrealized gain removed from equity and transferred to profit or loss (Note 27)	5,766,664	–	**91,721**
Share of other comprehensive income (loss) of joint ventures (Notes 9 and 15)	(8,972,613)	(14,686,719)	**1,876,729**
Income tax relating to components of other comprehensive loss (Note 27)	(4,861,888)	(4,145,874)	**3,033,798**
	(17,681,123)	(16,792,286)	**44,356,974**
Items not to be reclassified to profit or loss in subsequent periods			
Share of other comprehensive income of joint ventures (Notes 9 and 15)	46,764	124,037	**20,310**
Remeasurement gains (losses) on defined benefit plans - net of tax (Notes 15 and 24)	(420,211)	178,002	**(964,905)**
	(373,447)	302,039	**(944,595)**
	(18,054,570)	(16,490,247)	**43,412,379**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	US$459,487,873	US$660,976,578	**US$624,538,734**
Attributable To			
Equity holders of the parent	US$410,341,902	US$623,349,507	**US$555,582,359**
Non-controlling interests	49,145,971	37,627,071	**68,956,375**
	US$459,487,873	US$660,976,578	**US$624,538,734**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2021, 2022 and 2023

	Attributable to Equity Holders of the Parent (Note 15)												
	Preferred Stock	Common Stock	Additional Paid-in Capital	Preferred Shares Held by a Subsidiary	Common Shares Held by a Subsidiary	Treasury Shares	Excess of Consideration over the Carrying Value of Non-controlling Interests acquired or disposed	Retained Earnings	Perpetual Capital Securities	Other Comprehensive Loss - net	Total	Attributable to Non-controlling Interests	Total Equity
Balance at December 31, 2020	US$236,222	US$67,330,188	US$570,438,593	(US$72,492,481)	(US$11,182,979)	(US$4,431,257)	(US$147,925,144)	US$216,934,369	US$1,246,777,033	(US$185,068,796)	US$1,680,615,748	US$181,003,826	US$1,861,619,574
Net income for the year	–	–	–	–	–	–	–	428,568,591	–	–	428,568,591	48,973,852	477,542,443
Other comprehensive income (Note 15)	–	–	–	–	–	–	–	–	–	(18,226,689)	(18,226,689)	172,119	(18,054,570)
Total comprehensive income for the year	–	–	–	–	–	–	–	428,568,591	–	(18,226,689)	410,341,902	49,145,971	459,487,873
Cash dividends (Note 15)	–	–	–	–	–	–	–	(205,881,257)	–	–	(205,881,257)	(28,461,788)	(234,343,045)
Share-based payments (Note 20)	–	–	5,713,209	–	–	–	–	–	–	–	5,713,209	–	5,713,209
Issuance of treasury shares for share-based payments (Notes 15 and 20)	–	–	(3,336,923)	–	–	3,336,923	–	–	–	–	–	–	–
Acquisition of ICTSI shares held by a subsidiary (Note 15.3)	–	–	–	–	11,182,979	(11,386,853)	–	–	–	–	(203,874)	–	(203,874)
Acquisition/disposal of NCI (Note 15.4)	–	–	–	–	–	–	(23,950,390)	–	–	–	(23,950,390)	(11,796,888)	(35,747,278)
Redemption and repurchase of perpetual capital securities (Note 15)	–	–	–	–	–	–	–	(32,202,064)	(451,552,754)	–	(483,754,818)	–	(483,754,818)
Distributions on perpetual capital securities (Note 15)	–	–	–	–	–	–	–	(61,192,638)	–	–	(61,192,638)	–	(61,192,638)
Balance at December 31, 2021	US$236,222	US$67,330,188	US$572,814,879	(US$72,492,481)	US$–	(US$12,481,187)	(US$171,875,534)	US$346,227,001	US$795,224,279	(US$203,295,485)	US$1,321,687,882	US$189,891,121	US$1,511,579,003
Balance at December 31, 2021	US$236,222	US$67,330,188	US$572,814,879	(US$72,492,481)	US$–	(US$12,481,187)	(US$171,875,534)	US$346,227,001	US$795,224,279	(US$203,295,485)	US$1,321,687,882	US$189,891,121	US$1,511,579,003
Net income for the year	–	–	–	–	–	–	–	618,464,708	–	–	618,464,708	59,002,117	677,466,825
Other comprehensive income (Note 15)	–	–	–	–	–	–	–	–	–	4,884,799	4,884,799	(21,375,046)	(16,490,247)
Total comprehensive income for the year	–	–	–	–	–	–	–	618,464,708	–	4,884,799	623,349,507	37,627,071	660,976,578
Cash dividends (Note 15)	–	–	–	–	–	–	–	(237,686,841)	–	–	(237,686,841)	(62,666,114)	(300,352,955)
Share-based payments (Note 20)	–	–	5,466,020	–	–	–	–	–	–	–	5,466,020	–	5,466,020
Issuance of treasury shares for share-based payments (Notes 15 and 20)	–	–	(4,300,150)	–	–	4,300,150	–	–	–	–	–	–	–
Acquisition of treasury shares (Note 15)	–	–	–	–	–	(31,810,166)	–	–	–	–	(31,810,166)	–	(31,810,166)
Acquisition/disposal of NCI (Note 15.4)	–	–	–	–	–	–	(809,372)	–	–	–	(809,372)	(2,206,025)	(3,015,397)
Consolidation of MNHPI (Note 1.4)	–	–	–	–	–	–	–	–	–	–	–	136,123,613	136,123,613
Disposal of HIPS (Note 1.5)	–	–	–	–	–	–	–	–	–	–	–	(678,064)	(678,064)
Redemption of perpetual capital securities (Note 15)	–	–	–	–	–	–	–	(10,528,677)	(212,061,314)	–	(222,589,991)	–	(222,589,991)
Distributions on perpetual capital securities (Note 15)	–	–	–	–	–	–	–	(29,026,678)	–	–	(29,026,678)	–	(29,026,678)
Balance at December 31, 2022	US$236,222	US$67,330,188	US$573,980,749	(US$72,492,481)	US$–	(US$39,991,203)	(US$172,684,906)	US$687,449,513	US$583,162,965	(US$198,410,686)	US$1,428,580,361	US$298,091,602	US$1,726,671,963
Balance at December 31, 2022	**US$236,222**	**US$67,330,188**	**US$573,980,749**	**(US$72,492,481)**	**US$–**	**(US$39,991,203)**	**(US$172,684,906)**	**US$687,449,513**	**US$583,162,965**	**(US$198,410,686)**	**US$1,428,580,361**	**US$298,091,602**	**US$1,726,671,963**
Net income for the year	–	–	–	–	–	–	–	**511,529,938**	–	–	**511,529,938**	**69,596,417**	**581,126,355**
Other comprehensive income (Note 15)	–	–	–	–	–	–	–	–	–	**44,052,421**	**44,052,421**	**(640,042)**	**43,412,379**
Total comprehensive income for the year	–	–	–	–	–	–	–	**511,529,938**	–	**44,052,421**	**555,582,359**	**68,956,375**	**624,538,734**
Cash dividends (Note 15)	–	–	–	–	–	–	–	**(370,267,208)**	–	–	**(370,267,208)**	**(59,387,555)**	**(429,654,763)**
Share-based payments (Note 20)	–	–	**6,175,103**	–	–	–	–	–	–	–	**6,175,103**	–	**6,175,103**
Issuance of treasury shares for share-based payments (Notes 15 and 20)	–	–	**(2,725,247)**	–	–	**2,725,247**	–	–	–	–	–	–	–
Acquisition of treasury shares (Note 15.1)	–	–	–	–	–	**(1,064,203)**	–	–	–	–	**(1,064,203)**	–	**(1,064,203)**
Acquisition/disposal of NCI (Note 15.4)	–	–	–	–	–	–	**2,762,386**	–	–	–	**2,762,386**	**(1,397,386)**	**1,365,000**
Acquisition of CLIA Pouso Alegre (Note 1.4)	–	–	–	–	–	–	–	–	–	–	–	**6,162,632**	**6,162,632**
Distributions on perpetual capital securities (Note 15)	–	–	–	–	–	–	–	**(29,026,678)**	–	–	**(29,026,678)**	–	**(29,026,678)**
Balance at December 31, 2023	**US$236,222**	**US$67,330,188**	**US$577,430,605**	**(US$72,492,481)**	**US$–**	**(US$38,330,159)**	**(US$169,922,520)**	**US$799,685,565**	**US$583,162,965**	**(US$154,358,265)**	**US$1,592,742,120**	**US$312,425,668**	**US$1,905,167,788**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2021	2022	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	US$601,959,099	US$830,124,458	**US$747,542,042**
Adjustments for:			
Depreciation and amortization (Notes 5, 6, 7 and 8)	246,993,685	266,717,816	**294,431,515**
Interest expense on:			
Borrowings (Notes 16 and 18)	118,483,773	126,470,885	**140,332,636**
Lease liabilities (Note 7)	114,298,044	119,722,451	**133,793,311**
Concession rights payable	58,255,441	62,698,820	**64,518,959**
Loss (gain) on:			
Sale of a subsidiary (Note 1.5)	–	(2,238,020)	**–**
Disposal of property and equipment - net	(1,140,608)	(174,928)	**1,628,370**
Write-off of debt issuance costs and other non-cash expenses (Notes 16 and 21)	4,127,604	13,382,990	**–**
Interest income (Notes 12 and 23)	(22,213,250)	(39,052,181)	**(57,976,544)**
Impairment losses on goodwill and nonfinancial assets (Notes 5, 10 and 11)	6,701,426	16,013,234	**165,303,485**
Share-based payments (Notes 15 and 20)	4,658,910	5,622,324	**6,268,329**
Unrealized foreign exchange loss (gain)	4,740,489	(2,551,806)	**6,606,006**
Equity in net loss (profit) of joint ventures and an associate - net (Note 9)	350	(1,986,758)	**9,808,724**
Dividend income	(4,619)	(3,774)	**(4,534)**
Unrealized mark-to-market gain on derivatives	–	(1,156,578)	**–**
Operating income before changes in working capital	1,136,860,344	1,393,588,933	**1,512,252,299**
Decrease (increase) in:			
Receivables	(18,836,365)	(8,442,106)	**(22,026,495)**
Spare parts and supplies	(4,669,614)	(6,164,644)	**(3,244,021)**
Prepaid expenses and other current assets	6,437,254	4,354,714	**(6,117,697)**
Increase (decrease) in:			
Accounts payable and other current liabilities	(23,845,493)	55,201,612	**(7,217,157)**
Retirement liabilities	135,221	1,550,747	**(571,643)**
Cash generated from operations	1,096,081,347	1,440,089,256	**1,473,075,286**
Income taxes paid	(148,893,744)	(164,992,158)	**(172,615,991)**
Net cash flows provided by operating activities	947,187,603	1,275,097,098	**1,300,459,295**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Note 6)	(88,908,050)	(237,890,068)	**(207,678,271)**
Intangible assets, including upfront costs deposit (Notes 5 and 10)	(58,679,194)	(100,728,821)	**(74,930,298)**
Subsidiaries (Note 1)	(10,327,920)	–	**(13,881,550)**
Effect of business combination (Note 1.4)	–	18,795,894	**–**
Proceeds from disposal of:			
Property and equipment	2,304,206	2,515,926	**891,516**
A subsidiary (Note 1.5)	–	2,457,007	**–**

(Forward)

	Years Ended December 31		
	2021	2022	**2023**
Interest received	13,170,151	26,487,794	**44,050,082**
Payments for concession rights	(15,852,803)	(15,242,339)	**(21,334,293)**
Dividends received	4,619	3,774	**4,434**
Decrease (increase) in:			
Other noncurrent assets	10,326,439	(85,325,040)	**(42,026,111)**
Short-term investments and restricted cash	(6,200,000)	(136,742,700)	**(3,475,332)**
Advances to a joint venture	7,778,416	7,326,135	**396,065**
Net cash flows used in investing activities	(146,384,136)	(518,342,438)	**(317,983,758)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Long-term borrowings (Note 16)	US$502,659,083	US$89,379,573	**US$432,839,358**
Short-term borrowings (Note 18)	20,089,437	475,336,862	**464,843,618**
Payments of:			
Dividends (Note 15)	(234,172,713)	(299,039,343)	**(428,241,674)**
Redemption and repurchase of perpetual capital securities (Note 15)	(483,754,818)	(222,589,991)	**–**
Interest on lease liabilities and concession rights payable	(165,380,039)	(178,360,627)	**(198,130,404)**
Short-term borrowings (Note 18)	(17,901,985)	(140,114,944)	**(666,842,000)**
Interest on borrowings	(112,491,661)	(115,156,889)	**(119,269,603)**
Long-term borrowings (Note 16)	(253,201,385)	(79,273,544)	**(543,985,586)**
Lease liabilities (Note 7)	(17,975,380)	(33,661,990)	**(32,031,514)**
Distributions on perpetual capital securities (Note 15)	(61,192,638)	(29,026,678)	**(29,026,678)**
Purchase of treasury shares (Note 15)	–	(31,810,166)	**(1,064,203)**
Acquisition of non-controlling interests (Note 15)	(35,747,278)	(3,015,397)	**–**
Decrease in other noncurrent liabilities	(7,794,813)	(1,923,385)	**696,260**
Cost of acquiring ICTSI shares from a subsidiary (Note 15)	(203,874)	–	**–**
Net cash flows used in financing activities	(867,068,064)	(569,256,519)	**(1,120,212,426)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(10,973,654)	(6,152,000)	**14,901,262**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(77,238,251)	181,346,141	**(122,835,627)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	734,831,780	657,593,529	**838,939,670**
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 12)	US$657,593,529	US$838,939,670	**US$716,104,043**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

1.1 General

International Container Terminal Services, Inc. (ICTSI or the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on December 24, 1987. The registered office address of the Parent Company is ICTSI Administration Building, Manila International Container Terminal (MICT) South Access Road, Manila. ICTSI's common shares are publicly traded in the Philippine Stock Exchange (PSE).

The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors (the Board) on February 28, 2024.

1.2 Port Operations

ICTSI and its subsidiaries (collectively referred to as "the Group") entered into various concessions of port operations which include development, management, and operation of container terminals and related facilities around the world. As at February 28, 2024, the Group is involved in 32 terminal operations, including concessions and port development projects, in 19 countries worldwide. There are nine terminal operations in the Philippines (including an inland container terminal, a barge terminal and combined terminal operations in Subic), four in Brazil (including an intermodal rail ramp terminal and a Customs-bonded facility), two in Papua New Guinea (PNG), one each in China, Indonesia, Ecuador, Poland, Georgia, Madagascar, Croatia, Mexico, Honduras, Iraq, Argentina, Colombia, Democratic Republic (DR) of Congo, Australia, Cameroon and Nigeria; and an existing concession to construct, develop and operate a port in Tuxpan, Mexico.

Concessions for port operations entered into, acquired, extended, disposed and expired during the last three years are summarized below:

<u>Acquisition and Extension of Concessions</u>

Port of Gdynia, Poland. In December 2022, ICTSI, through its subsidiary, Baltic Container Terminal (BCT), signed a new 30-year lease with the Port Authority of Gdynia S.A. (PAGSA). This new lease extends BCT's operation of the multipurpose terminal at Port of Gdynia in Poland from 2023 up to 2053.

Tanjung Pakis Lamongan Public Terminal, East Java, Indonesia. On July 27, 2022, ICTSI signed a Conditional Share Subscription and Purchase Agreement with Indo Port Holding Pte Ltd. and Eastlog Holding Pte Ltd. to acquire majority share ownership up to 66.67% in PT East Java Development (EJD) (see Note 1.4). EJD holds a concession right to operate a multi-purpose terminal in Lamongan Regency, East Java, Indonesia, effective until December 31, 2065.

Port of Toamasina, Madagascar. On December 10, 2021, Madagascar International Container Terminal Services, Ltd. (MICTSL), which operates the port of Toamasina in Madagascar, signed an amendment to its concession agreement with the Société du Port a gestion Autonome de Toamasina extending the term of the concession by 15 years or until October 2040. ICTSI has held the concession since 2005.

South Cotabato, Philippines. On February 20, 2006, the PPA granted South Cotabato Integrated Port Services, Inc. (SCIPSI) a ten-year contract for the exclusive management and operation of arrastre, stevedoring, and other cargo handling services, except porterage, at Makar Wharf, Port of General Santos, General Santos City in the Philippines that expired on February 19, 2016. Thereafter, the PPA granted SCIPSI a series of Hold-over-Authority (HOA) on a temporary basis over the cargo handling services at Makar Wharf, Port of General Santos. On June 19, 2023, the HOA was issued by the PPA with the validity of twelve months from January 1, 2023 up to December 31, 2023 or upon the award of a new contract by the PPA, whichever is earlier, unless cancelled or revoked for reason by the PPA during the validity of the HOA. As at February 28, 2024, SCIPSI continued to operate and has submitted the letter of intent including the requirements for the issuance of a new HOA.

<u>Disposal and Expiration of Concessions</u>

Jakarta, Indonesia. On January 22, 2024, ICTSI, through its wholly owned subsidiary, ICTSI Far East Pte. Ltd. (IFEL), signed a Conditional Share Sale and Purchase Agreement with PT Sarana Kelola Investa in connection with the sale of 80.19% shares of PT ICTSI Jasa Prima Tbk (IJP) for US$2.0 million, the Company's listed subsidiary in Indonesia which owns PT PBM Olah Jasa Andal (OJA), which in turn has an equipment supply cooperation agreement with PT Pelabuhan Indonesia II (Pelindo II) at the Port of Tanjung Priok in Jakarta, Indonesia. The sale of IJP shares closed on February 1, 2024.

Port of Karachi, Pakistan. The concession agreement between Pakistan International Container Terminal Ltd. (PICT) and Karachi Port Trust (KPT), for a period of 21 years, has expired. In June 2023, ICTSI was informed by KPT that PICT's container terminal concession in Karachi, Pakistan will revert to the port authority effective June 18, 2023. Thereafter, PICT has fully transitioned the terminal operations to the new port operator (see Note 5).

Port of Makassar, Indonesia. The extended term of the cooperation agreement between PT Makassar Terminal Services (MTS) and PT Pelabuhan Indonesia IV (Pelindo IV) for the procurement, installation and operation of container loading and unloading equipment at the Makassar Port Container Terminal, South Sulawesi, Indonesia expired on January 31, 2023. The parties mutually agreed not to renew the cooperation agreement. Immediately thereafter, MTS ceased its operations at the Makassar Port Container Terminal.

Hijo Port, Davao, Philippines. Abbotsford Holdings, Inc. (AHI) entered into a share purchase agreement (SPA) with Hijo Resources Corp. (HRC), with AHI selling all its 65% interest in Hijo International Port Services, Inc. (HIPS) to the latter subject to delivery of a bank guarantee, among other conditions. Effective August 31, 2022, the sale was finalized and concluded by both parties (see Note 1.5).

Port of Davao, Davao, Philippines. On April 21, 2006, the PPA granted Davao Integrated Port and Stevedoring Services Corporation (DIPSSCOR) a ten-year contract for cargo handling services at Sasa Wharf, Port of Davao in the Philippines that expired on April 20, 2016. Thereafter, the PPA granted DIPSSCOR a series of HOA on a temporary basis over the cargo handling services at Sasa Wharf, Port of Davao until the PPA has formally given the port terminal management contract for Port of Sasa to a new operator. In June 2022, ICTSI was informed that a notice was issued by the PPA to the new operator to commence with the work and perform the services under the newly awarded port terminal management contract for Port of Sasa. On June 30, 2022, DIPSSCOR has ceased its operations at Sasa Wharf. Immediately thereafter, DIPSSCOR has fully transitioned the operations at Sasa Wharf to the new operator in coordination with the PPA.

1.3 Subsidiaries, Joint Ventures and Associates

				Percentage of Ownership					
				2021		2022		**2023**	
	Place of Incorporation	Nature of Business	Functional Currency	Direct	Indirect	Direct	Indirect	**Direct**	**Indirect**
<u>**Subsidiaries:**</u>									
Asia									
International Container Terminal Holdings, Inc. (ICTHI) and Subsidiaries	Cayman Islands	Holding Company	US Dollar	100.00	–	100.00	–	**100.00**	**–**
ICTSI Ltd.	Bermuda	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Mauritius Ltd.	Mauritius	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Aeolina Investments Limited	British Virgin Islands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Far East Pte. Ltd. (IFEL)	Singapore	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
New Muara Container Terminal Services Sdn Bhd (NMCTS)	Brunei	Port Management	Brunei Dollar	–	100.00	–	100.00	**–**	**100.00**
PT ICTSI Jasa Prima Tbk (IJP) and Subsidiaries	Indonesia	Maritime infrastructure and logistics	US Dollar	–	80.19	–	80.19	**–**	**80.19**
PT PBM Olah Jasa Andal (OJA) (x)	Indonesia	Port Management	US Dollar	–	80.19	–	80.19	**–**	**80.19**
PT Makassar Terminal Services (MTS)(c)	Indonesia	Port Management	Indonesian Rupiah	–	95.00	–	95.00	**–**	**95.00**
PT Container Terminal System Solutions, Inc.	Indonesia	Software Developer	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI (Hong Kong) Limited (IHKL)	Hong Kong	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**

(Forward)

				Percentage of Ownership					
				2021		2022		**2023**	
	Place of Incorporation	Nature of Business	Functional Currency	Direct	Indirect	Direct	Indirect	**Direct**	**Indirect**
Yantai International Container Terminal Ltd. (YICT)	China	Port Management	Renminbi	–	51.00	–	51.00	**–**	**51.00**
Pentland International Holdings, Ltd.	British Virgin Islands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Georgia Corp. (IGC)	Cayman Islands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Global Procurement Ltd.	Bermuda	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Honduras Ltd.	Bermuda	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Ltd. Regional Headquarters	Philippines	Regional Headquarters	Philippine Peso	–	100.00	–	100.00	**–**	**100.00**
Container Terminal de Venezuela Conterven CA (CTVCC)	Venezuela	Holding Company	US Dollar	–	95.00	–	95.00	**–**	**95.00**
Mindanao International Container Terminal Services, Inc. (MICTSI)	Philippines	Port Management	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**
Abbotsford Holdings, Inc. (AHI)	Philippines	Holding Company	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**
Hijo International Port Services, Inc. (HIPS) (j)	Philippines	Port Management	Philippine Peso	–	65.00	–	–	**–**	**–**
Davao Integrated Port and Stevedoring Services Corp. (DIPSSCOR) (m)	Philippines	Port Management	Philippine Peso	–	96.95	–	96.95	**–**	**96.95**
IWI Container Terminal Holdings, Inc. (IWI CTHI)	Philippines	Warehousing	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**
IW Cargo Handlers, Inc.	Philippines	Port Equipment Rental	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Container Terminal Systems Solutions Philippines, Inc.	Philippines	Software Developer	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Bauan International Port, Inc. (BIPI) (d)	Philippines	Port Management	Philippine Peso	–	80.00	–	100.00	**–**	**100.00**
ICTSI Subic, Inc. (ICTSI Subic)	Philippines	Port Management	US Dollar	–	90.50	–	90.50	**–**	**90.50**
Subic Bay International Terminal Holdings, Inc. (SBITHI)	Philippines	Holding Company	US Dollar	90.50	–	90.50	–	**90.50**	**–**
Subic Bay International Terminal Corporation (SBITC)	Philippines	Port Management	US Dollar	–	90.50	–	90.50	**–**	**90.50**
Cordilla Properties Holdings, Inc.	Philippines	Holding Company	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**
South Cotabato Integrated Port Services, Inc. (SCIPSI)	Philippines	Port Management	Philippine Peso	35.82	14.41	35.82	14.41	**35.82**	**14.41**
Manila Harbor Center Port Services, Inc. (MHCPSI) (e)	Philippines	Port Management	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**

(Forward)

				Percentage of Ownership					
				2021		2022		**2023**	
	Place of Incorporation	Nature of Business	Functional Currency	Direct	Indirect	Direct	Indirect	**Direct**	**Indirect**
ICTSI (M.E.) DMCC (ICTSI Dubai)	United Arab Emirates	BDO	US Dollar	100.00	–	100.00	–	**100.00**	**–**
ICTSI EMEA B.V. (IEBV) [formerly ICTSI Capital B.V.]	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Royal Capital B.V. (RCBV)	The Netherlands	Holding Company	US Dollar	–	75.00	–	75.00	**–**	**75.00**
ICTSI Cooperatief U.A. (ICTSI Cooperatief) (n)	The Netherlands	Holding Company	US Dollar	1.00	99.00	–	–	**–**	**–**
ICTSI Treasury B.V. (ITBV)	The Netherlands	Holding Company	US Dollar	–	75.00	–	75.00	**–**	**75.00**
ICTSI Americas B.V. (IABV)	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Africa B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
CMSA B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
SPIA Colombia B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
CGSA B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
SPIA Spain S.L	Spain	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
CGSA Transportadora S.L.	Spain	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Crixus Limited	British Virgin Islands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
VICT	Australia	Port Management	Australian Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Tuxpan B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Global Finance B.V. (IGFBV)	The Netherlands	Holding Company	US Dollar	–	75.00	–	75.00	**–**	**75.00**
ICTSI Oceania B.V. (IOBV)	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Asia Pacific Business Services, Inc. (APBS)	Philippines	Business Process Outsourcing	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Ltd. Regional Operating Headquarters (ROHQ)	Philippines	Regional Operating Headquarters	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Project Delivery Services Co. Pte. Ltd. (y)	Singapore	Port Equipment Sale and Rental	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI QFC LLC	Qatar	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI South Asia Pte. Ltd. (g)	Singapore	Holding Company	US Dollar	–	100.00	–	–	**–**	**–**

(Forward)

				Percentage of Ownership					
				2021		2022		**2023**	
	Place of Incorporation	Nature of Business	Functional Currency	Direct	Indirect	Direct	Indirect	**Direct**	**Indirect**
Laguna Gateway Inland Container Terminal, Inc. (LGICT)	Philippines	Port Management	Philippine Peso	–	60.00	–	60.00	**–**	**60.00**
ICTSI Middle East DMCC	United Arab Emirates	Holding Company	US Dollar	100.00	–	100.00	–	**100.00**	**–**
ICTSI Global Holdings B.V. (formerly ICTSI Global Cooperatief U.A.) [n]	The Netherlands	Holding Company	US Dollar	99.00	1.00	99.00	1.00	**100.00**	**–**
Consultports S.A. de C.V.	Mexico	BDO	Mexican Peso	–	100.00	–	100.00	**–**	**100.00**
Asiastar Consultants Limited	Hong Kong	Management Services	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Cavite Gateway Terminal (CGT)	Philippines	Port Management	Philippine Peso	–	100.00	–	100.00	**–**	**100.00**
Intermodal Terminal Holdings, Inc. (ITH)	Philippines	Holding Company	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**
ICTSI Americas B.V. (Multinational Headquarters)	Panama	BDO	US Dollar	–	100.00	–	100.00	**–**	**100.00**
International South Pacific, Ltd. (ISPL)	Papua New Guinea	Holding Company	Papua New Guinean Kina	–	100.00	–	100.00	**–**	**100.00**
Motukea International Terminal Ltd. (MITL)	Papua New Guinea	Port Management	Papua New Guinean Kina	–	70.00	–	70.00	**–**	**70.00**
South Pacific International Container Terminal Ltd. (SPICTL)	Papua New Guinea	Port Management	Papua New Guinean Kina	–	70.00	–	70.00	**–**	**70.00**
Tungsten RE Ltd.	Bermuda	Insurance Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
PT East Java Development (EJD) [q]	Indonesia	Port Management	Indonesian Rupiah	–	–	66.67	–	**66.67**	**–**
Manila North Harbour Port, Inc. (MNHPI) [r] *(Subsidiary starting September 8, 2022)*	Philippines	Port Management	Philippine Peso	–	–	50.00	–	**50.00**	**–**
Sevilla Brokerage Incorporated (SBI) [s]	Philippines	Customs Broker	Philippine Peso	–	–	–	80.00	**–**	**80.00**
Catalyst Logistics Incorporated (CLI) [t]	Philippines	Freight Forwarder	Philippine Peso	–	–	–	51.00	**–**	**51.00**
ICTSI Africa Headquarters (Pty) Ltd [o]	South Africa	Holding Company	US Dollar	–	–	–	100.00	**–**	**100.00**
ICTSI Durban DMCC [z]	United Arab Emirates	Holding Company	US Dollar	–	–	–	–	**100.00**	**–**
ICTSI Santos DMCC [z]	United Arab Emirates	Holding Company	US Dollar	–	–	–	–	**100.00**	**–**
Europe, Middle East and Africa (EMEA)									
Tartous International Container Terminal, Inc. (TICT)	Syria	Port Management	US Dollar	100.00	–	100.00	–	**100.00**	**–**

(Forward)

				Percentage of Ownership					
				2021		2022		**2023**	
	Place of Incorporation	Nature of Business	Functional Currency	Direct	Indirect	Direct	Indirect	**Direct**	**Indirect**
Madagascar International Container Terminal Services, Ltd. (MICTSL)	Madagascar	Port Management	Euro	–	100.00	–	100.00	**–**	**100.00**
Baltic Container Terminal Ltd. (BCT)	Poland	Port Management	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Adriatic Gate Container Terminal (AGCT)	Croatia	Port Management	Euro	–	51.00	–	51.00	**–**	**51.00**
Batumi International Container Terminal LLC (BICTL)	Georgia	Port Management	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI DR Congo S.A. (IDRC) [f]	DR Congo	Port Management	US Dollar	–	62.00	–	58.00	**–**	**58.00**
ICTSI (M.E.) DMCC Iraq Branch (ICTSI Iraq)	Iraq	Port Management	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Africa Gateway Terminal (AGT) [a]	Sudan	Port Management	Euro	–	100.00	–	100.00	**–**	**100.00**
Kribi Multipurpose Terminal (KMT)	Cameroon	Port Management	XAF	–	75.00	–	75.00	**–**	**75.00**
International Container Terminal Services Nigeria Ltd. [b]	Nigeria	Port Management	US Dollar	–	75.00	–	75.00	**–**	**75.00**
Pakistan International Container Terminal Ltd. (PICT) [i]	Pakistan	Port Management	Pakistani Rupee	–	80.41	–	80.41	**–**	**80.41**
International Container Terminal Services (FZE)	Nigeria	Port Management	Nigerian Naira	–	75.00	–	75.00	**–**	**75.00**
Americas									
Contecon Guayaquil, S.A. (CGSA)	Ecuador	Port Management	US Dollar	51.00	49.00	51.00	49.00	**51.00**	**49.00**
Contecon Manzanillo S.A. (CMSA)	Mexico	Port Management	Mexican Peso	1.00	99.00	1.00	99.00	**1.00**	**99.00**
Tecon Suape, S.A. (TSSA)	Brazil	Port Management	Brazilian Real	51.00	49.00	51.00	49.00	**51.00**	**49.00**
ICTSI Oregon, Inc.	U.S.A	Port Management	US Dollar	–	100.00	–	100.00	**–**	**100.00**
C. Ultramar, S.A.	Panama	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Future Water, S.A.	Panama	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Kinston Enterprise, Inc.	Panama	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
International Ports of South America and Logistics SA	Uruguay	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Tecplata S.A. (Tecplata)	Argentina	Port Management	US Dollar	–	100.00	–	100.00	**–**	**100.00**

(Forward)

	Place of Incorporation	Nature of Business	Functional Currency	2021 Direct	2021 Indirect	2022 Direct	2022 Indirect	**2023 Direct**	**2023 Indirect**
				Percentage of Ownership					
Nuevos Puertos S. A.	Argentina	Holding Company	US Dollar	4.00	96.00	4.00	96.00	**4.00**	**96.00**
Operadora Portuaria Centroamericana, S.A. (OPC)	Honduras	Port Management	US Dollar	30.00	70.00	30.00	70.00	**30.00**	**70.00**
Terminal Maritima de Tuxpan S.A. de C.V. (TMT)	Mexico	Port Management	Mexican Peso	–	100.00	–	100.00	**–**	**100.00**
CMSA Servicios Portuarios SA De CV (CMSA SP)	Mexico	Manpower Services	Mexican Peso	–	100.00	–	100.00	**–**	**100.00**
CMSA Servicios Profesionales Y De Especialistas SA De CV (CMSA SP Especialistas)	Mexico	Manpower Services	Mexican Peso	–	100.00	–	100.00	**–**	**100.00**
Logipuerto S.A.	Ecuador	Logistics Solutions Provider	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Rio Brasil Terminal 1 S.A. (ICTSI Rio)	Brazil	Port Management	Brazilian Real	–	100.00	–	100.00	**–**	**100.00**
IRB Logistica S.A. (previously IRB Logistica Ltda) [w]	Brazil	Rail Ramp Terminal Management	Brazilian Real	–	100.00	–	100.00	**–**	**70.00**
Contecon Manzanillo Logista SA de CV [k]	Mexico	Logistics Solutions Provider	Mexican Peso	–	–	–	100.00	**–**	**100.00**
DF3 Empreendimento S.A (DF3) [l] [w]	Brazil	Real Estate	Brazilian Real	–	–	–	100.00	**–**	**70.00**
IRB Holding Ltda [p]	Brazil	Holding Company	Brazilian Real	–	–	–	100.00	**–**	**100.00**
Armazéns Gerais Sul das Gerais S.A. (CLIA Pouso Alegre) [v]	Brazil	Logistics Solutions Provider	Brazilian Real	–	–	–	–	**–**	**60.00**
Rio Logística Multimodal e Participações Ltda (RLMP) [u]	Brazil	Holding Company	Brazilian Real	–	–	–	–	**–**	**100.00**
Rio Logística e Participações Ltda [u]	Brazil	Holding Company	Brazilian Real	–	–	–	–	**–**	**100.00**
Joint Ventures:									
Sociedad Puerto Industrial Aguadulce SA (SPIA)	Colombia	Port Management	US Dollar	–	49.79	–	49.79	**–**	**49.79**
Falconer Aircraft Management, Inc. (FAMI)	Philippines	Aircraft Management	Philippine Peso	–	49.00	–	49.00	**–**	**49.00**
Aviation Concepts Technical Services,Inc.	Philippines	Aircraft Management	US Dollar	–	49.00	–	49.00	**–**	**49.00**
MNHPI [r] *(Joint venture until September 7, 2022)*	Philippines	Port Management	Philippine Peso	50.00	–	–	–	**–**	**–**

(Forward)

Associate:									
Asiaview Realty and Development Corporation (ARDC)	Philippines	Realty	Philippine Peso	–	49.00	–	49.00	**–**	**49.00**

[a] Established in February 2019 and has not yet started commercial operations as at February 28, 2024
[b] Established in June 2020 and started commercial operations in May 2021; sold 10% stake to minority effective December 31, 2021
[c] Ceased commercial operations effective January 31, 2023
[d] Acquired additional 20% stake on December 23, 2022
[e] Acquired on June 4, 2021
[f] Acquired additional 10% stake in May 2021; sold 4% stake in November 2022
[g] Deregistered from Singapore Accounting and Corporate Regulatory Authority (ACRA) on December 5, 2022
[h] Dissolved effective March 19, 2021
[i] Concession agreement ended on June 17, 2023
[j] Disposed on August 31, 2022
[k] Established in December 2021 and has started commercial operations in August 2022
[l] Acquired on March 10, 2022
[m] Ceased commercial operations effective June 30, 2022.
[n] Effective June 18, 2022, ICTSI Global Cooperatief U.A. was merged with ICTSI Cooperatief U.A, with ICTSI Global Cooperatief U.A. as the surviving entity, and was renamed to ICTSI Global Holdings B.V. effective September 22, 2022
[o] Organized on May 30, 2022
[p] Established on June 21, 2022
[q] Acquired on August 16, 2022
[r] Accounted for as a joint venture until September 7, 2022, and thereafter, as a subsidiary (see Note 1.2)
[s] Acquired 80% shareholdings last October 21, 2022
[t] Incorporated on October 14, 2022 with ICTSI having 51% of the shareholding; started commercial operations in July 2023
[u] Established in September 2023
[v] Acquired 60% shareholdings on September 5, 2023
[w] In July 2023, IRB Holding acquired 70% stake in iTracker Logistica Inteligente Ltda. (iTracker). Effective August 31, 2023, iTracker was merged with IRB Logistica, with IRB Logistica as the surviving entity. On the same date, IRB Logistica disposed 30% stake to noncontrolling interest. Consequently, as a result of IRB Logistica's disposal of 30% stake to noncontrolling interest, ICTSI's effective ownership stake in DF3 also decreased by 30%.
[x] Disposed effective February 1, 2024
[y] Deregistered from Singapore ACRA on November 6, 2023
[z] Established in October 2023

1.4 Purchase Price Allocation

CLIA Pouso Alegre. On September 5, 2023, ICTSI through its newly incorporated wholly-owned subsidiary in Brazil, Rio Logística e Participações Ltda, completed the acquisition of 60% ownership stake in Armazéns Gerais Sul das Gerais S.A. (CLIA Pouso Alegre), an Integrated Customs Logistics Center entity located in the state of Minas Gerais, Brazil.

The provisional fair values of the identifiable assets and liabilities of CLIA Pouso Alegre at the date of acquisition were:

Assets	
Property and equipment	US$1,724,363
Intangible assets	21,588,414
Other noncurrent assets	2,716
Cash and cash equivalents	600,600
Receivables	240,531
Spare parts and supplies	14,112
Prepaid expenses and other current assets	296,719
	US$24,467,455
Liabilities	
Deferred tax liabilities	US$7,437,143
Borrowings	869,267
Other noncurrent liabilities	191,598
Accounts payable and other current liabilities	414,358
Income tax payable	148,508
	US$9,060,874

(Forward)

Total identifiable net assets at fair value	US$15,406,581
Noncontrolling interests at 40% proportionate share	(6,162,632)
The Group's share in identifiable net assets	9,243,949
Goodwill arising on acquisition	4,809,151
Adjusted purchase consideration satisfied in cash	US$14,053,100
Cash paid at acquisition date	US$14,483,425
Less: Receivable from the seller*	430,325
Adjusted purchase consideration	US$14,053,100
Cash paid at acquisition date	US$14,483,425
Less: Cash and cash equivalents of CLIA Pouso Alegre	600,600
Net cash outflow	US$13,882,825

**Under the Share Purchase Agreement, the purchase consideration will be increased by the final cash and working capital balances exceeding minimum agreed amount and decreased by any loans existing as at the date of acquisition. Accordingly, the Group is entitled to receive BRL2.1 million (US$430 thousand) from the selling stockholder of CLIA Pouso Alegre.*

CLIA Pouso Alegre operates as a bonded facility, providing various integrated logistics services such as storage and transportation of bonded cargo and pharmaceutical inputs. Currently, its operations are conducted on a site spanning 28,000 square meters, including a 4,000 square meter warehouse. CLIA Pouso Alegre is already in the process of expanding its facilities, constructing a new site on a 150,000 square meter area with a 12,000 square meter warehouse.

From the date of business combination until December 31, 2023, CLIA Pouso Alegre contributed US$1.2 million (BRL5.8 million) of gross revenues and US$71.8 thousand (BRL358.7 thousand) net income attributable to equity holders of the Parent. Had the business combination took place on January 1, 2023, the CLIA Pouso Alegre would have contributed US$2.8 million (BRL13.9 million) of gross revenues and US$325.5 thousand (BRL1.7 million) of net income attributable to equity holders of the Parent.

IRB Logistica (iTracker Logistica Inteligente Ltda (iTracker)). In July 2022, ICTSI, through its wholly-owned subsidiaries, IRB Logistica, ICTSI Rio, IABV and IRB Holding, entered into definitive agreements with a local Brazilian logistic operator, Tracker Logistica, to constitute a new logistics and warehousing operation, the "iTracker Project". As part of the Project, in July 2023, IRB Holding acquired 70% stake in iTracker Logistica Inteligente Ltda (iTracker), through offsetting of advances, for a consideration of US$2.7 million.

The provisional fair values of the identifiable assets and liabilities of iTracker at the date of acquisition were:

Assets	
Property and equipment	US$122,191
Intangible assets	342
Cash and cash equivalents	1,275
	US$123,808
Liabilities	
Accounts payable and other current liabilities	US$173
Total identifiable net assets at fair value	US$123,635
Noncontrolling interests at 30% proportionate share	(37,090)
The Group's share in identifiable net assets	86,545
Goodwill arising on acquisition	2,644,474
Purchase consideration by way of offsetting	US$2,731,019

Thereafter, on August 31, 2023, iTracker was merged with IRB Logistica, with IRB Logistica as the surviving entity. On the same date, IRB Logistica disposed 30% stake to noncontrolling interest resulting to a recognition of a negative equity attributable to non-controlling interest of US$0.6 million. Consequently, as a result of IRB Logistica's disposal of 30% stake to noncontrolling interest, ICTSI's effective ownership stake in DF3 also decreased by 30% resulting to a recognition of a negative equity attributable to non-controlling interest of US$0.8 million. In September 2023, IRB Holding transferred all its ownership stake in IRB Logistica to RLMP.

EJD. On July 27, 2022, ICTSI signed a Conditional Share Subscription and Purchase Agreement (CSSPA) with Indo Port Holding Pte Ltd. (IPH) and Eastlog Holding Pte Ltd. to acquire majority share ownership up to 66.67% in EJD, subject to fulfillment of certain conditions.

Upon fulfillment of certain conditions under the CSSPA, ICTSI acquired control over EJD on August 16, 2022. ICTSI held 65% ownership stake in EJD on the said date. In November 2022, ICTSI purchased additional shares from a noncontrolling shareholder representing 1.67% stake in EJD and was accounted for as an equity transaction (see Note 15.4).

The following are the fair values of the identifiable assets and liabilities of EJD as at the date of acquisition:

Assets	
Concession assets	US$8,449,779
Property and equipment	2,240,494
Cash and cash equivalents	4,104,682
Receivables	1,576,253
Prepaid expenses and other current assets	515,142
	US$16,886,350
Liabilities	
Payables	US$12,816,638
Total identifiable net assets at fair value	US$4,069,712
Noncontrolling interests at 35% proportionate share	(1,443,758)
The Group's share in identifiable net assets	2,625,954
Goodwill arising on acquisition	2,549,046
Purchase consideration by way of subscription of shares	US$5,175,000

No adjustments were made to the provisional fair values of the identifiable assets and liabilities of EJD as at the date of business combination.

From the date of acquisition until December 31, 2022, EJD contributed US$0.3 million (IDR5.2 billion) of gross revenues and US$0.3 million (IDR5.0 billion) net loss attributable to equity holders of the Group. Had the business combination took place on January 1, 2022, the Group's gross revenues from port operations would have increased by US$1.2 million (IDR17.8 billion) and net income attributable to equity holders would have decreased by US$0.4 million (IDR5.9 billion).

MNHPI. On September 21, 2017, ICTSI signed an SPA with Petron Corporation for the acquisition of shares representing 34.83% stake in MNHPI. The completion of the SPA was subject to several conditions, one of which was the approval of the acquisition by the PPA. The SPA was completed on October 30, 2017. On September 5, 2018, ICTSI signed an SPA with Harbour Centre Port Terminal, Inc. (HCPTI) for the acquisition of shares representing 15.17% stake in MNHPI. The Philippine Competition Commission and the PPA approved the acquisition of additional shares on March 15, 2019 and April 26, 2019, respectively. With the approval of the PPA, the increase of ICTSI shareholdings in MNHPI from 34.83% to 50% became effective on April 26, 2019.

On September 8, 2022, ICTSI and San Miguel Holdings Corporation (SMHC), co-shareholders in MNHPI, agreed that MNHPI shall be consolidated under ICTSI in accordance with the Philippine Financial Reporting Standards (PFRS). SMHC recognizes that ICTSI is the shareholder who has the ability to direct the relevant operational activities in view of its technical and port management expertise to affect increased returns to the shareholders. SMHC, directly or through its Affiliates, shall provide financial management expertise and support to the operations of the Company.

With ICTSI acquiring control over MNHPI, this transaction was accounted for using the acquisition method under PFRS 3, *Business Combinations*, beginning September 8, 2022. Prior to the business combination, MNHPI was accounted for as a joint venture.

The following are the fair values of the identifiable assets and liabilities of MNHPI as at the date of business combination:

Assets	
Concession assets	US$348,333,531
Right of use assets	2,600,268
Property and equipment	407,001
Other noncurrent assets	8,409,847
Cash and cash equivalents	19,209,905
Receivables	3,630,973
Spare parts and supplies	5,262,308
Prepaid expenses and other current assets	4,933,539
	US$392,787,372
Liabilities	
Concession payable	US$46,739,669
Lease liability	3,470,900
Deferred tax liabilities	48,236,459
Other noncurrent liabilities	3,594,968
Accounts payable and other current liabilities	18,498,150
	US$120,540,146
Fair value of identifiable net assets	US$272,247,226
Noncontrolling interest at 50% proportionate share	(136,123,613)
Goodwill arising on business combination	23,024,841
Fair value of previously held interest	US$159,148,454

There was no consideration transferred on business combination date. Cash and cash equivalents held by MNHPI at date of consolidation was included in cash flow from business combination under investing activities.

No adjustments were made to the provisional fair values of the identifiable assets and liabilities of MNHPI as at the date of business combination.

From the date of business combination until December 31, 2022, MNHPI contributed US$33.2 million (Php1,809.7 million) of gross revenues. Had the business combination took place on January 1, 2022, the Group's gross revenues from operations would have increased by US$61.9 million (Php3,373.3 million).

Manila Harbor Center Port Services, Inc. (MHCPSI). On June 1, 2021, ICTSI signed an SPA with Prime Strategic Holdings, Inc. (PSHI) to acquire 100% of the shares of MHCPSI. MHCPSI operates a 10-hectare international breakbulk and bulk private port facility located at the northern side of the Manila Harbour Centre, Port of Manila. On June 4, 2021, the facilities were transferred to ICTSI management after all conditions precedent have been satisfied and required regulatory approvals have been obtained.

The fair values of the identifiable assets and liabilities of MHCPSI at the date of acquisition were:

Assets	
Property and equipment	US$190,652,008
Cash and cash equivalents	40,911,920
Receivables	1,916,784
Spare parts and supplies	192,339
Prepaid expenses and other current assets	2,400,097
	US$236,073,148
Liabilities	
Long-term debt	US$144,424,108
Deferred tax liabilities	33,121,263
Other noncurrent liabilities	10,623,363
Accounts payable and other current liabilities	8,054,978
Income tax payable	774,000
	US$196,997,712
Total identifiable net assets at fair value	US$39,075,436
Goodwill arising on acquisition	54,040,451
Purchase consideration satisfied in cash and additional consideration* contingent at date of acquisition	US$93,115,887
Cash paid at acquisition date	US$51,239,840
Less cash and cash equivalents of MHCPSI	40,911,920
Net cash outflow	US$10,327,920

**Settled in 2021*

From the date of acquisition until December 31, 2021, MHCPSI contributed US$17.4 million (Php857.8 million) of gross revenues and US$5.7 million (Php282.8 million) net income attributable to equity holders of the Group. Had the business combination took place on January 1, 2021, the Group's gross revenues from operations would have increased by US$12.9 million (Php634.0 million) and the net income attributable to equity holders would have increased by US$3.3 million (Php160.8 million).

1.5 Sale of Interest in HIPS

AHI entered into an SPA with HRC, with AHI selling all its 162,500 shares or 65% interest in HIPS for a total consideration of Php325.0 million (US$5.8 million) to the latter subject to delivery of a bank guarantee, among other conditions. Effective August 31, 2022, the sale was finalized and concluded by both parties.

Below are the carrying values of assets and liabilities of HIPS at the date of sale:

Assets	
Property and equipment	US$408,913
Cash and cash equivalents	2,611,716
Receivables	46,943
Spare parts and supplies	13,932
Prepaid expenses and other current assets	43,621
	US$3,125,125
Liabilities	
Accounts payable and other current liabilities	US$177,972
Income tax payable	62,083
	US$240,055
Net book value of assets	US$2,885,070
Cumulative translation adjustment	1,343,557
Non-controlling interest	(678,064)
Total book value of net assets attributable to controlling interests	US$3,550,563
Total consideration [a]	US$5,788,583
Gain on sale of investment in HIPS, net of tax [b]	US$2,238,020

[a] Php325,000,000 translated using the closing rate at the date of sale
[b] Net of capital gains tax amounting to US$474,346

The net gain on the sale of investment in HIPS was included as part of other income (see Note 21.1).

2 BASIS OF PREPARATION AND CONSOLIDATION AND STATEMENT OF COMPLIANCE

2.1 Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) and derivative financial instruments, which have been measured at fair value. The consolidated financial statements are presented in United States dollars (US dollar, USD or US$), the Parent Company's functional and presentation currency. All values are rounded to the nearest US dollar unit, except when otherwise indicated.

2.2 Basis of Consolidation

The consolidated financial statements of the Group include the accounts of ICTSI and its subsidiaries where the Parent Company has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries. Subsidiaries are entities controlled by the Parent Company. Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

Non-controlling Interests. Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not wholly-owned by the Group (see Note 1.3). An acquisition, transfer or sale of a non-controlling interest is accounted for as an equity transaction (i.e. no gain or loss is recognized in consolidated statements of income).

Transactions Eliminated on Consolidation. All intragroup transactions and balances including income and expenses, and unrealized gains and losses are eliminated in full.

Accounting Policies of Subsidiaries. The financial statements of subsidiaries are prepared for the same reporting year using uniform accounting policies as those of the Parent Company.

Functional and Presentation Currency. The Group's consolidated financial statements are presented in US dollar, which is ICTSI's functional and presentation currency. Each entity in the Group determines its own functional currency, which is the currency that best reflects the economic substance of the underlying transactions, events and conditions relevant to that entity, and items included in the financial statements of each entity are measured using that functional currency.

2.3 Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with PFRSs.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

3.1 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except that the Group has adopted the following amended standards as at January 1, 2023. The Group has not early adopted any other pronouncement that has been issued but is not yet effective. Unless otherwise indicated, the adoption of the amended standards do not have an impact on the consolidated financial statements of the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  ➔ Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and

- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the consolidated financial statements.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments to PAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements because the Group's accounting policies are aligned with the amendments to PAS 8.

- Amendments to PAS 12, *International Tax Reform—Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.

The Group adopted and applied the exceptions introduced by PAS 12. Current income tax expense related to Pillar Two income taxes amounted to nil in 2023.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions where the Group operates. As at February 28, 2024, the Group is in the process of gathering information and assessing the potential exposure arising from the Pillar Two legislation.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

The amendments had no impact on the Group's consolidated financial statements because the Group's accounting policies are aligned with the amendments to PAS 12.

3.2 Significant Accounting Judgments, Estimates and Assumptions

<u>Judgments</u>

In the process of applying the Group's accounting policies, management has made the following judgments, in addition to those involving estimations, that can have significant effects on the amounts recognized in the consolidated financial statements:

Determination of Control over an Investee Company. Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group has determined that it has the ability to direct the relevant operational activities of MNHPI in view of its technical and port management expertise to affect increased returns to the shareholders (see Note 1.4).

Determination of Acquisition of Group of Assets as a Business in Accordance with PFRS 3. Management uses judgment in assessing if the group of assets and liabilities acquired would constitute a business. In accordance with PFRS 3, business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.

Functional Currency. Management uses judgment in assessing the functional currency of the Parent Company and its subsidiaries. Each entity in the Group determines its own functional currency, which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity.

Determining the Incremental Borrowing Rate for Lease Liabilities. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Observable inputs such as market interest rates are used as applicable.

Deferred Tax Liabilities. Deferred tax liabilities are recognized for undistributed earnings of subsidiaries in retained earnings position from which the Parent Company projects to receive distributions in the foreseeable future and where these distributions are subject to tax. Deferred taxes were not provided for undistributed earnings of subsidiaries in retained earnings position that are not taxable upon distribution or where the Parent Company has control over the distribution of such earnings in the foreseeable future, as these may be earmarked for reinvestment in foreign port projects or for other reasons. As at December 31, 2021, 2022 and 2023, the Group recognized deferred tax liability relating to the undistributed earnings of subsidiaries amounting to nil, US$10.1 million and US$15.0 million, respectively (see Note 22).

Determination of Uncertainties Over its Income Tax Treatments. The Group applied significant judgement in identifying any uncertainties over its income tax treatments especially that the Group operates in a complex multinational environment. The Group did not have any significant uncertainties over its income tax treatments.

Contingencies. The Group is currently a party in a number of legal cases and negotiations involving cargo, labor, tax, contracts and other issues. The Group's estimate of the probable costs for the resolution of these cases and negotiations has been developed in consultation with outside counsels handling the defense for these matters and is based upon an analysis of probable results. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position and is of the opinion that losses arising from these actions, if any, will not have a material adverse impact on the Group's consolidated financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in estimates or in the effectiveness of strategies relating to these proceedings. Provision for claims and losses amounted to US$18.5 million, US$19.7 million and US$21.3 million as at December 31, 2021, 2022 and 2023, respectively (see Notes 19 and 26).

<u>Estimates and Assumptions</u>

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recognition of Construction Revenue. The Group's revenue from construction services relating to IFRIC 12 service concession arrangement is recognized over time using an input method based on actual costs incurred to date relative to the total estimated costs to complete the construction. The estimated costs to complete the construction are mainly based on committed investments for each port development or project as provided in the concession agreement.

The carrying amount of contract assets arising from construction services and included as part of concession rights amounted to US$126.5 million, US$136.2 million and US$63.2 million as of December 31, 2021, 2022 and 2023, respectively.

Impairment of Nonfinancial Assets. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value-in-use calculation is based on a discounted cash flow (DCF) model and requires the Group to make an estimate of the expected future cash flows from the asset or cash-generating unit and also to choose a suitable discount rate to calculate the present value of those cash flows. The recoverable amount is sensitive to the discount rate used for the DCF model.

The carrying amounts of intangible assets, goodwill, property and equipment, right-of-use assets, investment properties, investments in joint ventures and associates, and other noncurrent assets are disclosed in Notes 5, 6, 7, 8, 9, and 10 to the consolidated financial statements, respectively.

Estimating Useful Lives. Management determines the estimated useful lives and the related depreciation and amortization charges for its computer software, property and equipment, investment properties based on the period over which these assets are expected to provide economic benefits. Such estimations are based on collective assessment of industry practice, internal technical evaluation, and experience with similar assets. These estimations are reviewed periodically and could change significantly due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets.

Management will increase the depreciation and amortization charges where useful lives are less than what have previously been estimated. A reduction in the estimated useful lives of these assets will increase recorded expenses and decrease noncurrent assets. The carrying values of computer software, property and equipment, and investment properties are disclosed in Notes 5, 6 and 8 to the consolidated financial statements, respectively.

Defined Benefit Obligation. The determination of the present value of the defined benefit obligation is dependent on the selection of certain assumptions provided by the Group to its actuaries in calculating such amounts. Those assumptions include, discount rate and future salary increases.

Due to its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

The carrying values of defined benefit obligation are disclosed in Note 24 to the consolidated financial statements.

Deferred Tax Assets. Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies, taking into consideration effect of significant events on the macroeconomic factors used in developing the assumptions.

Deferred tax assets are disclosed in Note 22 to the consolidated financial statements. Unrecognized deferred tax assets on net operating loss carry-over (NOLCO) and other losses of certain subsidiaries amounted to US$8.2 million, US$9.5 million, and US$9.0 million as at December 31, 2021, 2022 and 2023, respectively. These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognize deferred tax assets on these tax losses carried forward.

Measurement of Expected Credit Losses (ECL) for Trade Receivables. The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and geography).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrices to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

The carrying values of receivables and the related allowance for ECL of the Group are disclosed in Note 13.

3.3 Material Accounting Policies

Intangibles

Separately acquired intangible assets are initially recognized at cost.

The Group classifies concession right as an intangible asset when it entitles the Group to charge users in exchange for cargo handling services the Group provides. Such right arises from service concession arrangement within the scope of IFRIC 12, Service Concession Arrangements, whereby the grantor (a government entity), controls or regulates the services provided to the customers as well as the prices charged to them. The grantor controls any significant residual interest in the infrastructure at the end of the term of the arrangement. The cost of concession right comprises of upfront fees, present value of the fixed concession fees payable to the port authorities, construction cost of port infrastructure and purchase price of port equipment committed to be invested by the Group under the concession contract and borrowing costs, if the concession right takes a substantial time to get ready for its intended use, and adjusted for any subsequent remeasurement of concession rights payable.

Concession rights are subject to impairment assessment. Concession rights are amortized on a straight-line basis over the term of the concession arrangements ranging from 13 to 43 years.

Computer software is amortized on a straight-line basis over five years.

Intangible asset acquired in a business combination is measured at fair value on the acquisition date. Goodwill is measured as described in the accounting policy on *Business Combinations and Goodwill*.

Goodwill and intangible assets not yet brought into use are not amortized but are tested for impairment at least annually or more frequently should impairment indicators exist.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed and included as part of "Administrative and other operating expenses" account in the consolidated statement of income.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

If the business combination is achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in the consolidated statement of income.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest and any previously held interest over the net identifiable assets acquired and liabilities assumed.

For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Property and Equipment

Land is measured at cost net of accumulated impairment losses, if any. All other property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost of property and equipment includes borrowing cost if the asset takes a substantial time to get ready for its intended use.

Depreciation and amortization of property and equipment is computed on a straight-line basis over the estimated useful lives of the assets, as follows:

	Number of Years
Land improvements	7-25 years
Leasehold rights and improvements	5-48 years or terms of the operating contract with port authorities or concessions, whichever is shorter
Port facilities and equipment and spare parts	5-25 years or terms of the operating contract with port authorities or concessions, whichever is shorter
Transportation equipment	3-5 years
Office equipment, furniture and fixtures	3-5 years
Miscellaneous equipment	5 years

Construction in progress is not depreciated until such time the relevant asset is completed and available for operational use.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term ranging from 2 to 48 years. Right-of-use assets are subject to impairment assessment.

Lease Liabilities. At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable and variable lease payments that depend on an index or a rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments, a change in the assessment to purchase the underlying asset or there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

Short-term Leases and Leases of Low-value Assets. The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as Lessor. Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as income in the period in which they are earned.

Investments in Joint Ventures and in an Associate

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in joint ventures and in an associate are accounted for using the equity method. Under the equity method, the investment is initially recognized at cost. The carrying amount of the investment is then adjusted to recognize changes in the Group's share of net assets of the investee since the acquisition date. The consolidated statement of income reflects the Group's share of the results of operations of the investee. Unrealized gains and losses resulting from transactions between the Group and the investee are eliminated to the extent of the interest in the investee.

Impairment of Non-financial Assets

The Group assesses, at each balance sheet date, whether there is an indication that an asset (e.g., property and equipment, investment properties, concession rights, computer software, right-of-use assets, investments in joint ventures, and certain other noncurrent assets) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or a CGU's fair value less costs of disposal and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, recoverable amount is determined for the CGU to which the asset belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on most recent budgets, which generally cover a period of five years. A long-term growth rate is applied to project future cash flows after the fifth year.

Goodwill and intangible assets not yet brought into use are tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial Recognition and Measurement of Financial Assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of the Group's trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price, i.e., the amount of consideration the Group is entitled to collect from the customers in exchange for services rendered.

Subsequent Measurement of Financial Assets

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets measured at amortized cost (debt instruments)
- Financial assets measured at fair value through other comprehensive income, where cumulative gains or losses previously recognized are reclassified to profit or loss (debt instruments)
- Financial assets measured at fair value through other comprehensive income, where cumulative gains or losses previously recognized are not reclassified to profit or loss
- Financial assets measured at fair value through profit or loss

The Group classifies debt financial asset as at amortized cost only if the asset gives rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding and that such asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

The Group does not have debt instruments at FVOCI.

Financial Assets at Amortized Cost. Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash in banks, cash equivalents, trade receivables, advances and nontrade receivables, receivable from port authorities and short-term investments.

Equity Instruments at FVOCI. The Group has irrevocably elected to measure equity instruments not held for trading at FVOCI. Dividends on such investments are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment, in which case, such gain is recognized in OCI. Equity investments at FVOCI are not subject to impairment assessment.

Financial Assets at Fair Value Through Profit or Loss (FVTPL). The Group's financial assets at FVTPL consist of derivative instruments not designated as hedging instruments.

Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments that meet the investment grade criteria, the Group applies the low credit risk simplification. At every balance sheet date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort.

The Group considers a financial asset in default when contractual payments are 120 days past due. In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Initial Recognition and Measurement of Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent Measurement of Financial Liabilities

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at amortized cost (loans and borrowings)
- Financial liabilities at fair value through profit or loss

Financial Liabilities at Amortized Cost. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on initial recognition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest expense in the consolidated statement of income.

The Group's financial liabilities at amortized cost include long-term debt, loans payable, concession rights payable and lease liabilities.

Financial Liabilities at FVTPL. The Group's financial liabilities at FVTPL consist of derivative instruments not designated as hedging instruments.

Hedge Accounting

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair Value Hedges. The change in the fair value of a hedging instrument is recognized in the profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the profit or loss.

Cash Flow Hedges. The effective portion of the gain or loss on the hedging instrument is recognized in OCI, whereas any ineffective portion is recognized immediately in the profit or loss. The amount taken to OCI is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Hedges of a Net Investment. Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as OCI whereas any gains or losses relating to the ineffective portion are recognized in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to profit or loss.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and are subject to an insignificant risk of change in value.

Cash does not include restricted cash, which is classified in the consolidated balance sheet either as a current or noncurrent asset depending on the relationship to the asset for which the funds are restricted.

Concession Rights Payable

At the commencement date of the service concession arrangement within the scope of IFRIC 12, the Group recognizes as concession rights payable the present value of concession fee payments to be made over the term of the concession. The concession fee payments include fixed payments and variable payments that depend on an index or a rate. The variable concession payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of the concession fee payments, the Group estimates the discount rate that reflects time value of money and risk assumptions such as own credit risk. Observable inputs such as market interest rates are used as applicable.

The carrying amount of concession rights payable is remeasured if there is a change in future concession fee payments resulting from a change in an index or a rate used to determine those payments.

Accounts Payable and Other Current Liabilities

This account classification includes the following:

Trade Payable. Trade payable represents payable to port authorities other than concession rights pertaining to upfront fees payable in installments and fixed fees, such as accrual of variable portion of port fees and those payable to suppliers and vendors of goods and services.

Accrued Expenses. Accrued expenses are comprised of accruals relating to interest, salaries and benefits, and output and other taxes, among others.

Provisions for Claims and Losses. Provisions for claims and losses pertain to estimated probable losses on cargo, labor-related and other claims from third parties. Provision not settled at the balance sheet date is re-assessed and adjusted, if necessary.

Customers' Deposits. Customers' deposits represent advance payment of customers subject to refund or for future billing applications.

Spare Parts and Supplies

Spare parts and supplies inventories are valued at the lower of cost and net realizable value. Net realizable value is the current replacement cost.

Cost is determined by using the first-in, first-out method. If the cost of spare parts and supplies inventories exceeds its net realizable value, write-downs are made for the differences between the cost and the net realizable value.

Foreign Currencies

Transactions and Balances. Transactions in foreign currencies are initially recorded by each entity at its functional currency ruling at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the entity's functional currency rate of exchange at the balance sheet date.

Foreign currency translation adjustments arising from monetary items are taken to consolidated statement of income and recognized in OCI if they are attributable to the Group's net investment in a foreign operation. An item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the Group's net investment in that foreign operation.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign Operations. At the reporting date, the assets and liabilities of subsidiaries whose functional currency is not the US dollar are translated into the presentation currency of ICTSI using the Bloomberg closing rate at balance sheet date and their statements of income are translated at the Bloomberg weighted average daily exchange rates for the year. The exchange differences arising from the translation are taken directly and deferred to the consolidated statement of comprehensive income under the "Exchange differences on translation of foreign operations' financial statements" account.

Upon disposal of a foreign operation, the deferred cumulative translation amount relating to the disposed foreign operation is reclassified from OCI to profit or loss.

Any goodwill arising from the acquisition of a foreign operation and any fair value adjustments made to the carrying amounts of assets and liabilities arising from the acquisition are treated as assets and liabilities of the foreign operations and translated at the closing exchange rate at the balance sheet date.

Year-end Exchange Rates

The following rates of exchange have been adopted by the Group in translating foreign currency balance sheet and statement of income items as at and for the years ended December 31:

	2021		2022		**2023**	
	Closing	Average	Closing	Average	**Closing**	**Average**
Foreign currency to 1 unit of US dollar (USD or US$):						
Argentine peso (AR$)	102.736	95.133	177.132	130.845	**808.475**	**294.709**
Australian dollar (AUD)	1.377	1.331	1.468	1.439	**1.468**	**1.505**
Brazilian real (BRL or R$)	5.571	5.397	5.286	5.168	**4.852**	**4.996**
Central African franc (XAF)	576.501	554.947	612.760	623.925	**594.229**	**606.628**
Chinese renminbi (RMB)	6.356	6.450	6.899	6.737	**7.100**	**7.086**
Colombian peso (COP)	4,064.920	3,749.723	4,850.830	4,256.870	**3,875.340**	**4,319.410**
Croatian kuna (HRK)	6.610	6.368	7.038	7.167	**–**	**–**
Euro (EUR or €)	0.880	0.845	0.934	0.949	**0.906**	**0.925**
Georgian lari (GEL)	3.089	3.217	2.699	2.911	**2.688**	**2.624**
Honduran lempira (HNL)	24.490	24.077	24.675	24.611	**24.741**	**24.662**
Hong Kong dollar (HKD)	7.797	7.773	7.802	7.831	**7.812**	**7.829**
Indonesian rupiah (IDR or Rp)	14,263.000	14,297.000	15,573.000	14,853.000	**15,399.000**	**15,245.000**
Iraqi dinar (IQD)	1,460.000	1,460.000	1,460.000	1,460.000	**1,320.000**	**1,337.165**
Malagasy ariary (MGA)	3,971.610	3,848.260	4,465.690	4,125.060	**4,585.100**	**4,451.860**
Mexican peso (MXN)	20.529	20.286	19.5	20.110	**16.972**	**17.744**
Nigerian naira (NGN)	424.830	407.600	460.820	426.390	**911.680**	**638.740**
Pakistani rupee (PKR or Rs)	176.500	163.048	226.655	205.049	**281.563**	**279.524**
Papua New Guinean kina (PGK)	3.510	3.514	3.524	3.519	**3.730**	**3.589**
Philippine peso (PHP or ₱)	50.999	49.280	55.755	54.488	**55.370**	**55.633**
Polish zloty (PLN)	4.035	3.863	4.375	4.458	**3.936**	**4.200**
Singaporean dollar (SGD)	1.349	1.344	1.340	1.379	**1.320**	**1.343**
United Arab Emirates dirham (AED)	3.673	3.673	3.673	3.673	**3.673**	**3.673**

Starting 2018, Argentina's economy has been considered as hyperinflationary. Accordingly, companies in Argentina whose functional currency is AR$ are required to apply PAS 29, *Financial Reporting in Hyperinflationary Economies.* As at December 31, 2023, the functional currency of Tecplata remains to be US$.

Post-Employment Benefits

Defined Benefit Plans. The liability or asset recognized in the consolidated balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The Group recognizes the following changes in the net defined benefit obligation under Manpower Costs in the consolidated income statement:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income, which is calculated by applying the discount rate to the net defined benefit liability or asset

Remeasurements gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in other comprehensive income in the period in which they arise. Such gains and losses are not reclassified to profit or loss in subsequent periods.

Defined Contribution Plans. Payments to defined contribution plans are recorded as expense in the consolidated statement of income when employees have rendered services entitling them to the contributions. The Group has no further obligations once the contributions have been paid.

Share-based Payments

Certain qualified officers and employees of the Parent Company and 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 equity shares of the Parent Company 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 service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognized for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has transpired and the Group's best estimate of the number of equity instruments that will ultimately vest. No expense is recognized for awards that do not ultimately vest because service conditions have not been met.

Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, which could be based on tariff rates published by port authorities in certain jurisdictions or contractually agreed rates with the customer. The measurement of revenue takes into account contractually defined terms of payment, excluding incentives and output taxes. The Group has concluded that it is the principal in its revenue arrangements because it is the primary obligor who is responsible for providing the services to the customers.

The following specific recognition criteria must also be met before revenue is recognized:

Gross Revenues from Port Operations. Revenue from port operations (stevedoring, arrastre and other cargo handling services) is recognized when the services are rendered. Payment is generally due once services are rendered.

Construction Revenue. Revenue from construction services relating to IFRIC 12 service concession arrangements is recognized over time using an input method based on actual costs incurred to date relative to the total estimated costs to complete the construction. The estimated costs to complete the construction are mainly based on committed investments for each port development or project as provided in the concession agreement. Such revenue is measured at the fair value of the construction services provided.

Expenses

Expenses are recognized as incurred. Expenses constitute the following:

Port Authorities' Share in Gross Revenues. Port authorities' share in gross revenues includes variable fees paid to port authorities as stipulated in the concession agreements.

Manpower Costs. Manpower costs include remunerations and benefits provided by the Group to its officers and employees such as salaries, wages, allowances, and bonuses, among others.

Equipment and Facilities-related Expenses. Equipment and facilities-related expenses include expenses incurred for general repairs and maintenance of the Group's port facilities and other equipment such as consumption of fuel, oil and lubricants, contracted services, power, light and water, and technology and systems development expenses.

Administrative and Other Operating Expenses. Administrative and other operating expenses include costs of administering the business as incurred by administrative and corporate departments such as professional fees, transportation and travel, taxes and licenses, security and janitorial services, insurance and bonds, representation, utilities and general office expenses. This account also includes costs of business development offices in relation to the acquisition of new terminals or projects under exploratory stage.

Income Taxes

Provision for income tax represents the sum of tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year.

Deferred Tax. Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting income nor taxable income or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses or NOLCO, to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date to the extent that such tax rates and tax laws are not based on the Pillar Two model rules published by the OECD.

Earnings Per Share

Basic earnings per common share is computed by dividing the adjusted net income attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during each year after giving retroactive effect to stock dividends declared during the year. The effect of cumulative distributions on subordinated perpetual capital securities classified as equity in accordance with PAS 32, *Financial Instruments: Presentation,* is deducted from net income attributable to equity holders of the Parent Company to arrive at the adjusted amount.

Diluted earnings per common share is computed in the same manner, adjusted for the effect of the shares issuable to qualified officers and employees under the Parent Company's stock incentive plan which are assumed to be exercised at the date of grant.

Where the effect of the vesting of stock under the stock incentive plan is anti-dilutive, basic and diluted earnings per share are stated at the same amount.

Geographical Segments

The Group operates principally in one industry segment which is cargo handling and related services. The Group's operating business is organized and managed separately according to location, namely Asia, Europe, the Middle East and Africa (EMEA), and Americas. Financial information on geographical segments is presented in Note 4 to the consolidated financial statements.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingencies

Contingent assets and liabilities are not recognized in the consolidated financial statements. Contingent assets are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable and recognized in the consolidated balance sheet and the related income in the consolidated statement of income when an inflow of economic benefits is virtually certain. On the other hand, contingent liabilities are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Events after the Balance Sheet Date

Post year-end events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3.4 Future Changes in Accounting Policies

Pronouncements issued but not yet effective as at December 31, 2023 are listed below. The Group intends to adopt the following pronouncements when they become effective. Unless otherwise indicated, adoption of these pronouncements is not expected to have a significant impact on the consolidated financial statements of the Group.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify:

  - ➔ That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - ➔ That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - ➔ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

  The amendments must be applied retrospectively.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments must be applied retrospectively.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

- Amendments to PAS 21, *Lack of Exchangeability*

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  When applying the amendments, an entity cannot restate comparative information.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements,* and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4 SEGMENT INFORMATION

A segment is a distinguishable component of the Group that is engaged either in providing types of services (business segment) or in providing the services within a particular economic environment (geographic segment).

The Group operates principally in one industry segment which is cargo handling and related services. ICTSI has organized its cargo handling and related business into three geographical segments:

- Asia - includes Manila International Container Terminal (MICT), BIPI, DIPSSCOR (ceased commercial operations on June 30, 2022), SCIPSI, SBITC, ICTSI Subic, HIPS (until August 31, 2022), MICTSI, LGICT, CGT, MHCPSI, MNHPI (obtained control on September 8, 2022), SBI and CLI in the Philippines; YICT in China; OJA, IJP, MTS (ceased commercial operations on January 31, 2023) and EJD (acquired on August 16, 2022) in Indonesia; VICT in Australia; MITL and SPICTL in PNG; and ICTHI, ICTSI Ltd. and other holding companies and those companies incorporated in The Netherlands for the purpose of supporting the funding requirements of the Group;
- EMEA - includes BCT in Poland, BICTL in Georgia, AGCT in Croatia, MICTSL in Madagascar, PICT in Pakistan (concession contract ended on June 17, 2023), ICTSI Nigeria in Nigeria, IDRC in DR Congo, ICTSI Iraq in Iraq, AGT in Sudan; and KMT in Cameroon; and
- Americas - includes TSSA, ICTSI Rio, IRB Logistica and CLIA Pouso Alegre in Brazil (acquired on September 5, 2023), CGSA in Ecuador, SPIA in Colombia, Tecplata in Argentina, CMSA and TMT in Mexico, OPC in Honduras and ICTSI Oregon in Oregon, U.S.A.

Management monitors the operating results of each operating unit separately for making decisions about resource allocation and performance assessment. The Group evaluates segment performance based on contributions to gross revenues, which is measured consistently with gross revenues from port operations in the consolidated statement of income.

Financing is managed on a group basis and centralized at the Parent Company level or at the entities created solely for the purpose of obtaining funds for the Group. Funding requirements that are secured through debt are recognized as liabilities of the Parent Company or of the entity issuing the debt instrument, classified under the geographical region of Asia and are not allocated to other geographical segments where funds are eventually transferred and used.

The tables below present financial information on geographical segments as at and for the years ended December 31:

	2021			
	Asia	EMEA	Americas	Consolidated
Volume [a]	5,128,783	2,657,555	3,377,135	11,163,473
Gross revenues	US$836,614,273	US$425,897,273	US$602,508,954	US$1,865,020,500
Capital expenditures [b]	80,663,259	55,553,786	28,766,221	164,983,266
Other information:				
Segment assets [c]	3,366,794,654	888,367,997	1,673,543,512	5,928,706,163
Segment liabilities [d]	3,411,248,115	179,313,581	934,976,701	4,525,538,397

	2022			
	Asia	EMEA	Americas	Consolidated
Volume [a]	6,129,900	2,657,288	3,429,002	12,216,190
Gross revenues	US$1,015,533,199	US$467,634,016	US$759,824,640	US$2,242,991,855
Capital expenditures [b]	229,986,141	92,433,772	63,929,170	386,349,083
Other information:				
Segment assets [c]	3,890,617,420	906,610,853	1,863,505,828	6,660,734,101
Segment liabilities [d]	3,775,232,252	180,682,362	1,051,913,971	5,007,828,585

	2023			
	Asia	**EMEA**	**Americas**	**Consolidated**
Volume [a]	**6,570,833**	**2,524,865**	**3,653,516**	**12,749,214**
Gross revenues	**US$1,042,431,959**	**US$490,279,582**	**US$855,614,842**	**US$2,388,326,383**
Capital expenditures [b]	**145,793,115**	**74,157,814**	**116,369,620**	**336,320,549**
Other information:				
Segment assets [c]	**3,781,442,003**	**907,754,784**	**2,147,008,858**	**6,836,205,645**
Segment liabilities [d]	**3,504,606,968**	**317,853,875**	**1,178,737,601**	**5,001,198,444**

[a] *Measured in TEUs.*

[b] *Capital expenditures consist of amount disbursed for the acquisition of port facilities and equipment classified as intangible assets under IFRIC 12 amounting to US$58.7 million, US$100.7 million, and US$74.9 million in 2021, 2022, and 2023, respectively, property and equipment amounting to US$88.9 million, US$237.9 million, and US$207.7 million in 2021, 2022, and 2023, respectively, as shown in the consolidated statements of cash flows, and noncurrent advances to suppliers and contractors amounting to US$17.4 million, US$47.7 million, and US$53.7 million in 2021, 2022, and 2023, respectively.*

[c] *Segment assets do not include deferred tax assets amounting to US$337.8 million, US$392.9 million, and US$408.7 million as at December 31, 2021, 2022 and 2023, respectively.*

[d] *Segment liabilities do not include income tax payable amounting to US$46.4 million, US$56.8 million, and US$65.0 million and, deferred tax liabilities amounting to US$182.9 million, US$262.3 million, and US$273.5 million as at December 31, 2021, 2022 and 2023, respectively.*

Moreover, management monitors the Group's earnings before interest, taxes, depreciation and amortization (EBITDA) on a consolidated basis for decision-making purposes. The following table shows the computation of EBITDA as derived from the consolidated net income attributable to equity holders of the parent for the years ended December 31:

	2021	2022	**2023**
Net income attributable to equity holders of the parent	US$428,568,591	US$618,464,708	**US$511,529,938**
Non-controlling interests	48,973,852	59,002,117	**69,596,417**
Provision for income tax	124,416,656	152,657,633	**166,415,687**
Income before income tax	601,959,099	830,124,458	**747,542,042**
Add (deduct):			
Depreciation and amortization	246,993,685	266,717,816	**294,431,515**
Interest and other expenses [a]	350,260,766	386,936,746	**555,193,153**
Interest and other income [b]	(60,156,860)	(74,506,231)	**(91,553,190)**
EBITDA [c]	US$1,139,056,690	US$1,409,272,789	**US$1,505,613,520**

[a] *Interest and other expenses include the following as shown in the consolidated statements of income: foreign exchange loss; interest expense on concession rights payable and lease liabilities; interest expense and financing charges on borrowings; impairment losses on goodwill and nonfinancial assets; equity in net loss of joint ventures and an associate; and other expenses.*

[b] *Interest and other income include the following as shown in the consolidated statements of income: foreign exchange gain; equity in net profit of joint ventures and an associate; interest income; and other income.*

[c] *EBITDA is not a uniform or legally defined financial measure. EBITDA is presented because the Group believes it is an important measure of its performance and liquidity. EBITDA is also frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry.*

The Group EBITDA figures are not, however, readily comparable with other companies' EBITDA figures as they are calculated differently and thus must be read in conjunction with related additional explanations. EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Group's results as reported under PFRS. Some of the limitations concerning EBITDA are:

- *EBITDA does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;*
- *EBITDA does not reflect changes in, or cash requirements for working capital needs;*
- *EBITDA does not reflect fixed port fees and leases that are capitalized as concession assets under IFRIC 12 and right-of-use assets under PFRS 16;*
- *EBITDA does not reflect the interest expense, or cash requirements necessary to service interest or principal debt payments;*
- *Although depreciation and amortization are non-cash charges, the assets being depreciated or amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and*
- *Other companies in the industry may calculate EBITDA differently, which may limit its usefulness as a comparative measure.*

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to the Group to invest in the growth of the business. The Group compensates for these limitations by relying primarily on PFRS results and uses EBITDA only as supplementary information.

All segment revenues are from external customers. Gross revenues from port operations of ICTSI and other Philippine-based subsidiaries comprised 32.4 percent, 33.3 percent and 33.9 percent of the consolidated gross revenues from port operations for the years ended December 31, 2021, 2022 and 2023, respectively. Gross revenues from port operations outside the Republic of the Philippines comprised 67.6 percent, 66.7 percent and 66.1 percent of the consolidated gross revenues from port operations for the years ended December 31, 2021, 2022 and 2023, respectively.

5 INTANGIBLES

This account consists of:

	2021						
	Concession Rights (Note 25)						
	Upfront Fees	Fixed Fees	Port Infrastructure	Subtotal	Computer Software and Others	Goodwill	Total
Cost							
Balance at beginning of year	US$332,714,087	US$858,022,207	US$1,950,226,024	US$3,140,962,318	US$74,556,788	US$167,784,832	US$3,383,303,938
Additions	–	18,737,593	57,693,367	76,430,960	1,041,885	–	77,472,845
Disposals	–	–	–	–	(38,126)	–	(38,126)
Transfers from other accounts (Notes 6 and 10)	–	–	4,961,490	4,961,490	3,529,921	–	8,491,411
Effect of business combination (Note 1.4)	–	–	–	–	1,290	54,617,233	54,618,523
Remeasurement	–	27,023,445	–	27,023,445	–	–	27,023,445
Translation adjustments	(1,999,397)	(14,390,528)	(12,626,600)	(29,016,525)	(1,289,108)	(9,791,891)	(40,097,524)
Balance at end of year	330,714,690	889,392,717	2,000,254,281	3,220,361,688	77,802,650	212,610,174	3,510,774,512
Accumulated Amortization and Impairment Losses							
Balance at beginning of year	129,374,599	233,411,406	848,295,806	1,211,081,811	57,622,096	71,332,653	1,340,036,560
Amortization for the year	10,101,228	31,640,834	53,460,544	95,202,606	9,697,510	–	104,900,116
Translation adjustments	(921,478)	(3,115,117)	(5,915,765)	(9,952,360)	(1,143,965)	(370,375)	(11,466,700)
Balance at end of year	138,554,349	261,937,123	895,840,585	1,296,332,057	66,175,641	70,962,278	1,433,469,976
Net Book Value	US$192,160,341	US$627,455,594	US$1,104,413,696	US$1,924,029,631	US$11,627,009	US$141,647,896	US$2,077,304,536

	2022						
	Concession Rights (Note 25)						
	Upfront Fees	Fixed Fees	Port Infrastructure	Subtotal	Computer Software and Others	Goodwill	Total
Cost							
Balance at beginning of year	US$330,714,690	US$889,392,717	US$2,000,254,281	US$3,220,361,688	US$77,802,650	US$212,610,174	US$3,510,774,512
Additions	–	–	67,452,758	67,452,758	9,538,601	–	76,991,359
Disposals	–	–	–	–	(118,256)	–	(118,256)
Transfers from (to) other accounts (Notes 6 and 10)	–	–	(2,939,015)	(2,939,015)	4,689,497	–	1,750,482
Effect of business combination (Note 1.4)	220,033,453	48,266,651	215,914,637	484,214,741	–	25,436,993	509,651,734
Remeasurement	–	(2,960,184)	–	(2,960,184)	–	–	(2,960,184)
Translation adjustments	(10,272,111)	(1,289,942)	(9,035,229)	(20,597,282)	278,228	(8,834,064)	(29,153,118)
Balance at end of year	540,476,032	933,409,242	2,271,647,432	3,745,532,706	92,190,720	229,213,103	4,066,936,529
Accumulated Amortization and Impairment Losses							
Balance at beginning of year	138,554,349	261,937,123	895,840,585	1,296,332,057	66,175,641	70,962,278	1,433,469,976
Amortization for the year	14,815,298	33,626,532	59,835,079	108,276,909	6,720,976	–	114,997,885
Disposals	–	–	–	–	(115,875)	–	(115,875)
Effect of business combination	36,698,024	18,751,664	71,981,743	127,431,431	–	–	127,431,431
Translation adjustments	(5,836,504)	(4,949,998)	(4,228,069)	(15,014,571)	(666,488)	(509,784)	(16,190,843)
Balance at end of year	184,231,167	309,365,321	1,023,429,338	1,517,025,826	72,114,254	70,452,494	1,659,592,574
Net Book Value	US$356,244,865	US$624,043,921	US$1,248,218,094	US$2,228,506,880	US$20,076,466	US$158,760,609	US$2,407,343,955

	2023						
	Concession Rights (Note 25)						
	Upfront Fees	**Fixed Fees**	**Port Infrastructure**	**Subtotal**	**Computer Software and Others**	**Goodwill**	**Total**
Cost							
Balance at beginning of year	**US$540,476,032**	**US$933,409,242**	**US$2,271,647,432**	**US$3,745,532,706**	**US$92,190,720**	**US$229,213,103**	**US$4,066,936,529**
Additions	**–**	**–**	**67,602,689**	**67,602,689**	**2,135,640**	**–**	**69,738,329**
Disposals	**–**	**–**	**–**	**–**	**(784,532)**	**–**	**(784,532)**
Remeasurement	**–**	**16,029,069**	**–**	**16,029,069**	**–**	**–**	**16,029,069**
Transfers from other accounts (Notes 6 and 10)	**–**	**–**	**820,340**	**820,340**	**545,948**	**–**	**1,366,288**
Effect of business combination (Note 1.4)	**–**	**–**	**–**	**–**	**21,613,713**	**7,453,625**	**29,067,338**
Translation adjustments	**(1,133,773)**	**3,979,435**	**4,065,909**	**6,911,571**	**2,258,274**	**2,848,334**	**12,018,179**
Balance at end of year	**539,342,259**	**953,417,746**	**2,344,136,370**	**3,836,896,375**	**117,959,763**	**239,515,062**	**4,194,371,200**
Accumulated Amortization and Impairment Losses							
Balance at beginning of year	**184,231,167**	**309,365,321**	**1,023,429,338**	**1,517,025,826**	**72,114,254**	**70,452,494**	**1,659,592,574**
Amortization for the year	**22,702,594**	**35,084,150**	**72,814,716**	**130,601,460**	**6,625,888**	**–**	**137,227,348**
Disposals	**–**	**–**	**–**	**–**	**(782,402)**	**–**	**(782,402)**
Impairment loss for the year	**–**	**–**	**–**	**–**	**–**	**10,614,546**	**10,614,546**
Effect of business combination (Note 1.4)	**–**	**–**	**–**	**–**	**24,957**	**–**	**24,957**
Translation adjustments	**(1,804,731)**	**(29,933)**	**(1,473,007)**	**(3,307,671)**	**1,900,379**	**38,007**	**(1,369,285)**
Balance at end of year	**205,129,030**	**344,419,538**	**1,094,771,047**	**1,644,319,615**	**79,883,076**	**81,105,047**	**1,805,307,738**
Net Book Value	**US$334,213,229**	**US$608,998,208**	**US$1,249,365,323**	**US$2,192,576,760**	**US$38,076,687**	**US$158,410,015**	**US$2,389,063,462**

Concession Rights

Additions to concession rights in 2021 mainly pertain to the capitalized fixed fees due to extension of concession contract at MICTSL and construction of various civil works and acquisitions of port facilities and equipment in existing terminals in ICTSI, CGSA, ICTSI Iraq, and SPICTL. In 2022, additions to concession rights mainly pertain to the construction of various civil works and acquisitions of port facilities and equipment in ICTSI, CGSA and ICTSI Iraq and additions through consolidation of MNHPI. In 2023, additions to concession rights mainly pertain to construction of various civil works and acquisitions of port facilities and equipment in ICTSI, SPICTL, OPC and CGSA.

Concession rights have remaining amortization periods ranging from 7 to 42 years as of December 31, 2023.

Goodwill

Goodwill arises from the excess of acquisition costs over the share in fair values of net assets at acquisition dates of the following subsidiaries:

	2021	2022	**2023**
ICTSI Rio	US$44,912,241	US$47,337,137	**US$51,565,999**
MHCPSI	51,148,363	46,291,281	**46,613,128**
MNHPI	–	23,185,916	**23,347,120**
AGCT	16,607,827	15,597,202	**16,083,837**
YICT	10,373,074	9,557,340	**9,286,239**
CLIA Pouso Alegre	–	–	**4,926,789**
IRB Logistica	–	–	**2,709,162**
EJD	–	2,426,583	**2,453,041**
PICT	17,224,354	13,412,967	**–**
SBI	–	439,887	**468,248**
Others	1,382,037	512,296	**956,452**
	US$141,647,896	US$158,760,609	**US$158,410,015**

In 2023, the goodwill attributed to PICT's business amounting to US$10.6 million (PKR3.0 billion) was fully impaired and charged to profit or loss as a result of the expiry of PICT's concession effective June 17, 2023 (see Note 1).

