



QMS GLOBAL STANDARD

Code No.: ERM-QGS-001

Revision No.: 04

Eff. Date: 17-Nov-23

Title: **IMI Enterprise Risk Management (ERM) Policy**

Established by: (Dept. Name): Finance - ERM & Sustainability

1.0 OBJECTIVE

- 1.1 To establish the overall intentions and directions of the company's risk management processes and practices.
- 1.2 To define a common approach that will govern the risk management process through adoption of the principles and guidelines of an international standard, ISO 31000.
- 1.3 To describe the organization that will be responsible for the implementation of the ERM framework, including the roles and responsibilities of each stakeholder in ERM.
- 1.4 To describe the relationship between the components of the ERM framework for managing risk and integrate risk management into its overall and existing established management system.

2.0 SCOPE

- 2.1 This policy applies to all IMI sites.

3.0 REFERENCE DOCUMENTS

- 3.1 ISO 31000 – Risk Management – Principles and Guidelines (latest version)
- 3.2 [IATF 16949 – Automotive Quality Management System Standard](#)
- 3.3 [ISO 27001 – Information Security Management System Standard](#)
- 3.4 [ISO 14001 – Environmental Management System Standard](#)
- 3.5 [ISO 9001 – Quality Management System Standard](#)
- 3.6 [ISO 13485 – Medical Devices Quality Management System](#)

4.0 RELATED DOCUMENTS

- 4.1 IMI Corporate Governance Manual
- 4.2 IMI Audit & Risk Committee Charter

Approved by	Reviewed by	Originator
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5.0 DEFINITION OF TERMS

- 5.1 Risk – effect of uncertainty on objectives
- 5.2 Risk Management – coordinated activities to direct and control an organization with regard to risk
- 5.3 Risk Management Framework – set of components that provide the foundations and organizational arrangement for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization
- 5.4 Risk Management Policy – statement of the overall intentions and direction of an organization related to risk management
- 5.5 Risk Attitude – organization’s approach to assess and eventually pursue, retain, take or turn away from risk
- 5.6 Risk Management Plan – scheme within the risk management framework specifying the approach, the management components and resources to be applied to the management of risk
- 5.7 Risk Management Process – a systematic application of management policies, procedures and practices to the activities communicating, consulting, establishing the context, and identifying, analyzing, evaluating, treating, monitoring, and reviewing of risk
- 5.8 Communication and Consultation – continual and iterative processes that an organization conducts to provide, share, or obtain information and to engage in dialogue with stakeholders regarding the management of risk
- 5.9 Risk Assessment – overall process of risk identification, risk analysis and risk evaluation
- 5.10 Monitoring – continual checking, supervising, critically observing or determining the status in order to identify change from the performance level required or expected
- 5.11 Review – activity undertaken to determine the suitability, adequacy and effectiveness of the subject matter to achieve established objectives
- 5.12 Stakeholders – person or organization that can affect, be affected by, or perceive themselves to be affected by a decision or activity

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6.0 RISK MANAGEMENT PRINCIPLES

The purpose of risk management is the creation and protection of value. It improves performance, encourages innovation and supports the achievement of objectives.

