



TRANSFORM TOMORROW

CREATING AND SHARING VALUE



TECHNOLOGY AND ENGINEERING

- Co-Design and Co-Engineering with the Customers

MATERIALS MANAGEMENT

- Vendor Accreditation, Qualification and Certification
- Greening the Supply Chain
 - Adherence to Conflict-Free Sourcing Initiative
 - Hazardous Substance Free-Process Management

KEY FACTORS AFFECTING PERFORMANCE:

- Cost erosion of hardware inputs and components
- Government regulations in regional and global markets
- Rising demand for complex manufacturing
- Competitive market for talent acquisition and retention

MANUFACTURING

- Industrial Excellence
- Lean Manufacturing / Value-Stream Mapping
- Business Excellence Program
- Best Practices Sharing
- Risk-Based Thinking Strategy
- Green Manufacturing

OTHER SERVICES

- Employee Training through IMI University
- Volunteering Program Initiatives and Humanitarian Activities
- Academe and International Funding Institutions Engagement
- Collaboration with Industry Associations

CAPITAL	2017	2016
Financial		
Capital	US\$ 273.7M	US\$ 236.6M
Bank Borrowings	US\$ 295.1M	US\$ 174.2M
Manufactured		
Assets	US\$ 921.4M	US\$ 639.1M
Manufacturing Plants	19	14
SMT Lines	132	118
Capital Expenditures	US\$ 65.3M	US\$ 52.2M
Intellectual		
Capabilities	Automotive, Industrial, Medical, Telecommunications, Consumer, Aerospace, Multiple Markets	Automotive, Industrial, Medical, Telecommunications, Consumer, Multiple Markets
Research & Development (R & D) Geographic Presence	Philippines, China, Bulgaria, Czech, Germany, UK, US	Philippines, China, Bulgaria, US
Engineering-Oriented Services	200 Technical Personnel	195 Technical Personnel
Human		
Employees	16,748	14,580
Competency-Based Training for Employees	333	313
Social and Relationship		
Key Customers	22	16
Total Annual Revenue of Key Customers	US\$ 695M	US\$ 515M
Partners and Other Relationships	Suppliers, Regulatory Agencies, Industry Associations, Academe	Suppliers, Regulatory Agencies, Industry Associations, Academe
Natural		
Electricity	144,349,909 kw-hr	50,355,209 kw-hr*
Fuel of Facilities Equipment and Company Vehicles	265,294 liters	Not available

* Philippine Data Only

OUTLOOK:

- Half of the world's population now lives in cities. By 2050, this figure is predicted to rise up to 75 percent. The largest movements toward urban centers are taking place in Asia, Africa, and Latin America.
- Cars are becoming increasingly connected; by 2020, a quarter of a billion cars will be hooked up to the internet. There will be 75 billion connected devices by 2020. (IHS)
- Computers are now able to learn in much the same way as we humans do, and this leap in Artificial Intelligence (AI) capabilities has been made possible by the massive increases in data and computing power. The more data an AI system has, the quicker it can learn and the more accurate it becomes.
- The unstoppable freight train that is automation. The more intelligent machines become, the more they can do for us. That means even more processes, decisions, functions, and systems can be automated and carried out by algorithms or robots.

THE PILLARS OF SUSTAINABILITY

Environment, Social, and Economic Data

IMI continues to find opportunities to measure our sustainability impact. The coverage for this set of indicators and data represents the whole IMI — IMI Philippines, China, Bulgaria, Czech Republic, and Mexico.

ENVIRONMENT

Energy Efficiency (Consumption/ Value-Add Revenue)	0.281 Kw-hr / Value-Add Revenue \$
Weight of Hazardous Wastes	721,831 kg
Greenhouse Gas (GHG) Emissions	96,904 Liters (Fuel of Facilities Equipment)
	169,200 Liters (Fuel of Company Vehicle)

SOCIAL

Attrition Rate	28%
No. of Communication Programs/Year	300
No. of Attendees on Communication programs	15,388
No. of Accidents/Injuries Occupational Health & Safety (OHS)	37
Absentee Rate (OHS)	0.025%
Training hours by Gender	
Male	229,358 hrs
Female	274,891 hrs
Training hours by Employee category	
Management	18,980 hrs
– All Managers and up	
Supervisors and Engineers	92,487 hrs
Rank and File	413,766 hrs
– Technicians, Inspectors, Operators, Clerks, Secretaries, Assistants	

ECONOMIC

Capital Expenditures	US\$65.3M
Investments on Mergers and Acquisitions	US\$29.8M
Value Generated - Revenues	US\$1.091 Billion
Value Generated - NIAT	US\$34M (3.1%)

OUR MANAGEMENT APPROACHES



ENVIRONMENT

IMI recognizes that environmental responsibility is integral to producing world-class products. All IMI sites adapt an international management systems standard, ISO 14001.