6 PROPERTY AND EQUIPMENT

This account consists of:

2021	Land and Land Improvements	Leasehold Rights and Improvements	Port Facilities and Equipment	Transportation Equipment	Office Equipment, Furniture and Fixtures	Miscellaneous Equipment	Port Equipment Spare Parts	Construction in Progress	Total
Cost									
Balance at beginning of year	US$143,455,197	US$724,796,089	US$954,473,924	US$73,399,675	US$61,981,721	US$47,647,716	US$4,369,002	US$38,379,708	US$2,048,503,032
Additions	6,315,126	7,524,617	22,826,493	2,183,887	2,545,309	1,262,057	27,386	56,975,810	99,660,685
Disposals	–	(531,066)	(2,932,768)	(10,141,988)	(522,146)	(728,396)	(212,135)	–	(15,068,499)
Effect of business combination	158,291,457	–	–	–	64,964	1,095	–	157,035	158,514,551
Translation adjustments	(14,950,243)	(21,052,479)	(28,929,956)	(405,450)	(1,174,885)	(510,791)	(30,443)	(1,714,963)	(68,769,210)
Transfers from (to) other accounts (Notes 5 and 10)	–	48,066,983	2,568,234	621,822	692,086	(122,493)	(1,172)	(58,992,959)	(7,167,499)
Balance at end of year	293,111,537	758,804,144	948,005,927	65,657,946	63,587,049	47,549,188	4,152,638	34,804,631	2,215,673,060
Accumulated Depreciation and Amortization									
Balance at beginning of year	8,220,003	194,486,239	310,228,563	44,870,286	54,519,536	20,332,915	1,774,549	–	634,432,091
Depreciation and amortization for the year	2,920,849	33,136,386	48,137,910	5,879,277	4,854,829	3,620,779	100,953	–	98,650,983
Disposals	–	(181,824)	(2,414,993)	(10,105,217)	(512,681)	(690,186)	–	–	(13,904,901)
Effect of business combination	–	–	–	–	3,260	71	–	–	3,331
Translation adjustments	(339,331)	(3,625,136)	(9,134,437)	(229,879)	(1,171,718)	260,862	(8,749)	–	(14,248,388)
Transfers from (to) other accounts (Notes 5 and 10)	–	550,255	(321,645)	–	155,579	(484,542)	–	–	(100,353)
Balance at end of year	10,801,521	224,365,920	346,495,398	40,414,467	57,848,805	23,039,899	1,866,753	–	704,832,763
Net Book Value	US$282,310,016	US$534,438,224	US$601,510,529	US$25,243,479	US$5,738,244	US$24,509,289	US$2,285,885	US$34,804,631	US$1,510,840,297

2022	Land and Land Improvements	Leasehold Rights and Improvements	Port Facilities and Equipment	Transportation Equipment	Office Equipment, Furniture and Fixtures	Miscellaneous Equipment	Port Equipment Spare Parts	Construction in Progress	Total
Cost									
Balance at beginning of year	US$293,111,537	US$758,804,144	US$948,005,927	US$65,657,946	US$63,587,049	US$47,549,188	US$4,152,638	US$34,804,631	US$2,215,673,060
Additions	123,048,319	5,183,483	12,552,839	3,287,329	2,242,751	1,709,310	24,649	115,145,774	263,194,454
Disposals	(36,707)	(480,845)	(9,493,500)	(1,727,002)	(1,981,622)	(394,166)	(175,776)	–	(14,289,618)
Effect of business combination	–	–	–	879,487	2,082,378	–	–	2,229,542	5,191,407
Disposal of a subsidiary	–	(51,759)	(2,684,955)	–	(8,317)	(35,900)	–	(256,024)	(3,036,955)
Translation adjustments	(16,537,138)	(28,477,993)	(15,865,413)	(126,508)	(642,429)	(769,698)	(45,199)	(3,201,072)	(65,665,450)
Transfers from (to) other accounts (Notes 5 and 10)	22,063,635	5,716,753	36,987,597	327,536	1,927,479	(174,253)	(38,681)	(38,282,398)	28,527,668
Balance at end of year	421,649,646	740,693,783	969,502,495	68,298,788	67,207,289	47,884,481	3,917,631	110,440,453	2,429,594,566
Accumulated Depreciation and Amortization									
Balance at beginning of year	10,801,521	224,365,920	346,495,398	40,414,467	57,848,805	23,039,899	1,866,753	–	704,832,763
Depreciation and amortization for the year	4,196,729	34,644,127	48,542,254	6,155,000	4,700,134	3,172,175	130,202	–	101,540,621
Disposals	(2,128)	(480,845)	(7,909,459)	(1,652,576)	(1,673,870)	(229,742)	–	–	(11,948,620)
Effect of business combination	–	–	–	720,748	1,823,163	–	–	–	2,543,911
Disposal of a subsidiary	–	(24,001)	(2,584,239)	–	(8,317)	(11,485)	–	–	(2,628,042)
Translation adjustments	(625,474)	(8,535,925)	(10,854,283)	(99,224)	(564,800)	(73,293)	(48,532)	–	(20,801,531)
Transfers from (to) other accounts (Notes 5 and 10)	858,785	153,316	176,205	(335,777)	12,532	(507,179)	–	–	357,882
Balance at end of year	15,229,433	250,122,592	373,865,876	45,202,638	62,137,647	25,390,375	1,948,423	–	773,896,984
Net Book Value	US$406,420,213	US$490,571,191	US$595,636,619	US$23,096,150	US$5,069,642	US$22,494,106	US$1,969,208	US$110,440,453	US$1,655,697,582

2023	Land and Land Improvements	Leasehold Rights and Improvements	Port Facilities and Equipment	Transportation Equipment	Office Equipment, Furniture and Fixtures	Miscellaneous Equipment	Port Equipment Spare Parts	Construction in Progress	Total
Cost									
Balance at beginning of year	US$421,649,646	US$740,693,783	US$969,502,495	US$68,298,788	US$67,207,289	US$47,884,481	US$3,917,631	US$110,440,453	US$2,429,594,566
Additions	58,734	14,701,797	54,588,297	6,108,870	5,544,582	3,490,443	–	161,244,832	245,737,555
Disposals	–	(6,893,245)	(22,032,250)	(1,419,457)	(2,066,794)	(72,437)	(44,329)	(82,965)	(32,611,477)
Effect of business combination	–	116,380	1,846,561	140,555	106,535	–	–	–	2,210,031
Translation adjustments	8,353,907	9,751,163	37,359,086	192,687	666,540	363,140	12,132	4,632,454	61,331,109
Transfers from (to) other accounts (Notes 5, 8 and 10)	–	4,951,098	7,070,531	–	–	–	–	(13,226,934)	(1,205,305)
Balance at end of year	430,062,287	763,320,976	1,048,334,720	73,321,443	71,458,152	51,665,627	3,885,434	263,007,840	2,705,056,479
Accumulated Depreciation and Amortization									
Balance at beginning of year	15,229,433	250,122,592	373,865,876	45,202,638	62,137,647	25,390,375	1,948,423	–	773,896,984
Depreciation and amortization for the year	4,063,276	33,793,252	49,505,384	6,585,513	4,189,066	2,970,181	–	–	101,106,672
Disposals	–	(6,893,245)	(19,987,243)	(1,111,392)	(2,036,864)	(62,847)	–	–	(30,091,591)
Effect of business combination	–	22,312	259,318	66,297	15,550	–	–	–	363,477
Translation adjustments	81,369	3,266,111	9,616,673	102,689	1,004,381	34,274	(18,511)	–	14,086,986
Balance at end of year	19,374,078	280,311,022	413,260,008	50,845,745	65,309,780	28,331,983	1,929,912	–	859,362,528
Net Book Value	US$410,688,209	US$483,009,954	US$635,074,712	US$22,475,698	US$6,148,372	US$23,333,644	US$1,955,522	US$263,007,840	US$1,845,693,951

Capitalized borrowing costs amounted to US$0.6 million at a capitalization rate of 8.00 percent in 2021, US$0.3 million at a capitalization rate of 8.00 percent in 2022, and US$2.9 million at a capitalization rate of 4.27 percent in 2023. Additions to land and land improvements in 2022 pertain mainly to acquisition of land in the Philippines and in Brazil for new projects. Additions to port facilities and equipment in 2023 mainly pertain to expansion works and/or acquisition of terminal equipment at VICT and IDRC.

Construction in progress is mainly composed of ongoing port development and expansion projects in CMSA and IDRC as at December 31, 2021, IDRC, VICT and CMSA as at December 31, 2022, and CMSA, IDRC and VICT as at December 31, 2023.

Certain property and equipment of VICT with total carrying value of AUD279.2 million (US$202.8 million), and AUD360.8 million (US$246.1 million), and AUD428.6 million (US$292.0 million) as at December 31, 2021, 2022, and 2023, respectively, were pledged as securities for its Senior Secured Notes; parcels of land of IDRC with total carrying value of US$10.2 million as at December 31, 2021, 2022, and 2023, was pledged as collateral for its outstanding loan (see Note 16.2.3).

7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The concession agreements of CMSA, TSSA, VICT, BCT, BICTL, MICTSI, ICTSI Nigeria, and TMT (until May 2021) lease of terminal facilities in IRB Logistica and lease of a portion of land for use in the operations of Tecplata were accounted for by the Group in accordance with PFRS 16, *Leases*. The Group recognized lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Right-of-use assets are amortized over the term of the concession agreements and have remaining amortization periods ranging from 1 to 32 years.

Amounts Recognized in the Consolidated Balance Sheets

Set-out below are the reconciliation of the Group's right-of-use assets and lease liabilities during the period:

Right-of-use Assets

	2021	2022	**2023**
Balance at beginning of year	US$612,137,861	US$664,266,147	**US$723,831,838**
Additions	4,455,424	11,288	**164,218,518**
Remeasurement	119,476,968	106,404,486	**28,658,474**
Amortization	(43,062,616)	(49,798,358)	**(56,056,912)**
Effect of business combination (Note 1.4)	–	2,600,268	**–**
Cumulative translation adjustments	(28,741,490)	348,007	**55,714,439**
Balance at end of year	US$664,266,147	US$723,831,838	**US$916,366,357**

Lease Liabilities

	2021	2022	**2023**
Balance at beginning of year	US$1,234,777,473	US$1,282,594,748	**US$1,353,698,156**
Interest expense	114,298,044	119,722,451	**133,793,311**
Payments	(125,099,978)	(145,320,011)	**(165,642,959)**
Additions	4,455,424	11,288	**164,218,518**
Remeasurement	119,476,968	106,404,486	**28,658,474**
Foreign exchange differences	(1,869,629)	(1,819,265)	**11,887,153**
Cumulative translation adjustments	(63,443,554)	(11,366,441)	**86,287,068**
Effect of business combination (Note 1.4)	–	3,470,900	**–**
Balance at end of year	US$1,282,594,748	US$1,353,698,156	**US$1,612,899,721**
Current portion of lease liabilities	US$29,223,519	US$25,585,758	**US$41,877,334**
Lease liabilities - net of current portion	1,253,371,229	1,328,112,398	**1,571,022,387**
Balance at end of year	US$1,282,594,748	US$1,353,698,156	**US$1,612,899,721**

Additions to right-of-use assets and lease liabilities during 2023 mainly pertain to renewal of concession contract at BCT and lease of additional berth space at VICT.

Summarized below are the amounts recognized in the consolidated profit or loss:

	2021	2022	**2023**
Amortization of right-of-use assets	US$43,062,616	US$49,798,358	**US$56,056,912**
Interest expense on lease liabilities	114,298,044	119,722,451	**133,793,311**
Lease expense not included in the measurement of lease liabilities (under Port Authorities' share in gross revenues)	25,570,400	29,094,552	**27,752,083**
Lease expense on short-term leases exempted from PFRS 16 classified under:			
Equipment and facilities-related expenses	1,112,666	1,738,021	**3,121,398**
Administrative and other operating expenses	122,633	55,314	**136,902**
Lease expense on low value assets exempted from PFRS 16 classified under:			
Equipment and facilities-related expenses	–	2,535	**15,874**
Administrative and other operating expenses	–	12,277	**7,459**

Maturity Profile

The undiscounted minimum payments pertaining to lease liabilities as at December 31, 2023 are as follows:

	Amount
2024	US$182,279,326
2025	185,739,766
2026	186,624,488
2027	188,000,106
2028 onwards	2,594,126,848
Total	US$3,336,770,534

Lease Commitments of the Group that are Not Reflected in the Measurement of Lease Liabilities

The Group is exposed to future cash outflows that are not yet reflected in the measurement of the lease liabilities as of December 31, 2023 since the leases have not yet commenced:

	Amount
2024	US$ 18,309,921
2025	18,776,292
2026	19,247,301
2027	19,723,015
2028 onwards	72,783,907
Total	US$148,840,436

8 INVESTMENT PROPERTIES

The details of investment properties are as follows::

	2021		
	Land and Improvements	Building and Others	Total
Cost			
Balance at beginning of year	US$12,908,839	US$1,002,069	US$13,910,908
Translation adjustments	(248,664)	(7,717)	(256,381)
Balance at end of year	12,660,175	994,352	13,654,527
Accumulated Depreciation and Amortization			
Balance at beginning of year	6,449,240	457,032	6,906,272
Amortization during the year	373,526	6,444	379,970
Translation adjustments	–	(5,845)	(5,845)
Balance at end of year	6,822,766	457,631	7,280,397
Net Book Value	US$5,837,409	US$536,721	US$6,374,130

	2022		
	Land and Improvements	Building and Others	Total
Cost			
Balance at beginning of year	US$12,660,175	US$994,352	US$13,654,527
Effect of business combination	–	151,951	151,951
Translation adjustments	(342,259)	(1,941)	(344,200)
Balance at end of year	12,317,916	1,144,362	13,462,278
Accumulated Depreciation and Amortization			
Balance at beginning of year	6,822,766	457,631	7,280,397
Amortization during the year	375,124	5,828	380,952
Translation adjustments	(8,408)	–	(8,408)
Balance at end of year	7,189,482	463,459	7,652,941
Net Book Value	US$5,128,434	US$680,903	US$5,809,337

	2023		
	Land and Improvements	**Building and Others**	**Total**
Cost			
Balance at beginning of year	**US$12,317,916**	**US$1,144,362**	**US$13,462,278**
Reclassifications (Note 5)	**114,141**	**(275,124)**	**(160,983)**
Translation adjustments	**26,058**	**602**	**26,660**
Balance at end of year	**12,458,115**	**869,840**	**13,327,955**
Accumulated Depreciation and Amortization			
Balance at beginning of year	**7,189,482**	**463,459**	**7,652,941**
Amortization during the year	**34,876**	**5,707**	**40,583**
Translation adjustments	**682**	**–**	**682**
Balance at end of year	**7,225,040**	**469,166**	**7,694,206**
Net Book Value	**US$5,233,075**	**US$400,674**	**US$5,633,749**

Land and improvements mainly include land held for capital appreciation and land improvements subject to operating leases.

Investment properties of MICT and IWI CTHI located in Laguna, Philippines with a carrying value of US$4.4 million, US$3.7 million and US$3.7 million as of December 31, 2021, 2022 and 2023 have a fair value of ₱2.1 billion (US$37.3 million) as at March 15, 2023 based on a valuation performed by a qualified independent appraiser whose report was dated March 25, 2023.

Fair value of the investment properties was determined using the sales comparison approach. This means that valuations performed by qualified independent appraisers are based on sales of similar or substitute properties, significantly adjusted for differences in the nature, location or condition of the specific property. This valuation approach is categorized as *Level 3* in the fair value hierarchy as at December 31, 2021, 2022 and 2023. The significant unobservable input to the valuation is the price per square meter which ranges from ₱3,900 (US$70.4) to ₱4,200 (US$75.9).

Significant increases or decreases in estimated price per square meter in isolation would result in a significantly higher or lower fair value on a linear basis.

Rental income derived from rental-earning investment properties presented as part of "Other income" account in the consolidated statements of income amounted to US$1.5 million in 2021 and 2022, and US$1.2 million in 2023 (see Note 21.1). There were no restrictions on realizability of investment properties and no significant repairs and maintenance were made to maintain the Group's investment properties in 2021, 2022 and 2023. The rent agreement covering rental-earning investment properties is renewable at the option of the transacting parties yearly.

Operating expenses related to the investment property amounted to US$0.2 million in 2021, 2022 and US$0.4 million in 2023, which pertains mainly to real property taxes.

9 INVESTMENTS IN AND ADVANCES TO JOINT VENTURES AND AN ASSOCIATE

This account consists of:

	2021	2022	2023
Investments in and advances to joint ventures:			
SPIA	US$259,264,388	US$240,208,234	**US$242,974,846**
MNHPI	176,813,651	–	**–**
Others	13,123,483	10,057,465	**28,527,815**
Investment in an associate:			
ARDC	7,474,994	7,474,994	**7,474,994**
	456,676,516	257,740,693	**278,977,655**
Less allowance for probable losses	7,474,994	7,474,994	**7,474,994**
	US$449,201,522	US$250,265,699	**US$271,502,661**

Investment in and Advances to Joint Ventures

As at December 31, 2023, investments in joint ventures pertain to the Group's 49.8 percent ownership interest in SPIA and 49.0 percent investment in FAMI. FAMI was established in March 2018. The advances to joint ventures mainly represent interest-bearing loans used by SPIA to finance the construction of its terminal and its start-up operations in Colombia (see Note 23.1). SPIA started commercial operations in the fourth quarter of 2016.

The movements and details of this account are as follows:

	2021	2022	2023
Investment in joint venture:			
Balance at beginning of year	US$219,296,063	US$200,565,942	**US$29,548,523**
Consolidation of MNHPI (Note 1.4)	–	(158,441,495)	**–**
Share in other comprehensive income (loss)	(8,925,849)	(14,562,682)	**1,897,039**
Conversion of advances to investment	–	–	**9,161,996**
Equity in net (losses) gains during the year	(350)	1,986,758	**(9,808,724)**
Dividends declared by MNHPI	(9,803,922)	–	**–**
Balance at end of year	200,565,942	29,548,523	**30,798,834**
Advances to a joint venture (Note 23.1)	248,635,580	220,717,176	**240,703,827**
	US$449,201,522	US$250,265,699	**US$271,502,661**

The summarized financial information of SPIA as at and for the years ended December 31 follows:

	2021	2022	2023
Current assets [(a)]	US$29,893,111	US$23,721,184	**US$55,117,226**
Noncurrent assets	512,309,969	478,921,922	**463,865,946**
Current liabilities	231,914,825	216,023,433	**236,141,871**
Noncurrent liabilities [(b)]	241,209,994	223,181,532	**232,573,280**

[(a)] Current assets include cash and cash equivalents amounting to US$9.5 million, US$6.3 million, and US$30.4 million as at December 31, 2021, 2022 and 2023, respectively.
[(b)] Noncurrent liabilities include deferred tax liabilities amounting to US$5.6 million, US$5.2 million, and US$4.9 million as at December 31, 2021, 2022 and 2023, respectively.

	2021	2022	2023
Gross revenues from port operations	US$76,341,098	US$91,979,473	**US$81,386,226**
Operating expenses	(27,535,812)	(30,546,133)	**(35,975,475)**
Depreciation and amortization	(35,572,900)	(32,383,878)	**(31,835,816)**
Other income	8,490,187	9,803,236	**8,850,524**
Other expenses [(c)]	(39,059,852)	(37,157,907)	**(34,133,463)**
Provision for income tax	(3,886,999)	(7,334,912)	**(1,462,115)**
Net loss	(US$21,224,278)	(US$5,640,121)	**(US$13,170,119)**

[(c)] Other expenses include interest expense on concession rights payable amounting to US$1.2 million in 2021, 2022, and 2023 and interest expense on advances from IEBV and PSA amounting to US$26.3 million in 2021, US$12.5 million in 2022, and US$12.3 million in 2023.

The difference between the carrying value of investment in SPIA against the share in net assets of SPIA represents the excess of fair value over the carrying value of the concession rights of SPIA.

ICTSI acquired control over MNHPI beginning September 8, 2022 (see Note 1.4). Prior to the business combination, MNHPI was accounted for as a joint venture.

Investment in an Associate
The Group has 49% stake in ARDC that had already ceased commercial operations. The investment in ARDC was covered with a full allowance for probable losses amounting to US$7.5 million.

10 OTHER NONCURRENT ASSETS

This account consists of:

	2021	2022	2023
Advances to suppliers, contractors and others - net	US$249,136,440	US$285,340,649	**US$125,611,366**
Input tax	15,990,544	6,625,610	**4,705,820**
Derivative assets (Note 27)	–	8,457,515	**4,186,513**
Financial assets at FVOCI	3,298,382	3,601,546	**3,999,892**
Restricted cash (Note 16)	12,524,678	243,271	**290,066**
Receivable from port authority - noncurrent portion	2,873,191	–	**–**
Prepayments and others	39,348,935	48,719,498	**57,065,819**
	US$323,172,170	US$352,988,089	**US$195,859,476**

Advances to Suppliers, Contractors and Others
Advances to suppliers, contractors and others mainly pertain to advance payments for the acquisition of transportation equipment and construction of port facilities, advance payments for future rentals and deposits for acquisitions of investments. As at December 31, 2021, 2022 and 2023, this account includes advances and deposits to suppliers and contractors and for the acquisition of investments amounting to US$64.7 million, US$127.7 million and US$125.6 million, respectively (see Note 1.2).

This also includes the upfront fee that ICTSI was required to pay pursuant to the Concession Agreement signed with the Sea Ports Corporation (SPC) of Sudan to operate, manage and develop the South Port Container Terminal (SPCT) at Port of Sudan, Republic of the Sudan for 20 years. The Port of Sudan is the only major modern port in the country and serves as the international gateway for more than 95% of Sudan's cargo flows. Pursuant to the Agreement, ICTSI is required to pay: (a) an upfront fee of EUR530.0 million in installments of EUR410.0 million (US$467.2 million) and five other installments each in the amount of EUR24.0 million (US$27.3 million) from the third to the seventh operation year; (b) fixed monthly fee; and (c) royalty fee during the concession period. The Agreement is secured by a sovereign guarantee by the Republic of the Sudan.

On January 8, 2019, the Ministry of Finance and Economic Planning of the Republic of the Sudan (the "Ministry") issued a bond (the Refund Bond), which was subsequently amended, wherein it agreed to refund the Upfront Fee in case ICTSI is unable to take over operations by April 7, 2019.

On January 13, 2019, ICTSI paid the initial installment of Upfront Fee of EUR410.0 million (US$470.2 million). In February 2019, ICTSI established Africa Gateway Terminal (AGT), a Sudanese entity, to operate the container terminal.

On July 3, 2019, December 14, 2019, November 30, 2022 and February 6, 2023, ICTSI received partial repayments of the Upfront Fee in the amount of EUR195.2 million (US$219.1 million), AED110.2 million (EUR26.8 million or US$29.8 million), EUR1.0 million (US$1.0 million) and EUR0.5 million (US$0.5 million) respectively, based on terms of the Refund Bond.

ICTSI strived to reach out to the Sudanese Government but failed to have a productive discussion since the Sudan war broke out in April 2023. As such, the Group recognized full impairment charge on the remaining balance of the Upfront Fee and other noncurrent assets totaling US$154.7 million as at December 31, 2023.

Notwithstanding the prudence in the accounting impairment charge, ICTSI will continue to pursue the Sudanese government on the remaining balance of the Upfront Fee under the terms of the Refund Bond and the UK High Court ruling in favor of ICTSI.

Input Tax
This account includes prepaid input tax and is expected to be applied against output tax after 12 months from the balance sheet date.

Restricted Cash
Restricted cash pertains mainly to cash deposits placed by the Group as required by concession agreements and special purpose debt service reserves.

Receivable from Port Authority
In 2021, this account pertains to ICTSI Rio's receivable from port authority representing the amount recoverable from Companhia Docas do Rio de Janeiro (CDRJ or the port authority) for the reimbursement of costs disbursed for the expansion works on Terminal 1 of the port of Rio de Janeiro, through offsetting against the monthly fixed and variable fees and/or payments by CDRJ.

Financial Assets at FVOCI
The net movement in unrealized mark-to-market gain on financial assets at FVOCI is as follows:

	2021	2022	2023
Balance at beginning of year	US$1,051,323	US$1,445,806	**US$1,781,384**
Change in fair value of financial assets at FVOCI	394,483	335,578	**396,624**
Balance at end of year (Note 15.7)	US$1,445,806	US$1,781,384	**US$2,178,008**

Prepayments and Others
As at December 31, 2022, this account increased mainly due to payment of deposits and/or fees in relation to the concession and lease agreements of MICTSL and BCT, respectively, and will be appropriately reclassified as part of intangibles and right-of-use asset once certain requirements within the concession agreement was met and upon the effectivity of renewal of contract, respectively. As at December 31, 2023, this account further increased mainly due to additional payment made at MICTSL, whereas BCT's deposits/fees were already reclassified to right-of-use assets in 2023.

11 IMPAIRMENT TESTING ON NONFINANCIAL ASSETS

The Group reviews all assets annually or more frequently to look for any indication that an asset may be impaired. These assets include property and equipment, intangible assets, right-of-use assets, investment property, investments in joint ventures and associates, intangible assets not yet available for use and goodwill, and certain other noncurrent assets. If any such indication exists, or when the annual impairment testing for an asset is required, the Group calculates the asset's recoverable amount. Irrespective of whether there is any indication of impairment, intangible assets not yet available for use and goodwill acquired in a business combination are tested for impairment annually. ICTSI and its subsidiaries used a discounted cash flow analysis to determine value-in-use.

Value-in-use reflects an estimate of the future cash flows the Group expects to derive from the cash-generating unit, expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset and other factors such as illiquidity that market participants would reflect in pricing the future cash flows the Group expects to derive from the cash-generating unit. The calculation of the value-in-use is based on reasonable and supportable assumptions, the most recent budgets and forecasts and extrapolation for periods beyond budgeted projections. These represent management's best estimate of the economic conditions that will exist over the remaining useful life of the asset.

The recoverable amount of nonfinancial assets of the Group subject to impairment testing has been determined based on value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period or remaining concession period, taking into consideration effect of significant events on the macroeconomic factors used in developing the assumptions. Projections beyond five years were used for the newly established terminals and/or greenfield projects.

Key assumptions used to determine the value-in-use are discount rates including cost of debt and cost of capital, growth rates, EBITDA margins, working capital and capital expenditure.

Discount Rates
The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group used discount rates based on the industry's WACC. The rates used to discount the future cash flows are based on risk-free interest rates in the relevant markets where the

subsidiaries are domiciled taking into consideration the debt premium, market risk premium, gearing, corporate tax rate and asset betas of these subsidiaries. Management assumed discount rates of 5.22 percent to 23.92 percent in 2021, 8.60 to 25.50 percent in 2022, and 7.04 percent to 17.00 percent in 2023.

Growth Rates
Average growth rates in revenues are based on ICTSI's expectation of market developments and the changes in the environment in which it operates. ICTSI uses revenue growth rates ranging from 0.14 percent to 5.88 percent in 2023, based on past historical performance as well as expectations on the results of its strategies. On the other hand, the perpetual growth rate used to compute for the terminal value is based on the forecasted long-term growth of real gross domestic product (GDP) of the economy in which the business operates.

EBITDA Margin
The EBITDA margin represents the operating margin before depreciation and amortization and is estimated based on the margin achieved in the period immediately before the budget period and on estimated future development and growth in the industry and market. Committed operational efficiency programs are taken into consideration. Changes in the outcome of these initiatives may affect future estimated EBITDA margin.

Capital Expenditure
In computing the value-in-use, estimates of future cash flows include future cash outflows necessary to maintain the level of economic benefits expected to arise from the asset in its current condition. Capital expenditures that improve or enhance the asset's performance therefore are not included. However, for the newly established terminals and/or greenfield projects, management takes into consideration the capital expenditures necessary to meet the expected growth in volume and revenues. These expansionary capital expenditures of which the Group has incurred cash outflows, for the newly established terminals are deducted from the future cash flows.

Impairment of Nonfinancial Assets
Loss in respect of the impairment in value of the Group's nonfinancial assets amounting to US$6.7 million, US$16.0 million and US$165.3 million, were recognized in 2021, 2022 and 2023, respectively (see Notes 5 and 10). The impairment charge was a result of lower projected cash inflows arising from the current unfavorable economic conditions.

12 CASH AND CASH EQUIVALENTS

This account consists of:

	2021	2022	**2023**
Cash on hand and in banks	US$211,046,884	US$398,625,788	**US$422,117,997**
Cash equivalents	446,546,645	440,313,882	**293,986,046**
	US$657,593,529	US$838,939,670	**US$716,104,043**

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are short-term investments, which are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term investment rates.

Interest income derived from interest-earning bank deposits, short-term investments and restricted cash amounted to US$9.0 million, US$26.6 million, and US$44.3 million for the years ended December 31, 2021, 2022, and 2023, respectively.

13 RECEIVABLES

This account consists of:

	2021	2022	**2023**
Trade	US$112,635,882	US$131,865,507	**US$155,420,425**
Advances and nontrade	30,328,862	37,488,005	**38,203,929**
	142,964,744	169,353,512	**193,624,354**
Less allowance for doubtful accounts	7,952,355	11,442,227	**11,117,129**
	US$135,012,389	US$157,911,285	**US$182,507,225**

Trade receivables are noninterest-bearing and are generally on 30-60 days credit terms.

Advances and nontrade receivables mainly include noninterest-bearing advances to suppliers and vendors that may be applied against payable or collectible within 12 months.

Movements in the allowance for doubtful accounts are summarized below:

	2021		
	Trade	Advances and Nontrade	Total
Balance at beginning of year	US$8,315,298	US$280,622	US$8,595,920
Provision during the year	241,376	21,865	263,241
Write-off	(215,095)	–	(215,095)
Translation adjustments	(691,711)	–	(691,711)
Balance at end of year	US$7,649,868	US$302,487	US$7,952,355

	2022		
	Trade	Advances and Nontrade	Total
Balance at beginning of year	US$7,649,868	US$302,487	US$7,952,355
Provision during the year	51,066	3,365,000	3,416,066
Write-off	(1,501,014)	–	(1,501,014)
Translation adjustments	(239,434)	(210,433)	(449,867)
Effect of business combination	40,214	1,984,473	2,024,687
Balance at end of year	US$6,000,700	US$5,441,527	US$11,442,227

	2023		
	Trade	**Advances and Nontrade**	**Total**
Balance at beginning of year	**US$6,000,700**	**US$5,441,527**	**US$11,442,227**
Provision during the year	**578,980**	**638,250**	**1,217,230**
Write-off	**(250,399)**	**(1,301,726)**	**(1,552,125)**
Translation adjustments	**235,655**	**(225,858)**	**9,797**
Balance at end of year	**US$6,564,936**	**US$4,552,193**	**US$11,117,129**

14 PREPAID EXPENSES AND OTHER CURRENT ASSETS

This account consists of:

	2021	2022	2023
Short-term investments (Note 18)	US$410,418	US$122,248,975	**US$155,639,325**
Restricted cash (Note 16)	6,200,000	24,794,700	**13,406,894**
Prepaid taxes	12,123,690	14,100,226	**29,801,278**
Input tax	21,910,622	24,958,611	**21,744,192**
Prepaid port fees, insurance, bonds and other expenses and deposits	17,828,497	14,611,938	**21,341,848**
Receivable from port authorities	1,804,893	2,207,647	**2,322,489**
Others	2,497,188	4,527,993	**3,198,015**
	US$62,775,308	US$207,450,090	**US$247,454,041**

Short-term Investments
The maturity dates of short-term investments range from more than three months to 12 months.

Restricted Cash
Restricted cash in as at December 31, 2021 pertains mainly to cash deposits placed by ICTSI Iraq as a security to the availment of overdraft facility. Restricted cash as at December 31, 2022 and 2023 pertains to deposits placed as required by special purpose debt service reserves of VICT.

Prepaid Taxes
This account consists of credits granted by the tax authorities, business taxes, and creditable tax withheld which can be applied against tax liabilities in the future. This account increased in 2023 mainly due to prepaid taxes in EJD, MICTSL, and TSSA.

Input Tax
This account includes input tax recognized mainly from the acquisition of terminal equipment and payments of civil works in relation to the construction activities. Such input tax is expected to be applied against output tax within 12 months from the balance sheet date.

Receivable from Port Authorities
This account represents the Group's share in fees collected by the port authorities.

15 EQUITY

The Group was listed with the PSE on March 23, 1992. In its initial public offering, the Parent Company offered its common shares at a price of ₱6.70. As at December 31, 2021, 2022 and 2023, the Parent Company had 1,359, 1,350 and 1,338 shareholders on record, respectively.

15.1 Capital Stock and Treasury Shares

The Parent Company's common shares are listed and traded in the PSE.

The details and movements of ICTSI's capital stock and treasury shares as at December 31 were as follows:

	Number of Shares					
	Authorized			Issued and Subscribed		
	2021	2022	**2023**	2021	2022	**2023**
Preferred A Shares - nonvoting, non-cumulative, ₱1.00 (US$0.048) par value	993,000,000	993,000,000	**993,000,000**	3,800,000	3,800,000	**3,800,000**
Preferred B Shares - voting, non-cumulative, ₱0.01 (US$0.0002) par value	700,000,000	700,000,000	**700,000,000**	700,000,000	700,000,000	**700,000,000**
Common Stock - ₱1.00 (US$0.048) par value	4,227,397,381	4,227,397,381	**4,227,397,381**	2,045,177,671	2,045,177,671	**2,045,177,671**

	Number of Shares		
	Issued and Subscribed		
	2021	2022	**2023**
Treasury Shares			
Balance at beginning of year	(2,406,962)	(6,567,889)	**(14,836,722)**
Acquisitions during the year	(5,970,990)	(10,039,250)	**(306,230)**
Issuance for share-based payments (Note 20)	1,810,063	1,770,417	**1,953,884**
Balance at end of year	(6,567,889)	(14,836,722)	**(13,189,068)**

	Amount Issued and Subscribed		
	2021	2022	**2023**
Preferred Stock	US$236,222	US$236,222	**US$236,222**
Common Stock	US$67,781,529	US$67,781,529	**US$67,781,529**
Subscription Receivable	(451,341)	(451,341)	**(451,341)**
	US$67,330,188	US$67,330,188	**US$67,330,188**
Treasury Shares			
Balance at beginning of year	(US$4,431,257)	(US$12,481,187)	**(US$39,991,203)**
Acquisitions during the year	(11,386,853)	(31,810,166)	**(1,064,203)**
Issuance for share-based payments (Note 20)	3,336,923	4,300,150	**2,725,247**
Balance at end of year	(US$12,481,187)	(US$39,991,203)	**(US$38,330,159)**

Preferred Shares
The Preferred A shares, which were subscribed by ICTHI, are nonvoting, entitled to dividend at rates to be fixed by the Board, non-cumulative, convertible to common shares under such terms to be provided by the Board, redeemable at such price and terms determined by the Board and have preference over common shares in the distribution of the assets of the Parent Company. As at February 28, 2024, the Board has not fixed the dividend rate and terms of conversion of Preferred A shares.

The Preferred B shares were issued to Achillion Holdings, Inc. (Achillion). Preferred B shares have the following features: voting; issued only to Philippine Nationals; not convertible into common shares; earn no dividend and redeemable at the option of the Board.

Achillion is a Philippine corporation owned and controlled by ICTSI's Chairman and President and controlling stockholder, Mr. Enrique K. Razon, Jr. The ICTSI contract with PPA on the operation, management and development of the MICT requires the Razon Group to retain control of ICTSI.

Treasury Shares
Treasury shares came from the acquisition of ICTSI common shares or transfer of ICTSI common shares held by subsidiaries. Part of the treasury shares are subsequently reissued upon vesting of stock awards under the Stock Incentive Plan (SIP) (see Note 20).

On November 26, 2018, the Board of ICTSI approved and authorized the re-purchase from the open market of up to 30 million ICTSI shares, in addition to the number of shares approved and ratified by the BOD on September 16, 2015 initially at 10 million shares and on November 17, 2016 for an additional 20 million shares. The purpose of the said authorizations is to provide management the flexibility to acquire shares from the open market either for the SIP or as and when management deems the price of the shares to be undervalued.

On September 17, 2021, ICTSI acquired 5,970,990 ICTSI shares held by IWI CTHI. The acquisition of ICTSI shares resulted to a decrease in common shares held by subsidiaries by US$11.2 million, and an increase in treasury shares by US$11.4 million, including transaction costs. In 2022, the Company acquired additional 10,039,250 treasury shares totaling US$31.8 million.

ICTSI acquired additional 306,230 shares totaling US$1.1 million in May 2023. As at December 31, 2023, the total number of treasury shares is 13,189,068.

15.2 Additional Paid-in Capital

Additional paid-in capital is increased when ICTSI grants stock awards and these stock awards vest under the SIP. Aggregate increase in additional paid-in capital amounted to US$2.4 million, US$1.2 million, and US$3.4 million in 2021, 2022, and 2023, respectively, as a result of granting and vesting of stock awards (see Note 20).

15.3 Cost of Shares Held by Subsidiaries

Details and movements in preferred and common shares held by subsidiaries as at December 31 are as follows:

	2021		2022		**2023**	
	Number of Shares	Amount	Number of Shares	Amount	**Number of Shares**	**Amount**
Preferred Shares	3,800,000	US$72,492,481	3,800,000	US$72,492,481	**3,800,000**	**US$72,492,481**
Common Shares						
Balance at beginning of year	5,970,990	11,182,979	–	–	**–**	**–**
Acquisitions during the year	–	–	–	–	**–**	**–**
Sale of shares held by a subsidiary	(5,970,990)	(11,182,979)	–	–	**–**	**–**
Balance at end of year	–	–	–	–	**–**	**–**
	3,800,000	US$72,492,481	3,800,000	US$72,492,481	**3,800,000**	**US$72,492,481**

As at December 31, 2021, 2022 and 2023, cost of preferred shares held by a subsidiary pertains to preference A shares held by ICTHI.

On September 17, 2021, ICTSI acquired 5,970,990 ICTSI shares held by IWI CTHI. The acquisition of ICTSI shares resulted to a decrease in common shares held by subsidiaries by US$11.2 million, and an increase in treasury shares by US$11.4 million, including transaction costs.

15.4 Non-controlling Interests

On May 25, 2021, ICTSI, through its wholly-owned subsidiary IABV, acquired an additional stake in IDRC increasing ICTSI's effective ownership from 52% to 62%. The difference between the purchase price and carrying value of the non-controlling interest of US$12.0 million was recognized in equity as "Excess of consideration over the carrying value of non-controlling interests acquired or disposed" in the 2021 consolidated balance sheet.

In October 2021, ICTSI, through IML, acquired additional 15.88% equity interest in PICT for PKR2.7 billion (US$15.8 million) and further increased its ownership to 80.41%. The excess of the acquisition costs over the carrying value of the additional interest acquired amounting to US$11.5 million was recognized at transaction date in equity as "Excess of consideration over the carrying value of non-controlling interests acquired or disposed" in the 2021 consolidated balance sheet.

In November 2022, ICTSI, through its wholly-owned subsidiary IAHQ, sold a portion of its stake in IDRC decreasing ICTSI's effective ownership from 62% to 58%. The difference between the purchase price and carrying value of the non-controlling interest of US$2.9 million was recognized in equity as "Excess of consideration over the carrying value of non-controlling interests acquired or disposed" in the 2022 consolidated balance sheet.

In November 2022, ICTSI acquired 25,000 common shares of EJD, representing 1.67% non-controlling interest, from IPH. This transaction increased ICTSI's ownership in EJD from 65% to 66.67% (see Note 1.4). The difference between the purchase price and carrying value of the non-controlling interest of US$1.7 million (IDR27.3 billion) was recognized in equity as "Excess of consideration over the carrying value of non-controlling interests acquired or disposed" in the 2022 consolidated balance sheet.

In December 2022, ICTSI through its wholly-owned subsidiary, IWI CTHI, acquired the remaining 20% non-controlling interest in BIPI, from Marubeni Corporation for US$9.2 million (Php507.4 million). After the transaction, BIPI became a wholly-owned subsidiary of IWI CTHI. The difference amounting to US$2.0 million (Php227.9 million), between the purchase price and carrying value of the non-controlling interest, was recognized in equity as "Excess of consideration over the carrying value of non-controlling interests acquired or disposed" in the 2022 consolidated balance sheet.

The significant portion of non-controlling interests pertains to MNHPI, YICT and IDRC representing 85%, 94% and 90% of the total as at December 31, 2021, 2022 and 2023, respectively.

The dividends distributed to non-controlling shareholders are as follows:

	2021	2022	**2023**
IDRC	US$16,800,000	US$28,500,000	**US$27,300,000**
MNHPI	–	10,761,360	**20,317,837**
YICT	2,775,354	3,307,599	**2,769,950**
SPICTL	1,254,586	3,730,119	**2,740,781**
SBITHI	1,577,000	1,643,500	**1,814,500**
PICT	4,592,572	3,169,108	**1,485,967**
MITL	116,580	1,559,203	**1,090,910**
SCIPSI	858,683	858,758	**717,431**
LGICT	–	538,800	**650,172**
ICTSI Nigeria	–	250,000	**500,000**
CMSA	–	59	**7**
AGCT	–	7,882,658	**–**
BIPI	487,013	464,950	**–**
	US$28,461,788	**US$62,666,114**	**US$59,387,555**

15.5 Retained Earnings

The details of ICTSI's declaration of cash dividends are as follows:

	2021	2022	**2023**
Date of Board approval	March 15, 2021; August 6, 2021	March 3, 2022	**March 6, 2023**
Cash dividends (regular) per share	US$0.069 (₱3.38)	US$0.106 (₱5.56)	**US$0.156 (₱8.56)**
Cash dividends (special) per share	US$0.032 (₱1.62)	US$0.008 (₱0.44)	**US$0.026 (₱1.44)**
Record date	March 30, 2021; August 20, 2021	March 18, 2022	**March 20, 2023**
Payment date	April 12, 2021; September 1, 2021	March 28, 2022	**March 28, 2023**

Retained earnings were reduced by distributions paid out by RCBV to holders of Perpetual Capital Securities discussed in Note 15.6 below aggregating US$67.3 million in 2021, US$35.4 million in 2022 and US$29.0 million in 2023.

Of the net consolidated retained earnings of US$346.2 million, US$687.4 million and US$799.7 million as at December 31, 2021, 2022, 2023, respectively, undistributed earnings of subsidiaries in retained earnings position amounting to US$1,310.4 million, US$1,455.3 million, and US$1,842.7 million as at December 31, 2021, 2022 and 2023, respectively, were not available for dividend distribution. As at December 31, 2023, the retained earnings is restricted for dividend declaration to the extent of the cost of treasury shares held amounting to US$43.8 million.

Total appropriated retained earnings of the Parent Company amounted to nil in 2021, 2022 and 2023. As at December 31, 2023, the unappropriated retained earnings of the Parent Company that is available for dividend declaration amounted to US$471.6 million.

15.6 Perpetual Capital Securities

RCBV engaged in a series of financial transactions involving the issuance, redemption, and consolidation of Senior Guaranteed Perpetual Capital Securities ("Securities") with interest rates ranging from 4.875 percent to 6.25 percent. These Securities are unconditionally and irrevocably guaranteed by ICTSI and were used to refinance existing debts, fund capital expenditures, and support general corporate purposes. Differences between the redemption prices and the carrying values of the Securities were charged to retained earnings.

The Securities are treated as a liability in the financial statements of the Issuer or RCBV since it has the obligation to pay the accumulated distributions should the Guarantor declare dividends to its common stockholders. On the other hand, the Securities are treated as part of equity attributable to equity holders of the parent in the consolidated financial statements of the Group nothing in the terms and conditions of the Securities gives rise to an obligation of the Group to deliver cash or another financial asset in the future as defined by PAS 32. However, should the Issuer decide to exercise its option to redeem the Securities, the Securities shall be treated as a financial liability from the date the redemption option is exercised. Should the Issuer also opt to not defer payment of distributions on a Distribution Payment Date, all distributions in arrears as at that date will be recognized as a financial liability until payment is made.

The Securities were not registered with the Philippine SEC. The Securities were offered in offshore transactions outside the United States in accordance with Regulation S under the U.S. Securities Act of 1933, as amended, and, subject to certain exceptions, may not be offered or sold within the United States. The Securities are traded and listed in the Singapore Stock Exchange.

RCBV paid distributions totaling US$67.3 million, US$35.4 million and US$29.0 million to the holders of the Securities in 2021, 2022 and 2023, respectively. Interest expense on Perpetual Capital Securities, which represents cumulative distributions to holders of Perpetual Capital Securities, amounted to US$58.8 million, US$33.4 million and US$29.0 million for the years ended December 31, 2021, 2022 and 2023. However, the interest expense has not been recognized in the consolidated statements of income but instead directly charged against retained earnings since the Perpetual Capital Securities are presented as equity attributable to equity holders of the parent. For purposes of computing earnings per share, the cumulative distributions to holders of Perpetual Capital Securities are deducted from net income attributable to equity holders of the parent (see Note 29).

15.7 Other Comprehensive Loss - net

The details of other comprehensive net loss, net of applicable tax, as at December 31 are as follows:

	2021	2022	2023
Cumulative translation adjustments*	(US$191,320,929)	(US$197,653,925)	**(US$157,940,760)**
Unrealized mark-to-market gain (loss) on derivatives (Note 27)	(13,326,958)	11,939,939	**2,955,806**
Unrealized mark-to-market gain on financial assets at FVOCI (Note 10)	1,445,806	1,781,384	**2,178,008**
Business combination revaluation reserve	609,969	609,969	**609,969**
Share of other comprehensive gain (loss) of joint ventures and associates (Note 9)	2,238,112	(12,324,570)	**1,567,100**
Remeasurement loss on defined benefit plans (Note 24)	(2,941,485)	(2,763,483)	**(3,728,388)**
	(US$203,295,485)	(US$198,410,686)	**(US$154,358,265)**

Cumulative translation adjustments arise from the change in functional currency of the Parent Company and some of its subsidiaries' translation of foreign operations.

16 LONG-TERM DEBT

16.1 Outstanding Balances and Maturities

	Company	Maturity	2021	2022	2023
Medium-term Note (MTN) Programme (Note 16.2.1)					
Secured fixed interest USD bond	ITBV	2025	US$772,965,534	**US$778,746,319**	**US$390,038,269**
Senior Notes [(a)] (Note 16.2.2)					
Unsecured fixed interest USD bond	ICTSI	2030	392,833,873	**393,500,389**	**394,208,958**
Secured fixed interest US dollar bond	ITBV	2031	290,200,088	**291,030,916**	**291,894,478**
US dollar and Foreign Currency-denominated Term Loans and Securities (Note 16.2.3)					
Unsecured fixed interest USD term loan [(b)]	ICTSI	2029	US$–	**US$–**	**US$297,850,744**
Secured fixed interest AUD bond	VICT	2039	201,576,720	**243,126,579**	**270,261,192**
Secured fixed interest US dollar term loan [(b)]	IGFBV	2026	274,602,569	**265,907,302**	**257,212,034**
Secured floating interest PHP Term loan	MHCPSI	2029 [(c)]	133,669,167	**109,812,265**	**89,604,863**
Secured fixed interest USD term loans	IDRC	2025	11,670,891	**30,000,000**	**18,000,000**
Secured floating interest PGK term loan	SPICTL	2024-2026	10,170,492	**6,777,423**	**9,916,243**
Secured floating interest PGK term loan	MITL	2024-2026	10,738,818	**8,095,576**	**4,503,001**
Secured fixed interest USD term loans	CGSA	2027	3,857,143	**6,850,649**	**5,480,520**
Secured floating interest NGN term loan	ICTSI Nigeria	2028	–	**–**	**2,717,284**
Secured fixed interest BRL term loans	CLIA Pouso Alegre	2024-2027	–	**–**	**738,425**
Secured floating interest EUR term loan	ICTSI Middle East DMCC	2022	43,322,238	**–**	**–**
Total			2,145,607,533	**2,133,847,418**	**2,032,426,011**
Less current portion			76,836,083	**439,893,717**	**42,389,052**
Long-term debt - net of current portion			US$2,068,771,450	**US$1,693,953,701**	**US$1,990,036,959**

[(a)] The Senior Notes were offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Senior Notes are traded and listed in the Singapore Stock Exchange.
[(b)] See Note 27 to the consolidated financial statements for the details on the related hedge accounting applied by the Group in hedging interest rate risk
[(c)] Restructured and refinanced on April 11, 2022 by a Php6.35 billion loan with a final maturity date of March 14, 2029.

The balances of and movements in unamortized debt issuance costs and premium and discounts as at and for the years ended December 31 are shown below:

	2021	2022	2023
Balance at beginning of year	US$43,394,114	US$42,607,374	**US$35,599,500**
Debt issuance costs during the year	11,953,205	1,636,834	**3,722,649**
Amortization during the year	(8,399,939)	(8,256,415)	**(8,750,402)**
Write-off due to prepayment of long-term debt (Note 16.2 and 21.3)	(4,127,604)	–	**–**
Translation adjustments	(212,402)	(388,293)	**(334,540)**
Balance at end of year	US$42,607,374	US$35,599,500	**US$30,237,207**

Amortization of debt issuance costs is presented as part of "Interest expense and financing charges on borrowings" in the consolidated statements of income.

16.2 Details and Description

16.2.1 MTN Programme

ITBV. The MTN Programme is unconditionally and irrevocably guaranteed by ICTSI ("secured") and is listed on the Singapore Stock Exchange.

16.2.2 Senior Notes

ICTSI. The Senior Notes bear interest of 4.75 percent per annum, payable semi-annually in arrears, maturing on June 17, 2030.

ITBV. The ten-year Senior guaranteed fixed rate notes were issued on November 16, 2021 with an aggregate principal amount of US$300.0 million, maturing on November 16, 2031, at a fixed interest rate of 3.50 percent per annum, payable semi-annually in arrears. The notes are unconditionally and irrevocably guaranteed by ICTSI ("secured").

16.2.3 US dollar and Foreign Currency-denominated Term Loans and Securities

ICTSI. The US$300.0 million loan has been drawn down under the six-year term loan facility agreement, with interest rate based on six-month term SOFR plus an agreed margin. The proceeds of the loan were used to refinance the short-term and long-term loans.

VICT. On December 13, 2021, VICT signed a Note Purchase Agreement with various purchasers for the issuance and sale of Senior Secured Notes with an aggregate principal amount of US$290.5 million (AUD400.0 million), maturing on March 31, 2039, at a fixed interest rate of 4.27 percent per annum, payable semiannually in arrears. The proceeds were used to fund the prepayment of VICT's project finance facilities. The Senior Secured Notes is secured by certain assets of VICT (see Notes 6, 10 and 14) and guaranteed by IOBV ("secured").

ICTSI Global Finance B.V.(IGFBV). The loan was availed in 2019 under the seven-year term loan facility, with interest based on three-month LIBOR plus an agreed margin. Effective January 29, 2023, interest is based on three-month cumulative compounded Secured Overnight Financing Rate (SOFR) plus an agreed margin. The loan is unconditionally and irrevocably guaranteed by ICTSI ("secured").

MHCPSI. On April 11, 2022, the loan was restructured and refinanced by a US$122.7 million (Php6.4 billion) loan with the same financial institution. The maturity date of the PHP term loan was extended from March 14, 2023 to March 14, 2029. Interest is payable quarterly based on the higher of the prevailing 3-month BVAL plus agreed spread, or the prevailing Central Bank of the Philippines Overnight Reverse Repurchase Rate plus agreed spread. The PHP term loan is solely secured by the continuing suretyship of ICTSI.

IDRC. The loan is secured by certain assets of IDRC (see Note 6).

SPICTL and MITL. On November 27, 2019, SPICTL and MITL signed a loan agreement, which consists of a PGK five-year term loan facility and a PGK revolving loan facility, with interest based on the bank's published Indicator Lending Rate minus an agreed margin. The loan is unconditionally and irrevocably guaranteed by ICTSI ("secured").

CGSA. The loans are unconditionally and irrevocably guaranteed by ICTSI ("secured").

ICTSI Nigeria. The loan was availed from the five-year term loan facility, with interest based on prevailing market rate. The proceeds were used to finance the development and expansion of the berth including purchase of equipment. The loan is unconditionally and irrevocably guaranteed by IEBV ("secured").

CLIA Pouso Alegre. The loans are secured by certain equipment of CLIA Pouso Alegre with a carrying value of BRL1.7 million (US$0.4 million) as of December 31, 2023, and guaranteed through the Emergency Access Program (PEAC) administered by the Brazilian Development Bank (BNDES).

ICTSI Middle East DMCC. The Euro term loan bears interest rate based on Euro Interbank Offer Rate (EURIBOR) plus an agreed margin and matured on December 20, 2022. The loan is unconditionally and irrevocably guaranteed by ICTSI ("secured").

16.3 Loan Covenants and Capitalized Borrowing Costs

The loans from local and foreign banks impose certain restrictions with respect to corporate reorganization, disposition of all or a substantial portion of ICTSI's and subsidiaries' assets, acquisitions of futures or stocks, and extending loans to others, except in the ordinary course of business. ICTSI is also required to comply with a specified financial ratio relating to their debt to EBITDA up to 4 times when incurring additional debt.

There was no material change in the covenants related to the Group's long-term debt. As at December 31, 2023, ICTSI and subsidiaries were in compliance with their loan covenants.

Interest expense for long-term debt, net of amount capitalized as property and equipment, presented as part of "Interest expense and financing charges on borrowings" account in the consolidated statements of income, amounted to US$109.8 million in 2021, US$115.2 million in 2022, and US$119.3 million in 2023 (see Note 6).

17 OTHER NONCURRENT LIABILITIES

This account consists of:

	2021	2022	2023
Retirement liabilities (Note 24)	US$14,256,427	US$17,609,972	**US$19,046,193**
Accrued taxes and others (Note 19)	9,938,953	10,147,289	**10,939,692**
Derivative liability (Note 27)	7,766,630	–	**10,316,934**
Government grant	3,570,577	1,116,649	**–**
Others	6,311,577	7,643,320	**6,854,482**
	US$41,844,164	US$36,517,230	**US$47,157,301**

<u>Government Grant</u>

On March 29, 2012, BCT and Center for EU Transport Projects (CUPT), a Polish grant authority, signed the EU Grant whereby CUPT would grant BCT a subsidy amounting to US$17.3 million (PLN53.9 million) and on October 21, 2013, BCT and CUPT signed a second EU Grant whereby CUPT would grant BCT a subsidy amounting to US$4.8 million (PLN14.6 million). The confirmation of the availability of the EU Grant was a condition precedent to any borrowing under the facility agreement of BCT. In December 2015, BCT finalized capital expenditure projects supported by the EU Grant. The US$19.7 million EU Grant was treated as deferred income and was amortized over the duration of the preceding concession agreement which ended on May 31, 2023. Amortization of deferred income included under "Other income" account in the consolidated statements of income amounted to US$2.4 million in 2021, US$2.5 million in 2022, and US$1.1 million in 2023.

<u>Accrued Taxes and Others</u>

Accrued taxes and others as at December 31, 2023 include the noncurrent portion of customs duties payable in relation to the importation of port equipment in CGSA amounting to US$8.5 million.

<u>Others</u>

Others mainly pertain to the additions in other noncurrent liabilities arising from acquisition of MHCPSI (see Note 1.4).

18 LOANS PAYABLE

A summary of outstanding balance of loans payable as at December 31 is presented below:

	Company	2021	2022	2023
Secured fixed interest USD loan [a]	ICTSI Ltd.	US$–	US$110,000,000	**US$134,200,000**
Unsecured floating interest PGK loan [b]	SPICTL	–	–	**2,681,325**
Unsecured floating interest PGK loan [c]	MITL	–	–	**2,681,324**
Unsecured fixed interest USD loan	ICTSI	–	100,000,000	**–**
Unsecured fixed interest PHP loan	ICTSI	–	62,790,000	**–**
Unsecured fixed interest EUR loan	IGFBV	–	32,115,000	**–**
Unsecured fixed interest EUR loan	ICTSI Middle East DMCC	–	32,115,000	**–**
Secured fixed interest IQD loan [d]	ICTSI Iraq	5,032,970	–	**–**
		US$5,032,970	US$337,020,000	**US$139,562,649**

[a] The facility is secured by short-term investments held by CMSA amounting to MXN2.2 billion (US$111.3 million) and MXN2.6 billion (US$155.2 million) as of December 31, 2022 and 2023, respectively.
[b] The PGK-denominated short-term loan bears interest based on the lending bank's published Indicator Lending Rate minus an agreed margin and matures on May 24, 2024.
[c] The PGK-denominated short-term loan bears interest based on the lending bank's published Indicator Lending Rate minus an agreed margin and matures on May 30, 2024.
[d] The loan was secured by a short-term time deposit amounting to US$6.2 million (see Note 14).

Interest expense incurred related to the loans payable amounted to US$0.3 million in 2021, US$2.7 million in 2022, and US$12.1 million in 2023.

19 ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

This account consists of:

	2021	2022	2023
Trade (Note 23)	US$171,581,124	US$197,323,205	**US$206,633,780**
Accrued expenses:			
Salaries and benefits	35,683,787	44,414,595	**46,459,838**
Output and other taxes	28,399,222	34,742,447	**40,889,610**
Interest (Notes 16 and 18)	19,059,676	24,082,009	**23,893,273**
Operating expenses and others	19,253,171	27,727,688	**26,150,349**
Customers' deposits	19,510,180	23,339,221	**24,226,792**
Provisions for claims and losses (Note 26)	18,480,698	19,673,523	**21,319,416**
Dividends payable	3,804,111	4,691,812	**5,391,163**
Others	6,091,829	16,334,536	**17,171,302**
	US$321,863,798	US$392,329,036	**US$412,135,523**

Trade payables are noninterest-bearing and are generally settled on 30 to 60-day terms.

Provisions for claims and losses pertain to estimated probable losses in connection with legal cases and negotiations involving cargo, labor, contracts and other issues. The movements in this account follow:

	2021	2022	2023
Balance at beginning of year	US$18,381,473	US$18,480,698	**US$19,673,523**
Provision during the year	5,039,807	7,917,220	**8,002,164**
Settlement and reversal during the year (Note 21.1)	(6,155,471)	(6,018,611)	**(7,110,345)**
Translation adjustment	1,214,889	(705,784)	**754,074**
Balance at end of year	US$18,480,698	US$19,673,523	**US$21,319,416**

20 SHARE-BASED PAYMENT PLAN

Certain officers and employees of the Group receive remuneration through share-based payment transactions, whereby officers and employees are given awards, in the form of ICTSI common shares as equity-settled transactions, in lieu of cash incentives and bonuses under the SIP. 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. Unless the Stock Incentive Committee determines otherwise, when dividends are declared by the Company, the number of shares subject to an award shall be increased by the number equal in value to the dividends the awardee would have received in respect of an award had the shares awarded to the awardee vested at the time of the dividend declaration. This is designated as the Dividend Re-investment Plan (DRIP).

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. As at December 31, 2023, there were 53,817,974 ICTSI common shares granted in aggregate under the SIP since it became effective in 2007. Also, as at December 31, 2023, there are 13,189,068 ICTSI common shares held under treasury, part of which are allotted for the SIP (see Note 15.1).

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. In the event of retirement of an awardee, the unvested shares shall automatically vest in full. In the event of death or total disability of an awardee, the outstanding unvested shares shall vest in full and the shares will be released to the designated heirs of the awardee. A change in control in ICTSI will trigger the automatic vesting of unvested awarded shares. There are no cash settlement alternatives.

The 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.

Stock awards, including DRIP shares, granted by the Stock Incentive Committee to officers and employees of ICTSI and ICTSI Ltd. for the past three years are shown below:

Grant Date	Number of Shares	Fair Value per Share at Grant Date
March 10, 2020	2,122,621	US$1.82 (₱92.00)
April 16, 2020	181,883	US$1.48 (₱75.20)
March 1, 2021	1,976,171	US$2.48 (₱120.50)
April 12, 2021	142,832	US$2.57 (₱124.80)
March 1, 2022	1,643,920	US$4.26 (₱218.00)
March 28, 2022	112,810	US$4.18 (₱218.00)
March 1, 2023	2,238,750	US$3.62 (₱198.98)
March 28, 2023	197,522	US$3.80 (₱207.00)

Fair value per share was determined based on the quoted market price of stock at the date of grant.

Movements in the stock awards (number of shares) in 2021, 2022 and 2023 follow:

	2021	2022	**2023**
Balance at beginning of year	3,888,072	4,190,194	**4,176,507**
Stock awards granted	2,119,003	1,756,730	**2,436,272**
Stock awards vested, issued and cancelled	(1,816,881)	(1,770,417)	**(2,327,096)**
Balance at end of year	4,190,194	4,176,507	**4,285,683**

Total compensation expense recognized on the vesting of the fair value of stock awards and presented as part of manpower costs in the consolidated statements of income amounted to US$4.7 million in 2021, US$5.6 million in 2022 and US$6.3 million in 2023, respectively. A corresponding increase in additional paid-in capital, net of applicable tax, was also recognized in the consolidated statements of changes in equity (see Note 15.2).

21 INCOME AND EXPENSES

21.1 Other Income

This account consists of:

	2021	2022	**2023**
Rental income (Note 8)	US$4,554,708	US$4,614,328	**US$3,419,237**
Gain on settlement of insurance and other claims	5,522,303	569,790	**1,819,405**
Income from amortization of government grant (Note 17)	2,440,295	2,481,775	**1,087,020**
Reversal of accrued taxes and other accruals (Note 19)	5,928,416	826,147	**760,453**
Tax refund	1,315,771	292,340	**328,484**
Gain on disposal of property and equipment	1,376,093	581,085	**210,597**
Mark-to-market gain on derivatives - net (Note 27)	–	1,156,578	**91,721**
Dividend income	4,619	3,774	**4,534**
Gain on disposal of a subsidiary (Note 1.5)	–	2,238,020	**–**
Income from auction of overstaying cargoes and miscellaneous income	8,691,963	6,232,033	**15,366,006**
	US$29,834,168	US$18,995,870	**US$23,087,457**

21.2 Port Authorities' Share in Gross Revenues

This account represents variable port fees of the Group in accordance with the agreements with the port authorities where the Group operates, excluding variable port fees considered as "in-substance fixed payments" that formed part of concession rights and right-of-use assets that are amortized on a straight-line basis over the term of the concession (see Note 25).

21.3 Other Expenses

	2021	2022	**2023**
Management fees (Note 23.1)	US$4,103,845	US$4,455,196	**US$5,051,010**
Write-off of debt issuance costs and other financing charges (Note 16.2.3)	12,137,142	3,292,384	**2,377,620**
Loss on disposal of property and equipment (Note 6)	235,485	406,157	**1,838,967**
Covid-19 related and restructuring and separation costs (Note 19)	11,434,859	14,126,267	**894,150**
Unrecognized taxes and other expenses	17,446,098	33,277,662	**14,088,190**
	US$45,357,429	US$55,557,666	**US$24,249,937**

<u>Restructuring and Separation Costs</u>
Restructuring and separation costs pertain to costs incurred with respect to cost optimization and rationalization in response to market developments in certain terminals.

<u>Unrecognized Taxes and Other Expenses</u>
This includes tax assets that cannot be utilized by certain terminals.

22 INCOME TAX

The components of recognized deferred tax assets and liabilities are as follows:

	2021	2022	**2023**
Deferred tax assets on:			
Right-of-use asset and lease liability under PFRS 16	US$147,587,527	US$160,196,755	**US$178,854,736**
Unrealized foreign exchange losses	47,110,680	111,427,956	**85,578,716**
NOLCO	63,034,571	54,312,358	**57,193,730**
Intangible assets and concession rights payable under IFRIC 12	34,584,786	43,882,916	**48,088,431**
Accrued retirement cost and other expenses	3,839,934	3,959,625	**6,885,336**
Share-based payments	1,376,933	1,430,651	**1,504,289**
Allowance for doubtful accounts and other provisions	1,355,445	2,136,037	**1,871,132**
Allowance for obsolescence	897,963	753,642	**768,338**
Unrealized mark-to-market loss on derivatives	23,475,899	–	**14,804,555**
Others	14,489,876	14,785,663	**13,104,016**
	US$337,753,614	US$392,885,603	**US$408,653,279**
Deferred tax liabilities on:			
Excess of fair value over book value of net assets of acquired subsidiaries	US$60,848,163	US$96,919,367	**US$100,833,854**
Accelerated depreciation and translation difference between functional and local currency	66,861,496	80,831,850	**87,266,969**
Difference in depreciation and amortization periods of port infrastructure classified as concession rights	30,349,293	34,069,554	**37,687,623**
Undistributed earnings of subsidiaries	–	10,143,648	**14,968,698**
Capitalized borrowing costs	13,905,526	8,774,347	**8,429,825**
Nonmonetary assets	1,402,564	9,168,524	**7,588,451**
Unrealized foreign exchange gains	2,537,892	3,174,378	**3,199,094**
Unrealized mark-to-market gain on derivatives	782	11,654,263	**2,912,045**
Others	7,024,920	7,609,729	**10,635,975**
	US$182,930,636	US$262,345,660	**US$273,522,534**

The Parent Company is subject to income tax based on its Philippine peso books even as its functional currency is US dollars. As a result, the Parent Company's US dollar-denominated net monetary liabilities were translated to Philippine peso giving rise to the recognition of deferred tax asset on net unrealized foreign exchange losses. The deferred tax asset on net unrealized foreign exchange losses amounting to US$44.6 million, US$108.3 million, and US$82.4 million as at December 31, 2021, 2022 and 2023, respectively, mainly pertains to Parent Company.

Deferred tax assets on NOLCO of certain subsidiaries amounting to US$8.2 million, US$9.5 million and US$9.0 million as at December 31, 2021, 2022 and 2023, respectively, were not recognized, as management believes that these subsidiaries may not have sufficient future taxable profits against which the deferred tax assets can be utilized. Deferred tax assets are recognized for subsidiaries when there is expectation of sufficient future taxable profits from which these deferred tax assets can be utilized.

Deferred taxes were not provided for undistributed earnings of subsidiaries in retained earnings position that are not taxable upon distribution or where the Parent Company has control over the distribution of such earnings in the foreseeable future, as these may be earmarked for reinvestment in foreign port projects or for other reasons.

The Group recognized deferred tax asset on actuarial loss in other comprehensive income amounting to US$0.1 million in 2021, US$0.2 million in 2022, and US$0.3 million in 2023.

A reconciliation of income tax expense on income before income tax at the statutory tax rates to provision for income tax for the years presented is as follows:

	2021	2022	**2023**
Income tax expense computed at statutory tax rates applicable to each subsidiary	US$129,982,060	US$171,852,820	**US$189,162,161**
Add (deduct):			
Income tax incentive	(12,441,407)	(20,875,976)	**(34,226,901)**
Nondeductible tax losses of subsidiaries - net	3,126,340	3,433,549	**4,752,844**
Interest income already subjected to final tax	(190,918)	(781,684)	**(1,295,584)**
Unallowable interest expense	2,177,859	2,050,475	**143,229**
Others - net	1,762,722	(3,021,551)	**7,879,938**
Provision for income tax	US$124,416,656	US$152,657,633	**US$166,415,687**

23 RELATED PARTY TRANSACTIONS

23.1 Transactions with the Shareholders and Affiliates

			2021		2022		**2023**	
Related Party	Relationship	Nature of Transaction	Transaction Amount (i)	Outstanding Receivable (Payable) Balance	Transaction Amount (i)	Outstanding Receivable (Payable) Balance	**Transaction Amount (i)**	**Outstanding Receivable (Payable) Balance**
					(In Millions)			
SPIA Spain S.L.								
SPIA	Joint venture	Interest-bearing loans (Note 9) (ii)	US$–	US$150.44	US$–	US$139.75	**US$–**	**US$139.75**
		Interest income (converted into interest-bearing loan) (Note 9) (ii)	–	61.79	–	57.59	**9.11**	**66.70**
		Interest receivable (ii)	13.18	6.53	12.46	5.96	**13.68**	**6.18**
YICT								
YPH	Non-controlling shareholder	Trade transactions (iv)	0.91	(0.05)	0.45	(0.04)	**0.90**	**(0.11)**
YPHT	Common shareholder	Outsourced services	5.70	0.59	5.96	0.90	**5.35**	**0.93**
Yantai Port Group (YPG)	Common shareholder	Port fees (iii)	US$3.62	US$1.00	US$3.71	US$1.00	**US$3.43**	**US$0.83**
		Trade transactions (iv)	2.17	(0.14)	2.47	(0.08)	**2.10**	**–**
SCIPSI								
Asian Terminals, Inc.	Non-controlling shareholder	Management fees	0.17	(0.02)	0.13	(0.01)	**0.15**	**0.01**
AGCT								
Luka Rijeka D.D. (Luka Rijeca)	Non-controlling shareholder	Provision of services (v)	0.54	–	0.78	(0.28)	**1.28**	**(0.11)**
PICT								
Premier Mercantile Services (Private) Limited	Non-controlling shareholder	Stevedoring and storage charges (vi)	3.22	(0.13)	–	–	**–**	**–**
		Container handling revenue (vii)	0.03	–	–	–	**–**	**–**
Marine Services (Private) Limited, Portlink International (Private) Limited, and AMI Pakistan (Private) Limited	Common shareholder	Container handling revenue (vii)	0.10	–	–	–	**–**	**–**

(Forward)

Related Party	Relationship	Nature of Transaction	2021 Transaction Amount [i]	2021 Outstanding Receivable (Payable) Balance	2022 Transaction Amount [i]	2022 Outstanding Receivable (Payable) Balance	**2023 Transaction Amount [i]**	**2023 Outstanding Receivable (Payable) Balance**
					(In Millions)			
Bilal Associates (Pvt) Limited	Common shareholder	Stevedoring and storage charges [vi]	0.03	(0.03)	0.36	(0.01)	**0.28**	**–**
		Container handling revenue [vi]	0.01	–	0.08	–	**0.02**	**–**
Bay West (Pvt) Ltd	Common shareholder	Container handling revenue [vi]	–	–	–	–	**0.04**	**–**
LGICT								
NCT Transnational Corp.	Non-controlling shareholder	Management fees	0.49	(0.17)	0.45	(0.07)	**0.32**	**(0.07)**
		Maintenance and repairs	0.11	(0.05)	0.11	(0.03)	**0.09**	**(0.03)**
		Trade transactions	0.02	(0.01)	0.02	(0.01)	**–**	**–**
IDRC								
Ledya SARL	Non-controlling shareholder	Management fees	3.39	(0.30)	3.60	–	**3.60**	**(0.90)**
		Loans [viii]	–	–	–	–	**3.06**	**–**
Parent Company								
Prime Metro BMD Corporation	Common shareholder	Construction services [ix]	13.05	(1.49)	3.32	(0.13)	**6.68**	**(2.02)**
		Dredging services [ix]	–	–	2.31	–	**2.55**	**(0.01)**
		Sublease [x]	0.45	0.27	–	0.09	**–**	**0.08**
Prime Metro Power Holdings Corporation	Common shareholder	Reimbursement of operating expenses	0.07	0.07	0.02	0.08	**0.01**	**0.07**
		Sublease [x]	0.16	(0.01)	–	(0.01)	**–**	**(0.01)**
Prime Metro Infrasturcture Holdings Corporation	Common shareholder	Reimbursement of operating expenses	0.02	–	0.09	0.04	**0.04**	**0.01**
		Sublease [x]	0.68	0.14	–	0.07	**–**	**(0.04)**
		Sale of asset [xi]	–	–	–	–	**0.75**	**0.56**
FAMI	Joint Venture	Reimbursement of operating expenses	0.03	0.34	0.04	0.42	**0.01**	**0.45**
		Management fees	1.33	(0.25)	0.28	(0.19)	**1.79**	**(0.31)**
PSHI	Common shareholder	Acquisition of shares of stock	51.24	–	–	–	**–**	**–**
IW Cargo Handlers,Inc.								
ACTSI	Common shareholder	Sale of asset [xii]	–	–	–	–	**17.20**	**17.20**
ROHQ								
MNHPI (consolidated effective September 8, 2022)	Common shareholder	Professional fees	0.25	–	0.33	–	**–**	**–**

[i] Amount of transactions do not include payments, collections and foreign exchange movements.

[ii] On October 1, 2018, IEBV assigned to SPIA Spain S.L. all its outstanding interest-bearing loans, including interest converted into interest-bearing loan, and interest receivable from SPIA as of the same date, amounting to US$321.1 million and US$9.6 million, respectively.

[iii] YICT is authorized under the Joint Venture Agreement to collect port charges levied on cargoes, port construction fees and facility security fees in accordance with government regulations. Port fees remitted by YICT for YPH /YPG are presented as part of "Port authorities' share in gross revenues" in the consolidated statement of income. Outstanding payable to YPH/YPG related to these port charges are presented under "Accounts payable and other current liabilities" account in the consolidated balance sheet.

[iv] Trade transactions include utilities, rental and other transactions paid by YICT to YPH 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 statement of income as part of Manpower costs, Equipment and facilities-related expenses and Administrative and other operating expenses.

[vi] PICT has entered into an agreement with Premier Mercantile Services (Private) Limited, Bilal Associates (Pvt) Limited, and Bay West (Pvt) Ltd to render stevedoring and other services (i.e. storage and container handling service), which are settled on a monthly basis.

[vii] Marine Services (Private) Limited, Portlink International (Private) Limited, and AMI Pakistan (Private) Limited are customers of PICT.

[viii] In April 2023, IDRC entered into a shareholder loan agreement with Ledya SARL. The loan was settled in June 2023.

[ix] ICTSI has entered into contracts with Prime Metro BMD Corporation for the construction of port facilities.

[x] ICTSI has entered into contracts with Prime Metro BMD Corporation, Prime Metro Power Holdings Corporation and Prime Metroline Infrastructure Holdings Corporation for the sublease of office space.

[xi] ICTSI and Prime Metroline Infrastructure Holdings Corporation entered into an agreement for the sale of certain leasehold improvements.

[xii] On December 12, 2023, IW Cargo Handlers, Inc. and ACTSI entered into a deed of absolute sale for the sale of transportation equipment and related accessories.

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 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, 2021, 2022 and 2023, 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.

23.2 Compensation of Key Management Personnel

Compensation of key management personnel consists of:

	2021	2022	**2023**
Short-term employee benefits	US$1,548,255	US$1,479,571	**US$1,449,844**
Post-employment employee benefits	47,960	32,013	**34,248**
Share-based payments	1,303,187	2,214,296	**1,284,930**
Total compensation to key management personnel	US$2,899,402	US$3,725,880	**US$2,769,022**

24 RETIREMENT PLANS

Defined Benefit Plans

The Parent Company, BCT, BIPI, DIPSSCOR (settled in 2022), SBITC, ROHQ, MTS, IJP, OJA, SCIPSI, MICTSL, MICTSI, AGCT, CGSA, CMSA, CMSA SP, CMSA SP Especialistas, ICTSI Iraq and APBS have separate, noncontributory, defined benefit retirement plans covering substantially all of its regular employees. The benefits are based on employees' salaries and length of service.

Defined benefit plans consist of:

	2021	2022	**2023**
Retirement benefit liabilities (presented as "Other noncurrent liabilities")			
Asia	US$5,168,982	US$7,733,855	**US$8,098,191**
EMEA	3,494,953	3,698,340	**3,759,204**
Americas	5,592,492	6,177,777	**7,188,798**
	US$14,256,427	US$17,609,972	**US$19,046,193**

Retirement Benefit Liabilities. The following tables summarize the components of the Group's retirement benefit expense recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated balance sheets.

	2021	2022	**2023**
Retirement benefits expense:			
Current service cost	US$2,964,206	US$2,719,241	**US$2,280,227**
Net interest cost	147,136	601,255	**629,291**
Past service cost	355,205	134,269	**30,524**
Settlement loss	–	–	**323,524**
	US$3,466,547	US$3,454,765	**US$3,263,566**
Retirement benefit liabilities:			
Present value of defined benefit obligation	US$24,467,525	US$27,211,148	**US$29,751,568**
Fair value of plan assets	(10,211,098)	(9,601,176)	**(10,705,375)**
	US$14,256,427	US$17,609,972	**US$19,046,193**

	2021	2022	**2023**
Changes in the present value of the defined benefit obligation:			
Balance at beginning of year	US$24,625,657	US$24,467,525	**US$27,211,148**
Effect of business combination	–	3,621,259	**–**
Current service cost	2,964,206	2,719,241	**2,280,227**
Interest cost	761,398	1,054,936	**1,107,270**
Actuarial loss (gain)	521,966	(1,628,313)	**929,486**
Past service cost	355,205	134,269	**30,524**
Benefits paid	(2,714,661)	(1,415,913)	**(3,078,528)**
Settlement loss	–	–	**323,524**
Translation adjustment	(1,505,266)	(1,643,954)	**1,015,906**
Change in plan position	(540,980)	(97,902)	**(67,989)**
Balance at end of year	US$24,467,525	US$27,211,148	**US$29,751,568**
Changes in fair value of plan assets:			
Balance at beginning of year	US$9,750,691	US$10,211,098	**US$9,601,176**
Effect of business combination	–	884,690	**–**
Interest income	614,262	453,681	**477,979**
Actuarial gain (loss)	101,755	(1,090,844)	**520,469**
Benefits paid	(1,702,052)	(172,707)	**(2,067,856)**
Actual contributions	2,171,934	235,829	**2,699,696**
Translation adjustment	(725,492)	(920,571)	**(526,089)**
Balance at end of year	US$10,211,098	US$9,601,176	**US$10,705,375**

The Group does not expect significant contributions to the retirement plans of the Parent Company and its subsidiaries in 2023.

The principal assumptions used in determining the Group's defined benefits obligation are shown below (in percentage):

	2021	2022	**2023**
Discount rate			
Asia	3.60% - 6.15%	6.80% - 7.45%	**6.06% - 6.15%**
EMEA	3.40% - 6.08%	3.40% - 5.98%	**3.40% - 10.28%**
Americas	2.96% - 7.61%	5.15% - 9.01%	**5.83% - 9.45%**
Future salary increases			
Asia	2.00% - 6.00%	3.00% - 8.00%	**3.00% - 6.00%**
EMEA	3.00% - 5.00%	5.00% - 7.00%	**3.00% - 5.00%**
Americas	1.05% - 6.00%	2.00% - 5.50%	**1.40% - 5.50%**

A quantitative sensitivity analysis for significant assumptions as at December 31, 2023 is shown below (amounts in millions):

	Discount rate		Future salary increases	
Sensitivity level	-1%	+1%	-1%	+1%
Impact on the net defined benefit obligation	US$1.6	(US$1.4)	(US$1.5)	US$1.7

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected to be made in the future out of the defined benefit plan obligations:

	2021	2022	**2023**
Within the next 12 months	US$3,515,584	US$5,577,336	**US$4,762,567**
Between 2 and 5 years	3,515,584	6,264,347	**5,849,960**
Between 5 and 10 years	6,694,861	9,072,611	**8,741,179**
Beyond 10 years	35,610,235	36,172,501	**40,021,074**
Total expected payments	US$49,336,264	US$57,086,795	**US$59,374,780**

The average duration of the defined benefit plan obligations as at December 31, 2023 is 18.08 years.

The plan assets of Group are being held by various trustee banks. The investing decisions of these plans are made by the respective trustees. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group.

The following table presents the carrying amounts and fair values of the combined assets of the plans less liabilities:

	2021	2022	**2023**
Cash and cash equivalents	US$3,312,562	US$1,403,678	**US$577,966**
Investments in debt securities	926,301	5,608,546	**8,001,950**
Investments in government securities	4,136,578	1,690,787	**1,620,870**
Investments in equity securities	1,862,098	843,163	**430,631**
Others	69,215	62,474	**79,878**
	10,306,754	9,608,648	**10,711,295**
Liabilities	(95,656)	(7,472)	**(5,920)**
	US$10,211,098	US$9,601,176	**US$10,705,375**

The plan assets' carrying amount approximates its fair value since these are either short-term in nature or have been stated at fair values.

The plan assets consist of the following:

- Cash and cash equivalents, which includes regular savings and time deposits;
- Investments in corporate debt instruments, consisting of both short-term and long-term corporate loans, notes and bonds;
- Investments in government securities, consisting of retail treasury bonds; and
- The voting rights over the equity securities are exercised by the authorized officers of the respective subsidiary.
- Investments in equity securities include investment in shares of stock of ICTSI amounting to US$1.5 million, US$1.5 million, and US$1.8 million as at December 31, 2021, 2022 and 2023, respectively. For the years ended December 31, 2021, 2022 and 2023, mark-to-market gain arising from investment in ICTSI shares amounted to US$1.2 million, US$1.0 million, and US$1.4 million, respectively.
- Other financial assets held by these plans are primarily accrued interest income on cash deposits and debt securities held by the plan.
- Liabilities of the plan pertain to trust fee payable and retirement benefits payable.

<u>Defined Contribution Plans</u>
The employees of YICT are members of a state-managed retirement benefit scheme operated by the local government. YICT is required to contribute a specified percentage of its payroll costs to the retirement benefit scheme to fund the benefits.

PICT operates a recognized provident fund scheme for all its eligible employees. Equal monthly contributions are made by PICT and the employees to the fund at a rate of 8.33 percent of the basic salary.

ICTSI Oregon maintains a Safe Harbor 401k plan (401k plan), covering all of its employees, which became effective January 1, 2011. Participants who are eligible can contribute up to 100 percent of their eligible compensation and those who have reached the age of 21 years old are eligible to make contributions following six months of continuous service. All participants in the 401k plan are eligible for matching contributions of 100 percent of each dollar contributed up to 6 percent of a participant's earnings. Participant's voluntary contributions and actual earnings thereon are immediately vested. ICTSI Oregon's matching contributions to the 401k plan are immediately vested and cannot be forfeited.

VICT is required to contribute a certain percentage of its payroll costs to the retirement benefit scheme ("superannuation fund") at least every quarter to fund the benefits.

Contributions made by YICT, PICT ICTSI Oregon and VICT to the plans and recognized as expense under manpower costs totaled US$3.2 million in 2021, US$3.6 million in 2022, and US$3.3 million in 2023.

25 SIGNIFICANT CONTRACTS AND AGREEMENTS

25.1 Concession Contracts
The Group has entered into a number of concession contracts for the operation, development and management of ports (containerized, general cargo or multipurpose terminals), subject to conditions such as payment of upfront fees, fixed fees and variables fees based on TEU volume or revenue from port operations. Certain concession agreements provide for periodic repricing of the fees payable to the port authorities based on an index or a rate, such as inflation rate. Some contracts require the Group to invest on port infrastructures and facilities and to acquire various port equipment. The Group may account for the concession arrangement under IFRIC 12, PFRS 16 or other applicable standards depending on the terms and conditions of the concession agreement. Refer to the Group's significant accounting policies disclosed in Note 3 to the consolidated financial statements. Future cash outflows relating to concession arrangements are presented as cash outflows relating to concession rights payable and lease liabilities disclosed in Note 28 to the consolidated financial statements.

Concession arrangements for ICTSI, MICTSL, CGSA, Tecplata, SBITC, ICTSI Subic, AGCT, OPC, ICTSI Iraq, MICTSL, SPICTL, MNHPI, ICTSI Rio, KMT, EJD and PICT have been accounted for under IFRIC 12. Concession arrangements that have been accounted for under PFRS 16 are disclosed in Note 7 to the consolidated financial statements.

25.2 Shareholders' Agreement (Agreement) with Atlantic, Gulf & Pacific Company of Manila, Inc. (AG&P)
On September 30, 1997, IWI CTHI entered into an Agreement with AG&P forming BIPI. BIPI developed the property acquired from AG&P at Bauan, Batangas into an international commercial port duly licensed as a private commercial port by the PPA.

Simultaneous with the execution of the Agreement, AG&P executed a Deed of Conditional Sale in favor of IWI CTHI conveying to the latter a parcel of land for a total purchase price of ₱632.0 million (equivalent to US$11.7 million as at December 31, 2023). The said land was transferred by IWI CTHI to BIPI under a tax-free exchange of asset for shares of stock.

Notwithstanding the sale and purchase on April 10, 2019 of the 20% stake in BIPI held by AG&P, the unfulfilled obligations under the Agreement shall remain in force.

25.3 Joint Venture Contract on YICT
On July 1, 2014, the Group, through its subsidiary IHKL, acquired 51% of the total equity interest of YICT, forming a joint venture with Yantai Port Holdings (YPH) and DP World having 36.5% and 12.5% ownership interest, respectively. Pursuant to the said joint venture agreement, the Board of YICT shall be comprised of six members, three of which the Group has the right to elect. The Chairman of the Board shall be appointed by the Group and the said Chairman shall be entitled to a casting vote in the event of equality of votes. The Group is also entitled to appoint the General Manager and Financial Controller. The land operated by YICT was contributed by YPH and is valid until August 28, 2043.

YICT is authorized by YPH to collect, on its behalf, the port charges (including port charges levied on cargoes and facilities security fees) in accordance with the state regulations and shall, after retaining 50% of the port charges levied on cargoes (as the fees for maintaining the facilities within the port owned by YICT) and 80% of the facilities security fees (as the fees for maintaining and improving the security facilities within the terminal owned by YICT) collected, pay to YPH the remaining parts no later than the fifteenth (15th) day of the following month.

25.4 Shareholders' Agreement on IDRC
On January 23, 2014, the Group, through its subsidiary, ICTSI Cooperatief, forged a business partnership with SIMOBILE for the establishment and formation of a joint venture company, IDRC. IDRC, which is then 60% owned by ICTSI Cooperatief, will build a new terminal along the river bank of the Congo River in Matadi and manage, develop and operate the same as a container terminal, as well as provide exclusive container handling services and general cargo services therein.

At incorporation, the share capital of IDRC amounted to US$12.5 million represented by 12,500 ordinary voting shares. IDRC was incorporated for an initial term of 99 years, subject to early dissolution or prorogation. ICTSI contributed US$2.0 million cash upon incorporation and the US$5.5 million cash in tranches while SIMOBILE contributed land valued at US$5.0 million. On May 19, 2015, ICTSI, through its subsidiary, ICTSI Cooperatief, and its joint venture partner, SIMOBILE, transferred their respective 8% and 2% ownership interest in IDRC to SCTP SA in exchange for the latter's contribution of technical knowledge, skills and substantial experience in the port and port system in DRC and operation of railroad system and undertaking to facilitate the activities of IDRC and to assist in its relations with the public authorities. SIMOBILE transferred to its subsidiary, SIP Sprl, its 10% ownership in IDRC. After the restructuring, IDRC was owned 52% by ICTSI, 28% by SIMOBILE, 10% by SIP Sprl and 10% by SCTP SA.

Pursuant to the shareholders' agreement, the Board of IDRC shall be comprised of nine members, five of which will be appointed by the Group.

26 CONTINGENCIES

Due to the nature of the Group's business, it is involved in various legal proceedings, both as plaintiff and defendant, from time to time. The majority of outstanding litigation involves subrogation claims under which insurance companies have brought claims against the operator, shipping lines and/or brokerage firms for reimbursement of their payment of insurance claims for damaged equipment, facilities and cargoes. Except as discussed below, ICTSI is not engaged in any legal or arbitration proceedings (either as plaintiff or defendant), including those which are pending or known to be contemplated and its Board has no knowledge of any proceedings pending or threatened against the Group or any facts likely to give rise to any litigation, claims or proceedings which might materially affect its financial position or business. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position and is of the opinion that losses arising from these legal actions and proceedings, if any, will not have a material adverse impact on the Group's consolidated financial position and results of operations.

<u>ICTSI</u>
In 1997, Paramount Company (Private) Limited (PCL) filed a case against ICTSI before the High Court of Sindh (HCS) for the sum of US$17.4 million as damages as well as a 10% shareholding in Karachi International Container Terminal Limited (KICTL). PCL asserted that it was ousted from the Consortium with ICTSI and American President Lines Limited (APL) even after having obtained the approvals for the establishment of KICTL, to which PCL alleged to be entitled to receive 10% shareholding in KICTL.

ICTSI filed an application for the matter to be referred to arbitration (Arbitration Application) per its Equity Linked Security Agreement with PCL in 1995. The court, in an order dated December 16, 1998, fixed Singapore as the venue for arbitration. After dismissal of PCL's last appeal on March 17, 2022 contesting the arbitration venue, PCL was given the opportunity to file a fresh application of new venue, from Singapore to Karachi, while alleging new circumstances in an Initial Suit. The court has yet to set a new date for the hearing of the case.