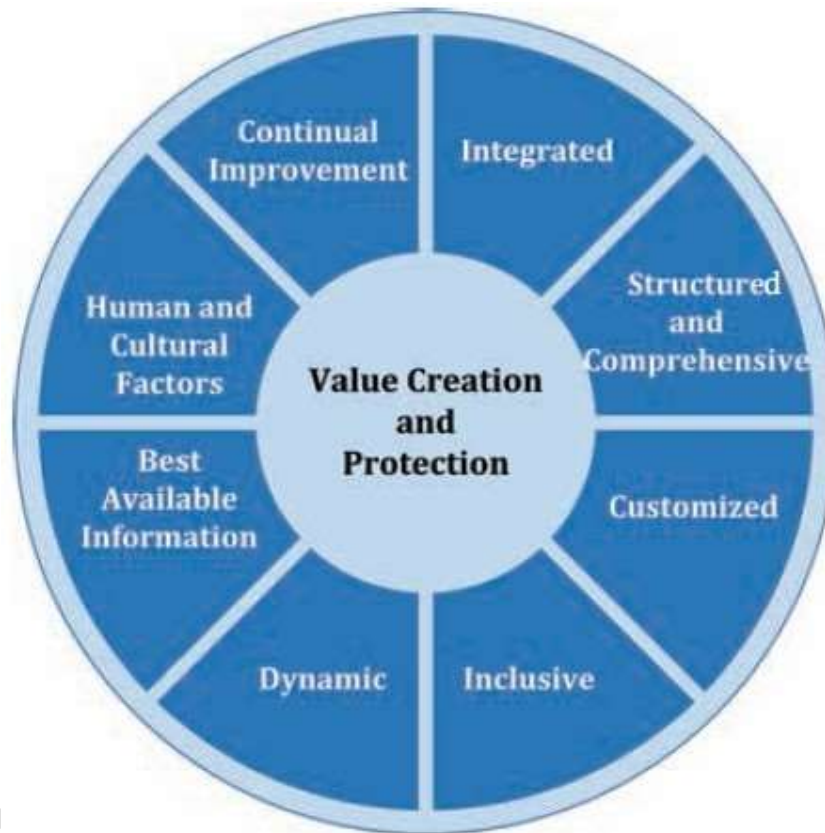


Figure 1: Risk Management Principles (ISO 31000-2018)



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The principles are the foundation for managing risk and should be considered when establishing the organization's risk management framework and processes. These principles should enable an organization to manage the effects of uncertainty on its objectives.

IMI shall be guided by the ISO 31000 risk management principles as follows:

- a) **Integrated** - Risk management is an integral part of all organizational activities.
- b) **Structured and comprehensive** - A structured and comprehensive approach to risk management contributes to consistent and comparable results.
- c) **Customized** - The risk management framework and process are customized and proportionate to the organization's external and internal context related to its objectives.
- d) **Inclusive** - Appropriate and timely involvement of stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management.
- e) **Dynamic** - Risks can emerge, change or disappear as an organization's external and internal context changes. Risk management anticipates, detects, acknowledges and responds to those changes and events in an appropriate and timely manner.
- f) **Best available information** - The inputs to risk management are based on historical and current information, as well as on future expectations. Risk management explicitly takes into account any limitations and uncertainties associated with such information and expectations. Information should be timely, clear and available to relevant stakeholders.
- g) **Human and cultural factors** - Human behavior and culture significantly influence all aspects of risk management at each level and stage.
- h) **Continual improvement** - Risk management is continually improved through learning and experience.

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7.0 ERM FRAMEWORK

7.1 The figure describes the components of the framework for managing risk and its interrelations that IMI has adopted. Success of IMI's risk management shall depend on the effectiveness of the management framework.



Figure 2: Relationship between the components of the framework for managing risk (ISO 31000 - 2018)

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7.1.1 Management (Leadership) Commitment

The strong and unrelenting commitment by IMI’s senior leaders on the following including its strategic and planning shall enable the organization to achieve commitment at all levels:

- Communicating appropriately the ERM policy
- Ensuring that organization culture and risk management policy are aligned
- Aligning risk management objectives with the strategies and objectives of the organization
- Ensuring legal and regulatory compliance
- Ensuring that necessary resources are allocated to risk management
- Ensuring that the adopted framework for managing risk continues to be appropriate to the organization
- Assigning accountabilities and responsibilities at appropriate levels within the organization