Energy Management

The company saves energy through energy management programs implemented in various IMI sites, among them:

- Use of energy-efficient lighting systems in all IMI sites;
- Reduction of operating hours on cooling tower through regular cleaning and removal of scales on its filter;
- Optimization of operating hours of selected Compressed Dry Air equipment;
- Optimization of operating hours of different exhaust blowers and utilization of back up blower fume scrubber during skeletal operations (week-ends and holidays); and
- Installation of ducting links on air-conditioning units.

Water Management

IMI saves water through:

- Optimization of de-ionized water system operations by decreasing the frequency of regeneration and increasing the life cycle of resin;
- Re-use of treated water and recovery of excess water from Reverse Osmosis De-Ionized system for gardening and domestic applications; and
- Rain water capture.

Waste Management

IMI has been implementing a policy on the handling, storage and disposal of wastes since 2000. Regular and monitoring activities include:

- Going beyond compliance to applicable laws and regulations related to wastes;
- Judicious enforcement of the Reduce-Reuse-Recycle program in disposing of chemicals in manufacturing processes, waste segregation, and waste composition;
- Periodic conformance audits and safety inspections; and
- Assurance of proper disposal of wastes through accredited waste haulers, treaters, and recyclers.

Nitrous Oxides (NOx), Sulfur Oxides (Sox), Particulate Matter

IMI conducts regular emission testing and monitoring of significant parameters of air pollutant in compliance to Clean Air Act, as well as in similar programs in countries where IMI is present.

Effluents (Wastewater)

IMI administers regular effluent sampling and monitoring of significant parameters on water quality, in compliance to General Effluent Guidelines.

Recycling and Recovery

IMI monitors due diligence in the implementation of:

- Segregation of waste at the source, and reuse of reusable materials; and by
- Requiring its haulers to provide material recovery facility, and to segregate the recoverable materials, thereby, reducing the dumping of residual waste to municipal land fill.

Restricted Materials Management

IMI has developed a comprehensive policy on green manufacturing and procurement and has adopted a system on Hazardous Substances Process Management (HSPM). The policy monitors hazardous substances in manufacturing operations and adheres to all applicable laws, regulations, and other customer-specific requirements on the prohibition or restriction of specific substances in products and in manufacturing. These include compliance to Restriction of Hazardous Substances (RoHS) in Electrical and Electronic Products; Registration Evaluation, Authorization and Restriction of Chemicals (REACH); Automotive industries' compliance requirement on International Material Data System (IMDS) and Chinese Automotive Material Data System (CAMDS).

Responsible Sourcing of Minerals

The company closely monitors its compliance to Conflict Mineral Reporting. IMI supports responsible sourcing of minerals to ensure that Tantalum, Tin, Tungsten and Gold (3TG) in the products that IMI manufactures do not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses.

IMI exercises due diligence in the sourcing of such minerals. Information is available to customers upon request.



SOCIAL

IMI and its subsidiaries strive that all its employees, officers, and directors conduct themselves in ways that demonstrate ethical standards in all dealings with customers, suppliers, government, the public and with each other at all times.

The company's Code of Conduct ensures that working conditions in the company are safe and that workers are treated with respect and dignity.

Freedom of Association

IMI respects the rights of employees, officers, and directors to associate freely, to join labor organizations, to seek representation or join workers' councils in accordance with local laws. Employees are able to communicate openly with management regarding working conditions without fear of reprisal, intimidation or harassment. The company believes that open communication and direct engagement between employees and management are the most effective ways to resolve workplace issues.

Working Hours

The company's workweek will not exceed the maximum set by local law, i.e., one (1) rest period of not less than twenty-four (24) consecutive hours for every six (6) consecutive normal work days. Further, a workweek is defined to be 60 hours per week inclusive of overtime, except in emergency or unusual situations necessitated by exigencies of business operations or catastrophic cases or as maybe required by the customers.