PICT

The Trustees of the Port of Karachi (KPT) filed a civil suit against PICT in 2006 before the HCS claiming a sum of US$1.49 million along with the interest, as default payment of wharfage and penalty thereon, for the alleged mis-declaration of the category of goods on the import of ship-to-shore cranes and RTGs in 2004. On April 24, 2017, HCS passed the judgment and decree in favor of PICT and ordered that KPT is not entitled to the amount of wharfage charges claimed by it. In June 2017, KPT filed an appeal before the Divisional Bench of HCS. PICT's management and its legal counsels believe that the claim has no merit.

PICT is involved in several tax proceedings. However, PICT's management and its legal counsels believe that the said cases will be decided in favor of PICT.

PICT's existing Concession Agreement with KPT is for a period of 21 years until June 17, 2023. Per the Concession Agreement and on the precedence where KPT provided another container terminal with an early extension in concession term and infrastructure expansion at Karachi Port, PICT took up the matter with KPT and other relevant government offices of Pakistan. For prudence and to safeguard its interest in obtaining equal and fair treatment, PICT instituted a legal suit before the HCS where it obtained an interim injunction/stay order for status quo (Stay Order) in December 2021. The Stay Order restrained KPT from terminating the Concession Agreement, and from inviting bids and awarding contracts relevant to terminal operation.

In March 2023, HCS dismissed the interim order and observed that PICT has no justification to continue occupying the terminal beyond June 17, 2023. HCS further pronounced that in case right of first refusal is exercised by PICT, it would be in the nature of re-occupation and re-commencement of fresh terms as agreed. PICT thereafter filed an appeal before the larger bench of HCS to set aside the order and restrain KPT from interfering in the operations. After various hearings, in June 2023, the larger bench of HCS dismissed PICT's appeal.

On June 18, 2023, KPT took over the terminal upon the expiry of the Concession Agreement.

TSSA

In 2015, Custom Enclosure Atlântico Terminais SA (CE) and Suata Serviço Unificado de Armazenagem e Terminal Alfandegado SA (SUATA) filed a civil case against TSSA questioning the legality of imposing charges for the Segregation Service (Terminal Handling Charge 2, THC2). CE and SUATA alleged that the THC2 is already included in the amount paid in the Terminal Handling Charge (THC) rate. Pending litigation, the court ordered TSSA to suspend the collection of the THC2. TSSA questioned the court's competence to judge on the matter, in view of the absence of the necessary notification from the Regulatory Agency (ANTAQ) to enter the dispute. The case is pending for the court's decision. TSSA will file a request for annulment of the order suspending the collection of THC2 considering a new ANTAQ law 34/2019, which allows the collection of THC2.

TSSA filed an Annulment Action with Urgent Injunction Request to nullify the Brazilian Administrative Council for Economic Defense (the Brazil Competition Authority, CADE) decision in an administrative case wherein CADE ruled that (1) TSSA's collection of the Segregation and Delivery Service of Containers - SSE or Terminal Handling Charge 2 (THC2) is illegal, and (2) TSSA should pay a fine in the amount of BRL9.1 million (US$1.9 million). The CADE decision pointed out that charging the THC2 fee would provide an unjustifiable and illegal competitive advantage in the bonded storage market.

On February 18, 2021, the preliminary injunction requested by TSSA was granted. This suspended the enforceability of the CADE decision guaranteeing TSSA's ability to continue with the retroactive collection of the services provided and not invoiced, as well as future collection of the THC2 until further final judgment of the case.

In 2016, CE and SUATA filed a civil action against TSSA questioning the legality of charging fees connected with the ISPS Code, which according to CE and SUATA, is a service integrated in the port activity and cannot be charged separately. TSSA's defense is that the ISPS Code was established by international demand, after the attacks on September 11, 2001, and that the amount collected is for extraordinary security costs continually implemented by TSSA to meet international counter-terrorism requirements levied on the importer or exporter.

A preliminary injunction was granted enjoining TSSA from charging fees connected with the ISPS Code. On December 15, 2020, the decision prohibited TSSA from charging the ISPS Code, but found it legitimate to charge the entire past period. TSSA appealed and awaiting judgment by the Pernambuco Court of Justice. With the appeal, the effects of the decision are suspended and TSSA continues to collect the ISPS Code charges.

TSSA filed an Annulment Action with Urgent Injunction Request to suspend the enforcement of the decision of CADE against TSSA in an administrative proceeding to (i) refrain from charging fees connected with the ISPS Code to CE and other import companies, and other fees to reimburse costs incurred in complying with safety standards, and (ii) pay a fine in the amount of BRL7.2 million (US$1.5 million).

On September 14, 2021, an award confirming preliminary injunction in favor of TSSA was issued. The award ruled that the collection of ISPS Code tariff is (i) legal and legitimate, (ii) there is competence of the private agent to negotiate regarding port tariffs, (iii) there was non-inclusion of ISPS charges in box rates, (iv) it is a provision of international regulations, and (v) there was no violation of Competition Law. The CADE appealed and there is no judgment as of February 28, 2024.

TICT

On December 28, 2012, TICT filed a Notice of Termination of its 10-year Investment Agreement with Tartous Port General Company (TPGC) on the grounds of "unforeseen change of circumstances" and "Force Majeure". In early 2013, TPGC submitted to arbitration TICT's termination notice. On April 1, 2014, the arbitration panel decided in favor of TPGC. While the award has become executory on April 20, 2015, management and its legal counsels believe that TPGC will not be able to successfully enforce the award outside of Syria. An attempt to implement the above-mentioned foreign judgment was made in Iraq before the Karkh Court of First Instance based on the provisions of Foreign Judgment Execution Law as well as the Riyadh Agreement for Judicial Cooperation. The implementation case was eventually dismissed in a judgment dated March 13, 2023.

ICTSI Oregon

Due to labor disruptions caused by International Longshore and Warehouse Union and ILWU Local 8 (collectively "ILWU") in Portland, Oregon from June 2012 and continuing over several years, ICTSI Oregon filed a claim in federal court for damages caused by the ILWU's unlawful secondary activity under the National Labor Relations Act. The claim went to trial, and a jury verdict awarded damages to ICTSI Oregon in the total sum of US$93.6 million. ILWU then filed a motion for judgment as a matter of law and for a new trial which was denied by the district court except issues on damages conditioned that ICTSI Oregon will accept reduced damages. On March 19, 2020, ICTSI Oregon notified the district court of its decision to decline acceptance of the reduced judgment and to instead proceed to retrial.

While the district court has scheduled the case for a two-week jury trial to commence on February 26, 2024, on September 30, 2023, ILWU I filed a Chapter 11 bankruptcy petition in the United States Bankruptcy Court for the Northern District of California.

On February 2, 2024, ILWU and ICTSI Oregon jointly announced that a settlement of all legal claims had been reached. The settlement resolves all of ICTSI Oregon's claims in the case on which it will receive payment of $20.5 million. The settlement arises from the parties' participation in several days of mediation during ILWU's chapter 11 bankruptcy case, which will be voluntarily dismissed as part of the terms of the settlement.

ICTSI Rio

ICTSI Rio filed a case questioning the legality of a portion of its Lease Agreement Contract (Contract) with the Companhia Docas do Rio de Janeiro – CDRJ (Port Authority) which requires ICTSI Rio to pay the Port Authority for not achieving the minimum container handling goals (MMC). ICTSI Rio pointed out that the Port Authority failed to fulfil its obligation to provide adequate infrastructure to the Port of Rio de Janeiro to allow ICTSI Rio to meet its movement goals under the Contract. In 2016 and 2017, ICTSI Rio was heavily impacted by the delay in the dredging works of the access channel to the Port of Rio de Janeiro, which was the responsibility of the Port Authority. ICTSI Rio requested the cancellation of the collection carried out by the Port Authority related to the invoices of MMC for the years 2016 and 2017 amounting to BRL22.8 million (US$4.7 million). It was also requested that the Port Authority refund to ICTSI Rio the amount of BRL16.8 million (US$3.5 million) paid in advance.

In July 2022, in order to resolve the conflict, a virtual conciliation hearing was commenced and discussions with the Port Authority were resumed. Efforts to reach for an agreement continued after the replacement of the president of the Port Authority in October 2023.

ISPL, SPICTL and MITL

ISPL, along with SPICTL and MITL, filed and obtained a favorable Stay Order in the National Court on December 21, 2023, against Independent Consumer and Competition Commission (ICCC), preventing Stevedoring and Handling recommendations set out in the ICCC Final Report and Price Order from coming into effect on January 1, 2024. The report is based on the decision of the ICCC (1) to conduct a review of stevedoring and cargo handling services pursuant to the Prices Regulation Act; (2) to make Price Control Orders pursuant to the Prices Regulation Act; and (3) to refuse to extend the time for the plaintiffs to make submissions to it as to why it could not and should not make the intended Price Control Orders in respect of the services provided by SPICTL and MITL. The judicial review is expected to be conducted in March or April 2024.

27 FINANCIAL INSTRUMENTS

27.1 Fair Values

Set out below is a comparison of carrying amounts and fair values of the Group's long-term debt and concession rights payable whose fair values are different from their carrying amounts as at December 31:

	2021		2022		**2023**	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	**Carrying Amount**	**Fair Value**
Financial Liabilities						
Long-term debt	US$2,145,607,533	US$2,291,843,465	US$2,133,847,418	US$2,038,570,875	**US$2,032,426,011**	**US$2,007,223,661**
Concession rights payable	723,034,856	898,437,749	754,416,745	757,152,346	**757,017,239**	**841,774,839**

Carrying values of cash and cash equivalents, receivables, accounts payable and other current liabilities and loans payable approximate their fair values due to their short-term maturities.

The fair values of the US dollar-denominated notes and US dollar-denominated medium-term notes are based on quoted prices. The fair value of other fixed interest-bearing loans and concession rights payable were estimated at the present value of all future cash flows discounted using the applicable rates for similar types of loans ranging from 0.67 to 13.60 percent in 2021, 3.42 to 20.77 percent in 2022, and 2.93 to 14.23 percent in 2023.

For variable interest-bearing loans repriced monthly or quarterly, the carrying amount approximates the fair value due to the regular repricing of interest rates.

The fair values of derivative assets and liabilities, specifically forward contracts and prepayment options, are calculated using valuation techniques with inputs and assumptions that are based on market observable data and conditions. For cross-currency swap, interest rate swaps, currency forwards and other structured derivatives, fair values are based on counterparty bank valuation.

27.2 Fair Value Hierarchy

The following tables below present the fair value hierarchy of the Group's financial instruments as at December 31:

	2021			
	Amount	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets/liabilities measured at fair value:				
Derivative assets	US$–	US$–	US$–	US$–
Derivative liabilities	13,326,958	–	13,326,958	–
Financial assets at FVOCI	2,618,336	2,618,336	–	–
Liabilities for which fair values are disclosed:				
Long-term debt	2,291,843,465	1,605,763,580	–	686,079,885
Concession rights payable	898,437,749	–	–	898,437,749

	2022			
	Amount	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:				
Derivative assets	US$16,085,813	US$–	US$16,085,813	US$–
Financial assets at FVOCI	2,930,600	2,930,600	–	–
Liabilities for which fair values are disclosed:				
Long-term debt	2,038,570,875	1,369,632,420	–	668,938,455
Concession rights payable	757,152,346	–	–	757,152,346

	2023			
	Amount	**Quoted prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets/liabilities measured at fair value:				
Derivative assets	**US$14,384,816**	**US$–**	**US$14,384,816**	**US$–**
Derivative liabilities	**10,316,934**	**–**	**10,316,934**	**–**
Financial assets at FVOCI	**3,326,557**	**3,326,557**	**–**	**–**
Liabilities for which fair values are disclosed:				
Long-term debt	**2,007,223,661**	**1,052,637,000**	**–**	**954,586,661**
Concession rights payable	**841,774,839**	**–**	**–**	**841,774,839**

In 2021, 2022 and 2023, there were no transfers between *Level 1* and *Level 2* fair value measurements and no transfers into and out of *Level 3* fair value measurements.

27.3 Derivative Financial Instruments

ICTSI enters into derivative transactions as economic hedges of certain underlying exposures arising from its foreign currency-denominated loans, revenues and expenses. Such derivatives, which include interest rate swaps and currency forwards, are accounted for either as cash flow hedges or transactions not designated as hedges.

27.4 Hedge Accounting

Interest Rate Swap. In August 2016, VICT entered into interest rate swap transactions to hedge the interest rate exposures on its floating rate AUD-denominated loans maturing in 2023, 2026 and 2031. A total notional amount of AUD320.4 million floating rate loan was swapped to fixed rate. Under the interest rate swap arrangements, VICT pays annual fixed interest of a range of 2.10 to 2.5875 percent and receives floating rate of six-month BBSY basis points on the notional amount. In March 2017, VICT entered into additional interest rate swap transactions to hedge an additional AUD5.5 million and AUD12.4 million of its AUD-denominated loans maturing in 2026 and 2031, respectively. VICT pays an annual fixed interest of 2.885 to 2.9730 percent for the loans maturing in 2026 and 2031, respectively. On December 14, 2021, VICT terminated the outstanding interest rate swap due to the payment of the underlying AUD-denominated floating rate loan. The amount deferred in equity representing the effective portion of the change in fair value of the swap amounting to AUD7.7 million (US$5.8 million) at the time of prepayment was transferred to profit and loss and recognized under "Other expenses" account in the 2021 consolidated statement of income.

In November 2016, ICTSI entered into an interest rate swap transaction to hedge the interest rate exposures of the CGSA's floating rate US$-denominated floating rate loan maturing in 2021. A total notional amount of US$32.5 million floating rate loan was swapped to fixed rate. Under the interest rate swap arrangements, ICTSI pays annual fixed interest of 3.045 percent and receives floating rate of six-month LIBOR plus 160 basis points on the notional amount. On March 30, 2021, the interest rate swap matured and the amount deferred in equity representing the effective portion of the change in fair value of the swap amounting to US$17.5 thousand at the time of payment was transferred to profit and loss and recognized under "Interest expense and financing charges on borrowings" account in the 2021 consolidated statement of income.

In April 2019, the Group entered into interest rate swap transactions to hedge the interest rate exposures of the IGFBV's floating rate US$-denominated loan maturing in 2026. A total notional amount of US$300.0 million floating rate loan was swapped to fixed rate. Under the interest rate swap arrangements, an annual fixed interest of 2.3981 percent is being paid and floating interest of three-month LIBOR is being received. In 2023, the interest rate swap arrangements were amended and effective January 29, 2023, the average annual fixed interest of 2.1768 percent will be paid, and floating interest based on three-month cumulative compounded SOFR will be received.

The following table presents the market valuation on the outstanding interest rate swap as at December 31:

		Presented in the consolidated balance sheet as:	
	Cumulative Gain (Loss)	Current Derivative Asset (Liability)	Noncurrent Derivative Asset (Liability)
2021	(US$13,326,958)	(US$5,560,328)	(US$7,766,630)
2022	14,929,235	6,471,720	8,457,515
2023	11,264,874	7,078,360	4,186,513

The effective portion of the change in the fair value of the interest rate swap amounting to US$11.2 million, net of US$3.7 million deferred tax; US$21.1 million, net of US$7.2 million deferred tax; and US$2.7 million, net of US$0.9 million deferred tax, for the years ended December 31, 2021, 2022 and 2023, respectively, were taken to equity under other comprehensive income.

In September 2023, ICTSI entered into an interest rate swap transactions to hedge the interest rate exposure of the MBTC floating rate facility maturing in 2029. A total notional amount of US$300.0 million floating rate loan was swapped to a fixed rate. Under the interest rate swap arrangements, an average annual fixed interest of 4.091 percent will be paid, and floating interest based on six-month term SOFR will be received. As at December 31, 2023, the cumulative market valuation loss on the outstanding interest rate swaps amounted to US$7.2 million, reflected in the consolidated balance sheet as derivative asset amounting to US$3.1 million presented as current asset, derivative liability amounting to US$10.3 million presented as noncurrent liability. The effective portion of the change in the fair value of the interest rate swaps amounting to US$5.4 million, net of US$1.8 million deferred tax for the year ended December 31, 2023, was taken to equity as other comprehensive loss.

Translation Hedging. On January 1, 2023, CMSA, whose functional currency is Mexican Peso, designated a total of US$43.5 million of its US dollar bank deposits with Bank Mendes Gans, to hedge its firm commitments to purchase equipment and construct civil works that are denominated in US dollar. Foreign currency translation gains or losses deferred in equity form part of the cost of the port infrastructure and recycled to profit and loss through depreciation. As at December 31, 2023, the net accumulated foreign exchange loss on the US dollar bank deposits totaling US$3.5 million was taken to equity. For the year ended December 31, 2023, foreign exchange loss on the US dollar bank deposits amounting to US$1.9 million associated to the settlement of hedged purchase contracts was reclassified to property and equipment account. No ineffectiveness was recognized in the consolidated statement of income for the year ended December 31, 2023.

On April 1, 2023, ICTSI Nigeria, whose functional currency is NGN, designated its USD-denominated payable amounting to US$24.0 million, to hedge the currency risk on its forecasted USD-denominated revenues. Effective portion of the hedge is deferred in equity whereas any ineffective portion is recognized directly in earnings. Foreign currency translation gains or losses deferred in equity will be recycled to profit and loss upon occurrence of the forecasted revenue. As at December 31, 2023, foreign currency translation loss on the USD-denominated payable aggregating to US$16.4 million was taken to equity as other comprehensive loss, whereas US$1.4 million was recognized to profit and loss for the year ended December 31, 2023.

On June 1, 2023, BCT, whose functional currency is USD, designated its PLN-denominated lease liability related to the new 30-year lease agreement with the Port Authority of Gdynia S.A. (PAGSA) amounting to PLN605.3 million (US$142.9 million), to hedge the currency risk on its forecasted PLN-denominated revenues. Effective portion of the hedge is deferred in equity while any ineffective portion is recognized directly in earnings. Foreign currency translation gains or losses deferred in equity will be recycled to profit and loss upon occurrence of the forecasted revenue. As at December 31, 2023, foreign currency translation loss on the PLN-denominated lease liability designated as cash flow hedge aggregating to US$10.6 million was taken to equity. For the year ended December 31, 2023, foreign exchange loss on PLN-denominated lease liability amounting to US$198.7 thousand was recycled from equity to profit and loss. No ineffectiveness was recognized in the consolidated statement of income for the year ended December 31, 2023.

27.5 Derivative Instruments Not Designated as Hedges

Foreign Currency Forwards. In March 2022, VICT entered into a sell-AUD buy-US$ forward contract with an aggregate notional amount of US$9.0 million. The forward contract was used to hedge the variability of cash flows arising from AUD-denominated payments and was settled on April 27, 2022 resulting to a derivative gain of US$0.1 million (AUD0.2 million).

In September and December 2022, ICTSI entered into sell-US$ buy-PHP forward contracts with aggregate notional amounts of US$30.0 million and US$15.0 million, respectively. The forward contracts are used to hedge the variability of cash flows arising from PHP-denominated liabilities.

As at December 31, 2022, derivative asset amounting to US$1.2 million was presented as current asset. On April 20, 2023, the US$30.0 million forward contract was settled resulting to a realized gain of US$0.9 million. On April 25, 2023, the US$15.0 million forward contract was settled resulting to a realized gain of US$0.2 million.

27.6 Fair Value Changes on Derivatives

The net movements in fair value changes of ICTSI's derivative instruments are as follows:

	2021	2022	**2023**
Balance at beginning of year	(US$43,383,572)	(US$13,326,958)	**US$16,085,813**
Net changes in fair value of derivatives:			
Designated as accounting hedges	24,289,950	29,412,771	**(12,109,652)**
	(19,093,622)	16,085,813	**3,976,161**
Less fair value of settled instruments	(5,766,664)	–	**(91,721)**
Balance at end of year	(US$13,326,958)	US$16,085,813	**US$4,067,882**

The net movement in fair value changes of freestanding derivative instruments designated as cash flow hedges are presented in the consolidated statements of comprehensive income as follows:

	2021	2022	**2023**
Balance at beginning of year	(US$38,521,684)	(US$13,326,958)	**US$11,939,939**
Changes in fair value of cash flow hedges of designated derivatives	24,289,950	29,412,771	**(12,109,652)**
Transferred to consolidated statements of income	5,766,664	–	**91,721**
Tax effects	(4,861,888)	(4,145,874)	**3,033,798**
Balance at end of year (Note 15.7)	(US$13,326,958)	US$11,939,939	**US$2,955,806**

Fair value changes on freestanding derivatives as at December 31 are presented as follows:

	2021	2022	**2023**
Derivative assets (Notes 10)	US$–	US$16,085,813	**US$14,384,816**
Derivative liabilities (Note 17)	(13,326,958)	–	**(10,316,934)**
Total	(US$13,326,958)	US$16,085,813	**US$4,067,882**

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The principal financial instruments of the Group comprise mainly of bank loans and cash and cash equivalents. The main purpose of these financial instruments is to raise working capital and major capital investment financing for the Group's port operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

ICTSI has port operations and development projects in 19 countries as at December 31, 2023. Short-term treasury activities are carried out at the subsidiary level, however, overall policy decisions concerning the Group's financial risks are centralized at the Parent Company in Manila. The Board reviews and approves the Group's policies for managing each of these risks, as summarized below, as well as authority limits. Treasury operations are regularly reviewed annually by Internal Audit to ensure compliance with the Group's policies.

ICTSI finances its business activities through a mix of cash flows from operations, long-term loans from banks and the capital markets. It is the Group's policy to minimize the use of short-term loans. The Group's borrowings are in US Dollar, Philippine Peso, Euro, Iraqi Dinar, Papua New Guinean Kina and Australian Dollar at fixed and floating rates of interest. The Group minimizes its currency exposure by matching its currency of borrowing to the currency of operations and functional currency at the relevant business unit whenever possible. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

In the context of PFRS 7, the main risks arising from the normal course of the Group's business are interest rate risk, liquidity risk, foreign currency risk and credit risk.

Working Capital Management

The Parent Company has minimal working capital requirements due to the short cash collection cycle of its business. Working capital requirements are well within the credit facilities established which are adequate and available to the Parent Company to meet day-to-day liquidity and working capital requirements. The credit facilities are regularly reviewed by the Treasury Group to ensure that they meet the objectives of the Group. Most of the foreign operating subsidiaries currently do not access short-term credit facilities as their respective cash flows are sufficient to meet working capital needs.

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's bank loans and is addressed by a periodic review of the Group's debt mix with the objective of reducing interest cost and maximizing available loan terms.

The following tables set out the carrying amount, by maturity, of the Group's liabilities that are exposed to interest rate risk as at December 31:

2021	Interest rate	Less than 1 Year to 2 years	>2 Years to 3 years	>3 Years to 4 years	>4 Years to 5 years	Over 5 Years	Total		Net Debt*
Liabilities							*(In Original Currency)*	*(In US Dollar)*	
Long-term Debt									
Floating Rate:									
Eur Loan	EURIBOR + 1.00% spread	38,225,000	–	–	–	–	EUR38,225,000	US$43,461,700	US$43,322,239
PGK Loan	ANZ ILR* less 6.45%	45,260,000	23,880,000	2,500,000	2,500,000	–	PGK74,140,000	US$21,103,109	US$20,909,311
PHP Loan	3-month BVAL tenor + 2.40% spread	6,650,000,000	–	–	–	–	PHP6,650,000,000	US$130,394,714	US$133,669,166

2022	Interest rate	Less than 1 Year to 2 years	>2 Years to 3 years	>3 Years to 4 years	>4 Years to 5 years	Over 5 Years	Total		Net Debt*
Liabilities							*(In Original Currency)*	*(In US Dollar)*	
Long-term Debt									
Floating Rate:									
PGK Loan	ANZ ILR* less 6.45%	47,760,000	2,500,000	2,500,000	–	–	PGK52,760,000	US$14,793,323	US$14,872,997
PHP Loan	3-month BVAL tenor + 1.55% spread + GRT	1,200,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,850,000,000	PHP6,050,000,000	US$108,510,447	US$109,812,331

2023	Interest rate	**Less than 1 Year to 2 years**	**>2 Years to 3 years**	**>3 Years to 4 years**	**>4 Years to 5 years**	**Over 5 Years**	**Total**		**Net Debt***
Liabilities							***(In Original Currency)***	***(In US Dollar)***	
Long-term Debt									
Floating Rate:									
PGK Loan	ANZ ILR* less 6.45%	**56,380,000**	**7,500,000**	**5,000,000**	**5,000,000**	**-**	**73,880,000**	**US$19,809,626**	**US$19,781,891**
PHP Loan	3-month BVAL tenor + 1.55% spread + GRT	**1,600,000,000**	**1,000,000,000**	**1,000,000,000**	**1,000,000,000**	**300,000,000**	**4,900,000,000**	**US$98,428,752**	**US$89,604,967**
NGN Loan	18% per annum, adjustable based on Nigeria money market rate changes	**898,068,241**	**605,865,281**	**724,383,540**	**271,682,938**	**-**	**2,500,000,000**	**US$2,742,190**	**US$2,717,225**

**Net of Debt Issuance Costs*

Re-pricing of floating rate financial instruments is mostly done monthly, quarterly or semi-annually. Interest on fixed rate financial instruments is fixed until maturity of the instrument. Financial instruments not included in the above tables are either noninterest-bearing, therefore not subject to interest rate risk or have minimal interest rate exposure due to the short-term nature of the account (i.e., cash equivalents).

The sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of ICTSI's income before income tax (through the impact on unhedged floating rate borrowings), at December 31 are as follows (amounts in millions unless otherwise indicated):

	Effect on Profit Before Tax			
	Increase/Decrease in Interest Rates (%)	2021	2022	**2023**
Loans	+1.0	(US$1.9)	(US$1.3)	**(US$1.1)**
	-1.0	1.9	1.3	**1.1**

Liquidity Risk

The Group monitors and maintains a certain level of cash and cash equivalents and bank credit facilities deemed adequate by management to finance the Group's operations, ensure continuity of funding and to mitigate the effects of fluctuations in cash flows. The Group's policy is that not more than 25 percent of borrowings should mature in any 12-month period. 3 percent, 31 percent, and 8 percent of the Group's total borrowings, gross of debt issuance costs as at December 31, 2021, 2022 and 2023 respectively, will mature in the ensuing 12 months. The Group is re-assessing its policy in mitigating liquidity risk in line with the current developments and demands of its rapidly growing business.

The tables below summarize the maturity profile of the Group's financial liabilities as at December 31 based on contractual undiscounted payments (amounts in millions unless otherwise indicated).

2021	Less than 3 Months	3 to 6 Months	>6 to 12 Months	>1 to 5 Years	More than 5 Years	Total
Long-term debt	US$5.0	US$10.4	US$55.1	US$1,210.3	US$904.0	US$2,184.8
Accounts payable and other current liabilities*	186.3	8.4	60.8	–	–	255.5
Other noncurrent liabilities*	–	–	–	9.9	–	9.9
Loans payable	5.0	–	–	–	–	5.0
Derivative liabilities	1.6	1.5	2.5	7.8	–	13.4
Concession rights payable	17.8	18.7	35.5	300.2	1,240.8	1,613.0
Lease liabilities	32.2	33.4	65.3	551.3	2,037.2	2,719.4
Total	US$247.9	US$72.4	US$219.2	US$2,079.5	US$4,182.0	US$6,801.0

**Excludes statutory liabilities, derivative liabilities and provisions for claims and losses.*

2022	Less than 3 Months	3 to 6 Months	>6 to 12 Months	>1 to 5 Years	More than 5 Years	Total
Long-term debt	US$402.7	US$11.3	US$20.1	US$782.1	US$951.1	US$2,167.3
Accounts payable and other current liabilities*	209.2	26.9	78.5	–	–	314.6
Other noncurrent liabilities*	–	–	–	8.8	–	8.8
Loans payable	110.0	127.0	100.0	–	–	337.0
Derivative liabilities	–	–	–	–	–	–
Concession rights payable	18.8	19.6	36.9	300.9	1,165.9	1,542.1
Lease liabilities	36.5	37.7	70.8	614.7	2,014.9	2,774.6
Total	US$777.2	US$222.5	US$306.3	US$1,706.5	US$4,131.9	US$7,144.4

**Excludes statutory liabilities,derivative liabilities and provisions for claims and losses.*

	2023					
	Less than 3 Months	**3 to 6 Months**	**>6 to 12 Months**	**>1 to 5 Years**	**More than 5 Years**	**Total**
Long-term debt	**US$9.2**	**US$11.7**	**US$21.8**	**US$843.8**	**US$1,174.3**	**US$2,060.8**
Accounts payable and other current liabilities*	**252.9**	**24.5**	**48.3**	**–**	**–**	**325.7**
Other noncurrent liabilities*	**–**	**–**	**–**	**6.9**	**–**	**6.9**
Loans payable	**49.2**	**90.4**	**–**	**–**	**–**	**139.6**
Derivative liabilities	**–**	**–**	**–**	**9.8**	**1.9**	**11.7**
Concession rights payable	**21.0**	**21.5**	**41.1**	**338.6**	**1,170.0**	**1,592.2**
Lease liabilities	**45.0**	**45.9**	**91.3**	**750.8**	**2,403.8**	**3,336.8**
Total	**US$377.3**	**US$194.0**	**US$202.5**	**US$1,949.9**	**US$4,750.0**	**US$7,473.7**

**Excludes statutory liabilities,derivative liabilities and provisions for claims and losses.*

The financial liabilities in the above tables are gross undiscounted cash flows. However, those amounts may be settled using cash on hand and in banks, aggregating US$211.0 million, US$398.6 million, and US$422.1 million as at December 31, 2021, 2022 and 2023, respectively. Furthermore, cash equivalents, amounting to US$446.5 million, US$440.3 million, and US$294.0 million as at December 31, 2021, 2022 and 2023, respectively, may also be used to manage liquidity.

Changes in Liabilities Arising from Financing Activities

	December 31, 2020	Cash flows	Foreign exchange movement	Translation Adjustment	Changes in fair values	Others*	December 31, 2021
Long-term debt	US$1,764,478,740	US$249,457,698	US$–	(US$20,148,854)	US$–	US$151,819,949	US$2,145,607,533
Lease liabilities	1,234,777,473	(125,099,978)	(142,692)	(63,443,554)	–	236,503,499	1,282,594,748
Concession rights payable	703,327,707	(74,108,244)	(747,912)	(12,298,688)	–	106,861,993	723,034,856
Accrued interest	19,848,482	(112,491,661)	–	(89,683)	–	111,792,538	19,059,676
Derivative liability	43,383,572	–	–	(356,913)	(29,699,701)	–	13,326,958
Loans payable	2,828,374	2,187,452	–	17,144	–	–	5,032,970
Dividends payable	3,353,538	(234,172,713)	327,033	(46,792)	–	234,343,045	3,804,111
Total liabilities from financing activities	US$3,771,997	(294,227,446)	(US$563,571)	(US$96,367,340)	(US$29,699,701)	US$841,321	US$4,192,460

** Others includes capitalization of fixed fees under IFRIC 12, remeasurement of present value of fixed fees under IFRS 16 and IFRIC 12, effect of business combination, reclassifications, accrual of dividends, amortization of debt issuance costs, accrual of interest from interest-bearing loans, and accretion of interest on lease and concession rights payable.*

	December 31, 2021	Cash flows	Foreign exchange movement	Translation Adjustment	Changes in fair values	Others*	December 31, 2022
Long-term debt	US$2,145,607,533	US$10,106,029	US$–	(US$30,122,559)	US$–	US$8,256,415	US$2,133,847,418
Lease liabilities	1,282,594,748	(145,320,011)	(807,076)	(9,248,883)	–	226,479,378	1,353,698,156
Concession rights payable	723,034,856	(78,728,517)	(875,891)	(4,503,136)	–	115,489,433	754,416,745
Accrued interest	19,059,676	(115,156,889)	–	(72,259)	–	120,251,481	24,082,009
Derivative liability	13,326,958	–	–	–	(63,524,546)	50,197,588	–
Loans payable	5,032,970	335,221,918	(3,738,888)	504,000	–	–	337,020,000
Dividends payable	3,804,111	(299,039,343)	(336,989)	(1,344,421)	–	301,608,454	4,691,812
Total liabilities from financing activities	US$4,192,460,852	(US$292,916,813)	(US$5,758,844)	(US$44,787,258)	(US$63,524,546)	US$822,282,749	US$4,607,756,140

** Others includes capitalization of fixed fees under IFRIC 12, remeasurement of present value of fixed fees under IFRS 16 and IFRIC 12, effect of business combination, reclassifications, accrual of dividends, amortization of debt issuance costs, accrual of interest from interest-bearing loans, and accretion of interest on lease and concession rights payable.*

	December 31, 2022	**Cash flows**	**Foreign exchange movement**	**Translation Adjustment**	**Changes in fair values**	**Others***	**December 31, 2023**
Long-term debt	**US$2,133,847,418**	**(US$111,146,228)**	**US$–**	**US$55,920**	**US$–**	**US$9,668,901**	**US$2,032,426,011**
Lease liabilities	**1,353,698,156**	**(165,642,959)**	**10,801,677**	**86,287,068**	**–**	**327,755,779**	**1,612,899,721**
Concession rights payable	**754,416,745**	**(85,853,252)**	**237,839**	**7,667,880**	**–**	**80,548,027**	**757,017,239**
Accrued interest	**24,082,009**	**(119,269,603)**	**–**	**1,180**	**–**	**119,079,687**	**23,893,273**
Derivative liability	**–**	**–**	**–**	**–**	**69,640,865**	**(59,323,931)**	**10,316,934**
Loans payable	**337,020,000**	**(201,998,382)**	**4,095,000**	**446,031**	**–**	**–**	**139,562,649**
Dividends payable	**4,691,812**	**(428,241,674)**	**2,482**	**(716,219)**	**–**	**429,654,763**	**5,391,164**
Total liabilities from financing activities	**US$4,607,756,140**	**(US$1,112,152,098)**	**US$15,136,998**	**US$93,741,860**	**US$69,640,865**	**US$907,383,226**	**US$4,581,506,991**

** Others include capitalization of fixed fees under IFRIC 12, remeasurement of present value of fixed fees under IFRS 16 and IFRIC 12, effect of business combination, reclassifications, accrual of dividends, amortization of debt issuance costs, accrual of interest from interest-bearing loans, and accretion of interest on lease and concession rights payable.*

Foreign Currency Risk

As a result of operations in subsidiaries whose functional currency is not the US dollar, the Group's consolidated balance sheets can be affected significantly by movements in the subsidiaries' functional currency and US dollar exchange rates (see Note 1.3).

In respect of financial assets and liabilities held in currencies other than the functional currencies of the Parent Company and the operating subsidiaries, the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot/forward rates where necessary to address short-term imbalances.

The Group recognized in the consolidated statements of income net foreign exchange gain amounting to US$0.9 million, net foreign exchange gain amounting to US$8.0 million, and net foreign exchange loss amounting to US$6.7 million arising from net foreign currency-denominated financial assets and liabilities for the years ended December 31, 2021, 2022 and 2023, respectively, which resulted mainly from the movements of Philippine peso against the US dollar, Malagasy ariary against Euro, and the US dollar against Brazilian real, Mexican peso and Australian dollar.

The following table shows the Group's significant foreign currency-denominated financial assets and liabilities and their US Dollar equivalents at December 31:

	2021		2022		**2023**	
	Foreign Currency	US Dollar	Foreign Currency	US Dollar	**Foreign Currency**	**US Dollar**
Current Financial Assets						
Cash and cash equivalents:						
Philippine peso	3,836,219,816	US$75,221,471	3,097,897,313	US$55,562,682	**9,653,353,037**	**US$174,342,659**
MXN	3,337,875,553	162,590,020	1,911,191,086	98,009,799	**1,661,894,635**	**97,919,788**
BRL	238,950,254	42,888,727	310,480,815	58,736,439	**297,974,476**	**61,406,383**
AUD	29,687,514	21,562,042	56,134,056	38,238,458	**63,273,732**	**43,102,066**
RMB	106,687,379	16,785,038	164,551,485	23,851,498	**228,298,807**	**32,154,762**
EUR	17,842,246	20,286,633	10,341,820	11,072,612	**22,465,328**	**24,799,475**
PKR	4,132,408,080	23,413,077	6,061,987,729	26,745,440	**5,182,648,652**	**18,406,743**
PGK	32,780,139	9,339,337	34,094,428	9,674,923	**55,290,527**	**14,825,185**
IQD	131,763,496	90,249	2,174,172,140	1,489,159	**8,891,076,914**	**6,735,664**
AED	4,536,435	1,235,076	866,533	235,920	**23,150,577**	**6,303,250**
MGA	29,063,474,366	7,317,807	32,828,197,273	7,351,204	**10,802,666,138**	**2,356,037**
HNL	99,189,685	4,050,228	57,305,042	2,322,393	**41,301,316**	**1,669,374**
NGN	3,056,561,000	7,194,786	577,838,589	1,253,936	**1,043,359,137**	**1,144,436**

(Forward)

	2021		2022		**2023**	
	Foreign Currency	US Dollar	Foreign Currency	US Dollar	**Foreign Currency**	**US Dollar**
XAF	462,910,052	802,965	571,406,415	932,513	**481,808,603**	**810,814**
ARS	32,219,899	313,618	137,709,481	777,440	**556,077,279**	**687,810**
IDR	47,080,294,604	3,300,869	32,133,533,218	2,063,413	**9,723,462,137**	**631,435**
GEL	1,194,763	386,780	1,317,019	487,966	**1,227,419**	**456,714**
PLN	2,705,935	670,583	5,578,419	1,275,067	**1,543,098**	**392,047**
BND	105,117	77,801	105,157	78,475	**105,117**	**79,616**
HRK	4,239,062	641,310	1,322,678	187,934	**–**	**–**
CDF	1,247,545	628	17,590	9	**–**	**–**
Receivables:						
BRL	68,781,315	US$12,345,428	138,332,022	US$12,345,428	**147,515,363**	**US$30,399,869**
Philippine peso	999,302,305	19,594,547	1,389,132,277	24,914,936	**1,485,935,335**	**26,836,470**
AUD	22,144,415	16,083,489	21,481,222	14,632,985	**25,133,203**	**17,120,738**
PKR	1,896,718,443	10,746,280	2,233,470,833	9,854,055	**1,975,869,058**	**7,017,515**
EUR	3,357,716	3,817,723	2,884,921	3,088,780	**5,438,620**	**6,003,693**
RMB	40,873,067	6,430,526	42,214,466	6,118,925	**39,932,612**	**5,624,312**
PGK	7,589,078	2,162,192	8,686,411	2,464,929	**13,658,608**	**3,662,316**
PLN	7,505,260	1,859,948	8,398,508	1,919,659	**8,438,042**	**2,143,811**
IDR	20,628,736,899	1,446,311	36,700,144,442	2,356,652	**30,267,903,781**	**1,965,576**
MGA	5,916,710,820	1,489,751	4,872,608,802	1,091,121	**8,580,214,935**	**1,871,326**
MXN	51,629,741	2,514,917	53,684,960	2,753,075	**31,085,029**	**1,831,548**
ARS	11,989,601	116,703	52,410,282	295,883	**380,405,274**	**470,522**
XAF	87,240,745	151,328	252,733,507	412,451	**181,307,627**	**305,114**
IQD	1,000,515,487	685,285	682,047,161	467,156	**163,322,557**	**123,729**
HNL	878,390	35,867	1,087,079	44,056	**1,951,710**	**78,887**
HKD	–	–	84,504	10,831	**84,103**	**10,767**
SGD	–	–	–	–	**1,004**	**761**
NGN	12,362,409	29,100	–	–	**624,351**	**685**
AED	140,477	38,246	44,493	12,114	**1,945**	**530**
HRK	1,595,101	241,316	2,012,816	285,993	**–**	**–**
CDF	394,864,219	198,646	–	–	**–**	**–**
		478,156,648		437,240,389		**593,692,427**
Current Financial Liabilities						
Accounts payable and other current liabilities						
Philippine peso	6,163,127,866	US$120,848,014	5,444,253,343	US$97,646,011	**8,904,094,107**	**US$160,810,802**
BRL	144,023,208	25,850,452	177,754,246	33,627,364	**248,674,224**	**51,246,620**
MXN	410,437,684	19,992,678	763,896,666	39,174,188	**726,611,883**	**42,812,390**
AUD	32,339,904	23,488,472	42,033,162	28,632,944	**47,815,183**	**32,571,703**
PGK	24,836,323	7,076,077	42,082,079	11,941,566	**59,711,458**	**16,010,580**
EUR	1,198,755	1,362,984	1,273,313	1,363,290	**10,534,216**	**11,628,721**
PKR	2,967,103,376	16,810,784	3,802,878,334	16,778,268	**3,266,944,065**	**11,602,909**
XAF	1,967,278,661	3,412,448	3,037,645,420	4,957,320	**4,366,914,674**	**7,348,880**
NGN	1,225,045,736	2,883,614	1,055,153,839	2,289,731	**5,299,785,469**	**5,813,208**
HNL	126,189,916	5,152,733	131,195,149	5,316,926	**132,745,096**	**5,365,476**

(Forward)

	2021		2022		**2023**	
	Foreign Currency	US Dollar	Foreign Currency	US Dollar	**Foreign Currency**	**US Dollar**
PLN	27,612,079	6,842,803	20,460,353	4,676,652	**18,213,013**	**4,627,290**
MGA	24,127,705,501	6,075,044	16,904,592,622	3,785,438	**20,984,352,064**	**4,576,640**
IQD	7,135,547,060	4,887,361	5,564,944,760	3,811,606	**5,535,817,320**	**4,193,801**
RMB	18,826,495	2,961,957	15,858,400	2,298,652	**22,937,487**	**3,230,632**
ARS	340,722,917	3,316,490	468,969,546	2,647,571	**1,042,231,802**	**1,289,133**
IDR	15,418,160,370	1,080,990	136,062,204,234	8,737,058	**11,987,597,934**	**778,466**
GEL	8,142,545	2,635,981	5,819,883	2,156,311	**934,100**	**347,572**
AED	1,917,218	521,976	288,173	78,457	**1,173,562**	**319,528**
JPY	–	–	–	–	**8,523,611**	**60,434**
HKD	–	–	–	–	**267,802**	**34,283**
SGD	–	–	–	–	**33,048**	**25,031**
ZAR	113,999	7,153	45,609	2,677	**249,321**	**13,578**
HRK	13,504,673	2,043,067	14,624,887	2,077,989	**–**	**–**
CDF	1,081,150,110	543,898	–	–	**–**	**–**
Noncurrent Financial Liabilities						
Other noncurrent liabilities:						
Philippine peso	484,664,020	9,503,402	705,855,775	12,659,955	**683,584,750**	**12,345,760**
MXN	20,102,330	979,197	22,066,577	1,131,619	**25,145,602**	**1,481,593**
AUD	864,790	628,097	1,383,018	942,111	**1,940,034**	**1,321,551**
PLN	20,427,828	5,062,408	10,730,185	2,452,614	**5,129,676**	**1,303,271**
MGA	1,370,527,876	345,081	1,736,371,712	388,825	**1,457,856,043**	**317,955**
BRL	147,151	26,412	–	–	**952,472**	**196,285**
NGN	734,578	1,729	43,653,575	94,730	**81,656,487**	**89,567**
AED	–	–	315,972	86,026	**165,508**	**45,063**
XAF	–	–	12,965,124	21,159	**26,693,470**	**44,921**
EUR	1,752	1,992	–	–	**26,752**	**29,531**
IDR	–	–	382,914,223	24,588	**188,407,392**	**12,235**
IQD	787,103,637	539,112	956,633,464	655,228	**–**	**–**
HRK	242,894	36,746	242,884	34,510	**–**	**–**
ARS	1,470,760	400,425	–	–	**–**	**–**
Long-term debt:						
AUD	277,539,199	201,576,720	356,909,818	243,126,579	**396,742,795**	**270,261,192**
Philippine peso	6,816,993,797	133,669,166	6,122,582,724	109,812,263	**4,961,421,154**	**89,604,861**
PGK	73,389,587	20,909,310	52,412,452	14,873,000	**53,776,570**	**14,419,244**
NGN	–	–	–	–	**2,477,293,477**	**2,717,284**
BRL	–	–	–	–	**3,583,207**	**738,425**
EUR	38,102,232	43,322,238	–	–	**–**	**–**
Concession rights payable						
BRL	539,179,600	US$96,776,322	501,014,021	US$94,781,313	**501,014,021**	**US$116,023,514**
PGK	311,417,910	88,725,579	341,167,028	96,812,437	**353,567,919**	**94,803,035**
Philippine peso	–	–	2,601,624,031	46,661,717	**2,523,312,615**	**45,571,837**
XAF	–	–	18,316,908,990	29,892,488	**18,083,903,466**	**30,432,570**
MGA	–	–	–	–	**127,864,867,104**	**27,887,040**

(Forward)

	2021		2022		**2023**	
	Foreign Currency	US Dollar	Foreign Currency	US Dollar	**Foreign Currency**	**US Dollar**
EUR	30,337,233	34,493,434	36,307,270	38,872,880	**9,972,294**	**11,008,415**
PKR	267,207,057	1,513,921	92,961,415	410,145	**–**	**–**
HRK	78,855,026	11,929,656	–	–	**–**	**–**
Lease liabilities:						
AUD	895,368,662	650,306,259	922,335,008	628,293,602	**970,858,485**	**661,348,800**
MXN	7,503,913,720	365,520,362	8,440,812,647	432,862,187	**8,469,508,155**	**499,028,291**
BRL	1,204,691,459	216,227,781	1,299,733,542	245,882,244	**1,254,170,192**	**258,458,566**
Philippine peso	1,153,770,267	22,623,390	1,253,537,602	22,482,963	**1,142,962,822**	**20,642,277**
AED	–	–	–	–	**1,134,230,205**	**1,244,110**
AED	346,503	94,338	173,252	47,169	**–**	**–**
IDR	124,558,779	8,733	–	–	**–**	**–**
NGN	1,296,913,802	3,052,783	2,464,477,802	5,348,027	**–**	**–**
		2,166,069,569		2,300,650,398		**2,526,084,871**
Net foreign currency-denominated financial liabilities		(US$1,687,912,921)		(US$1,863,410,009)		**(US$1,932,393,891)**

In translating the foreign currency-denominated monetary assets and liabilities into US dollar amounts, the Group used the exchange rates as shown in the table of exchange rates (see Note 3.3).

The following tables demonstrate the sensitivity to a reasonably possible change in US dollar exchange rate to other foreign currency exchange rates, with all other variables held constant as at December 31 (amounts in millions unless otherwise indicated). The impact on the Group's income before income tax is due to changes in the fair value of foreign currency-denominated financial assets and liabilities whereas on equity is due to translation hedging.

	2021	
	Effect on Profit Before Tax	Effect on Equity
Change in US dollar to other foreign currency exchange rates:		
5% appreciation	US$10.7	US$7.8
5% depreciation	(9.7)	(7.0)

	2022	
	Effect on Profit Before Tax	Effect on Equity
Change in US dollar to other foreign currency exchange rates:		
5% appreciation	US$7.7	US$5.8
5% depreciation	(7.0)	(5.2)

	2023	
	Effect on Profit Before Tax	**Effect on Equity**
Change in US dollar to other foreign currency exchange rates:		
5% appreciation	**US$8.8**	**US$6.6**
5% depreciation	**(8.0)**	**(6.0)**

Credit Risk

The Group trades only with recognized, creditworthy third parties and the exposure to credit risk is monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Since the Group trades only with recognized third parties, collateral is not required in respect of financial assets. Moreover, counterparty credit limits are reviewed by management on an annual basis. The limits are set to minimize the concentration of risks and mitigate financial losses through potential counterparty failure.

With respect to credit risk arising from the other financial assets of the Group, which comprise of cash and cash equivalents and short-term investments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

As at December 31, 2021, 2022 and 2023, about 41 percent, 51 percent, and 69 percent, respectively, of cash and cash equivalents of the Group is with Philippine local banks. Investments of funds are made only with counterparties approved by the Board. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheets.

At December 31, the following tables provide credit information and maximum exposure of ICTSI's financial assets (amounts in millions unless otherwise indicated):

	2021			
	Neither Past Due nor Impaired	Past Due but Not Impaired	Impaired	Total
Cash and cash equivalents:				
Cash in banks	US$209.4	US$–	US$–	US$209.4
Cash equivalents	446.5	–	–	446.5
Receivables				
Trade	83.4	22.0	7.2	112.6
Advances and nontrade	18.6	11.0	0.7	30.3
Short-term investments	0.4	–	–	0.4
Restricted cash	18.7	–	–	18.7
	US$777.0	US$33.0	US$7.9	US$817.9

	2022			
	Neither Past Due nor Impaired	Past Due but Not Impaired	Impaired	Total
Cash and cash equivalents:				
Cash in banks	US$397.0	US$–	US$–	US$397.0
Cash equivalents	440.3	–	–	440.3
Receivables				
Trade	91.6	34.7	5.6	131.9
Advances and nontrade	20.3	11.4	5.8	37.5
Short-term investments	122.2	–	–	122.2
Restricted cash	25.0	–	–	25.0
Derivative assets	16.1	–	–	16.1
	US$1,112.5	US$46.1	US$11.4	US$1,170.0

	2023			
	Neither Past Due nor Impaired	**Past Due but Not Impaired**	**Impaired**	**Total**
Loans and Receivables				
Cash and cash equivalents:				
Cash in banks	**US$421.0**	**US$–**	**US$–**	**US$421.0**
Cash equivalents	**294.0**	**–**	**–**	**294.0**
Receivables				
Trade	**105.7**	**43.1**	**6.6**	**155.4**
Advances and nontrade	**24.5**	**9.1**	**4.6**	**38.2**
Financial assets at FVOCI	**155.6**	**–**	**–**	**155.6**
Restricted cash	**13.7**	**–**	**–**	**13.7**
Derivative assets	**14.4**	**–**	**–**	**14.4**
	US$1,028.9	**US$52.2**	**US$11.2**	**US$1,092.3**

At December 31, the credit quality per class of financial assets that were neither past due nor impaired follow (amounts in millions unless otherwise indicated):

	2021			
	Neither Past Due nor Impaired			
	Grade A	Grade B	Grade C	Total
Cash and cash equivalents:				
Cash in banks	US$209.4	US$–	US$–	US$209.4
Cash equivalents	446.5	–	–	446.5
Receivables				
Trade	55.6	24.3	3.5	83.4
Advances and nontrade	12.9	5.7	–	18.6
Short-term investments	0.4	–	–	0.4
Restricted cash	18.7	–	–	18.7
	US$743.5	US$30.0	US$3.5	US$777.0

	2022			
	Neither Past Due nor Impaired			
	Grade A	Grade B	Grade C	Total
Cash and cash equivalents:				
Cash in banks	US$397.0	US$–	US$–	US$397.0
Cash equivalents	440.3	–	–	440.3
Receivables				
Trade	65.7	23.5	2.4	91.6
Advances and nontrade	13.5	3.8	3.0	20.3
Short-term investments	122.2	–	–	122.2
Restricted cash	25.0	–	–	25.0
Derivative assets	16.1	–	–	16.1
	US$1,079.8	US$27.3	US$5.4	US$1,112.5

	2023			
	Neither Past Due nor Impaired			
	Grade A	**Grade B**	**Grade C**	**Total**
Cash and cash equivalents:				
Cash in banks	**US$421.0**	**US$–**	**US$–**	**US$421.0**
Cash equivalents	**294.0**	**–**	**–**	**294.0**
Receivables				
Trade	**58.7**	**42.1**	**4.9**	**105.7**
Advances and nontrade	**14.5**	**6.5**	**3.5**	**24.5**
Financial Assets at FVOCI	**155.6**	**–**	**–**	**155.6**
Restricted cash	**13.7**	**–**	**–**	**13.7**
Derivative assets	**14.4**	**–**	**–**	**14.4**
	US$971.9	**US$48.6**	**US$8.4**	**US$1,028.9**

The credit quality of the financial assets was determined as follows:

Cash and cash equivalents, short-term investments and derivative financial assets - based on the credit standing of the counterparty.

Receivables - Grade A receivables pertain to those receivables from clients or customers that always pay on time or even before the maturity date. Grade B includes receivables that are collected on their due dates provided that they were reminded or followed up by the Group. Those receivables which are collected consistently beyond their due dates and require persistent effort from the Group are included under Grade C.

At December 31, the aging analyses of the receivables that were past due but not impaired follow (amounts in millions unless otherwise indicated):

	2021				
	Past Due but Not Impaired				
	1 to 30 Days	31 to 60 Days	61 to 120 Days	More than 120 Days	Total
Trade	US$16.2	US$2.7	US$0.1	US$3.0	US$22.0
Advances and nontrade	–	2.0	2.5	6.5	11.0
	US$16.2	US$4.7	US$2.6	US$9.5	US$33.0

	2022				
	Past Due but Not Impaired				
	1 to 30 Days	31 to 60 Days	61 to 120 Days	More than 120 Days	Total
Trade	US$19.3	US$5.3	US$4.0	US$6.1	US$34.7
Advances and nontrade	0.4	0.2	–	10.8	11.4
	US$19.7	US$5.5	US$4.0	US$16.9	US$46.1

	2023				
	Past Due but Not Impaired				
	1 to 30 Days	**31 to 60 Days**	**61 to 120 Days**	**More than 120 Days**	**Total**
Trade	**US$23.2**	**US$4.0**	**US$6.1**	**US$9.8**	**US$43.1**
Advances and nontrade	**0.7**	**0.2**	**0.8**	**7.4**	**9.1**
	US$23.9	**US$4.2**	**US$6.9**	**US$17.2**	**US$52.2**

Capital Management
The primary objective of the Group's management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group considers total equity and debt as its capital. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares and raise additional debt through either the bond or loan markets or prepay existing debt. No changes were made in the objectives, policies or processes during the years ended December 31, 2021, 2022 and 2023.

The Group monitors capital using gearing ratio. Gearing ratio is total debt over net worth (total equity) where total debt includes long-term debt and loans payable.

The Group's policy is to keep the gearing ratio within two times.

	2021	2022	**2023**
Long-term debt	US$2,145,607,533	US$2,133,847,418	**US$2,032,426,011**
Loans payable	5,032,970	337,020,000	**139,562,649**
Total debt (a)	2,150,640,503	2,470,867,418	**2,171,988,660**
Net worth or total equity (b)	1,511,579,003	1,726,671,963	**1,905,167,788**
Gearing ratio (a/b)	1.42 times	1.43 times	**1.14 times**

29 EARNINGS PER SHARE COMPUTATION

The following table presents information necessary to calculate earnings per share:

	2021	2022	**2023**
Net income attributable to equity holders of the parent	US$428,568,591	US$618,464,708	**US$511,529,938**
Adjustment for the effect of cumulative distribution on subordinated perpetual capital securities (Note 15.6)	(58,792,638)	(33,437,783)	**(29,026,678)**
Net income attributable to equity holders of the parent, as adjusted (a)	US$369,775,953	US$585,026,925	**US$482,503,260**
Common shares outstanding at beginning of year	2,045,177,671	2,045,177,671	**2,045,177,671**
Weighted shares held by subsidiaries	(4,478,243)	–	**–**
Weighted treasury shares	(2,619,751)	(8,338,621)	**(13,596,351)**
Weighted average shares outstanding (b)	2,038,079,677	2,036,839,050	**2,031,581,320**
Effect of dilutive stock grants	4,190,194	4,176,507	**4,285,683**
Weighted average shares outstanding adjusted for potential common shares (c)	2,042,269,871	2,041,015,557	**2,035,867,003**
Basic earnings per share (a/b)	US$0.181	US$0.287	**US$0.238**
Diluted earnings per share (a/c)	US$0.181	US$0.287	**US$0.237**

30 OTHER MATTERS

The Group is exposed to a number of trends, events, and uncertainties which can affect its recurring revenues and profits. These include levels of general economic activity and containerized trade volume in countries where it operates, as well as certain cost items, such as labor, fuel, and power. In addition, the Group operates in a number of jurisdictions other than the Philippines and collects revenues in various currencies. Appreciation of the US dollar relative to other major currencies, particularly the Philippine peso, Mexican peso, Australian dollar, Brazilian reais, the Euro, and Pakistani rupee, may adversely affect the Group's reported levels of revenues and profits.

Russia-Ukraine and Israel-Hamas Conflicts
On February 24, 2022, Russia launched a military attack on Ukraine that escalated an ongoing conflict that began in 2014.

On October 8, 2023, Israel officially declared war against the Palestinian militant group Hamas related to a surprise attack by Hamas. This declaration has triggered a potential escalation in the ongoing conflict, posing a threat to the stability of the region.

These events set several uncertainties with the potential to disrupt businesses and institutions and pose threat to world trade and economies, in general. The continuing effect of the situation on business and institutions could result in business continuity interference, trade disruptions, rising prices of basic commodities including oil and power, among others. The Group has no exposure to investments in Ukraine, Russia or Israel.

The scale and duration of these developments and events remain uncertain as of February 28, 2024. It is not possible to estimate the overall impact of the wars' near-term and longer effects. The Group will continue to closely monitor the progress of these situations.

31 EVENTS AFTER THE BALANCE SHEET DATE

On January 12, 2024, ICTSI availed of the remaining US$450.0 million loan from the MBTC long-term loan facility.

On January 12, 2024, ICTSI Ltd. repaid its US$85.0 million loan availed last February 2023 (see Note 18).

On January 17, 2024, ICTSI Ltd. availed of US$104.5 million loan at a fixed interest rate that will mature on March 15, 2024.

In January 2024, the PPA has awarded to ICTSI with the 25-year contract to develop and operate Iloilo Commercial Port Complex (ICPC) in Iloilo, Philippines. ICPC has 627 meters of operational quay length and 20 hectares of land for container and general cargo storage, warehousing, and other cargo-handling activities. ICTSI expects to take over the operation of ICPC in the second quarter of 2024.

In January 2024, ICTSI entered into interest rate swap transactions to hedge the interest rate exposure of the remaining MBTC floating rate facility maturing in 2029. A total notional amount of US$450.0 million floating rate loan was swapped to a fixed rate. Under the interest rate swap arrangements, an average annual fixed interest of 3.681 percent will be paid, and floating interest based on six-month term SOFR will be received.

On February 1, 2024, the Group sold its 80.19% ownership in IJP for US$2.0 million, the Company's listed subsidiary in Indonesia which owns OJA, which in turn has an equipment supply cooperation agreement with PT Pelindo at the Port of Tanjung Priok in Jakarta, Indonesia.

On February 2, 2024, ILWU and ICTSI Oregon jointly announced that a settlement of all legal claims had been reached. The settlement resolves all of ICTSI Oregon's claims in the case on which it will receive payment of US$20.5 million. The settlement arises from the parties' participation in several days of mediation during ILWU's chapter 11 bankruptcy case, which will be voluntarily dismissed as part of the terms of the settlement. The gain related to this legal claim will be recorded once the receivable is virtually certain of collection.

CORPORATE INFORMATION

CORPORATE OFFICES

International Container Terminal Services, Inc. (ICTSI)
ICTSI Administration Building
Manila International Container Terminal
MICT South Access Road
Port of Manila
Manila 1012 Philippines

+63 2 8245 4101
+63 2 8245 2245
info@ictsi.com
www.ictsi.com

STOCKHOLDER INQUIRIES

International Container Terminal Services, Inc.'s (ICTSI) common stock is listed and actively traded in the Philippine Stock Exchange under the symbol "ICT". For shareholder assistance regarding account status, stock certificates, stockholder information changes, and dividend payments:

Ricardo D. Regala
Stock Transfer Services Inc.
Unit 34-D Rufino Pacific Tower
6784 Ayala Avenue, Makati City Philippines
+ 63 2 8403 2410
+ 63 2 8403 3433
+ 63 2 8403 2414
rdregala@stocktransfer.com.ph

INVESTOR INQUIRIES

ICTSI welcomes inquiries from investors, analysts and the financial community.
For more inquiries about ICTSI, please email investor@ictsi.com or visit investors.ictsi.com

Emilio Manuel V. Pascua
Senior Vice President, Chief Financial Officer and Chief Risk Officer
+ 63 2 8247 8048
mpascua@ictsi.com

Arthur R. Tabuena
Treasury Director and Head of Investor Relations
+ 63 2 8245 2255
+ 63 2 8247 8008
atabuena@ictsi.com

Our complete Annual Reports can be viewed or downloaded at www.ictsi.com

A thorough discussion of the Company's sustainability and social responsibility efforts can be found at the 2023 ICTSI Group Sustainability Report and the ICTSI Foundation Accomplishment Report.

THE LOGISTICS OF TRANSFORMATION

2023 CORPORATE GOVERNANCE REPORT

International Container Terminal Services, Inc.

CORPORATE OFFICE
ICTSI Administration Building
Manila International Container Terminal
MICT South Access Road, Port of Manila
Manila 1012 Philippines
+63 2 8 245 4101
info@ictsi.com
www.ictsi.com

THE LOGISTICS OF TRANSFORMATION

2023 CORPORATE GOVERNANCE REPORT

International Container Terminal Services, Inc.

ABOUT THE COVER

Even as the Company accelerates its transformative work in port operations—including the greening of logistics and the digitalization of the supply chain–ICTSI remains focused on the broader horizon: developing, operating, and managing ports that bring about positive change and sustainable growth.

Our Butterfly Effect cover art reflects the impact of our principles, policies, practices, and processes. Expressed in every single day-to-day action, decision, or transaction, these act as pivot points that lead to large-scale change.

The layered images speak of the multiplicity of stakeholders we serve, and the spectrum of vital–and evolving–metrics by which we constantly evaluate and calibrate our performance as the world's largest independent global port operator.

THE LOGISTICS OF TRANSFORMATION

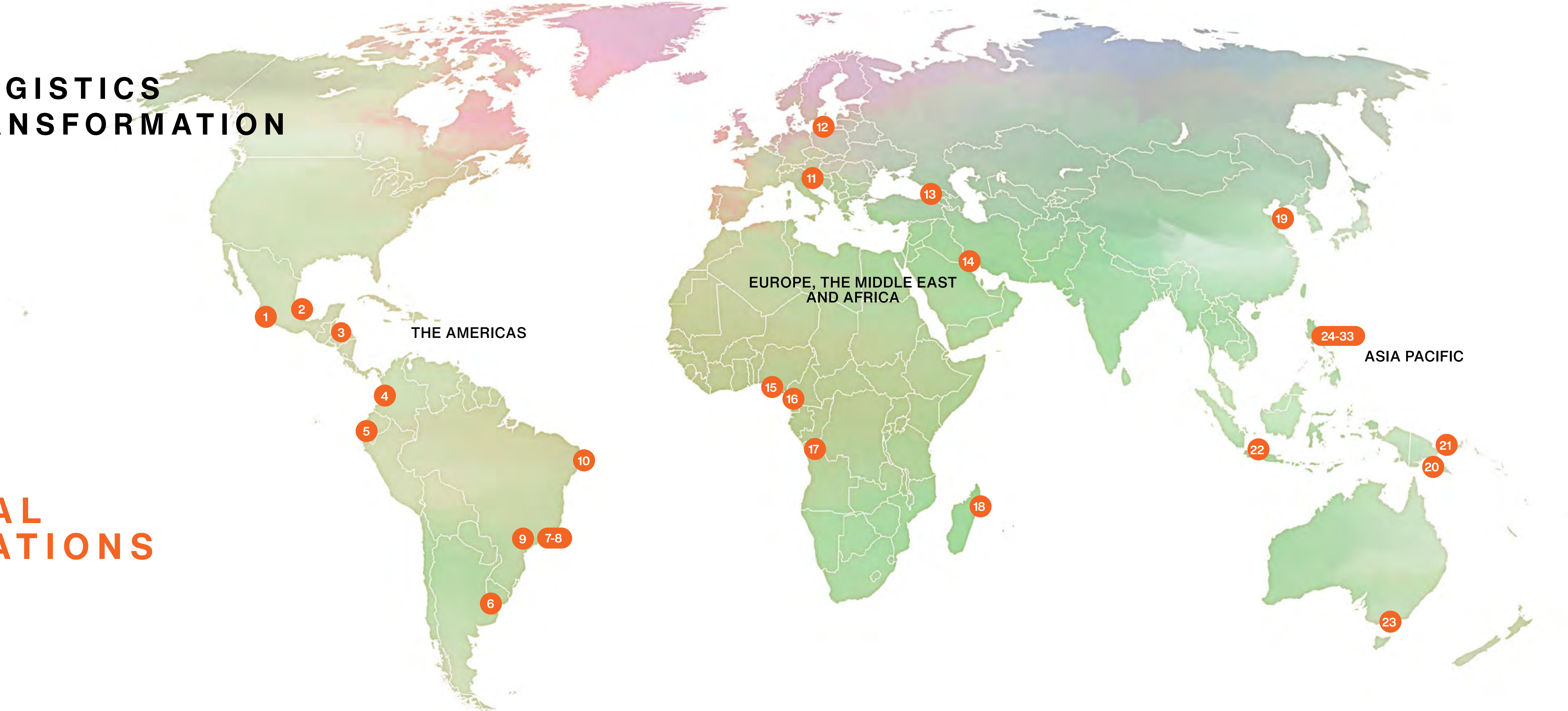
2023 CORPORATE GOVERNANCE REPORT

International Container Terminal Services, Inc.

CONTENTS

THE LOGISTICS OF TRANSFORMATION

GLOBAL OPERATIONS MAP



THE AMERICAS

1 **Contecon Manzanillo**
Manzanillo, Mexico

2 **Tuxpan Maritime Terminal**
Veracruz, Mexico

3 **Puerto Cortés**
Cortés, Honduras

4 **Puerto Aguadulce**
Buenaventura, Colombia

5 **Contecon Guayaquil**
Guayaquil, Ecuador

6 **TecPlata**
Buenos Aires, Argentina

7 **Rio Brasil Terminal**
Rio de Janeiro, Brazil

8 **iTracker**
Rio de Janeiro and Barra Mansa, Brazil

9 **CLIA Pouso Alegre**
MinasGerais, Brazil

10 **Tecon Suape**
Pernambuco, Brazil

EUROPE, THE MIDDLE EAST AND AFRICA

11 **Adriatic Gate Container Terminal**
Rijeka, Croatia

12 **Baltic Container Terminal**
Gdynia, Poland

13 **Batumi International Container Terminal**
Adjara, Georgia

14 **Basra Gateway Terminal**
Umm Qasr, Iraq

15 **Onne Multipurpose Terminal**
Port Harcourt, Nigeria

16 **Kribi Multipurpose Terminal**
Kribi, Cameroon

17 **Matadi Gateway Terminal**
Kongo Central, D.R. Congo

18 **Madagascar International Container Terminal**
Toamasina, Madagascar

ASIA PACIFIC

19 **Yantai International Container Terminals**
Shandong, China

20 **Motukea International Terminal**
Port Moresby, Papua New Guinea

21 **South Pacific International Container Terminal**
Lae, Papua New Guinea

22 **East Java Multipurpose Terminal**
Lamongan, Indonesia

23 **Victoria International Container Terminal**
Melbourne, Australia

PHILIPPINES

24 **Manila International Container Terminal**

25 **NorthPort**

26 **Manila Multipurpose Terminal**

27 **Cavite Gateway Terminal**
Tanza, Cavite

28 **Subic Bay International Terminals (NCT 1 and 2)**
Olongapo City

29 **Laguna Gateway Inland Container Terminal**
Calamba City

30 **Bauan International Port**
Bauan, Batangas

31 **Visayas Container Terminal**
Iloilo City

32 **Mindanao Container Terminal**
Tagoloan, Misamis Oriental

33 **Makar Wharf**
General Santos City

*As of April 15, 2024

2023 AWARDS

JANUARY

ICTSI is recognized by *Cxociety* and *FutureCFO* for its Leadership in Sustainable Environmental, Social and Governance, particularly for the company's efforts to accelerate its digitization agenda during the pandemic and the implementation of a global cash pool program in 2023 to supports capital expenditure and deleveraging programs.

JUNE

Corporate Governance Asia recognizes ICTSI as Asia's Best CSR and one of the Best Investor Relations Companies in the Philippines during the 13th Asian Excellence Award. ICTSI officers are likewise recognized, including Chairman and President Enrique K. Razon Jr. as Asia's Best CEO (Investor Relations); former Senior Vice President and Chief Financial Officer Rafael D. Consing Jr. as Asia's Best CFO (Investor Relations); and Treasury Director and Head of Investor Relations Arthur R. Tabuena as Best Investor Relations Professional.

JULY

ICTSI is recognized by *Alpha Southeast Asia* for having the Best Strategic Corporate Social Responsibility (CSR) and Best Annual Report in the Philippines.

SEPTEMBER

ICTSI is named the Philippines' Most Outstanding Company in the transportation sector at *Asiamoney* Asia's Outstanding Companies Poll 2021. The citation is based on the company's financial performance, management team excellence, investor relations, and corporate social responsibility (CSR) initiatives. Over 1,200 fund managers, research analysts, and bankers took part in the voting across 12 markets in Asia.

OCTOBER

ICTSI is one of the top publicly-listed companies (PLCs) in the Philippines based on the ASEAN Corporate Governance Scorecard (ACGS). With three Golden Arrows, for scoring between 100 to 109 points, the Company maintains compliance with the best practices in t0Board responsibilities, disclosure and transparency, rights of shareholders, equitable treatment of shareholders; and role of stakeholders.

DECEMBER

UK-based *Lloyd's List*, the world's oldest maritime trade publication, cites ICTSI as eighth among the best box port operators for 2023.

GOVERNANCE RESPONSIBILITIES OF THE BOARD

COMPETENT BOARD

PRINCIPLE 1

The company should be headed by a competent, working board 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 long-term best interests of its shareholders and other stakeholders.

ICTSI places great importance on robust corporate governance. It continues to uphold and improve the principles and policies embodied in our Manual on Corporate Governance as well as the best practices of good corporate governance, which serves as the framework of rules, systems and processes that governs the performance of the ICTSI Board of Directors and Management.

As the primary governance arm, the Board ensures that its mandate is effectively carried out through a competent mix of skills, learning, and experience among the Directors and strict observance of qualification requirements laid out by Philippine laws and prevailing global practice.

The Board acts on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all its stockholders. It espouses accountability, fairness, and transparency in all Company dealings and relationships.

RECOMMENDATION 1.1

01 Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.

02 Board has an appropriate mix of competence and expertise.

03 Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.

BOARD COMPOSITION

BOARD OF DIRECTORS

	Enrique K. Razon Jr. Filipino, 63 *Executive Director, Chairman and President*	**Cesar A. Buenaventura** Filipino, 94 *Non-Executive Independent Director*	**Carlos C. Ejercito** Filipino, 78 *Non-Executive Independent Director*	**Chief Justice Diosdado M. Peralta** *(ret.)* Filipino, 71 *Non-Executive Independent Director*	**Jose C. Ibazeta** Filipino, 81 *Non-Executive Director*	**Stephen A. Paradies** Filipino, 70 *Non-Executive Director*	**Andres Soriano III,** American, 72 *Non-Executive Director*
Date of First Appointment	December 24, 1987	Feb 15, 2019	April 15, 2021	August 6, 2021	December 24, 1987	December 24, 1987	July 1992
Length of Service	36 years	4 years	2 years	2 years	36 years	36 years	31 years
Academic Background	*Doctor of Science in Logistics, Honoris Causa* **De La Salle University** *Doctor in Management, Honoris Causa* **Asian Institute of Management**	*Bachelor of Science in Civil Engineering* **University of the Philippines** *Doctor in Management, Honoris Causa* **Lehigh University, Bethlehem PA**	*Bachelor's Degree in Business Administration* **University of the East** *Master of Business Administration* **Ateneo Graduate School of Business** *Program for Management Development* **Harvard Graduate School of Education**	*Bachelor of Science* **San Juan de Letran** *Bachelor of Laws* **University of Santo Tomas** *Doctor of Laws, Honoris Causa* **Northwestern University**	*Doctor of Science in Economics* **Ateneo de Manila University** *Master of Business Administration* **University of San Francisco** *Master of Business Administration, Banking and Finance* **New York University**	*Bachelor of Science in Management* **University of Santa Clara**	*Bachelor of Science in Economics, Major in Finance & International Business* **Wharton School of Finance & Commerce, University of Pennsylvania, USA**
Present Directorship and/or Position in other Publicly Listed Companies	*Chairman and Chief Executive Officer,* **Bloomberry Resorts Corporation** *Chairman and Chairperson of the Executive Committee* **Manila Water Company, Inc.***	*Director* **Manila Water Company, Inc.** *Director, Chairman* **DMCI Holdings, Inc.** *Director* **Semirara Mining and Power Corporation** *Lead Independent Director* **Concepcion Industrial Corporation** *Independent Director* **Shell Pilipinas Corporation** *Independent Director* **iPeople, Inc.** *Lead Independent Director* **PetroEnergy Resources Corporation**	*Independent Director* **Century Properties Group, Inc.**	*Independent Director* **Bloomberry Resorts Corporation** *Independent Director* **San Miguel Corporation** *Independent Director* **Philippine Business Bank**		*Director* **Apex Mining, Inc.**	*Chairman, Chief Executive Officer and Director* **A. Soriano Corporation**

** Full Profiles are disclosed in the Company's SEC Form 17-A and SEC Form 20-IS.*

RECOMMENDATION 1.2

01 Board is composed of a majority of non-executive directors.

MAJORITY OF NON-EXECUTIVE DIRECTORS

ICTSI adheres to the guidance that attaining the right composition of Non-Executive Directors and Independent Directors with the Executive Directors assures check and balance in the decision-making process and protection of the company's interest over the interest of the individual shareholders.

There are seven (7) seats in the Board of Directors of ICTSI and more than a majority of these are held by Non-Executive Directors. There are six (6) Non-Executive Directors while there is only one (1) Executive Director.

Carlos C. Ejercito	Non-Executive Director; Independent Director
Chief Justice Diosdado M. Peralta (ret.)	Non-Executive Director; Independent Director
Cesar A. Buenaventura	Non-Executive Director; Independent Director
Jose C. Ibazeta	Non-Executive Director
Stephen A. Paradies	Non-Executive Director
Andres Soriano III	Non-Executive Director
Enrique K. Razon Jr.	Executive Director

RECOMMENDATION 1.3

01 Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.

02 Company has an orientation program for first time directors.

03 Company has relevant annual continuing training for all directors.

POLICY ON DIRECTORS' TRAINING

Section 9.3, ICTSI Manual on Corporate Governance

ICTSI shall conduct an orientation program and relevant annual continuing training for all directors as well as information campaigns, orientation program or workshops on corporate governance available to its directors, officers and employees.

ONBOARDING FOR FIRST-TIME DIRECTORS

The Company conducts an Orientation Program for first-time Directors of ICTSI.

The most recent was on July 2021 when the Offices of Compliance Officer, Corporate Secretary, and Investor Relations held a 2-day virtual Session for the Onboarding Program for Chief Justice Diosdado M. Peralta (ret.) after he accepted his nomination as Independent Director of the Company. Chief Justice Peralta is the most recent addition to the ICTSI Board.

The session provides an overview of the operations of the Company, the leading practices on corporate governance, and organizational structure.

Along with the session, the Company also provides a Director Onboarding Kit which contains the (i) Company, Directors and Officers profiles; (ii) latest disclosures and annual reportorial reports including Minutes of Annual Stockholders' Meetings, SEC Form 20-IS, 17-A, General Information Sheet and Sustainability Report; (iii) Charter Documents such as Articles of Incorporation, By-Laws, and all its amendments; (iv) Committee and Global Organizational Structure; and other introductory materials on the Company.

ANNUAL CG TRAINING

The Company engaged the services of the Institute of Corporate Directors, a training provider duly accredited by the Philippine Securities and Exchange Commission, for the conduct of the virtual 2023 Corporate Governance Training last December 7, 2023.

The CG Training was attended by the Board of Directors, Chief Compliance Officer, Chief Risk Officer, Corporate Secretary, Assistant Corporate Secretaries and the Senior Management of the Company.

Considering that the training was virtual, ICTSI Board and Senior Management were able to attend wherever they may be on the globe. As part of the Company's leading practice, all the Regional Head and Directors of the Company's Philippine subsidiaries were invited and also attended the CG Training.

There were ICTSI Directors who attended their annual CG training through their directorships with other companies. Nevertheless, all members of the Board are committed to engage in continuous CG development by participating in annual trainings.

NAME	POSITION	TRAINING TOPIC
Enrique K. Razon Jr.	Chairman and President; Executive Director	*Advanced Corporate Governance Training:* ▪ *The Importance of Corporate Culture for Ethics and Compliance* ▪ *ESG and Strategy: A Boardroom Topic for Directors*
Carlos C. Ejercito	Non Executive Director; Independent Director	
Chief Justice Diosdado M. Peralta (ret.)	Non Executive Director; Independent Director	
Jose C. Ibazeta	Non Executive Director	
Stephen A. Paradies	Non-Executive Director	
Christian Martin R. Gonzalez	Executive Vice President, Chief Compliance Officer, Chief Sustainability Officer	
Emilio Manuel V. Pascua	Senior Vice President, Chief Financial Officer, Chief Risk Officer	
Caroline C. Causon	Senior Vice President, Global Corporate Planning and Financial Services	
Antonio G. Coronel	Vice President, Logistics and Supply Chain	
Arnie D. Tablante	Vice President, Treasurer	
Arlyn L. McDonald	Vice President, Global Financial Controller	
Rafael T. Durian	Corporate Secretary	
Silverio Benny J. Tan	Asst. Corporate Secretary	
Benjamin Edison M. Gorospe III	Asst. Corporate Secretary	
Catherine R. Castro	Head of Global Corporate Audit and Compliance	
Cesar A. Buenaventura	Non-Executive Director; Independent Director	*Trust and Ethical Leadership: Enhancing Corporate Governance for Sustainable Success* Conducted by iPeople, Inc. on September 9, 2023
Andres Soriano III	Non-Executive Director	*Advance Corporate Governance Training:* ▪ *Culture of Innovation Beyond Why, What, When and Where of Innovation Culture* ▪ *Digital Transformation* Conducted by Institute for Corporate Governance on July 26, 2023

RECOMMENDATION 1.4

01 Board has a policy on board diversity.

BOARD DIVERSITY POLICY

As laid down in the ICTSI Board Charter, it is the Company's mandate that the Board shall be composed of Directors with collective working knowledge, experience or expertise that is relevant or will contribute to the Company's industry/sector and has an appropriate mix of competence and expertise.

Board diversity shall be considered from various aspects including but not limited to gender, age, ethnicity, educational background, professional experience, knowledge, skills, and expertise which can add value and independent judgment in the formulation of sound corporate strategies and policies.

The mix of Non-Executive Directors, Independent Directors and Executive Director in ICTSI ensures that no Director or small group of Directors dominates in the decision-making process.

OPTIONAL: RECOMMENDATION 1.4

01 Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.

MEASURABLE OBJECTIVES FOR BOARD DIVERSITY

As an initiative of the Office of the Chief Compliance Officer with the assistance of the Global Corporate Legal Affairs, the Annual Evaluation by the Board of Directors for the Board Skills and Expertise Diversity Matrix was rolled out for the calendar year 2023. This Matrix will be continually evaluated and updated for the necessary trainings and progress to amplify the objective of having collective as well as diverse mix of working knowledge, experience or expertise that is relevant or will contribute to the Company's industry and, more importantly, aligned with the Company's Values and Purposes.

BOARD SKILLS AND EXPERTISE DIVERSITY MATRIX

INDUSTRY KNOWLEDGE AND EXPERIENCE	Executive Director	Independent Directors			Non Executive Directors		
	Enrique K. Razon Jr.	Cesar A. Buenaventura	Carlos C. Ejercito	Chief Justice Diosdado M. Peralta *(ret.)*	Jose C. Ibazeta	Stephen A. Paradies	Andres Soriano III
Logistics and Transportation Services							
Biotech, Healthcare and Pharma							
Food and Beverage							
Fossil Fuels							
Hospitality							
Infrastructure and Construction							
Energy							
Government and Public Administration							
Manufacturing							
Mining							
Public Utilities							
Real Estate							
Services:							
Commercial and Consumer							
Education							
Financial							
IT & Software Development							
Legal							

In its effort toward strengthening its corporate governance and leading with integrity, the Company continues to implement the Human Capital Statement it launched last 2020, and see through its practical outworking in human rights, health and safety, and diversity and inclusion, among others.

In 2022, the Board also approved the ICTSI Diversity and Equal Opportunities Policy to maintain a work environment where respect for inclusion and diversity is maintained and where people do not discriminate or are discriminated against due to disability, age, sexual orientation or preference, civil status, race, origin, religious or political beliefs, and socioeconomic status among others.

RECOMMENDATION 1.5

01 Board is assisted by a Corporate Secretary.

02 Corporate Secretary is a separate individual from the Compliance Officer.

03 Corporate Secretary is not a member of the Board of Directors.

04 Corporate Secretary attends training/s on corporate governance.

CORPORATE SECRETARIES

SEC Code of Corporate Governance for Publicly Listed Companies

The Corporate Secretary is primarily responsible to the corporation and its shareholders, and not to the Chairman or President of the Company and has, among others, the following duties and responsibilities:

a. *Assists the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;*

b. *Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the corporation;*

c. *Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board and the Chairman on all relevant issues as they arise;*

d. *Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;*

e. *Advises on the establishment of board committees and their terms of reference;*

f. *Informs members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;*

g. *Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;*

h. *Performs required administrative functions;*

i. *Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and*

j. *Performs such other duties and responsibilities as may be provided by the SEC.*

The Board of Directors is assisted by Atty. Rafael T. Durian as Corporate Secretary and Attys. Silverio Benny J. Tan and Atty. Benjamin Edison M. Gorospe III as Assistant Corporate Secretaries.

These Secretaries are not members of the Board of Directors of ICTSI. They have adequate experience in board governance and mixed expertise on legal, accountancy, and corporate secretarial practices. They annually attend the Annual Corporate Governance Training for Directors and Key Officers which ICTSI conducts in-house and duly accredited by the SEC, which latest training was held on December 7, 2023 *(See full details of the Training under Recommendation 1.3).*

OFFICE OF THE CORPORATE SECRETARY

	Atty. Rafael T. Durian Filipino, 90 *Corporate Secretary*	**Atty. Silverio Benny J. Tan** Filipino, 67 *Assistant Corporate Secretary*	**Atty. Benjamin Edison M. Gorospe III** Filipino, 55 *Assistant Corporate Secretary*
Academic Background	*Bachelor of Laws* **San Beda College**	*Bachelor of Ars in Political Science, Cum Laude* **University of the Philippines – Iloilo College** *Bachelor of Laws, Cum Laude* **University of the Philippines**	*Bachelor of Science in Commerce and Major in Accounting* **Xavier University** *Bachelor of Laws* **University of the Philippines** *Certified Public Accountant*
Working experience	ICTSI's Corporate Secretary since 1987 Corporate Secretary and a Director of Razon Industries, Inc., Sureste Realty Corp. and Provident Management Group, Inc.	A retired partner, former managing partner, and now Of Counsel of the law firm of Picazo Buyco Tan Fider & Santos; Corporate Secretary in several Philippine-registered corporations and the following Publicly Listed Companies: ▪ Apex Mining Company Inc. ▪ Bloomberry Resorts Corporation ▪ Manila Water Company, Inc.	Joined ICTSI in 2003 as a Tax Manager Worked with the Tax Department of SyCip Gorres Velayo & Co. (a member firm of Ernst & Young Global Limited) for five years and with its Audit Department for one year. Corporate Secretary in several ICTSI subsidiaries

Full Profiles are disclosed in the Company's SEC Form 17-A and SEC Form 20-IS .

RECOMMENDATION 1.6

01 Board is assisted by a Compliance Officer.

02 Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.

03 Compliance Officer is not a member of the board.

04 Compliance Officer attends training/s on corporate governance.

CHIEF COMPLIANCE OFFICER

SEC Code of Corporate Governance for Publicly Listed Companies

The Compliance Officer is a member of the company's management team in charge of the compliance function. Similar to the Corporate Secretary, he/she is primarily liable to the corporation and its shareholders, and not to the Chairman or President of the company. He/she has, among others, the following duties and responsibilities:

a. Ensures proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among others);

b. Monitors, reviews, evaluates and ensures the compliance by the corporation, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;

c. Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;

d. Ensures the integrity and accuracy of all documentary submissions to regulators;

e. Appears before the SEC when summoned in relation to compliance with this Code;

f. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;

g. Identifies possible areas of compliance issues and works towards the resolution of the same;

h. Ensures the attendance of board members and key officers to relevant trainings; and

i. Performs such other duties and responsibilities as may be provided by the SEC.

Section 2.6.17, ICTSI Manual of Corporate Governance

Duties and Functions of the Board

Appoint a Compliance Officer who shall have the rank of at least Vice President or its equivalent position.

Effective 18 January 2023, ***Mr. Christian Martin R. Gonzalez,*** Executive Vice President, has been appointed Chief Compliance Officer concurrent to his role as Chief Sustainability Officer of ICTSI. Mr. Gonzalez has over 25 years of experience in the port industry particularly in container terminal management and operation.

As Executive Vice President, he has oversight over the ICTSI Group's operating terminals and business development worldwide. As Chief Sustainability Officer, he drives the integration of sustainability into the core of the business. Mr. Gonzalez has been with ICTSI since 1997. In 2005, he was appointed CEO of the Group's Madagascar operations. He was the lead in redeveloping the terminal, implementing operational and administrative initiatives amid a challenging environment to turn around the terminal into one of Africa's most efficient ports. Mr. Gonzalez was also key in the acquisition and development of the concession in Melbourne, Australia's first automated terminal. Mr. Gonzalez sits on the board of several ICTSI subsidiaries both in the Philippines and abroad. He is also the President of ICTSI Foundation, Inc., the ICTSI Group's social responsibility arm. Mr. Gonzalez takes the lead in sponsoring and implementing programs for the youth, social development and the environment in areas particularly where the Group has a business presence.

Outside of ICTSI, Mr. Gonzalez is a Board Member of Bloomberry Resorts Corp., owner of Solaire Resort and Casino in the Philippines, and of Prime Infrastructure Capital, the Razon Group's infrastructure division with projects worldwide. Mr. Gonzalez is a Board Trustee of Asia Society Philippines and of the Philippine Athletics Track and Field Association.

Mr. Gonzalez is a graduate of Instituto de Estudios Superiores de la Empresa (IESE) Business School, the graduate school of management of the University of Navarra, in Barcelona, Spain, where he received his Bilingual Master's in Business Administration. He is also a graduate of Business Administration from Pepperdine University in California.

Mr. Gonzalez is not a member of the Board of ICTSI. He annually attends the Annual Corporate Governance Training for Directors and Key Officers which ICTSI conducts in-house and duly accredited by the SEC, which latest training was held on December 7, 2023 *(See full details of the Training under Recommendation 1.3).*

FIDUCIARY ROLES OF THE BOARD

PRINCIPLE 2

The fiduciary roles, responsibilities and accountabilities of the board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

Each ICTSI Director commits to the fiduciary duties of care and of loyalty. Actions are made on a fully informed basis and supported with proper due diligence. Furthermore, and paramount to all responsibilities, the Directors act for the best interest of ICTSI more than that of any controlling group or any stakeholder.

RECOMMENDATION 2.1

01 Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.

DUTIES OF CARE AND OF LOYALTY

ICTSI Manual on Corporate Governance

Section 2.5.2. *A director owes the duty to be obedient, loyal and diligent to ICTSI. Obedience imposes on the directors the obligation to act only within ICTSI's corporate powers as defined by its Articles of Incorporation and By-laws and by the Corporation Code and other applicable laws. Directors should manage ICTSI with reasonable diligence, care and prudence.*

They cannot be held liable for mistakes or errors in the exercise of their business judgment when they act in good faith with due care and prudence.

Section 2.5.3. *A director has fiduciary responsibility to ICTSI and its stockholders. His duty to be loyal requires him to act in ICTSI's best interest and prevents him from acquiring for himself a business opportunity which belongs to ICTSI.*

That fiduciary duties take central importance for the Directors are evident both in their regular and special agenda taken and deliberated during the past year for approval and implementation. All these vital matters are documented in the minutes of meetings and other reports as well as publicly disclosed especially for easy access of ICTSI's shareholders and stakeholders via the Investors sub-site of Company Website (investors.ictsi.com).