7.1.1.1 ERM Functional Organization and Roles

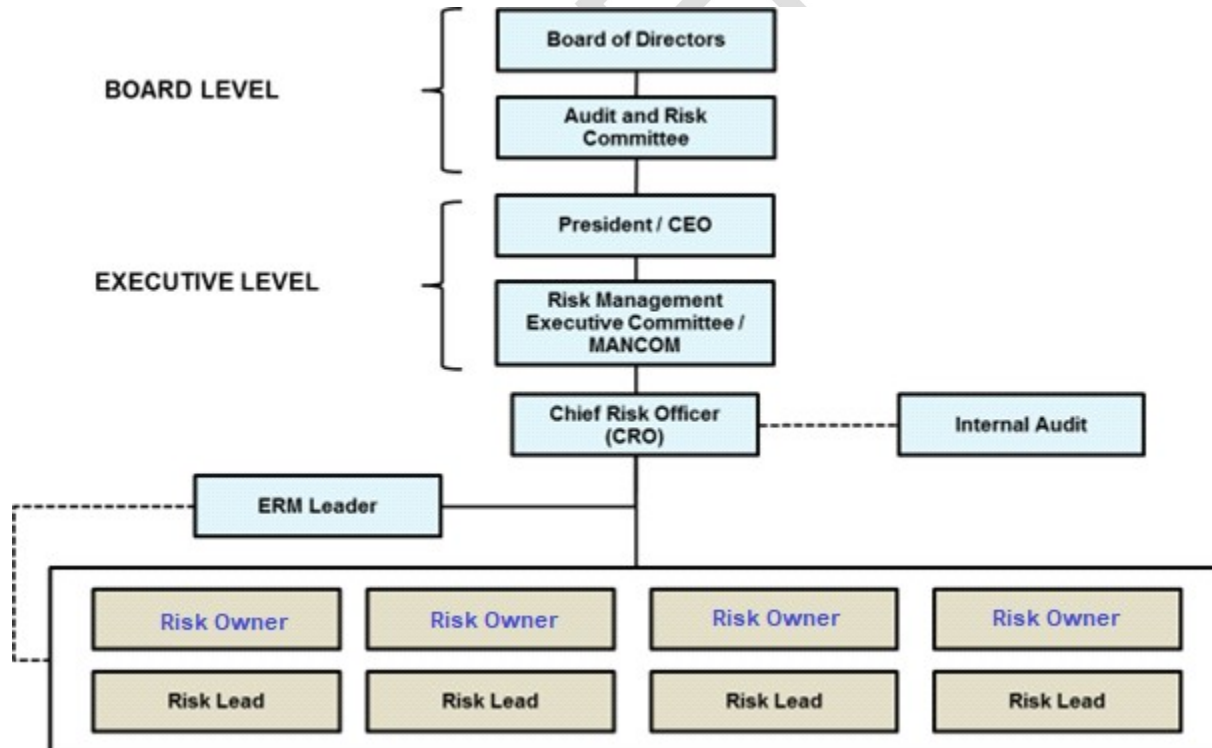


Figure 3: IMI’s ERM Organizational Structure



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The key accountabilities, roles and responsibilities that are necessary to ensure effective ERM are summarized as follows:

Board of Directors	<ul style="list-style-type: none"> ✦ Approves the IMI ERM Policy and any revisions thereto ✦ Reviews and approves risk management policies and strategies ✦ Sets clear directions on the management of critical risks ✦ Receives and reviews reports from the Internal Audit Department and the MANCOM with regard to the risk management activities ✦ Reviews and evaluates the overall effectiveness of IMI’s risk management process
Audit and Risk Committee	<ul style="list-style-type: none"> ✦ Provide oversight over risk management activities in credit, market, liquidity, operational, legal and other risks of the Corporation ✦ Coordinate, monitor and facilitate compliance with laws, rules and regulations ✦ Have oversight function of the Chief Risk Officer
President/ CEO	<ul style="list-style-type: none"> ✦ Comprehensive and overall Risk Executive – ultimately responsible for ERM priorities, including strategies, tolerances, policies, and resource allocation ✦ Chairs the Risk Management Executive Committee (RMEC), sets the direction, and leads the decision-making processes as they relate to: <ul style="list-style-type: none"> ○ Alignment of business and risk strategies and policies ○ Resolution of conflicts with regard to the risk management strategies
Risk Management Executive Committee (RMEC)	<ul style="list-style-type: none"> ✦ The RMEC shall be composed of the MANCOM ✦ Ensures sufficient allocation of resources and staff requirements for risk management ✦ Makes recommendations to the BOD on matters pertaining to ERM ✦ Ensures the sufficiency and effectiveness of the relevant infrastructure (policies, processes, management reports, people, methodologies, and systems and data) for managing specific risks ✦ Designates risk owners for each identified risk area ✦ Approves risk responsibilities and accountabilities ✦ Approves risk measurement methodologies ✦ Ensures that the proper incentives (reward systems) for desired behaviors are in place
Chief Risk Officer (CRO)	<ul style="list-style-type: none"> ✦ The ultimate champion of risk management at IMI and oversees the entire risk management function ✦ Assists the CEO in making updates to the Finance Committee, Audit Committee and the Board ✦ Monitors and reports status of implementation of risk management strategies and action plans to the MANCOM; and ✦ Ensures that the Risk Owners receives appropriate organizational support to implement risk management on a day-to-day basis