Freely Chosen Employment

IMI will not use forced, bonded or indentured labor or involuntary prison labor. All work will be voluntary and employees are free to leave upon reasonable notice in accordance with the company's policies on Attendance and Working Hours and Retirement. Workers shall not be required to pay employers' or agents' recruitment fees or other related fees for their employment.

Recruitment and Employment

Young Workers

The company's minimum hiring age follows the mandatory requirement in the country where it operates, e.g., at least 18 years old in the Philippines. The company does not use child labor in any stage of its manufacturing process.

Wages and Benefits

The company pays no less than the applicable minimum wage in all sites where it operates. Compensation paid to employees shall comply with all applicable wage laws, including those relating to overtime hours and legally mandated benefits. In compliance with local laws, employees shall be compensated for overtime. Deductions from wages as a disciplinary measure shall not be permitted.

Non-Discrimination

IMI commits to a workforce free from harassment and unlawful discrimination. IMI is a non-discriminatory employer and does not discriminate on the basis of race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, labor organization membership or marital status in hiring and employment practices such as promotion, rewards, and access to training. Workers shall be provided with reasonable accommodation for religious practices. In addition, workers or potential workers should not be subjected to medical test or physical examinations that could be used in a discriminatory manner.

Humane Treatment

The company does not tolerate harsh and inhumane treatment, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of employees nor does it tolerate threat of any such treatment. Policies and procedures in support of those requirements are communicated to workers.

Temporary Workers

The company hires project-based employees to lessen workload for specific projects or certain circumstances after determining that the current number of existing employees can no longer absorb the additional load. This takes place if there is an upcoming or existing project that needs to be satisfied or events that would require temporary replacement due to unforeseen manpower lost.

Disclosure of Information

Information regarding business activities, structure, financial situation and performance in IMI is to be disclosed in accordance with applicable regulations and prevailing industry practices. Falsification of records or misinterpretation of conditions or practices is unacceptable.

Intellectual Property (IP)

IMI has a policy on Intellectual Property and Confidential Information Protection. Intellectual property rights are to be respected; transfer of technology and know-how is to be done in a manner that protects intellectual property rights.



CORPORATE SOCIAL RESPONSIBILITY

IMI remains committed to the larger, global community, evident in its faithful dedication to good governance and corporate social responsibility (CSR).

Community Relations

In 2017, there was an increased engagement in many IMI sites across the various range of CSR-related activities particularly in outreach programs, livelihood projects, industry-academe collaboration activities along with tie-ups with academic institutions where IMI is located.

Other CSR programs include book drive and clean-up campaign for public schools, medical missions, blood-letting donations, and fund-raising projects for victims of natural calamities, disasters, rebel siege as well as children's fund programs.

Collaboration Program/ Project with Universities

Last May 2017, IMI took part in the United States Agency for International Development's Technology, Research and Innovation for Development (USAID-STRIDE) program of industry-academe collaboration through the Academic Grants for Industry-Led Applications (AGILA). With a project duration of one year, IMI is co-funding two projects—the development of an electronic gas-sensing device that can quickly detect lung diseases without the use of expensive medical tests and equipment and the development of an electronic resonance device that can be used as a non-invasive therapy for muscular problems.

The company also has a formal tie-up with universities for the ETEEAP (Expanded Tertiary Education Equivalency and Accreditation Program) since 2015. Through this scheme, an employee who has been employed for at least five years and undergraduate of college can obtain a bachelor's degree based on his knowledge, skills, and prior learning achieved from previous work experience.



QUALITY IN THE SUPPLY CHAIN

Customer Satisfaction

To consistently and effectively address the needs and requirements of its customers, IMI developed a comprehensive procedure on customer satisfaction. A database captures all customer ratings from the different IMI sites and management report analyses are reviewed regularly.

- A scoring guideline that covers a specific customer's "Critical to Quality" (CTQ) requirements such as Quality, Cost, Delivery and Responsiveness are defined and agreed with customers;
- An escalation process system is applied if defined improvement plans are not implemented and standardized; and
- A regular review of the results is held during quarterly business review meetings.

Screening of Suppliers

IMI implements a procedure on suppliers' assessment, qualification and certification.

- The company conducts a management assessment to potential suppliers examining the suppliers' company profile, financial stability, and technical capabilities.
- All suppliers are requested to sign nondisclosure agreements to ensure confidentiality.
- IMI's Supplier Quality Engineering group regularly conducts qualification assessment through product and process audit based on the Company's Supplier's Quality manual, customers-specific requirements and compliance to quality management system international standards.