RECOMMENDATION 2.2

01 Board oversees the development, review and approval of the company's business objectives and strategy.

02 Board oversees and monitors the implementation of the company's business objectives and strategy.

SUPPLEMENT TO RECOMMENDATION 2.2

01 Board has a clearly defined and updated vision, mission and core values.

02 Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.

OVERSIGHT ON BUSINESS OBJECTIVES AND STRATEGY

ICTSI At a Glance
ICTSI builds and operates efficient and sustainable origin and destination gateway terminals in markets where we can leverage our competitive strength and create long-term sustainable value.

Our Purpose
To make ports around the world drivers of positive change and sustainable growth.

At ICTSI, we work tirelessly to develop and operate efficient and sustainable port facilities and to deliver the highest possible benefits to our stakeholders and the communities we serve.

Our Values
ICTSI's commitment to our partners and communities began more than three decades ago in the Philippines. Our projects and terminals now extend across six continents and are anchored by many of the same founding values that have underpinned our sustainable approach to growing our business and our host.

Respect for All
We place the utmost importance on safety, community and diversity. The well-being and health of all our stakeholders is our number one priority. We strive to have the highest standards in place to ensure our people and stakeholders are safe, respected and treated fairly.

Trust
We lead with integrity, respect and compassion for our people, partners and communities and our environment. We take great pride in working responsibly to earn trust and to keep it.

Collaboration
We are a diverse and inclusive company working together and exploring new ways of doing things to deliver the best possible outcome for all our stakeholders. As a responsible business, we embrace equality of opportunity and empower all our people to adapt, collaborate and innovate across borders.

Tenacity
Our people work tirelessly with the utmost determination to achieve their goals and deliver on commitments to partners, stockholders, host communities and the environment.

Passion
We are pioneers in an industry with deep linkages to the host economies and communities in which we operate. Our people relish the challenge of exploring new opportunities, operating terminals, creating sustainable benefits for our host communities and protecting the environment, while also delivering returns to our stockholders.

Among other duties and functions of the Board laid down in ICTSI's Manual of Corporate Governance, ICTSI Directors extend an active hand in the formulation, monitoring, review, and approval of ICTSI's business objectives and strategy to sustain the Company's long-term viability and strength.

Provided by the Organization for Economic Co-operation and Development (OECD) Principles, the Board of Directors:

- Review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets, and business plans;
- Set performance objectives;
- Monitor implementation and corporate performance; and
- Oversee major capital expenditures, acquisitions and divestitures.

Thus, the Board makes it as part of its annual year-end checklist the regular monitoring of the implementation of the Company's business objectives and strategy and review of the same for the necessary re-alignment and update. On 22 December 2023 the Board included in its meeting the:

- Review and approval of the corporate strategies and objectives;
- Monitoring of the implementation and assessment of effective performance; and
- Review and affirmation of the Company's Purpose and Values to be attuned to the set strategies and objectives.

On 28 February 2024, the Board likewise reviewed the Company's capital and debt structure as aligned with the business objectives and overall risk appetite.

RECOMMENDATION 2.3

01 Board is headed by a competent and qualified Chairperson.

COMPETENT AND QUALIFIED CHAIRPERSON

SEC Code of Corporate Governance for Publicly Listed Companies

The roles and responsibilities of the Chairman include, among others, the following:

a. Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;

b. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;

c. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;

d. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;

e. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and

f. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

Mr. Enrique K. Razon Jr. has been a Director of ICTSI since 1987 and the Chairman of the Board of Directors since 1995.

He is also Chairman of Bloomberry Resorts Corp. (BRC), owner of Solaire Resort and Casino in Entertainment City and in Quezon City, Philippines. He is Chairman of Manila Water Company (MWC), the private concessionaire of Metropolitan Waterworks and Sewerage System that serves the more than seven million population of the East Zone of Metro Manila and the Rizal Province. ICTSI, BRC and MWC are listed in the Philippine Stock Exchange.

Mr. Razon also chairs Prime Infrastructure Capital, Inc. (Prime Infra) focused on environmentally resilient and socially relevant projects that help enable the Philippines and emerging economies move forward on their sustainable economic growth plans. Prime Infra develops and operates critical infrastructure in the renewable energy, water, and waste management and sustainable fuel sectors. Prime Infra has a 45-percent operating stake in the Malampaya deep water gas-to-power project, which produces natural gas that supplies up to 20 percent of Luzon's total electricity requirement. Prime Infra is also developing the 1,400 MW Ahunan pumped storage hydropower plant. Phase 1 of the Wawa Bulk Water Supply Project, a national flagship infrastructure project that ensures water security in Metro Manila and Rizal Province, is operational. On Phase 2's completion, the project will deliver at least 518 million liters per day.

Mr. Razon sits on the board of most ICTSI subsidiaries worldwide and of several foreign and Philippine corporations. His other investments are in real estate, mining, oil and gas exploration, and leisure facilities including a golf course in the Philippines. Mr. Razon also chairs the ICTSI Foundation, Inc., which implements the ICTSI Group's corporate social responsibility advocacies worldwide. He is also Chairman of Pilipinas Golf Tournaments, Inc., which stages the Philippine Golf Tour, Southeast Asia's largest professional golfing circuit.

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

RECOMMENDATION 2.4

01 Board ensures and adopts an effective succession planning program for directors, key officers and management.

02 Board adopts a policy on the retirement for directors and key officers.

SUCCESSION PLANNING AND RETIREMENT PROGRAM

In accordance with the Manual on Corporate Governance, part of the Board's responsibility is to ensure that the Company has an effective succession planning program and retirement policy for the Directors and Key Officers to ensure growth and continued increase in stockholders' value. These programs and policies are regularly reviewed by the Audit Committee and the Audit & Compliance Group.

The goal of succession planning is the transfer of company leadership to highly competent and qualified individuals. It is the Board's responsibility to implement a process to appoint competent, professional, honest and highly motivated management team and officers who can add value to the company. A good succession plan is linked to the documented roles and responsibilities for each position, and starts in objectively identifying the key knowledge, skills, and abilities required for the position. The process is conducted in an impartial manner and aligned with the strategic direction of the organization.

ICTSI identifies critical positions within the organization, including leadership roles, technical experts, and other key positions essential for achieving business objectives. GCHR and Department/BU Heads then conduct a comprehensive assessment of the organization's current talent pool to identify high-potential employees who have the capability and potential to fill key positions in the future. This assessment may include performance evaluations, skills assessments, and potential assessments. Based on the assessment of current talent, GCHR develops succession plans for key positions. These plans should outline potential successors for each position, along with their development paths and timelines for readiness.

ICTSI offers targeted development opportunities to high-potential employees identified as potential successors. This may include mentoring, coaching, stretch assignments, job rotations, training programs, and formal education to help them acquire the skills and experiences needed for future roles.

ICTSI ensures that succession planning and talent management efforts promote diversity and inclusion within the organization. It encourages diversity of thought, background, and experience among potential successors to foster innovation and creativity.

Furthermore, the Company integrates succession planning and professional development initiatives with its annual performance and compensation reviews. This holistic approach ensures that talent development and succession efforts are closely tied to the company's overall performance objectives. Regular reviews of these programs and policies by the Remuneration Committee and Global Corporate Human Resources guarantee their continued relevance and alignment with the company's goals and values.

RECOMMENDATION 2.5

01 Board aligns the remuneration of key officers and board members with long-term interests of the company.

02 Board adopts a policy specifying the relationship between remuneration and performance

03 Directors do not participate in discussions or deliberations involving his/her own remuneration.

REMUNERATION POLICY

Section 8, ICTSI By-Laws

As compensation, the Board of Directors shall receive no more than two percent (2%) of the profits obtained during the year after deducting therefrom general expenses, remunerations to officers and employees, depreciation on buildings, machineries, transportation units, furniture, and other properties. Such compensation shall be apportioned among the directors in such manner as the Board of Directors duly assembled as a Board, may deem proper.

Section 2.10, ICTSI Manual on Corporate Governance

2.10 Remuneration of Directors and Officers

2.10.1 Levels of remuneration shall be sufficient to attract and retain the directors, if any, and officers needed to run ICTSI successfully. A proportion of executive director's or officers, remuneration may be structured so as to link rewards to corporate and individual performance.

2.10.2 Corporations may establish formal and transparent procedure for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers depending on the particular needs of ICTSI. No director should participate in deciding his remuneration.

2.10.3 ICTSI's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers, in the aggregate, during the preceding fiscal year as provided by law.

2.10.4 To protect the funds of a corporation, the Commission may, in exceptional cases, e.g., when a corporation is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.

Section V, Charter of the ICTSI Remuneration Committee

Compensation Policies and Programs for the directors, President and other executives

- *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.*

OPTIONAL: RECOMMENDATION 2.5

01 Board approves the remuneration of senior executives.

02 Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.

REMUNERATION REVIEW

The Remuneration Committee was organized to establish a formal and transparent procedure for developing a policy on remuneration of the Directors and Senior Officers to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates.

The Board aligns the remuneration of Directors, Key Officers and Senior Executives with the long-term interests of the Company. In determining the proper compensation, the Board ensures that the (i) level of the remuneration is commensurate with the responsibilities of the role; (ii) no Director participated in the deliberation involving his own remuneration; and (iii) the remuneration pay-out schedules are sensitive to the overall risk profile of the Company.

Officers may receive remuneration in the form of share-based payment transactions and are given awards in the form of ICTSI Common Shares under the Stock Incentive Program (SIP) as equity-settled transactions. The SIP is structured as a medium-term deferral plan. It is a three (3) year plan which can force forfeiture of stock for bad leavers.

RECOMMENDATION 2.6

01 Board has a formal and transparent board nomination and election policy.

02 Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.

03 Board nomination and election policy includes how the company accepted nominations from minority shareholders.

04 Board nomination and election policy includes how the board shortlists candidates.

05 Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.

06 Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.

BOARD NOMINATION AND ELECTION POLICY

Section 2.6.1, ICTSI Manual of Corporate Governance
Duties and Functions of the Board

- *Pass upon the qualification of nominees to the Board, establish a nomination sub-committee which it can delegate such function or implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.*
- *Appoint competent, professional, honest and highly-motivated management officers.*

Section 2.12, ICTSI Manual of Corporate Governance

Other Committees

The Board may also organize the following committees:

i. *A Nomination Subcommittee, which may be composed of at least three (3) members and one of whom should be an independent director, 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;*

Section VI. Nomination and Election Policy, ICTSI Board Charter

Every Stockholder may nominate the Directors to be elected in a regular or special meeting of stockholders. The nomination should be submitted in writing to the Corporate Secretary not earlier than forty (40) days nor 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 stockholders of record date are entitled to notice of and to vote.

The Board has a formal and transparent board nomination and election policy and is disclosed in the Company's Manual on Corporate Governance.

The profiles of the nominee Directors are sent to the Office of the Corporate Secretary and the qualifications of the nominees are evaluated and assessed by the Nomination Subcommittee based on the skills, experience and the value that each nominee can contribute to the Company. After such deliberations, the Nomination Subcommittee will present the profiles of the shortlisted nominated directors to the Board of Directors for further evaluation and assessment.

The Board, based on each nominee's qualifications, ensures that each Director can contribute an independent judgment to the formulation of sound corporate strategies and policies.

Each qualified nominee who accepts the nomination must send an acceptance letter of such nomination to the Company through the Office of the Corporate Secretary.

OPTIONAL: RECOMMENDATION 2.6

01 Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.

EXTERNAL SOURCES FOR DIRECTOR CANDIDATES

The Board of Directors were sourced from the business network of board members or shareholders. As necessary, the Company, through the Nomination Committee, may retain and terminate (within its sole authority) any search firm to assist in identifying director candidates, including the sole authority to approve the fees payable to such search firm and any other terms of retention.

RECOMMENDATION 2.7

01 Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.

02 RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.

03 RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.

RELATED PARTY TRANSACTIONS POLICY

In accordance with the revised Philippine Securities and Exchange Commission Code of Corporate Governance, the Board of Directors, together with the Related Party Transaction Committee, exercises the function of formulating and implementing policies and procedures that would ensure the integrity and transparency of related party transactions (RPTs).

In compliance with SEC Memorandum Circular No. 10-2019, the Company submitted its Related Party Transaction (RPT) Policy to the Philippine Securities and Exchange Commission on October 23, 2019. A copy of the RPT Policy is also made available in the Company Website: https://investors.ictsi.com/corporate-governance/policies.

The Board, through its Related Party Transaction 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, and interlocking director relationships by members of the Board.

The Company discloses material or significant RPTs reviewed and approved through its Annual Report (SEC Form 17-A) the name of the related party, its relationship, nature of the transaction, and transaction amount, among others.

The Committee approves RPT only on the affirmative vote of the majority of its members at a meeting, or, to the extent allowed by law, by unanimous written consent of the members. The Company discloses all transactions with related parties in its Annual Reports and complies with the rules on Material Related Party Transactions set forth in the above memorandum circular. For 2023, the RPTs do not meet the threshold for Material Related Party Transaction (MRPT).

All RPTs entered into by the Company in 2023 are done on a “fair and at arm's length" basis and to the best interest of the Company and its Shareholders.

RECOMMENDATION 2.8

01 Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).

02 Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).

SELECTION OF MANAGEMENT TEAM

Section 2.6.3, ICTSI Manual of Corporate Governance

Duties and Functions of the Board

Select and appoint the President, Chief Finance Officer (“CFO”), and other senior officers of ICTSI. The executive officers shall have the requisite maturity, motivation, integrity, competence and professionalism necessary to effectively perform their duties and responsibilities to ICTSI. The Board may adopt a professional development program for employees and officers, and a succession planning program for the Board and the management to ensure growth and continued increase in shareholders’ value.

Section 2.8.3, ICTSI Manual of Corporate Governance

Internal Control Responsibilities of the Board

ICTSI may appoint an Internal Auditor or any other officer designated by the Board, or the Audit Committee through which the Board, senior management and stockholders may be provided with reasonable assurance that its key organizational and operational controls are effective, appropriate and complied with. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

THE ICTSI GROUP SENIOR MANAGEMENT

Enrique K. Razon Jr.
Chairman and President

Christian Martin R. Gonzalez
Executive Vice President

SENIOR VICE PRESIDENTS

Caroline C. Causon
SVP, Global Corporate Planning and Financial Services

Anders Kjeldsen
SVP, Regional Head - Latin America

Hans-Ole Madsen
SVP, Regional Head - Europe, the Middle East and Africa

Emilio Manuel V. Pascua
SVP, Chief Financial Officer and Chief Risk Officer

Humberto Godfried Wieske
SVP, Head of Global Commercial

VICE PRESIDENTS AND OTHER OFFICERS

Catherine R. Castro
Head of Global Corporate Audit and Compliance

Nathan Clarke
VP, Head of Global Engineering - Infrastructure and Project Delivery

Antonio G. Coronel
VP, Logistics and Supply Chain

Robin Cruickshanks
VP, Head of Global Corporate Human Resources

Brian Mark Hibbert
VP, Global Chief Information Officer

Damien Samuel Huppert
VP, Head of Global Procurement

Arlyn L. McDonald
VP, Global Financial Controller

Lirene C. Mora
Head of Global Corporate Legal Affairs

Narlene A. Soriano
Head of Global Public Relations

Johan Swart
VP, Head of Global Engineering - Equipment Maintenance

Arnie D. Tablante
VP and Treasurer

The Board of Directors is tasked with the responsibility of approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions such as the Chief Risk Officer (CRO), Chief Compliance Officer (CCO), and Head of Global Corporate Audit and Compliance (HAC) after the evaluation and assessment by the Nomination Committee has been completed.

ASSESSMENT OF THE CEO AND HEADS OF OTHER CONTROL FUNCTIONS

BOARD OF DIRECTORS

Enrique K. Razon Jr.
President

Christian Martin R. Gonzalez
Chief Compliance Officer

Emilio Manuel V. Pascua
Chief Risk Officer

Catherine R. Castro
Head of Global Corporate Audit and Compliance

Annually, the Board of Directors assesses the performance of the Management as led by the CEO and supported by the CRO, CCO, and HAC. This is part of the Annual Corporate Governance Assessment rolled out to the Board of Directors.

For the year ended 2023, the Assessment of the Control Heads by the Board was done on 31 January 2024.

RECOMMENDATION 2.9

01 Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.

02 Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.

PERFORMANCE MANAGEMENT FRAMEWORK

The Board ensures that the performance of ICTSI Management and Personnel are at par with the standards set by the Company.

For a thorough and effective assessment of these performances, the Board has established a Performance Management Framework. The Framework mandates an annual assessment by the ICTSI Group's Senior Management of the performance of the Company and its individual employees to determine the proper incentives for its Officers and Employees.

To support this there is an Annual Compensation Review where performance bonus recommendations, salary increases and promotions are managed. The Global Corporate Human Resources Department (GCHR) collects the documents of employees' accomplishments and compares these to set Key Performance Indicators.

Using the data gathered during the review, the GCHR is able determine appropriate recommendations for performance bonus, salary increase, and promotions based on the Guidelines for Compensation Review. Additionally and equally important, the GCHR is also able to recognize high potential employees and identify training needs to bridge any skill gaps for all concerned employees.

RECOMMENDATION 2.10

01 Board oversees that an appropriate internal control system is in place.

02 The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.

03 Board approves the Internal Audit Charter.

OVERSIGHT RESPONSIBILITY ON INTERNAL CONTROL

Section 2.6.8, ICTSI Manual on Corporate Governance

Duties and Functions of the Board
Provide a system of internal checks and balances. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of ICTSI's internal control system in order to maintain its adequacy and effectiveness.

The internal control mechanism for the Board's oversight responsibility include:

a. Defining the duties and responsibilities of the President;
b. Selecting or approving an individual with appropriate competence, vision, integrity and experience to fill the President's role;
c. Reviewing proposed senior management appointments;
d. Ensuring that the selection, appointment and retention of qualified and competent management and officers holding control functions; and
e. Reviewing ICTSI's personnel and human resource policies and its sufficiency, conflict of interest situations, changes to the compensation plan for employees and officers and management succession plans.

ICTSI Internal Audit Charter, which sets the Framework within which the Audit & Compliance Group will function to achieve its objectives, is reviewed and updated at least once every three (3) years or as often as necessary. The revised ERM Policy is under review and will be presented for approval in May 2024. The provisions of which, upon review, remain to be adequate and relevant to ICTSI's business.

The control environment of ICTSI consists of:

a. The Board, which ensures that ICTSI is properly and effectively managed and supervised;
b. The Management, which actively manages and operates ICTSI in a sound and prudent manner;
c. The organizational and procedural controls supported by effective management information and risk management reporting systems; and
d. An independent audit mechanism to monitor the adequacy and effectiveness of ICTSI's governance, operations and information systems.

RECOMMENDATION 2.11

01 Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.

02 The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.

OVERSIGHT RESPONSIBILITY ON ERM

Section 2.6.8, ICTSI Manual on Corporate Governance

Duties and Functions of the Board
Identify and monitor key risk areas and key performance indicators

The Board has the Board Risk Oversight Committee (BROC) that oversees the enterprise risk management framework. The BROC has the authority to conduct or authorize inquiries into any matters within its scope of responsibility with full access to all books, records, facilities and personnel of ICTSI.

ICTSI has a formal ERM Policy that was approved and released in May 2016. Further revisions were made in May 2018, May 2019, May 2020 and May 2023 and accordingly approved by the BROC. The revised ERM Policy is under review and will be presented for approval in May 2024.

RECOMMENDATION 2.12

01 Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.

02 Board Charter serves as a guide to the directors in the performance of their functions.

03 Board Charter is publicly available and posted on the company's website.

BOARD CHARTER

The ICTSI Board of Directors strictly abides by and adheres to its Board Charter wherein its roles, responsibilities and accountabilities in carrying out its fiduciary roles are clearly set forth, including those of the Chairman. It also establishes the standards and criteria for Board performance evaluation.

The salient points of the Board Charter are made publicly available through the Company Website: Board Matters | ICTSI Investors

ADDITIONAL RECOMMENDATION TO PRINCIPLE 2

01 Board has a clear insider trading policy.

INSIDER TRADING POLICY

ICTSI complies with laws, rules and regulations on Insider Trading. In particular, ICTSI's policy is to ensure that Directors, Officers, and Employees of the Company who are aware of any material, non-public information concerning the Company or a third party with whom the Company does business, shall not engage in any transaction in the Company's or such third party's securities through observance of a Blackout Period, which commences from the date when the material non-public information is obtained or is known and up to two full trading days after the price sensitive information is disclosed.

The Investor Relations Office also sends out a reminder to all Directors and Key Officers to disclose all share-related transactions within three days from the transaction for filing to in compliance with the rules and regulations of the Philippine Stock Exchange and Securities and Exchange Commission.

OPTIONAL: PRINCIPLE 2

01 Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.

02 Company discloses the types of decision requiring board of directors' approval.

LOANS TO DIRECTORS

In Section XII of the Company's Board Charter, it is provided that a Director has a fiduciary responsibility to the Company and its stockholders. His/her duty to be loyal requires him/her to act in the Company's best interest and prevents him/her from acquiring for him/herself a business opportunity which belongs to the Company.

Loans that may be granted to Directors shall be subject to review and approval to ensure that they are on terms and conditions that are arm's length and comparable with market rates, with sufficient documentation and coursed through all appropriate levels of approval as provided in the Company's Related Party Transaction Policy.

BOARD OF DIRECTORS' APPROVAL

Pursuant to ICTSI By-Laws, the Board of Directors the authority to decide on and approve corporate acts as enumerated below. As of date, the Board has not created an Executive Committee. All corporate acts for Board approval are presented by the Management:

a. To purchase or otherwise acquire in any lawful manner, for and in the name of the Corporation, any and all properties, rights, interests or privileges whatsoever deemed necessary or convenient for the Corporation's business, at such price and subject to such terms and conditions as it may deem proper or convenient.

b. To invest the funds of the Corporation in any other corporation or business or for any purpose other than those for which it was organized, whenever in its judgment, the interest of the Corporation would thereby be promoted, subject to such stockholder approval or authorization as may be necessary under the law.

c. To sell, lease, exchange, assign, transfer or otherwise dispose of any property, real or personal, belonging to the Corporation whenever in its judgment, the interest of the Corporation would thereby be promoted, subject to such stockholder authorization or approval as may be necessary under the law.

d. To incur such indebtedness as it may deem necessary, subject to such stockholder approval or authorization as may be required by law and, for such purpose, to make and issue evidence of such indebtedness including, without limitation; notes, deeds of trust, instruments or securities and/or to mortgage or otherwise encumber all or part of the properties and rights of the Corporation.

e. Upon recommendation of the Chairman and the President and in accordance with the applicable provisions of these By-Laws, to determine and prescribe the qualifications, duties, term of office, compensation, remuneration, incentives and other benefits of officers and/or employees. Pursuant thereto, to appoint or elect or enter into contracts which such officers and/or employees, under such terms and conditions as the board may determine to be in the best interest of the Corporation.

f. Upon recommendation of the Chairman and/or the President, to create other offices it may deem necessary and determine how such offices will be filled;

g. With regard to shares issued in total or partial payment of debts contracted by the Corporation, for whatsoever properties it may have acquired or in payment of services rendered to the Corporation, to impose such conditions regarding the transfer of said shares as it may deem convenient; subject, however, to the limitations fixed by law.

h. To prosecute, maintain, defend, compromise or abandon any law suit in which the Corporation or its officers are either plaintiffs or defendants in connection with the business of the Corporation, and to settle all claims for or against the Corporation on such terms and conditions as it may deem fit.

i. To determine whether any, and if any, what part of the surplus profits of the Corporation arising from its business or retained earnings, available for declaration as dividends, shall be declared as dividends, subject to the provisions of law.

j. To create, by a resolution passed by a majority of all members of the Board, an Executive Committee of five (5) members, a majority of whom shall be members of the Board of Directors. Except as specifically limited by law or by the Board. a member of the Executive Committee may designate in writing an Alternate to represent him and vote at any meeting. Such Alternate need not be a member of the Board of Directors, provided that the other three (3) members of the Executive Committee present at any meeting of the Executive Committee are members of the Board. The Executive Committee, when the Board is not in session, shall have and may exercise the powers of the Board which could lawfully be delegated in the management of the business and affairs of the Corporation. The Executive Committee shall act by the majority vote of all its members, namely, three of five, provided there is no dissenting vote or opposition from the other members. Among the powers to be delegated to the Executive Committee is the authority to approve expenditures up to one Hundred Thousand U.S. Dollars for any purchase or acquisition, provided that Capital Expenditures shall always be subject to Board approval. In case of any dissenting vote or opposition, the issue shall be presented to the Board of Directors for resolution. The Board shall have the power at any time to remove and replace the members of, and fill vacancies in, the Executive Committee.

k. To create, by resolution passed by a majority of all members of ti1e Board, one or more standing or special committees of directors including a Compensation Committee, with such powers and duties as may be specified in the enabling resolution.

l. To appoint any person, corporation, association, partnership or entity duly organized and registered in accordance with the laws of the Republic of the Philippines, as general managers or management consultants or technical consultants, under such terms and conditions and for such compensation as the Board may determine.

m. To guarantee, for and on behalf of the Corporation, obligations of the other corporations in which it has lawful interest.

n. To appoint trustees who for the benefit of the Corporation, may receive and retain such properties. as may belong to the Corporation or in which it has interest, and to execute such deeds and perform such· acts as may be necessary to transfer the ownership of said properties to its trustee.

o. To enter into any transaction, obligation or contract and perform such acts and execute such deeds as it may deem essential for the proper administration of the Corporation's property, business and affairs or the accomplishment of any of the purposes for which the Corporation was organized.

BOARD COMMITTEES

PRINCIPLE 3

Board committees should be set up to the extent possible to support the effective performance of the board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available committee charter.

Establishing Board Committees allows the Directors to leverage on their expertise and experience in examining and discussing related management policies. These expert examinations lend credence and value to more effective recommendations for Board actions. The type of committees established by the Board is in accordance with the regulatory requirements and best practices and also dependent on the Company's size, risk profile, and operations.

RECOMMENDATION 3.1

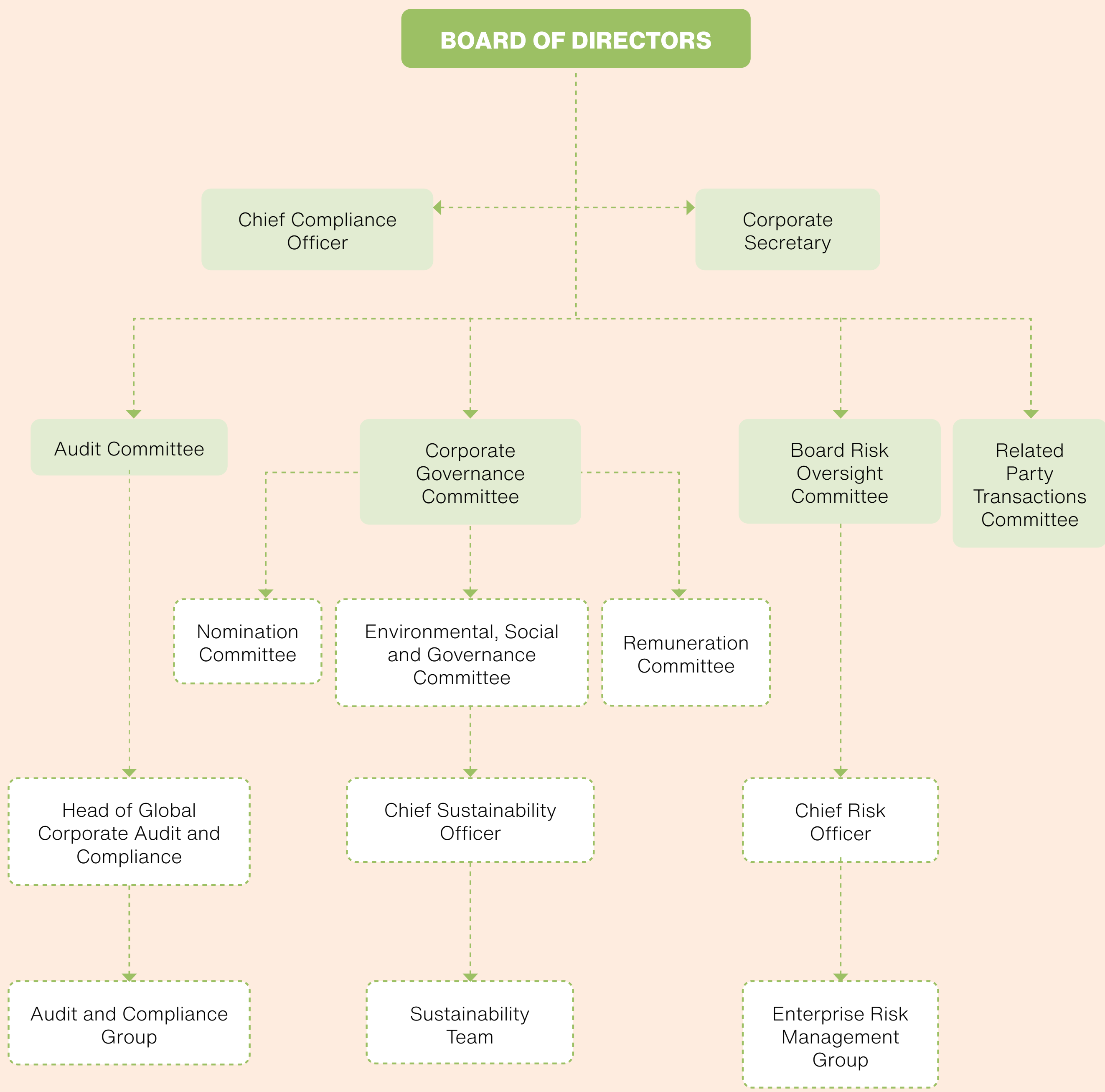
01 Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.

ESTABLISHMENT OF BOARD COMMITTEES

In ICTSI, as prescribed by the Manual on Corporate Governance, the Board of Directors established the following: Audit Committee; Corporate Governance Committee, which has the Nomination Subcommittee and Remuneration Subcommittee; Board Risk Oversight Committee; and the Related Party Transaction Committee.

Additionally, in 2020, the Board in accordance with the recommendation of the Corporate Governance Committee also established the Environmental, Social, and Governance (ESG) Subcommittee as the third subcommittee under the Corporate Governance Committee. This signifies ICTSI's continuous commitment to uphold the principles of sustainable development in its operations and thrusts.

GOVERNANCE STRUCTURE



BOARD COMMITTEES

	AUDIT COMMITTEE	CORPORATE GOVERNANCE COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE	ENVIRONMENT, SOCIAL AND GOVERNANCE COMMITTEE	BOARD RISK OVERSIGHT COMMITTEE	RELATED PARTY TRANSACTION COMMITTEE
Cesar A. Buenaventura	M Independent	M Independent	-	-	M Independent	M Independent	C Independent
Carlos C. Ejercito	C Independent	M Independent	M Independent	M Independent	-	M Independent	M Independent
Chief Justice Diosdado M. Peralta (ret.)	-	C Independent	-	-	C Independent	M Independent	M Independent
Jose C. Ibazeta	-	-	C	-	-	-	-
Stephen A. Paradies	M	-	M	M	M	C	-
Andres Soriano III	-	-	-	C	-	-	-

BOARD COMMITTEE MEETINGS

BOARD COMMITTEE	DATE OF MEETINGS
Audit Committee	3 March 2023 3 May 2023 10 August 2023 6 November 2023
Corporate Governance Committee	2 March 2023 3 May 2023 10 August 2023 6 November 2023
Nomination Committee	2 March 2023 22 December 2023
Remuneration Committee	21 February 2023 23 April 2023 13 November 2023
Environmental, Social, and Governance Committee	2 March 2023 3 May 2023 10 August 2023 6 November 2023
Board Risk Oversight Committee	3 March 2023 3 May 2023 10 August 2023 6 November 2023
Related Party Transaction Committee	3 March 2023 3 May 2023 10 August 2023 6 November 2023

RECOMMENDATION 3.2

01 Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.

02 Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.

03 All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.

04 The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.

SUPPLEMENT TO RECOMMENDATION 3.2

01 Audit Committee approves all non-audit services conducted by the external auditor.

02 Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.

OPTIONAL: RECOMMENDATION 3.2

01 Audit Committee meet at least four times during the year.

02 Audit Committee approves the appointment and removal of the internal auditor.

AUDIT COMMITTEE

Chairman: **Carlos C. Ejercito**
(Independent Director)
Member: **Cesar A. Buenaventura**
(Independent Director)
Stephen A. Paradies
(Non-Executive Director)

The Audit Committee is responsible for assisting the Board in fulfilling its oversight responsibilities to ICTSI's stakeholders relating to the Company's financial statements and financial reporting process, governance, 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 ICTSI Code of Business Conduct. The Audit Committee's responsibilities are stated in the Audit Committee Charter.

The Audit Committee is composed of a majority of Independent Directors who maintain independence from Management and the controlling stockholder. Further, the Chairman of the Audit Committee is not a Chairman of the Board or any other Board Committee.

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 Audit Committee also approves the appointment and removal of the internal auditor.

The Audit Committee is required to meet at least four (4) times in a calendar year. When sensitive matters are to be discussed, it meets separately with the external auditors without anyone from management present. This happens regularly.

2023 Audit Committee Meetings
- 3 March 2023
- 3 May 2023
- 10 August 2023
- 6 November 2023

The Charter of the Audit Committee is disclosed to the public through the Company Website *(See Audit Committee Charter).*

The Chairman and Members of the Audit Committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.

CHAIRMAN OF THE AUDIT COMMITTEE

Mr. Carlos C. Ejercito, CPA, the Audit Committee Chairman, has a Bachelor's Degree in Business Administration, cum laude, from the University of the East, and successfully passed the board for Certified Public Accountant (CPA) at the age of 18. He has completed the coursework for the MBA program from Ateneo Graduate School of Business and attended the Program for Management Development at Harvard Business School.

He started his finance and accounting experience when at 19, he was promoted as unit manager in finance in Procter and Gamble. This was followed by his appointment as Systems Engineer, specializing in financial applications in IBM Philippines. He was later hired by Citibank as a senior officer in its operations division with responsibility over accounting, reporting and audit. In this capacity, he was regularly asked to teach computer financial applications within the Citibank network in Europe and Asia Pacific.

MEMBERS OF THE AUDIT COMMITTEE

Mr. Cesar A. Buenaventura has relevant background in areas of accounting, auditing and finance. He is a former Director of Philippine National Bank and Asian Bank, the former being a publicly listed corporation.

Mr. Stephen A. Paradies has also the relevant background in areas of accounting and finance. He served as the Group Chief Financial Officer, Senior Vice President and Corporate Information Officer of Aboitiz Equity Ventures, Inc.; and was a Director of UnionBank of the Philippines. As Chief Financial Officer, treasury, controllership, tax compliance and investor relations all report to him. He has received his Bachelor of Science Degree, Major in Business Management, from the Santa Clara University, California, USA.

RECOMMENDATION 3.3

01 Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.

02 Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.

03 Chairman of the Corporate Governance Committee is an independent director.

OPTIONAL: RECOMMENDATION 3.3

01 Corporate Governance Committee meet at least twice during the year.

CORPORATE GOVERNANCE COMMITTEE

Chairman: **Chief Justice Diosdado M. Peralta (ret.)**
(Independent Director)
Member: **Cesar A. Buenaventura**
(Independent Director)
Member: **Carlos C. Ejercito (ret.)**
(Independent Director)

The Corporate Governance Committee (CG Committee) is responsible for ensuring that ICTSI is compliant with the best corporate governance principles and practices.

The Corporate Governance Framework is periodically reviewed by the Corporate Governance Committee to ensure that the Framework remains appropriate in light of material changes to the Company's size, complexity, and business strategy, as well as its business and regulatory environments. In measuring compliance with corporate governance, the Committee recommends and plans relevant continuing education and training programs for the members of the Board of Directors.

The Committee, composed of three Independent Directors, meets at least twice a year to oversee the implementation of the Corporate Governance Framework.

2023 CG Committee Meetings:
- 2 March 2023
- 3 May 2023
- 10 August 2023
- 6 November 2023

The Charter of the CG Committee is disclosed to the public through the Company Website (See Corporate Governance Committee Charter).

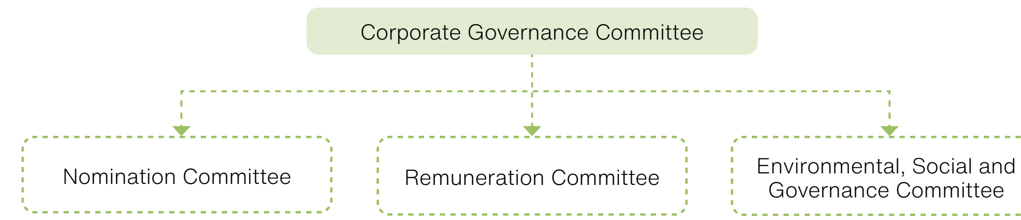
CHAIRMAN OF THE CG COMMITTEE

Chief Justice Diosdado M. Peralta (ret.), the Chairman of the Corporate Governance Committee and an Independent Director at ICTSI, brings extensive expertise in regulatory compliance and corporate governance. With experience spanning both government agencies and the private sector since 1980, he is a recognized authority in the field.

Chief Justice Peralta completed his Bachelor of Science degree in San Juan

de Letran in 1974 and his Bachelor of Laws degree at the University of Santo Tomas in 1979. He passed the Bar Examination in 1980. On 9 April 2010 he received his Doctor of Laws degree, honoris causa, from Northwestern University, Laoag City, Ilocos Norte.

To further strengthen the Company's compliance to best corporate governance practices, the CG Committee has established the following sub-committees:



NOMINATION COMMITTEE

Chairman: **Jose C. Ibazeta**
(Non-Executive Director)
Members: **Stephen A. Paradies**
(Non-Executive Director)
Carlos C. Ejercito
(Independent Director)

The Nomination Committee is responsible for reviewing and evaluating the qualifications of all candidates nominated to be a member of the ICTSI Board of Directors. It determines the nomination and election process and has the special duty of defining the general profile of members of the Board that the Company may need. Through this, the Nomination Committee ensures that appropriate knowledge, competencies, and expertise complements the existing skills of the Board.

The Nomination Committee is composed of two Non-Executive Directors and one Independent Director who meet periodically to assess the Board and its Committees, as well as the Senior Management of the Company.

2023 Nomination Committee Meetings:
- March 2, 2023
- December 22, 2023

The Charter of the Nomination Committee is disclosed to the public through the Company Website *(See Nomination Committee Charter).*

CHAIRMAN OF THE NOMINATION COMMITTEE

Mr. Jose C. Ibazeta, the Nomination Committee Chairman, has been a Director of ICTSI since December 24, 1987. He also gained experiences from various private companies that are in the public utilities, hospitality, mining, and infrastructure and construction sectors.

He received his Bachelor of Science in Economics degree from the Ateneo de Manila University in 1963 and his Master's Degree in Business Administration from the University of San Francisco, USA in 1968. He completed all academic requirements and passed the comprehensive exams for a Master of Business Administration in Banking and Finance from the New York University in 1975.

REMUNERATION COMMITTEE

Chairman: **Andres Soriano III**
(Non-Executive Director)
Members: **Stephen A. Paradies**
(Non-Executive Director)
Carlos C. Ejercito
(Independent Director)

The Remuneration Committee was organized to establish a formal and transparent procedure for developing a policy on remuneration of the Directors and Senior Management to ensure that their compensation is consistent with the Company's culture, strategy, and the business environment in which it operates.

This Committee is composed of two Non-Executive Directors and one Independent Director who meet periodically to ensure that the remuneration levels is competitively set to attract and retain the most qualified and experienced Directors and Executives.

2023 Remuneration Committee Meetings:
- February 21, 2023
- April 23, 2023
- November 13, 2023

The Charter of the Remuneration Committee is disclosed to the public through the Company Website *(See Remuneration Committee Charter).*

CHAIRMAN OF THE REMUNERATION COMMITTEE

Mr. Andres Soriano III, the Remuneration Committee Chairman, has been a Director of ICTSI since July 1992. He is a Chairman and Chief Executive Officer of publicly listed company, A. Soriano Corporation and has gained experiences from various private companies that are, among others, in the public utilities, hospitality, mining, real estate and financial sectors.

Mr. Soriano received a Bachelor of Science Degree in Economics, majoring in Finance and International Business, from Wharton School of Finance and Commerce, University of Pennsylvania, USA in 1972.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE COMMITTEE

Chairman: **Chief Justice Diosdado M. Peralta (ret.)**
(Independent Director)
Members: **Stephen A. Paradies**
(Non-Executive Director)
Cesar A. Buenaventura
(Independent Director)

The ESG Committee, under the Corporate Governance Committee, is responsible for formulating policies and implementing programs which aim to develop and operate efficient and sustainable port facilities and deliver the highest possible benefits to the Company's customers, partners, people, shareholders, and to the communities it serves.

The ESG Committee is composed of two Independent Directors and one Non-executive Director who meet periodically to review the Company's ESG policies, targets and achievements towards its commitment to sustainability.

2023 ESG Committee Meetings:
- March 2, 2023
- May 3, 2023
- August 10, 2023
- November 6, 2023

The Charter of the ESG Committee is disclosed to the public through the Company Website *(See ESG Committee Charter).*

CHAIRMAN OF THE ESG COMMITTEE

Chief Justice Diosdado M. Peralta (ret.) the Environmental, Sustainability, and Corporate Governance ("ESG") Committee Chairman has earned knowledge not only on diverse ESG compliance but also in labor, environmental laws and jusrisprudence as part of the corporate governance and regulatory compliance.

RECOMMENDATION 3.4

01 Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.

02 BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.

03 The Chairman of the BROC is not the Chairman of the Board or of any other committee.

04 At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.

BOARD RISK OVERSIGHT COMMITTEE

Chairman: **Stephen A. Paradies**
(Non-Executive Director)
Members: **Carlos C. Ejercito**
(Independent Director)
Cesar A. Buenaventura
(Independent Director)
Chief Justice Diosdado M. Peralta (ret.)
(Independent Director)

The Board Risk Oversight Committee (BROC) is responsible for overseeing ICTSI's risk management framework, including key strategic and operational risks, and the adequacy and effectiveness of its risk management system. Risk appetite levels and risk tolerance limits are annually reviewed by the Committee based on changes and development in the business, regulatory framework, and external economic and business environment. Further, review is also made when major events occur that are considered to have major impact on ICTSI. The Committee also provides oversight over the Management's activities in managing credit, market, liquidity, operational, legal, and other risk exposures of the Company.

The BROC is composed of a majority of Independent Directors. The Chairman of the BROC is not a Chairman of the Board nor of any other Board Committee.

The Committee meets periodically to discuss the Company's prioritized and residual risk exposures based on regular management reports and assess how the concerned units or officers are addressing and managing risks.

2023 Board Risk Oversight Committee Meetings:
- March 3, 2023
- May 3, 2023
- August 10, 2023
- November 6, 2023

The Charter of the BROC is disclosed to the public through the Company Website *(See Board Risk Oversight Committee Charter).*

CHAIRMAN OF THE BROC

Mr. Stephen A. Paradies, the Chairman of Board Risk Oversight Committee, has been a Director of ICTSI since 1987. Through years of being part of the Company, he has gained relevant thorough knowledge and experience on risk and risk management of the Company.

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

RECOMMENDATION 3.5

01 Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.

02 RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.

RELATED PARTY TRANSACTIONS COMMITTEE

Chairman: **Cesar A. Buenaventura** (Independent Director)
Members: **Carlos C. Ejercito** (Independent Director)
Chief Justice Diosdado M. Peralta (ret.) (Independent Director)

The Related Party Transactions (RPT) Committee is responsible for assisting the Board to ensure the integrity and transparency of related party transactions between and among ICTSI and its joint ventures, subsidiaries, associates, affiliates, major shareholders, Directors, and Officers, including their spouses, children and dependent siblings and parents, as well as interlocking director relationships by members of the Board to protect ICTSI's interest.

The RPT Committee ensures that appropriate disclosure is made, and/or information is provided to regulators and government authorities in connection with the Company's related party transactions exposures, and policies on conflicts of interest or potential conflicts of interest.

Such transactions with related parties, including write-off of exposures, are subject to a periodic independent review or audit process.

The RPT Committee is composed entirely of Independent Directors, including the Committee Chairman, who meet periodically to ensure that related party transactions are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties of the Company, and to determine any potential reputational risk issues which may arise as a result of, or in connection with, the transactions.

2023 RPT Committee Meetings:
- 3 March 2023
- 3 May 2023
- 10 August 2023
- 6 November 2023

The Charter of the RPT Committee is disclosed to the public through the Company Website *(See Related Party Transactions Committee Charter).*

RECOMMENDATION 3.6

01 All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.

02 Committee Charters provide standards for evaluating the performance of the Committees.

03 Committee Charters were fully disclosed on the company's website.

CHARTERS OF THE BOARD COMMITTEES

Each of the ICTSI Board Committees have adopted a Board Committee Charter. The Charter, by standard, lays down the organization of the committee, a statement of the committee's policy, scope of committee authority and responsibility, procedures, training and education, remuneration, and performance evaluation as among the important information to be included in the Charter.

All the Charters of the Board Committees are fully disclosed in the Company Website

BOARD PARTICIPATION

PRINCIPLE 4

To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

Each of the Board of Directors of ICTSI give their utmost devotion to the fulfillment of their duties and responsibilities by rendering and managing the needed time and attention to their various activities as Directors.

RECOMMENDATION 4.1

01 The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.

02 The directors review meeting materials for all Board and Committee meetings.

03 The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.

DIRECTORS' ATTENDANCE

Pursuant to Section 3, Article III of Company's Bylaws, the Board holds a regular meeting every month, but special meetings may also be called by the Chairman of the Board or the President.

Below are the items approved by the Board of Directors from 20 April 2023 (Annual Shareholders Meeting for 2023) up to 18 March 2024 and is included in the SEC Form 20-IS or Definitive Information Statement as part of the matters to be ratified by the Shareholders in the Annual Shareholders Meeting held on 18 April 2024.

- Election of the Key Officers
- Appointment of Chairman and Members of the Board Committees
- Availment, amendment, and renewal of credit, risk, and term loan facilities with various banks and other treasury transactions
- Guarantee loan facilities of subsidiaries in various banks
- Appointment of Attorneys-in-Fact for various transactions
- Awarding of shares under Stock Incentive Plan
- Shareholders' Agreement with San Miguel Holdings, Inc.
- Capital infusion to its subsidiaries as deposit for future subscription

2023 BOARD ATTENDANCE FOR REGULAR AND SPECIAL BOARD MEETINGS

BOARD MEMBER	NAME	NO. OF MEETINGS ATTENDED/ HELD	% OF ATTENDANCE
Chairman	**Enrique K. Razon Jr.**	20/20	100%
Independent Director	**Cesar A. Buenaventura**	20/20	100%
Independent Director	**Carlos C. Ejercito**	20/20	100%
Independent Director	**Chief Justice Diosdado M. Peralta (ret.)**	20/20	100%
Non-Executive Director	**Jose C. Ibazeta**	20/20	100%
Non-Executive Director	**Stephen A. Paradies**	20/20	100%
Non-Executive Director	**Andres Soriano III**	20/20	100%

- Declaration of regular and special cash dividends
- Participation in the bid for a greenfield investment for a private port in Cambodia
- Participation in the bid for the development, management and operation of any ports in the Republic of Kenya
- Participation in the bid for the development, management and operation of the Baseport - Iloilo Commercial Port Complex
- Plans to use the dividends received from the Company's foreign subsidiaries to fund the Company's working capital requirements, and dividend distributions, among others
- Engagement of Good Governance Advocates and Practitioners of the Philippines as external facilitator of the Annual Corporate Governance Assessment for Board of Directors for the year ended 2022
- Establishment of the Board Charter
- Appointment of Mr. Emilio Manuel V. Pascua as Chief Risk Officer, concurrent to his role as Chief Finance Officer
- Appointment of Ms. Caroline C. Causon as Senior Vice President – Global Corporate Planning and Financial Services
- Appointment of Ms. Arlyn L. McDonald as Vice President - Global Financial Controller
- Company's Purpose and Values
- Remuneration of the Board of Directors and Executive Officers
- Board meeting schedule for the year 2024
- Election of external auditor and fixing of its remuneration

To ensure that each member of the Board and Committee has sufficient and material time to review the materials and prepare for the scheduled meeting, they were provided copies of the materials at least five (5) days prior to the meeting.

During the meeting, each member of the Board and Committee were provided an equal opportunity to ask necessary questions or seek clarifications on the matters discussed and presented.

RECOMMENDATION 4.2

01 Non-executive directors concurrently serve in a maximum of five publicly listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long- term strategy of the company.

MULTIPLE BOARD SEATS

Section 2.2, ICTSI Manual on Corporate Governance

Multiple Board Seats

The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities. Practices by other world class corporations may be considered. Directors who pass the vetting by the Nomination Committee shall be considered to have complied with this requirement.

The President and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve shall not be compromised. Directorship in subsidiaries and affiliates of ICTSI 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.

The Board, through the Nomination Committee, assesses and considers the optimum number of each nominated Director's membership in other boards and determines the capacity of each director to perform his duties and responsibilities diligently and efficiently.

In such assessment, the Nomination Committee is mindful of the recommendation that Non-Executive Directors observe a limit of concurrent five directorships in other publicly listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/ views, and oversee the long-term strategy of ICTSI. This is well reminded to the said Directors.

RECOMMENDATION 4.3

01 The directors notify the company's board before accepting a directorship in another company.

ACCEPTANCE OF DIRECTORSHIP

In addition to duties and responsibilities of a Director as indicated in the Company's By-Laws, Manual on Corporate Governance, and the relevant Memorandums Circular of the Securities and Exchange Commission, each Director is expected to notify the Board, through the Corporate Secretary, before accepting a directorship in other companies.

Each Director provides the Company, through the Offices of the Corporate Secretary and Chief Compliance Officer, an updated list of directorships in other companies, and notifies the Company for any other changes made.

OPTIONAL RECOMMENDATION TO PRINCIPLE 4

01 Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.

02 Company schedules board of directors' meetings before the start of the financial year.

03 Board of directors meet at least six times during the year.

04 Company requires as minimum quorum of at least 2/3 for board decisions.

OTHER MATTERS

Section 3, Article III of the Company's By-Laws provides that the Board shall hold a regular meeting on the third week of each month. In preparation for the then incoming year 2023, the Board approved the target schedule of regular meetings during the regular meeting held on December 15, 2022.

In 2023, the Board of Directors conducted a total of 20 synchronous and asynchronous Regular and Special Board Meetings. Furthermore, the Board have reached 100% in attendance in all the 20 meetings and unanimously approved the matters discussed and needed approval in each meeting.

INDEPENDENCE

PRINCIPLE 5

The board should endeavor to exercise an objective and independent judgment on all corporate affairs.

An ICTSI Director is given the mandate to act in the best interest of the Company in a manner characterized by transparency, accountability, and fairness. Independent judgment to carry out such mandate is given utmost protection by the Company.

RECOMMENDATION 5.1

01 The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.

NUMBER OF INDEPENDENT DIRECTORS

Section 22, Revised Corporation Code of the Philippines

The board of the following corporations vested with public interest shall have independent directors constituting at least twenty percent (20%) of such board:

a. Corporations covered by Section 17.2 of Republic Act No. 8799, otherwise known as "The Securities Regulation Code", namely those whose securities are registered with the Commission, corporations listed with an exchange or with assets of at least Fifty million pesos (P50,000,000.00) and having two hundred (200) or more holders of shares, each holding at least one hundred (100) shares of a class of its equity shares;

ICTSI Manual on Corporate Governance

Section 2.1.2 Composition of the Board - At least two (2) directors shall be an independent director or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, in no case less than two (2) as provided by law.

The minimum number of Independent Directors set by law, i.e. the Revised Corporation Code and the Securities Regulation Code of the Philippines, for a publicly listed company such as ICTSI is 20% of the number of seats in the Board. There are seven (7) seats in ICTSI's Board of Directors. Hence, the minimum number of seats that must be occupied by Independent Directors are two (2) seats.

Nonetheless, leading best practices of good corporate governance recommend the allotment of at least three (3) seats or one-third of the Board, whichever is higher, for Independent Directors. Thus, since 2019, ICTSI has increased the number of Independent Directors from two (2) to three (3) seats.

RECOMMENDATION 5.2

01 The independent directors possess all the qualifications and none of the disqualifications to hold the positions.

SUPPLEMENT TO RECOMMENDATION 5.2

01 Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.

QUALIFIED AND COMPETENT INDEPENDENT DIRECTORS

SEC Code of Corporate Governance for Publicly Listed Companies

Independent directors need to possess a good general understanding of the industry they are in. Further, it is worthy to note that independence and competence should go hand-in-hand. It is therefore important that the non-executive directors, including independent directors, possess the qualifications and stature that would enable them to effectively and objectively participate in the deliberations of the Board.

An Independent Director refers to a person who, ideally:

a. Is not, or has not been a senior officer or employee of the covered company unless there has been a change in the controlling ownership of the company;

b. Is not, and has not been in the three years immediately preceding the election, a director of the covered company; a director, officer, employee of the covered company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the covered company's substantial shareholders and its related companies;

c. Has not been appointed in the covered company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election;

d. Is not an owner of more than two percent (2%) of the outstanding shares of the covered company, its subsidiaries, associates, affiliates or related companies;

e. Is not a relative of a director, officer, or substantial shareholder of the covered company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;

f. Is not acting as a nominee or representative of any director of the covered company or any of its related companies;

g. Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an *associated person or salesman, and an authorized clerk of the broker or dealer;*

h. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the covered company, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election;

i. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the covered company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;

j. Is not affiliated with any non-profit organization that receives significant funding from the covered company or any of its related companies or substantial shareholders; and

k. Is not employed as an executive officer of another company where any of the covered company's executives serve as directors.

ICTSI Manual on Corporate Governance

Section 1.2 Independent Director – A person who, apart from his fees and shareholdings, is independent of Management and free from any business or other relationship which could reasonably be perceived to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director

THE INDEPENDENT DIRECTORS OF ICTSI

The Independent Directors of ICTSI are more than qualified to hold the position and possess none of the disqualifications to serve as such.

Cesar A. Buenaventura

Mr. Buenaventura has been an Independent Director of ICTSI since February 12, 2019.

He is also the Chairman of the Related Party Transactions Committee; and a member of Audit Committee, Corporate Governance Committee, Environment, Social and Governance Committee, and Board Risk Oversight Committee.

Mr. Buenaventura received his Bachelor of Science degree in Civil Engineering from the University of the Philippines in 1950, and his Master of Science degree in Civil Engineering majoring in 17 Structures from Lehigh University Bethlehem, Pennsylvania in 1954, as a Fulbright scholar. In 1991, Mr. Buenaventura was made Honorary Officer of the Order of the British Empire (OBE) by Her Majesty Queen Elizabeth II.

Carlos C. Ejercito

Mr. Ejercito has been an Independent Director of ICTSI since April 21, 2022.

He is also the Chairman of the Audit Committee; and a member of the Corporate Governance Committee, Nomination Committee, Remuneration Committee, Board Risk Oversight Committee and Related Party Transactions Committee.

He has a Bachelor's Degree in Business Administration, cum laude, from the University of the East, and completed the coursework for the MBA candidate from Ateneo Graduate School of Business. He also attended the Program for Management Development at Harvard Business School.

Chief Justice Diosdado M. Peralta (ret.)

Chief Justice Peralta has been ICTSI's Independent Director since August 6, 2021.

He is also the Chairman of the Corporate Governance Committee and the Environmental, Social and Governance Committee; and a member of the Board Risk Oversight Committee and Related Party Transactions Committee of ICTSI

Chief Justice Peralta (ret.) was appointed by President Rodrigo Roa Duterte as the Chief Justice of the Supreme Court from October 23, 2019 until his retirement on March 27, 2021. He served as Associate Justice of the Philippines from 2009 to 2019; Presiding Judge of the Sandiganbayan from 2008 to 2009; Associate Justice of the Sandiganbayan from 2002 to 2008; and Judge in the Regional Trial Court – Branch 95 Quezon City from 1994 to 2000.

Chief Justice Peralta also provided work in the private sector as a General Manager for Ace Agro Development Corp.; a Senior Assistant Personnel Manager and Assistant Personnel Manager for Cosmos Bottling Corp.; and an Operations Supervisor for Wisdom Management, Inc.

Chief Justice Peralta completed his Bachelor of Science degree in San Juan de Letran in 1974 and his Bachelor of Laws degree at the University of Santo Tomas in 1979. He passed the Bar Examination in 1980. On April 9, 2010 he received his Doctor of Laws degree, honoris causa, from Northwestern University, Laoag City, Ilocos Norte.

INDEPENDENT VOTE BY ALL DIRECTORS

ICTSI By-Laws

Section 1, Article III – Board of Directors. 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 shareholders and by officers elected by the Board.

ICTSI Manual on Corporate Governance

Section 2.7.5 – Duties and Responsibilities of a Director. To exercise independent judgment in deciding Board matters.

There is no provision in the Company's Charter, such as its By-Laws and the Manual on Corporate Governance, that constrains a Director's ability to vote independently. Neither are there any other document or agreement, for example, shareholders' agreements, that places such constraint.

RECOMMENDATION 5.3

01 The independent directors serve for a cumulative term of nine years (reckoned from 2012).

02 The company bars an independent director from serving in such capacity after the term limit of nine years.

03 In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.

TERM LIMIT FOR INDEPENDENT DIRECTORS

The Code of Corporate Governance for Publicly Listed Companies issued by the Philippine Securities and Exchange Commission set the term limit for all the Independent Directors of ICTSI. Based on its Recommendation 5.3, an Independent Director should serve a maximum cumulative term of nine years. Reckoning of the cumulative nine-year term is from 2012, in connection with SEC Memorandum Circular No. 9, Series of 2011.

The above prescribed term limit is strictly observed by ICTSI.

INDEPENDENT DIRECTOR	TERM IN OFFICE	
Octavio Victor R. Espiritu	April 19, 2012*	April 15, 2021
Joseph R. Higdon	April 19, 2012*	July 28, 2021
Cesar A. Buenaventura	February 12, 2019	up to present
Carlos C. Ejercito	April 15, 2021	up to present
Chief Justice Diosdado M. Peralta *(ret.)*	August 6, 2021	up to present

** Reckoning of the cumulative nine-year term*

The Company is aware that the Code of Corporate Governance for PLCs recognizes instances that a a PLC may want to retain an independent director who has served the maximum term limit. In such case, the Code provides that the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting. Nonetheless, ICTSI has, so far, complied with the term limit and this provision has not been necessary. There is no Independent Director of ICTSI that has served for more than the maximum prescribed term limit nor thereafter been nominated and elected as a non-independent director.

RECOMMENDATION 5.4

01 The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.

02 The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.

RESPONSIBILITIES OF THE CHAIRMAN AND THE CEO

Mr. Enrique K. Razon Jr. is the Company's Chairman of the Board and President. The Company finds it practicable and more efficient to unify the positions of the Chairman of the Board and the President considering the nature of its business.

Pursuant to ICTSI's Manual on Corporate Governance, given that these positions are unified, the proper checks and balances are put in place and the respective duties and responsibilities of the Chairman and the President are clearly defined to ensure that the Board of Directors gets the benefit of independent views and perspective. Also, the Non-Executive Directors conduct separate periodic meetings without the presence of any Executive to evaluate the performance of the Board and the Management and may call on the External Auditor and/or the Compliance Officer, Chief Risk Officer, and Head of Internal Audit as resource persons.

Mr. Razon's performance as Chairman and as President is unparalleled. He belongs to the third generation of a family involved in the business of marine cargo handling. The Razon Group has a long-standing reputation of being pioneers and innovators in the management and development of ports, terminals, and related facilities. The Razon Group's proven track record stems from more than 90 years' experience in integrated cargo handling, stevedoring and other port services in the Philippines and abroad.

RECOMMENDATION 5.5

01 If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.

LEAD INDEPENDENT DIRECTOR

In 2019, ICTSI has increased the number of Independent Directors from two (2) to three (3) seats. The Company intends to further strengthen its compliance with the best practices in good corporate governance and designate a Lead Independent Director.

Despite the absence of a lead independent director in the Board Structure, Board Committee meetings are facilitated and headed by the Chairman in each committee, who is either an Independent Director or a Non-Executive Director, who exercises independent judgment.

RECOMMENDATION 5.6

01 Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.

ABSTENTION IN DELIBERATIONS

The transactions of the Company during Fiscal Year 2023 have no material interest to any one of the members of the Board of Directors. In case there will be a transaction in which a Director has a material interest, the Board shall ensure that there will be an independent judgment of the Board and require that the affected Director abstains from its discussions.

RECOMMENDATION 5.7

01 The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.

02 The meetings are chaired by the lead independent director.

MEETINGS OF NON-EXECUTIVE DIRECTORS

The Non-Executive Directors (NEDs) conduct separate periodic meetings without the presence of any Executive to evaluate the performance of the Board and the Management and status of key operational matters.

The Chief Compliance Officer, Chief Risk Officer, Head of Global Audit and Compliance, and Chief Financial Officer, together with their respective teams, are invited as resource persons for these meetings. The NEDs also call on the presence or report of the external auditor when necessary.

Despite the absence of a lead independent director in the Board Structure, the meetings are facilitated by the Independent Directors.

2023 Meetings of NEDs:

- March 3, 2023
- May 3, 2023
- August 10, 2023
- November 6, 2023

BOARD ASSESSMENT

PRINCIPLE 6

To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

The Chairman and each member of the ICTSI Board of Directors assesses their individual and group performance at the Board of Directors level and at the Board Committee level. The evaluation results are presented to all those concerned for any necessary recommendations to further improve the corporate governance in the Company.

RECOMMENDATION 6.1

01 Board conducts an annual self-assessment of its performance as a whole.

02 The Chairman conducts a self-assessment of his performance.

03 The individual members conduct a self-assessment of their performance.

04 Each committee conducts a self-assessment of its performance.

05 Every three years, the assessments are supported by an external facilitator.

ANNUAL CG BOARD ASSESSMENT

One of the evaluations implemented through the Office of the Chief Compliance Officer is the Annual Corporate Governance Assessment ("ACG Assessment").

For the results of the 2022 ACG Assessment, this was evaluated in 2023 by an external facilitator, Good Governance Advocates & Practitioners of the Philippines (GGAPP), in accordance with the three-year periodical external assessment. The first engagement for external assessment was made for the 2019 ACG Assessment.

The overall results of the external assessment has been favorable to the Board, the Committee as well as Chairman of the Board, President, as well as the head of other control functions, such as the Chief Risk Officer, Chief Compliance Officer and Head of Internal Audit.

A Certificate that the Third-Party Board Evaluation was conducted through surveys sent to and accomplished by the members of the ICTSI Board of Director has been made available at the Company Website and can be accessed through Corporate Governance Reports | ICTSI Investors

On the other hand, the 2023 ACG Assessment was rolled out to the Board of Directors and Heads of Control Functions on December 2023. The results of this self-assessment was presented to the Board of Directors and the said Heads during the first quarter of 2024.

RECOMMENDATION 6.2

01 Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.

02 The system allows for a feedback mechanism from the shareholders.

ASSESSMENT CRITERIA AND PROCESS

The Criteria for the ACG Assessment include the following:

I. Board Self-Assessment
a. Board Composition
b. Board Efficiency
c. Board Meetings and Participation

II. Chairman and Individual Director's Self-Rating
a. Independence
b. Participation
c. Expertise

III. Committee Member's Self-Assessment
a. Committee Composition
b. Committee Meetings and Participation
c. Committee functions and processes

IV. Shareholder's Feedback (Investors Relations Office)

The evaluation areas are based on the mandate and requirements of the Company's Manual on Corporate Governance, as well as the Code of Corporate Governance for Publicly Listed Corporations issued by the Philippine Securities and Exchange Commission and the ASEAN Corporate Governance Scorecard.

The evaluation results are presented to all those concerned for any necessary recommendations to further improve the corporate governance in the Company.

ICTSI's Investors Relations Team works to provide transparent, continuous, and targeted dialog with all stakeholders, and aims to build understanding and trust with the financial media, analysts, and shareholders through the following regular channels of engagement:

- Company Website
- Quarterly Investors' Briefing
- Investor (Equity) Conferences
- Direct communication and regular meetings with investors
- Annual Shareholders Meeting
- Annual Audited Financial statements
- Annual Sustainability Report
- Annual Corporate Governance Report
- Interim Quarterly Unaudited Financial Statements
- One-on-one meetings/teleconferences
- Email correspondences
- Quarterly results briefings
- PSE/PDEX disclosures
- Annual stockholders' meeting
- IR Summit

HIGH ETHICAL STANDARDS

PRINCIPLE 7

Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

The Company stresses the importance of competence and integrity in dealing with its Stakeholders with strong focus on the Company's values and commitment on employee relations, ethical business practices that include anti-bribery and corruption obligations, business gifts and hospitality, charitable donations and political activities and contributions.

RECOMMENDATION 7.1

01 Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.

02 The Code is properly disseminated to the Board, senior management and employees.

03 The Code is disclosed and made available to the public through the company website.

SUPPLEMENT TO RECOMMENDATION 7.1

01 Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.

CODE OF BUSINESS CONDUCT

ICTSI Group's Code of Business Conduct is a formal document which serves as its statement of values, beliefs and commitments and provides guidance to doing ethical business practices, acting with utmost integrity, transparency and accountability, and ensuring compliance with all applicable laws, regulations and policies across all operations globally. It is hence a consolidation of the business principles that serves as framework on how ICTSI Group operates.

The Code is applied and disseminated not only to the Board and senior management but also to all employees, consultants, contractors, trainees, seconded staff, casual workers and agency staff, interns, agents or any other person associated with ICTSI including external third parties acting with, for or on behalf of ICTSI such as agents, contractors and vendors. It is readily available and accessible to all employees via the Global Policies Dashboard of the Corporate Governance Portal. It may likewise be accessed at the Company Website.

The Code itself imposes that any violation shall be taken seriously. This is the very reason why its provisions are continuously cascaded to stakeholders through series of refresher courses and webinars. Employees are expected to familiarize themselves with the provisions of the Code. Any person who has any knowledge of fraud or any violation of the Code is expected to report the same through the various reporting channels as clearly provided under the Policy on Fraud Reporting, Complaints and Non-Compliance of Policies. ICTSI ensures the confidentiality of the reports and complaints received and ensures the protection of the reporter from any form of harassment and retaliation.

ANTI-CORRUPTION POLICY

ICTSI continues to strengthen its policies that will curb, if not eliminate, all forms of bribery and corruption. The amended Anti-Bribery Compliance Policy and Procedure (ABC Policy) and the Code of Business Conduct set out clear limitations and guidelines for identification and dealing with bribery and corruption issues.

The ABC Policy strictly prohibits employees from asking for, accepting, or receiving bribes, or any other personal benefit that would induce the employee to breach his/her duty to act in good faith or to act impartially. ICTSI's policy against tipping strictly penalizes the acts of receiving and/or soliciting or exacting monetary consideration from port users, company clients or the public in consideration of work. It covers facilitating payments which includes anything of value to secure an improper business advantage or to influence any act or decision of any person to obtain or retain business for ICTSI.

Hospitality and gifts and may be offered and received only in the normal course of business and must not be given so frequently to create an impression of impropriety or be seen are creating conflicts of interest. It must be given openly and transparently, must be properly recorded in books and always in compliance with laws and business custom.

ICTSI does not tolerate any act of bribery, corruption or unethical practices of any kind, whether taken directly or on its behalf, that would result in the violation of our policies and/or anti-bribery laws it is subject to. Severe consequences shall be meted to those who shall commit any violation such as termination of employment for erring employees and the termination of the business relationship with covered external third parties and other civil and/or criminal penalties. Any violation shall be immediately reported using the available reporting channels as provided under ICTSI Policy on Fraud Reporting, Complaints and Non-Compliance of Policies.

RECOMMENDATION 7.2

01 Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.

02 Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.

COMPLIANCE WITH POLICIES

ICTSI's Compliance Program ensures that it conducts its business in accordance with the fundamental values and principles as embodied in the Code of Business Conduct.

The Board, pursuant to its duty to guarantee the faithful compliance by ICTSI of all applicable laws, regulations and applicable best business practices, ensures that all the stakeholders are familiar with the provisions of the Code and other related internal company policies. ICTSI takes violation of the Code seriously and makes reporting or disclosure of any information related to any violation of the Code mandatory.

In 2023, a Refresher Program on the salient provisions of the Code, Anti-Bribery Compliance Policy and Procedure and Policy on Conflict of Interest was conducted and attended by members of the Senior Management and Heads of the Philippine Terminals to refresh and remind them again of their duties and responsibilities under these policies. The Program aims to set the tone from the top and subsequently cascade relevant information to the employees and other stakeholders at the terminal level.

The Policy on Fraud Reporting, Complaints and Non-Compliance of Policies is part of the compliance tool since it provides for specific process in handling and investigating any complaint or disclosure regarding ICTS's internal policies.

Any complaint or disclosure must be filed with the respective Human Resource Department (HRD) of the Business Unit (BU) or with the Global Corporate Human Resource (GCHR) for Corporate Functions through appropriate channels such as personal reporting, mail, electronic mail, telephone or website. It may also be filed directly with the Compliance Officer should any personnel from the HRD or GCHR be compromised.

An initial evaluation of the complaint shall subsequently be done to determine its sufficiency before the appropriate committee conducts an extensive investigation on the complaint. The investigating committee shall then submit to the EVP, for Corporate Functions or to the Head of the BU for complaint at the BU level a comprehensive written report of its findings, together with all the evidence gathered and submitted, its conclusions based on its assessment of facts presented and the recommendation on further actions to take against the respondent.

ICTSI guarantees the confidentiality of information and the protection from any form of retaliation in favor of the reporter in good faith to the extent consistent with and allowed by law.

DISCLOSURE AND TRANSPARENCY

CORPORATE DISCLOSURE POLICIES AND PROCEDURES

PRINCIPLE 8

The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

ICTSI's corporate disclosure policies and procedures provide information that a stockholder or an interested future stockholder would consider when making investments in the Company. This is aligned with regulatory requirements and global best practice.

RECOMMENDATION 8.1

01 Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.

SUPPLEMENT TO RECOMMENDATION 8.1

01 Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.

02 Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.

DISCLOSURE POLICIES

ICTSI believes that the essence of corporate governance is transparency. The Company ensures that its internal workings are transparent as assurance to all stakeholders that the Management is leading the Company and appropriating its assets properly and effectively.

The Board has established corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to all stockholders and other stakeholders on ICTSI's financial condition, results and business operations.

The Company, through full, fair, timely and accurate disclosures, complies with all disclosure requirements under the law. ICTSI's disclosures are posted and are made available on the respective websites of the Company (under Investor Relations/Company Disclosures section), the Philippine Stock Exchange (PSE), and the Philippine Securities and Exchange Commission (SEC).

ANNUAL AND QUARTERLY REPORTS

ICTSI's Annual Report and Audited Financial Statement (SEC Form 17-A) are made available through the Company Website within ninety (90) days from the end of the Fiscal Year , while Quarterly Reports are published within forty-five (45) days from the end of the reporting period.

REPORT	DISCLOSED AND PUBLISHED DATES	DAYS FROM THE END OF REPORTING PERIOD
SEC Form 17Q - 1Q 2023 (For quarter period ended Mar. 31, 2023)	May 8, 2023	38
SEC Form 17-Q - 2Q 2023 (For quarter period ended June 30, 2023)	Aug. 14, 2023	45
SEC Form 17-Q - 3Q 2023 (For quarter period ended Sept. 30, 2023)	Nov. 8, 2023	39
SEC Form 17-A – 2023	Mar. 1, 2024	61

RISKS RELATING TO THE ICTSI GROUP'S BUSINESS

Risks related to the ICTSI's Group's Business are disclosed and discussed in the Annual Report, specifically health risks which affect global trade, shifts in global and regional economic trends, political instability, concession-related risks, competition risks, exchange rate risks, key personnel retention risk, risk of system failures, climate change risks, and regulatory risks. However, there are no disclosed risks relating to the identity of the Company's controlling shareholder (whose identity is disclosed), since the identity does not result in risks similar to the previously mentioned risks.

The Company, through its Annual Report and Audited Financial Statements made available online, discloses its strong and stable cash flow and capital structure because of its globally diversified operations and long-term concession agreements, which have an average remaining term of approximately 19 years. ICTSI believes that its cash flows and debt structure has solid platform to pursue investment opportunities as an international operator of common user container terminals serving the global container shipping industry. It is supported by its active balance sheet management strategies and liability management initiatives which have helped streamline its debt maturity profile and interest payment schedules significantly.

RECOMMENDATION 8.2

01 Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.

02 Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.

SUPPLEMENT TO RECOMMENDATION 8.2

01 Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).

POLICY FOR DIRECTORS AND KEY OFFICERS' DEALINGS IN COMPANY SHARES

Section 8.2, Manual on Corporate Governance: Disclosure and Transparency

"All material information, i.e. anything that could potentially affect share price, and which could adversely affects its viability or the interest of its stockholders and other stakeholders should be publicly and timely disclosed in the manner provided by law. Such information would include earnings results, acquisition or disposal of major asset, board changes, related party transactions, shareholdings of directors and changes to ownership. Other information that should be disclosed includes remuneration of all directors and senior management as provided in applicable disclosure rules, corporate strategy, and off-balance sheet transactions. All disclosed information should be released via the approved stock exchange procedure for company announcements or through the annual report and other structured or unstructured reports provided by law."

Directors, key officers, and controlling stockholders are required to report their dealings in Company shares within three (3) business days from the date of the ICTSI share-related transactions. The transactions include any acquisition, disposal, or change in the shareholdings, whether direct or indirect, of the Directors and key officers. The Investor Relations office sends out reminders to all directors and officers to report all their dealings and submit for disclosure to PSE and SEC.

The Company also discloses to the PSE and SEC the ownership (direct and indirect) and any acquisition or disposal of ICTSI securities by ICTSI Directors, Officers and controlling stockholders pursuant to the PSE Revised Disclosures and the Securities Regulations Code. ICTSI Directors and Key Officers are likewise prohibited from buying or selling ICTSI securities during the period within which material non-public information is known or obtained and up to two full trading days after the price sensitive information is disclosed.

All Forms 23-A (Initial Statement of Beneficial Ownership of Securities) and Forms 23-B (Statement of Changes in Beneficial Ownership of Securities) and List of Top 100 Stockholders disclosures/ reports are properly filed with the SEC and the PSE. All these reports are uploaded in the Company's website under Investor Relations/Corporate Disclosures/SEC Filings section.

ICTSI also discloses the Company's purchase of its shares from the market, i.e. Share Buy-Back Transactions, within the same day or before the start of the next trading day. On May 26, 2023, the Company disclosed a Share Buy-Back through PSEEdge.

ICTSI, likewise, discloses the Company's Map of Subsidiaries through the Annual Report and the shares held by Directors for full year 2023 through the Definitive Information Statement.

RECOMMENDATION 8.3

01 Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications and assess any potential conflicts of interest that might affect their judgment.

02 Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications and assess any potential conflicts of interest that might affect their judgment.

MATERIAL INFORMATION ON BOARD OF DIRECTORS AND KEY EXECUTIVES

The profiles of the nominated members of the Board of Directors are being disclosed in the Definitive Information Statement or SEC Form 20-IS for the Shareholders' information and evaluations. The 20-IS contains the nominated Directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise, and relevant trainings attended. The profiles are also indicated in the Company's Annual Report.

The profiles of the Key Officers elected by the Board of Directors during the Organizational Board Meeting held on April 20, 2023 were disclosed to the Philippine Stock Exchange immediately after the meeting. The 20-IS contains the Key Officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended. The profiles are also indicated in the Company's Annual Report.

RECOMMENDATION 8.4

01 Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.

02 Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.

03 Company discloses the remuneration on an individual basis, including termination and retirement provisions. Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.

BOARD AND EXECUTIVE REMUNERATION

Section 8, ICTSI By-Laws

As compensation, the Board of Directors shall receive no more than two (2) percent (2%) of the profits obtained during the year after deducting therefrom general expenses, remunerations to officers and employees, depreciation on buildings, machineries, transportation units, furniture and other properties.

Section 2.10, ICTSI Manual on Corporate Governance

2.10 Remuneration of Directors and Officers

2.10.1 Levels of remuneration shall be sufficient to attract and retain the directors, if any, and officers needed to run ICTSI successfully. A proportion of executive director's or officers, remuneration may be structured so as to link rewards to corporate and individual performance.

2.10.2 Corporations may establish formal and transparent procedure for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers depending on the particular needs of ICTSI. No director should participate in deciding his remuneration.

2.10.3 ICTSI's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers, in the aggregate, during the preceding fiscal year as provided by law.

2.10.4 To protect the funds of a corporation, the Commission may, in exceptional cases, e.g., when a corporation is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.

Item X, ICTSI Charter of the Board of Directors X Compensation of the Board

The Board of Directors shall receive no more than two percent (2%) of the profits obtained during the year after deducting therefrom general expenses, remunerations to officers and employees, depreciation on buildings, machineries, transportation units, furniture and other properties. Such compensation shall be apportioned among the directors in such manner as the Board of Directors duly assembled as a Board, may deem proper.29

In order to determine the proper compensation, the Board shall ensure that the (i) level of the remuneration is commensurate to the responsibilities of the role, (ii) no Director participated in the deliberation involving his own remuneration,30 and (iii) the remuneration pay-out schedules are sensitive to the overall risk profile of the Company.

Section V, ICTSI Remuneration Committee Charter

Compensation Policies and Programs for the directors, President and other executives

- *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.*

The Board has a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same. These policies and procedures are in accordance with the Company By-Laws, Manual on Corporate Governance, Charter of the Board of Directors, Charter of the Remuneration Committee and are disclosed to the PSE and SEC through the Company's Annual Report or SEC Form 17-A and Definitive Information Statements or SEC Form 20-IS. The Annual Reports and the Information Statements are uploaded in the Company's website.

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 2023 amounted to US$2.8 million (2022: US$3.7 million). The estimated amount of compensation expected to be paid in 2024 to the Chairman of the Board and President and four (4) highest paid executive officers as a group, amounted to US$3.2 million.

NAME AND PRINCIPAL POSITION	YEAR	SALARY	BONUS AND OTHERS[1]	TOTAL[2]
Enrique K. Razon Jr. Chairman of the Board and President				
Christian R. Gonzalez Executive Vice President & Chief Compliance Officer				
Caroline C. Causon[3] Senior Vice President, Global Corporate Planning and Financial Services				
Emilio Manuel V. Pascua[4] Senior Vice President, Chief Financial Officer and Chief Risk Officer				
Arnie D. Tablante Vice President and Treasurer				
Chairman of the Board and President and four (4) highest paid executive officers, as a group	2024 (Estimate)	US$0.5M	US$2.7M	US$3.2M
	2023 (Actual)	0.5M	2.3M	2.8M
	2022 (Actual)	0.4M	3.3M	3.7M
All officers and Directors, as a group, unnamed[5]	2024 (Estimate)	1.3M	16.1M	17.4M
	2023 (Actual)	1.3M	15.9M	17.2M
	2022 (Actual)	1.4M	12.9M	14.3M

[1]Mainly includes non-cash compensation based on Stock Incentive Plan paid out of the allocated Treasury Shares of ICTSI.
[2]Includes total compensation paid in the Philippines by the registrant and its subsidiaries.
[3]Appointed to the new position effective July 1, 2023.
[4]Elected as Chief Financial Officer on January 18, 2023 and appointed as Chief Risk Officer effective July 1, 2023.
[5]Including four (4) highest paid executive officers.

The members of the Board of Directors receive directors' fees as compensation in accordance with the 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 2022, 2023 or in the coming year, for any service provided as a Director.

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

There are no existing compensatory plans or arrangements, including payments to be received from ICTSI by any Executive Officer from a change-in-control of the Company, except for the automatic vesting of awarded shares under the Stock Incentive Plan (SIP). Certain officers were granted awards under the Stock Incentive Plan (SIP) in 2021, 2022 and 2023. The remuneration is made through share-based payment transactions, whereby officers and employees are given awards, in the form of ICTSI common shares as equity-settled transactions, in lieu of cash incentives and bonuses under the SIP.

RECOMMENDATION 8.5

01 Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.

02 Company discloses material or significant RPTs reviewed and approved during the year.

SUPPLEMENT TO RECOMMENDATION 8.5

01 Company requires directors to disclose their interests in transactions or any other conflict of interests.

OPTIONAL: RECOMMENDATION 8.5

01 Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.

DISCLOSURES ON RELATED PARTY TRANSACTIONS

ICTSI Manual on Corporate Governance

Section 2.6.13. *Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among ICTSI and its joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors including their spouses, children and dependent siblings and parents, and interlocking director relationships by members of the Board to protect the interest of ICTSI.*

Section 2.7. *The duties and responsibilities of a director include the following:*

2.7.1 To conduct fair business transactions with ICTSI and ensure that personal interest does not bias Board decisions or does not conflict with ICTSI's interest.

ICTSI Related Party Transaction Policy

III. General Principles

1. *The Company at all times shall comply with the requirements of the Revised Corporation Code, its Articles of Incorporation and By-Laws, regulations and circulars issued by the SEC, and other related laws, rules and regulations in approving RPTs.*
2. *The Board of Directors shall ensure that all transactions with, or for the benefit of, any Related Party are on terms and conditions that are arm's length and comparable with market rates, with sufficient documentation, and coursed through all appropriate levels of approvals as provided in this RPT Policy and other relevant Company Policies.*
3. *All Significant and Material RPT shall be subject to review and endorsement by all the Independent Directors who are members of the RPT Committee.*
4. *The CFO shall coordinate with the SVP Finance in ensuring the Significant and Material RPTs across the ICTSI Group are reviewed and approved in accordance with this Policy.*
5. *The CFO and SVP Finance shall ensure that all Significant and Material RPTs are reported to the Audit Committee to ensure full and timely disclosures in the quarterly and annual reports of the Company to the SEC, the Philippine Stock Exchange (PSE) and other regulatory bodies, and in the Company's Financial Statements in compliance with the Company's accounting policy and applicable accounting standards.*
6. *If an actual or potential conflict of interest arises on the part of a Director or a Corporate Officer, he is mandated to fully and immediately disclose the same and should not participate in the decision-making process relating to the RPT. A Related Party shall abstain from attending and participating in deliberations that affect a matter in which he or she has personal interest.*

Under the Rules on Material Related Party Transactions for Publicly Listed Companies as embodied in Memorandum Circular No. 10-2019 of the Philippine Securities and Exchange Commission ("SEC"), Related Party Transactions ("RPT") amounting to ten percent (10%) or higher of a company's total assets are considered as Material RPT and must be reported to the SEC through an Advisement Report within three (3) calendar days after the execution date of the transaction.

The Related Party Transaction Policy is disclosed to the public in the Company Website where the Criteria for Reviewing and the Review and Approval Process are shown.

Under the RPT Policy (Item VI.11) for aggregate RPTs with the same Related Party that breach the materiality threshold of 10% of the Company's total consolidated assets within a twelve-month period, the board approval will be required for the specific transaction that will cause such RPT with the same related party to meet and exceed the materiality threshold.

The Company discloses all transactions with related parties in its Annual Reports and complies with the rules of Material RPT as set forth in the above memorandum circular. In addition to Material RPT, the Company's RPT Policy provides for the approval process for Significant RPT that have a slightly lower threshold.

All RPTs entered into by the Company in 2023 have been conducted in fair and at arm's length basis, to the best of its interest and of its stockholders. For 2023, and as disclosed in its Annual Report, the Company's RPTs do not meet the threshold for Material RPTs.

RECOMMENDATION 8.6

01 Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.

02 Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.

ACQUISITION OR DISPOSITION OF ASSETS

All material information, i.e. anything that could potentially affect share price, and which could adversely affect its viability or the interest of its stockholders and other stakeholders are publicly and timely disclosed in the manner provided by law. Such information would include earnings results, acquisition or disposal of major asset, board changes, related party transactions, shareholdings of directors and changes to ownership. Other information that should be disclosed includes remuneration of all Directors and Key Officers as provided in applicable disclosure rules, corporate strategy, and off-balance sheet transactions.

All disclosed pieces of information are released via the approved stock exchange procedure for company announcements or through the Annual Report and other structured or unstructured reports provided by law.

In case of acquisition or disposal of assets, the Board of Directors appoints an independent party to evaluate the fairness of the transaction price may vary per transaction. Disclosures on shareholder agreements, voting trust agreements, confidentiality agreements and such other agreements that may impact on the control, ownership, and strategic direction of the Company may be found in the Company Website (https://investors.ictsi.com/company-disclosures/sec-filings).

RECOMMENDATION 8.7

01 Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).

02 Company's MCG is submitted to the SEC and PSE.

03 Company's MCG is posted on its company website.

SUPPLEMENT TO RECOMMENDATION 8.7

01 Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.

MANUAL ON CORPORATE GOVERNANCE

ICTSI adopted a Manual on Corporate Governance to serve as the framework of rules, systems and processes that govern the performance of the Board of Directors and Management. Following its adoption in 2013 and subsequent revision and submission to the Philippine government through the Securities and Exchange Commission (SEC) in 2017, the Manual outlines the duties and responsibilities of the Board in overseeing the interests of all stockholders.

ICTSI continues to uphold such principles and policies and employs them as guidance towards efficient and right decision-making. The most recent updates and revisions on the Manual were made on May 16, 2017 and duly submitted to the Philippine Securities and Exchange Commission and the Philippine Stock Exchange.

The Manual serves as a guide for ICTSI, its Board of Directors, officers and employees to enhance ICTSI's value and optimize, over time, the returns to its stockholders by:

a. Sound, prudent, and effective management;
b. Implementing efficient and effective management information systems;
c. Effective risk management;
d. Preparing reliable financial and operational information;
e. Cost effective and profitable business operations; and
f. Compliance with laws, rules, regulations and contracts.

The Manual on Corporate Governance is made available to the public through the Company Website.

OPTIONAL: PRINCIPLE 8

01 Does the company's Annual Report disclose the following information:

a. Corporate Objectives
b. Financial performance indicators
c. Non-financial performance indicators
d. Dividend Policy
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors
f. Attendance details of each director in all directors' meetings held during the year
g. Total remuneration of each member of the board of directors

02 The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.

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

04 The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.

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

ANNUAL REPORT

The 2023 Annual Report or the Annual Financial Statements (SEC Form 17-A) was submitted by ICTSI to Securities and Exchange Commission and Philippine Stock Exchange on March 1, 2024.

In the Annual Report, the Company disclosed its:

a. Objective to make ports around the world drivers of positive change and sustainable growth. This is shown by the ever expanding and diverse ports portfolio of ICTSI indicated in Item 1.
b. Financial Performance Indicators as indicated in Item 6.2. - Result of Operations and Key Performance and in Supplementary Schedule 13 - Financial Soundness Indicators
c. Non-Financial Performance Indicators as indicated in Item 6.2.2;
d. Dividend Policy indicated in Item 5.3 - Dividends and Dividend Policy;
e. Biographical Details of All Directors as indicated in Item 9 – Directors and Executive Officers;
f. Attendance details of each director in all directors' meetings held in 2023;
g. Remuneration of the BOD indicated in Item 10 – Executive Compensation).

COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

The Company's foundation of corporate governance was established in the Manual of Corporate Governance (CG Manual) which was originally submitted to the Philippine Securities and Exchange Commission in 2011. The CG Manual was further revised and updated in 2014 and 2017. It essentially involves balancing the interests of many stakeholders and provides the framework for attaining strategic objectives through a combination of internal and external mechanisms such as the structure of the Board of Directors, the oversight it exercises over Management, and the formulation of sound policies and controls.