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<p>Enterprise-Risk Management (ERM) Leader</p>	<ul style="list-style-type: none"> ✚ Establishes the directions and policies related to managing company's risks ✚ Ensures that specific risk management functions are performed by the Site Risk owners through a regular risk monitoring process ✚ Ensures that the risks are integrated through a review of the consolidated risk information and analyses performed by the Risk Owners ✚ Ensures that all initiatives relative to the risk management are monitored and reported to the appropriate members of the organization ✚ Develops procedures to facilitate efficient risk monitoring activities; ✚ Evaluates the performance of the Risk Owners with respect to the risk management activities
<p>Risk Owner</p> <p>Includes (not limited to): Site General Manager Department Head Business Unit Head Functional Head</p>	<ul style="list-style-type: none"> ✚ Has overall accountability for and ownership of the assigned risks in his respective site of responsibility ✚ Reviews and validates the risk management strategies, action plans and other risk management outputs/reports ✚ Ensures the adequacy and continual application of risk management programs ✚ Reviews new and emerging risks identified ✚ Ensures that the risk management function/activities form part of the performance measures of the Risk Lead
<p>Risk Lead</p>	<ul style="list-style-type: none"> ✚ Assists the Risk Owner in facilitating the risk management process in his respective site ✚ Recommends risk tolerances and limits along with measurement methodologies (for approval by MANCOM) ✚ Coordinates with the Risk Owner regarding overall directions with respect to the risk/s handled; also validates risk management results and outputs for the specific risks ✚ Reports status of risk management activities along with any identified new/ emerging risks ✚ Ensures continuity in the implementation of the Risk Management Process; and ✚ Develops specific action plans to build the risk management capabilities required for proper implementation of the risk management strategies



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Internal Audit	<ul style="list-style-type: none"> ✚ Monitors compliance with IMI’s Risk Management policies as approved by the BOD and provide reasonable assurance on compliance with such policies. ✚ Participates in risk assessment workshops and other activities of the Risk Owners and aligns audit plan with the priority risks identified by the group. ✚ Reports to the Audit Committee: <ul style="list-style-type: none"> <input type="checkbox"/> Critical gaps in the design and operation of risk management strategies which could adversely affect the Company’s ability to achieve its objectives; and <input type="checkbox"/> Any fraud, whether or not material, that involves management or other employees who have significant role in the Company’s risk management and internal controls. ✚ Contributes and provides quality assurance in the creation and updating of IMI risk portfolio and common risk language. ✚ Identifies and monitors other potential risks which might arise from the design and implementation of risk management strategies by Risk Owners. ✚ Makes recommendations for improvement in the risk management process to the MANCOM or the Board
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ERM Organization Roles and Responsibilities

7.1.2 Design of Framework for Managing Risk

7.1.2.1 Integration into IMI’s Processes

IMI’s risk management shall be embedded in the existing organization’s practices and processes. It shall be ensured that the risk management be part of the organization’s processes and be relevant, effective and efficient. It is also imperative that the risk management is embedded into IMI’s processes on policy development, business and strategic planning and review, and change management. A Risk management plan should be integrated into various plans, such as strategic plan and project plans.

7.1.2.2 Provision of Resources

Appropriate resources for risk management shall be allocated and given consideration on the following:

- People, skills, experience and competence
- Information and knowledge management systems
- Resources needed for each step of risk management process
- Processes, methods and tools to be used for managing risks
- Documented processes and procedures
- Training programs



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7.1.2.3 Internal and External Communication and Reporting Mechanisms

7.1.2.3.1 To support and encourage accountability and ownership of risk in each of the respective IMI sites, the following mechanisms, but not limited to, shall be employed throughout the organization's internal stakeholders:

- Regular internal reporting on the implementation of the framework, its effectiveness, and outcomes
- Key components of the risk management framework and changes are communicated properly through orientation, formal training and workshops
- Information on risk management is available at appropriate levels and time
- Processes for consultation with internal stakeholders through meetings and reviews

Note: Risk owners shall report useful and actionable risk management information to enable them to make better decision. The following reports shall be prepared:

- Semi-annual Risk Report – this report shall be generated from individual reports produced by Risk owners. Risk Owners shall endeavor to produce a comprehensive report summarizing and measuring these risks. The ERM Leader and CRO shall summarize the report from the risk owners and provide updates to the President and CEO on a semi-annual basis.
- Annual Risk Report – the risk owners and the CRO/ERM Leader shall provide an annual written report to the President and CEO for the results of the annual risk assessment and the result of the adequacy of the risk mitigation plans, where necessary.