The responsibility in evaluating the compliance by ICTSI with the CG Manual and the applicable rules and regulations of regulatory agencies is vested by the Board of Directors upon the Compliance Officer. From 2016 until January 18, 2023, Mr. Rafael D. Consing, Jr., Senior Vice President, Chief Financial Officer, concurrently served as Compliance Officer. Following the retirement of Mr. Consing, the Board of Directors then appointed Mr. Christian Martin R. Gonzalez, Executive Vice President as the Chief Compliance Officer on January 18, 2023.

CG MANUAL COMPLIANCE MONITORING

In line with this, the Company's Chief Compliance Officer measures the Company's compliance with the Manual of Corporate Governance, through, among others, the following:

a. Annual review by the Board of Directors of ICTSI's Purpose and Values;
b. Annual Board Self-Assessment;
c. Evaluation by the Board of Directors of the corporate governance performance of the Chairman of the Board, President, Chief Risk Officer, Chief Compliance Officer, and Head of Internal Audit; and
d. Evaluation by the Board and Senior Management of the compliance with the leading practices on corporate governance through the submission of the Integrated Annual Corporate Governance (IACGR) and accomplishment of the ASEAN Corporate Governance Scorecard (ACGS).

One of the evaluations implemented through the Office of the Compliance Officer is the Annual Corporate Governance Assessment (ACG Assessment). Each member of the Board assesses their individual and group performance based on the CG Manual as well as the IACGR and ACGS. The Board also makes a similar assessment for the Chairman of the Board, President, Chief Risk Officer, Chief Compliance Officer, and Head of Internal Audit. The evaluation results are presented to all those concerned for any necessary recommendations to further improve corporate governance in the Company.

FULL COMPLIANCE

The Company has not deviated from its CG Manual.

To further enhance ICTSI's adherence to principles and practices of good corporate governance, the Company has taken the following measures in 2023:

a. Assessment by an independent third-party evaluator for the 2022 Annual Corporate Governance Assessment;
b. Appointment of Mr. Emilio Manuel V. Pascua as the Chief Risk Officer, concurrent to his role as CFO, on 27 June 2023;
c. Approval by the Board of the establishment of a Board Charter, as recommended by CG committee, on August 10, 2023;
d. Engagement of services of the SEC accredited training provider, Institute of Corporate Directors, for the 2023 Advanced Corporate Governance Training held on 7 December 2023 and attended by the Board of Directors, Chief Compliance Officer, Chief Risk Officer, Corporate Secretary and Assistant Corporate Secretaries and the Senior Management of the Company;
e. Updated the annual attestation by the Chief Executive Officer or Terminal Manager and the Chief Financial Officer of each ICTSI subsidiary that the subsidiary abides with the following:

   (i) ICTSI's purposes and value;
   (ii) implements the directives of ICTSI's Manual on Corporate Governance and Code of Business Conduct adopting Anti-Bribery Compliance Policy and Procedure, Fraud Reporting, Diversity and Equal Opportunities, Conflict of Interest, suitable framework for whistleblowing;
   (iii) conforms with all the applicable Information Technology-related standards, including those relating to data privacy and protection;
   (iv) has established corporate disclosure policies and procedures in coordination with ICTSI's Investor Relations Office;
   (v) has comprehensive treasury management policy;
   (vi) implements and complies with all laws that foster and afford protection to labor and promotion of social legislation;
   (vii) complies with all Environmental laws;
   (viii) maintains appropriate accounting policies and management actions for internal control over Financial Reporting (ICFR) – Control Evaluation Template;
   (ix) has identified all major risks at the entity level (ERM) for the Company and has developed appropriate management actions that will mitigate the impact of these risks on business operations at the level of risk appetite set by management;
   (x) treats all shareholders fairly and equitably; recognizes, protects, and facilitates the exercise of their rights; and encourages active shareholder participation;
   (xi) respects the rights of its stakeholders;
   (xii) exerted measures to avoid dealing with entities with economic sanctions;
   (xiii) implements policies, programs and procedures that encourage its employees to actively participate in the realization of the Company's goals and in its governance;
   (xiv) is socially responsible in all its dealings with its immediate communities and ensures that its interactions serve the environment and stakeholders in a positive and progressive manner; and
   (xv) follows and implements the directives of the ICTSI CG Manual; and

f. Webinars across the ICTSI Group to continually ensure the proper adoption of the ICTSI Group Policies, including, but not limited to, the Code of Business Conduct, Anti-Bribery Policy, Principles on Human Capital and Diversity, and Equal Opportunity Policy.

REVIEW OF MATERIAL CONTROLS AND RISK MANAGEMENT SYSTEMS

The ICTSI Board, through the Audit Committee, conducts a regular review and update of the Internal Audit Charter. This Charter outlines the framework used by the Audit & Compliance Group to achieve its objectives of providing timely feedback and appropriate

recommendations for the improvement of ICTSI's risk management, internal controls, and governance processes. The Board of Directors also reviewed ICTSI's internal control, as Management have determined as necessary, to enable the preparation of the Company's consolidated financial statements which are free from material misstatement, whether due to fraud or error.

ICTSI's Board of Directors, through the Board Risk Oversight Committee ("BROC"), is responsible in overseeing ICTSI's risk management framework, including key strategic and operational risks, and the adequacy and effectiveness of its risk management system. Risk appetite levels and risk tolerance limits are annually reviewed by the Committee based on changes and development in the business, regulatory framework, external economic and business environment and when major events occur that are considered to have major impact on ICTSI. The Committee also provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Company.

MATERIAL KEY RISKS

ICTSI included and disclosed in its 2023 Annual Report all key risks relating to financial and operational matters (including IT, environmental, social, economic, etc.) to which the Company is materially exposed to. In summary, these risks relate to:

- The outbreak, or threatened outbreak, of any severe communicable disease, such as the ongoing COVID-19 pandemic, could have a material adverse effect on the Group's business, financial condition and results of operations.
- The Group's business is influenced by global and regional economic trends that affect the trades in which it operates.
- The Group operates in a number of emerging markets that have experienced economic and political instability.
- The Group is dependent on concessions and other key contracts to conduct its business.
- The Group is limited in its ability to raise the tariffs billable to customers in most terminals.
- The Group faces competition at its domestic and international terminals on factors such as location, facilities, supporting infrastructure, service and price.
- The Group's failure to effectively manage its existing container terminal operations and growth as a result of rapid expansion and development may adversely impact the Group's business.
- The Group's results of operations and financial condition may be adversely affected by exchange rate fluctuations.
- The Group's business has high dependence upon key personnel with special skills that are not readily available in the market.
- The Group is subject to the risk of system failures.
- The Group's facilities could be exposed to unforeseen catastrophic events over which it has little or no control and the impact of climate change risks.
- The Group is subject to regulations that govern operational, environmental and safety standards.
- Lastly, the Group's terminal services are conducted under licenses, concessions, permits or certificates granted by applicable regulatory bodies in the countries in which it operates. Various environmental and safety standards may also be enforced by each jurisdiction in which the Group operates. Failure to comply with relevant laws and regulations may result in financial penalties or administrative or legal proceedings against the Group, including revocation or suspension of the Group's concessions or licenses, which may adversely impact results of operations and financial condition.

EXTERNAL AUDITOR

PRINCIPLE 9

The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

ICTSI continues to adapt in the establishment and maintenance of audit standards as it believes that objective external audit, is the foundation of effective and independent oversight. The interplay of balance between the Audit Committee and External Audit provides the practice of dynamics for this principle.

RECOMMENDATION 9.1

01 Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors

APPROVAL OF THE EXTERNAL AUDITOR

The Audit Committee makes recommendations to the Board of Directors concerning 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 the Company's external auditors is approved by the stockholders during the annual stockholders' meeting.

The reappointment of SyCip Gorres Velayo & Co. (SGV) as the Company's external auditor, was approved by the Shareholders during the Annual Meeting for 2023 as shown in the corresponding minutes of the meeting, with percentage in favor of reappointment (ICTSI ASM Minutes, 20 April 2023).

Should there be an instance of removal of an external auditor, it shall be disclosed to the regulators and the public and shall be reported in the Company's annual and current reports. Under the Company's Audit Committee Charter (External Audit), the Audit Committee reviews and monitors the integrity, independence, objectivity, performance, and rotation process of the external auditors. Moreover, under the Manual on Corporate Governance (Clauses 2.11 and 5.2), the Audit Committee has oversight function, and, through committee recommendation, the dismissal of an external auditor may be exercised.

RECOMMENDATION 9.2

01 Audit Committee Charter includes the Audit Committee's responsibility on:

i. assessing the integrity and independence of external auditors;
ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and
iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.

SUPPLEMENT TO RECOMMENDATION 9.2

01 Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.

02 Audit Committee ensures that the external auditor has adequate quality control procedures.

OVERSIGHT BY THE AUDIT COMMITTEE

ICTSI Audit Committee Charter

III. Authority

The Audit Committee has authority to conduct or authorize inquiries into any matters within its scope of responsibility with full access to all books, records, facilities, and personnel of the Company. It is empowered to:

- *Appoint and oversee the work of any registered public accounting firm employed by the organization;*
- *Resolve any disagreements between management and the auditor regarding financial reporting;*
- *Retain independent counsel, accountants, or others to advise the committee or to assist in the conduct of an investigation; and*
- *Meet with the organization's officers, internal auditors, external auditors, or outside counsel as necessary.*

V. Responsibilities

A. Financial Reporting and Disclosures

1. *Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas.*
2. *Review recent professional and regulatory pronouncements and understand their impact on the financial statements.*
3. *Review the annual consolidated financial statements whether consistent with information known to committee members and reflect appropriate accounting principles.*

4. *Review with management and the external auditors the results of the audit, including any difficulties encountered.*
5. *Review regulatory filings before release as to consistency with reported financial statements and compliance with financial reporting regulations.*
6. *Review with management and the external auditors all matters required to be communicated to the Audit Committee under generally accepted auditing standards.*
7. *Review and approve the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:*
   - *Any change/s in accounting policies and practices*
   - *Major judgment areas*
   - *Significant adjustments resulting from the audit*
   - *Going concern assumptions*
   - *Compliance with International Financial Reporting Standards*
   - ***Compliance with tax, legal and regulatory requirements.***

D. External Audit

1. *Prior to the commencement of the audit, discuss with the external auditors the nature, scope, fees and expenses of the audit, including coordination of audit efforts with internal auditing to secure proper coverage and minimize duplication of efforts.*
2. *Review and monitor the integrity, independence, objectivity, performance, rotation process of the external auditors and exercise final approval on their appointment or discharge on an annual basis.*
3. *Review the reports submitted by external auditors.*
4. *Review the disposition of the recommendations in the external auditor's management letter.*
5. *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.*
6. *On a regular basis, meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.*

After the selection and appointment of an External Auditor, the Audit Committee reviews and monitors its integrity, independence, objectivity, and performance. The Audit Committee approves audit plans, scope and frequency before the conduct of the external audit. In order to ensure that there are no services rendered by the External Auditor that may impair their independence, the Audit Committee reviews the nature of the non-audit related services rendered by the External Auditor, and as necessary, including appropriate fees paid for these services.

RECOMMENDATION 9.3

01 Company discloses the nature of non- audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.

02 Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.

SUPPLEMENT TO RECOMMENDATION 9.3

01 Fees paid for non-audit services do not outweigh the fees paid for audit services.

NON-AUDIT SERVICES

The nature of non-audit services performed by the External Auditor was disclosed in the Annual Report. Non-Audit Services include the review of interim financial statements and issuance of comfort letters for the capital market raising transactions of the Group, tax compliance and advisory services, transfer-pricing studies, sustainability reporting assistance, and other various one-time engagements like due diligence services related to business development.

Following the guidelines on Non-Audit Services, the Audit Committee monitors all situations against any conflict of interest to maintain and uphold the objectivity of the External Auditor.

Non-Audit Services Fees do not outweigh the fees paid for Audit Services.

3-YEAR SUMMARY OF AUDIT AND NON-AUDIT SERVICES FEES

	2021	2022	2023
Audit Fees	US$1,469.3	US$1,511.2	**US$1,511.9**
Audit-related Fees	406.2	54.3	**46.1**
Tax Fees	238.9	239.0	**220.0**
Other Fees	87.7	167.1	**78.4**

ADDITIONAL RECOMMENDATION TO 9.3

01 Company's external auditor is duly accredited by the SEC under Group A category.

02 Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).

ACCREDITATIONS OF THE EXTERNAL AUDITOR

As part of ICTSI's commitment to uphold high standards of corporate governance and audit quality, the Company establishes standards for the appropriate selection of an external auditor and diligently oversees their activities to enhance independence and audit quality.

ICTSI's external auditor holds accreditation from the SEC under Group A category. This accreditation signifies that the auditor meets the stringent requirements set forth by the SEC, demonstrating competence and adherence to regulatory standards.

External Auditor

SyCip Gorres Velayo & Co.

Audit Engagement Partner: Roel E. Lucas

Accreditation Number: BOA/PRC Reg. No. 0001,

August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 98200-SEC (Group A), valid to cover audit of 2022 to 2026 Financial Statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A), valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-095-2022,

November 7, 2022, valid until November 6, 2025

SGV was subjected to SEC Oversight Assurance Review Inspection Program on August 1-12, 2022.

ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES

PRINCIPLE 10

The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

ICTSI is committed to develop and operate efficient and sustainable port facilities and to deliver the highest possible benefits to the stakeholders and the communities it serves. With this commitment lies a robust governance framework that upholds best practices and sets a precedent for responsible business conduct. As such, in the Company's Board Charter, the Board is mandated to review at least quarterly, the strategies, major plans of action, and risk assessment to address the environmental, social, and governance issues as well as the sustainability and climate related issues with the Company's Environmental, Social and Governance Committee and Corporate Governance Committee.

RECOMMENDATION 10.1

01 Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.

02 Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.

ESG DISCLOSURE AND COMPLIANCE

ICTSI strictly complies with national regulations for corporations, including the annual submission of a Sustainability Report that mandates disclosure of sustainability performance. ICTSI has been publishing its Sustainability Report since 2019, ahead of a national policy that requires it. This shows the Company's commitment to transparency in major sustainability indicators, and to accountability through strategies that guide the operations to respond to sustainability issues and challenges. The board-level Audit Committee and ESG Committee approve the release of the Report, ensuring the management commitment to disclosing right and transparent information to all stakeholders. The Company established a Sustainability Committee headed by the Chief Sustainability Officer. The team reports to the CSO and collects, analyzes, and reports on the Company's ESG performance, supported by a Project Management Team from Global Investor Relations and Legal Affairs; Content Management Team from Global Investor Relations and Public Relations; and the

Lead Global Champions for Environment, Economy, Social and Governance (EESG).

The Company submitted and published its 2023 Sustainability Report on March 1, 2024, following approval by the Board of Directors on February 28, 2024. The report covers ICTSI's sustainability disclosures in four key areas: Environment, Economy, Social, and Governance. To ensure quality, the Company adheres to major internationally recognized reporting frameworks. In addition to adopting the Global Reporting Initiative (GRI) standards and the recommendations of the Taskforce for Climate-Related Financial Disclosures (TCFD), ICTSI will soon adopt the International Sustainability Standards Board's (ISSB) inaugural standards, IFRS S1 and S2, to align with evolving sustainability reporting requirements.

In addition to adopting the Global Reporting Initiative (GRI) standards and the recommendations of the Taskforce for Climate-Related Financial Disclosures (TCFD) for its annual public sustainability report, the Company will soon adopt the International Sustainability Standards Board's (ISSB) inaugural standards, IFRS S1 and S2, to align with evolving sustainability reporting requirements.

The Company's Sustainability Report embraces the principles of double materiality. This approach empowers both internal and external stakeholders to collaborate in identifying the ESG issues and topics most material to ICTSI's operations and impact.

To maximize impact, these issues were mapped against relevant UN Sustainable Development Goals (SDGs). This aligns ICTSI's sustainability strategy with its vision of Good Global Citizenship, supporting the achievement of these global goals. Key performance indicators (KPIs) are established for some of these topics and disclosed in the Sustainability Report. These KPIs are closely monitored to ensure acceptable outcomes while considering their overall impact on financial performance.

ICTSI is deeply committed to addressing climate change. This commitment is demonstrated by its ambitious decarbonization targets: a 26% reduction in greenhouse gas emissions for its Scope 1 and 2 emissions by 2030, and net-zero emissions by 2050. ICTSI's 2023 Sustainability Report outlined its climate change ambitions, successes, and plans towards carbon neutrality, even prior to the release of these targets. The Company is actively assessing both enterprise and climate risks to understand their potential impact on operational and financial performance. This strategic approach will also help identify opportunities arising from these risks.

CHANNELS OF COMMUNICATION

PRINCIPLE 11

The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Channels for disseminating information are provided for equal, timely and cost-efficient access to relevant information by users.

RECOMMENDATION 11.1

01 Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.

SUPPLEMENTAL TO PRINCIPLE 11

01 Company has a website disclosing up-to-date information on the following:

a. Financial statements/reports (latest quarterly)
b. Materials provided in briefings to analysts and media
c. Downloadable annual report
d. Notice of ASM and/or SSM
e. Minutes of ASM and/or SSM
f. Company's Articles of Incorporation and By-Laws

ADDITIONAL RECOMMENDATION TO PRINCIPLE 11

01 Company complies with SEC-prescribed website template.

QUARTERLY INVESTORS' BRIEFING CONFERENCES

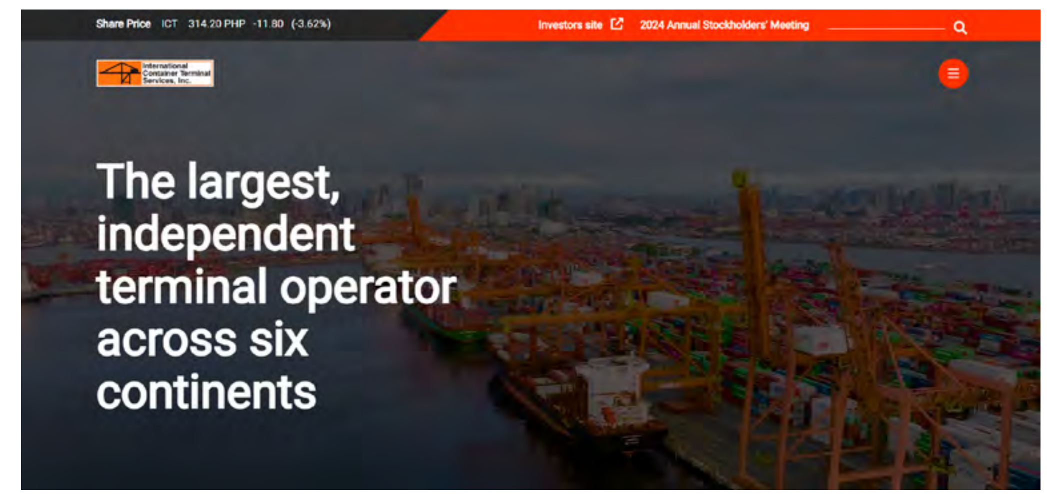
ICTSI conducts quarterly analysts/investors briefing conference calls where the Management presents and discusses the financial and operational performance of the Company. A Q&A segment commences immediately after the presentation where participants are given the opportunity to raise questions about ICTSI and its interim performance.

The conference meeting link is sent to all confirmed participants. A recording of the conference call is also available upon request. Notice of analysts'/investors' briefings is made available at least five days before the conference through the Company's website after filing with the Philippine Stock Exchange and the Securities and Exchange Commission.

(See: https://investors.ictsi.com/company-disclosures/sec-filings – SEC Form 17-C Investors' Briefing Notice)

Earnings results, presentation materials and schedule for the briefing calls are also available at the Company Website. All materials – notices, earnings results, and presentation materials – are also distributed to all investors and analysts through e-mail from the Investor Relations Department. Schedule of the briefing calls for the past years is also posted at the Company Website. (See: https://investors.ictsi.com/investor-relations/financial-information/investors-briefing and https://investors.ictsi.com/investor-relations/financial-information/financial-calendar-earnings-release)

INVESTORS' DAY



ICTSI hosted its inaugural Investors' Day last October 10, 2023, welcoming investors and financial experts from across the Asia Pacific region. This dynamic event kicked off with a tour showcasing ICTSI's state-of-the-art Manila ports and terminals – including the Manila International Container Terminal, Northport, and Manila Multipurpose Terminal. Following the tour, attendees gathered at the ICTSI Administration Building at the MICT for a comprehensive Company Presentation and Q&A session.

ICTSI plans to make the Investors' Day a regular engagement activity, offering exclusive port tours across its global operations. These events will spotlight the cutting-edge infrastructure, automation technologies, and sustainability initiatives that solidify ICTSI's position as a global industry leader.

COMPANY WEBSITE

ICTSI's official website is www.ictsi.com.

The Company Website is utilized to provide information on ICTSI's corporate governance and all other important and relevant company matters, such as financial, operational and share information; downloadable annual reports, corporate documents and disclosures; notices, minutes and reference materials of the Company's major events; news and other reports. It also serves as a channel for stakeholders to voice their concerns and suggestions, or to submit complaints for possible violation of their rights and other grievances.

The Company complies with the template for website for publicly listed companies as required under the SEC through Memorandum Circular No. 02 series of 2018.

INTEGRITY IN MANAGEMENT

INTERNAL CONTROL AND ERM FRAMEWORK

PRINCIPLE 12

To ensure the integrity, transparency, and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

ICTSI has established a strong and effective internal control system and enterprise management framework. The Board oversees the Enterprise Risk Management (ERM) framework to effectively identify, monitor, assess, and manage key business risks and ensures that an appropriate internal control system is in place.

RECOMMENDATION 12.1

01 Company has an adequate and effective internal control system in the conduct of its business.

02 Company has an adequate and effective enterprise risk management framework in the conduct of its business.

SUPPLEMENT TO RECOMMENDATION 12.1

01 Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.

INTERNAL CONTROL SYSTEM

ICTSI Management has established a sound internal control system within ICTSI through directed leadership, shared values, and a culture that emphasizes accountability for control. These strategies enable ICTSI to effectively and efficiently develop systems of Internal Control that adapt to changing business and operating environments, mitigate risks to acceptable levels, and support sound decision making and governance of the organization.

ICTSI's Internal Control is effected by the Board of Directors, Senior Management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through:

- *Efficient and effective operations;*
- *Reliable, complete, and timely operational, financial and management information;*
- *Compliance to applicable laws and government regulations; and*
- *Adoption of the organization's policies and procedures.*

Management ensures that all business units have in place adequate and effective internal controls for the conduct of their business taking into account their size, risk profile and complexity of operations.

The Audit & Compliance Group helps to monitor ICTSI's internal control systems by providing timely feedback and appropriate recommendations for the improvement of risk management, internal controls and governance processes.

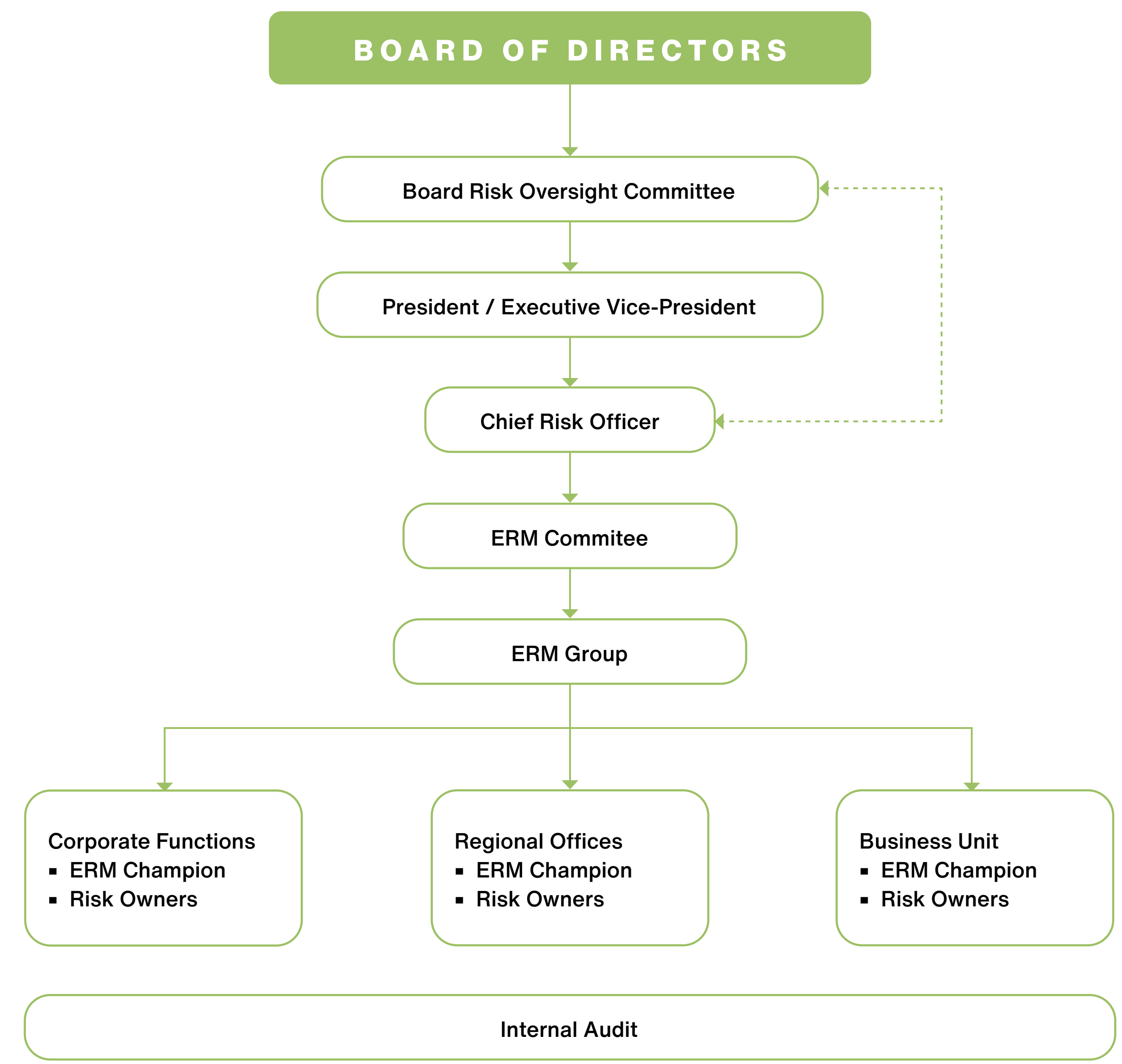
ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Company's ERM System follows the *2017 ERM Framework: Enterprise Risk Management – Integrating with Strategy and Performance* by the Committee of Sponsoring Organizations of the Treadway Commission. This Framework is a comprehensive and integrated approach to managing risks in organizations.

Five Components of the ERM Framework

1. ***Governance and Culture***
   Sets the tone at the top and ensures risk management is integrated into the organization's culture and strategy
2. ***Strategy and Objective-Setting***
   Involves aligning risk appetite and tolerances with the organization's goals
3. ***Performance***
   Involves monitoring and reporting on risk management activities and results
4. ***Review and Revision***
   Involves continuous evaluation and improvement of the risk management process
5. ***Information, Communication, and Reporting***
   Involves sharing information and insights about risks throughout the organization and with external stakeholders

The following illustration shows ICTSI's ERM oversight structure:



ICTSI GROUP RISK ASSESSMENT

Semi-annually, each of the Global Corporate functions, Business Development and Regional Offices, and Business Units of the ICTSI Group performs Risk Assessment based on the Key Business Risks as identified in the Company's Risk Profile applicable to each of the respective business functions and areas.

The ERM System is quarterly reviewed by the Board Risk Oversight Committee and the ERM Group. The importance of managing Key Business Risks has significantly increased considering the heightened volatility in both the Philippine and international financial markets.

OPTIONAL: RECOMMENDATION 12.1

01 Company has a governance process on IT issues including disruption, cybersecurity, and disaster recovery to ensure that all key risks are identified, managed, and reported to the board.

INFORMATION TECHNOLOGY GOVERNANCE

ICTSI leverages on the Enterprise Risk Management (ERM) Governance Report to the Board of Directors regarding Information Technology (IT) issues, including disruption, cybersecurity, and disaster recovery. This ensures that all key risks are identified, managed, and reported.

In addition to the regular ERM updates to the Board, a specific Cybersecurity Update was presented during the March 2023 Board of Directors Meeting. Regular quarterly update to Senior Management on the state of cybersecurity is also in place.

Here are key highlights for 2023:

Digital Journey
The Company continued its digital journey to streamline business processes, improve employee productivity using automated tools, workflows with approval, and standardized internal processes across terminals.

Enterprise Asset Management Systems
22 terminals are now enjoying the benefits of globally-structured equipment contributing to data-driven asset management decisions, simplified maintenance processes, data transparency, and consistency through standard reporting using SAP Enterprise Asset Management Systems, including a Mobile App Solution that allows mobility and on-time data processing.

Terminal Operating Systems & Continued Cloud Migration
A total of 21 terminals uses Navis for their terminal operating system, and the Company has newly established a 5-year partnership with Navis for the ICTSI Group. This partnership covers approaches to governance, planning and prioritization, tracking and reporting, roles and responsibilities, and the selection of terminals to include in the continuous improvement service. The Company now runs the terminal operating systems in 9 out of 33 terminals in the ICTSI Group using hyper-scaler cloud environments, removing on-premises hardware and other systems. The Company shall continue with further cloud migrations in 2024 to increase governance, disaster recovery, and security.

Proactive Vulnerability Assessment and Penetration Testing
The Company has a mandated comprehensive vulnerability assessment and penetration testing campaign, which sees ICTSI "hacking" itself to further find vulnerabilities and address them, strengthening the company's security posture, including regular incident response tabletop exercises.

Standardized IT Service Management Platform
Business units within the ICTSI Group now all leverage a single cloud-based IT Service Management Platform that allows them to define processes and service levels for all IT requests. The Platform further provides a single global repository of IT Service Management activity, providing unprecedented auditability and visibility into the Company's IT processes and activities. Other business functions leverage the same platform for their service management platform as well.

RECOMMENDATION 12.2

01 Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.

AUDIT AND COMPLIANCE GROUP

The Company has an in-house internal audit function, the Audit and Compliance Group. The fundamental role of the Audit and Compliance Group is to provide ICTSI senior management and the Audit Committee with independent assurance on the adequacy, effectiveness and efficiency of the system of internal control, and to report major weaknesses together with recommendations for improvement. This role is fulfilled by carrying out appropriate audit work in accordance with the three-year strategic plan as approved by the Audit Committee. Audits included in the annual plan are primarily identified through a risk assessment process. The Audit and Compliance Group may also perform management or committee requested audits and advisory projects. The quantity and kind of advisory services provided may vary widely, depending on the needs of the organization.

The key activities of the Audit and Compliance Group for 2023 included, assurance and advisory engagements, audit follow-up, annual self-assessment, development of 2024-26 strategic plan composed of key goals and initiatives, performance measures, risk assessment and audit plan development, quality assessment of the internal audit activity, and staff training.

RECOMMENDATION 12.3

01 Company has a qualified Chief Audit Executive (CAE) appointed by the Board.

02 CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.

03 In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.

HEAD OF GLOBAL CORPORATE AUDIT AND COMPLIANCE

The Head of Global Corporate Audit and Compliance oversees and is responsible for the internal audit activity of the Company. ICTSI does not outsource its internal audit activity. The Head of Global Corporate Audit and Compliance reports directly to the Audit Committee.

Ms. Catherine R. Castro was appointed by the Board of Directors as Head of Global Corporate Audit and Compliance effective October 1, 2020. Ms. Castro joined ICTSI's Audit and Compliance Group in September 2014. Prior to this, she worked with the Financial Assurance Services of SyCip Gorres Velayo & Co. (a member firm of Ernst & Young Global Limited) for more than 12 years. She has extensive experience in auditing variety of clients ranging from local companies to major publicly listed companies and multinational conglomerates, with exposure to various industries including media and entertainment, real estate, construction, manufacturing, business process outsourcing, pharmaceuticals, and nonprofit organizations.

Ms. Castro is a Certified Internal Auditor and a Certified Public Accountant. She graduated from Saint Louis University, Baguio City, in 2001 with a degree in Bachelor of Science in Accountancy (Cum Laude).

RECOMMENDATION 12.4

01 Company has a separate risk management function to identify, assess and monitor key risk exposures.

SUPPLEMENT TO RECOMMENDATION 12.4

01 Company seeks external technical support in risk management when such competence is not available internally.

ENTERPRISE RISK MANAGEMENT GROUP

Due to the geographically diverse operations of the ICTSI Group, various business risks, particularly competition, commercial, economic, political and foreign exchange risks, may materially impact the financial results of the Group.

In accordance with the Company's Manual on Corporate Governance, the Company has an Enterprise Risk Management ("ERM") System handled by the Director for Enterprise Risk Management of the ERM Department and under the supervision of the Chief Risk Officer. The ERM System helps identify and manage the ICTSI Group's Key Business Risks in support of the Company's Purpose to achieve its overall strategy and business objectives.

The ERM Group carries out the following:

- Establishes the ERM Policy and related guidance.
- Supervises, supports and incorporates the ERM processes across ICTSI in coordination with the CRO, ERM Champions, Risk Managers and Owners.
- Gathers, examines and assesses the risks reports provided by the ERM champions, Risk Managers and Risk Owners and oversee the status of RM strategies and action plans.
- Provides guidance on ideas on ERM processes developed by the ERM Champions, Risk Managers and Risk Owners.
- Organize the sharing of best practices across the Company.
- Supports the CRO and ERMC in preparing ERM reports and materials to the BROC.
- Leads the change management initiatives across ICTSI.
- Drives the improvement of ICTSI's current ERM process through benchmarking against leading standards and global best practices.

Since ICTSI has a competent internal risk management function, external technical support is not necessary and the Company has not sought external technical risk management support as of this date.

RECOMMENDATION 12.5

01 In managing the company's Risk Management System, the company has a Chief Risk Officer ("CRO"), who is the ultimate champion of Enterprise Risk Management.

02 RO has adequate authority, stature, resources and support to fulfill his/her responsibilities.

CHIEF RISK OFFICER

Roles and Responsibilities of the Chief Risk Officer

- *Reports directly to the President/ Executive Vice President*
- *Is the ultimate champion of the ERM in ICTSI*
- *Approves the ERM Policy and related guidance*
- *Approves ERM priorities, tolerance, measures, strategies and action plans*
- *Supervises the entire ERM function and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and tools*
- *Ascertains the sufficiency and effectiveness of the components of the risk infrastructure that are in place for managing risk, which includes policies, processes, people, management reports, methodologies, systems and data*
- *Communicates the top risks and the status of implementation of ERM strategies and action plans to the Board Risk Oversight Committee (BROC)*
- *Collaborates with the President/ Executive Vice President in updating and making recommendations to the BROC*
- *Conducts targeted risk analysis outside routine RM and reporting process as advised*
- *Ensures that a sufficient resource of the organization is allocated in pursuing ERM initiatives, strategies and action plans.*
- *Reports to the BROC on a regular basis about ERM*

From October 1, 2020 until January 18, 2023, ***Mr. Christian Martin R. Gonzalez*** was appointed by the Board of Directors as Chief Risk Officer (CRO) concurrent to his position as Executive Vice President of the Company.

On January 18, 2023, ***Mr. Sandy A. Alipio*** assumed the role of CRO concurrent to his position as Senior Vice President – Global Financial Controller following the approval made by the Board of Directors on the same date.

Effective July 1, 2023, ***Mr. Emilio Manuel V. Pascua*** was appointed as the Chief Risk Officer, concurrent to his position as Senior Vice President and Chief Financial Officer.

Mr. Pascua has been the Chief Financial Officer of ICTSI since January 18, 2023. He joined the Company in 2013 as Director of Corporate Finance. He was appointed as Director, Global Mergers and Acquisitions in 2020 and was promoted to Vice President, Global Mergers and Acquisitions in 2021. Before joining ICTSI, Mr. Pascua held various positions in projects and business development in the container terminal industry and infrastructure project financing.

Concurrently, he is the Director and the Treasurer of ISI, SBITC, SBITHI and IWI; and a Director of SPICTL and MITL.

Mr. Pascua received a Masters in Business Administration degree from the Wharton School, University of Pennsylvania in 2003 and is a graduate of the Ateneo de Manila University with a Bachelor of Arts in Management Economics.

OPTIONAL: PRINCIPLE 12

01 Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.

ATTESTATION ON INTERNAL CONTROL AND COMPLIANCE SYSTEMS

The Company's Chief Executive Officer and Head of Internal Audit attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively. They attest that:

- The Board of Directors is responsible for setting standards and strategic objectives, providing governance and overseeing the implementation of adequate internal controls and risk management processes;
- Management has the primary responsibility for designing and implementing an adequate and effective system of internal controls and risk management process to ensure faithful compliance with all applicable laws, rules and regulations and best business practices;
- Management is responsible for identifying significant risks and developing appropriate plans and actions to mitigate the impact of these risks;
- The Company's external auditor, is responsible for assessing and expressing an opinion on the conformity of the audited financial statements with Philippine Financial Reporting Standards;
- Internal Audit adopts a risk-based audit approach in developing an annual work plan and conducts reviews to assess the adequacy of the design and operating effectiveness of internal controls;
- The Head of Internal Audit reports functionality to the Audit Committee to ensure independence and objectivity, allowing Internal Audit to fulfill its responsibilities; and
- Internal Audit activities conform to the International Standards for the Professional Practice of Internal Auditing and are continuously evaluated through its annual internal self-assessment and an independent Quality Assessment Review conducted every five years.

The Attestation for the year ended December 31, 2023 signed by Mr. Enrique K. Razon Jr. as President/Chief Executive Officer and Ms. Catherine R. Castro as Head of Global Corporate Audit and Compliance is made available in the Company Website.

SYNERGISTIC RELATIONSHIP WITH SHAREHOLDERS

FAIR AND EQUITABLE TREATMENT OF SHAREHOLDERS

PRINCIPLE 13

The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

Fair and equitable treatment of shareholders is important in order to maintain trust, foster transparency, and ensure the long-term success of the Company.

RECOMMENDATION 13.1

01 Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.

02 Board ensures that basic shareholder rights are disclosed on the company's website.

SUPPLEMENT TO RECOMMENDATION 13.1

01 Company's common share has one vote for one share.

02 Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.

03 Board has an effective, secure, and efficient voting system.

04 Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.

05 Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.

06 Board clearly articulates and enforces policies with respect to treatment of minority shareholders.

07 Company has a transparent and specific dividend policy.

RIGHTS OF SHAREHOLDERS

ICTSI Manual on Corporate Governance

6.1 Voting Right

6.1.1 Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code and the Bylaws.

6.1.2 Cumulative voting shall be allowed in the election of directors.

6.1.3 Although directors may be removed with or without cause, the Corporation Code prohibits removal without cause if it will deny minority shareholders representation in the Board.

6.1.4 Shareholders shall also have the right to participate, after being given sufficient information prior to voting on fundamental corporate changes such as: (1) amendments to the Articles of Incorporation and By-Laws; (2) the authorization on the increase in authorized capital stock; and (3) extraordinary transactions, including the transfer of all or substantially all assets that in effect result in the sale of the Company.

6.1.5 Proxy voting shall be implemented, including the electronic distribution of proxy materials.

6.2 Power of Inspection

Shareholders are allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code. They shall be provided with a copy of the annual report, including financial statements, without cost or restrictions in accordance with law.

6.3 Right to Information

6.3.1 The shareholders shall be provided, upon request, with reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of ICTSI's shares, dealings with ICTSI, relationships among directors and key officers, and the aggregate compensation of directors and officers, as may be required by law and applicable disclosure rules.

6.3.2 The minority shareholders have the same right of information as other shareholders of ICTSI. They may propose the holding of a meeting, in accordance with the By-laws, and propose items in the agenda of the meeting, provided the items are for legitimate business purposes, in accordance with law.

6.4 Right to Dividends

Shareholders have the right to receive dividends subject to the discretion of the Board to declare such dividends. However, the Commission may direct ICTSI to declare dividends when its retained earnings is in excess of 100% of its paid-in capital stock, except:

(a) when justified by definite corporate expansion projects or programs approved by the Board or

(b) when ICTSI is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured or

(c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in ICTSI, such as when there is a need for special reserve for probable contingencies.

6.5 Appraisal Right

Section 82 of the Corporation Code allows the exercise of the shareholders' appraisal rights under the following circumstances:

(i) In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

(ii) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and

(iii) In case of merger or consolidation.

6.6 Right to Nominate Directors

In accordance with ICTSI's By-Laws, every stockholder may nominate the directors to be elected in a regular or special meeting of stockholders. The nomination should be submitted in writing to the Corporate Secretary at ICTSI's principal office not earlier than forty (40) days nor later than twenty (20) days prior to the date of the regular or special meeting of stockholders for the election of directors.

6.7 Promotion of Shareholders Right

The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of ICTSI. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be appraised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-laws, the exercise of that right shall not be unduly restricted and any doubt on the validity of a proxy should be resolved in the stockholder's favor.

The Board shall promote shareholder rights in accordance with law, remove impediments to the exercise of shareholders rights and allow possibilities to seek redress for violation of their rights in accordance with law. The exercise of shareholders' voting rights and solution of collective act on problems through appropriate mechanisms shall be encouraged in accordance with applicable law. Excessive and other administrative or practical impediments to shareholders participation in meetings and/or voting in person should be removed.

The Board shall allow the electronic filing and distribution of shareholder information necessary to make informed decisions as may be allowed by law.

ICTSI treats all its Shareholders fairly and equitably, and recognize, protect, and facilitate the exercise of their rights. Shareholders are accorded their rights as provided under the Revised Corporation Code and other applicable laws, rules, and regulations, as well as ICTSI's By-Laws and Manual on Corporate Governance.

The By-Laws and Manual on Corporate Governance, among other resources, are available on the Company Website. See Manuals on Corporate Governance and Articles of Incorporation and By-Laws

VOTING MECHANISM

ICTSI has an effective Shareholder Voting Mechanism which is laid down in the Company's By-Laws and the Manual on Corporate Governance. The Mechanism is annually reiterated and updated as necessary in the Notice of Annual Stockholders Meeting (ASM) and the Philippine Securities and Exchange Commission Form 20 – Information Statement (SEC Form 20-IS).

Only Shareholders of record are entitled to notice and to vote at the ASM. The Common Shares and Preferred B Shares will vote on matters scheduled to be taken up at the ASM. Each share, whether common or preferred, is entitled to cast one vote.

During the 2023 Virtual ASM, ICTSI partnered with Azeus Systems Limited (Azeus), a provider of secure virtual meeting solutions for companies worldwide. To ensure the integrity of the electronic voting process, ICTSI's Global Head of Information Security rigorously reviewed and tested the security measures implemented within the Azeus system.

In the ASM requirements and procedures for participation by remote communication and voting in absentia, the Shareholders were informed that they could register to participate and vote during the 2023 Virtual ASM. Clear instructions were provided in Appendix "A" to the Notice to the Virtual ASM. Shareholders were allowed to cast their votes until the voting on the agenda item was closed during the meeting.

MINORITY SHAREHOLDERS

The minority Shareholders have the same right of information as other Shareholders. They may propose the holding of a meeting in accordance with the By-Laws and propose items in the agenda of the meeting, provided the items are for legitimate business purposes, in accordance with law.

DIVIDEND POLICY

The details of ICTSI's declaration of cash dividends are as follows:

Dividends may be declared only out of the unrestricted retained earnings. A board resolution is required for declaration of dividends. In addition, approval of stockholders representing at least two-thirds of the outstanding capital stock is required for the payment of stock dividends. Dividends are payable to all common shareholders, 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 at the record date fixed by the Board. Preferred A shareholders are entitled to dividends at rates to be fixed by the Board. As of December 31, 2023, the Board has not set the dividend rate for Preferred A shares. On the other hand, Preferred B shareholders shall earn no dividends.

	2021	2022	2023
Date of Board approval	March 15, 2021; August 6, 2021	March 3, 2022	**March 6, 2023**
Cash dividends (regular) per share	US$0.069 (₱3.38)	US$0.106 (₱5.56)	**US$0.156 (₱8.56)**
Cash dividends (special) per share	US$0.032 (₱1.62)	US$0.008 (₱0.44)	**US$0.026 (₱1.44)**
Record date	March 30, 2021; August 20, 2021	March 18, 2022	**March 20, 2023**
Payment date	April 12, 2021; September 1, 2021	March 28, 2022	**March 28, 2023**

OPTIONAL: RECOMMENDATION 13.1

01 Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.

INDEPENDENT ASM VOTES VALIDATION

For the 2023 Annual Shareholders Meeting (ASM) held on April 20, 2023, the Company engaged SGV & Co., an independent party auditor, to verify the registration requirements and count, tabulate, and validate all votes received for the ASM.

For the said ASM, the Office of the Corporate Secretary, Stock Transfer Services, Inc. (the Company's stock transfer agent), and SGV & Co. (the third-party validator) validated the votes during the Proxy Validation Date on April 14, 2023. The Office of the Corporate Secretary led the validation of proxies in accordance with the procedure and guidelines set out in the ICTSI's By-Laws and Rule 20(11)(b) of the Amended Implementing Rules and Regulations of the Securities Regulation Code.

On April 20, 2023, SGV counted and/or validated the votes casted during the ASM.

RECOMMENDATION 13.2

01 Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.

SUPPLEMENTAL TO RECOMMENDATION 13.2

01 Company's Notice of Annual Stockholders' Meeting contains the following information:

a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)
b. Auditors seeking appointment/re-appointment
c. Proxy documents

NOTICE OF ANNUAL SHAREHOLDERS MEETING

The ICTSI Board encouraged active shareholder participation by sending the Notice for the 2023 Annual Shareholders' Meeting (ASM) with link to the ICTSI ASM Website and quick response code (QR Code) for the Company's Securities and Exchange Commission Form 20-Information Statement (SEC Form 20-IS). Such sending of the Notice was done through mail to each Shareholder by March 29, 2023. This served as advance notice to all Shareholders 22 days before the 2023 ASM.

Prior to the Notice, ICTSI also submitted to the Philippine Stock Exchange (PSE) on February 21, 2023 the Notice together with the SEC Form 20-IS. It was likewise filed with the PSE through the PSE Edge and uploaded as well on the Company Website. This public disclosure provided an even earlier notice to the Shareholders 58 days before the ASM to further encourage active shareholder participation.

The SEC Form 20-IS, which accompanied the Notice contained the: (1) profiles of the directors, including their age, academic qualifications, date of first appointment, experience, and directorships in other listed companies on Item 5, (2) External Auditors seeking re-appointment on Item 7, and (3) Proxy documents on Schedule 1.

OPTIONAL: RECOMMENDATION 13.2

01 Company provides rationale for the agenda items for the annual stockholders meeting.

RATIONALE FOR THE ASM AGENDA

In the Notice of the ASM, the Company provided the rationale for the agenda items. The rationale for the agenda items comes after the agenda item. This provides the Shareholder a clear picture as to the reason the agenda item was included.

RECOMMENDATION 13.3

01 Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.

02 Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.

SUPPLEMENT TO RECOMMENDATION 13.3

01 Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.

RESULTS OF THE ASM

To ensure the safety and welfare of our stockholders, and other stakeholders, Company's Board of Directors approved on February 21, 2023, in accordance with the latest available SEC rules on the conduct of virtual stockholders' meeting, the holding of the 2023 ICTSI Virtual Annual Stockholders' Meeting (ASM) on April 20, 2023.

Every Resolution for approval by the Shareholders in the ASM was introduced by a motion duly seconded through the online platform of the Virtual ASM. The Chairman asked if there was any objection to every motion. Since there were no objections, all the motions were carried.

The numbers of votes indicated below are the votes on the Resolution from: (a) votes of proxies with instructions; (b) votes submitted through the online voting platform; and (c) votes of the Chairman as a holder of proxies, which would have been counted if there was a voting on the Resolution.

AGENDA ITEMS	VOTING RESULTS		
	IN FAVOR	AGAINST	ABSTAIN
Approval of the Minutes of the Annual Meeting of Stockholders Held on April 21, 2022	2,356,912,172	-	160
Approval of the 2022 Audited Financial Statements	2,356,271,219	-	641,113
Election of Directors			
Enrique K. Razon Jr.	2,248.137,468	48,563,489	57,300,547
*Cesar A. Buenaventura**	1,958,241,218	40,667,579	354,781,527
*Carlos C. Ejercito**	2,151,157,322	38,813,779	163,719,223
*Chief Justice Diosdado M. Peralta (ret.)**	2,341,247,686	10,501,100	1,941,508
Jose C. Ibazeta	2,097,126,632	48,385,349	208,178,393
Stephen A. Paradies	2,224,541,321	47,998,549	102,762,915
Andres Soriano III	2,213,890,936	48,222,179	91,577,359
Approval/Ratification of Acts, Contracts, Investments and Resolutions of the Board of Directors and Management since the 2022 Annual Stockholders' Meeting	2,354,352,891	1,730,588	828,853
Appointment of External Auditor	2,349,931,761	6,980,572	-

**Independent Directors*

The Shareholders were also given the opportunity to ask questions. The Chairman opened the floor to entertain questions from the Shareholders and the Assistant Corporate Secretary also serving as moderator for the session, Atty. Silverio Benny J. Tan, read the questions asked for response by the Board of Directors.

The Company's Board encouraged active shareholder participation of the shareholders by making the result of the Annual Stockholders' Meeting held on April 20, 2023, available the next working day, April 21, 2023, through the PSE Edge.

MINUTES OF SHAREHOLDERS MEETINGS

To promote active shareholder participation, the Company's Board made the results of the April 20, 2023 Annual Stockholders' Meeting promptly available on the PSE Edge the following working day, April 21, 2023.

The Minutes of the Annual Stockholders' Meeting (ASM) held on April 20, 2023 were posted on the Company Website on April 25, 2023 (within five days from the date of the meeting.) This can be accessed through Minutes of all General or Special Stockholders' Meetings | ICTSI Investors

A total of 2,358,881,246 Shares or 86.34% of the total issued and outstanding Shares were represented in person, by proxy, or through voting in absentia during the ASM.

While no Special Stockholders' Meeting was held in 2023, the Company is committed to making minutes of any such future meetings available on its website within five days.

RECOMMENDATION 13.4

01 Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.

02 The alternative dispute mechanism is included in the company's Manual on Corporate Governance.

INTRA-CORPORATE DISPUTES

ICTSI Manual on Corporate Governance

Section 2. Duties and Function of the Board

Section 2.6.15*. Ensure that any dispute between ICTSI and its stockholders as well as ICTSI and third parties, including the regulatory authorities, shall be resolved in accordance with Republic Act 9285, otherwise known as "Alternative Dispute Resolution Act of 2004" with the approval or consent of such other parties in compliance with law.*

The Board makes available, at the option of a Shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner. This mechanism is to institutionalize the mode of promoting Shareholder rights, allowing possibilities to seek redress for violation of their rights in accordance with law (6.7, Manual on Corporate Governance).

As additional facility for proper redress and Shareholder protection, the Company Secretary shall call a special meeting of shareholders whenever he is requested in writing to do so by holders of record of a majority of the subscribed capital stock of the Company entitled to vote at such meeting (Section 3, By-laws). Moreover, the Company's Investor Relations Office is in constant engagement with the Shareholders for any transparent and continuous dialog.

RECOMMENDATION 13.5

01 Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders. Disclose the contact details of the officer/office responsible for investor relations, such as:

a. Name of the person
b. Telephone number
c. Fax number
d. E-mail address

02 IRO is present at every shareholder's meeting.

INVESTOR RELATIONS OFFICE

ICTSI's award-winning Investor Relations Office has the responsibility of integrating finance, communication, marketing, and securities law compliance.

It aims to ensure constant engagement and build understanding and relationships of trust with media, financial analysts, and stockholders, increase transparency and achieve an appropriate valuation of ICTSI's stock and liabilities in the capital market.

It works to provide transparent, continuous, and targeted dialog with all stakeholders, and aims to build understanding and trust with the financial media, analysts, and stockholders.

The Company discloses the contact details of the Investor Relations Office in the Company Website.

ICTSI was hailed as One of the Best Investor Relations Companies in the Philippines in *Corporate Governance Asia's* Asian Excellence Awards consistently for the period of 2013–2022. The Company was also recognized by *Alpha Southeast* Asia Awards 2022 as having the Best Annual Report in the Philippines.

It was also hailed to be among the Most Organized Investor Relations, Strongest Adherence to Corporate Governance, second best in the Most Consistent Dividend Policy in Southeast Asia and second best in Best Investor Relations Team by *The Asset ESG Corporate Awards 2019-2022.*

ICTSI was also one of the Most Honored Companies during the *Institutional Investor* All Asia Executive Team Awards Recognition 2022. Rafael D. Consing, Jr., former Senior Vice President and Chief Financial Officer, was ranked third best CFO among Small and Midcap Companies, while Arthur R. Tabuena, Treasury Director and Head of Investor Relations, was ranked among the Best IR Professionals. Mr. Consing and Mr. Tabuena were both voted for by Buyside and Combined Categories. ICTSI's Investor Relations Program was ranked third best in the group.

INVESTOR RELATIONS OFFICER

ICTSI's Investor Relations Officer is Mr. Arthur R. Tabuena, the Director for Treasury and Investor. Formerly, he was the Manager for Corporate & Project Finance of ING Barings. Mr. Tabuena holds an MBA from the Claremont Graduate University – Peter F. Drucker and Masatoshi Ito Graduate School of Management, and a Bachelor's Degree in Industrial Management Engineering, Minor in Mechanical Engineering from the De La Salle University.

The Investor Relations Officer is always present during the Company's shareholders' meetings. He is responsible for the necessary disclosures to the PSE and SEC.

As a testament to his credible and effective performance, Mr. Tabuena was again recognized as one of the Best Investor Relations Professionals in the Philippines by *Corporate Governance Asia* during the 12th Asian Excellence Recognition Awards 2022, Best Senior Management IR Support in *Alpha Southeast Asia* Awards 2021, and Best Investor Relations Team by *The Asset* ESG Corporate Awards for 2019-2021. Mr. Tabuena was also honored as one of the Best IR Professionals in the Institutional Investor All Asia Executive Team Awards Recognition 2022.

SUPPLEMENTAL RECOMMENDATIONS TO PRINCIPLE 13

01 Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group.

02 Company has at least thirty percent (30%) public float to increase liquidity in the market.

ANTI-TAKEOVER MEASURES

ICTSI avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling stockholder group. To ensure good governance of ICTSI, the Board establishes ICTSI's Purpose, strategic objectives, policies and procedures that guide and direct the business and corporate activities of ICTSI, the means to attain the same, and the mechanism for monitoring management's performance.

PUBLIC FLOAT

The Philippine Securities and Exchange Commission through its Memorandum Circular No. 13-2017 requires that a publicly listed company maintain a public float of 20% and recommends through its Memorandum Circular 13-2017 a 30% benchmark. On the other hand, the Philippine Stock Exchange through its Memorandum Circular No. CN - No. 2020-0076 requires a 20% public ownership.

ICTSI has more than the prescribed or recommended public float to increase liquidity in the market. As of December 31, 2023, the public ownership level of the Company is at 51.28% based only on common shares. The public ownership level of the Company is at 38.14% if both common and Preferred B voting shares are considered.

OPTIONAL: PRINCIPLE 13

01 Company has policies and practices to encourage shareholders to engage with the beyond the Annual Stockholders' Meeting.

02 Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.

CHANNELS OF COMMUNICATION

ICTSI communicates with its Shareholders through various methods for effective information dissemination and encourage engagement with the Company beyond the Annual Shareholders Meeting. The Company implements various communication programs and optimizes media channels and platforms to achieve this purpose.

Company Announcements
- Emails (such as Investor Relations email distribution list)
- Press and photo releases and/or media advisories
- Magazine publications
- Print and digital publications (such as Annual Reports, company newsletters, and websites)
- Quarterly Investors' Briefing
- Corporate disclosures with regulatory agencies

Meetings
- Face-to-face and virtual meetings with key investors and analysts
- Investment conferences (roadshow and the non-deal roadshows) arranged by banks / investment houses
- Site visits by stakeholders
- Meetings with the media (group of reporters in a beat or individually among journalists)

Website
ICTSI's official website is www.ictsi.com.

The Company Website is utilized to provide information on ICTSI's corporate governance and all other important and relevant company matters, such as financial, operational, and share information; downloadable annual reports, corporate documents and disclosures; notices, minutes and reference materials of the Company's major events; and news and other reports. It also serves as a channel for stakeholders to voice their concerns and suggestions, or to submit complaints for possible violation of their rights and other grievances.

ICTSI welcomes inquiries from Shareholders and investors, as well as analysts and the financial community.

- The Company's website has "Contact Us" section to connect with the Company and share feedback, concerns or provide suggestions.
- The Company may also be reached via sending an email at investor@ictsi.com or visiting the Investors Site at www.investors.ictsi.com.

VOTING IN ABSENTIA

ICTSI has an effective stockholder voting mechanism which is included in the Company's By-Laws, Manual on Corporate Governance, and SEC Form 20-IS. The Company's Voting Procedure is defined in Item 19 of its submitted SEC Form 20-IS.

During the 2023 Virtual Annual Shareholders Meeting, ICTSI engaged the services of Azeus, a leading IT services provider with years of experience in successfully delivering IT solutions to various clients worldwide. The Azeus System ensured that the electronic voting in absentia was done in a secure manner.

Through the Virtual Annual Shareholders Meeting requirements and procedure for participation by remote and voting in absentia (Appendix "A" of the Notice of ICTSI Annual Stockholders' Meeting attached to SEC Form 20-IS), ICTSI Stockholders with successful and validated registration may participate in the meeting and will be allowed to vote until the voting on the agenda item is closed during the ASM.

DUTIES TO STAKEHOLDERS

VARIOUS STAKEHOLDERS

PRINCIPLE 14

The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

ICTSI recognizes customers, suppliers and creditors as its external stakeholders under contractual relations and voluntary commitments that are vital to its operations. ICTSI established policies to protect their rights, promote healthy relations that will foster growth and sustainability.

RECOMMENDATION 14.1

01 Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.

IDENTIFICATION OF STAKEHOLDERS

As a facilitator of global containerized trade, ICTSI serves the following Principal Stakeholders:

1. *Primary port users (commercial clients such as the shipping lines and landside/hinterland logistics players);*
2. *Public sector partners, especially port authorities;*
3. *Employees and industry organizations;*
4. *Providers of capital;*
5. *Suppliers; and*
6. *Various communities that serve as port hosts.*

The ICTSI Manual on Corporate Governance highlights the Board of Directors' commitment to foster ICTSI's long-term success, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its shareholders and other stakeholders.

The Board shall likewise identify stakeholders in the communities where ICTSI operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them as may be necessary and maintain a meaningful corporate social responsibility program.

ICTSI identified and disclosed its stakeholders and key concerns as well as the approaches to these stakeholders in its Annual Sustainability Report.

RECOMMENDATION 14.2

01 Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.

FAIR TREATMENT OF STAKEHOLDERS

At ICTSI, the rights of Stakeholders as established by law, by contractual relations and through voluntary commitments are respected. ICTSI is fully committed to promoting the highest ethical standards to protect the welfare, safety, and human rights of its people.

Through its Diversity and Equal Opportunities Policy, ICTSI promotes the value and culture of equality, diversity, and inclusion in the workplace. It is committed to a set of core principles which include respect for human rights and giving value to diversity and inclusion.

ICTSI also ensures that Stakeholders are provided with an avenue to obtain redress for the violation of their rights. No less than the ICTSI Code of Business Conduct provides for policies and guidelines that provide a mechanism for the fair treatment of Stakeholders and the utmost protection of their rights. It strictly prohibits discrimination of any kind and any form of harassment, unprofessional or inappropriate work conduct shall not be tolerated.

RECOMMENDATION 14.3

01 Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.

SUPPLEMENT TO RECOMMENDATION 14.3

01 Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.

WHISTLEBLOWING POLICY FOR STAKEHOLDERS

The ICTSI Code of Business Conduct and other related Company Policies provide Stakeholders, most especially the ICTSI employees, direct access to the Company's Office of the Chief Compliance Officer and, as may be applicable, the pertinent Human Resource Department for reporting of any violations of the Code and Company Policies.

The Code provides that any concerned party who becomes aware of any breach of the Code has the corresponding obligation to immediately report the same to the proper authorities at ICTSI.

The Policy on Fraud Reporting, Complaints and Non-Compliance of Policies (Fraud Reporting Policy) mandates Stakeholders to immediately report any concerns and violations. Anonymous reporting and disclosures are allowed subject to certain conditions such as the gravity of the concern and seriousness of issues raised, the credibility of the report and the reporter and the possibility of verification from other reliable sources.

The Fraud Reporting Policy provides Guidelines on the handling of disclosure and complaints on:

1. Violation of ICTSI Code of Business Conduct;
2. Violation of ICTSI Anti-Bribery Compliance Policy and Procedure;
3. Violation of the Policy on Conflict of Interest;
4. Violation of company's Code of Discipline and other company issued employee related rules and regulations;
5. Fraudulent reporting of accounting/ auditing practices;
6. Unauthorized use of company funds;
7. Health and Safety risks;
8. Any illegal or unethical act and
9. Any other cases involving violation of other company policies.

The Fraud Reporting Policy likewise provides for specific processes for reporting and disclosure of violations. Reporting channels were expanded to include personal reporting of complaints and a dedicated e-mailbox (reportfraud@ ictsi.com) and telephone hotlines. Any stakeholder may report a possible breach or non-compliance to the appropriate HRD of the Business Unit (BU) or the Global Human Resource Department (GHR) for Corporate Functions. Should there be a real threat of harassment and retaliation, or if any personnel from BU's HRD or GHR may be compromised, the report or disclosure may be filed directly with the Office of the Compliance Officer (OCO). The Policy also details steps in gathering evidence, conducting investigations, submitting recommendations and imposition of disciplinary action against erring individuals.

It also affords protection to the reporter or the whistleblower from any form of retaliation, reprisal and harassment and ensures confidentiality in the information provided in the disclosure and complaint.

ALTERNATIVE DISPUTE RESOLUTION FOR KEY STAKEHOLDERS

The policy on Alternative Dispute Resolution (ADR) seeks to encourage and promote the use of dispute resolution options, practices and processes thereby avoiding, discouraging and preventing parties from resorting to litigation in the settlement of corporate governance related disputes and conflicts.

ICTSI's Manual on Corporate Governance provides that any dispute between ICTSI and its Principal Stakeholders, shall be resolved in accordance with Republic Act 9285, otherwise known as *Alternative Dispute Resolution Act of 2004*. Through the ADR mechanism, disputes and conflicts are expeditiously resolved in the most amicable, effective and efficient manner.

ADDITIONAL RECOMMENDATION TO PRINCIPLE 14

01 Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.

02 Company respects intellectual property rights.

EXEMPTION FROM LAW

ICTSI complies and abides by the laws, rules and regulations of all the countries where it operates in. The Company has continued to follow best practices of corporate governance and did not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue.

ICTSI is committed to sound, prudent, and effective overall management, effective risk management, provision of efficient management information systems, providing access to reliable financial and operational information, cost effective and profitable business operations, alongside with compliance with laws, rules, regulations, and contracts.

INTELLECTUAL PROPERTY

ICTSI complies with all laws, regulations and contract exacting adherence to intellectual property rights. The Company has not violated any intellectual property law as demonstrated by the fact that it has not pending cases against it for any violation of intellectual property laws.

OPTIONAL TO PRINCIPLE 14

01 Company discloses its policies and practices that address customers' welfare.

02 Company discloses its policies and practices that address supplier/contractor selection procedures.

CUSTOMER WELFARE

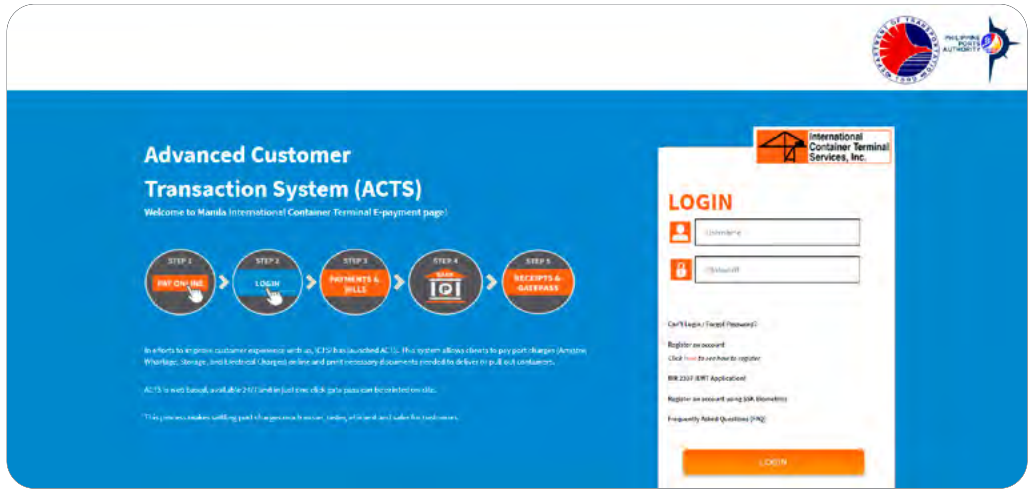
Nurturing Loyalty and Efficiency in 2023
For the year 2023, ICTSI furthered its commitment to prioritize Customer Welfare and Satisfaction as the Company recognize this as the pivotal key to our successes. The Company is pleased to showcase its initiatives at its flagship terminal, the Manila International Container Terminal (MICT), aimed at recognizing and rewarding the contribution of its valued Customers, and more importantly, enhancing service efficiency in many customer touchpoints to sustain the loyalty of these clientele.

RECOGNITION AND REWARDS

Flagship Elite Program
Building upon the success of the Flagship Elite Program launch in 2022, the Program continued to recognize the Top 10 Shipping Lines and Top 20 Beneficial Cargo Owners (BCOs) in 2023 based on their exceptional volume contributions to the MICT in the previous year. They were awarded the 2023 membership to this exclusive program and for the first time since its launch, all members were given privileged access to their own MICT Virtual Terminal. This innovative platform provides access holders visibility into real-time terminal reports as well as running cargo volume and vessel performance standing.

MICT Kalakbay Rewards
In alignment to ICTSI's unwavering commitment to rewarding loyalty, the MICT Kalakbay Rewards program was launched in 2023. This initiative goes beyond top-tier customers, extending benefits to the grassroot port users, specifically those engaged in day-to-day processing, starting with our truck drivers.

A user-friendly app has been developed to enable drivers to effortlessly earn points for every port transaction. These accumulated points can be exchanged for electronic vouchers or gift cards from a diverse selection of merchants, providing tangible rewards for their invaluable contributions to the port ecosystem.



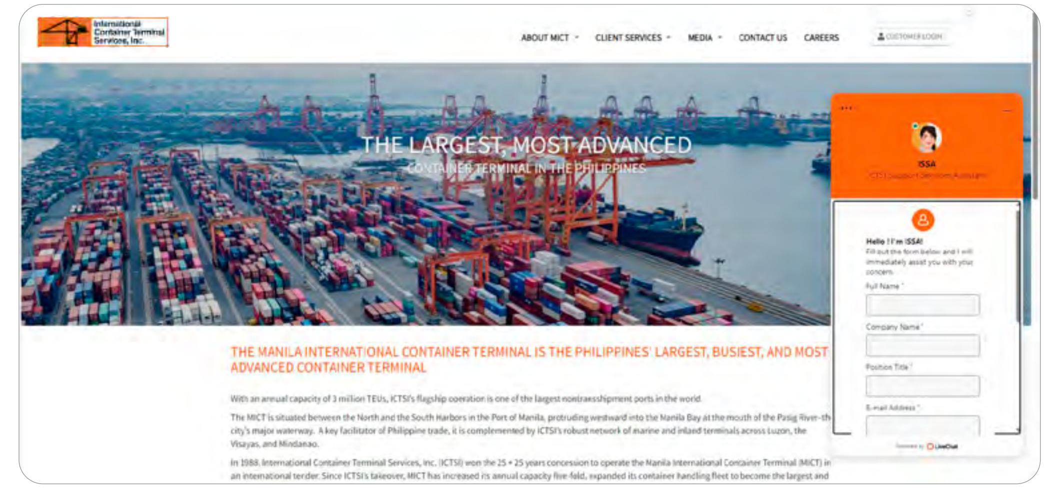
EFFICIENCY INITIATIVES

Landside Service Advancements: MICT e-Gate

a. ***Truck Manifesting:*** Moving towards the full automation of our gate processing, this initiative incorporated in the Terminal Appointment Booking System of MICT is both a critical and fundamental step to fulfill that goal. Truck Manifesting targeted to simplify the gate process for drivers by eliminating multiple steps that they go through at the kiosk through the pre-entry submission of their transaction information.
b. ***RFID:*** Going hand in hand with Truck Manifesting, the RFID initiative advances the Company towards its goal of fully automated gate process as this provides additional automated retrieval of transaction data of trucks upon arrival.
c. ***EIR Online Issuance:*** By shifting to Equipment Interchange Receipts (EIR) issuance online, the Company is able to cut the processing time of trucks at the exit gate.

Payment Service Advancements

a. ***Electronic ADR:*** By enforcing 24/7 funding capability through the Electronic Advance Deposit Receipt provided by the Company's banking partners, BDO and UnionBank, ICTSI is able to streamline financial transactions, ensuring continuous support for the Customers.
b. ***E-Wallet:*** This system automating additional storage payments for containers loaded on an exit-bound truck provides a more expedited payment process and shorter truck dwell time.



CUSTOMER SUPPORT

ISSA (ICTSI Support Services Assistant)

In line with ICTSI's commitment to set standards for customer support in the industry, the Company proudly introduced the ISSA Customer Chat Support. ISSA offers both chatbot and live agent assistance, provided by our dedicated Customer Care Team. ISSA is initially made available on the MICT Website and in the ICTSI App web application for easy access.

Quality Assurance Monitoring Framework for Customer Care

To further ensure the highest quality of service, ICTSI implemented a Quality Assurance Monitoring Framework for the Customer Care Team in 2023. This proactive approach aims to continually improve and sustain the quality of customer support the Company provides and foster a positive experience for every Customer.

The creation of this new Team reflects ICTSI's relentless dedication towards customer satisfaction and pursuing excellence in every service delivery.

SUPPLIERS

In the dynamic realm of global logistics, ICTSI stands out not only for its operational excellence but also for its unwavering commitment to the protection and fair treatment of its Suppliers (including contractors). As Stakeholders seek to understand the mechanisms in place to ensure ethical business practices within the company, ICTSI's policies and programs for Supplier Relations come into sharp focus.

ICTSI's dedication to fair treatment is enshrined when its Global Procurement Department rolled out its Global Policy on Supplier Code of Business Conduct last October 2022 with a mandatory annual re-cascade of the Code to its suppliers and contractors through the vendor re-accreditation process. This Code outlines ICTSI's non-negotiable expectations and minimum standards required of the Suppliers that the ICTSI terminals around the world have engaged and will engage with. This serves as a guiding compass for all business interactions and emphasizes the principles of transparency, integrity, and equitable dealings.

Accessible through the Company Website, the Supplier Code of Business Conduct articulates the expectations placed on the Suppliers and fosters a culture of mutual respect and collaboration.

Under this Code, the Suppliers are asked to submit a Disclosure of Conflict of Interest on an annual basis at the minimum. A Deputized Officer is designated by the Company to report of any conflict or violation of the Supplier Code of Business

ICTSI Global Policy on Supplier Code of Business Conduct
https://investors.ictsi.com/corporate-governance/policies

For any report of conflict or violation or any concern related to the Code: Email the **Deputized Officer** through globalhradmin@ictsi.com

Conduct. This team member must be unbiased and treat all reports fairly.

Furthermore, ICTSI maintains open lines of communication with the Suppliers through the conduct of an Annual Supplier's Performance Evaluation based on dependability/timeliness, product/service quality, and social, health, safety, and environmental (HSE) compliance.

In line with this annual evaluation, the Company also holds an Annual ICTSI Supplier Quality Awards (ISQA) spearheaded by the Global Procurement Department. This event provides annual recognition of the efforts of the Suppliers who have done their best to support, comply with, and abide by the performance standards of the Company. This also serves as the venue to reiterate important corporate guidelines and cascade initiatives, ensuring Suppliers have ample information and opportunities to align their company objectives with ICTSI.

During the last ISQA held last August 10, 2023, the Global Sustainability Team encouraged the Suppliers on the need to work together with ICTSI towards achieving both their sustainable goals, and how they can join in the Company's initiatives to disclose relevant sustainability performance indicators, especially related to supply chain and climate change.

By actively engaging with all its business partners, ICTSI ensures that its policies and ethical standards are not just words on paper, but tangible commitments reflected in day-to-day operations.

CREDITORS

The Company upholds creditors' rights by honoring contracted obligations and providing information required under the Revised Disclosure Rules, Securities Regulation Code and other applicable local and global regulations, if applicable, audited financial statements prepared compliant with applicable financial reporting standards, and other periodic reports compliant with the provisions of law, loan and bond covenants and other regulatory requirements.

EMPLOYEE PARTICIPATION

PRINCIPLE 15

A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

ICTSI recognizes the importance of its internal stakeholders, its employees. They play a vital role in living the ICTSI Values to achieve the Company's Purpose. The Company established various policies to uphold and protect the rights and welfare of its employees, including but not limited to occupational health and safety and rewards/compensation policy for good performance. It provides training opportunities for learning and development as well as employee feedback mechanisms, anti-corruption measures, whistleblowing/fraud reporting and grievance machineries to create a sound and healthy working environment to its internal stakeholders.

RECOMMENDATION 15.1

01 Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.

SUPPLEMENT TO RECOMMENDATION 15.1

01 Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.

02 Company has policies and practices on health, safety and welfare of its employees.

03 Company has policies and practices on training and development of its employees.

EMPLOYEE ENGAGEMENT

STRENGTHS DISCOVERY

Focusing on self-awareness and aiming to strengthen employee engagement, the ICTSI Global Academy has adopted the use of CliftonStrengths as a self-assessment tool to identify individual talent themes and employee strengths in ICTSI Global Corporate and Terminals. The Program aims to promote employee engagement and well-being by discovering their unique talent themes to guide them in improving their ways of working and promote positive work environment. To ensure the validity of the results, the team conducted one-on-one coaching sessions with employees after completion of the assessment. This will ensure that employees are guided properly on how to invest their time and effort using identified talents to achieve their goals and be able to support the organizational targets and objectives.

VALUES CASCADE

Geared towards effective culture building, cascade on ICTSI Purpose and Values was conducted for the ICTSI Global Corporate and Philippine Terminals Management Committees. The primary objective of this Program is to identify and consolidate a set of behaviors for each value that will help drive the Company's purpose through shared effort among the Employees. Setting the tone from the top, the Management level's support will help ensure the dissemination campaign to the rest of the organization's members.

PERFORMANCE MANAGEMENT SYSTEM

Across the ICTSI Global Corporate, the Performance Management System (PMS) was launched, and a structure was created for the Employees to set their goals and manage their individual performance. This Program aims to ensure that employee performance, as a critical component in an organization, plays a vital role in measuring the success of the Company by achieving the targets and objectives.

The System was developed using SuccessFactors as a platform, where an Employee can document his/her performance on the agreed objectives with his/her immediate manager covering the entire cycle. This includes planning, monitoring, reviewing, and rating. The framework requires the Employee to set goals based on KPIs, special projects, or any individual development/training plan, as well as scenarios based on exhibited values and leadership engagement. Mid-year and year-end reviews are conducted to check the status and progress of the goals confirmed by the Department Head.

TEAM BUILDING ACTIVITIES

Team building activities were conducted for the Global Corporate & Terminals groups to promote employee engagement and ICTSI values through activities that will enhance creativity and interactive learning. The activities foster the culture of teamwork and camaraderie as key result areas to help in the achievement of departmental goals. The ICTSI Global Academy provides activities that drive knowledge, skills, and attitude of the employees towards building an effective outcome-based performance.

HEALTH, SAFETY, AND WELFARE OF EMPLOYEES

Placing great importance on the fundamental human right to health and well-being, ICTSI and the rest of the ICTSI Group has remained committed to always ensuring the health and well-being of all its stakeholders especially its Employees. Over the years, the Group has been continuously implementing programs and initiatives to foster a positive safety culture and enhance control measures for the critical HSE risks of its operational activities. The Group's injury frequency rate has steadily declined for the past two years with its severity rate also improving quite significantly in 2023 compared to previous year.

Following the issuance of the Global Health and Safety (H&S) Policy in 2022, an ICTSI Health and Safety Management System Framework has been developed and will soon be rolled-out to all ICTSI Terminals. It shall provide a practical, risk-based management system that will be used to support ICTSI Terminals and businesses globally in implementing, improving, and sustaining healthy, safe, reliable, and efficient operations.

Supplementing the Terminals' various health, safety and environmental initiatives that were deployed last year, global safety campaigns on slips/trips/falls prevention and hand injury prevention were also ramped up in 2023 to help address the safety hotspots in tasks associated with its vessel operations. These safety campaigns have been instrumental in increasing workers' situational awareness, especially on workplace hazards causing the most injuries.

Recognizing that people's behaviors are essential to ICTSI's performance, employees' competencies are periodically assessed with various fit-for-purpose trainings conducted in 2023 to help continuously develop the abilities and competencies of our workforce and thus helping them perform assigned work in a healthy and safe manner. Training events include the following:

- Basic Occupational Safety and Health (BOSH)
- Behavioral Based Safety
- Control of Hazardous Energy (Lockout/Tagout)
- Driving Safety
- Electrical Safety
- Emergency Preparedness and Response
- Environment Aspect and Impact Evaluation
- Equipment Operation Safety
- Equipment Operation Safety - QC
- Equipment Operation Safety - Reach Stacker
- Equipment Operation Safety - RTG
- Ergonomics
- Fire Safety
- First Aid and Basic Life Support (BLS)
- General Health and Safety Awareness
- Hazardous Material and DG Handling
- Health and Wellness
- Health and Wellness: Rabies Prevention Control
- Health and Wellness: Warning Signs of Heart Attack
- Hot Works Safety
- HSE Induction for Contractors
- HSE Induction for Workers
- Human Factors Analysis for Incident Investigation
- IMDG Code
- Incident Reporting and Investigation
- Lifting and Rigging Safety
- Line of Fire Awareness
- Loss Control Management (LCM)

- Maritime Security Awareness
- Office Safety: 5S Program
- OSHA General Certificates
- Radio Communications
- Risk Assessment
- Safety Culture
- Safety Leadership
- Work Environment Measurement (WEM)
- Working at Heights

Aside from these training sessions, toolbox talks, which are typically conducted prior to the start of any work activity, continue to be an important communication and consultation tool between line managers/ supervisors and front-line workers. These brief but meaningful workforce engagement sessions not only create awareness for workers about workplace hazards and safety measures but also foster camaraderie amongst employees and contractors. Due to the regular coordination, potentially unsafe conditions are easily raised, and possible solutions are immediately tackled and implemented. For the past two years, there has been a substantial increase in the number of toolbox talks being conducted by line managers and supervisors. While these sessions led to a significant increase in near-miss reporting, the stronger collaboration has resulted in a higher closure rate of the reported near-misses and the prompt rectification of safety issues and concerns.

REWARDS POLICY

The Company provided special bonuses to acknowledge the exceptional performance of Officers and Employees who played a key role in surpassing productivity targets.

Officers and Employees of the Company may also receive remuneration through share-based payment transactions, whereby they are given awards in the form of ICTSI Common Shares as equity-settled transactions, in lieu of cash incentives and bonuses under the Share Incentive Program.

In addition, there is an Annual Incentive Program specifically designed for the Management Team, recognizing their individual contributions to the overall growth and performance of the organization. These incentive programs aim to recognize and reward deserving Employees for their valuable contributions to the continuous growth and performance excellence of the Company.

TRAINING AND DEVELOPMENT

In 2023, the ICTSI Global Academy conducted various training programs covering Business Performance, Leadership & Values, and Employee Engagement for various levels in the organization.

TERMINAL OPERATIONS MANAGEMENT (TOM)

This Program aims to enable participants to understand the terminal operations processes with the following overview and key objectives:

- Emphasizing the role of leaders in adding value to the business by raising performance of their teams, reducing cost and risks, and further strengthening our competitive advantage;
- Achieving targets and solving problems;
- Initiating continuous improvement in the way we do things;
- Focusing on operational program targeted for different managers in the terminal;
- Giving a holistic view of how various departments impact the efficiency in the terminal processes;
- Establishing continuous improvement as a key process to reduce waste, manage cost, and improve EBITDA; and
- Exposing participants to regional teams to create and establish internal network of expertise and support.

TERMINAL EXECUTIVE DIPLOMA (TED)

The ICTSI Terminal Executive Diploma (TED) was delivered by the ICTSI Global Academy, as part of ICTSI's commitment to:

- Build both technical and ICTSI company cultural skills across the business at senior levels to better position ICTSI in managing growth, enhancing business performance, and overcoming the challenges our industry is constantly facing;
- Create a common "language" and approach to key metrics, decision making processes, and business understanding to allow for quicker and more informed business decision making and enhance terminal performance;
- Establish internal network among global participants to share best practices; and
- Create an internal pipeline of executives / senior management for continuous growth of ICTSI.

DRIVING PERFORMANCE

The Driving Performance (DP) focuses on Basic Supervisory Program covering the fundamentals of Leadership and Terminal Operations. This Program covers the practical application of leadership in the workplace while understanding the essentials of terminal operations in the scope of supervisory level. It aims to provide the necessary knowledge, skills, and attitude designed to align with terminal activities and in providing support and contribution to management, stakeholders, customers, and port users while ensuring people handling skills on their scope and functions.

Specifically, the Program covers the following:

1. Health, Safety, & Environment;
2. Knowing your terminal;
3. Operating with a customer focus;
4. Measuring and managing terminal performance;
5. Reducing waste;
6. Leadership essentials;
7. Planning, Organizing, & Controlling; and
8. Leading function.

RECOMMENDATION 15.2

01 Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.

02 Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.

SUPPLEMENT TO RECOMMENDATION 15.2

01 Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.

ANTI-CORRUPTION POLICY

ICTSI has zero tolerance for any form of bribery and corruption in all its business dealings. Bribery and corruption do not only involve giving and receiving of monetary consideration but may also involve anything of value such as cash equivalents, accommodation and travel and any other material gain and intangible benefits. Existing policies on bribery and corruption apply to all Directors, Officers, Employees, consultants, contractors, trainees, seconded staff, casual workers and agency staff, interns, agents, or any other person associated with ICTSI, including external third parties who are outside parties but acting with, for or on behalf of ICTSI.

ICTSI is committed to the deterrence, prevention and uncovering of bribery and corruption. The Policy Against Tipping expressly prohibits the Employees from asking for, accepting, or receiving bribes, or any other personal benefit that would induce them to breach their duty to act in good faith or to act impartially. They shall also not pay any bribes or offer any improper inducement to business partners or service providers. Non-compliance with this may lead to severe consequences including dismissal from employment.

In conformity with ICTSI's Anti-Bribery and Corruption Policy (ABC Policy), bribery and corruption, in any form, is strictly prohibited. Corporate gifts and hospitality which are given in the normal course of business may be allowed provide they are openly and transparently given, comply with the local law and business customs, reasonable and not excessively lavish and appropriate in the particular context.

Discussions on anti-bribery and corruption obligations are part of the onboarding programs for newly hired employees. For existing employees, refresher courses are consistently held for them to be abreast of the salient provisions of the Code of Business Conduct and the ABC Policy. The Terminal Legal Health Check Program keeps the Employees updated not only of the updates on the Code and the ABC Policy but also on other Company Policies for their compliance. The training is composed of lectures, interaction with participants and an open forum for questions on honest and ethical business practices including anti-bribery and corruption obligations.

RECOMMENDATION 15.3

01 Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.

02 Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.

03 Board supervises and ensures the enforcement of the whistleblowing framework.

EMPLOYEE WHISTLEBLOWING POLICY

Pursuant to its commitment to ensure compliance with all applicable laws, rules and regulations, ICTSI further strengthened its Policy on Fraud Reporting, Complaints and Non-Compliance of Policies (Fraud Reporting Policy) by making it more accessible to the Employees through the provision of more reporting channels to include dedicated electronic mailbox and telephone hotlines. The Policy clearly provides for guidelines and procedure on from lodging of complaints, conduct of investigation up to imposition of disciplinary action for violations covered by the policy.

Employees are mandated to immediately report any concerns and violations. Anonymous reporting and disclosures are allowed subject to certain conditions such as the gravity of the concern and seriousness of issues raised, the credibility of the report and the reporter and the possibility of verification from other reliable sources.

A reporter has the option to submit a complaint through the Company's Chief Compliance Officer and/or Global Human Resource Department or Human Resource Department of the business units with the full assurance that the informant's identity shall be treated with utmost confidentiality and that his/her rights shall be protected based on applicable policies, laws and regulations. Once a complaint is received, a separate investigation and administrative due process is conducted. Through this, ICTSI shall gather more information and would not rely solely on the report of an employee thereby protecting the reporter's identity in the process.

Reporting Channels
For any report of violation or complaint, please contact:

Email:
reportfraud@ictsi.com

Telephone:
+632-8247-8241;
+632-8245-4101 ext. 8001;
+632-8247-8270;
+632-8245-4101 ext. 2123
+632-8245-4101 ext. 2142

SOCIAL RESPONSIBILITY

PRINCIPLE 16

The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

For the ICTSI Group, Corporate Social Responsibility is a core value: As the Group grows, the communities each of the ICTSI Terminals grow with the Terminal. The economies that host the Group prosper as the Group prospers. The Company maintains a socially responsible value chain, adheres to the UN Sustainable Development Goals, ensures that the Company protects its environment as well as empower and improve the lives of the community where it operates.

RECOMMENDATION 16.1

01 Company recognizes and places importance on the interdependence between business and society and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.

OPTIONAL TO PRINCIPLE 16

01 Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development.

02 Company exerts effort to interact positively with the communities in which it operates.

SOCIAL RESPONSIBILITY

ICTSI aims to create an impact on our stakeholders and communities we serve. These are implemented through initiatives of our ICTSI Head Office or Global Corporate, the terminals, and the ICTSI Foundation. These initiatives include (IP) community development, health and wellness, education and sports.

As such, some terminals established policies for community relations and initiatives. Contecon Guayaquil S.A.(CGSA) located in Ecuador, in particular, launched a program in 2023 called Orange Hearts, wherein collaborators who are part of the program looked for needs in the community and worked on improving this program's sustainability. Manila International Container Terminal (MICT) in the Philippines has an Operations Manual for Sustainability. They have Taskforce Parola, a collaboration by stakeholders of the Parola South Access Road that focuses primarily on monitoring, improving, and developing the traffic situation along Parola South Access Road. The Parola Inter-Agency Network (PIAN) is an ICTSI-led and organized informal network of organizations that develops, implements, monitors, and evaluates social services, social welfare activities, and social development programs. Anchored on ICTSI's commitment to contribute to the United Nations Sustainable Development Goals (UN SDG), PIAN maintains inclusivity, sustainability, and shared responsibility with MICT's host community.

As with other aspects of the Company's business, ICTSI's CSR initiatives also involve training for our workforce. Twelve of the ICTSI Terminals have conducted training on social responsibility in the last three years. These training activities vary from health and safety awareness to learning sessions on communities and employees, skills enhancement seminars, sexuality seminars, and stress management.

Operadora Portuaria Centroamericana (OPC), located in Honduras, and MICT are the terminals with specific social responsibility training programs, continuing education relevant to program development, implementation, management and evaluation, comprehensive sexuality education, humanitarian charter, response, career orientation, capacity building, and skills enhancement training. Tecon Suape S.A. (TSSA), located in Brazil, lectured about raising awareness of the importance of blood donation in partnership with HEMOPE. South Pacific International Container Terminal (SPICT), located in Papua New Guinea, conducts school visits to their communities, providing sessions relevant to the environment and environmental protection.

ICTSI maintains an environmentally and socially responsible supply chain, the Company screens its suppliers with certain environmental and social criteria as it understands that procurement decisions influence local and international environmental, social, and economic conditions.

CORPORATE INFORMATION

CORPORATE OFFICES

International Container Terminal Services, Inc.
ICTSI Administration Building
Manila International Container Terminal
MICT South Access Road, Port of Manila
Manila 1012 Philippines
+ 63 2 8245 4101
+ 63 2 8245 2245
info@ictsi.com
ictsi.com

Investor Inquiries
ICTSI welcomes inquiries from investors, analysts and the financial community. For more inquiries about ICTSI, please email investor@ictsi.com or visit investors.ictsi.com

Emilio Manuel V. Pascua
Chief Financial Officer
+ 63 2 8247 8048
mpascua@ictsi.com

Arthur R. Tabuena
Treasury Director and Head of Investor Relations
+ 63 2 8245 2255
+ 63 2 8247 8008
+ 63 2 8247 8035
atabuena@ictsi.com

In case of complaints or concerns regarding the Code of Business Conduct, please contact:

The Chief Compliance Officer
Thru: ICTSI Global Corporate Legal Affairs
+ 63 2 8247 8241
+ 63 2 8245 2245
legalgroup@ictsi.com

In case of any report or concern regarding the Conflict of Interest Policy, please contact:

Global Corporate Human Resources
+ 632 8247 8291
globalhradmin@ictsi.com

For any report or concern regarding the Related Party Transactions Policy, please contact:

Atty. Benjamin M. Gorospe III
+ 632 8247 8263
+ 632 8247 8034
bgorospe@ictsi.com

For any report or concern regarding the Data Privacy Policy, please contact:

ICTSI Data Protection Officer
+ 63917 PRIVACY
+ 632 8247 8027
dpo@ictsi.com

For stockholder assistance regarding account status, stock certificates, stockholder information changes, and dividend payments:

Ricardo D. Regala
Stock Transfer Services Inc.
Unit 34-D Rufino Pacific Tower
6784 Ayala Avenue,
Makati City, Philippines
+ 632 8403 2410
+ 632 8403 3433
+ 632 8403 2414
rdregala@stocktransfer.com.ph

MANILA INTERNATIONAL CONTAINER TERMINAL

Human Resources Department
CFS 2 Building
Manila International Container Terminal
South Access Road
Manila 1012, Philippines
+ 632 6245 4101 loc. 2122/23
hrdteam@ictsi.com

Global Procurement Department
2F ICTSI Administration Building
Manila International Container Terminal
South Access Road
Manila 1012, Philippines
+ 632 8247 2164
globalprocurement@ictsi.com

MICT Commercial
2F ICTSI Administration Building
Manila International Container Terminal
South Access Road
Manila 1012, Philippines
+ 632 8245 4101
mictcommercial@ictsi.com

Global Health Safety Security and Environment (HSSE)
2F ICTSI Administration Building
Manila International Container Terminal
South Access Road
Manila 1012, Philippines
+ 632 8247 8052
mnicanor@ictsi.com

ICTSI FOUNDATION, INC.

2/F ICTSI Administration Building
Manila International Container Terminal
South Access Road
Manila 1012, Philippines

ICTSI Foundation Multipurpose Hall
GF ECJ Building
Real corner Arzobispo Streets,
Intramuros, Manila
+ 632 5310 2540
foundation@ictsi.com

Our complete Annual Reports can be viewed or downloaded at www.ictsi.com

A thorough discussion of the Company's sustainability and social responsibility efforts can be found at the 2023 ICTSI Group Sustainability Report and the ICTSI Foundation Accomplishment Report.

THE LOGISTICS OF TRANSFORMATION

2023 SUSTAINABILITY REPORT

International Container Terminal Services, Inc.

CORPORATE OFFICE
ICTSI Administration Building
Manila International Container Terminal
MICT South Access Road, Port of Manila
Manila 1012 Philippines
+63 2 8 245 4101
info@ictsi.com
www.ictsi.com

THE LOGISTICS OF TRANSFORMATION

2023 SUSTAINABILITY REPORT

International Container Terminal Services, Inc.

ABOUT THE COVER

Even as the Company accelerates its transformative work in port operations—including the greening of logistics and the digitalization of the supply chain–ICTSI remains focused on the broader horizon: developing, operating, and managing ports that bring about positive change and sustainable growth.

Our Butterfly Effect cover art reflects the impact of our principles, policies, practices, and processes. Expressed in every single day-to-day action, decision, or transaction, these act as pivot points that lead to large-scale change.

The layered images speak of the multiplicity of stakeholders we serve, and the spectrum of vital–and evolving–metrics by which we constantly evaluate and calibrate our performance as the world's largest independent global port operator.

THE LOGISTICS OF TRANSFORMATION

2023 SUSTAINABILITY REPORT

International Container Terminal Services, Inc.

CONTENTS

CHAIRMAN'S MESSAGE

We've weathered global economic recessions, navigated geopolitical tides and shifting industries, prevailed through technological and digital disruptions, and emerged stronger from the impacts of volatile environments brought about by climate change. We didn't just adapt. We transformed. Constantly.

We've been living and breathing sustainability since our beginnings. Our people remain our greatest asset, not only in driving growth, but in fostering continuity in our business and communities. It is in this aspect that we align with the UN Global Compact to further ensure human rights, industrial peace, good governance, and environmental responsibility.

To complement our UNGC pledge, we launched our four strategic ESG priorities:

- Act on Climate Change
- Protect Ecosystems
- Ensure the Well-Being of Our People
- Operate According to Responsible Business Practices

Our Climate Change Action Policy will guide the ICTSI Group in achieving a low-carbon present and net-zero future. We will continue to invest in cleaner technologies. We are managing our resources from end-to-end through greener sourcing of water and energy, responsible waste management, and the steady eradication of our carbon footprint. The Policy will allow our people to pursue new solutions and scale current initiatives to lower greenhouse gas emissions while advancing collaboration and innovation across all terminals.

We join global business' ambitious target to date: achieving net zero by 2050. In the Americas, four of our terminals in Brazil, Ecuador, and Mexico are now carbon-neutral. Expect more of our ports to achieve the same in the coming years. We are shifting gears towards renewables and alternative fuels, digitizing terminal operations, rolling out green infrastructure and natural solutions, and in helping enhance the flow of logistics and the greater, global supply chain.

Through the ICTSI Foundation, we've institutionalized our environment advocacy in biodiversity and the protection of ecosystems. IF, together with the Ramon Aboitiz Foundation, completed a three-year tree planting project in Batangas province, Philippines. Over 45,000 trees were planted covering 56 hectares. As we expand in Africa, we do our share in upholding biodiversity through education at the grassroots even as we continue and initiate new conservation projects in the continent.

> “We didn't just adapt. We transformed. Constantly.

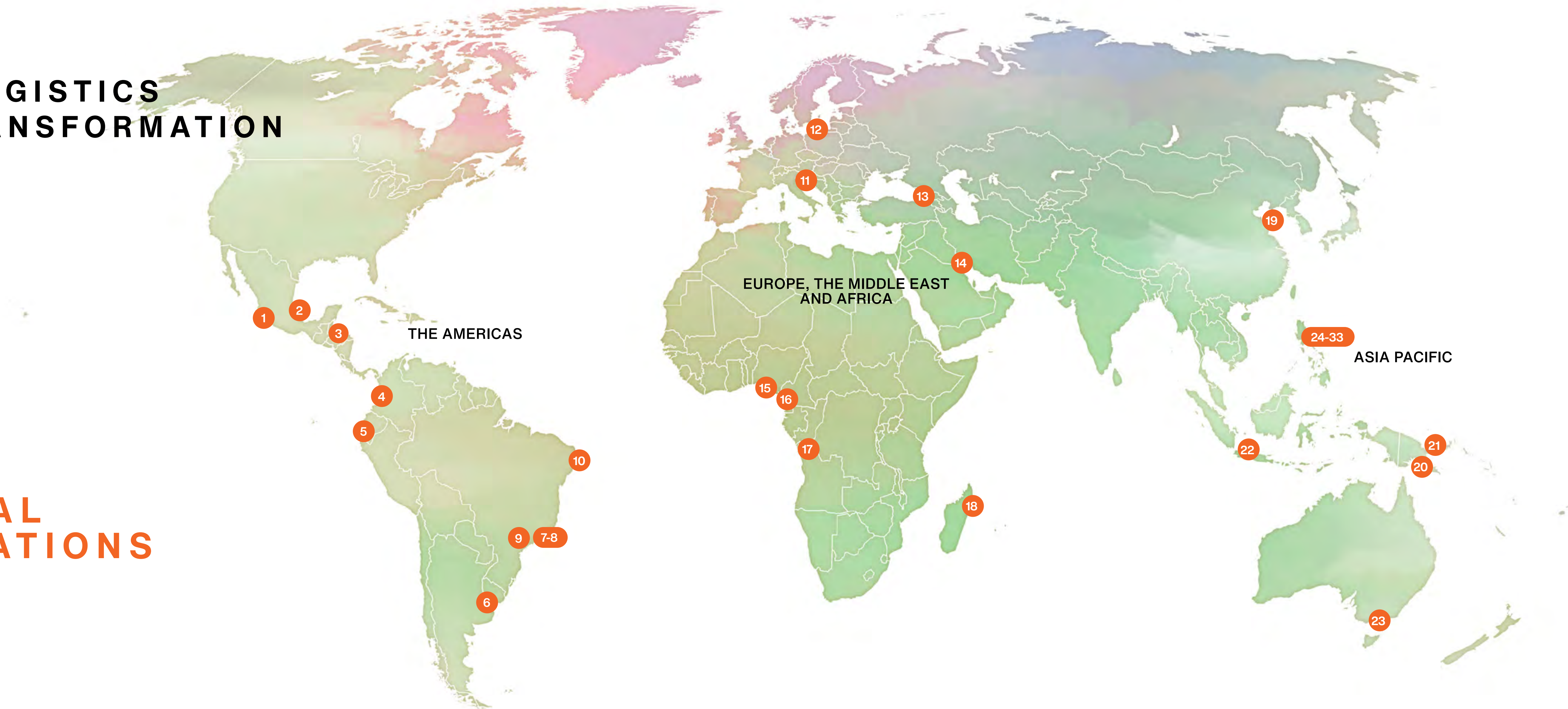
With our ESG priorities in place, we sustain freedom and dignity of work, secure livelihoods, cultivate safe spaces, and nurture a diverse and inclusive environment for employees. We continue to thrive in a culture that promotes continuous learning, professional excellence, and financial growth. We harness positive relationships with our regulators, partners, customers, stakeholders, and communities.

We aim to make our ports around the world drivers of positive change and sustainable growth. Climate change action, environment protection, people and organization, and good global citizenship are the wings on which our vision takes flight.

Enrique K. Razon Jr.
Chairman & President

THE LOGISTICS OF TRANSFORMATION

GLOBAL OPERATIONS MAP



THE AMERICAS

1 **Contecon Manzanillo**
Manzanillo, Mexico

2 **Tuxpan Maritime Terminal**
Veracruz, Mexico

3 **Puerto Cortés**
Cortés, Honduras

4 **Puerto Aguadulce**
Buenaventura, Colombia

5 **Contecon Guayaquil**
Guayaquil, Ecuador

6 **TecPlata**
Buenos Aires, Argentina

7 **Rio Brasil Terminal**
Rio de Janeiro, Brazil

8 **iTracker**
Rio de Janeiro and Barra Mansa, Brazil

9 **CLIA Pouso Alegre**
MinasGerais, Brazil

10 **Tecon Suape**
Pernambuco, Brazil

EUROPE, THE MIDDLE EAST AND AFRICA

11 **Adriatic Gate Container Terminal**
Rijeka, Croatia

12 **Baltic Container Terminal**
Gdynia, Poland

13 **Batumi International Container Terminal**
Adjara, Georgia

14 **Basra Gateway Terminal**
Umm Qasr, Iraq

15 **Onne Multipurpose Terminal**
Port Harcourt, Nigeria

16 **Kribi Multipurpose Terminal**
Kribi, Cameroon

17 **Matadi Gateway Terminal**
Kongo Central, D.R. Congo

18 **Madagascar International Container Terminal**
Toamasina, Madagascar

ASIA PACIFIC

19 **Yantai International Container Terminals**
Shandong, China

20 **Motukea International Terminal**
Port Moresby, Papua New Guinea

21 **South Pacific International Container Terminal**
Lae, Papua New Guinea

22 **East Java Multipurpose Terminal**
Lamongan, Indonesia

23 **Victoria International Container Terminal**
Melbourne, Australia

PHILIPPINES

24 **Manila International Container Terminal**

25 **NorthPort**

26 **Manila Multipurpose Terminal**

27 **Cavite Gateway Terminal**
Tanza, Cavite

28 **Subic Bay International Terminals (NCT 1 and 2)**
Olongapo City

29 **Laguna Gateway Inland Container Terminal**
Calamba City

30 **Bauan International Port**
Bauan, Batangas

31 **Visayas Container Terminal**
Iloilo City

32 **Mindanao Container Terminal**
Tagoloan, Misamis Oriental

33 **Makar Wharf**
General Santos City

*As of April 15, 2024

OUR PORTFOLIO

EXISTING OPERATIONS

- Manila International Container Terminal (MICT), Manila, Philippines
- Subic Bay International Terminals / Subic Bay International Terminal Corp. (SBITC), New Container Terminals 1 & 2, Subic Bay Freeport, Philippines
- NorthPort / Manila North Harbour Port, Inc. (MNHPI), Manila, Philippines
- Manila Multimodal Terminal (MMT), Manila, Philippines
- Cavite Gateway Terminal, Inc. (CGT), Tanza, Philippines
- Laguna Gateway Inland Container Terminal, Inc. (LGICT), Calamba, Philippines
- Bauan International Port, Inc. (BIPI), Bauan, Philippines
- Mindanao Container Terminal (MCT) / Mindanao International Container Terminal Services, Inc. (MICTSI), Misamis Oriental, Philippines
- South Cotabato Integrated Port Services, Inc. (SCIPSI), Gen. Santos City, Philippines
- Victoria International Container Terminal Ltd. (VICT), Melbourne, Australia
- South Pacific International Container Terminal Ltd. (SPICTL), Papua New Guinea
- Motukea International Terminal Ltd. (MITL), Papua New Guinea
- Yantai International Container Terminals Ltd. (YICTL), Shandong, China
- Operadora Portuaria Centroamericana S.A. de C.V. (OPC), Cortes, Honduras
- Sociedad Puerto Industrial de Aguadulce S.A. de C.V. (SPIA), Buenaventura, Colombia
- Contecon Manzanillo S.A. de C.V. (CMSA), Colima, Mexico
- Contecon Guayaquil S.A. de C.V. (CGSA), Guayas, Ecuador
- Tecon Suape S.A. (TSSA), Pernambuco, Brazil
- TecPlata S.A. (TECPLATA), Buenos Aires, Argentina
- Rio Brasil Terminal (ICTSI Rio) / Libra Terminal Rio S.A, Rio de Janeiro, Brazil
- Adriatic Gate Container Terminal JSC (AGCT), Rijeka, Croatia
- Baltic Container Terminal (BCT), Gdynia, Poland
- Basra Gateway Terminal (BGT) / ICTSI (M.E.) DMCC, Umm Qasr, Iraq
- Batumi International Container Terminal, Ltd. (BICTL), Adjara, Georgia
- Madagascar International Container Terminal Services, Ltd. (MICTSL), Toamasina, Madagascar
- Matadi Gateway Terminal (MGT) / ICTSI DR Congo S.A., Matadi, D.R. Congo

NEW PROJECTS SECURED

- Kribi Multipurpose Terminal S.A. (KMT), Kribi, Cameroon
- Onne Multipurpose Terminal (OMT) / International Container Terminal Services Nigeria Ltd. (ICTSNL), Port Harcourt, Nigeria
- I-Tracker Logistica Inteligente / IRB Logistica Ltda. (I-Tracker), Rio de Janeiro and Barra Mansa, Brazil
- CLIA Pouso Alegre / Armazéns Gerais Sul das Gerais S.A. (CLIA), Minas Gerais, Brazil
- East Java Multipurpose Terminal / PT East Java Development (EJMT), Lamongan, Indonesia
- Visayas Container Terminal, Inc. (VCT), Iloilo, Philippines

GREENFIELD PROJECT

- Tuxpan Maritime Terminal (TMT), Veracruz, Mexico

OUR SUSTAINABILITY JOURNEY

FROM HUMBLE BEGINNINGS TO GLOBAL IMPACT

From a single Philippine terminal to a global network across six continents, our story at International Container Terminal Services, Inc. (ICTSI) is one of transformation. Today, we're not just the world's largest independent port operator; we're a partner in fueling economic growth and sustainable development for nations and communities worldwide.

Building partnerships around efficient, sustainable gateway terminals lies at the heart of our journey. We collaborate with governments to revitalize maritime infrastructure through long-term concession agreements or public-private partnerships (PPP). We leverage our expertise to boost trade, reduce environmental impact, and create shared value for every stakeholder.

Incorporated in 1986 and listed on the Philippine Stock Exchange since 1992, our Company is headquartered at the ICTSI Administration Building, Manila International Container Terminal, South Access Road, Port of Manila, City of Manila, Philippines.

As of end 2023, our network spans 32 terminals in 19 countries across Asia Pacific, the Americas, and Europe-Middle East-Africa (EMEA). With over 9,865 dedicated employees, we remain committed to operational excellence and sustainable development.

Our purpose as a business transcends merely handling cargo. We envision a future where ports are catalysts for prosperity, driving global logistics with innovation and responsibility. Through strategic partnerships, we aim to connect the world sustainably, leaving a lasting positive impact on people and planet.

OUR PURPOSE

To make ports around the world drivers of positive change and sustainable growth.

At ICTSI, we work tirelessly to develop and operate efficient and sustainable port facilities and to deliver the highest possible benefits to our stakeholders and the communities we serve.

OUR VALUES

ICTSI's commitment to our partners and communities began more than three decades ago in the Philippines. Our projects and terminals now extend across six continents and are anchored by many of the same founding values that have underpinned our sustainable approach to growing our business and our host economies. Our five values guide our behavior and form the foundation of our purpose:

- **RESPECT FOR ALL.** We place the utmost importance on safety, community, and diversity. The well-being and health of all our stakeholders are our number one priority. We strive to have the highest standards to ensure our people and stakeholders are safe, respected, and treated fairly.
- **TRUST.** We lead with integrity, respect, and compassion for our people, partners, communities, and our environment. We take great pride in working responsibly to earn trust and keep it.
- **COLLABORATION.** We are a diverse and inclusive company working together and exploring new ways of doing things to deliver the best possible outcome for all stakeholders. As a responsible business, we embrace equality of opportunity and empower all our people to adapt, collaborate, and innovate across borders.
- **TENACITY.** Our people work tirelessly with utmost determination to achieve their goals and deliver on commitments to partners, shareholders, host communities, and the environment.
- **PASSION.** We are pioneers in an industry with deep linkages to the host economies and communities we operate. Our people relish the challenge of exploring new opportunities, operating terminals, creating sustainable benefits for our host communities, and protecting the environment while also delivering returns to our shareholders.

PUBLIC SECTOR / GOVERNMENTS

Beyond compliance with laws and regulations, we establish cooperation and mutual support with the local and national authorities.

HOST COMMUNITIES

We take pride in sustaining a shared purpose with the populace in our proximity as we work with them for the common good.

SHAREHOLDERS AND CREDITORS

Efficiency, value creation and growth are top-of-mind matched with a commitment to innovation and sustainability.

PORT USERS

More than just passing through, our customers form the strongest link in a value chain that embraces the world. The efficiency and reliability of our services ensure that their businesses grow.

TRADE UNIONS AND INDUSTRY ASSOCIATIONS

We protect the livelihood and well-being of the people we work side-by-side with on a daily basis as we rely on our partners to keep our industry moving.

EMPLOYEES

It's not the machines, but our people, who do the heavy lifting, ensuring the continuous improvement of our processes, services, and initiatives. In turn, the company supports their development, safety, and well-being.

SUPPLIERS

We don't complete our businesses and services in isolation. A circle of suppliers supports us, and together we build on mutual trust, collaborative worth, and a shared goal.

A LEVER FOR VALUE CREATION

Each ICTSI terminal represents a powerful tool for generating value. Our focus is on providing cargo handling and related services within the transportation industry, and we have built a portfolio of marine and inland gateway terminals in both mature and emerging markets. These terminals have annual throughputs ranging from 50,000 TEUs to 3.5 million TEUs.

Behind every lift we perform, value begets value as the worth we create for our stakeholders links to the service we contribute to the industry.

We accomplish positive and transformative impacts for our people, host communities, and various stakeholders through the practical outworking of sustainability principles enabled and magnified by innovation and digital transformation.

We take a long view of value creation with port partnership agreements that cover long-term concessions—17 years on average. In the daily operational context of our terminals, we are a "pure ports" player, a truly independent international port business with no shipping or consignee-related interests able to work and transact transparently with any stakeholder in the port community.

We serve commercial customers and port users such as shipping lines, cargo owners and shippers, landside (port hinterland) logistics players and independent brokers, along with freight forwarders, especially trucking companies and truck drivers; government agencies, primarily customs authorities in the territories where we operate; and industry groups such as trucking associations with satellite offices or operations within the port premises.

2023 PERFORMANCE HIGHLIGHTS

	2022	2023
REVENUES FROM OPERATIONS (Gross revenues from port operations)		
	USD2.24 BILLION	USD2.39 BILLION
TOTAL CARGO HANDLED	12,216,190 TEUs	12,749,214 TEUs
TOTAL CAPITALIZATION		
DEBT	USD2.47 BILLION	USD2.17 BILLION
EQUITY	USD1.73 BILLION	USD1.91 BILLION

ICTSI

- CONTAINER STRIPPING AND STUFFING
- CARGO STORAGE
- VESSEL AND CONTAINER HANDLING
- SERVICES FOR REFRIGERATED CONTAINERS OR REEFERS
- WEIGHING
- ROLL-ON/ROLL-OFF
- BULK AND GENERAL CARGO HANDLING

OUR ESG STRATEGY

Our world stands at a critical juncture, facing escalating climate challenges, environmental degradation, and widening social disparities. As stewards at the critical intersection of land and sea, ICTSI recognizes the profound impact ports have on both planet and people. We believe true progress demands a sustainable future, where economic growth thrives in harmony with environmental responsibility and social well-being.

Driven by Our Purpose, ICTSI champions four key sustainability priorities aligned with stakeholder needs and the UN Sustainable Development Goals (SDGs). These priorities guide our ESG Strategy, directing actions to continuously improve performance and create lasting value. This unwavering commitment fuels our pursuit of responsible growth and shared prosperity for generations to come.

At the heart of this strategy lies a deep commitment to Good Global Citizenship. We work hand-in-hand with our host communities, understanding their needs and tailoring solutions for lasting positive impact. This collaborative approach, guided by a robust global framework, ensures long-term value for all stakeholders and fosters a more sustainable future.

ACT ON CLIMATE CHANGE

We pledge to significantly reduce our carbon footprint optimizing energy efficiency, technology adoption, transitioning to renewable energy sources, and fostering supply chain collaboration. By optimizing operations and investing in cleaner technologies, we aim to be a leader in sustainable port development.

PROTECT ECOSYSTEMS

Recognizing the delicate balance of our shared environment, we are committed to safeguarding precious ecosystems and biodiversity. This includes responsible water management, minimizing pollution, and proactively conserving natural habitats within our operational areas and in critical areas where we can make an impact.

ENSURE THE WELL BEING OF OUR PEOPLE

Our people are the heart of ICTSI. We are dedicated to fostering a safe, inclusive, and rewarding work environment that empowers individuals and their communities. This encompasses health and safety, decent work and economic growth, and equality, diversity and inclusion.

OPERATE ACCORDING TO RESPONSIBLE BUSINESS PRACTICES

As a responsible corporate citizen, we uphold the highest ethical standards in all our operations. This includes transparent governance practices, anti-corruption measures, and a commitment to fostering positive relationships with our supply chain, stakeholder groups, and local communities.

DRIVING SUSTAINABILITY THROUGH PRUDENT LEADERSHIP

At the heart of our commitment to sustainability lies a robust governance framework that upholds best practices and sets a precedent for responsible business conduct.

ESG Committee: Anchored in oversight and accountability, the ESG Committee, comprised of two Independent Directors and a Non-Executive Director, convenes periodically to review and address the Company's ESG issues, risks, and concerns, with a focus on environmental impact, social responsibility, and corporate governance. Chaired by former Philippine Supreme Court Chief Justice Diosdado M. Peralta III, this committee meticulously reviews ESG policies, targets, and achievements, steering the Company towards the attainment its sustainability commitments. Moreover, the ESG Committee is responsible for reviewing the Sustainability Report, and endorsing the same to the Board for approval, ensuring transparency and accuracy in our reporting practices. This Sustainability Report was approved during the meeting of the Board on February 28, 2024.

The Chief Sustainability Officer (CSO): In recognition of the paramount importance of sustainability, the Board of Directors established the office of the Chief Sustainability Officer in June 2022. Christian R. Gonzalez, concurrently serving as Executive Vice President, Compliance Officer, and President of the ICTSI Foundation, was appointed to this pivotal role. As the CSO, Mr. Gonzalez advocates for ESG principles throughout the ICTSI Group, overseeing sustainability strategies and initiatives to ensure alignment with the Company's Purpose and Values.

Global Sustainability Team: Driving synergy across departments, the Global Sustainability Team draws expertise from our Global Corporate Investor Relations, Legal Affairs and Public Relations departments. This diverse team exemplifies our collaborative approach to sustainability, leveraging unique perspectives to drive progress. Arthur R. Tabuena, leveraging his experience as Treasury Director and Head of Investor Relations, currently leads this critical function.

Sustainability Champions: Comprising senior executives and management personnel at the Corporate level, the Global Sustainability Champions provide strategic oversight on key material issues, aligning ICTSI's ESG objectives with business strategy, and identifying and mitigating ESG risks and opportunities. Terminal Champions, on the other hand, also play a pivotal role in executing and reporting ESG initiatives at business units.

This collaborative approach on ESG Governance ensures that our sustainability efforts are data-driven, transparent, and impactful, contributing to a more sustainable future for generations to come.

ICTSI terminals stand as engines of economic growth, not just within their immediate vicinity but across entire global trade networks. Our core business lies in providing exceptional cargo handling and related services, with a network of marine and inland terminals spanning both established and emerging markets. Ranging in size from handling 50,000 TEUs to 3.5 million TEUs annually, these terminals represent more than just physical infrastructure; they are hubs where value creation goes beyond traditional metrics, encompassing the six capitals of natural, manufactured, human, social, financial, and intellectual capital.

Our commitment extends beyond immediate gains. As a "pure ports" player, we operate with complete independence, engaging transparently with every member of the port community. This synergy ensures that every container movement creates a ripple effect of shared value, fostering prosperity for our business, the communities we serve, and the environment we collectively depend on.

However, our vision extends beyond internal benefit. We recognize the interconnectedness of our operations with the global community and strive to actively contribute to a more sustainable future. This commitment takes shape through our well-defined sustainability agenda, which aligns seamlessly with the United Nations Sustainable Development Goals (SDGs). Through our aligned efforts, we aim to not only ensure the prosperity of our business, but also contribute to a healthier planet and a more equitable future for all. We believe that by collaborating and striving towards these shared goals, we can create a more sustainable and prosperous world for generations to come.

CORPORATE COMMITMENTS

Sustainable Development. Sustainability is a core principle ingrained in our operations and in our collaborations with host economies. For over three decades, we have been at the forefront of creating transformative ports that not only drive economic growth but also prioritize environmental stewardship and community well-being.

Our commitment to sustainable development operates on parallel tracks: global corporate policies and programs, projects conceptualized and implemented by individual ports, and efforts that are either spearheaded or supported by our social responsibility arm, the ICTSI Foundation. In recent years, our Philippine operations have embraced the ICTSI Employee Volunteerism Program (IEVP)—a testament to our dedication to community engagement. This program supports corporate, port, and Foundation projects, creating a positive ripple effect.

Across our organization, we strive for increasingly sustainable operations, aiming to expand and intensify positive impacts anchored on ICTSI's ESG Strategy.

Sustainability and Governance. We firmly believe that robust corporate governance forms the bedrock of enduring business sustainability. Our structured framework encompasses crucial areas such as general management, information systems, risk management, reliable financial and operational information, and the pursuit of cost-effective and profitable business operations.

We emphasize adherence to contractual obligations and compliance with the laws, rules, and regulations prevailing in the territories where ICTSI operates. Our commitment extends beyond mere compliance by embedding international standards into our day-to-day operations, including those set by the International Maritime Organization (IMO) and the International Organization for Standardization (ISO).

Committed to integrating sustainability principles more systematically and deeply into strategic visioning, planning, and execution—creating a positive impact across operations, borders, and generations—we have fully entrenched, since 2020, our Board-Level Sub-Committee on Environment, Social, and Governance (ESG) issues.

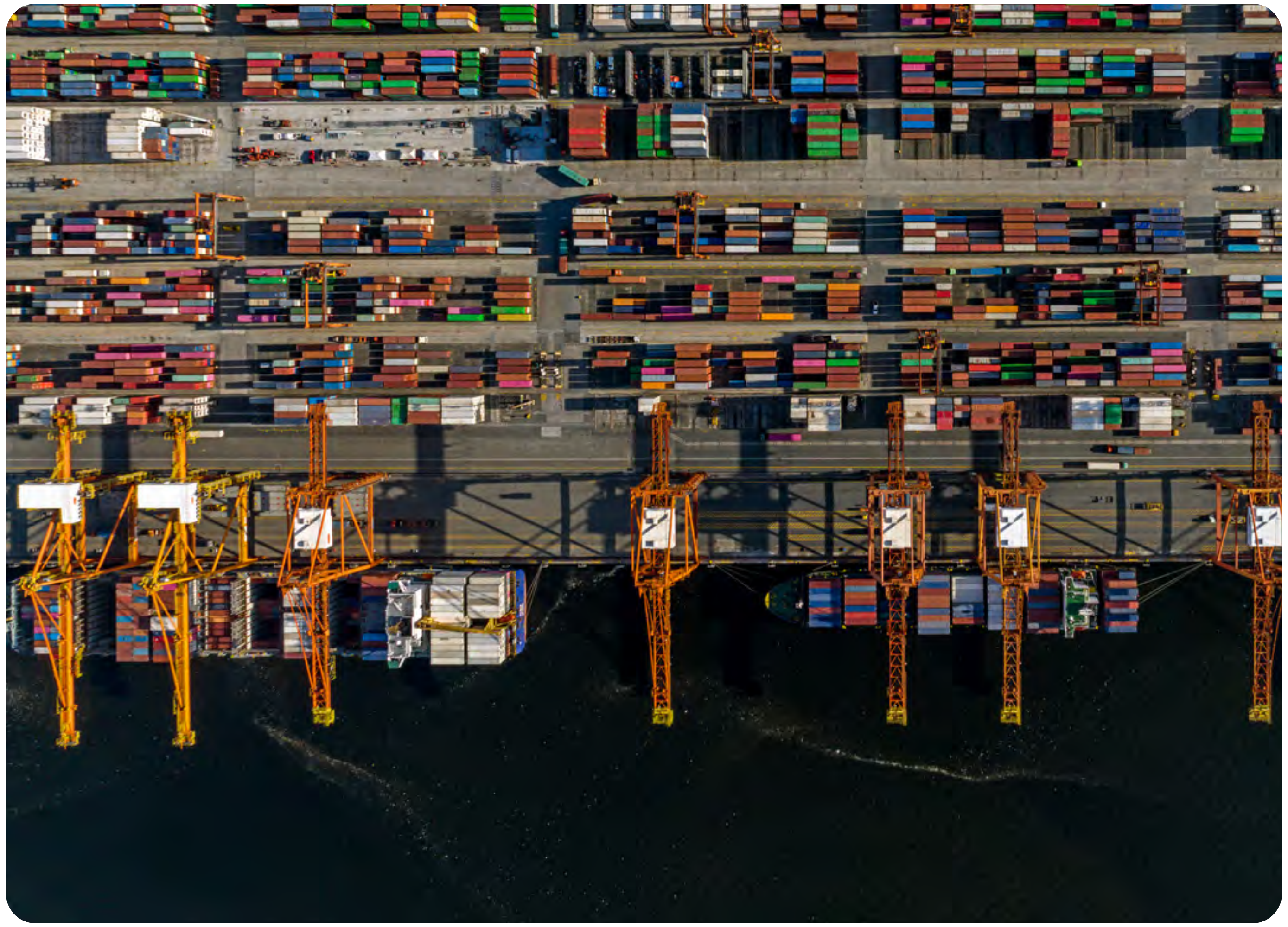
United Nations Sustainable Development Goals (UN SDGs). Guided by the enduring principle of sustainability and our belief in "the value of the long view," we are steadfast in ensuring that our operations and transactions align with the principles of Good Global Citizenship.

ICTSI has proactively seized opportunities to contribute to the United Nations Sustainable Development Goals (SDGs). These endeavors span a diverse spectrum, including:

- Supporting national and regional goals through trade facilitation, especially in developing markets. To these ends, ICTSI creates and constantly upgrades major maritime port infrastructure, bringing world-class efficiencies to ports (SDG 1 and 8)
- Pioneering—especially in developing/emerging markets—in instituting international standards in labor, health and safety, and security; introducing technologies and innovations; and, establishing quality, environmental, and other management systems (SDG 3, 8, 9, and 16)
- Greening operations: welcoming opportunities to either develop livable port cities, or re-establish existing port facilities in new sites outside of city limits, or utilize utilizing planning and technology to better manage aspects of the container flow (SDG 12 and 13)
- Promoting gender equality and women empowerment in the workplace by creating a safe and inclusive work environment that promotes diversity and inclusion, and equal opportunities for women in recruitment, promotion, and leadership positions (SDG 5)
- Creating inclusive growth and sustainable economic opportunities in the communities where it operates through local hiring and procuring from local businesses, as well as partnering with local companies, organizations, and governments to achieve sustainable development goals (SDG 10 and 17)

In addition to these efforts, the ICTSI Global Corporate Office, the Subsidiaries, and the ICTSI Foundation have ongoing commitments to communities and marginalized sectors: providing access to quality education, training in employable skills, and technical-vocational facilities; ensuring clean water, health services, and sanitation; and, providing environmental education and ecological solid waste management-based livelihood opportunities, among others (SDG 1, 3 and 4).

United Nations Global Compact (UNGC). ICTSI proudly joined the UN Global Compact on February 14, 2023, solidifying our dedication to responsible business practices. We are steadfast in upholding the 10 Business Principles of the Global Compact, safeguarding human rights and avoiding complicity in abuses.



Our commitment goes beyond membership. In 2020, we have already taken decisive action by officially launching "Our Global Principles on Human Capital," a public commitment embedding the principles of respect for human rights, diversity, and fair labor practices into our day-to-day operations.

ICTSI is diligently working towards submitting our first Communication on Progress by 2024, showcasing our alignment with UNGC standards and ongoing initiatives.

In the Philippines, ICTSI remains actively engaged with the UNGC, collaborating on initiatives such as the Ocean Stewardship Coalition. Through these collaborative efforts, we aim to contribute to a more sustainable and equitable future, both locally and globally.

Ethical and Responsible Supply Chains: At ICTSI, we uphold a steadfast commitment to ethical and responsible procurement practices throughout our global supply chain. In October 2022, we introduced a Supplier Code of Business Conduct, setting forth stringent expectations for suppliers that go beyond mere legal requirements. This comprehensive code promotes responsible practices and underscores our unwavering dedication to integrity.

In addition to the Supplier Code, we enforce mandatory anti-corruption and anti-bribery clauses in all supplier contracts, further fortifying our commitment to ethical conduct and transparency across our operations. By adhering to these rigorous standards, we ensure that our supply chain operates with the highest levels of integrity and accountability, ultimately contributing to sustainable business practices and positive societal impact.

Both policies are publicly available on our website, transparently demonstrating our commitment to ethical partnerships.

PARTICIPATION IN EXTERNAL INITIATIVES

Global Reporting Initiative (GRI). The Company first adopted the GRI Standards in 2017 to enable us to report on our various sustainability initiatives, and continue to use the GRI Standards for this report.

Global Shipping Business Network (GSBN). In 2024, ICTSI joined the GSBN, a neutral, not-for-profit consortium whose mission is to enable paperless, accessible and sustainable growth in global trade with its data infrastructure and ecosystem of partners. By integrating with GSBN's secure and transparent infrastructure, we empower our customers with seamless real-time access and exchange of vital transactional information throughout the supply chain, as well as supporting the shipping industry's decarbonization transition.

International Maritime Organization (IMO). ICTSI ports are compliant with the regulations set under the IMO's International Ship and Port Facility Security Code (ISPS Code).

International Convention for the Safety of Life at Sea (Solas Convention). In compliance with the Amendment on Verified Gross Mass Requirement, ICTSI provides weighing facilities.

International Organization for Standardization (ISO). Several ICTSI ports are certified compliant with at least one type of ISO standard.

United States Department of Energy National Nuclear Security Administration Megaports Initiative. Post-9/11 terror attacks, ICTSI's flagship MICT was equipped with technologies (such as radiation portal monitors and handheld detection devices and with training and support) to detect weapons of mass destruction.

ASEAN Business Advisory Council. ICTSI is a member of the ASEAN Business Advisory Council – Philippines chapter. ICTSI President and CEO Enrique K. Razon Jr. is a member of the ASEAN Business Club.

United States Bureau of Customs and Border Protection Container Security Initiative. The Company cooperates with a security regime that helps ensure all containers that pose a potential risk for terrorism are identified and inspected at foreign ports before they are placed on vessels destined for the United States.

MEMBERSHIPS

ICTSI collaborates with the following associations, voluntary organizations and initiatives.

ABOUT THIS REPORT

In our seventh year of sustainability reporting, we are pleased to present the International Container Terminal Services, Inc. (ICTSI) Sustainability Report 2023.

Anchored on the theme "The Logistics of Transformation," this edition provides an even more comprehensive attestation of our long-term commitment to sustainability. In this report, ICTSI strengthens disclosures on ESG, in line with its responsibilities to identify, measure, and manage its impacts across areas of operations. Apart from a macro view of the Company's sustainability priorities, initiatives, and performance, this edition covers 30 currently operational ICTSI ports, out of our expanding roster of 32 terminals.

ICTSI has streamlined the discussion of its material issues into four impact areas: Environment, Economy, Social, and Governance (EESG). This edition primarily contains data for the calendar year 2023. Where necessary, information from other years may be cited to provide context. However, 2023 remains the primary reference year for sustainability data.

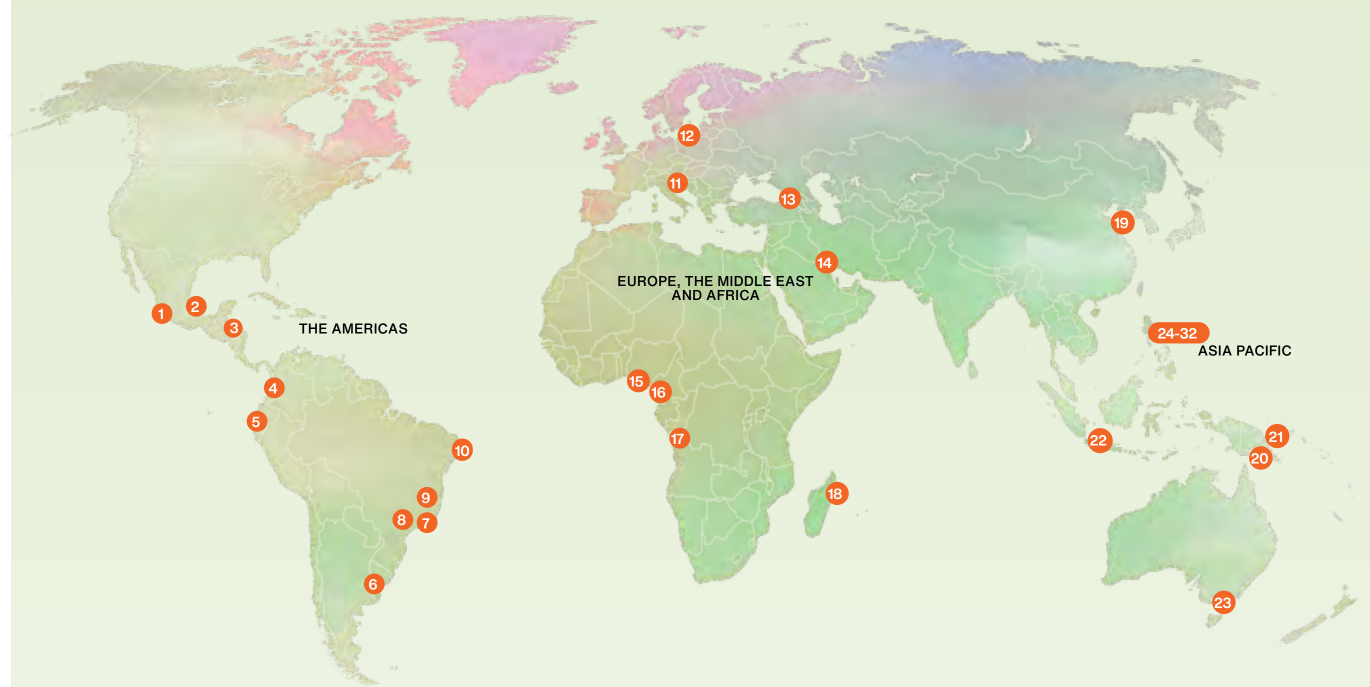
This report also tracks the Group's progress and contributions to the United Nations Sustainable Development Goals (UN SDGs), as in previous editions. We continue to align our sustainability reporting with evolving regulations and stakeholder interests through our materiality assessment process.

This report constitutes a Group-wide effort built through the cooperation and collaboration of all ICTSI business units. All information in this report were prepared and reviewed by our Global Sustainability Team, composed of the Global Corporate Investor Relations, Legal Affairs and Public Relations departments, and under the supervision of our Executive Vice President, Compliance Officer and Chief Sustainability Officer, Mr. Christian R. Gonzalez. The Board of Directors, through the ESG Committee, has approved this report for publishing.

FRAMEWORK AND STANDARDS

ICTSI has reported in accordance with the Global Reporting Initiative (GRI) Standards. Launched in 2017, it is one of four globally accepted frameworks allowed by the Philippine Securities and Exchange Commission (SEC) for sustainability reporting of publicly listed companies.

This report was prepared following the Universal Standards 2021 as a guidance to determine report content and quality, including stakeholder inclusiveness, materiality, clarity and accuracy. Indicating data on the GRI Topic-Specific Standards and Topic-Specific Disclosures as based on the 2023 operations of the 30 terminals covered.



Ports covered in this report:

1. Manila International Container Terminal (MICT), Philippines
2. Manila NorthPort (MNHPI), Philippines
3. Manila Harbor Center (MHCPSI), Philippines
4. Subic Bay International Terminals (SBITC), Philippines
5. Cavite Gateway Terminal (CGT), Philippines
6. Laguna Gateway Inland Container Terminal (LGICT), Philippines
7. Bauan International Port, Batangas (BIPI), Philippines
8. Makar Wharf, Port of General Santos (SCIPSI), Philippines
9. Mindanao Container Terminal (MICTSI), Philippines
10. East Java Multipurpose Terminal (EJMT), Indonesia
11. Yantai International Container Terminals (YICT), China
12. Motukea International Terminal (MIT), Papua New Guinea
13. South Pacific International Container Terminal (SPICT), Papua New Guinea
14. Victoria International Container Terminal (VICT), Australia
15. Contecon Manzanillo (CMSA), Mexico
16. Puerto Cortes (OPC), Honduras
17. Puerto Aguadulce (SPIA), Colombia
18. Contecon Guayaquil (CGSA), Ecuador
19. Tecon Suape (TSSA), Brazil
20. Rio Brasil Terminal (RBT), Brazil
21. IRB Logistica (IRB), Brazil
22. TecPlata (TECPLATA), Argentina
23. Baltic Container Terminal (BCT), Poland
24. Adriatic Gate Container Terminal (AGCT), Croatia
25. Batumi International Container Terminal (BICT), Georgia
26. Basra Gateway Terminal (BGT), Iraq
27. Onne Multipurpose Terminal (OMT), Nigeria
28. Matadi Gateway Terminal (MGT), D.R. Congo
29. Kribi Multipurpose Terminal (KMT), Cameroon
30. Madagascar International Container Terminal (MICTSL), Madagascar

To ensure alignment with global best practices for climate change reporting, we will highlight our progress in meeting the International Sustainability Standards Board's IFRS S2 standards.

We continue to review and realign our Sustainability Reporting Framework, considering emerging issues, the interests of stakeholders, and our environmental, social, and governance performance.

MATERIALITY

Our Materiality Assessment — Scope, Process, and Approach

Our process of defining material topics emanates from a wider set of stakeholder engagement processes. We engaged an independent external consultant to identify 22 key issues that were material to our stakeholders through a multi-step materiality assessment, actively inviting selected groups to give us feedback on a range of topics on environmental, social, or governance issues related to our businesses and stakeholders. The data inputs used are weighted to balance internal and external perspectives. Qualitative analysis is applied to determine the relative significance of an issue to the business compared to external stakeholders.

The results have provided an avenue for key material issues to be identified, carefully assessed, and ranked based on impact on the economy, environment, and society as a consequence of business and stakeholder interest.

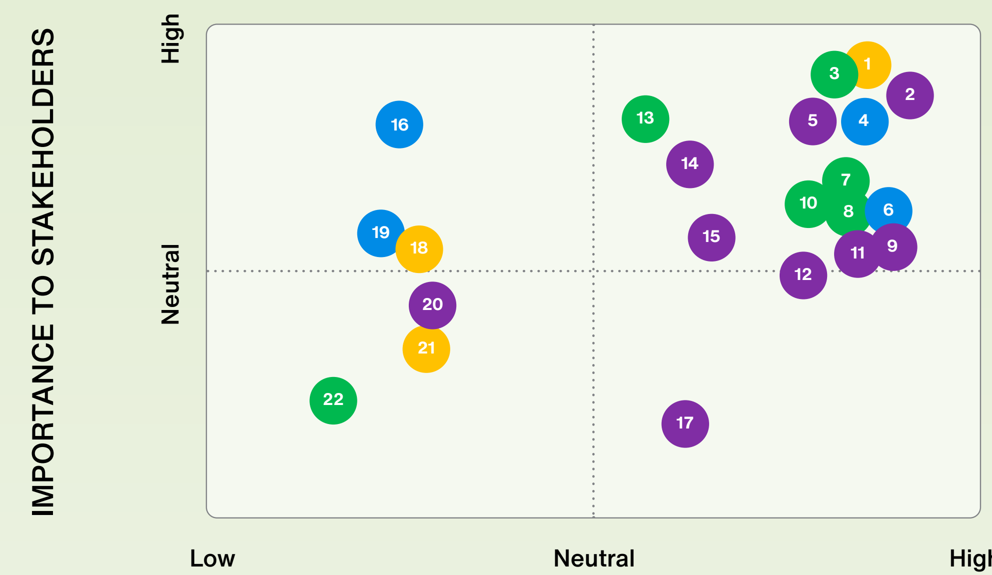
Further findings from the materiality assessment and stakeholder survey were analyzed for each stakeholder group and plotted based on the significance of economic, environment and social impacts in our materiality matrix. The material issues were classified as high-, neutral- and low-impact based on the materiality assessment from our stakeholders.

The materiality identification and assessment process involved the following:

- Establishing the materiality assessment framework, including reviewing the definitions of a preliminary list of material issues and assessing them against industry-accepted definitions
- Conducting a desktop assessment of internal and external documents provided/published by International Container Terminal Services, Inc. (to understand the relative importance of the preliminary material issues list)
- Conducting a materiality assessment survey responded to by ICTSI personnel where they voted on the significance of the initial listing of material issues for International Container Terminal Services, Inc. and as a proxy for stakeholders
- Arriving to a final materiality matrix combining the desktop assessment and the materiality assessment workshop results
- Validating the top material issues with ICTSI management

To gain a deeper understanding of our stakeholders' priorities, we are expanding our materiality assessment to include our customers and suppliers starting with the 2024 reporting period. This will help us better identify and address our key economic, environmental, social, and governance impacts.

MATERIALITY MATRIX



SIGNIFICANCE OF ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS

HIGH IMPACT	NEUTRAL IMPACT	LOW IMPACT
1 Governance, Ethics and Compliance	10 Water management	20 Customer data privacy and security
2 Safety and well-being	11 Learning and development	21 Responsible Tax Management and Payment
3 Emissions and Climate Change	12 Diversity and Equal Opportunity	22 Materials stewardship
4 Economic Performance	13 Biodiversity	
5 Community relations and initiatives	14 Employee Engagement	
6 Digital Transformation	15 Managing Customer Relationship	
7 Managing waste	16 Sustainable supply chain	
8 Energy Efficiency	17 Local hiring	
9 Talent Acquisition and Retention	18 Government engagement	
	19 Indirect economic impact	

ISSUE CATEGORY

MATERIAL SUSTAINABILITY ISSUES

Materiality Matrix
This matrix outlines our material issues, as assessed by the interest of ICTSI stakeholders on the issue (y-axis), and the impact of the issue to/from International Container Terminal Services, Inc. (x-axis).

The findings reflect the perspectives of ICTSI's internal and external stakeholders and our activities' economic, environmental, and social impacts. The process identified 22 material sustainability issues as part of our materiality assessment in 2022.

Of those, the highest-ranked sustainability issues for our stakeholders are 1) Governance, Ethics and Compliance,

SDGs mapping to key material issues[1]

Category	Key Material Issues (according to rank)	Relevant SDGS
Governance	1. Governance, Ethics and Compliance	16
Social	2. Safety and well-being	3
Environment	3. Emissions and Climate Change	12, 13
Economy	4. Economic Performance	8, 9
Social	5. Community relations and initiatives	16
Economy	6. Digital Transformation	9
Environment	7. Managing waste	12
Environment	8. Energy Efficiency	7
Social	9. Talent Acquisition and Retention	1, 8, 16, 17
Environment	10. Water management	6, 12
Social	11. Learning and Development	4, 5, 8, 10
Social	12. Diversity and Equal Opportunity	5, 10
Environment	13. Biodiversity	15, 14

[1] Key material issues were mapped to the SDGs where an issue would contribute to a target. As a result, other SDGs, which may be related to an issue, were no longer mapped as part of the relevant SDGs for better prioritization.

2) Safety and Well-being, 3) Emissions and Climate Change, 4) Economic Performance, and 5) Community relations and initiatives.

These were followed by 6) Digital Transformation, 7) Managing Waste, 8) Energy Efficiency, and 9) Talent Acquisition and Retention.

We mapped these key material issues to the relevant UN SDGs where we can demonstrate more significant impact to our stakeholders. These support our sustainability strategy, advance ICTSI's Good Global Citizenship and support the achievement of the UN SDGs.

Based on the mapping of material issues via-a-vis the 17 goals of the UN SDGs, several goals were identified as being most relevant to ICTSI's key material issues and aligns with our ESG strategy.

These priority goals are 1 – No Poverty; 3 - Good health and Well-being; 4 – Quality Education; 5 - Gender equality; 6 – Clean Water and Sanitation, 7 – Affordable and Clean Energy, 8 - Decent work and economic growth; 9 - Industry, innovation and infrastructure; 10 - Reduced inequalities; 12 - Responsible consumption and production; 13 – Climate Action; 14 – Life Below Water, 15 – Life on Land, 16 - Peace, justice and strong institutions; and 17 – Partnerships for the Goals.

STAKEHOLDER IDENTIFICATION AND MANAGEMENT

Within the transportation sector, particularly the maritime ports sub-sector, ICTSI operates as a transnational business entity: part of a complex network of direct and indirect port users, and extensive backward and forward linkages of suppliers and clients/customers, respectively. Our Stakeholders Engagement Map outlines the Company's various specific stakeholders in both the public and private sectors, and within communities and civil society.

NOTES

For clarity and comparability, where data for 2022 and 2023 data for a topic-specific disclosure are both available, these are shown side-by-side. Notes of restatement, derivation processes, limitations, and other clarifications and explanations are shown wherever appropriate.

We excluded terminals whose concession contracts were inactive as of March 2024. These include: MTS in Indonesia (expired January 31, 2023); PICT in Pakistan (concession reverted June 18, 2023); and OJA in Indonesia (closed February 1, 2024).

While 2022 data on topic-specific disclosures focus on the performance of the 30 organic operating terminals, mention is also made of the sustainability policies, standards, systems, practices, or processes that are already in place in other operations.

We remain focused on the continuous improvement of our data collection and analysis processes. Reasonable care has been exercised in ensuring comprehensive coverage of sustainability issues, impacts, approaches, and initiatives. Equal care has been given to ensure ease of access to data. Online, links are provided to the other ICTSI reports as soon as these are published, and copies duly provided to the relevant report users, including but not limited to shareholders, financial institutions, and regulatory bodies exercising jurisdiction over ICTSI terminals in the Philippines and across the Company's global operations.

This report contains statements describing the Company's objectives, projections, estimates, and expectations, which may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include, among others, economic conditions affecting demand or supply and price conditions in the domestic and overseas markets in which the company operates, changes in government regulations, other statutes and incidental factor.

STAKEHOLDERS ENGAGEMENT MAP

	APPROACHES	KEY TOPICS & CONCERNS RAISED
PUBLIC SECTOR	▪ Website ▪ Direct communication ▪ Annual audited financial statements ▪ Annual corporate governance report ▪ Annual, quarterly, and monthly reports ▪ Annual Sustainability Report Disclosures and other required reports ▪ Media releases	▪ Concession matters ▪ Regulatory and reportorial requirements ▪ EESG performance
PORT USERS	▪ Website ▪ Client online dashboard ▪ ICTSI App ▪ 24/7 web-based communication systems ▪ Quarterly customer satisfaction survey ▪ Customer care local hotline ▪ Weekly client visits and virtual tours (priority customers and other stakeholders) ▪ Monthly association meetings ▪ Quarterly trainings and seminars ▪ Annual customer appreciation/thanksgiving events ▪ Annual Sustainability Report	▪ Customer satisfaction ▪ System issues ▪ Billing issues ▪ Operational issues ▪ Health and safety protocols related to COVID-19 pandemic ▪ Digitization of port processes ▪ EESG performance
EMPLOYEES	▪ Direct meetings ▪ Website ▪ Employee newsletters/bulletins ▪ Ad hoc correspondence ▪ Quarterly *Ugnayan sa Pantalan* ▪ Annual employee relations activities ▪ CBA (every five years) ▪ Volunteering activities in coordination with the ICTSI Foundation ▪ Other employment engagement activities	▪ Performance management ▪ Employee welfare ▪ Labor-management relations ▪ Health and safety protocols related to COVID-19 pandemic
SHAREHOLDERS	▪ Website ▪ Quarterly Investors' Briefing ▪ Investor (Equity) Conferences ▪ Direct communication and regular meetings with investors ▪ Annual Shareholders Meeting ▪ Annual Audited Financial statements ▪ Annual Sustainability Report Annual Corporate Governance Report ▪ Interim Quarterly Unaudited Financial Statements	▪ Quarterly and year-to-date consolidated financial and operational performance of existing portfolio ▪ Performance of existing/organic terminals ▪ Status of new projects ▪ Prospects and projects in the pipeline ▪ EESG performance
CREDITORS	▪ Website ▪ Investor (Debt) Conferences ▪ Direct communication/Regular discussions with credit risk officers of relationship banks ▪ Annual Shareholders' Meeting ▪ Annual Audited Financial Statements ▪ Annual Sustainability Report Annual Corporate Governance Report ▪ Interim Quarterly Unaudited Financial Statements	▪ Liquidity management ▪ Quarterly and year-to-date consolidated financial and operational performance of existing portfolio ▪ Performance of existing/organic terminals ▪ Status of new projects ▪ Prospects and projects in the pipeline ▪ EESG performance
SUPPLIERS	▪ Website ▪ Direct communication ▪ New supplier accreditation and annual supplier reassessment ▪ Annual Sustainability Report	▪ Supplier performance ▪ Contract requirements ▪ Health and safety protocols related to COVID-19 pandemic ▪ Company direction/priorities ▪ Supplier-related memos ▪ Proper use of supplier systems ▪ Anti-corruption compliance ▪ EESG performance
COMMUNITIES AND PEOPLE GROUPS	▪ Monthly newsletter ▪ Quarterly consultation with concerned government agencies, communities, and partners ▪ Annual ICTSI Foundation Accomplishment Report ▪ Forum with partners ▪ Direct communication with the communities ▪ Participation in events ▪ Leadership trainings ▪ Government-coordinated projects ▪ Volunteerism through local community projects ▪ Assessment after every project ▪ Annual scoping in all communities ▪ Monthly meeting with EcoPatrols ▪ Quarterly meeting with different clusters ▪ Ad hoc discussion with stakeholders	▪ Health ▪ Education ▪ Shelter ▪ Livelihood/Job creation ▪ Community development ▪ Volunteering activities ▪ Environmental management
TRADE UNIONS AND INDUSTRY ASSOCIATIONS	▪ Direct communication ▪ Ad-hoc get-togethers ▪ Monthly Labor-Management Council meeting ▪ Quarterly Ugnayan sa Pantalan	▪ Employee welfare ▪ New policies or programs about to be implemented ▪ Individual concerns

1

ENVIRONMENT

CONTEXT AND COMMITMENTS

The climate crisis represents an existential threat to global economies and communities. As a major player in the global shipping and logistics industry, ICTSI has a responsibility to act decisively. We must reimagine our operations with urgency. This transformation will be disruptive, but we are committed to a course guided by environmental responsibility, sound business practices, and a commitment to our stakeholders.

GROUNDWORK

The challenge is to build the road we must travel on; the work never stops even as we progress. And we must be steadfast as the timeline pushes the threat toward us faster than we could approach it. We must be swift in adopting new technologies, agile in our processes, and expeditious with our solutions.

GAINS

There's no better way to perceive the situation. When it comes to the environment, it's a matter of survival. We work hard and smartly contribute as a global citizen, as members of various local communities and together, as one people for one planet. Beyond this one great human challenge, we could look forward to the transition from sustaining to flourishing.

MOVING FORWARD

Our organization is still just a piece in a complex mechanism, but we are committed to fulfilling our role and accelerating our results. The scope of our responsibility and the weight of our accountability means in the context of the climate emergency, all of humanity's global impact will be greater than the sum of its parts — and in a way, perhaps the butterfly effect where many small movements can change the future.

ACCELERATING OUR CLIMATE ACTION FOR A SUSTAINABLE, NET-ZERO FUTURE

2023 was a pivotal year for ICTSI. It marked a year where we deepened our understanding of the climate crisis, accelerated our climate and environmental ambitions, and made a firm commitment to transforming our business for a net-zero future.

Our resolve is unwavering. We are mobilizing the talent and dedication of our employees worldwide to meet this challenge. Collaboration across our industry is vital, but we recognize the urgency. Climate action demands nothing less than rapid, continuous transformation.

ICTSI understands that one-size-fits-all solutions rarely work when addressing complex challenges like climate change. We tailor our strategies to the distinct cultural, social, and environmental contexts of our host communities. This adaptability maximizes our impact and ensures long-term sustainability.

Time is of the essence. The science is clear – we must advance our net-zero target to limit the worst impacts of global warming. ICTSI will not simply evolve; we are driven by sustained transformation and continuous improvement to deliver the right solutions, swiftly and with precision.

Our legacy of local cooperation will drive a future where collaboration fosters climate resilience and a sustainable future for both our company and the communities we are a part of. We are confident that our expertise, dedication, and community partnerships will not only accelerate our progress but establish ICTSI as a force for sustainable change within the industry.

LAYING THE GROUNDWORK FOR A NET-ZERO FUTURE

Our commitment to decarbonization marks a major milestone on our journey to becoming a more sustainable company. We are actively implementing initiatives across our operations to maximize energy efficiency, reduce carbon intensity, and lower our emissions.

In January 2024, ICTSI made a landmark commitment to achieve net-zero greenhouse gas (GHG) emissions for its Scope 1 and 2 emissions by 2050. We further pledged to reduce our emissions by 26 percent per container move by 2030, benchmarked against a 2021 baseline. These ambitious goals align our business strategy with global efforts to limit global warming.

In developing our net-zero roadmap, ICTSI partnered with Jacobs Solutions, Inc., a leading engineering consulting firm. This collaboration enabled 28* of our business units to develop tailored decarbonization strategies over a six-month period. We consolidated these terminal-specific plans into a comprehensive global pathway for emissions reduction. Our starting point for reduction efforts is 226,558 tCO_2e for the year 2021, averaging 27 $kgCO_2e$/move across our global terminal portfolio. 2021 was selected as the baseline year, representing typical post-COVID operations and provides a clear starting point for measuring progress.

Our 2021 baseline analysis revealed several critical insights. Without swift intervention, ICTSI's energy consumption and total emissions (Scope 1 and 2) are projected to increase significantly from 2021 to 2030 by 36 percent and 48 percent, respectively. The overwhelming majority of our emissions (85 percent) come from container handling equipment, with yard cranes / rubber tired gantries (RTGs) being the single largest contributor (35 percent). Reefers, horizontal transport, and quay cranes represent additional major sources. Other elements, such as buildings, lighting and vehicles, have a comparatively smaller impact (15 percent combined). In 2021, our emissions were nearly evenly split between electricity (50 percent) and diesel (49 percent) use.

Through this exercise, a total of 137 terminal-specific actions have been developed to achieve or exceed ICTSI's 26% reduction goal by 2030. Despite these efforts, due to projected activity growth, our absolute Scope 1 and 2 emissions may still increase by 7 percent relative to 2021 levels.

However, ICTSI is committed to doing more. Recognizing that rubber-tired gantries (RTGs) are a major emissions source, we've committed to purchasing only hybrid RTGs from 2023 onward. Additionally, we're exploring ways to reduce our fuel consumption; although this may slightly increase electricity usage, both will remain below baseline levels. Electrical equipment offers greater efficiency and declining emissions intensity, demonstrating our

CHARTING ICTSI'S CLIMATE CHANGE ACTION

2018
- ICTSI first qualified its material Scope 1 and 2 emissions per container move by 2030

2022
- Appointment of Christian R. Gonzales as Chief Sustainability Officer
- Launch of the Edify Awards to recognize outstanding sustainability initiatives within the ICTSI Group

2023
- Launch of new Climate Change Action Policy to direct terminal actions in addressing Climate Change

2024
- ICTSI commits to achieve net zero for its Scope 1 and 2 emissions by 2050
- ICTSI commits to reduce its emissions by 26% percent

- Qualification of material Scope 3 emissions
- Establishment of environmental targets and KPIs
- Start monitoring our performance against

Carbon Neutrality

Net Zero

PROJECTED CARBON EMISSIONS REDUCTION FROM TERMINAL ACTIONS BY 2030

	ACTION	ICTSI REDUCTION PER MOVE
1	Terminal planning and operation	4.6%
2	Power supply requirements / contracts	2.0%
3	New / updated equipment and infrastructure	13.1%
4	Foundations for the future	0.3%

investment in sustainable solutions and tangible change.

While bold, our 2030 strategy is only a step toward net-zero. We are actively exploring additional measures to accelerate reductions by or beyond 2030, potentially aligning with Science-Based Target pathways for Scopes 1 and 2. Furthermore, we are assessing our entire value chain (Scope 3) and will develop an inventory by 2025, followed by a target review.

Collaborating with external stakeholders and consultants, we rigorously evaluate physical and transitional risks, especially at the Corporate level. This includes assessing how potential effects of climate change, modeled by the Intergovernmental Panel on Climate Change (IPCC), might impact our terminal operations. Examples include sea level rise, extreme weather events, and more severe temperature changes.

To drive climate action within our organization, we have launched a comprehensive Climate Change Action Policy in December 2023. This policy provides concrete steps for our business units globally to align their strategy with the Paris Agreement goals. Key focus areas include optimizing energy efficiency, investing in clean technologies like low-emission equipment and renewable energy; and fostering collaboration with suppliers, customers and partners to reduce their emissions. This policy marks a turning point – from planning to decisive action and tangible results.

As we approach 2030, and ultimately the critical deadline of 2050, we will continually evaluate our progress and conduct a detailed assessment for each of our terminals to guide our actions from mitigation towards adaptation. We'll measure the distance traveled and the impact we generate. ICTSI recognizes the urgent need for transformation: in the context of climate change, this is a matter of survival. Yet, our transition will go beyond necessity – it will be intentional, insightful, and impactful.

CLIMATE REPORTING AT THE NEXT WAVE OF ESG REPORTING

ICTSI's commitment to net-zero emissions by 2050 underscores our dedication to aligning with the International Sustainability Standards Board's (ISSB) global sustainability reporting standards, particularly IFRS S2. As climate-related reporting gains prominence, we remain committed to providing transparent disclosures, enhancing our insights, and ensuring readiness for the impact of climate-related business risks. ICTSI will clearly communicate its objectives and actions over the coming years, ensuring continued alignment with evolving climate regulations.

ROBUST RISK MANAGEMENT FOR CLIMATE RESILIENCE

ICTSI's comprehensive Enterprise Risk Management (ERM) framework systematically identifies, assesses, and

OUR PROGRESS ON IFRS S2

PILLARS	2023 ACHIEVEMENTS
Governance	▪ Board-level monitoring and reporting of ESG and climate-related risks and opportunities ▪ Adoption of a Climate Change Action Policy to guide terminal actions on addressing climate change
Strategy	▪ Launch of a decarbonization strategy as part of our Climate Change Action Initiative across 28 terminals
Risk Management	▪ Ongoing integration of climate-related risks within our risk management framework
Metrics and Targets	▪ Net-zero commitment for our Scopes 1 and 2 emissions by 2050 ▪ Decarbonization reduction of 26 percent per container move by 2030

TECON SUAPE AND RIO BRASIL MARK MILESTONES IN CARBON-NEUTRAL CERTIFICATION

Reforestation initiatives, green equipment deployment, renewable energy utilization, and green investing are the best practices that earned two ICTSI terminals' carbon-neutral certification.

Rio Brasil Terminal (RBT) is the first port terminal in Brazil to receive carbon-neutral certification after completing significant steps toward reducing carbon dioxide (CO2) emissions and addressing associated environmental and health challenges. RBT has reduced its carbon footprint using green equipment and expanded its reforestation projects this year to further bolster its support for the UN Climate Agenda and Brazil's commitment to halve CO2 emissions by 2030. By involving customers and partners in its initiatives, the Company inspires collaboration across the industry and ensures that all stakeholders play a role in achieving a sustainable future. The Brazilian Nature Defense Institute issued the carbon-neutral seal to RBT in time for the 2023 World Environment Day on June 5.

On the other hand, Tecon Suape S.A. in Brazil has been certified as a carbon-neutral company following Associação Brasileira de Normas Técnicas (ABNT) NBR ISO 14064-3:2007 Standards – Greenhouse Gas Emissions Management and PAS 260. Tecon Suape has amplified its efforts to decarbonize its daily operations, prioritizing the delicate balance between sustaining the terminal's high productivity levels and upholding environmental conservation. To reduce its carbon footprint, the company has implemented key measures focusing on enhancing energy efficiency through a system that effectively substitutes conventional electricity with renewable sources. Tecon Suape has also implemented an abatement plan through investments in Clean Development Mechanism (CDM) projects such as the hydroelectric complex Fundão Santa Clara Energy Complex of the Centrais Elétricas do Rio Jordão certified by RINA.

Rio Brasil Terminal and Tecon Suape join Contecon Guayaquil in Ecuador and Contecon Manzanillo in Mexico as the four terminals of the ICTSI Group to achieve carbon-neutral status.

manages risks across our operations, ensuring strategic alignment. We acknowledge that risks cannot be eliminated, but our ERM framework allows us to manage existing and emerging risks within established tolerances.

Climate change risk is a key focus and ICTSI is committed to both adapting to its impacts and reducing our own contributions. ICTSI recognizes the need to adapt to the impacts of climate change, including rising sea levels, extreme weather events, and regulatory changes. Key initiatives include:

MORE INVESTMENTS AT MGT; NEW HYBRID RTGs FOR SPICT

Matadi Gateway Terminal (MGT), International Container Terminal Services, Inc.'s (ICTSI) operation in the Democratic Republic of the Congo, unveiled the first hybrid rubber tired gantries (RTG) in African ports last June, which will increase the terminal's efficiency and productivity while ensuring minimal environmental impact. Powered by a combination of battery and diesel engines, these hybrid RTGs will further improve the terminal's productivity while emitting less greenhouse gas.

On the other hand, South Pacific International Container Terminal (SPICT), ICTSI's operation in the Port of Lae, Papua New Guinea, continued to ramp up operations with the acquisition of two brand new Mitsui hybrid RTGs last October. Powered by a combination of a smaller diesel engine and lithium-ion battery, the Mitsui hybrids will contribute to more efficient landside operation, resulting in faster turnaround time for outside trucks. Additionally, the hybrid mechanism helps reduce the terminal's greenhouse gas (GHG) emissions.

Photo shows delivery of SPICT's new Mitsui hybrid rubber-tired gantries. Acquired in October, the RTGs will help the terminal minimize its greenhouse gas emissions.

- Investment in Resilient Infrastructure: Enhancing the resilience of port infrastructure to withstand climate-related hazards through engineering solutions, such as flood defenses, elevated structures, and stormwater management systems
- Operational Adaptations: Implementing operational measures to enhance flexibility and responsiveness to changing climate conditions, such as diversification of cargo handling, optimization of logistics, contingency planning and Emergency Response Plans, including Operational Guidelines for extreme weather and other catastrophic events
- Stakeholder Engagement: Collaborating with stakeholders, including government agencies, local communities, and industry partners, to develop adaptation strategies, share best practices, and build collective resilience to climate change impacts

ICTSI is also committed to mitigating our greenhouse gas emissions and reducing our carbon footprint. Key initiatives include:

- Transition to Renewable Energy: Increasing the use of renewable energy sources, such as solar and wind power, to reduce reliance on fossil fuels and minimize carbon emissions associated with port operations.
- Efficiency Improvements: Implementing energy-efficient technologies and practices throughout our operations, including equipment upgrades, process optimization, and fuel efficiency measures, to reduce energy consumption and greenhouse gas emissions.
- Emissions Monitoring: Tracking and reporting our greenhouse gas emissions using Key Performance Indicators (KPIs) to measure progress towards emission reduction targets and inform decision-making on mitigation strategies.

ICTSI is continuously exploring other measures to adapt to and mitigate the impacts of climate change, which includes seeking professional assistance. By integrating climate change risk management into our broader ERM framework and implementing adaptation and mitigation measures, we strive to enhance the resilience, sustainability, and long-term viability of our port operations in the face of climate change uncertainties.

PERFORMANCE AREAS AND POSITIVE RESULTS

ENVIRONMENTAL MANAGEMENT SYSTEMS

ICTSI prioritizes transparent environmental stewardship, with initiatives designed to control and mitigate our impact within host communities. Our commitment is reinforced through policies meticulously reviewed and approved by qualified managers, ensuring compliance with national and international standards.

Beyond port efficiency, the ICTSI Group has been making substantial investments to ensure an environment-friendly supply chain, with the long-term vision of securing appropriate certifications for all ports – regardless of location, project age, or stage of development. As such, MICT and SCIPSI earned the ISO 14001 certification—the first among Philippine ports. The recognition is a testament to our operations' alignment with Integrated Management Systems which keeps track of our environmental impact among others. Other terminals which achieved the said certification were OJA, PICT, YICT, RBT, CGSA, CMSA, OPC, TSSA, BCT, BGT and MICTSL. Guided by local regulations, all ICTSI ports fulfill their commitments toward mindful consumption and resource use. At the immediate onset, our terminals do have short- and long-term goals on environmental responsibility, which include setting baseline targets, establishing an environmental plan, and reducing resource consumption. Terminals likewise have environmental medium-term goals including monitoring internal targets, incorporating third party providers in environmental responsibility, efficiency in resource consumption, and improving the environmental management plan.

Data gathered from audits, reports, and KPIs are utilized to inform and strengthen ICTSI's ESG Strategy.

LOWERING CARBON EMISSIONS

Our GHG emission reduction initiatives are not only an environmental and social commitment, but a core business imperative seamlessly woven throughout our broader sustainability efforts. The launch of ICTSI's Climate Change Action Policy underscores this, prioritizing the measurement of GHG emissions across all terminals.

Localized formal policies are in place for 18 out of 28 terminals covering environmental resource management and carbon footprint reduction. The overarching climate change action policy will strategically guide ICTSI towards a sustainable, low-carbon future across terminals. It outlines and sets guidelines for operations, supply chain, and overall business practices to reduce our total GHG emissions.

Even terminals without formal environmental policies actively participate in climate change initiatives for GHG emission control and are working to codify these practices. Currently, 23 out of 28 terminals provide strategic plans outlining their environmental short-, medium-, and long-term goals. The ICTSI Climate Change Action Policy will empower all terminals to develop their own frameworks and roadmaps in 2024, accelerating the achievement of our Scope 1 and 2 GHG reduction targets and our net-zero goal by 2050.

ENVIRONMENTAL TRAINING

To help build port workers' capabilities in environmentally sustainable operations and to advance its environmental advocacies in the port and among host communities, ICTSI conducts capability-building and learning activities. These activities include the following modules and topics:

- Environmental Impact Assessment
- Environmental Laws, Rules, and Regulations
- Basic Pollution Control Officers Training
- 8-hour Environmental Training for Managing Heads
- Training on Scope 3 emissions
- Dangerous Goods Regulations
- Ecological Solid Waste Management
- Waste Analysis and Characterization Study
- Work Environment Measurement
- Understanding Material Safety Data Sheets
- Ambient Air, Water, and Noise Monitoring
- Chemical Spill and Response
- Disaster Resilience
- Professional Event Investigation with SCAT (Systematic Cause Analysis Technique)
- Integrated Management System Internal Audit Training
- Integrated Management System Documentation Training
- ISO 14001:2015 Environmental Management System Awareness
- ISO 14001:2015 Environmental Management System Internal Auditors Training
- ISO 50001:2011 Energy Management System Foundation Course
- ISO 50001:2011 Energy Management System Lead Auditors Training
- ISO 50001:2011 Energy Management Internal Audit Course

ENERGY EFFICIENCY MEASURES

ICTSI prioritizes three major areas where we are able to accelerate our move towards energy efficiency and decarbonization: We are adopting hybrid cargo handling equipment, combining battery and diesel power for significant emission and fuel consumption reductions, upgrading lighting systems to energy-efficient LEDs, and exploring the integration of renewable energy (RE) sources where feasible to minimize our environmental footprint.

These strategic investments in port infrastructure and facilities directly enhance operational efficiency while driving down our environmental impact. This approach has successfully reduced our intensity ratios even as TEU, total moves, and energy consumption have increased.

Our long-term vision involves expanding our fleet of eco-efficient hybrid rubber-tired gantries (RTGs) through new acquisitions and conversions — enabling the terminal to further reduce its emissions and fuel consumption per move by up to 40 and 60 percent, respectively. Our strategy is to acquire more hybrid RTGs for our terminals and convert existing RTGs to hybrid ones where possible.

We are continuously replacing traditional port lighting systems with LEDs across all terminal portfolio to improve energy efficiency and reduce light pollution. Known for their long lifespan, this translates to cost savings and a smaller carbon footprint.

REDUCED TRAVEL

Part of our action plan for climate change mitigation is operating efficiently. We continue with our new ways-of-working from the lessons learned and best practices implemented since the pandemic. Business travels continue to follow a declining trend. Apart from commercial or material business development purposes, our travel default is “close to zero” resulting in reduced costs and contributing to curbing our carbon footprint.

At our Corporate headquarters, we have enabled a work-from-home policy for employees, which not only led to higher productivity but also contributed to individual lower carbon footprint. This policy ensures our people are knowledgeable and enabled to maintain business continuity during times of uncertainty.

Such new ways of working are enabled by our earlier investments in digital transformation which now in turn supports our initiatives for sustainability, business continuity, and employee well-being.

ENVIRONMENTAL CERTIFICATIONS	
ISO 14001 **Environmental Management System**	▪ Manila International Container Terminal (Philippines) ▪ South Cotabato Integrated Port Services Inc. (Philippines) ▪ Pakistan International Container Terminal Ltd. (Pakistan) ▪ Contecon Guayaquil SA (Ecuador) ▪ Tecon Suape SA (Brazil) ▪ Baltic Container Terminal (Poland) ▪ Yantai International Container Terminals (China) ▪ Contecon Manzanillo SA (Mexico) ▪ Operadora Portuaria Centroamericana SA (Honduras) ▪ Madagascar International Container Terminal Services Ltd. (Madagascar) ▪ Basra Gateway Terminal / ICTSI (ME) DMCC (Iraq) ▪ Rio Brasil Terminal (Brazil)
ISO 50001 **Energy Management System**	▪ Baltic Container Terminal (Poland)
ISO 14064 **Greenhouse Gases**	▪ Contecon Manzanillo SA (Mexico) ▪ Contecon Guayaquil SA (Ecuador)

CONTECON MANZANILLO HANDLES FIRST CARBON-NEUTRAL CONTAINER IN NORTH AMERICA

Contecon Manzanillo S. A. (CMSA) established two precedents in port decarbonization in Mexico with its handling of the first carbon neutral container in North America and as the first point of arrival of a container ship powered by liquefied natural gas (LNG), the first one to ever make a port of call at a Mexican terminal in June.

The 14,806-TEU CMA CGM Liberty represents a key step in reducing greenhouse gas emissions and promoting sustainable maritime transport in Mexico. The vessel’s LNG-powered propulsion represents numerous environmental benefits, achieving a 99 percent reduction in sulfur dioxide emissions, a 92 percent decrease in nitrogen oxide emissions, and a 91 percent reduction of particulate matter (PM10) in emissions.

“This makes us pioneers in the beginning of a new way of mobilizing TEUs. We are happy because we have been lucky enough to work with companies with a really important environmental responsibility,” said José Antonio Contreras, Contecon Manzanillo S.A. chief executive officer.

CMSA was recognized in 2022 as the first port terminal in North America to receive the UNE-14064-3:2019 Carbon Neutral certification.

Javier Moreira, CMA CGM Mexico general director (center, in suit) and Contecon Manzanillo Chief Executive Officer José Antonio Contreras (fifth, from right) celebrate a milestone for Mexico and the terminal along with representatives of the government, CMA CGM Mexico, Walmart de Mexico and Central America, Administrations of the National Port System Manzanillo, Manzanillo port, and other stakeholders.

OMT POWERS UP SUSTAINABILITY: HYBRID REEFER SYSTEM ACHIEVES EFFICIENCY GAINS

Onne Multipurpose Terminal (OMT) championed environmental responsibility and operational efficiency with its innovative hybrid power system for reefer containers. Combining grid electricity and portable panels, OMT achieves remarkable results through the system by reducing diesel consumption drastically, with 1,250 liters saved daily, minimizing cost and environmental impact.

It streamlines waste management by generating fewer scrap materials and oil monthly, improving operations. It also yields a reduction in carbon footprint, with daily CO2 emissions dropping by 3,350 kilograms, promoting cleaner air and mitigating environmental impact.

The new system's success is anchored on data-driven insights. Analyzing terminal load and generator capacity guided the design of bespoke power panels capable of efficiently powering up to 40 reefers via grid electricity. For smaller loads (28 units or less), portable generators seamlessly step in, optimizing energy consumption and cost.

RESOURCE USE

ENERGY

One key focus area of our climate change action policy is energy efficiency, which is currently tracked by 17 out of 28 terminals using metrics such as energy or fuel consumption, carbon emissions per container move, and annual reduction in electricity consumption. MICTSL has reduced electricity consumption by using LED lights on the terminal light mats and the use of fossil energy is now limited through the deployment of electric cars inside the terminal and installation of solar panels on RTGs. The preliminary step of switching from halogen lamps to LED benefited AGCT with 70 percent less energy consumption. And while 11 terminals cited a lack of energy efficiency metrics, all terminals reported initiatives ranging from a shift to solar power and LED, implementation of monitoring systems and creation of long-term strategies for energy efficiency.

Green leadership results in company-wide awareness and action on energy efficiency and decarbonization managed and reported by representatives from all terminals with 26 out of 28 terminals administered by point persons who represent various departments and offices and hold diverse positions such as senior planning engineer, HOE, planning manager, HSSE department, maintenance leaders, environment coordinator, terminal safety champions, pollution control officers and operations staff. Green leadership across the organization has likewise ensured that all 28 terminals have financial, human and/or technological resources allocated to monitor and enhance power and fuel consumption, human resource enablement, emissions testing, equipment maintenance, GHG calculations, and lighting transition to LED — all fundamental shifts towards responsible energy use.

ENERGY

2022 2023

ELECTRICITY (IN MILLION GJ)		
Total Electricity Consumption (Millions)		
28 TERMINALS 0.91	28 TERMINALS 0.84	29 TERMINALS 0.84

FUEL (IN MILLION GJ)					
Diesel			Petrol		
28 TERMINALS 1.74	28 TERMINALS 1.70	29 TERMINALS 1.70	28 TERMINALS 0.02	28 TERMINALS 0.01	29 TERMINALS 0.01
Heavy Fuel Oil			LPG		
28 TERMINALS 0	28 TERMINALS 0	29 TERMINALS 0	28 TERMINALS 0	28 TERMINALS 0	29 TERMINALS 0

TOTAL FUEL CONSUMPTION (IN MILLION GJ)		
28 TERMINALS 1.78	28 TERMINALS 1.71	29 TERMINALS 1.71

TOTAL ENERGY CONSUMPTION (IN MILLION GJ)		
28 TERMINALS 2.69	28 TERMINALS 2.55	29 TERMINALS 2.55

ENERGY INTENSITY RATIO*		
Energy Intensity Ratio		
28 TERMINALS 67	28 TERMINALS 61	29 TERMINALS 60

Notes on fuel and electricity consumption:

1. On standards, methodologies, assumptions, and/or calculation tools used: the figure on electricity consumption is the aggregate of the electricity used for the year which were measured/billed by the respective utility companies. On the other hand, fuel consumption figures were monitored by the Engineering Department.
2. Source of the conversion factors used: http://www.onlineconversion.com/energy.htm

Notes on energy intensity ratio:

1. Total moves (which include actual yard moves) are used to calculate the energy intensity ratio.
2. Energy from fuel and electricity are included in the computation of the ratio.
3. Energy consumption factored in the computation is limited to consumption within the organization.

EMISSIONS

2022 2023

DIRECT GHG EMISSIONS (SCOPE 1)					
Total Direct GHG Emissions (Scope 1) in Metric Tons of CO_2 Equivalent					
28 TERMINALS 130,820		28 TERMINALS 127,272		29 TERMINALS 127,272	
Diesel			Petrol		
28 TERMINALS 129,440	28 TERMINALS 126,538	29 TERMINALS 126,538	28 TERMINALS 1,198	28 TERMINALS 641	29 TERMINALS 641
Heavy Fuel Oil			LPG		
28 TERMINALS 74	28 TERMINALS 10	29 TERMINALS 10	28 TERMINALS 69	28 TERMINALS 61	29 TERMINALS 61
Natural Gas					
28 TERMINALS 39	28 TERMINALS 22	29 TERMINALS 22			

INDIRECT GHG EMISSIONS (SCOPE 2)		
Total Indirect GHG Emissions (Scope 2) in Metric Tons of CO_2 Equivalent		
28 TERMINALS 140,349	28 TERMINALS 131,293	29 TERMINALS 131,361

GHG EMISSIONS INTENSITY RATIO		
GHG Emissions Intensity Ratio in Metric Tons of CO_2 Equivalent/thousand moves		
28 TERMINALS 6.86	28 TERMINALS 6.21	29 TERMINALS 6.10

Notes on direct (Scope 1) GHG emissions:

1. No data available for specific breakdown of gases (by type) included in the calculation (i.e., whether CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, or all).
2. No data available on Biogenic CO_2 emissions.
3. Base year for the calculation is 2021.
4. The corresponding emission factor for each type of fuel was used as the conversion factor.
5. Consolidation approach for emissions is operational control.
6. Standards, methodologies, assumptions, and/or calculation tools used: Total GHG emissions from fleet = (quantity of consumption *emission factor $kgCO_2e$ per unit)/1000.
7. Location-based methodology is used.

Notes on indirect (Scope 2) GHG emissions:

1. No data available for specific breakdown of gases (by type) included in the calculation (i.e., whether CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, or all).
2. Base year for the calculation is 2021.
3. The corresponding energy factor for the different countries with operations provided by the IEA was used as the conversion factor.
4. Consolidation approach for emissions is operational control.
5. Standards, methodologies, assumptions, and/or calculation tools used: Greenhouse Gas protocol; electricity end use GHG emissions = (Quantity of consumption * the emission factor)/1000.
6. Location-based methodology is used.

Note on GHG emissions intensity ratio:

1. The organization-specific metric (the denominator) chosen to calculate the ratio was based on Total Moves (which includes the actual yard moves for the 30 terminals covered).

WATER

Even as water use in our ports is minimal, we continue to pursue initiatives related to its quality, accessibility, and sustainability. We monitor and report on the cycle of water from the source, through sustainable use, to responsible effluent control.

Terminals obtain water from the municipal water supply, local suppliers, or deep wells/underground (boring) sources mainly for human consumption, commercial use, sewage and equipment cleaning. SPIA and MITL supplement the primary source through the collection and recycling of rainwater. Terminals implement water consumption reduction like switching to tanks instead of direct piping, usage of treated water recirculation systems, and incorporating responsible water use in future building design.

Half of our terminals have policies in place and defined targets for water management in their operations and their effectiveness is evaluated based on a set of KPIs and local regulatory requirements. CMSA implements a Water Savings and Efficient Use Plan in which there are protocols for departments and individuals for the proper use of water.

Twenty-two out of 28 terminals rely on a set of minimum local and international regulations and standards for effluent quality, including those set by environmental authorities. The water used by the terminals is often discharged to the main sewer line where it is treated by a local wastewater plant or a third party and when those local services are not available or feasible some terminals utilize their own wastewater treatment facility. MHCPSI subjects their septic tanks to periodic siphoning; MICTSL utilizes hydrocarbon separators to avoid water pollution; and SCIPSI uses fabricated oil water separators.

Sixteen out of 28 terminals have a system for identifying water-related impacts using varied approaches in the form of Environmental Aspect and Impact Assessment (EAIA), periodic inspections, use of an environmental matrix, and KPIs. Additionally, for terminals such as SCIPSI and RBT, evaluation is carried out under the ISO 14001 methodology and PMA-001 Management of Aspects and Impacts, respectively. SBITC coordinates with the Ecology Department of the Subic Bay Metropolitan Authority and the Department of Environment and Natural Resources while BCT closely cooperates with government institutions, port authorities, and other institutions.

YICT SHORE POWER BOOSTS SUSTAINABILITY AT YANTAI PORT

Following the guidelines of the National Energy Conservation and Emission Reduction Plan of China, Yantai International Container Terminals Co., Ltd. (YICTL) constructed a high voltage inverter shore-to-ship power supply system at berths 51 and 52 in August 2023. The system is equipped with functions such as monitoring, protection, communication, and measurement for shore-to-ship power supply. With a capacity of 2MW and a total investment of US$543,000, the project was completed on November 30.

Instead of being limited to its fuel power, a vessel can connect to an electricity source which not only helps reduce fuel costs but notably decreases pollution emissions during berthing.

It's a move towards sustainable development for YICTL as the project aims to decrease pollution emissions from vessels during port calls, continuously enhance port service quality and promote the construction of green ports.

WATER

2022 2023

	AVERAGE			TOTAL		
	2022	2023	2023	2022	2023	2023
Total water consumption from all areas in megaliters	28 TERMINAL 32	28 TERMINALS 28	29 TERMINALS 27	28 TERMINAL 897	28 TERMINALS 773	29 TERMINALS 775
Total water consumption from all areas with water stress in megaliters	28 TERMINAL 13	28 TERMINALS 12	29 TERMINALS 12	28 TERMINAL 13	28 TERMINALS 12	29 TERMINALS 12

At the Corporate level, ICTSI is crafting a policy that will govern environmental resource use, including water and waste management.

Water is not just a shared resource that links our ports to local communities and ecosystems. As we reexamine our mindset and reevaluate our sustainability processes to follow through on our climate change action, we rethink how water is an integral implementation area of our policy.