For risk reporting purposes, all capital investments with amounts of USD250,000 and above, as well as all risks with financial profit and loss impact of USD100,000 and above must be included in the risk reports to the RMEC/CRO.



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The respective risk owners shall perform risk assessment for all business proposals / strategies with capital investment amounting to USD250,000 and above, for reporting to the CRO who shall elevate the same for Finance's consideration. Specific action plans shall be submitted to ensure that the risks are managed, monitored and reported.

- 7.1.2.3.2 The following plans, but not limited to, shall be developed and implemented in order to communicate with external stakeholders
- Engaging an effective exchange of information with external stakeholders
 - External regular reporting to comply with legal, regulatory and governance requirements
 - Establishing a Crisis communication team responsible for providing feedbacks and communicating in the event of a crisis or contingency

The sensitivity of the information communicated to both internal and external stakeholders shall be given attention and consideration.

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7.1.3 Implementing Risk management

The risk management process shall be implemented accordingly following the process flow.

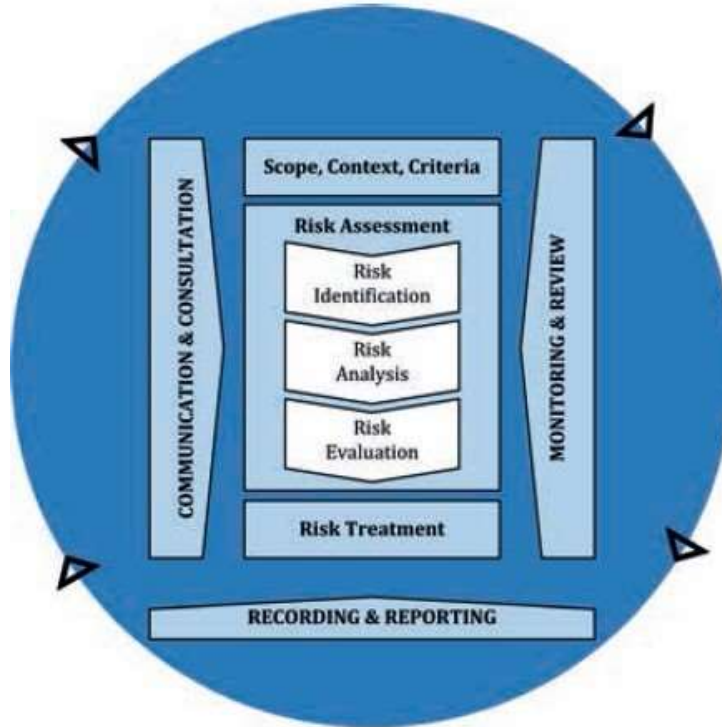


Figure 4: Risk management process (ISO 31000 - 2018)

7.1.4 Monitoring and Review of the Framework

Monitoring of risk management performance shall be done by different functions at appropriate levels of IMI. It consists of a combination of metrics, regular review and periodic audits and evaluations to ensure that risk management is effective and continues to support IMI's performance.

7.1.5 Continual Improvement of the Framework

Continuous improvement shall be embedded into the risk management process via the use of effective processes (benchmarking, knowledge sharing and continuous employee learning) and constant evaluation.



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8.0 SUPPLEMENTARY INFORMATION ATTACHMENT:

N/A

9.0 REVISION HISTORY

Affected Pages	Description of Change	Revision Level	Originator	Date
N/A	Original Issue	A	Alexis Brian Jalijali	Mar 2015
N/A	General revision of the Policy through adoption of ISO 31000 Framework; Make minor changes on ERM TO	B	Maribeth Gamao	Mar 2016
N/A	Reviewed, no major change, document will retain revision "B". Added "Revision Date" to Revision History	B	John Voltaire Madriaga	Jul 2019
1	Reviewed, Added IMI Audit & Risk Committee Charter as part of references.	03	John Voltaire Madriaga	July 31, 2022
1 - 10	Reviewed, Aligned with GDCC template. Revision changed to numerical (rev.03). Changed document number from 710 1 12 001 to Code No. ERM-QGS-001 Updated to align with AC & ISO 31000 - 2018			
6 & 8	Changed Table of Organization "Site Risk Owner" to "Risk Owner" Updated definition for Risk Owner added: Includes (not limited to): Site General Manager Department Head Business Unit Head Functional Head	04	John Voltaire Madriaga	Nov. 17, 2023
1	Added References applicable ISO (9001, 27001, 14001, 13485), IATF 16949			