WASTE

At the crossroads of resource conservation, environmental protection and human health is the issue of Waste. At ICTSI, we see how the best way to safeguard our shared limited resources is to responsibly curb consumption, limit disposal, and encourage green practices which is why all terminals conduct waste management activities based on regulatory requirements. Waste management projects receive personnel, budgetary, and technology resource support and are included in the annual budget. Collaboration and project engagement are conducted with external licensed and accredited contractors, and expert organizational partners. Most importantly, we look at the matter of waste management from the individual perspective and behavior to the broader international and local regulatory compliance.

SBITC has initiatives such as banning single-use plastics, joint ocean clean-up projects, and waste segregation and proper disposal while AGCT has a voluntary commitment to reducing waste called "Sharing is caring" in which resources are offered for the local community for reuse prior to consideration for disposal. Some terminals also specify downcycling or co-processing as the type of recycling they employ. Cutting back on waste at the source is one of the most effective means as personnel and stakeholders onsite are encouraged through various internal communications channels to avoid disposable products, limit packaging, opt for reusable products, compost kitchen waste, buy in bulk, and prioritize digitalization to reduce use of paper.

Twenty-five out of 28 terminals implement waste management policies that subscribe to international standards such as ISO 14001 and/or local legislation, systems which are integrated into their operations with the approval and support of the CEO, General Manager, or HSE Head. Commitments and targets in managing and controlling waste are clearly defined for 27 out of 28 terminals and effectiveness is measured through KPIs, monthly reportings, and internal and/or external audits.

While different targets or estimates are adopted by each terminal due to the varied size and nature of operations, 23 out of 28 terminals are involved in recycling and waste management. In terms of tons recycled, OPC reported 68.2 tons, CGSA 219.50 tons, MNHPI 33 tons, SPIA 160 tons (which is 34 percent of their waste), AGCT 52.9 tons and SPICTL 223.8 tons.

UNITED BY SEA: GLOBAL TERMINALS TACKLE PLASTIC THREAT

From Kribi to Suape, ICTSI terminals marked key environmental days with united actions through community coastal clean-ups by employees, government and corporate partners, and community stakeholders of Kribi Multipurpose Terminal, NorthPort, Basra Gateway Terminal, Bauan International Port and Tecon Suape. Coastal cleanup activities result in cleaner coastlines and, in the long-term lead to plastic pollution awareness, waste management practices, and a sense of shared responsibility and community.

WASTE

	2022	2023
HAZARDOUS		
Oily waste (tons)	28 TERMINALS 1,206 TONS	28 TERMINALS 1,170 TONS
Busted fluorescent lamp (tons)	28 TERMINALS 1.78 TONS + 00 PIECES	28 TERMINALS 1.34 TONS
Clinical waste (tons)	28 TERMINALS 4.14 TONS	28 TERMINALS 2.33 TONS
ULAB	28 TERMINALS 75 PIECES	28 TERMINALS 57 TONS
Others (tons)	28 TERMINALS 364 TONS	28 TERMINALS 181 TONS
Total hazardous waste (tons)	28 TERMINALS 1,572 TONS	28 TERMINALS 1,411 TONS
	28 TERMINALS +2,487 PIECES ULAB	
	28 TERMINALS +574 PIECES BUSTED FLUORESCENT LAMP	
NON-HAZARDOUS		
Solid waste (tons)	28 TERMINALS 13,796 TONS	28 TERMINALS 9,746 TONS
Others (tons)	28 TERMINALS 1,481 TONS	28 TERMINALS 3,700 TONS
Total non-hazardous waste (tons)	28 TERMINALS 15,277 TONS	28 TERMINALS 13,446 TONS

All terminals have point persons for waste management representing engineering, operations, environment, health, and safety departments. Some terminals also appoint their Pollution Control Officer, Technical and Quality Analyst, and Facilities Manager as point persons. Accountability is an integral aspect and waste management responsibility is linked to their performance assessment, evaluations or appraisals in relation to KPIs, and internal and external audits.

At the Corporate level, ICTSI is crafting a policy that will govern environmental resource use, including water and waste management.

With operating efficiency as an implementation goal of our climate change action policy, we are looking into defining and refining our process flow when it comes to waste and its link to GHG emissions. For now 15 out of 28 terminals have a process flow related to waste impact as it relates to business activities ranging from cargo handling, vessel operations, and port maintenance. Like TSSA, more terminals are looking into environmental impact assessment in alignment with ICTSI's emission reduction targets.

BIODIVERSITY

While on the one end of our pledge to climate change action is a commitment to transformation, at the other end is our devotion to preservation. Core and consistent are ICTSI's initiatives for biodiversity conservation.

In all terminals, management fulfills their role in assessing and coordinating the terminals' nature-related risks and opportunities such as authorizing action plans, providing resources, allocating budget, setting policies and goals, periodic evaluations, identifying opportunities, minimizing (if not eliminating) negative impacts, addressing potential legal compliance issues, and implementing new solutions.

All terminals provide reports of the actual and potential negative and positive impacts on biodiversity with the most common actual/potential negative impact being oil/fuel spills from port operations which may cause pollution to water and harm marine biodiversity. Other negative impacts include air pollution from emissions that may generally contribute to climate change and affect biodiversity, and perturbation or destruction of habitats due to incremental expansions and operations of terminals. We are looking into opportunities to manage risk and impact by examining business activities and business relationships, port activities and operations, and client service and partnerships under the lens of sustainability and climate change action.

Fourteen out of 28 terminals have policies or practices in place specifically for biodiversity commonly integrated into their existing Environment or HSE policies. Some of these are implemented in accordance with regulatory requirements. 24 out of 28 terminals identify detailed commitments to biodiversity with 20 terminals implementing monitoring elements to track and audit the effectiveness of their strategies.
All terminals work to contribute to the resiliency of our organization and local communities to nature-related risks and threats through active reduction in waste and emissions, consistent coastal clean-ups, and support of extraordinary organizations working in the nature conservation space.

TECON SUAPE SUSTAINS COMMITMENT TO SEAHORSE CONSERVATION

Tecon Suape was one of the first companies in the Suape Port Industrial Complex to start a partnership with the Hippocampus Institute and commit to seahorse conservation. The Hippocampus Institute has been involved in seahorse conservation for over 25 years and in the last year alone, has reproduced and released around 34,000 seahorses in the region's estuaries, contributing to the preservation of a species that is threatened with extinction.

CMSA SUPPORTS CUYUTLÁN LAGOON CONSERVATION

As part of its aim to increase carbon capture in line with a pledge to achieve emission neutrality, Contecon Manzanillo S.A. (CMSA) pledged financial support for the conservation and reforestation of the Cuyutlán lagoon last October. The site is an important wetland located on the coasts of the Mexican Pacific with an area of 7,200 hectares covering the municipalities of Manzanillo, Tecomán and Armería and represents 90 percent of Colima's wetlands. The lagoon is registered as a priority marine and hydrological region for biological research and conservation of mangroves according to the National Commission for the Knowledge and Use Biodiversity (CONABIO). The initiative is in partnership with the local government and the University of Colima.

José Antonio Contreras, CMSA chief executive officer (third, from left), poses with Dr. Christian Torres Ortiz Zermeño at the agreement signing between CMSA and Unibersidad de Colima. Colima Governor Indira Vizcaino (second, from right) is also in attendance.

2

ECONOMY

CONTEXT AND COMMITMENTS

At ICTSI, we're more than just port operators. We partner with our host countries to unlock the power of trade. We optimize their ports, smooth the flow of goods, and help local businesses thrive. This creates jobs, builds communities, and fuels sustainable development – all around the world. Our success is their success, and together, we're building a brighter future, one port at a time.

GROUNDWORK

We built financial resilience against disruptions in transforming global supply chains in 2023.

GAINS

By optimizing logistics, we kept vital trade routes open and demonstrated the transformative power of efficient port and terminal operations. We facilitated the smoother movement of essential goods across continents, which supported local economic growth and promoted global supply chain resilience.

MOVING FORWARD

By optimizing logistics, we kept vital trade open and facilitated the smoother movement of essential goods across continents. This supported local economic growth and played a key role in global supply chain resilience, demonstrating the transformative power of efficient port and terminal operations.

WHERE PORTS MEET PROGRESS

As the global economy grapples with the lingering effects of the COVID-19 pandemic, the Russia-Ukraine conflict, and persistent inflation, ports emerge as critical drivers of economic resilience. With supply chains disrupted and trade patterns shifting, the role of ports in facilitating the movement of goods has become more important than ever.

In this complex landscape, International Container Terminal Services, Inc. (ICTSI) stands tall. We recognize not just our operational mandate but our significant influence on the economies of the nations we serve. Our investments, commitments, and partnerships form a strategic approach actively pursued to foster transformative growth and sustainable development. ICTSI's proven track record in developing high-performing gateways across emerging economies highlights the company's commitment to forging long-term partnerships with stakeholders, as well as a business model that is anchored on sustainable growth.

At the heart of ICTSI's ethos lies a deep-seated understanding of our pivotal role as a trade catalyst. We go beyond the mere handling of cargo – every investment we make invigorates the economic landscape of our host nations. When we fortify port infrastructure and embrace cutting-edge technologies, we're not just optimizing our own operations, we're fueling broader economic expansion.

Central to ICTSI's Purpose is a relentless drive to generate value beyond the confines of our terminals. The creation of employment opportunities and the injection of revenue into local economies fuels a positive ripple effect, empowering industries far beyond the port gates. Our ambition is to nurture a business environment conducive to innovation, attracting further investment, and bolstering the competitiveness of local enterprises.

Yet, ICTSI's impact transcends mere economic metrics. We understand the importance of collaborative efforts with host governments, businesses, and communities. This ensures a holistic approach to sustainable development. By aligning our goals with the aspirations of our host nations, we build a symbiotic relationship where mutual prosperity can truly thrive.

In essence, the logistics of transformation orchestrated by ICTSI encompasses the potential to reshape entire economies. That's the power we hold, and we don't take it lightly. With each container handled, ICTSI strives to leave a positive mark on the economic landscape, propelling nations towards greater prosperity and progress. As ICTSI continues to navigate the currents of global trade, our unwavering commitment to positively influencing economies remains steadfast. We ensure the ports we operate serve not just as gateways to the world, but as beacons of economic vitality and social progress.

FOSTERING ECONOMIC RESILIENCE THROUGH PORT TRANSFORMATION

Ports serve as critical links in the world's economic network, and their resilience is more important than ever as the impacts of the COVID-19 pandemic and geopolitical shifts linger. To address congestion, adapt to a changing landscape, and facilitate the seamless movement of goods, ports must invest in infrastructure, technology, and strategic partnerships.

ICTSI is committed to meeting these challenges. Our recent expansions and acquisitions position us as a leading global port operator, empowering us to reach new markets, boost capabilities, and offer comprehensive solutions to our customers.

In July 2023, ICTSI was named the preferred bidder to develop and operate Durban Container Terminal (DCT) Pier 2 in South Africa. Leveraging our expertise, we are committed to developing DCT Pier 2 into an efficient, high-performing gateway for South Africa's foreign trade.

In January 2024, the Philippine Ports Authority (PPA) recently awarded ICTSI a concession to develop and operate the Iloilo Commercial Port Complex (ICPC). This move will transform the port into the Visayas Container Terminal (VCT) – a modern, premier gateway strategically located in the heart of Iloilo City, serving the entire Western Visayas region.

We are also investing heavily in Australia, with a comprehensive AU$500 million expansion plan for Victoria International Container Terminal (VICT). This will significantly enhance operating efficiencies and reduce environmental impact.

Further expansion of our flagship Manila International Container Terminal (MICT) is underway, increasing capacity to service ultra-container vessels and making it the Philippines' largest international gateway.

In the Democratic Republic of Congo, Matadi Gateway Terminal's (MGT) commitment to eco-friendly operations is evidenced by the acquisition of four hybrid rubber tire gantries (RTG) and the funding of the Western Urban Road Project. In Indonesia, ICTSI is developing East Java Multipurpose Terminal (EJMT) into a state-of-the-art gateway to serve the Lamongan, Tuban, and Central Java regions.

ICTSI's strategic investments underscore our dedication to transforming ports into resilient hubs of global trade. We are poised to drive economic growth, innovation, and sustainable solutions worldwide.

BUSINESS PERFORMANCE IN CONTAINER THROUGHPUT

2022	2023
12.22 MILLION TEUs	12.75 MILLION TEUs

ECONOMIC PERFORMANCE (IN MILLION USD)	2022	2022	2023	2023
Direct economic value generated		2,296.5		2,479.9
Economic value distributed		1,947.8		2,201.7
Operating costs	521.1		616.5	
Employee wages and benefits	263.5		274.0	
Payments to providers of capital	465.3		581.7	
Payments to governments	679.5		717.4	
Community investments	19.9		12.1	
Economic value retained		348.7		278.2

ECONOMIC CONTRIBUTIONS

Despite a challenging year, ICTSI demonstrated resilience in 2023 with a consolidated net income attributable to equity holders of US$511.5 million. While this represents a 17.3 percent decrease compared to 2022, it's important to note that this figure includes a nonrecurring impairment charge. Excluding this charge, along with adjusting for MNHPI's contribution, and new/discontinued businesses, our core net income attributable to equity holders actually increased by a significant 8.4%.

The Group's consolidated gross revenues from port operations increased by 20.3

percent to US$2,243.0 million for the year ended December 31, 2022 from US$1,865.0 million for the same period in 2021 mainly due to volume growth and market recovery; favorable container mix; tariff adjustments at certain terminals; new contracts with shipping lines and services; higher revenues from ancillary services; and contribution of MNHPI and new businesses, mainly MHCPSI (acquired in June 2021), OMT and IRB Logistica (started commercial operations in July 2021); partially tapered by decline in trade activities at PICT; and unfavorable translation impact mainly of the depreciation of Philippine peso (PHP)- and Australian dollar (AUD)-based revenues at Philippine terminals and VICT, respectively, and Euro (EUR)-based revenues at MICTSL and AGCT. Excluding MNHPI, and new businesses (MHCPSI, OMT, IRB Logistica, EJMT, CM Logista and SBI) and

ICTSI INKS USD750 MILLION LOAN FACILITY WITH METROBANK TO BOOST OPERATIONS

ICTSI has secured a US$750 million loan from one of the country's biggest banks, Metropolitan Bank & Trust Co. (Metrobank), to further expand its port operations worldwide. To date, this is the biggest credit facility secured by ICTSI and the largest bilateral facility extended by Metrobank.

Proceeds of the six-year loan facility will be used to refinance the global port operator's short-term obligations and to fund strategic mergers and acquisitions.

ICTSI holds a strong track record for investing in both new and existing terminals that will fuel the growth of its offshore and domestic operations.

"Our long-standing relationship with Metrobank enables us to carry out our objective of continuously making our terminals around the world more globally competitive, more efficient, and more accessible. At the same time, this relationship enables us to act more proactively on M&A opportunities of all sizes. Metrobank has been a tremendous partner for us in building our global portfolio and in expanding our position as one of the Philippines' true global corporate players," said Christian R. Gonzalez, ICTSI Executive Vice President, Chief Compliance Officer and Chief Sustainability Officer.

For its part, Metrobank sees its financial support to ICTSI as a platform to fulfill its ambitious strategic development plans and further economic growth.

ICTSI has earmarked USD400 million for its capital expenditures to be used to improve productivity and effectivity of its various terminals.

In 2019, ICTSI Global Finance B.V., a subsidiary of ICTSI, also secured a seven-year loan amounting to USD300 million from Metrobank to fund its capital expenditures and to refinance its then existing obligations.

discontinued businesses (DIPSSCOR and HIPS), consolidated gross revenues would have increased by 17.3 percent.

The Group's consolidated volume increased by 9.4 percent to 12,216,190 TEUs for the year ended December 31, 2022 from 11,163,473 TEUs handled for the same period in 2021 primarily due to consolidation of MNHPI starting September 2022; volume growth and improvement in trade activities as economies continue to recover from the impact of the COVID-19 pandemic and lockdown restrictions; and new shipping lines and services at certain terminals. Excluding MNHPI, OMT (started commercial operations in May 2021) and DIPSSCOR (ceased commercial operations on June 30, 2022), consolidated volume would have increased by 5.3 percent.

STRENGTHENING OUR FINANCIAL POSITION

As we move towards maintaining our long term success and stability in today's volatile business landscape, ICTSI takes proactive measures to improve key financial metrics to ensure our strength to weather economic downturns and take advantage of growth opportunities.

In response to the increased cash flows from its international subsidiaries, ICTSI took proactive steps to improve its financial position. In 2021, the company issued US$300 million of 10-year fixed-rate notes with a coupon of 3.5 percent and successfully tendered its equity-accounted 5.875 percent and 4.875 percent perpetual securities with call dates in 2022 and 2024, respectively. Aside from the savings on the financing cost due to the lower coupon, we were able to extend the average duration from 4.4 to 6.1 years in a rising interest rate environment.

To address constraints on cash repatriation due to accounting and regulatory issues at certain terminals, such as CMSA in Mexico and VICT in Australia, ICTSI implemented two projects to provide liquidity for its deleveraging program:

- Executed an MXN asset-backed USD loan without foreign currency exposure and a positive interest carry, enabling the extraction of US$110 million of liquidity from CMSA in 2022 alone.
- Implemented a global cash pool program, without foreign currency exposure and with competitive interest rates, that provided US$100 million of liquidity for the Group by the end of 2022 without expanding the balance sheet.

Further in 2023, ICTSI secured a USD750 million loan from the Metropolitan Bank & Trust Co. (Metrobank), the largest credit facility in the company's history. The proceeds of this loan will be used to refinance the company's short-term obligations and fund strategic mergers and acquisitions.

ICTSI's strong financial position has enabled the company to invest in both new and existing terminals, fueling the growth of its offshore and domestic operations. The company is well-positioned for continued success in the years to come.

BOOSTING TRADE AND DEVELOPMENT AROUND THE WORLD

ICTSI helps its host nations maximize their port infrastructure investments and boost trade as a driver of sustainable development. The Company's ports support businesses and communities across six continents.

In Mexico, Contecon Manzanillo (CMSA) hosted Colima Secretary for Economic Development Francisco Rodríguez Garciá, who recognized the Port of Manzanillo's economic impact in February. CMSA highlighted ICTSI's global reach and Manzanillo.

The following month, CMSA and COSCO Shipping Lines met with Chinese Ambassador Zhang Run and explored Manzanillo's position as Mexico's leading gateway for foreign trade, boosting bilateral economic ties.

In Honduras, Operadora Portuaria Centroamericana (OPC) met with Chinese Ambassador Yu Bo last October 14 when OPC senior executives acknowledged

ICTSI GEARS UP FOR GROWTH: EXPANSIONS IN AUSTRALIA, MANILA AND EAST JAVA

ICTSI is strategically expanding its global footprint, driving growth through significant investments in key ports across Australia, the Philippines, and Indonesia. These developments, focused on increasing capacity, modernizing facilities, and establishing new trade corridors, position ICTSI as a major force in the international port operations industry.

VICT (AUSTRALIA). The Victoria International Container Terminal (VICT), International Container Terminal Services, Inc.'s (ICTSI) operation at the Port of Melbourne in Australia, completed Phase 3 of its AU$235 million expansion project in December.

Phase 3A increases the terminal's capacity by 30 percent to 1.25 million TEUs. It extends the quay by 71 meters to 735 meters or 769 meters with the mooring dolphins included, enhancing VICT's quayside operations by allowing two 366-meter vessels to berth simultaneously.

On the landside, three new storage blocks have been added along with 15 new truck lanes, enhancing the terminal's booking system time slot offerings to the market by up to 30 percent per hour starting in January 2024.

As part of Phase 3A, VICT also acquired two ship-to-shore (STS) cranes, six auto container carriers (ACC), and six auto-stacking cranes (ASC). The ACCs and the ASCs have been operational since August, supporting the increased yard capacity. The STS cranes, which have a reach of 22 containers across and are currently the largest port equipment in Australia, arrived in the third quarter and by December.

Phase 3B is scheduled to be completed in 2025 and will include the acquisition of another automated STS crane, three ACCs, four ASCs, and the construction of two additional storage blocks.

MICT (PHILIPPINES). ICTSI had a groundbreaking of another berth to its flagship, the Manila International Container Terminal (MICT) last May. The new berth, MICT's eighth, is beyond the contractual commitments to the Department of Transportation (DOTr) and the Philippine Ports Authority (PPA).

To be constructed in phases, Berth 8 will greatly add to the MICT's capability to service foreign ultra-container vessels of up to 18,000 TEUs, a trend that has been growing in the past years. The new berth will create another 400 meters of quay and 12 hectares of yard space, bringing an additional annual capacity of 200,000 TEUs.

When completed, the MICT will have an annual capacity of 3.5 million TEUs, making it the Philippines' largest international gateway. The full build will give the MICT a total berth length of 2,300 meters, a 21 percent increase in berthing capacity.

Gonzalez said: "We are excited to announce the development of Berth 8, which enables us to be in the same league as the world's top terminals. More importantly, this will bring significant economic benefits to the Philippines as we have the added capacity to handle growing trade volumes."

EJMT (INDONESIA). ICTSI marked a milestone with the groundbreaking of the East Java Multipurpose Terminal (EJMT) in Indonesia last October. This state-of-the-art facility will unlock a new gateway for Lamongan, Tuban, and Central Java, boosting regional trade.

EJMT boasts a 300-meter quay, breakwater, heavy lift deck, and a deepened navigational channel. Equipped with two post-Panamax cranes, it caters to containerized and bulk cargo.

EJMT, built by local partner PT. PP (Persero) will welcome its first vessel by September 2024. This marks a new chapter in connecting East Java to the world.

the strong partnerships with Chinese companies like ZPMC (crane manufacturer) and CHEC (infrastructure constructors) and emphasized the importance of international collaboration in driving efficiency, productivity, and competitiveness. The meeting highlighted both parties' commitment to contribute to substantial development, economic growth, and job creation for Hondurans.

In Ecuador, Contecon Guayaquil (CGSA) hosted the visit of International Maritime Organization (IMO) Secretary General Kitack Lim when they talked about collaboration with the global maritime community in upholding industry standards last August.

In Buenos Aires, Philippine Ambassador to Argentina, Her Excellency Grace Cruz-Fabella, visited TecPlata and talked with its CEO Juan Pablo Trujillo on navigating regional challenges and seizing emerging opportunities. The ambassador acknowledged ICTSI's position as the largest Philippine investor in Latin America and expressed optimism in the development of the region's port operations.

In Iraq, Basra Gateway Terminal (BGT) welcomed Razaaq Al-Sadawi, Iraq's newly appointed Minister of Transport in May. Mr. Salvador showcased BGT's advanced equipment and processes while emphasizing its commitment to Iraqi trade and port development. In July, Mr. Salvador hosted General Company for Ports of Iraq (GCPI) Director General Farhan al-Fartosi when they discussed areas for collaboration and optimization at Umm Qasr. The talks centered on digitalization, streamlining operations, easing administrative burdens, and fostering enhanced stakeholder communication.

LOCAL LAURELS, GLOBAL GROWTH

In the Philippines, the country's ports are soaring in their regional performance, compared with Southeast Asian ports, according to the latest Drewry Maritime Research data reported in June.

The Port of Manila, the region's only double-digit performer, had a significant increase in cargo, reaching 5.47 million TEUs in 2022, which put Manila 7th busiest gateway port in SEA while Cebu ranked 13th and Davao 15th. MICT secured the third spot among the region's top gateway ports.

Philippine Ports Authority (PPA) General Manager Jay Santiago cited unwavering commitment and dedication to infrastructure development as key contributors to this success. He emphasized this growth's positive impact on transportation, logistics, and manufacturing, generating jobs and fueling economic development.

The next month, ICTSI and Manila North Harbor Port (NorthPort) were honored as top taxpayers by the City of Manila for 2022 in July. ICTSI took 10th in business taxes and 6th in property taxes, while NorthPort secured 6th in business and 9th in property taxes.

ICTSI's long-standing tax remittance of over PhP3 billion since its PhP40 billion investment in Manila International Container Terminal in 1988 alongside concession fees to the Philippine Ports Authority, had driven broad-based economic growth for Manila and the national port system.

3

SOCIAL

CONTEXT AND COMMITMENTS

At ICTSI, our people, our most valuable asset, are at the center of our social responsibility. From safeguarding human dignity to fostering employee well-being, every action reflects this aspect. Our employee programs cover health, safety, well-being and professional development. Our employees are equipped to strengthen relationships and effectively collaborate with customers, partners, and communities. We protect and empoweri our workforce because our people are our main drivers for sustainable growth.

GROUNDWORK

We value global well-being, upholding humane standards, and best practices. Robust safety protocols, ethical labor, and unwavering dedication to human dignity empower our workforce. We invest in worker health, finance, skills, and recognition, fostering a diverse, fair, and respectful environment. Our success is anchored on human capital driving progress for all.

GAINS

We invest in our people – the heart of our success. We foster a safe, inclusive, and innovative work environment through comprehensive protocols, training, and development opportunities. Our motivated, skilled, and compassionate team drives operational excellence, strengthens relationships, and fuels our ongoing growth.

MOVING FORWARD

The constant drive to transform: more than resilience and the adaptability to change especially in the diverse environments where operate, an empowered and thriving workforce is what ensures continuity in our business and the harmonious relationships with our communities.

BUILDING CONNECTIONS FOR SHARED SUCCESS

Transformation is more than streamlining processes and innovating solutions. It's about fostering deep connections - with our employees, customers, and the host communities where we operate. We continue to prioritize their health, safety, and well-being, investing in human development, and fostering a collaborative environment. Our customers are at the heart of everything we do, and we build strong partnerships with our communities and other stakeholders to create a win-win situation, driving sustainable business practices and shared success.

As a vital cog in the logistics chain, we see ourselves as connectors, opening doors to opportunities and progress for all. This focus on building meaningful connections forms the foundation of our social responsibility, and propels us forward on our journey of transformation.

EMPLOYEES

At ICTSI, we understand that a thriving and engaged workforce is the foundation of our business success and positive impact. We cultivate a supportive, empowering, and equitable work environment where employees contribute meaningfully, grow personally and professionally, and feel valued. Our focus on sustainability encompasses caring for our people – their well-being, professional development, and equitable working conditions.

In addition to our economic contributions through job creation and trade facilitation, we uphold internationally recognized employment frameworks from the UN, OECD, and ILO. We prioritize adherence to local labor laws across all our operations, ensuring a commitment to fair and responsible employment practices. Building on these foundational standards, ICTSI implements core employment principles and best practices at every terminal, adapted as needed for specific jurisdictional contexts.

HIRING AND EMPLOYMENT

ICTSI's long-standing policy emphasizes full-time employment, ensuring stability, engagement and dedication to employee development. This aligns with our Global Principles on Human Capital, demonstrating our belief in a consistent and responsible approach to workforce management.

The Global Corporate Human Resources (GCHR) in Manila oversees and safeguards effective workforce engagement and labor relations across our business units. GCHR conducts risk assessment related to hiring, retention, and working conditions across all operations. Each business unit has a dedicated Human Resource team or manager for immediate, localized employee management.

As of December 31, 2023, ICTSI employs 9,865 permanent employees, excluding those from its affiliates. The decrease in number of employees in 2023 (from 10,182 in 2022) was mainly due to the expiration of concession contract at PICT in June 2023, partially tapered by further absorption of manpower of i-Tracker business by IRB Logistica in February 2023 and acquisition of CLIA Pouso Alegre in September 2023.. In terms of hiring, ICTSI generally does not hire contractual employees, as it believes that it can achieve greater efficiency with a dedicated staff of employees who are familiar with the Group's internal systems. Wherever possible, we focus on internal promotion and hiring from local and neighboring communities to stimulate local economic benefits. *(More information about our full-time employee data can be found at our 2023 SEC 17-A Annual Report.)*

Each terminal adopts employment policies that are fully compliant with local labor laws. These include compensation and benefits packages, fair recruitment and selection, collective bargaining agreements when applicable, and comprehensive hire-to-retire programs. We continually evaluate and update these programs, carefully considering financial implications to ensure they are both sustainable for the company and beneficial to our employees.

To ensure the continuity of ICTSI's corporate culture and system of operations across the Group, we embrace a strategic mix of workers from diverse nationalities, ethnicities or backgrounds, and deploy them across our global operations. In this way, we create an enriching and collaborative workforce where employees enjoy stability and growth opportunities within their chosen fields.

Alongside this focus on cultural integration, we remain strongly committed to empowering local communities through employment. In Colombia, SPIA implements mandatory hiring from six communities near the terminal to bolster its social responsibility. Ninety-eight percent of BGT's workforce meanwhile, are Iraqi nationals, while SCIPSI's 'Investor in People' accreditation showcases their commitment to employment practices that surpass typical regulatory requirements. Through these actions, we strengthen local talent pools and directly contribute to the growth of the communities we serve.

Dedicated financial resources are likewise allocated to finding and onboarding top talent. Our recruitment budget covers candidate sourcing, technological resources for new hires, and essential pre-employment assessments such as psychometric tests, background checks, and medical exams.

Our terminals have comprehensive grievance mechanisms to ensure that employees have a safe and reliable way to report concerns. These mechanisms prioritize confidentiality, thorough investigation, resolution, and analysis for ongoing improvement. We encourage our employees to voice potential misconduct such as direct reporting, suggestion boxes,

INVESTING IN FUTURE LEADERS: THE TED CLASS OF 2023

The ICTSI Academy under Global Corporate Human Resources (GCHR) celebrated the graduation of 15 executives from the Terminal Executive Diploma (TED) program last July 21. Hailing from terminals globally, this diverse group honed their leadership skills through an intensive two-week program held from July 13 to 21.

The TED program centered around driving the ICTSI business objective of achieving a compound annual growth rate (CAGR) of 9 percent earnings before interest, taxes, depreciation, and amortization (EBITDA) over the next five years. Participants underwent training covering Terminal Business Drivers, conducted by Eric Bubeer, followed by insights from ICTSI Corporate resource speakers to align corporate functions with terminal goals.

EMPLOYMENT OVERVIEW*

2022 2023

TOTAL NUMBER (RATE OF) NEW HIRES PER AGE GROUP	2022 (28 TERMINALS)	2023 (28 TERMINALS)
Under 30 years old	491 (0%)	449 (0%)
30 to 50 years old	609 (0%)	541 (0%)
Over 50 years old	32 (0%)	53 (0%)

TOTAL NUMBER (RATE OF) TURNOVER PER AGE GROUP	2022 (28 TERMINALS)	2023 (28 TERMINALS)
Under 30 years old	241 (0%)	221 (0%)
30 to 50 years old	604 (0%)	606 (0%)
Over 50 years old	199 (0%)	211 (0%)

TOTAL NUMBER (RATE OF) NEW HIRES BY GENDER	2022 (28 TERMINALS)	2023 (28 TERMINALS)
Male	918 (0%)	863 (0%)
Female	214 (0%)	180 (0%)

TOTAL NUMBER (RATE OF) TURNOVER BY GENDER	2022 (28 TERMINALS)	2023 (28 TERMINALS)
Male	887 (0%)	899 (0%)
Female	175 (0%)	139 (0%)

DIVERSITY OF EMPLOYEES BY EMPLOYEE CATEGORY		
Employee category	28 TERMINALS	28 TERMINALS
Admin - Rank and File	1,173	957
Admin - Management	556	587
Operations - Rank and File	76,09	7,868
Operations - Management	884	885
TOTAL	10,222	10,297

GOVERNANCE BODY** GENDER DIVERSITY		
Gender	2022	2023
Male	163	179
Female	76	90
Total	239	269

GOVERNANCE BODY** AGE GROUP DIVERSITY		
Age group	2022	2023
Under 30	19	24
30 to 50	153	169
Over 50	67	76
TOTAL	239	269

* Figures shown refer to 28 of 30 terminals in the scope. All data are preliminary.
** Governance Body is defined as the Company's Board of Directors, Key Officers, and Global Corporate employees for the Group. ("Key Officers" includes employees with positions from Vice President and higher.)

or through the Company's Compliance Officer, depending on the terminal's setup. Protection of employee privacy and anonymity is assured through our policies, code of conduct, data privacy laws, and local labor codes.

WAGES AND BENEFITS

Keeping our people well-motivated is key to sustaining a dedicated workforce. We demonstrate this commitment through competitive compensation packages and benefits that are designed to promote financial stability, work-life balance, and career development.

We take care of our full-time employees with benefits that significantly exceed local mandates, enabling them to thrive. Benefits that are standard for full-time employees that are not provided to temporary or part-time ones include leaves, life insurance, bonuses, allowances, end-of-service support, and other forms of assistance other than the government-mandated ones.

We offer competitive remuneration relative to the domestic industry and local labor markets. We fully comply with existing laws on wages, work hours, overtime, and benefits. We continue to work within the confines of the business and the law to reward our people for their contributions to ICTSI's success. We also invest in upskilling, training, or retraining the available local labor to ensure their growth and development and our continued good operations.

ICTSI champions fair pay practices, including gender pay equity across all our terminals. However, women in OPC usually earn around 13.7 percent more

SERVICE AWARDEES HONORED AS ICTSI CELEBRATES 35TH YEAR

ICTSI marked its 35th anniversary by paying tribute to long-serving, loyal, dedicated employees. Separate celebrations were held for service awardees in Global Corporate on June 13 and Manila International Container Terminal (MICT) on June 15.

With service tenures ranging from 20 to 35 years, service awardees from different departments have played and continue to play key roles in shaping the company's success.

ICTSI Executive Vice President Christian R. Gonzalez thanked each service awardee during the celebratory events as he recalled the Company's 35-year journey. "From our humble beginnings of handling around 170,0000 TEUs at MICT, we have become the world's largest independent terminal operator. This would not have been possible without our fantastic people, especially those with us for 35 years.

"What sets us apart is our approach to dealing with failure. It requires a special kind of individual, a special type of culture. And, in difficult times, our people and culture have come together, and we've had many. I am very proud that we have gone through those difficult times, crises, and tough situations. The Company wouldn't have wanted to do that with anybody else. On behalf of my family, we thank all of you for your sacrifices and contributions," he added.

ICTSI EMPLOYEES BY REGION AND DIVISION* (2023)

Terminals	Admin	Operations	TOTAL
Philippines	524	3,965	4,489
APAC**	164	791	955
Americas	571	2,643	3,214
EMEA	285	1,354	1,639
TOTAL	1,544	8,753	10,297

*Figures shown in table refer to all 32 operational terminals (excluding affiliates)
**Excluding Philippine operations

OPC, SCIPSI SHINE AS TOP EMPLOYERS

In 2023, two of ICTSI's business units in Honduras and the Philippines earned significant recognition for their outstanding workplace environments and people-centric practices. These achievements underscore ICTSI's core belief that exceptional employees are the key to a sustainable, successful business.

OPC: #1 EMPLOYER IN HONDURAN LOGISTICS. Operadora Portuaria Centroamericana (OPC) was recognized as the most attractive employer in Honduras's logistics and distribution sector last July for the second consecutive year.

The Most Attractive Companies to Work For (EMAT) is a perception survey that ranks the best companies to work for across different companies in the region. For more than 11 years, EMAT has been the survey that reveals how organizations are perceived within the workforce. The results presented are based on the perspective of the economically active population of each country.

The recognition is awarded by recruitment company Tecoloco, which considers the contribution of human capital within companies to be relevant. OPC was also recognized among the top companies in the General and Management Ranking, which covers all sectors.

SCPSI: 2023 PEOPLE INVESTOR OF THE YEAR. South Cotabato Integrated Port Services, Inc. (SCIPSI) won the 2023 People Investor of the Year at the inaugural Investors in People Philippines Awards held last July 25 in Bonifacio Global City.

The event marked the first local awards ceremony organized by Investors in People Philippines to recognize outstanding people management practices and honor outstanding Investors in People organizations in the country. SCIPSI is the first Investors in People accredited company to receive the award, edging NLEX Corporation and Q2 HR Solutions.

In addition, SCIPSI employee Dovie Daligdig was named first runner-up for the Community Employee of the Year Award. This double win signifies a significant milestone for SCIPSI, demonstrating their unwavering belief that their people are not merely employees but the foundation of their success. By prioritizing employee growth, fostering a culture of excellence, and empowering its workforce, SCIPSI garners accolades and cultivates a sustainable future fueled by human potential.

Recruitment company Tecoloco recognizes OPC as one of the Most Attractive Companies to Work For (EMAT) in the logistics and distribution sector in Honduras.

than men, while in MICTSI, women get USD106 higher pay, on average. In both of these cases, pay gaps occur when the position is accounted.

WORK-LIFE BALANCE

At ICTSI, we understand the benefits of a healthy work-life balance, especially in today's evolving workplace. To support our employees, we've proactively adapted our practices as well to foster an environment that prioritizes continued productivity, improvement, and excellence.

Established in 2022, our 'Way of Working' Policy sets clear expectations for balancing remote and in-office work to fulfill job responsibilities. While 'work from office' remains our default, employees can either work from home or other Razon Group locations, subject to department manager approval. This flexibility empowers employees to manage their work effectively.

We continue to optimize office spaces for essential collaboration and business continuity, while providing employees with the necessary tools and technology to thrive in flexible work environments. Moreover, we've transitioned many employee engagement programs to virtual platforms, making it easier for employees to stay connected and participate in team collaborations, even in a hybrid work environment.

Our HR teams are well-equipped to provide relevant information, guidelines, and training to help reduce the psychosocial and mental health impact of teleworking. In the Philippines, we have partnered with Mindnation, a behavioral healthcare organization, to provide our employees with ergonomic, mental health, and psychosocial support using digital telehealth technologies.

We are proud to be a flexible employer, providing our employees with the support they need to maintain a healthy work-life balance. We understand that this balance is essential to our company's continued success and our employees' well-being.

LEAVES

Our company has consistently recognized and upheld workers' rights to build families without discrimination or loss of employment. We strive to provide a work environment that supports both career success and strong family life.

Most of our terminals have policies supporting employee parental leave and childcare, with specific policies varying based on local contexts, codified in leave policies, employee handbooks, and company codes. Examples of these policies include MNHPI's policies on Anti-Violence Against Women and their Children, Solo Parents, Paternity Leave, Maternity Leave, and the Magna Carta for Women. These are uploaded at the company website and the intranet for easy reference.

In Papua New Guinea, SPICTL and MITL have generous maternity leave policies. These include paid and unpaid time off, and daily breaks to care for newborns, particularly within the first four months after giving birth.

Our terminals also have varying days for leaves, especially for paternal leaves, ranging from two to five days.

LABOR PRACTICES

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING AGREEMENTS

We believe that strong communication and respecting employee rights are essential for long-term success. As our business grows, we remain committed to ensuring our workforce thrives alongside the company, with their rights prioritized and protected.

We champion our employees' rights to association and collective bargaining, upholding international declarations and conventions aligned with our Global Principles on Human Capital. Moreover,

VICT CHAMPION SHINES AS 2023 YOUNG ACHIEVER

Landside coordinator Melissa Scerri of Victoria International Container Terminal (VICT) landed a prestigious win, being recognized as the 2023 Young Achiever of the Year at the Australian Freight Industry Awards (AFIA) in September

This award celebrates Melissa's commitment to enhancing special cargo processes and delivering, customers the highest level of service. Her remarkable organizational abilities and capacity to foster strong relationships with stakeholders continue to play a pivotal role in ensuring goods' safe and efficient transportation.

we strictly adhere to domestic and international socio-economic laws and regulations related to labor conventions. This commitment ensures that freedom of association and collective bargaining are never compromised across our operations and supply chain.

Regarding freedom of association, approximately 58 percent of ICTSI's labor force are unionized, based on ICTSI's total permanent employee headcount, regardless of whether an employee is entitled and eligible to join a union or not. To support positive labor-management relations, 15 out of 30 terminals maintain collective bargaining agreements (CBA). These agreements include notice periods and provisions for consultation and negotiation, with most specifying a 30-day framework, often reflecting local regulations. CBAs usually undergo updates every five years to continuously align with evolving labor situations and compensation relevance.

Regardless of whether a labor union exists in a particular terminal, we proactively create opportunities for dialogue through the formation of labor-management councils (LMC). In this way, even employees who chose not to be part of a union can still engage management or formally address their concerns. *(More information on CBAs entered by the Company and its subsidiaries can be found in the 2023 SEC 17-A Annual Report.)*

LABOR-MANAGEMENT RELATIONS

At ICTSI, we believe a collaborative labor-management relationship is the cornerstone of sustainable business success. This approach leads to tangible outcomes, such as increased productivity, improved safety standards, and greater employee satisfaction. We foster open communication and mutual respect between management and employees to promote this goal.

ICTSI establishes programs and initiatives designed to build trust and transparency. These include regular meetings between union representatives and management, skills development training for workers, and labor-management committees that address specific concerns. Additionally, ICTSI benchmarks its compensation and benefits against industry standards to ensure its packages remain competitive and fair. We are committed to upholding international labor standards and ensuring compliance with local regulations.

ICTSI also recognizes the importance of fair compensation and benefits for its workers and has implemented programs to ensure that employees receive competitive wages and comprehensive benefits packages. We also adhere to international labor standards and work to ensure that our operations meet the requirements of local labor laws and regulations.

Most of our terminals institutionalized their labor engagement efforts through policies and commitments that comply with internal regulations. In MICT, an Employee Engagement and Communication Program was created and approved by the HR head to improve worker engagement. These policies and other initiatives are evaluated annually through employee surveys.

Of the terminals in review, the majority were able to set goals and targets so they could manage labor relations effectively. They are evaluated using quantitative goals, such as zero labor cases and zero days of work stoppage due to industrial unrest.

Most terminals also have qualitative targets, including safe working conditions, fair compensation, employee satisfaction, and harmonious relationships with labor unions. The primary backdrop for our business units' setting their goals and targets is the capacity to provide higher labor standards and maintain industrial peace. Quantitative and qualitative targets are evaluated internally, monthly and yearly, using KPIs.

Most of our terminals have made budgetary allocations for programs and initiatives, such as employee benefits and salary reviews, employee engagement programs, social and sports activities, and employee recognition awards. In YICTL, allocations are set for the personnel and technical resources needed to execute labor relations tasks.

Grievance mechanisms to address labor concerns exist in over half of our terminals. Grievance channels usually include labor policies like grievance reporting procedures, the formation of labor-management councils, and suggestion stations spearheaded by the HR department to resolve any grievance internally and prevent employees from filing labor cases against the Company.

MODERN SLAVERY

ICTSI unequivocally condemns modern slavery in all its forms – forced labor, human trafficking, debt bondage, and all severe forms of child labor. These practices violate fundamental human rights and undermine ethical business conduct. We will not tolerate any presence of modern slavery within our operations or supply chains, regardless of location.

As a Company, we fully support the United Nations Global Compact and are dedicated to supporting the global effort to eradicate modern slavery. Our Global Principles on Human Capital embodies our support for the United Nations Global Compact principles. These principles align with ICTSI terminal's essential role as gateways to international trade, foundations for local economic growth, and drivers of community development.

Our business transformation includes continuity in aligning our business practices with the UN Guiding Principles and ensuring that human rights considerations are integrated into our due diligence processes and ESG governance mechanisms. We understand that our presence in different countries and communities comes with a responsibility to maintain the highest ethical standards and safeguard the welfare, safety, and human rights of our business's employees.

Through a partnership between the ICTSI Foundation and the Voice of the Free (VF) Foundation, a leading anti-human trafficking NGO in the Philippines, ICTSI employees will receive training on how to combat modern slavery. This collaboration empowers ICTSI employees at our Manila flagship to identify and report instances of human trafficking, and to support VF's anti-slavery programs. Additionally, employees will gain critical insights into the scale of human trafficking globally and within the Philippines.

DIVERSITY AND EQUAL OPPORTUNITY

At ICTSI, we celebrate the diversity of our people and recognize it as a core strength. We foster a welcoming and inclusive workplace where everyone feels valued, respected, and empowered to reach their full potential. Advancing diversity, equality, and inclusion (DENI) across all our operations is a fundamental priority, regardless of race, gender, age, sexual

DIVERSITY OF EMPLOYEES BY AGE AND GENDER*

2022 2023

GENDER	MALE		FEMALE	
Age Group	28 TERMINALS (2022)	28 TERMINALS (2023)	28 TERMINALS (2022)	28 TERMINALS (2023)
Under 30	1,418	1,373	319	365
30 to 50	6,203	6,221	719	725
Over 50	1,465	1,518	98	105
Total	9,086	9,102	1,136	1,195

* Figures shown in the tables refer to all 30 terminals (including affiliates covered by this report).

orientation, religion, physical or mental ability, or any other status.

Our Diversity and Equal Opportunities Policy, formalized in 2022, emphasizes our commitment to diversity, inclusion, and respect for human rights as embodied in our Company Values (Respect for all), and the Global Principles on Human Capital. The policy also strengthens the Employee Relations provision in our Code of Business Conduct.

The Company guarantees equal opportunities in all aspects of employment, from application and recruitment to terms and conditions, appraisals, professional development, promotions, employee conduct, disciplinary procedures, and beyond.

Diversity and inclusion in the workplace are crucial to ICTSI's goal of becoming one of the best companies to work for in our industry. In many of our terminals, women now hold positions traditionally occupied by men, such as vessel and yard checkers, equipment operators, engineers, and drivers.

We are committed to creating a work environment where employees feel respected and valued. Access to employment, education, and career advancement is based solely on individual capabilities and competencies – not on age, sexual orientation, disability, or any other personal circumstance. We have zero tolerance for discrimination leading to unequal opportunities.

To enforce this commitment, we have robust reporting and grievance mechanisms in place. Employees can report any violations of our DE&I policies directly to the Compliance Officer, through Human Resources teams, email, or dedicated phone lines. All substantiated complaints against any employee or officer will result in appropriate disciplinary measures and sanctions, in accordance with existing company personnel policies. These efforts help us build a workforce comprised of top talent, driving our business forward.

LEARNING AND DEVELOPMENT

ICTSI is committed to providing training and development opportunities for our employees with the ultimate objective of everyone reaching their full potential. We emphasize developing skills, supporting employees, harnessing talent, and driving business performance through.

AVERAGE HOURS OF TRAINING

2022 2023

	2022	2023
TRAINING HOURS BY GENDER		
Male	28 TERMINALS 18 HRS	28 TERMINALS 19 HRS
Female	28 TERMINALS 24 HRS	28 TERMINALS 33 HRS
TRAINING HOURS BY CATEGORY		
Admin rank and file	28 TERMINALS 20 HRS	28 TERMINALS 31 HRS
Operations rank and file	28 TERMINALS 18 HRS	28 TERMINALS 18 HRS
Admin management	28 TERMINALS 26 HRS	28 TERMINALS 24 HRS
Operations management	28 TERMINALS 18 HRS	28 TERMINALS 23 HRS
AVERAGE HOURS OF TRAINING PER EMPLOYEE	28 TERMINALS 19 HRS	28 TERMINALS 20 HRS

ICTSI TERMINALS STRENGTHEN EMPLOYEES' LEADERSHIP AND TECHNICAL SKILLS

CONTECON GUAYAQUIL CULTIVATES LEADERSHIP EXCELLENCE. Empowering its leaders for a brighter future, Contecon Guayaquil launched a training program with a "Lead Positively" seminar in October. Renowned Coach Borja Milans del Bosch ignited transformation, emphasizing the power of building human connections through optimism and courage. He challenged managers to lead by example, inspiring teams to dream, learn, and reach their full potential. This initiative marks Contecon Guayaquil's commitment to cultivating leadership excellence, driving innovation, and building a robust and sustainable future.

NORTHPORT CHARTERS LEADERSHIP TRANSFORMATION. Forty-three (43) NorthPort executives participated in the workshop last August at Solaire Casino and Resort to instigate transformation in the mindset of leaders. Entitled "Power of Listening and the Open Mindset," the workshop encouraged participants to embrace analytical thinking and proactive approaches to problem-solving in an immersive experience that challenged traditional hierarchies and instilled a culture of continuous improvement.

It aimed to enhance the participants' understanding of account/stakeholder owners, confidence and resilience as role models for their teams, sense of ownership and accountability, strategic and proactive thinking, and team connection and collaboration

MICT EQUIPS ENGINEERS WITH ADVANCED SPREADER EXPERTISE. Manila International Container Terminal (MICT) ran a two-day specialized training program for its Engineering department in January. Conducted by Bromma, a leading manufacturer of spreader equipment in the port industry, the training saw five engineering superintendents Nathaniel Atienza, Rodelio Reyes, Ronilo Dialogo, Salvador Perez, and Jessie Todoc– participate in the program, focusing on advanced spreader inspection, maintenance, and troubleshooting techniques.

This skill-share program was made possible through the collaboration of MICT Engineering and Global Procurement to foster closer relationships between business units and ICTSI suppliers while also developing the MICT Engineering team's resilience and performance through learning and development.

TECPLATA UPSKILLS OPERATORS WITH CUTTING-EDGE SIMULATOR TRAINING. Tech meets expertise at TecPlata, where state-of-the-art simulator training empowers operators. Immersed in Tech Simulation Software's virtual world, they master real-world RTG and QC crane operations, safely honing skills in diverse handling scenarios.

Beyond simulated experience, TecPlata drills in safety protocols, norms, and standards. This holistic approach ensures operators handle equipment with both proficiency and responsibility.

↑ Bromma, a leading spreader manufacturer in the ports industry, facilitated a two-day specialist training at MICT on spreader inspection, maintenance, and troubleshooting.

ICTSI deeply values the fundamental human right to health and safety. We rigorously implement measures across our global ports to protect everyone on our premises. We understand the paramount importance of health and safety (H&S) in our operating environments.

Our commitment extends beyond compliance with regulations. We actively involve stakeholders, continuously evaluate our practices, and set clear H&S targets. Our Global Principles on Human Capital underscore our belief that all injuries are preventable through vigilance, training, and robust safety standards.

To ensure that we maintain the highest standards of health and safety throughout our global terminal network, the ICTSI Health and Safety Management System (IHSMS) will soon be rolled out in 2024. Consistent with the Global Health and Safety (H&S) Policy that was established in 2022, the IHSMS will set our minimum expectations to ensure the safety and well-being of all employees, contractors, and visitors in our premises. Our adherence to relevant regulatory and statutory requirements, along with setting measurable targets and regularly reviewing and assessing our H&S performance, further reinforces our commitment to H&S.

Training policies and programs are evaluated periodically based on performance measurements, participant feedback, surveys, internal and external audits, and management meetings.

These training programs cover a broad scope of priority areas, including safely operating and maintaining specialized port equipment, corporate leadership, emergency response, occupational hazard and risk identification, reduction and management, and the personal development of our employees and outsourced labor force to ensure that all our personnel are well-capacitated to perform with both safety and efficiency in the workplace.

HEALTH AND SAFETY

ICTSI is committed to ensuring the health, safety, and well-being of its workforce, customers, and communities. As a global port operator, ICTSI recognizes the fundamental importance of occupational health and safety (OH&S) in its operations and strives to maintain the highest standards.

HEALTH AND SAFETY LEADERSHIP AND ACCOUNTABILITY

ICTSI deeply values the fundamental human right to health and safety. We rigorously implement measures across our global ports to protect everyone on our premises. We understand the paramount importance of health and safety (H&S) in our operating environments.

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At the Corporate level, the Global HSSE department continues to collaborate with Regional Managers, Terminal CEOs and HSE Heads to discuss H&S performance and progress of improvement plans d and good practices are widely shared across our global network. The department also follows through with the terminals' risk reduction initiatives related to previously launched safety campaigns such as Slips, Trips, and Falls (STF) prevention and hand injury prevention including the closure of gaps identified by the terminals through a self-assessment they've carried out using the preventive safety action checklist.

At the terminal level, Management is responsible for prioritizing the well-being and safety of all stakeholders. They ensure that proper planning and execution of health and safety programs are done and effectiveness of controls aimed at minimizing operational risks are verified and validated. All terminals continue to enhance their existing health and safety management systems based on good practices in accordance with evolving local and international guidelines and standards such as IMDG, OSHA, ILO, and ISO 45001.

Aside from employees, contractors, suppliers, customers, brokers, and other port users, are likewise covered in our implementation of H&S management systems, ensuring the coverage of all the stakeholders who visit or work within the confines of our port. Through these stakeholders, we foster a proactive safety culture by encouraging hazard reporting, conducting risk assessments as necessary, ensuring that pragmatic risk mitigation measures are in place, and continuous fit-for-purpose trainings are carried out especially for safety critical roles. Our ultimate goal is a zero-harm workplace across ICTSI.

SAFETY AT ALL COSTS

ICTSI prioritizes a culture of safety and well-being, ensuring all employees have the right to a safe and healthy workplace. To uphold this commitment, all ICTSI terminals have clear and accessible risk management procedures, which includes among others, protocols for workers to identify potential hazards and remove themselves away from it.

These procedures align with local regulations and robust occupational health and safety (OHS) management systems. Workers are empowered to remove themselves from unsafe situations and immediately report safety concerns to their supervisors or HSE teams. Management thoroughly investigates all reports, implements corrective / risk mitigation measures, and if necessary issue work stoppage orders if task has been validated to be unsafe to continue. ICTSI strictly protects workers against reprisals for exercising their right to safety.

Workers are protected against reprisals and are not subjected to disciplinary action for refusing to work under unsafe conditions.

A notable practice from Batumi International Container Terminal (BICT) is their conduct of occupational training, which includes information on how trainees can remove themselves from potentially hazardous situations. They also provide safety instructions at every shift.

ICTSI Rio has Ten Golden Rules that reference their OHS Policy, no.7 rule, which states that the worker has the right to refuse a task if he or she does not have safe conditions to carry out their functions.

WORKPLACE HAZARD REPORTING

ICTSI prioritizes the safety and well-being of its employees across all container terminals. We've established a robust framework of internal safety standards, constantly reviewed and improved, reflecting our commitment to occupational health and safety (OHS).

ICTSI recognizes the paramount importance of occupational health and safety (OHS). We've proudly institutionalized robust OHS management systems across our terminals. These systems align with legal requirements and incorporate comprehensive risk assessments based on local and international standards like ISO 45001, ILO guidelines. Our dedicated local H&S teams ensure these systems are effectively implemented to protect everyone within our facilities.

RBT has begun mapping the process to implement occupational health and safety based on ISO 45001. Other terminals, such as BIPI, have health and safety plans and developed systems to reinforce occupational health and safety guidelines.

Most terminals share common goals and targets, including accident frequency reduction, near-miss and hazard reporting, training events and emergency drills.

To evaluate their OHS systems, some terminals have audits related to their certifications and accreditations, while some are working on establishing evaluation mechanisms for their safety systems.

All ICTSI terminals have activities or processes to identify and assess hazards and risks routinely. These disclosed processes are aligned and in compliance with legal requirements, ISO standards, or industry good practices. BCT and BICT are examples of terminals that conduct regular meetings (at least monthly) or assessments as part of their risk management processes.

Actions and control measures at our terminals vary, depending on whether the measures cover routine or non-routine activities and the level and urgency of the risks identified. There are also various triggers for processes undertaken on a non-routine basis, such as changes in procedures, incidents, complaints, or exposure monitoring results.

Our risk assessments are typically conducted by cross-functional teams, composed of operations and technical personnel and safety specialists with the necessary training, qualifications and work experience.

CMSA has its risk assessment matrix covering all its processes for routine and non-routine activities. The matrix is updated in the following cases: a new process, modification of a process, a new area, new activities in the event of an accident, and if personnel detect a new hazard that has not been previously identified in their activities.

Our terminals have processes by which workers may report hazards in the workplace with confidentiality and protection against reprisals. In BGT, personnel are encouraged, required, and obligated to report verbally or in writing any hazards found in the workplace to their Directors, Managers, Heads of Area, Superiors, Supervisors, Security Personnel, Foremen, Safety Officers, and HSSE Officer.

Some terminals also have various hazard reporting tools and channels to encourage incident reporting such as chat groups, hazard report drop boxes, emails, emergency hotlines and through radio communication. Additionally, near-misses and hazards are also gathered from pre-operational toolbox meetings, safety trainings, safety dialogue processes,, safety observation reports.

IMPLEMENTATION OF HEALTH AND SAFETY MANAGEMENT SYSTEMS 1	2022	2023
Percentage of terminals with implemented occupational health and safety management systems	100%	100%
Percentage of terminals with implemented occupational health and safety management system that is internally audited	100%	100%
Percentage of terminals with implemented occupational health and safety management system that is audited and/or certified by an external party[2]	30%	25%

[1] Percentages above cover all employees and contractors in the terminal

[2] Terminals that have not yet achieved external certification of their implemented health and safety management system continue to prepare for such

SBITC JOINS FORCES WITH SBMA FOR DISASTER RECOVERY AND CONTINUITY EXERCISES

Subic Bay International Terminal Corp. (SBITC) and the Subic Bay Metropolitan Authority (SBMA) Seaport and Fire Departments conducted a disaster recovery and business continuity simulation in August to strengthen the terminal's collaboration with government agencies and private stakeholders in responding to maritime emergencies in the Port of Subic.

This Capstone Project tested the Port of Subic's preparedness for maritime emergencies with the SBMA Law Enforcement Department, Public Health and Safety Department, Philippine Coast Guard, Philippine Red Cross, and the Philippine National Police – Regional Maritime Unit 3. SBITC solidified its commitment to safety and operational resilience by simulating real-world scenarios.

The following month, SBITC celebrated Health, Safety, and Environment (HSE) Month by organizing an exhibit showcasing aspects of the terminal's HSE initiatives.

SBITC celebrates HSE month every September to emphasize the importance of HSE engagement among employees. It also serves as a platform for showcasing the company's efforts and commitment to uphold safe work practices. This year's theme, *May Malasakit Ako* (I Care) represents SBITC's passion for maintaining a safe work environment for employees.

Through initiatives like "*May Malasakit Ako*," SBITC sets a powerful example for prioritizing employee well-being and fostering a sustainable future for all.

These terminals have protocols for investigating work-related incidents, which cover incident reporting, investigation, and information-gathering, determining the root causes of such incidents, and applying corrective actions. Aside from the usual 5-whys method of conducting a root cause analyis for incidents, a number of terminals use specific methodologies such as ICAM (Incident Cause Analysis Method), Fishbone, Cause Effect Tree Method and SCAT (Systematic Cause Analysis Technique)

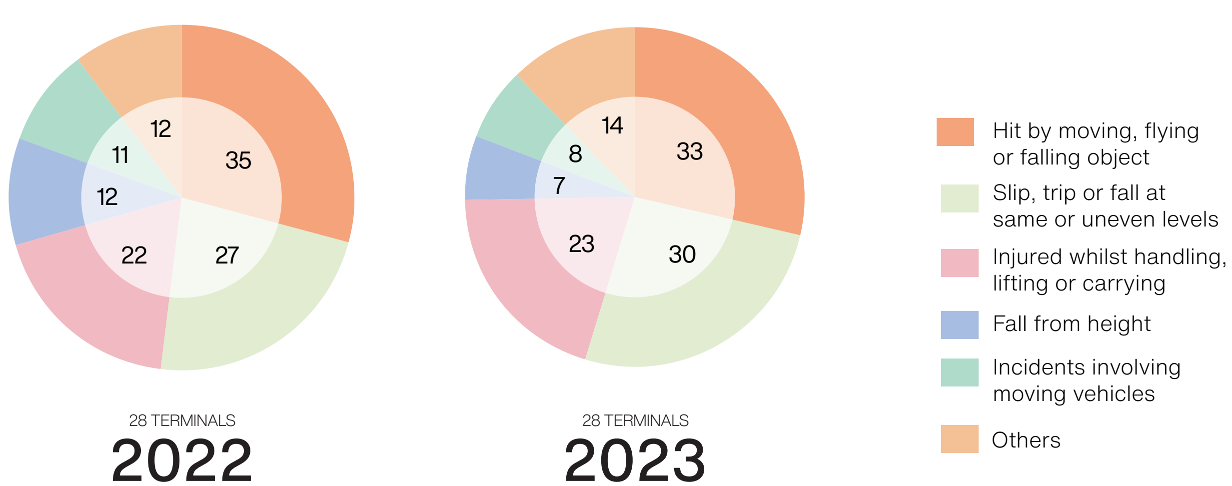
A notable practice by MNHPI provides a 12-step detailed procedure that covers reporting, area and incident investigation, safety equipment identification, Joint Incident Investigation (JIR), preparation of joint investigation reports, internal investigations to determine if MNHPI employees are involved, summoning Engineering personnel if there is damage to terminal property, procedures for near-miss accidents, alcohol and drug testing of personnel, identification of corrective action, issuance of Incident Investigation Report (IIR), and follow-through on corrective actions until such actions are performed.

OUR PROGRESS RELATING TO SAFETY PERFORMANCE

2022 2023

EMPLOYEES	28 TERMINALS	28 TERMINALS
Fatalities	0	0
Lost Time Injuries	119	115
Lost Time Injury Frequency Rate (LTIFR)	4.28	3.94
Lost Time Injury Severity Rate (LTISR)	72.74	57.99
Man hours	27,796,126	29,175,822
CONTRACTORS*		
Fatalities	1	1
Lost Time Injuries	54	35
Lost Time Injury Frequency Rate (LTIFR)	4.37	2.80
Lost Time Injury Severity Rate (LTISR)	563.62	500.24
Man hours	12,346,975	12,512,072
IMPLEMENTATION OF HEALTH AND SAFETY MANAGEMENT SYSTEMS		
Percentage of terminals with implemented occupational health and safety management systems	100%	100%
Percentage of terminals with implemented occupational health and safety management system that is internally audited	100%	100%
Percentage of terminals with implemented occupational health and safety management system that is audited and/or certified by an external party	30%	25%

EMPLOYEE LOST TIME INJURIES (LTIs)



HEALTH AND SAFETY PROMOTION

A robust workforce is built on the foundation of good health. We ensure that our employees receive good medical care on-site, as well as medical assistance where necessary and in compliance with the laws of the areas where we operate. This is the seed from which we grow the strong, highly-skilled, high-performing workforce that drives our business.

Our facilities have on-site medical offices/clinics for workers' healthcare and first-aid needs. Our Health and Safety teams, including line managers and supervisors have safety licenses and are trained on occupational health and safety management.

Corporate-wide initiatives like the Alisto Amigo Slips, Trips, and Falls Prevention Program, the Hand Injury Prevention campaign, and the Live Your Best Life campaign actively promote employee health and safety across our entire organization, addressing the diverse risks associated with our work environments.

At the terminal level, SBITC has specific policies for PPE, work permits, hazard identification, and dangerous goods handling. OPC has a safety policy and procedure.

CMSA complies with the applicable legal and other requirements, safety and efficiency standards for its supply chain and health and safety risk prevention. It actively promotes safe and healthy working conditions and always seeks the participation and consultation of its collaborators, as well as controlling, mitigating, and compensating for adverse environmental impacts that affect the organization and society.

SCIPSI initiated a Housepoints Reward System (HRS) for contagious disease prevention. Their employees were all part of small groups of seven members each, with their supervisors acting as coaches. This initiative served as a venue to constantly remind our employees to adhere to health protocols for disease prevention. Tecplata set up a Health and Care Management System to promote institutional cooperation between collaborators to prevent infectious diseases, such as influenza, dengue fever, and COVID-19.

WORKER SAFETY

We believe that injuries are preventable through vigilance, regular employee training, and having rigorous safety standards in place. We are fully committed to complying with all applicable safety laws at each location in addition to ICTSI's stringent policies and requirements.

Our terminals have listed EHS training that commonly includes drills for fire safety, dealing with workplace hazards, giving first aid and health awareness seminars, training on emergency procedures, hazardous waste management, environment training for auditors, and equipment training.

Safety training is best conducted regularly to prepare for the most survivable situations when one is capable and trained to survive and overcome emergencies and disasters. At ICTSI, we take this precept of preparedness seriously and keep our people trained and ready, even as we invest time and resources in taking all possible preventative measures.

CONTRACTOR SAFETY

At ICTSI, we value the essential services provided by our contractors and prioritize their health and safety alongside our own employees. This commitment applies to all contracted personnel, regardless of the frequency or nature of their work.

Our forthcoming Global Guidelines for Contractor Management will provide a comprehensive framework for ensuring safety best practices during all non-routine project work at ICTSI terminals. To be developed by Global HSSE in coordination with Global Engineering, Global Legal and Global Procurement, these guidelines establish minimum standards to be implemented across our network, with local terminals tailoring measures as needed. Penalties for non-compliance are

MICT HONORS HEALTH AND SAFETY CHAMPIONS

The Manila International Container Terminal (MICT) Health, Safety, and Environment (HSE) Department spearheaded the company's celebration of the World Day for Health and Safety at Work by recognizing individuals and teams who showed exceptional safety performance in 2022 last April 28.

Here are the winners:

- Most Improved Safety Performance Award: Container Freight Station for a major safety performance leap in 2022.
- Active Participation: Engineering Department for valuable contributions to HSE policies and initiatives.
- Above and Beyond: Security, HR, and Global PR, for exceptional support in boosting terminal safety.
- Contractor Collaborator: MICT Civil Works team for fostering engaged and safe work with contractors.
- Committed Contractor: Prime Metro BMD Corp. and Athamus Construction Inc. for prioritizing worker safety, efficiency, and adherence to HSE guidelines.
- High-Performance Award: Operations Department for exceeding their annual HSE targets.
- Safety Idols: Leading by Example
- Annabelle Reyes (Global Procurement)
- Darwin Castillo (Operations)
- Mark Dugos (PMO)
- Mateo Lagman (RTGO)
- Jean Emmanuel Rimando (Claims)
- Ramon Calingo (QCO)
- Rick Emerson Quiambao (ITSS)

TRAINING FOR CONSISTENCY, EFFICIENCY, AND RELIABILITY

SBITC (PHILIPPINES). Subic Bay International Terminal Corp. (SBITC) and the Subic Bay Metropolitan Authority (SBMA) Seaport and Fire Departments conducted a disaster recovery and business continuity simulation in August to strengthen the terminal's collaboration with government agencies and private stakeholders in responding to maritime emergencies in the Port of Subic.

This Capstone Project tested the Port of Subic's preparedness for maritime emergencies with the SBMA Law Enforcement Department, Public Health and Safety Department, Philippine Coast Guard, Philippine Red Cross, and the Philippine National Police – Regional Maritime Unit 3. SBITC solidified its commitment to safety and operational resilience by simulating real-world scenarios.

MHC (PHILIPPINES). Manila Harbor Center (MHC) prioritized safety with a recent Hazard Identification, Risk Assessment, and Risk Control (HIRARC) training refresh. In February, the program taught employees to spot potential dangers and enhance workplace alertness and risk management skills.

This refresher honed participants' ability to identify threats, assess risks, and develop control measures for their work areas. MHC also encouraged trainees to contribute actively to their department's HIRARC systems, ensuring comprehensive risk assessment and response plans.

HIRARC is a calculated tool used to identify, quantify, decrease, manage, and eliminate probable causes of accidents that could happen in the performance of duty.

included and will be released in the second quarter of 2024.

The Global Guidelines will include requirements on strict contractor selection process that checks contractors' competencies and experience. Contractors will also be asked to provide risk assessments by evaluating their tasks and work methodology before starting work with the Company. The protocols will also require proper supervision of contractors during the implementation of their project activities. .

An end-of-project review and due diligence of each contractor's performance will also be done to check compliance with our guidelines.

CUSTOMER HEALTH AND SAFETY

ICTSI greatly value the health and safety of our customers, and the Group has policies, frameworks, and guidelines in place to ensure this complies with local and national laws where we operate. Our customers know our Company as a reliable and safe organization to work with, and we do not just keep up appearances: We put in the daily work it takes to earn and maintain their trust and continued business.

Our terminals have policies to ensure any port user's health and safety, which includes every customer who comes to the terminal to transact business. These policies are usually approved by the terminals' top management following local regulations, widely recognized initiatives, and ISO standards.

Most of our terminals indicated that the effectiveness of their OH&S policies is evaluated through internal or external audits. For some, like MHCPI, their policies are evaluated to check for concerns or issues arising from such policies, and adjustments are made to the policies as needed. SPICT reviews its OH&S policies annually and usually includes potential amendments from audits, both internal and external, as well as legal compliance.

Policy commitments are evaluated through performance indicators, annual satisfaction surveys, observation/ inspection, and internal and external audits. BGT, for example, conducts regular evaluations to ensure the effectiveness of its commitments. This type of evaluation involves monitoring key performance indicators related to customer health and

SAFETY IN NUMBERS

BIPI (PHILIPPINES). Batangas Bauan International Port (BIPI) surpassed a remarkable milestone: one million safe man-hours achieved in just six years in May. This impressive record, announced during ICTSI's 35th anniversary, reflects BIPI's unwavering dedication to safety as a cornerstone of its success.

Reaching this mark without a single lost time incident since 2017 is a testament to BIPI's people-centric approach. From navigating extreme weather to conquering COVID-19, their safety culture has proven resilient.

TECPLATA (ARGENTINA). Safety took center stage at TecPlata throughout 2023, with initiatives fostering a proactive culture across the terminal. A new brigade of emergency responders formed in March, ready to tackle any scenario through regular drills simulating real-life situations. Safety Week featured engaging workshops and activities in April to embed preventative practices into daily work. In July, brigade drills covered hydrocarbon spills, water rescues, and high-reach crane emergencies.

MICT (PHILIPPINES). Manila International Container Terminal (MICT) Health, Safety and Environment (HSE) team, in coordination with ICTSI Global HSSE (Health, Safety, Security and Environment) Department and MICT Engineering-GSS (General Services Section), prioritized readiness with two intense emergency response drills in January. At Consolidated Training Systems in Tanza Cavite, 15 MICT personnel battled simulated heliport fires, honing skills crucial for simple and complex blazes during helicopter operations. The MICT Emergency Response Team also accomplished a tabletop drill that saw them tackle a vessel fire with an oil spill alongside partners like the Philippine Ports Authority and Coast Guard.

OMT (NIGERIA). Onne Multipurpose Terminal (OMT) hit a remarkable stride in May, celebrating two million man-hours worked without a single lost-time injury (LTI). This achievement, surpassing two years of safe operations, reflects OMT's unwavering commitment to workplace safety. Rebecca Ollornwafor, OMT Head of Safety, emphasized the milestone's deeper meaning: "It's not just numbers; it's about ensuring everyone returns home safe each day." Chief Operating Officer Jim Stewart echoed this sentiment, praising the team for their dedication and vigilance in upholding safety standards.

CGSA MAKES HISTORY WITH LARGEST POLICE PRECINCT IN ECUADOR

Contecon Guayaquil S.A. (CGSA) laid the first stone for the foundation of the future facilities of the National Police in October. The barracks, located inside the terminal, will be the largest facility of its kind in Ecuador.

The US$3.5 million project will empower the Ecuadorian National Police with enhanced surveillance and anti-narcotics capabilities within the Simón Bolívar Libertador Port. CGSA CEO Javier Lancha de Micheo emphasized, “Security is a fundamental pillar in our operations. Thanks to our infrastructure and technology, we are recognized as Ecuador's most secure port terminals."

Construction started in November, aiming to house 74 personnel within a spacious 1,485 sq. meter complex. Beyond the building, CGSA is providing crucial equipment and assets to support land mobility, communication, and counter-narcotics operations. Following national regulations, state-of-the-art scanners are also being installed – showcasing an investment of around US$15 million in this vital project.

safety, conducting internal audits, and soliciting customer feedback. The results of these evaluations have consistently demonstrated the effectiveness of the terminal’s commitment in safeguarding our customers' well-being.

Most terminals also have grievance mechanisms in place for customer health and safety concerns. Ownership of these mechanisms may vary from HSSE personnel to customer service, HR departments, or legal teams. The mechanisms include service hotlines, email, incident reporting, suggestion boxes, websites, or “ombudsman channels”. Results, periodic reviews, and feedback from claimants through satisfaction surveys measure the effectiveness of these mechanisms.

Our terminals also assess health and safety impacts of the services being offered to customers (e.g. reefer, CFS, roll-on-roll off, anchorage, etc.) with regular risk assessment inspections being carried out. In YICT’s case, they hired a professional organization to deliver this service and prohibit customers from participating in any operation of the refrigerated box to prevent electric shocks to these customers.

There are some terminals like MICTSI who conducts toolbox meetings and safety talks for its customers to raise awareness on common port safety hazards.

CUSTOMER ENGAGEMENT AND SATISFACTION

ICTSI’s global reach and reputation are built on excellence in service, and our Company has worked to sustain and transform that reputation with innovation, a solid work ethic, and robust frameworks that ensure that we continue to serve our customers well.

Fifteen of our terminals have policies to ensure customer engagement and satisfaction in their operations. These policies, which primarily refer to the international standard, ISO 9001, are commonly approved by top management such as the CCO, Customer Service Manager, Commercial Management/Department, General Manager, Directors, and CEO. They conducted surveys, interviews, audits, and reviews to evaluate the policy's effectiveness. The evaluation results enabled the terminals to make necessary changes or improvements in the policy.

MHCPSI in Manila and MGT in the Democratic Republic of the Congo implemented their policies this year, while OMT's policy is still awaiting approval by management.

TSSA in Brazil has no written policy but has several procedures for services. Colombia’s SPIA is not maintaining a formalized customer engagement and satisfaction policy.

Twenty-four of our terminals are committed to ensuring customer engagement and satisfaction in their operations. These commitments are aligned with regulatory compliance and international standards or are widely recognized initiatives. SPICT's commitment is part of its regulatory

compliance. At the same time, OMT has SOPs based on Internal Regulatory Compliance and Evaluation that were part of its 2023 audit process.

Through these commitments, SPICT and OMT address the complaints raised using customer feedback, satisfaction surveys, and SMS and phone call campaigns. SBITC has a direct line to the Commercial Team to escalate critical day-to-day matters at the terminal.

MICT's daily operational concerns are covered by the Customer Experience team primarily through email, with the aid of the ISSA Chat Support. They also established group chats for select associations and VIP clients to facilitate immediate assistance, gather feedback, and disseminate information, announcements, and advisories.

According to our internal data, 22 terminals have had key topics and concerns raised through customer engagement. They responded to these matters by directly engaging with the customers to address issues, complaints, or suggestions and close all gaps by working with the government, deploying tools that allow them to confirm the needs of their customers, conducting regular maintenance, meetings, sales engagement, action plan responses, and corrective review and implementation.

Some terminals that still need to have commitments plan to obtain ISO 90001 certification to implement and organize such obligations. KMT now has commitments as part of its regulatory compliance with port authorities and concessions. Most companies did not mention effectiveness evaluations, though some consult the corporate legal department or plan to implement internal or external audits.

The effectiveness of these policies is measured through surveys, KPIs, reviews, and audits. Few terminals that still need to have commitments plan to obtain ISO 90001 certification to implement and organize commitments.

SOCIAL RESPONSIBILITY

For ICTSI, Corporate Social Responsibility is a core value: As we grow, the communities we are rooted in grow with us. The economies that host our business units prosper as we prosper. This makes good business fulfilling: We have opportunities to share our profits in ways that create a positive and sustained impact on the lives of the people around us, so we maximize those opportunities.

Some of our terminals have policies for community relations and initiatives. Senior Management or the CEO commonly approves these policies, and may vary according to local policies. They communicate with local government and authorities as these policies are

ICTSI TERMINALS BOOST SECURITY

MHC (PHILIPPINES). Manila Harbor Center (MHC) earned the Safety Seal Certification on January 16, showcasing its commitment to public health and well-being. Valid for a year, this recognition by the Philippine Ports Authority assures port users of MHC's adherence to all government-mandated health standards.

MHC prioritizes the safety of its employees, customers, and stakeholders while maintaining consistent and uninterrupted operations. The Safety Seal Certification, a testament to their proactive measures against COVID-19, allows MHC to confidently serve the public, fostering a healthy and secure environment for all.

MICT (PHILIPINES). Manila International Container Terminal (MICT) has been granted the Statement of Compliance of a Port Facility (SoCPF) by the Philippine Department of Transportation – Office for Transportation Security, signifying the terminal’s compliance with Chapter XI-2 IMO SOLAS and the International Code of Security of Ships and Port Facilities (ISPS Code) in June.

Valid until 2028, the SoCPF embodies MICT’s commitment to ensuring the safety and security of cargo vessels operating within its port facility. The certification also validates that the terminal has passed a thorough audit of its port facility security plan.

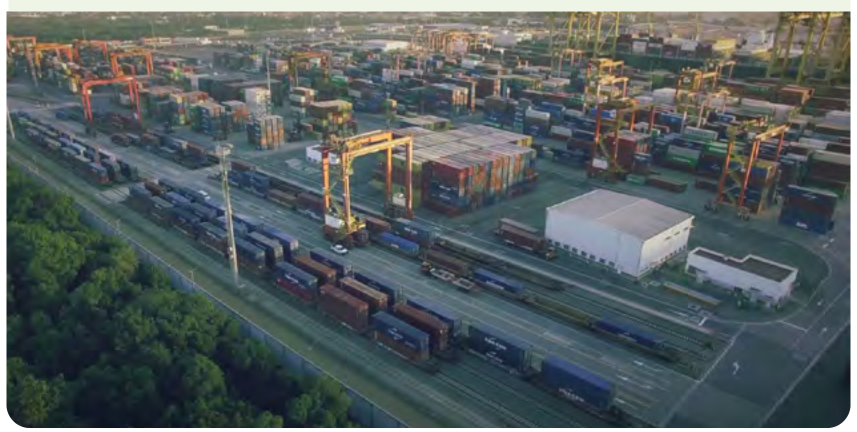
CONTECON GUAYAQUIL OFFERS PORT-TO-DOOR SERVICE

Contecon Guayaquil (CGSA) introduced Port-to-Door – an automated cross-docking service that allows customers to receive their cargo directly at their doorsteps in March.

Port-to-Door
eliminates the need for customers to go to the terminal to retrieve their shipment. The innovative service can be requested and tracked online, making the process efficient and hassle-free.

CGSA is the first terminal to offer automated cross-docking services in Ecuador.

To access the service, customers need only to log into CGSA's website at www.cgsa.com.ec to track their cargo in real-time using the CGSAPP mobile app. Port to Door can be pre-booked before cargo arrival in Ecuador or while the cargo is stored in the port's warehouses. Cargo can be transported as soon as it is offloaded from the vessel.



implemented. Terminals with no formal policies still carry out various CSR actions.

CGSA, in particular, launched a program in 2023 called Orange Hearts, wherein collaborators who are part of the program looked for needs in the community and worked on improving this program's sustainability.

MICT has an Operations Manual for Sustainability. They have Taskforce Parola, a collaboration by stakeholders of the Parola South Access Road that focuses primarily on monitoring, improving, and developing the traffic situation along Parola South Access Road. The Parola Inter-Agency Network (PIAN) is an ICTSI-led and organized informal network of organizations that develops, implements, monitors, and evaluates social services, social welfare activities, and social development programs.

Anchored on ICTSI's commitment to contribute to the United Nations Sustainable Development Goals (UN SDG), PIAN maintains inclusivity, sustainability, and shared responsibility with MICT's host community.

Terminals with CSR policies evaluate these policies using feedback from the beneficiaries or the communities.

As with other aspects of our business, ICTSI's CSR initiatives also involve training for our workforce. Twelve of our terminals have conducted training on social responsibility in the last three years. These training activities vary from health and safety awareness to learning sessions on communities and employees, skills enhancement seminars, sexuality seminars, and stress management.

OPC and MICT are the terminals with specific social responsibility training programs, continuing education relevant to program development, implementation, management and evaluation, comprehensive sexuality education, humanitarian charter, response, career orientation, capacity building, and skills enhancement training. TSSA lectured about raising awareness of the importance of blood donation in partnership with HEMOPE.

SPICT conducts school visits to their communities, providing sessions relevant to the environment and environmental protection.

Other areas for CSR work across ICTSI's business include sports sponsorships for promising athletes and hosting athletics activities as fund-raisers for good causes, education support for ICTSI terminals' host countries and communities, and initiatives that support UN SDGs for environmental protection, human rights protection and serving our communities' needs for potable water and renewable energy.

NEW SERVICES IMPROVE CONNECTIVITY AND EFFICIENCY ACROSS ICTSI TRADE ROUTES

RBT (BRAZIL). Rio Brasil Terminal (RBT) started receiving regular calls from the East Coast South America-Europe (ECSA-Europe) joint service by COSCO Shipping, Orient Overseas Container Line (OOCL), and Ocean Network Express (ONE) in September.

The weekly service, branded as the East Coast South America-Europe 2 by COSCO, Europe-East Coast South America Express by OOCL, and Latin-East-Coast Europe Express by ONE, will utilize nine vessels to seamlessly connect Europe, the Mediterranean, and the South America East Coast via the following port rotation: Rotterdam (Netherlands) – London Gateway (United Kingdom) – Hamburg (Germany) – Antwerp (Belgium) – Lisbon (Portugal) – Algeciras (Spain) – Santos (Brazil) – Paranagua (Brazil) – Montevideo (Uruguay) – Buenos Aires (Argentina) – Itapoa (Brazil)– Paranagua (Brazil) – Santos (Brazil) – Rio de Janeiro (Brasil) – Algeciras (Spain) – Rotterdam (Netherlands).

TECPLATA (ARGENTINA). TecPlata welcomed the maiden call of ZIM Integrated Shipping Services' Patagonia Express Service (PES) in July, which opened a crucial trade link between Argentina, the Caribbean, and the US Gulf Coast. The PES connects La Plata to the Caribbean hub of Kingston and Houston via modern 1,000-TEU vessels. Expected calls every 45 days, the service offers reliable and efficient shipping options, fostering economic growth across the region.

CGSA (ECUADOR). Contecon Guayaquil (CGSA) marked a new chapter in Ecuador's trade landscape with the inaugural call of ZIM Shipping Line's Colibiri Xpress service. This partnership will connect the country's West Coast with the United States East Coast, offering twice-weekly sailings aboard six 1,700-TEU vessels starting April 2023.Contecon's dedication to Ecuador is evident in its over US$400 million investment since 2007, contributing to every facet of the nation's foreign trade.

BCT (POLAND). Baltic Container Terminal (BCT) marked a historic moment on August 23 with the first direct call of the Mediterranean Shipping Company's (MSC) SWAN service. Restored by MSC in May, the service links ports in Europe and the Far East and has provided the Port of Gdynia with a direct connection to the most important Chinese and Korean ports.

MCT (PHILIPPINES). Wan Hai Lines' MHT service resumed weekly calls to Mindanao Container Terminal (MCT) every Saturday, linking Hong Kong and Taiwan with Mindanao businesses and other critical Asian hubs and streamlining international trade.

The inaugural call saw the Wan Hai 231 handle 237 containers, primarily coconut byproducts, falcata lumber, and waste paper. MCT anticipates a flourishing partnership with Wan Hai, fueling regional economic growth and prosperity.

BGT (IRAQ). Basra Gateway Terminal (BGT) marked a historic moment in June 2023, welcoming the inaugural direct freight service between the United Arab Emirates and Iraq. Operated by DP World, this groundbreaking RoRo (roll-on, roll-off) service connects Jebel Ali in Dubai with Umm Qasr, Iraq, slashing travel time from 14 days to a mere 36 hours. No longer will trailers face tedious land border crossings. Instead, they'll be loaded onto vessels in Jebel Ali, whisked across the sea, and discharged at Umm Qasr for seamless onward journeys. This eliminates the need for trans-loading, a significant time and cost saver for traders.

ICTSI'S RECORDS AND MILESTONES

CMSA (MEXICO) AND SPIA (COLOMBIA). ICTSI terminals in Latin America marked a new operational milestone with the arrival of CMA CGM Alexander Von Humboldt at Contecon Manzanillo S.A. (CMSA) in Mexico and Sociedad Puerto Industrial Aguadulce (SPIA) in Colombia last September. The 396-meter-long vessel is the first of its size to operate a regular service in Latin America. Its arrival underscores the capabilities of CMSA and SPIA to handle larger ships and stimulate economies of scale efficiently. CMA CGM Alexander Von Humboldt operates the Asia Central South America 1 (ACSA1) service, which connects Asia and Latin America.

VICT (AUSTRALIA). Victoria International Container Terminal etched its name in Australian maritime history with the arrival of the M/V CMA CGM Pelleas, the largest container vessel ever to dock in the country on September 21. This 350-meter long ship, boasting a near-10,000 TEU capacity, marks a transformative moment for Melbourne's Port and underscores VICT's strategic role in Australia's evolving trade landscape.

CMSA (MEXICO). Contecon Manzanillo (CMSA) made history by welcoming the CMA CGM APL Vanda – a colossal vessel carrying a staggering 14,400 TEUs in November. This record-breaking feat shattered Mexico's single-vessel operation record and solidified CMSA's position as a premier gateway for mega-ships traversing the Latin American Pacific. The APL Vanda, sailing under CMA CGM's Asia Central South America service, follows the CMA CGM Alexander von Humboldt, another 400-meter behemoth to grace Manzanillo's shores. With a maximum capacity of 17,292 TEUs, it currently claims the title of the largest vessel to dock at the port.

CGSA (ECUADOR). Contecon Manzanillo (CMSA) made history by welcoming the CMA CGM APL Vanda – a colossal vessel carrying a staggering 14,400 TEUs in November. This feat shattered Mexico's single-vessel operation record and solidified CMSA's position as a premier gateway for mega-ships traversing the Latin American Pacific.

This historic milestone showcases CMSA's unwavering commitment to handling these mega ships and catering to their ever-increasing volumes, strengthening their customers' confidence and allowing them to play a pivotal role in Mexico's trade growth.

PARTNERSHIPS, COLLABORATION, AND KNOWLEDGE SHARING FOR TRANSFORMATIVE BEGINNINGS

ICTSI GROUP (GLOBAL). Fifteen terminals across the ICTSI Group came together in September to establish a collaborative platform for sharing best practices in project, bulk, and breakbulk cargo operations.

The ICTSI Breakbulk Group aims to foster knowledge exchange and drive operational efficiency further to strengthen ICTSI's position as an industry leader. It also promotes fruitful discussions, sharing challenges and opportunities, and benchmarking best practices as a foundation for future collaborations.

The terminals comprising the Breakbulk Group are the following:

- Subic Bay International Terminals (Philippines)
- Bauan International Port (Philippines)
- Manila Harbor Center (Philippines)
- Motukea International Terminal (Papua New Guinea)
- South Pacific International Container Terminal (Papua New Guinea)
- East Java Multipurpose Terminal (Indonesia)
- Onne Multipurpose Terminal (Nigeria)
- Matadi Gateway Terminal (DR Congo)
- Kribi Multipurpose Terminal (Cameroon)
- Basra Gateway Terminal (Iraq)
- Baltic Container Terminal (Poland)
- Tecon Suape (Brazil)
- Contecon Guayaquil (Ecuador)
- Operadora Portuaria Centroamericana (Honduras)
- TecPlata (Argentina)

TECPLATA (ARGENTINA). Delegates from COSCO Shipping South America led by Deputy General Manager Wang Kunhui visited TecPlata last Octobe 10. They met with ICTSI vice president and regional head for Latin America Anders Kjeldsen and discussed mutual opportunities for cooperation. Discussions focused on route optimization, feeder network development, carbon neutrality initiatives, and prefabricated warehouse ventures. This builds on COSCO's recent strategic partnership with China Certification and Inspection Group in the region, underscoring their commitment to Argentine growth.

MCT (PHILIPPINES). Mindanao Container Terminal (MCT) fueled conversations at the Mindanao Shipping Conference 2023, a Davao gathering of port operators, truckers, exporters, and government officials last March. The event, organized by PortCalls Asia, showcased updates on Visayas-Mindanao infrastructure, trade facilitation, and agency operations.

BICT (GEORGIA). Batumi International Container Terminal (BICT) charted a course for sustainable global trade at the Tbilisi Silk Road Forum, joining 2,000 leaders from 60+ nations. The forum explored drivers of connectivity, with BICT emphasizing the role of efficient ports like Batumi in unlocking regional and global opportunities.

SBICT (PHILIPPINES). Subic Bay International Terminals (SBITC) and key stakeholders convened at SMX Convention Center in Clark, Pampanga, on August 10 for the "Container Shipping In North Luzon: Global Reach Through Subic" forum. This event brought together industry experts and officials to explore the untapped potential of Subic port as a strategic trade gateway for North Luzon. The forum marked a milestone for the North Luzon region, highlighting the potential of Subic port as a strategic gateway for import and export activities. The forum showcased the port's versatility, connectivity, and sustainability.

CONTECON PLUS: STREAMLINING LOGISTICS JOURNEY IN ECUADOR

Javier Lancha, CGSA CEO; and Fohodil Galeas, CGSA commercial director at the Port of Guayaquil, Ecuador

Contecon Guayaquil (CGSA) launched Contecon Plus, a comprehensive and innovative logistics solution designed to simplify and optimize the supply chain experience for exporters and importers alike starting in September 2023.

Contecon Plus goes beyond a traditional terminal operation, offering a centralized platform encompassing diverse services under one roof, eliminating the need for multiple providers and fragmented processes. This integrated approach enhances operational efficiency, reduces costs, and streamlines your Ecuadorian trade journey.

"Contecon Plus represents a transformative shift in logistics," said Fohodil Galeas, CGSA Commercial Director. "By consolidating capabilities, we empower our clients to focus on business growth, confident in the smooth and efficient handling of their cargo."

Key Capabilities:

SEAMLESS WAREHOUSING & DISTRIBUTION:

- Dedicated Container Freight Station and empty container depot ensure smooth cargo flow.
- Flexible import storage solutions with tailored options, picking and packing transformation, and labeling.
- Direct access to the Special Economic Development Zone for expedited customs clearance.
- Temperature-controlled Bodega Fría facility (coming soon) extends shelf life for your perishables.

EFFORTLESS LAST MILE DELIVERY:

- Logipuerto provides rapid cargo delivery within Guayaquil, while Port-to-Door solutions handle palletized cargo efficiently.
- Real-Time Visibility and Control:
- CGSApp grants 24/7 access to detailed cargo information, empowering informed decision-making.

SUSTAINABLE LEADERSHIP:

- As the region's first carbon-positive terminal, CGSA offers carbon-neutral cargo certification, aligning your Ecuadorian ventures with environmental responsibility.

EMBRACE THE CONTECON PLUS ADVANTAGE:

- Enhanced Operational Efficiency: Streamlined processes, reduced costs, and faster transit times.
- Simplified Supply Chain Management: Single point of contact and centralized platform for total visibility.
- Sustainable and Responsible Trade: Contribute to a greener future with carbon-neutral cargo certification.

EMPOWERING COMMUNITIES: ICTSI'S HOLISTIC APPROACH TO SOCIAL RESPONSIBILITY

BGT (IRAQ). When harsh weather battered an Umm Qasr family's home, Basra Gateway Terminal (BGT) stepped in, shouldered the reconstruction costs, recognizing their struggle, and brought this grateful family renewed hope and a new home in August 2023.

This compassion resonated deeply within the community, echoing BGT's commitment to Umm Qasr's well-being. "It's more than just business," declared BGT Commercial Director Marko Miskovic. "It's a way for the company to keep the local communities safe."

CGSA (ECUADOR). Contecon Guayaquil (CGSA) launched "Orange Hearts," a new CSR program empowering employees to be agents of change for their community. As part of their 16th anniversary, CGSA donated to five crucial causes in September: Fundacion Casa de la Paz for elderly care, Fundacion Sin Barreras for youth empowerment, The Social Project Foundation for community solutions, Unidad Educative Particular Miguel Febres Cordero (donation of air conditioning units) and Manuela de Santa Cruz Espejo Basic Education (infrastructure improvements) for education improvements. "Orange Hearts" beats with the rhythm of Guayaquil's needs, strengthening CGSA's commitment to a brighter future for all.

BICT (GEORGIA). Batumi International Container Terminal (BICT) proudly joined dignitaries in celebrating Georgia's maritime heroes in June 2023. The Minister of Economy and Sustainable Development of Georgia Levan Davitashvili, Chairman of the Government of Adjara Tornike Rzhvadze, Director of the Maritime Transport Agency Alexi Akhvlediani, and Batumi Mayor Archil Chikovani lauded captains, students, and all seafarers for their vital role in the nation's economic success. BICT echoes this gratitude, recognizing their dedication and service with unwavering support.

OMT (NIGERIA). Onne Multipurpose Terminal (OMT) turned over three solar-powered water systems to the Ogu community as part of efforts to provide the community with access to clean water in June. The Ogu community elders, led by Ogu Council of Chiefs Chairman Chief Adokiye, expressed appreciation for OMT's efforts to provide clean water. They also highlighted the project's impact on their lives and pledged to take good care of the water systems.

AIL (PAPUA NEW GUINEA). Ahi Investment Ltd. (AIL) in Papua New Guinea (PNG) turned over last July PGK2.5 million (US$695,000) in dividends to Ahi Prudential Development to fund development projects and programs across the Ahicommunities of Yalu, Kamkumung, Hengali, Butibam, Yanga and Wagang. AIL's subsidiary, Ahi Terminal Services Ltd., partially owns South Pacific International Container Terminal Ltd. (SPICT), part of the concession agreement between International Container Terminal Services, Inc. (ICTSI) and the Ahi Group of Companies. The funding for the Ahi communities demonstrates a successful partnership anchored in the Sustainable Development Goals (SDG), as well as the mutual respect between ICTSI South Pacific Ltd. (ISPL) – ICTSI's subsidiary in PNG, the ICTSI Foundation and the Ahi Group of Companies.

EJMT (INDONESIA). East Java Multipurpose Terminal (EJMT) and partner Eastern Logistics distributed 1,650 food packs last April 13, offering vital support to Lamongan, Indonesia, during the Holy Month of Ramadan. EJMT, deeply embedded in the local community, is actively constructing a new terminal, poised to become a hub for international and domestic trade. This expansion contributes to the region's economic growth and promises a significant surge in job opportunities.

BGT Commercial Director Marko Miskovic hands out a gift of hope and home to a family man in Umm Qasr.

BUILDING TOMORROW: EDUCATION FOR THE YOUNG

TECPLATA (BRAZIL). TecPlata distributed a back-to-school bonanza of school supplies for the children of its employees and outsourced personnel, easing the financial expenses of the school year 2023. This investment reflects TecPlata's unwavering commitment to quality education, ensuring its community has the tools to thrive.

BICT (GEORGIA). Batumi International Container Terminal (BICT) is fueling bright futures for Georgia's youth. Recognizing diverse talent amongst students with social support needs, BICT funded full scholarships for two remarkable individuals in 2023. These American Chamber of Commerce scholars will receive four years of support valued at GEL 9,750 annually, empowering them to reach their full potential. BICT's commitment shines through its presence on the MAC Georgia website (http://macgeorgia.org/en/), a testament to its belief in investing in a brighter tomorrow.

MEXICO. Contecon Manzanillo fulfilled its 2022 pledges by enhancing six primary education schools in Manzanillo as part of the 5th Contecon Race for a Cause in 2023. Through the collaboration of 28 sponsors and over 1,600 participants, last year's race generated MXN1,440,800.28 (approx. U$D82,000), facilitating significant improvements to educational facilities. Benefitting institutions include Basilio Vadillo Elementary School, Elias Zamora Verduzco Elementary School, Salvador Pérez Mancilla Elementary School, María T. Naranjo Villalobos Kindergarten, Juana Ramírez Kindergarten, and the María Pérez Alfaro Kindergarten.

BCT (POLAND). Baltic Container Terminal (BCT) collaborated with the Center of New Competencies to deliver specialized training for technical school graduates in operating heavy terminal equipment. With a focus on preparing skilled workers for the maritime industry, 20 students underwent training using cutting-edge virtual reality simulations. BCT's initiative, in partnership with technical schools in Pomerania Voivodeship, aims to address skill gaps among vocational school students, facilitating their seamless integration into specialized job roles within the industry.

ICTSI FOUNDATION (DAVAO, PHILIPPINES).. The ICTSI Foundation and Francisco Bangoy Central Elementary School in Davao signed a Memorandum of Agreement (MOA) for the implementation of the school's alternative learning program in April 2023. The MOA is part of the Foundation's continuing support for the Department of Education's Alternative Learning System (ALS), a parallel learning system that caters to out-of-school youth.

ICTSI FOUNDATION (MANILA, PHILIPPINES). The ICTSI Foundation has helped enabled interactive learning for 16,000 students and 571 teachers across five public schools on September 6 with the donation of smart televisions. From Pedro Guevarra Elementary School, Teodoro Yangco Elementary School, Bo. Obrero Elementary School, Rosauro Almario Elementary School - Isla Annex, to Jose P. Rizal Elementary School, classrooms lit up with the spark of digital learning, supporting the Department of Education's recovery program and amplifying teacher's reach. This tech boost unlocks a world of possibilities, transforming Manila's classrooms into vibrant hubs of curiosity and growth.

Earlier in June, the ICTSI Foundation extended support for nine daycare centers in Manila to elevate the quality of their early childhood education services as it donated nine smart television sets, storybooks, educational toys, tables, chairs, and other school supplies to daycare centers in Paco, San Andres, Pandacan, and Malate. Operated by the Kabalikat ng Bayan sa Kaunlaran (KABAKA) Foundation Inc., the centers cater to more than 400 daycare learners.

ICTSI donates learning equipment to Jose P. Rizal Elementary School, as well as four other public schools in Manila, on September 6.

STRENGTHENING COMMUNITY, PUBLIC HEALTH, AND WELL-BEING

TECON SUAPE (BRAZIL). Reinforcing its corporate social responsibility practices by contributing to cancer care for the elderly, Tecon Suape S.A. donated to the Pernambuco Cancer Hospital through tax incentive laws last November. The recent donation to the elderly fund supports expanded treatment access and improved supplies, creating a more timely and compassionate experience. This commitment to corporate social responsibility empowers Tecon Suape to make a real difference in the lives of Brazil's senior citizens.

KMT (CAMEROON). Kribi Multipurpose Terminal (KMT) joined forces with Cameroon's Kribi Health District to combat malaria in July. Following KMT's sustainable development policy, a medical team accompanied by KMT employees set up consultation posts to provide medical care for 102 children and 50 adults during Cameroon's national measles and rubella vaccination period. For most patients examined, the most common condition encountered by the medical team was malaria. Those diagnosed with the disease were provided the appropriate care and medications.

SBITC (OLANGPO, PHILIPPINES). The ICTSI Foundation and Subic Bay International Terminals (SBITC) donated assorted medicines and other supplies supporting the Subic Bay Metropolitan Authority's (SBMA) medical mission. Held in Sitio Pastoal in Hermosa, Bataan last August 11, the medical mission provided consultations to more than 500 residents. A total of 70 adolescent boys underwent circumcision, while 28 residents received oral prophylaxis. Additionally, nearly 100 residents received reading glasses.

ICTSI (MANILA, PHILIPPINES). In keeping the tradition of employee volunteerism alive, 50 ICTSI team members and their families joined Servathon 2023 last October 21, at the Philippine International Convention Center. Aligned with the Hands on Manila Foundation, this flagship program's theme, "STOP Stunting, START Thriving," addresses hunger and child malnutrition and supports at-risk pregnant women, new mothers, and the healthy development of newborns to age five. Volunteers played a vital role in repacking nutritious meals for malnourished children and families while also contributing to creating nursing covers for breastfeeding mothers. ICTSI remains committed to fostering positive change and community well-being.

EMPOWERING FUTURE CHAMPIONS: ICTSI'S SPORTS DEVELOPMENT INITIATIVES

MGT (CONGO). Matadi Gateway Terminal (MGT) was the major sponsor of the 25th Kinshasa International Open, celebrating the Cercle de Kinshasa's 100th anniversary held last September 15 to 17. But beyond the greens, MGT teed off a legacy of future talents.

A pre-tournament golf clinic for under-12s was led by MGT-backed pros Edouard Espana and Aubin Lacaze. Espana, a seasoned veteran with 11 top-20 finishes in the Challenge Tour, inspired the young talents. Lacaze, a prodigy who started at five, brought his Grand Prix-winning expertise to the session.

CGSA (ECUADOR). Contecon Guayaquil S.A. (CGSA) drove continued support for Ecuadorian golf sensation Daniela Darquea. CGSA proudly renewed its LPGA Tour player and company ambassador sponsorship last February. Darquea, who captured the 2017 IOA Championship, embodies CGSA's dedication to nurturing rising athletic stars and promoting sports in Ecuador.

PHILIPPINES. International Container Terminal Services, Inc. (ICTSI) congratulates pole vaulter Ernest John "EJ" Obiena for winning a gold medal for the Philippines in the 19th Asian Games in Hangzhou, China, from September 23 to October 8, 2023.. Obiena also set a new Asian Games record with his gold-winning 5.90-meter jump, and will represent the Philippines in the 2024 Paris Olympics. ICTSI takes immense pride in supporting the Philippine athletic team at the Asian Games.

TECON SUAPE (BRAZIL). Tecon Suape, S.A. donated to the Gratitude Association, aiding the Sports Incentive to combat inequality and provide support for underprivileged children and adolescents in Pernambuco, Brazil. The Gratitude Project leverages sports and education to create a transformative impact.

BCT (POLAND). Baltic Container Terminal (BCT) proudly served as the main sponsor for the Gdynia Winter Swimming Cup 2023 BCT Series. The extreme winter swimming event unfolded in Gdynia's yacht marina last February 4 to 5, seamlessly blending sports and charity. Supporting the Ronald McDonald Foundation's beneficiaries and advocating physical activity, the competition featured over 300 swimmers from Poland and beyond.

4

GOVERNANCE

CONTEXT AND COMMITMENTS

Our commitment to Sustainability and good corporate governance forms our Global Good Citizenship. This motivates ICTSI Group to clarify our ESG approaches, policies, and priorities to improve performance. We leverage our commitment to our various stakeholders to fuel a consistent approach to enhancing governance, strengthening our corporate policies and business resilience, driving the sustainability agenda further forward, and developing our risk management and mitigation approaches. This is the heart of transformation, where it matters most.

GROUNDWORK

We continue to optimize our corporate governance policies groupwide and strengthen our commitment to our stakeholders with our Board of Directors and Leadership Team across our global portfolio at the helm. We implement strong ESG to ensure transparency, accountability, and prudent management.

GAINS

Our efforts to constantly teach our solid risk reduction strategies and management across our business through our Enterprise Risk Management System and continued digital transformation have gained good ground. We continue to intensify our commitment to respecting human rights following the groupwide issuance of our Global Principles on Human Capital, strategic sourcing, and responsible value chains.

MOVING FORWARD

Anchored in our strategy of Good Global Citizenship and strong ESG, we adhere to prudent management, enable sustainable growth, and reinforce our risk management approach to ensure robust and resilient businesses where we operate.

WINGS OF CHANGE: ICTSI'S SUSTAINABLE METAMORPHOSIS

We have been riding on the momentum of recovery, creating initiatives for transformation from within the Company that support our people, economies, and the planet. Our commitment continues: to embed sustainability into the heart of our business agenda, corporate culture, and corporate governance framework. We are ensuring sustainable business growth which, in turn, manages our economic, social, and environmental impacts and contributes significantly to a better and more resilient future across our organization.

For ICTSI, the root of innovation and transformation is solid, prudent, and effective corporate governance. Our firm structure includes key areas such as general management, information systems, risk management, reliable financial and operational information, and cost-effective and profitable business operations. We strongly emphasize complying with laws, rules, and regulations that are in force in the territories where we operate.

CORPORATE GOVERNANCE

ICTSI elevates the standard of good governance, implementing measures that enhance organizational awareness and practices. This commitment aims to catalyze value creation and foster sustained long-term growth.

ICTSI upholds the principles and policies embodied in our Manual on Corporate Governance, which serves as the framework of rules, systems, and processes governing the ICTSI Board of Directors and Management performance. Last revised in May 2017, the CG Manual outlines the Board's duties and responsibilities in overseeing all stakeholders' interests.

As best practices for corporate governance continue to evolve, we strive to enhance our governance policies and practices as well. To update our stakeholders on the Company's efforts, ICTSI publishes an annual Corporate Governance Report, which adheres to the Code of Corporate Governance for Publicly-listed Companies promulgated by the Philippine Securities and Exchange Commission (SEC).

For benchmarking against global standards on good corporate governance, ICTSI also participates in the ASEAN Corporate Governance Scorecard.

OUR BOARD OF DIRECTORS

The Board of Directors is primarily responsible for the governance of ICTSI by fostering its long-term success and

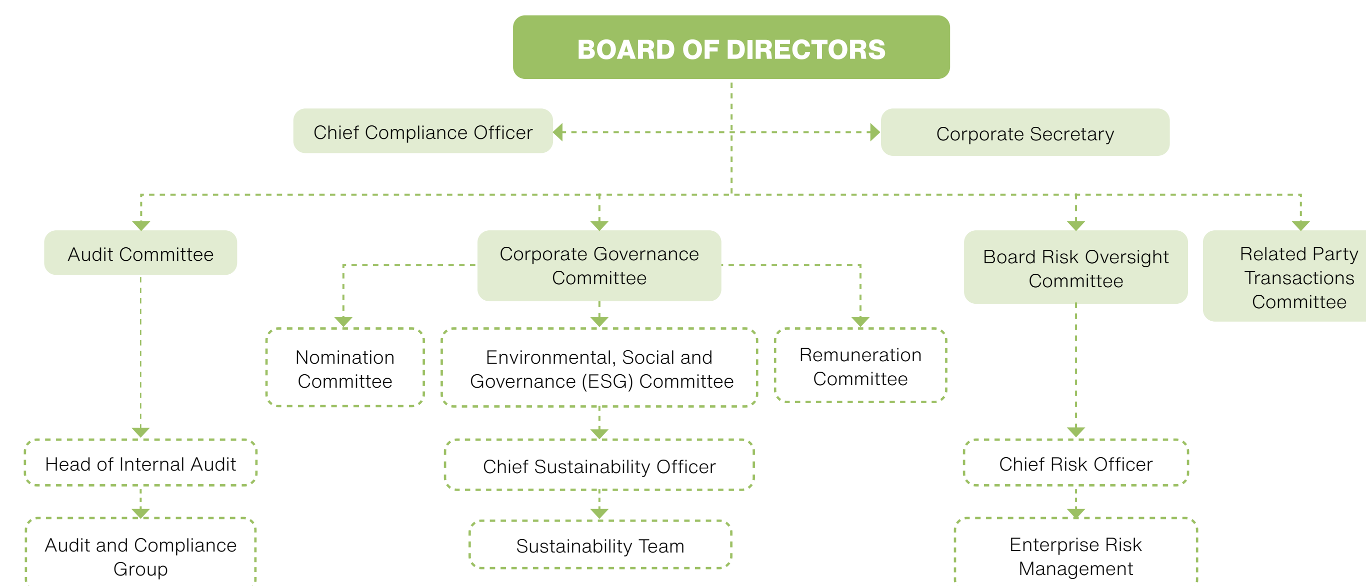
GOVERNANCE STRUCTURE

BOARD OF DIRECTORS

Executive Director
Enrique K. Razon Jr.
Chairman and President

Members
Independent and Non-Executive Directors:
Carlos C. Ejercito
Cesar A. Buenaventura
Diosdado M. Peralta

Non-Executive Directors
Andres Soriano III
Jose C. Ibazeta
Stephen A. Paradies



	AUDIT COMMITTEE	CORPORATE GOVERNANCE COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE	ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE	BOARD RISK OVERSIGHT COMMITTEE	RELATED PARTY TRANSACTION COMMITTEE
Carlos C. Ejercito	C Independent	M Independent	M Independent	M Independent	-	M Independent	M Independent
Cesar A. Buenaventura	M Independent	C Independent	-	-	M Independent	M Independent	C Independent
Chief Justice Diosdado M. Peralta (ret.)	-	M Independent	-	-	C Independent	M Independent	M Independent
Andres Soriano III	-	-	-	C	-	-	-
Jose C. Ibazeta	-	-	C	-	-	-	-
Stephen A. Paradies	M	-	M	M	M	C	-

TRANSFORMATIVE SUSTAINABILITY AND LEADERSHIP: ICTSI'S 2023 BUSINESS AWARDS

2022 ASIA'S OUTSTANDING COMPANIES POLL BY ASIAMONEY: ICTSI was named the most outstanding company in the Philippines under the Transportation Sector category last July 15. The citation was based on the company's financial performance, management team excellence, investor relations, and corporate social responsibility (CSR) initiatives.

13TH ASIAN EXCELLENCE AWARDS: Hong Kong-based *Corporate Governance Asia* cited ICTSI as the Best Investor Relations Company in the Philippines and Asia's Best CSR. Also named were Enrique K. Razon Jr., ICTSI chair and president (Asia's Best CEO, Investor Relations); Rafael D. Consing Jr., former Senior Vice President and Chief Financial Officer (Asia's Best CFO, Investor Relations); and Arthur R. Tabuena, ICTSI Treasury Director and Head of Investor Relations (Philippines' Best Investor Relations Professional) last June 26.

The Asian Excellence Awards recognizes companies for their achievements and superiority in management acumen, financial performance, corporate social responsibility, environmental practices, and investor relations. Winners were selected from China, Hong Kong, India, Japan, Korea, Indonesia, Malaysia, Singapore, Taiwan, Thailand, Vietnam, and the Philippines.

13TH ANNUAL INSTITUTIONAL INVESTOR AWARDS (ALPHA SOUTHEAST ASIA): ICTSI led public listed companies or (PLCs) in the country for having the Best Strategic Corporate Social Responsibility and the Best Annual Report in the Philippines last July 12.

The Institute of Corporate Directors (ICD) rated ICTSI as one of the high-ranking PLCs in the Philippines based on the ASEAN Corporate Governance Scorecard (ACGS).

Lauded with three Golden Arrows for garnering a score between 100 to 109 points, the company maintains commendable compliance with the best practices in the following areas: board responsibilities, disclosure and transparency, rights of shareholders, equitable treatment of shareholders, and role of stakeholders.

CXOCIETY AND FUTURECFO: Both recognized ICTSI's Leadership in Sustainable Environmental, Social, and Governance on February 22, 2023. The citations stem from the Company's accelerated digitization efforts during the pandemic and implementation of a global cash pool program to support its capital expenditure and deleveraging programs.

The FutureCFO Excellence Awards recognize the best finance professionals across the region, industries, and functions. The Awards applaud the invaluable contribution of finance towards the transformation and growth of organizations.

business sustainability following the Company's Purpose and Values. As ICTSI's highest governing body, the Board is instrumental in ensuring that the Company is accountable, fair, and transparent in its dealings, and relationships with stakeholders. The Board likewise serves as an independent check on the Management's performance.

The Board is comprised of seven directors elected by the stockholders during the Annual Stockholders' Meeting (ASM) in accordance with prevailing laws and the Company's By-Laws. The Board is filled up by six Non-Executive Directors and one Executive Director. There are three Independent Directors out of the seven seats. The mix of Non-Executive Directors, Independent Directors, and the Executive Director in the ICTSI Board ensures that no Director or a small group of Directors dominates the decision-making process. This diversity allows a healthy balance of ideas, wisdom, and experience in the management and business of the Company. (The qualifications of the Board of Directors can be found in the 2022 Corporate Governance Report.)

On August 10, 2023, the Board of Directors approved the establishment of the Company's Board Charter that aims to uphold and improve the principles and policies embodied in the Company's Manual on Corporate Governance as well as the best practices of good corporate governance, which serves as the framework of rules, systems and processes that governs the performance of the ICTSI Board of Directors.

The Board Charter establishes the purpose, composition, authority and responsibilities of the Company as mandated in the provisions of the Company's Articles of Incorporation, By-Laws, CG Manual, applicable laws, rules and regulations, and global practice. The Board of

Directors shall review and assess the adequacy of the Charter at least once every two (2) years, and make necessary amendments, as applicable.

Under the Manual on Corporate Governance and as a Governance Support Structure, the Board of Directors has established Board Committees to support certain functions of the Board. This structure ensures the Board's effective and optimal performance, particularly in audit, risk management, related party transactions, environmental, economic, social and governance (EESG), and other key corporate governance concerns. Each Board Committee has adopted a Committee Charter, which lays down the committee's purpose, composition, functions, and processes.

For 2023, the current set of Directors were elected during the 2023 ASM, held virtually on April 15, 2023. The Nomination Sub-Committee is responsible for reviewing and evaluating the qualifications of all individuals nominated to the Board, and other appointments which require Board approval. Apart from undertaking the process of identifying potential Directors who have the appropriate mix of competencies that are aligned and relevant to ICTSI's strategic direction, the Nomination Sub-Committee likewise recommends the Board definitions of "independence" and "conflicts of interests" for Board Members, as well as guidance on time commitments and other directorships.

Each member of the Board possesses broad knowledge, experience, and expertise in the port management industry and other related fields.

Mr. Enrique K. Razon Jr., the Company's Chairman of the Board and President, has been a Director of ICTSI since its founding in 1987 and served as Chairman since 1995. The Company finds it practicable and efficient to unify the positions of the Chairman of the Board and President, considering the nature of its business.

Under our Manual on Corporate Governance, given that these positions are unified, the proper checks and balances are put in place. The respective duties and

BOARD OF DIRECTORS	START YEAR	YEARS OF SERVICE
Enrique K. Razon Jr.	1987	36
Cesar A. Buenaventura	2019	4
Carlos C. Ejercito	2021	2
Diosdado M. Peralta III	2021	2
Stephen A. Paradies	1987	36
Jose C. Ibazeta	2009	14
Andres Soriano III	1992	31
Total:		125
Average:		17.85714286

CONTECON GUAYAQUIL WINS ENVIRONMENTAL AWARD

Contecon Guayaquil S.A. (CGSA) bagged the 2023 ULVR Green Award from the Vicente Rocafuerte Lay University (ULVR) last July for its innovative and sustainable initiatives applied to its operations at Ecuador's main maritime port.

The award validates CGSA's commitment to responsible environmental management and promoting sustainability in its port operations. The acknowledgment from the academic community is a source of immense pride for CGSA, and further motivates the company to continue working hard to promote innovation and technologies that minimize the impact of port operations on the environment.

Sol Medina (left), Contecon Guayaquil Head of Inland Services, receives the ULVR Green Award from Vicente Rocafuerte Lay University of Guayaquil Rector Aimara Rodríguez Fernández.

CMSA LANDS IN EXPANSIÓN'S RESPONSIBLE COMPANIES LIST

Contecon Manzanillo S.A. (CMSA) became the first Mexican port operator named in the Responsible Companies list by *Expansión*, the flagship publication of Grupo Expansión, in July. The annual list, which began in 2014, aims to recognize companies with the best Environmental, Social and Governance (ESG) practices.

The recognition emphasizes CMSA's commitment to sustainability, environmental stewardship, social responsibility, and good governance. CMSA entered the list at the 135th place overall, ranking 89th in Environmental, 145th in Social, and 138th in Governance.

"Our effort and strategy are reflected in our image, internally and externally, thus consolidating the path we began two years ago," said José Antonio Contreras, CMSA Chief Executive Officer.

responsibilities of the Chairman and the President are clearly defined to ensure that the Board of Directors benefits from independent views and perspectives. Also, the Non-Executive Directors conduct separate periodic meetings without the presence of any Executive to evaluate the performance of the Board and the Management and may call on the external auditor and/or heads of internal audit, compliance, and risk as resource persons.

THE BOARD'S FIDUCIARY ROLES AND ACCOUNTABILITIES

To ensure the sustainability of ICTSI's business, the Board continues to discharge its duty of care and loyalty in the best interests of the Company and all its shareholders.

Conflicts of interest

ICTSI is committed to conducting business in a manner that ensures that undue personal or financial interests do not influence our employees' and consultants' business judgment and decision-making.

As required under the Manual on Corporate Governance, the Company fully discloses all relevant and material information on individual board members, and ICTSI's Senior Management members, to assess potential conflicts of interest that might affect their judgment. Further, the Company discloses all dealings of its Directors and principal officers in the Company's shares (including their nature, number/percentage, and date of transaction) to the Philippine Stock Exchange and the Securities and Exchange Commission within three trading days from the transaction date.

In 2018, ICTSI implemented a Conflict of Interest Policy to guide all ICTSI Group personnel in conducting business where undue personal or financial interests do not influence their business judgment and decision-making. The Policy defines a conflict of interest situation and requires all personnel to read, understand, and comply with the Policy. The Policy details how to disclose a Conflict of Interest and address such situations appropriately. ICTSI Group personnel must also complete a disclosure form and an undertaking before their roles are assumed and updated regularly.

The ICTSI Global Corporate Human Resources is responsible for ensuring that Conflict of Interest Disclosure Forms and Undertakings are completed by new hires prior to the start of their employment. Employees are likewise required to disclose any potential Conflict of Interest that may arise during their employment with the Company on an annual basis. ICTSI does not tolerate violations and breaches of this policy, which may lead to disciplinary and other actions up to and including termination of employment.

Collective knowledge of the highest governance body

The Directors of ICTSI undergo Annual Corporate Governance Training, programs, seminars, and roundtable discussions on Corporate Governance with service providers or private/government institutions that are accredited by the Philippine Securities and Exchange Commission to ensure that the Company follows the adopted leading practices on good governance.

To ensure that directors and key officers are provided with a continuous learning program, ICTSI allocates an annual training budget for conferences, seminars, and training. In 2023, directors and key officers of ICTSI participated in the annual Corporate Governance Training Program conducted by the Center for Global Best Practices (CGBP).

Assessment system

To determine compliance with the ICTSI Manual on Corporate Governance, the Board adopted in 2018 an evaluation system to ensure effectiveness and identify the areas of improvement of governance practices. The evaluation and assessment also include the performance of the Board, each of the Board Committees, and the individual Directors.

One of the evaluations implemented is the Annual Corporate Governance Assessment done through the Office of the Compliance Officer. During the evaluations, each member of the Board assesses their individual and group performance based

on the Corporate Governance Manual, the SEC Code of Corporate Governance for Publicly Listed Companies, the Integrated Annual Corporate Governance Report (IAGCR), and the ASEAN Corporate Governance Scorecard (ACGS). The Board also makes similar assessments for the Chairman of the Board, President, Chief Risk Officer, Compliance Officer, and Head of Internal Audit. The evaluation results are then presented to all those concerned for any necessary recommendations to improve corporate governance in the Company further. The Company likewise engaged the services of an external facilitator to evaluate and support the results of the 2022 Board and Management Assessment.

The Board and Management Assessment results are then presented to all concerned by the Company's Global Corporate Legal Affairs (GCLA). GCLA also discusses the recommendations and actions to be taken by the Board, Committee Members, and Key Officers to address the issues raised in the evaluation.

Previously, the Company engaged the services of an external facilitator, the Good Governance Advocates & Practitioners of the Philippines (GGAPP), to evaluate the Board and Management Assessment results from 2019 to 2021 and provide further recommendations. The 2023 ACG Assessment will be rolled out within the first quarter of 2024, and an external facilitator will be engaged again.

Remuneration policies

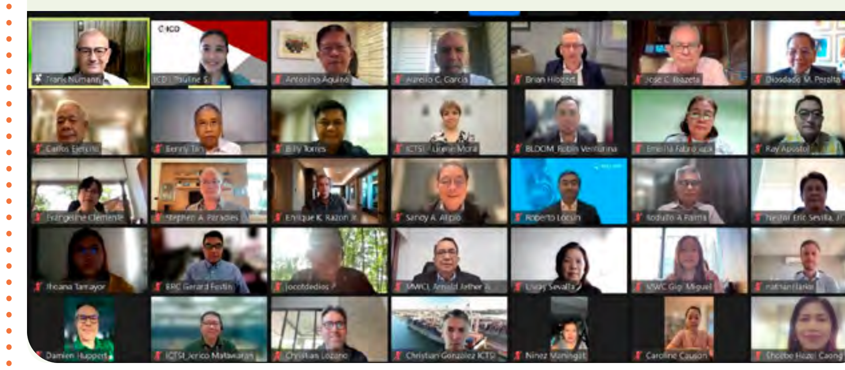
ICTSI has established a formal and transparent procedure for policy development on Board and Executive remuneration to fix individual directors' and executive officers' remuneration packages. These packages may include share schemes, incentive performance packages, fringe benefits, and other items considered appropriate by the Committee. Under this policy, a Director does not participate in discussions or deliberations involving that Director's remuneration.

Named Executive Officers are covered by Letters of Appointment, with the Company stating their terms of employment. Except for the automatic vesting of awarded

RAZON GROUP CORPORATE GOVERNANCE TRAINING EMPHASIZES ETHICS, ESG

The listed companies under the Razon Group: ICTSI, Bloomberry Resorts, Manila Water Corporation and Apex Mining Co. held its third Joint Corporate Governance Training last 7 December 2023.

It was attended by the Board of Directors and key officers of the said companies with a total of 70 attendees. It was conducted virtually through the Zoom platform. The training focused on two topics: Importance of Corporate Culture for Ethics and Compliance; and ESG and Strategy: A Board Room Topic for Directors. The training was spearheaded by Global Corporate Legal Affairs and conducted by Institute of Corporate Directors.



shares under the Company's Stock Incentive Plan, there are no existing compensation plans or arrangements, including payments from ICTSI by any named Executive Officer or a change-in-control in the Company.

To achieve its business objectives, ICTSI offers competitive base pay, broad use of equity with a competitive vesting schedule, innovative cash incentive plans, and executive benefit plans reviewed and approved by the Remuneration Committee.

At the Board level, the Remuneration Sub-Committee, supported by the Global Corporate Human Resources (GCHR) and an independent external adviser, as may be required, adopts an integrated and stakeholder-inclusive approach to rewards, remuneration and governance in the Company's best interest in alignment with its Purpose and Values.

TECON SUAPE INTRODUCES NEW MISSION, VISION, VALUES

Tecon Suape announced its Mission, Vision and Values as part of the new strategic plan that will guide and move the Company forward through the coming years in January 2023.

Javier Ramirez, Tecon Suape chief executive officer, explained the importance of organizational transformation, which serves as the basis for a new strategic plan: "We live in a moment of great transformations in organizations, changes that lead to increasingly complex management models in a society in motion. Focused on this transformation process, we at Tecon Suape revisited our organization's identity and positioning in the market. As everything changes, we change too."

Tecon Suape's new Mission, Vision Statements and Values are:

Mission:
To satisfy our customers with excellence in service solutions and port infrastructure, and generate economic, social, and environmental value through an innovative business model with the commitment to be a productive agent of the supply chain of Pernambuco and the Northeast Region.

Vision:
To set the standard in port services and infrastructure by providing our customers with the best logistical solution as a productive agent of the supply chain of Pernambuco and the Northeast Region.

Values:
Integrity
Value generation for the State, Northeast Region, and customers

Passion for what we do:
SustainabilityPersonal growth, employee safety, and well-being

During the Regular Board Meeting held on December 22, 2023, the Board aligned the remuneration of Directors and Key Officers with the Company's long-term interests. In determining the proper compensation, the Board ensured that (i) the level of remuneration is commensurate to the responsibilities of the role, (ii) no Director participated in the deliberation involving his remuneration, and (iii) the remuneration pay-out schedules are sensitive to the overall risk profile of the Company. For those with control functions, their remuneration was based principally on achieving their objectives and was independent of any business line they oversaw.

For the confidentiality, safety, and security of ICTSI's executives, the Company discloses only the aggregate board and executive compensation, but mentions the individual names of the five executives who receive the highest compensation in the Company's SEC Form 17-A (under Executive Compensation).

The Group has decided not to disclose the information required under GRI Disclosure 2-21 in this report since the ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual) has not been determined to date: Computing the ratio is a significant task, as ICTSI has presence across many countries with varying income levels (i.e., presence in DRC, which the World Bank currently classifies as Low Income and presence in Australia, which the World Bank currently classifies as High Income).

COMPLIANCE AS A CORE VALUE

ICTSI upholds the highest ethical standards of honesty and integrity as it manages its business operations, striving to safeguard its reputation in every country of operation. Amid its continuing global expansion, the Company redoubles its efforts to faithfully comply with all applicable laws and regulations set forth by governing bodies and regulators, including port authorities, customs and trade agencies, and local government units.

For its part, the Board of Directors is required to comply with laws, rules, regulations, and circulars related to securities regulation and corporate governance. The ESG Committee likewise ensures the Company's compliance with legal and regulatory requirements, and international industry standards and guidelines applicable to ESG matters.

To wield strength for the Company's Compliance Program, ICTSI first appointed a Compliance Officer in 2014. The crucial role was an integral factor in affirming the Company's commitment to strong corporate governance. The Compliance Officer coordinates with the Philippine Securities and Exchange Commission (SEC) and other government regulatory agencies regarding compliance requirements, monitoring, and reporting. The role continued to mature and extend the Compliance Officer's responsibilities to ensure adherence to the ICTSI Code of Business Conduct through tracking any potential or occurring violations, and reinforcing full compliance with the Manual on Corporate Governance and the rules and regulations of agencies.

Mr. Rafael D. Consing, Jr. has served as the Company's 2022 Compliance Officer, a position he held since February 2016. Following his retirement from the Company in January 2023, the ICTSI Board of Directors appointed Mr. Christian R. Gonzalez as Chief Compliance Officer, concurrent to his roles as Executive Vice President and Chief Sustainability Officer.

In case of any violations, the Compliance Officer reports the matter to the Board and recommends proper action and measures to prevent a repetition of the violation.

The Group also maintains regular dialogue with local government and regulatory authorities through its management teams or representatives in each jurisdiction to ensure compliance with the requirements and conditions for obtaining and maintaining its licenses, concessions, permits, or certificates. When possible, the Company undertakes the legal education of its employees by cascading the principles through internal seminars or workshops.

During the reporting period, ICTSI proudly reports that it has strictly complied with relevant laws and regulations and, thus, has not been fined for any non-compliance.

ETHICS AND INTEGRITY

Our Code of Business Conduct aptly describes the expectations that apply to all employees and business partners working with or on behalf of ICTSI. The Code, which serves as a testament to our joint beliefs, values, and commitment, provides us

SUSTAINABILITY CHAMPIONS HONORED AT 2ND EDIFY AWARDS

ICTSI reaffirmed its ESG commitment by honoring its Global Sustainability Champions at the second Edify Awards last August 11. Now on its second year, the Edify Awards was made a part of ICTSI's First Sustainability Summit, which is designed to raise ESG awareness and encourage active participation across the organization.

Top honors went to Nathan Clarke, Vice-President and Head of Global Engineering - Infrastructure and Project Management, and Arthur De Jonge, Regional TAM Director of Global Engineering - Equipment Maintenance.

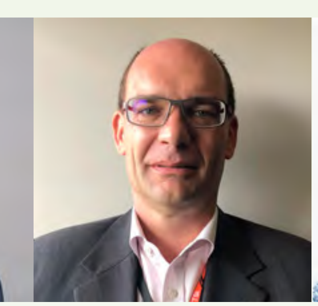
De Jonge's efforts to streamline the environmental reporting of business units to Corporate bested efforts from other nominees for the Most Improved Global Sustainability Champion award. Also nominated for the same category were Attorney Carmeline Viniegra of Global Legal, Cristina Nicanor of Global Health, Safety, Security, and Environment (HSSE), and Zara Canlas of Global Human Relations (HR).

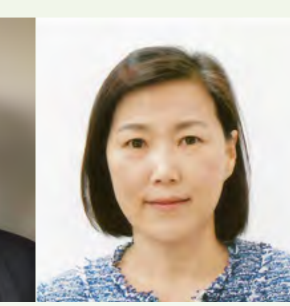
Clarke's role in improving ICTSI's climate reporting and spearheading the Climate Change Action Initiative earned him the Best Global Sustainability Champion award. He bested Allan Almero of Global Controllership, Arnie Tablante of Global Treasury, Camille Martinez of Global Procurement, and Marvin Nalica of Global HSSE for this year's honors.

The Company also recognized Kum Chai Shin, Global Director – Information Security, with the Exemplary Global Sustainability Champion Award, citing her dedication and active role in sustainability reporting. During the inaugural Edify Awards last year, Shin was named the Best Global Sustainability Champion.

The Edify Awards culminates all internal stakeholders' contributions to sustainability reporting for the past year. Organized by the ESG Reporting Team (ESG Rep) composed of the Investor Relations, Legal and Public Relations departments, the Edify Awards also marked the start of the Group's 2023 sustainability reporting cycle.


Nathan Clarke


Arthur De Jonge


Kum Chai Shin

SUSTAINABILITY HEROES HONORED: ICTSI CROWNS CHAMPIONS

ICTSI celebrated its first Edify Awards, highlighting sustainability excellence across its global network. Champion terminals took the stage on August 23:

- **MANILA INTERNATIONAL CONTAINER TERMINAL (MICT):** Best Governance Initiative for digitalizing operations, boosting efficiency and transparency
- **CONTECON GUAYAQUIL (CGSA):** Best Environmental Initiative for achieving Latin America's first carbon-neutral terminal, a true green pioneer
- **PAKISTAN INTERNATIONAL CONTAINER TERMINAL (PICT):** Best Social Initiative for its dedication to employee and community well-being, proving sustainability touches all lives

Launched in 2022, the Edify Awards recognize and inspire continued sustainability achievements throughout the ICTSI Group.

with guidance on our approach to doing ethical business practices, acting with integrity and accountability, and working in compliance with all applicable laws, regulations, and policies.

ICTSI takes a zero-tolerance approach to corruption, bribery, and fraud in any shape or form. Under our Code of Business Conduct and the strengthened Anti-Bribery Compliance Policy and Procedure, ICTSI employees are prohibited from asking for, accepting, or receiving bribes or any other personal benefit that would induce the employee to breach his/her duty to act in good faith, to act impartially or following a position of trust.

ICTSI upholds the highest ethical standards and acts with integrity in its business dealings and local and international relationships. Local business customs and culture are never valid reasons for engaging in bribery and other corrupt practices.

In 2023, refresher courses on the salient provisions of the Code of Business Conduct, Anti-Bribery Compliance Policy and Procedure and Policy on Conflict of Interest were conducted and attended by members of the Senior Management and Heads of the Philippine terminals to refresh and remind them of their duties and responsibilities under these policies. The program aims to set the tone from the top and subsequently cascade relevant information to the employees and other stakeholders at the terminal level.

Upon joining the Company, new hires are taught the Group's anti-corruption policies and commitments. Consequently, all employees, including managers, of a specific business unit are informed about the codes of conduct, discipline, and work procedures through toolbox talks, newsletters, webinars, and face-to-face training. Board Members are reminded of anti-corruption policies and commitments in regular Board and Committee meetings.

All terminals have policies to ensure ethical conduct and anti-corruption operational procedures. ICTSI group-wide policies are aligned to prevent bribery and corruption while encouraging whistleblowing at all levels that are embedded in the company's Business Code of Conduct, Employee Code of Discipline, work regulations, and code of ethics.

These are approved by their respective top management, such as the President, HR Department, General Manager, Board Members, Senior Management, and the CEO. Periodic reviews, audits, indicators, and employee evaluations ensure the effectiveness of these codes will strictly be observed. For CGSA, compliance is verified through employee evaluations such as polygraph tests, home visits, legal background checks, and the follow-up carried out by each immediate chief on possible breaches of this code—notable practices from MICTSI with its Anti-Tipping policy and additional disclosure on conflict of interest. While MICTSL translated their Code of Conduct in their local Malagasy language, the terminal maintains ISO 28000 and ISPS code certification.

Mandatory Signature for Code of Conduct

On top of the Supplier Code of Conduct approved in 2022, we require all suppliers to sign contracts with anti-corruption and anti-bribery clauses. These policies are available on our corporate websites for the reference of business partners and stakeholders.

ICTSI strictly implements an anti-tipping policy that prohibits and penalizes the acts of receiving and soliciting or exacting monetary consideration from port users, company clients, or the public in consideration of work (including facilitation payments and tipping). Failure to comply with these will lead to severe consequences, such as termination of employment, for its employees and personnel, the termination of a business relationship for a third party, and other civil and criminal penalties.

Apart from Group-wide policies, terminals have specific commitments on anti-corruption, which are embedded in their code of conduct and employee code of discipline, which Management approves. There are also identified point persons to whom employees can report possible violations or non-compliance with these policies, ranging from security employees to line managers, Human Resource Department (HRD) Industrial Relations or Operations Manager, an assigned Compliance Officer, Department Heads, and, in some cases, even the CEO.

To evaluate the effectiveness of the Company's anti-corruption policies and commitments, we conducted the following activities: strict implementation of the Code of Conduct, refresher courses, improvement of working standards and

GLOBAL LEGAL ROLLS OUT LEGAL EDUCATION IN SUBIC

ICTSI's Global Corporate Legal Affairs (GCLA) department conducted a Terminal Exposure Awareness (TEA) Time seminar last June for Subic Bay International Terminals (SBITC).

The TEA Time seminar is a component of GCLA's Legal Education initiative and deals with legal exposure and implications of daily operational activities of a terminal. It also tackled the applicable strategies to eliminate or mitigate legal risks that could arise from such activities.

Covering issues, such as occupational health and safety and their legal implications, the seminar helped participants enhance their knowledge and ensured that future risks can be minimized, mitigated appropriately, and coordinated with the appropriate groups.

Spearheaded by Atty. Mark C. Acoymo, the seminar was held at the SBITC Training Hall in coordination with teams from SBITC Health and Safety and Manila International Container Terminal (MICT) Claims.

Atty. Mark C. Acoymo (fifth from right, standing) with TEA Time seminar participants at SBITC Training Hall

ANTI-CORRUPTION INDICATORS

■ 2022 ■ 2023

TOTAL NUMBER OF EMPLOYEES THAT THE ORGANIZATION'S ANTI-CORRUPTION POLICIES AND PROCEDURES HAVE BEEN COMMUNICATED TO

Category	2022 (28 TERMINALS)	2023 (28 TERMINALS)
Admin – Rank and File	709	743
Admin – Management	481	354
Operations – Rank and File	5,288	5,434
Operations – Management	900	727

TOTAL NUMBER OF EMPLOYEES THAT HAVE RECEIVED TRAINING ON ANTI-CORRUPTION

Category	2022 (28 TERMINALS)	2023 (28 TERMINALS)
Admin – Rank and File	709	743
Admin – Management	481	354
Operations – Rank and File	5,288	5,434
Operations – Management	900	727

PERCENTAGE OF EMPLOYEES THAT THE ORGANIZATION'S ANTI-CORRUPTION POLICIES AND PROCEDURES HAVE BEEN COMMUNICATED TO

Category	2022 (28 TERMINALS)	2023 (28 TERMINALS)
Admin – Rank and File	77%	82%
Admin – Management	75%	80%
Operations – Rank and File	75%	80%
Operations – Management	90%	82%

PERCENTAGE OF EMPLOYEES THAT HAVE RECEIVED TRAINING ON ANTI-CORRUPTION

Category	2022 (28 TERMINALS)	2023 (28 TERMINALS)
Admin – Rank and File	77%	82%
Admin – Management	75%	80%
Operations – Rank and File	75%	80%
Operations – Management	90%	82%

	2022 (28 TERMINALS)	2023 (28 TERMINALS)
Total number of employees	10,222	10,297
Total number of employees that have received training on anti-corruption	7,378	7,258
Total percentage of employees that have received training out of the total number of employees	72%	70%

Company environment, periodic internal and external audits, and monthly reviews and evaluations. Anti-corruption policies and commitments have been effectively applied to all cases. They have helped ensure that employees follow the set guidelines, and are correspondingly dealt with in line with due process. To encourage wider dissemination and compliance, we translated their policies and commitments to the local language in some terminals; MICTSL translated their Code of Conduct into their local Malagasy language, while BICT had their anti-corruption commitments translated into the Georgian language. SPIA will implement the signature of a commitment letter from all employees to comply with the Code of Ethics.

Regular Forums and Anti-corruption Policies

At the Manila flagship, the aforesaid policy is evaluated through the HRD Industrial Relations. The policies are scrutinized thoroughly via grievance mechanisms and quarterly Labor-Management Conferences called "Ugnayan sa Pantalan." These mechanisms and conferences enable dialogue between Management and employees. Aside from this, regular Labor Management Council meetings are in place for discussions of operations-related issues between Management and Union Officers. The results of this evaluation are evident in the good rapport between management and labor unions, and in their level of cooperation in implementing anti-corruption efforts among MICT employees.

Most of the terminals also have resources allocated towards managing anti-corruption policies. Existing information systems and assets, such as Office 365 tools, are being used to evaluate the effectiveness of anti-corruption policies.

Nineteen of 28 terminals have goals and targets to ensure ethical conduct and prevent corruption in their operations. The context of the goals and targets are mostly from the anti-bribery policy and code of conduct of their terminals. Most terminals have their baseline of goals and targets as having zero corruption cases.

TecPlata and BGT conduct employee training for their goals and targets, while TSSA and MICTSL monitor specific key performance indicators in every operational area. Most terminals evaluate their goals' effectiveness by educating, ensuring compliance, and conducting annual reviews, but some do not have ways to assess their goals and targets yet. During the reporting period, we are proud to report that we do not have any confirmed incidents of corruption.

Grievance Mechanisms and Fraud Reporting

Grievance mechanisms are essential to the Company's risk management and anti-corruption assessment process, as they enable compliance and adherence to policies and regulations in countries where we operate, as well as encourage employees and concerned parties to immediately report any concern and known or suspected violations of the Code and other company policies.

In 2023, the Company enhanced its Policy on Fraud Reporting, Complaints, and Non-compliance with Policies by providing a specific reporting process and disclosing malpractice or violations. Any stakeholder may now report a possible breach or non-compliance via personal reporting, mail, email, or telephone to the appropriate HRD of the Business Unit (BU) or the Global Human Resource Department (GHR) for Corporate Functions. Should there be a real threat of harassment and retaliation, or if any personnel from BU's HRD or GHR may be compromised, the report or disclosure may be filed directly with the Office of the Compliance Officer (OCO).

Twenty-two out of 28 terminals have grievance mechanisms commonly owned by the HR Department. Most of their grievance mechanisms, which are based on the 2019 Collective Bargain Agreement, Anti-Bribery Policy, Whistleblowing Policy, and Code of Conduct, are commonly directed to and addressed by the HR Department and their respective top management. Some have specific mechanisms, including suggestion stations, complaints boxes, Whistleblowing channels, IPQRS, anonymous forms, anonymous complaint mailbox, website, confidential direct line, and the ombudsman channel.

The policy likewise provides for lodging complaints through appropriate reporting channels, gathering evidence, conducting investigations, and submitting recommendations, up to the imposition of disciplinary action against erring individuals. It likewise provides full confidentiality for the informant, treating them with the utmost privacy and that they shall be protected from any reprisal, retaliation, and other forms of harassment.

ICTSI'S TOP SUPPLIERS SHINE AT 15TH ICTSI 2023

The 15th ICTSI Supplier Quality Awards (ISQA) marked a significant return to in-person celebrations on August 10, casting aside years of virtual ceremonies at ICTSI Manila Office. The celebration focused on "Driving Change: Celebrating Sustainable Innovation."

Damien Huppert, ICTSI's Global Procurement head, stressed the crucial role of integrity, highlighting the Supplier Code of Business Conduct and its emphasis on transparency, anti-bribery, and the "no PO, no payment" policy.

Sustainability took center stage, with Huppert calling for supplier collaboration on eco-friendly practices: "By embracing innovation and sustainable practices, we can secure our supply chain and build a better future." This echoed Arthur Tabuena's, Head of Investor Relations and ESG Reporting, message, emphasizing ICTSI's deep commitment to supply chain governance and evaluating suppliers based on environmental and social criteria.

Tabuena, ICTSI Treasury director and head of Investor Relations and ESG Reporting, emphasized ICTSI's commitment to sustainability and supply chain governance: "Supplier engagement remains a pivotal concern for the Company, ensuring effective supply chain governance. This is especially crucial as we strive for carbon neutrality and pursue our climate change goals."

Global Procurement awarded the following suppliers:

- Blusky Chemicals Trading for Industrial Parts
- E.R.A. Print for Office Materials
- Zenshin Systems Corporation for IT Materials
- C.A. Dagunan Service Boats for Industrial Repair
- Inno-Tech Skills & Equipment for Office Services
- Trends & Technologies for IT Services
- One80 Residential Building for Facilities
- Seaborne Construction for General Construction

Across BUs, any complaint may be directed to and addressed by the HR Department, and their respective top management. Some have suggestion stations, a complaints box, a whistleblowing channel, anonymous forms, an anonymous complaint mailbox, a website, a confidential direct line, and the Ombudsman channel.

Some terminals like SBICT, MICTSI, and SPIA have their grievance committees. MICTSL also has different channels through which customers, employees, and people in the local neighborhoods may raise their concerns. Some terminals evaluate the effectiveness of their grievance mechanisms through audits and employee surveys. They also monitor the resolution of cases and the timeliness and fairness of the committees overseeing these cases. BCT's grievance mechanisms are processed through the regulations of the Polish Labor Code.

SUPPLY CHAIN

As a global company, ICTSI recognizes that our procurement decisions influence local and international environmental, social, and economic conditions. Understanding the stewardship required to coordinate and optimize sustainable and responsible sourcing practices that are vital in addressing sustainability issues in our supply chains, we have implemented the Supplier Code of Business Conduct.

A Global Policy that outlines ICTSI's non-negotiable expectations of the suppliers that the terminals have engaged and will engage, it describes our expectations and minimum standards that our suppliers must meet or exceed, even as they comply with all applicable laws and regulations when doing business with ICTSI, its Business Units (BUs), and subsidiaries.

As stated in our Code, we are committed to conducting business in a way that upholds the highest ethical standards of honesty and integrity in strict accordance with all relevant laws and regulations. This commitment extends to external third parties acting with, for, or on behalf of the Company, such as its suppliers.

ICTSI's efforts towards supporting responsible procurement is anchored

on the Global Procurement department, established in 2020 to support strategic procurement for the Group's top and critical spending and standardize supplier environmental and social impact assessment methodology in our operations. This was done to improve the consistency of procurement guidelines across our business units and better manage sustainability risks in our supply chain.

A Project Management Office within the department handles change management for procurement-related initiatives, including sustainability. At the same time, the Procurement Back Office provides oversight on the supplier management process to ensure compliance and identify and mitigate the environmental and social risks within the supply chain, including supplier environmental and social due diligence procedures and KPIs.

In 2023, 17 out of 28 terminals have a policy to ensure the sustainability of the supply chain. Most of the terminals adhere to the group-wide policy or Supplier Code of Conduct while some terminals have their policies aligned with local regulations or international standards such as ISO 9001. In particular, MICT, SCIPSI, SPICTL, and MITL have multiple policies set to meet the company's sustainable targets, including supplier accreditation, electronic bidding, supplier evaluation, vendor tracking, and procurement review.

The supplier life cycle perspective incorporating sustainability criteria is introduced at the procurement category level. This is to strengthen our management of procurement and supply chain practices to transform our approach into one that manages sustainability in a more integrated fashion. We aim to integrate ESG criteria into all phases of the supplier engagement life cycle, including positive supplier screening and preferring suppliers with above-average sustainability credentials.

During the accreditation process, we may conduct physical or virtual plant visits for our manufacturers' suppliers if the quality of their workmanship needs to be validated or if their supply capacity needs to be validated. ICTSI also conducts reviews of its suppliers' financial statements if

RAZON GROUP JOINS PROCUREMENT FORCES: COLLABORATION DRIVES EFFICIENCY

The Razon Group united its procurement power in a historic networking event hosted by the ICTSI Global Procurement team that brought together procurement officers from Solaire Resort, Prime Infra, and Manila Water to foster more vital collaboration.

Following their electricity joint tender success in 2002, the teams shared best practices, forming new working groups on various procurement areas in the event that started with a tour of the Manila International Container Terminal.

The collaboration paves the way for optimized strategies and cost savings, from sharing suppliers to mastering software like SAP and Ariba. By breaking down silos and fostering synergy, this initiative exemplifies the spirit of innovation and shared success within the Group.

Procurement teams from the Razon Group of Companies share best practices and explore new opportunities for collaboration. Photo shows (from left) Angelica de Castro, ICTSI Global Procurement back office manager; Mariel Zamora, Regional Procurement director MICT, Philippines & APAC - Global Procurement; Randolf Rellera, Prime Infra Supply Chain Management head; Joseph San Diego, Solaire Procurement director; Damien Huppert, ICTSI vice president - Global Procurement; Jhoana Tamayor, Manila Water Corporate Procurement Group head; Mira Bautista, Manila Water Corporate Procurement manager for chemicals and network departments; Kristina Alegria, Manila Water Corporate Procurement Group support head; Eureka Karen Lejos, ICTSI Global Procurement Category manager for Indirect & IT; and Muhammad Anis Asghar, ICTSI Global Procurement Category senior manager for equipment.

TECON SUAPE LAUNCHES RISK MANAGEMENT CAMPAIGN

Tecon Suape launched the "Supply Chain Security, Responsibility of All" campaign in line with its Risk Management Policy. From August 8 to 10, employees were trained regarding operational procedures and other areas related to the company's certification for the Organization of American States (OAS). This initiative empowers employees and third-party contractors to properly navigate risky situations, deliver reliable, high-quality service, and maintain the highest control over terminal operations.

The de-risking educational campaign reaffirms Tecon Suape's commitment as an Authorized Economic Operator and status as an agile terminal that meets all international standards. Tecon Suape's adaptability benefits the regional logistics chain and enhances its goal of serving customers excellently and efficiently while focusing on productivity.

Tecon Suape training participants

the supplier requires a down payment. This process enables us to check the financial capabilities of the supplier and reduce risks related to business continuity. Periodic reviews are also carried out with active suppliers through due diligence checks, evaluations, accreditations, and assessments.

Depending on the nature of the project, our contracts with our suppliers may also contain a clause noting that any company representative can conduct a supplier visit at any given time without notice to the supplier. Government or third-party certification submission may also be required, depending on the nature of the business.

We also provide annual recognition of the efforts of suppliers who have done their best to support, comply with, and abide by the performance standards of ICTSI through the ICTSI Supplier Quality Awards (ISQA) and Supplier Performance Evaluation initiative.

Our suppliers' performance is evaluated on dependability/timeliness, product/service quality, and social, health, safety, and environmental (HSE) compliance. Special recognition is also given to suppliers who extended additional efforts to support ICTSI's special projects. These include dependability in sustaining urgent requirements, dedication and commitment to assuring a supply of rush requirements to ensure safe port operations, and quick responses to requests for items that the ICTSI Foundation and our CSR projects need.

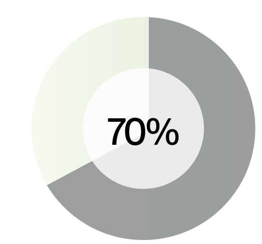
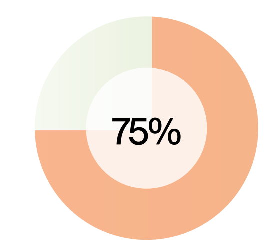
The ISQA aims to inspire other suppliers to improve their performance and improve their partnerships with ICTSI. Our Company maximizes it as a venue where we reiterate important corporate guidelines and reminders and cascade ICTSI initiatives to all our suppliers, ensuring they have ample information and opportunities to align their company objectives with ours.

ICTSI has also encouraged its suppliers to adopt their safety and sustainability targets based on the best practices shared with them by the Company. ICTSI and our suppliers should work together to achieve our economic and sustainability goals.

Our feedback mechanisms include a grievance hotline and a whistleblower policy that upholds our commitment as a Company to the highest standards of business conduct. Those with grievances or concerns can do so without fear of retaliation. Under this policy, suppliers are asked to submit a Disclosure of Conflict of Interest. They are also provided with the email address of our Compliance Officer, where they can openly report any conflicts or violations of the Supplier Code of Business Conduct. The Company designates the Compliance Officer, and this team member must be unbiased and treat all reports fairly.

SUPPLY CHAIN INDICATORS

2022 2023

	28 TERMINALS (2022)	28 TERMINALS (2023)
Suppliers		
Total number of suppliers for the port	25,619	15,225
Total number of local suppliers	22,343	12,859
Local Suppliers (total)		
Total procurement budget (in million USD)	379.62	758.08
Total procurement budget spent on local suppliers (in million USD)	250.51	548.50
Local Suppliers (average)		
Percentage of procurement budget that is spent on local suppliers	 70%	 75%
Environmental Criteria (total)		
Number of new suppliers screened using environmental criteria	221	106
Number of suppliers screened using environmental impacts	1,122	849
Number of suppliers identified as having significant actual and potential negative environmental impacts	20	13
Number of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment	8	5
Number of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment	0	0

■ 2022 ■ 2023

	28 TERMINALS	28 TERMINALS
Environmental Criteria (average)		
Percentage of new suppliers screened using environmental criteria	28%	18%
Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment	54%	38%
Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment	0%	0%
Social Criteria (total)		
Number of new suppliers screened using social criteria	314	69
Number of suppliers screened using social impacts	1,163	787
Number of suppliers identified as having significant actual and potential negative environmental impacts	7	3
Number of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment	2	0
Number of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment	0	0
Social Criteria (average)		
Percentage of new suppliers screened using social criteria	22%	11%
Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment	35%	0%
Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment	0%	0%

Company Memos on environmental and social compliance policies are relayed to our vendors via email, training sessions, and the ISQA. We use the same lines of communication for any updates to our policies, sustainability topics, and the like.

Eighteen out of 28 terminals have goals and targets to ensure sustainable supply chains. The goals are either quantitative or qualitative. Quantitative goals such as key performance indicators (KPIs) include savings on total purchases and 100 percent compliance with suppliers/vendor accreditation. Qualitative targets include establishing a sustainable supply chain methodology, training and improving suppliers' sustainability. Evaluation comes in the form of risk assessments, KPIs, and audits.

Notable practices from SPIA are that they aim to reduce their emissions by 50 percent by 2030, supply 90 percent of the water required to operate the terminal through their internal rainwater use system, and increase to 50 percent the percentage of recycled waste derived from the activities of the terminal.

Concerning the decrease in the screening of suppliers for environmental and social criteria, ICTSI is working to embed the accreditation and re-accreditation process further across our business units. MICT, MHCPSI, and TSSA are already implementing annual re-accreditation screenings.

Our Company also expects that if and when issues are encountered during the first year of working with a supplier, our terminals will work to correct these practices and issues with the supplier. Improvements in the practices of the suppliers may also have led to a decrease in screenings.

ICTSI has been implementing a nuanced and responsive cascade of the Company's environmental and social policies across its terminals and supply chain, as well as embarking on a focused effort to help our suppliers and vendors align their business practices and ethics with ours. This is how we build momentum for meaningful change within our organization and bring it where it matters: Through our supply chain, across our operations, and to our stakeholders.

IT GOVERNANCE

With the digital evolution of port management and operations, each link of the supply chain benefits in terms of productivity, profitability, and sustainability. The other aspect is that our industry is more vulnerable to cyberattacks due to the vast volumes of data exchanged between stakeholders daily. In our changing landscape, digital enables improved governance for organizational transparency and gains in operational efficiency. It is also essential for risk management in areas like health and safety and cybersecurity and enhances resiliency and security, especially in the global supply chain.

Digital security is a key corporate governance strategy, therefore we constantly optimize and adapt ways to minimize our vulnerabilities. As part of our measures to manage the threat landscape, our Global Corporate IT has continued to bring in a proactive and existing approach to cyber security.

In 2023, all business units across ICTSI continue to leverage a single cloud-based IT Service Management platform that allows the definition of processes and service levels for all IT requests. It provides a single global repository of IT Service Management activity, providing unprecedented auditability and visibility into operations and activities.

Enhancements to our end-point protection capabilities, such as End Point Response automation, allow us to monitor real-time threats and prevent a broad set of attacks in our system, including malware and beyond.

In 2023, ICTSI Data Protection Officer (DPO) Atty. Mark Vincent Z. Escalona ensured that more terminals had policies to ensure customer data would be private and secured and that terminals adhered to local or international data privacy laws befitting their locale.

During the year in review, we stepped up our efforts to ensure more responsive ways of containing data breaches, such as optimizing ticketing and reporting systems, while leveraging digital platforms to provide our customers with the most transparent and visible logistics process while maintaining our shipping line neutrality.

The ICTSI App continues to give port users real-time access to critical logistics data across our global operations. Its services enable port users to optimize their shipping experience through ICTSI and reduce costs.

ICTSI continues to invest in enhancing online payment systems for its customers. This provides a reliable billing process is unaffected by predictable interruptions and the need for most of the Philippines' workforce to work from home.

Across our global operations, ICTSI terminals are working to ensure that data

MICT FORTIFIES CYBER DEFENSE

Manila International Container Terminal (MICT) sharpened its defense against cyber threats, simulating a ransomware attack in a business continuity drill in January. Facilitated by KPMG, the exercise tested MICT's readiness and identified areas for improvement in response protocols. This proactive approach strengthens MICT's cyber resilience and safeguards its critical operations.

Photo shows Frits Gerald Enriquez (third from left), KPMG consultant; Jennalyn Mae Osorio (fourth from left), KPMG consultant; Kum Chai Shin (fifth from left), ICTSI Information Security global director - Global Corporate IT; Jericho Matawaran (sixth from left), Enterprise Risk Management director; Reynaldo Mark Cruz (10th from left, back row), ITSS director and other ITSS personnel.

↑ MICT conducts drill as preparation for potential cyber threats. The activity was facilitated by KPMG R.G. Manabat & Co. and was attended by personnel from the MICT ITSS, Global Corporate IT and Enterprise Risk Management departments. Photo shows Frits Gerald Enriquez (third from left), KPMG consultant; Jennalyn Mae Osorio (fourth from left), KPMG consultant; Kum Chai Shin (fifth from left), ICTSI Information Security global director - Global Corporate IT; Jericho Matawaran (sixth from left), Enterprise Risk Management director; Reynaldo Mark Cruz (10th from left, back row), ITSS director and other ITSS personnel.

collected from stakeholders, including customers, are free from undue influence and abuse. Our privacy measures have been authorized by applicable legislation and are very much in line with worldwide activities undertaken by the Group.

At the global level, ICTSI has an international policy for cybersecurity and data privacy that supports the company's business and information technology initiatives and helps manage ICTSI's risk exposure to an acceptable level. The Global Incident Response Plan includes dealing with data privacy incidents as part of the Company's business continuity plan. Each Terminal IT Head is part of the reporting chain and response team. All terminal ITs should be compliant with both the policy and the plan.

Twenty of 28 terminals are committed to ensuring their customer data is private and secure. These commitments adhere to regulatory compliance, group-wide policies, the Data Privacy Act, and their internal information policy. To evaluate the commitment's effectiveness, the terminals conduct audits and reviews compared to international standards or guidelines.

Notable practices include TSSA's Information Security Standard (NR-TI-01) being correctly deployed and widely communicated. Ongoing awareness training is promoted to preserve the integrity, confidentiality, and availability of their information and computer systems. This is to achieve zero nonconformance, zero significant or high vulnerability, and zero data security incidents. Additionally, we seek to avert data leaks and promote a more proactive understanding of our policies. Our terminals conduct satisfaction surveys, quarterly evaluations, reviews, monitoring, vulnerability scans, penetration testing, monthly reports, incident reports, training, and assessments to determine the effectiveness of the Company's Cyber Security policy.

Seventeen of 28 terminals have key performance indicators to guarantee customer data privacy. The rest of the terminals are formulating their goals and targets to ensure customer data is private and secure. For those with existing goals

MICT E-GATE: STREAMLINING PORT PROCESSES FOR FASTER TURNAROUND

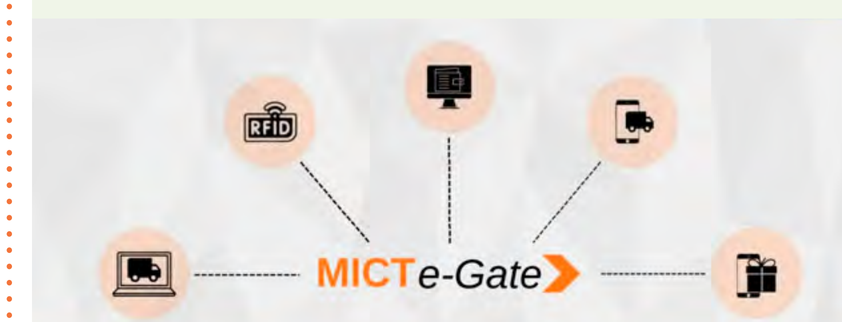
In Manila International Container Terminal (MICT), the new e-Gate Program, launched in April, united all digitalization initiatives at the port under one banner campaign to accelerate customer gate processes. This program was created for customers to take easier advantage of MICT initiatives that are geared toward a speedier and more seamless gate-in-to-gate-out experience.

The e-Gate Program has five components: TABS Truck Manifesting, which simplifies gate entry by pre-collecting data electronically, eliminating kiosk interactions, and automating tandem slot allocation for exports; RFID, which leverages existing SLEX and NLEX tags for faster truck identification; ACTS e-Wallet, which streamlines exit by automatically deducting storage and reefer charges from the user's wallet; EIR Online, which promotes sustainability by eliminating printed Equipment Interchange Receipt (EIR) copies; and Kalakbay Rewards, which incentivizes participation through a rewards program for truckers, brokers, and forwarders who actively use e-Gate initiatives.

In May, MICT partnered with Intelligent E-Processes Technologies Corp. (IETC), the subsidiary of San Miguel Corporation that manages Autosweep RFID, to enable a faster, more seamless gate process for trucks at the Port of Manila.

The partnership enables RFID scanners at the terminal gates to read Autosweep tags and match the trucks' plate numbers, resulting in faster gate access and process. This solves the challenges of low success rate of our license plate recognition cameras due to the poor condition of the plates mounted on some trucks.

The program is aligned with ICTSI's company-wide efforts toward digitalization while providing the best possible service to stakeholders.



↑ The MICT e-Gate program streamlines port processes using five key approaches: 1. TABS Truck Manifesting: 2. RFID Integration, 3. ACTS e-Wallet, 4. EIR (Equipment Interchange Receipt) Online, 5. Kalakbay Rewards

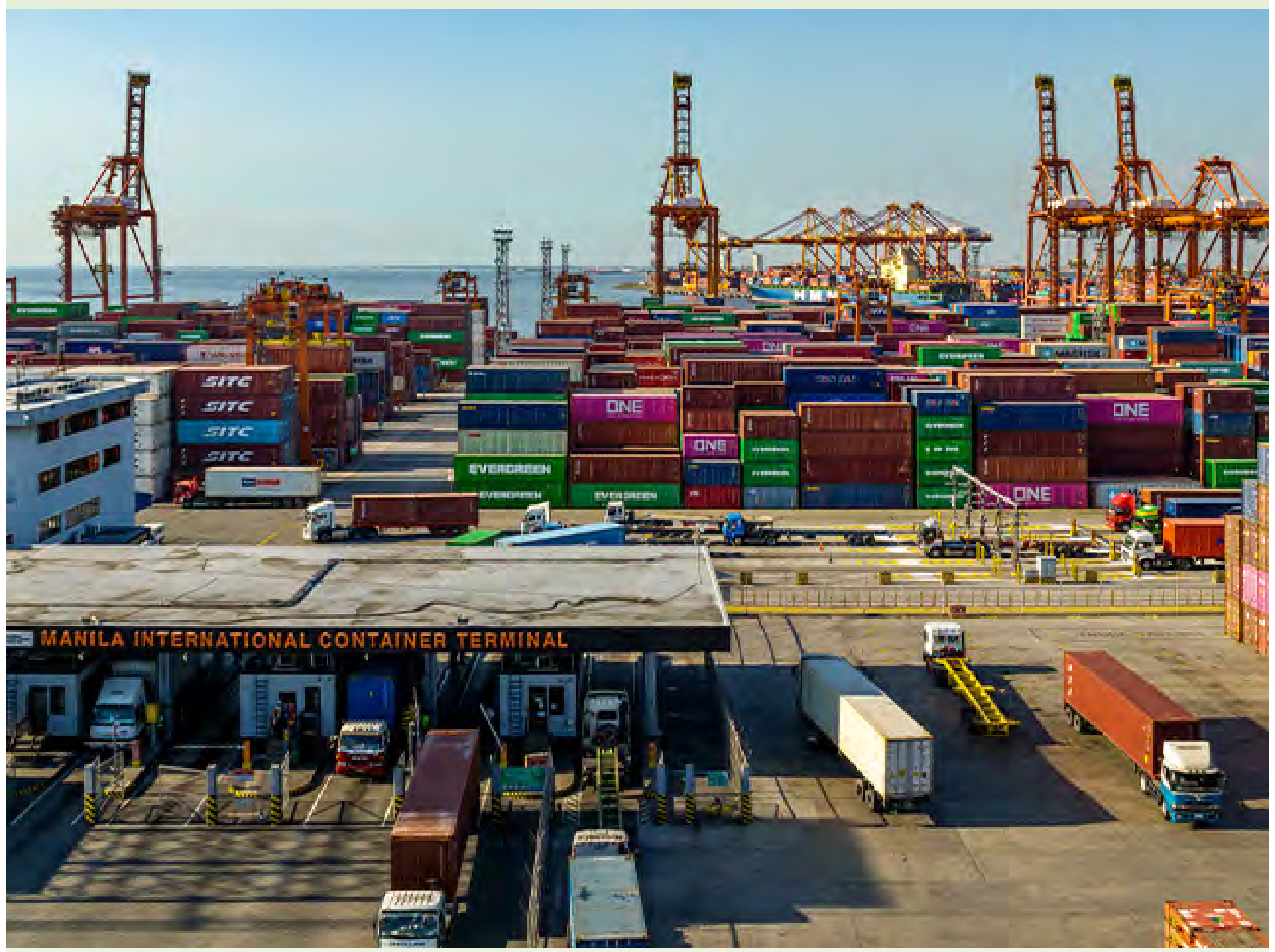
TRUCKS ZOOM THROUGH MANILA PORT AS ICTSI & AUTOSWEEP TEAM UP

Manila International Container Terminal (MICT) improved gate process efficiency by partnering with Autosweep starting May. By using existing RFID tags, trucks now breeze through gates, eliminating delays caused by worn license plates.

"This investment tackles license plate challenges we've faced for years," explained Reynaldo Mark Cruz Jr., MICT IT Director. "Autosweep's RFID tags provide a reliable alternative, speeding up operations."

Intelligent E-Processes Technologies Corp. (IETC), managing Autosweep, even offers free tag installation at MICT, granting immediate access to RFID lanes on major SMC toll roads, saving fuel and time.

MICT's commitment to innovation shines through with this partnership, ensuring a smoother, faster experience for truckers at the heart of Manila's port operations.



Trucks line up towards the exit gate of the Manila International Container Terminal. The MICT and Autosweep partnership will allow for trucks to move through the port more efficiently.

and targets, their baseline and context of their goals and targets vary from zero tolerance for any breach of confidentiality, zero data leaks, zero non-conformity, and minimizing risks on data privacy issues, protection of customer data against any external or non-authorized access, for information to be accessible to the appropriate people, and to be aware and observant of the policy. Privacy impact assessment and internal audits are also conducted to further evaluate the policy's effectiveness.

All terminals commit to ensuring that their customer data is private and secure in their operations. Key officers have delegated the task of responsible reporting in their operations, and notably, MNHPI and BGT are evaluated for their effectiveness.

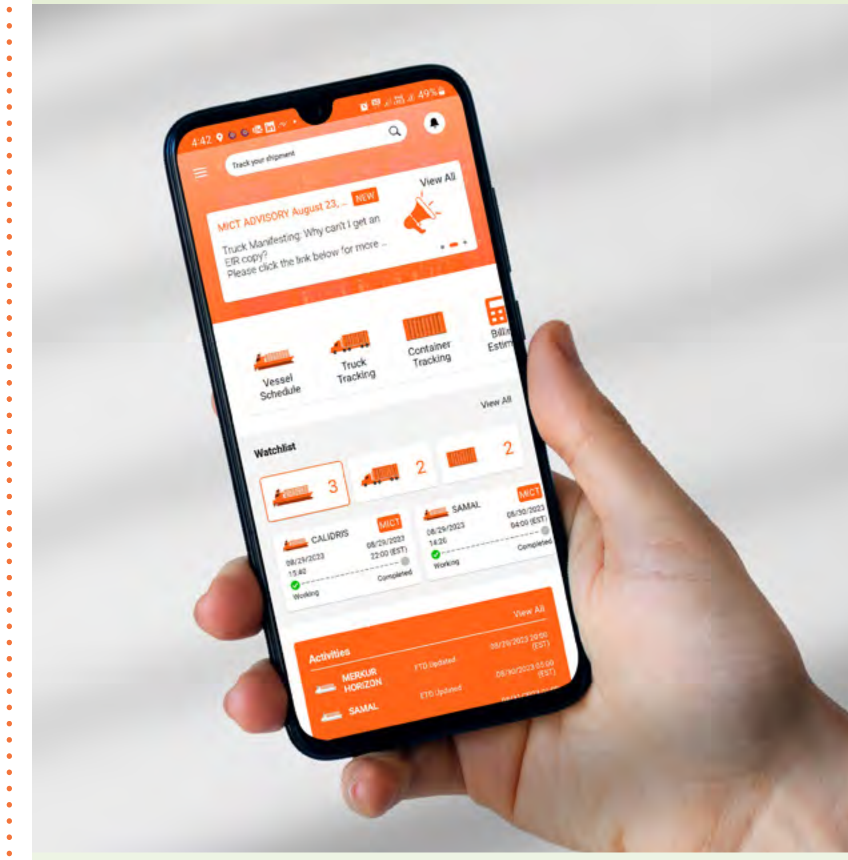
In MNHPI, a Data Breach Response Team composed of department representatives is tasked with implementing and ensuring compliance with ICTSI's data protection policy and related issuances. The Data Breach Response Team conducts regular internal and external audits and system reviews to evaluate the policy's effectiveness. KMT hires a third party to provide the regular vulnerability assessment and penetration testing of its IT systems containing customer data to ensure impartiality.

Sixteen out of 28 terminals have financial, human or technological resources allocated to data protection. MNHPI has resources for training in privacy awareness programs and information technology security. To date, all of its 1,288 employees have undergone training in data protection, with the expenses shouldered by the Company.

The grievance mechanisms for each terminal vary, but some include the following: reporting via email, phone, or website; incident response plans; customer service desk; reporting to point persons; and a whistleblower channel.

All ICTSI terminals reported that they received no complaints concerning customer privacy breaches last year.

DIGITALIZATION WINS: REAL-TIME VISIBILITY WITH ICTSI APP



ICTSI helps port users and businesses gain a competitive edge by providing real-time cargo visibility through the ICTSI App.

The ICTSI App is a secure operational tool that enables port users and cargo owners to monitor the status of their shipments loaded and offloaded from a vessel, and those hauled in or out of the port. The ICTSI App has three main features that promote visibility and transparency – vessel monitoring, container tracking, and truck tracking. It is available for iOS and Android devices. Users can also access the web app using a computer.

Launched in 2022, the app lets users track their cargo at the Manila International Container Terminal and NorthPort – both in the Port of Manila, Subic Bay International Terminals in Zambales, Laguna Gateway Inland Container Terminal in Calamba, and Mindanao Container Terminal in Cagayan de Oro.

The ICTSI App currently has close to 29,000 users. It will soon be available for customers of Adriatic Gate Container Terminal in Croatia, South Pacific International Container Terminal and Motukea International Terminal in Papua New Guinea, Onne Multipurpose Terminal in Nigeria, and Matadi Gateway Terminal in D.R. Congo.

GRI CONTENT INDEX

GENERAL DISCLOSURES

STANDARD	DISCLOSURE	PAGE NUMBER/ DIRECT ANSWER
	THE ORGANIZATION AND ITS REPORTING PRACTICES	
2-1	Organizational details	Cover Page, 8-11
2-2	Entities included in the organization's sustainability reporting	23
2-3	Reporting period, frequency and contact point	22, 24, 114
2-4	Restatements of information	28, As indicated throughout the report
2-5	External assurance	No external assurance
	ACTIVITIES AND WORKERS	
2-6	Activities, value chain and other business relationships	10-13
2-7	Employees	56-59
2-8	Workers who are not employees	56
	GOVERNANCE	
2-9	Governance structure and composition	86-90
2-10	Nomination and selection of the highest governance body	86-90
2-11	Chair of the highest governance body	87-90
2-12	Role of the highest governance body in overseeing the management of impacts	16-17
2-13	Delegation of responsibility for managing impacts	16-17
2-14	Role of the highest governance body in sustainability reporting	16-17
2-15	Conflicts of interest	90
2-16	Communication of critical concerns	16-17
2-17	Collective knowledge of the highest governance body	90
2-18	Evaluation of the performance of the highest governance body	90-91
2-19	Remuneration policies	91-92
2-20	Process to determine remuneration	91-92
2-21	Annual total compensation ratio	92, The Group has decided not to disclose the information required under GRI Disclosure 2-21 in this report since the ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual) has not been determined to date: Computing the ratio is a significant task, as ICTSI has presence across many countries with varying income levels (i.e., presence in DRC, which the World Bank currently classifies as Low Income and presence in Australia, which the World Bank currently classifies as High Income).

STANDARD	DISCLOSURE	PAGE NUMBER/ DIRECT ANSWER
	STRATEGY, POLICIES AND PRACTICES	
2-22	Statement on sustainable development strategy	6-7
2-23	Policy commitments	18-20; As indicated throughout the report
2-24	Embedding policy commitments	As indicated throughout the report
2-25	Processes to remediate negative impacts	97-98; As indicated throughout the report
2-26	Mechanisms for seeking advice and raising concerns	97
2-27	Compliance with laws and regulations	92-94
2-28	Membership associations	21
	STAKEHOLDER ENGAGEMENT	
2-29	Approach to stakeholder engagement	28-29
2-30	Collective bargaining agreements	61-63
	DISCLOSURE OF MATERIAL TOPICS	
3-1	Process to determine material topics	24-27
3-2	List of material topics	26
3-3	Management of material topics	As indicated throughout the report

TOPIC SPECIFIC DISCLOSURES

STANDARD	DISCLOSURE	PAGE NUMBER/ DIRECT ANSWER
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GRI 3 Material Topics 2021	3-3 Management of Material Topics	46-53
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	49
	201-2 Financial implications and other risks and opportunities due to climate change	The Company is still currently putting in place efforts to address this disclosure item.
INDIRECT ECONOMIC IMPACT		
GRI 3 Material Topics 2021	3-3 Management of Material Topics	46-53
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	51-53
	203-2 Significant indirect economic impacts	51-53
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GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	101
ANTI-CORRUPTION		
GRI 3 Material Topics 2021	3-3 Management of Material Topics	96-98
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	97-98
	205-2 Communication and training about anti-corruption policies and procedures	96
	205-3 Confirmed incidents of corruption and actions taken	97, No incidents of corruption.
RESPONSIBLE TAX MANAGEMENT		
GRI 3 Material Topics 2021	3-3 Management of Material Topics	
GRI 207: Tax 2019 (Topic management disclosures)	207-1 Approach to tax	
	207-2 Tax governance, control and risk management	
	207-3 Stakeholder engagement and management of concerns related to tax	
GRI 207: Tax 2019	207-4 Country-by-country reporting	The Group has decided not to disclose the information required under GRI Disclosure 207-4 in this report as it believes that this information should only be disclosed on a strict as-need basis. We understand that Disclosure 207-4 requires essentially the same information as found in the CBCR that the Group has been preparing and submitting since the inception of this requirement. There are proper channels wherein such information can be disclosed between tax authorities of the different jurisdictions where the Company has presence, under the Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports, and which should likewise be under an enacted legislation in the jurisdiction/country requesting for the CBCR.

STANDARD	DISCLOSURE	PAGE NUMBER/ DIRECT ANSWER
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GRI 3 Material Topics 2021	3-3 Management of Material Topics	30-41
GRI 302: Energy 2016	302-1 Energy consumption within the organization	40
	302-2 Energy consumption outside of the organization	The Company is still currently putting in place efforts to monitor this.
	302-3 Energy intensity	40
	302-4 Reduction of energy consumption	The Company is still currently putting in place efforts to monitor this.
	302-5 Reductions in energy requirements of products and services	
EMISSIONS		
GRI 3 Material Topics 2021	3-3 Management of Material Topics	30-41
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	41
	305-2 Energy indirect (Scope 2) GHG emissions	41
	305-3 Other indirect (Scope 3) GHG emissions	The Company is still currently putting in place efforts to monitor this.
	305-4 GHG emissions intensity	41
	305-5 Reduction of GHG emissions	The Company has published its target commitment for 2030 (26% emission reduction per move) and 2050 (net zero)
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GRI 306: Waste 2020 (Topic management disclosures)	306-1 Waste generation and significant waste-related impacts	43-44
	306-2 Management of significant waste-related impacts	43-44
GRI 306: Waste 2020	306-3 Waste generated	44
	306-4 Waste diverted from disposal	The Company is still currently putting in place efforts to monitor this.
	306-5 Waste directed to disposal	
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GRI 3 Material Topics 2021	3-3 Management of Material Topics	42-43
GRI 303: Effluents and Waste 2018 (Topic management disclosures)	303-1 Interactions with water as a shared resource	43
	303-2 Management of water discharge-related impacts	42
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GRI 3 Material Topics 2021	3-3 Management of Material Topics	98-103
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	101-102
	308-2 Negative environmental impacts in the supply chain and actions taken	102

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GRI 401: Employment 2016	401-1 New employee hires and employee turnover	58
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	59
	401-3 Parental leave	61, The Company is still currently putting in place efforts to monitor this.
LABOR/MANAGEMENT RELATIONS		
GRI 3 Material Topics 2021	3-3 Management of Material Topics	61-63
GRI 402: Labor/ Management Relations	402-1 Minimum notice periods regarding operational changes	62
OCCUPATIONAL HEALTH AND SAFETY		
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GRI 403: Occupational Health and Safety 2018 (Management Approach Disclosures)	403-1 Occupational health and safety management system	66-70
	403-2 Hazard identification, risk assessment, and incident investigation	66-70
	403-3 Occupational health services	71-73
	403-4 Worker participation, consultation, and communication on occupational health and safety	71-73
	403-5 Worker training on occupational health and safety	61-71
	403-6 Promotion of worker health	71
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	66-73
GRI 403: Occupational Health and Safety 2018 (Topic-Specific Disclosures)	403-8 Workers covered by an occupational health and safety management system	68
	403-9 Work-related injuries	70
	403-10 Work-related ill health	70
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GRI 3 Material Topics 2021	3-3 Management of Material Topics	64-66
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	64-66
	404-2 Programs for upgrading employee skills and transition assistance programs	64-65
	404-3 Percentage of employees receiving regular performance and career development reviews	100%
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GRI 3 Material Topics 2021	3-3 Management of Material Topics	63-64
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	58, 63
	405-2 Ratio of basic salary and remuneration of women to men	64

STANDARD	DISCLOSURE	PAGE NUMBER/ DIRECT ANSWER
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GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	61-63
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GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	75-83
	413-2 Operations with significant actual and potential negative impacts on local communities	75-83
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GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	102
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GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	73-74
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GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	107

CONTACT POINTS

CORPORATE OFFICES

International Container Terminal Services, Inc. (ICTSI)
ICTSI Administration Building
Manila International Container Terminal
MICT South Access Road
Port of Manila 1012
Manila, Philippines

+63 2 8245 4101
+63 2 8245 2245
info@ictsi.com
www.ictsi.com

For inquiries on the Company's ESG efforts, please email us at sustainability@ictsi.com

INVESTOR INQUIRIES

ICTSI welcomes inquiries from investors, analysts and the financial community.
For more inquiries about ICTSI, please email investors@ictsi.com or visit investors.ictsi.com

Emilio Manuel V. Pascua
Senior Vice President and Chief Financial Officer
+ 63 2 8247 8048
mpascua@ictsi.com

Arthur R. Tabuena
Treasury Director and Head of Investor Relations
+ 63 2 8245 2255
+ 63 2 8247 8008
atabuena@ictsi.com

Our complete Annual Reports can be viewed or downloaded at www.ictsi.com

A thorough discussion of the Company's sustainability and social responsibility efforts can be found at the 2023 ICTSI Group Sustainability Report and the ICTSI Foundation Accomplishment Report.