

# COVER SHEET

					9	4	4	1	9
--	--	--	--	--	---	---	---	---	---

I	N	T	E	G	R	A	T	E	D	M	I	C	R	O	-	E	L	E	C	T	R	O	N	I	C	S	,
I	N	C	.																								

(Company's Full Name)

N	O	R	T	H		S	C	I	E	N	C	E		A	V	E	.	,		L	A	G	U	N	A		
T	E	C	H	N	O	P	A	R	K	,		B	I	N	A	N	,			L	A	G	U	N	A		

(Business Address: No. Street City / Town / Province)

<b>ATTY. SOLOMON M. HERMOSURA</b>
-----------------------------------

Contact Person

<b>908-3346</b>
-----------------

Company Telephone Number

1	2	3	1
Month		Day	
Fiscal Year			

## Integrated Annual Corporate Governance Report (I-ACGR)

FORM TYPE

Month		Day	
Annual Meeting			

--

Secondary License Type, if Applicable

C	F	D
---	---	---

Dept. Requiring this Doc.

--

Amended Articles Number/Section

Total No. Of Stockholders				

Total Amount of Borrowings														
Domestic							Foreign							

-----  
To be accomplished by SEC Personnel concerned

File Number									

\_\_\_\_\_ LCU

Document I.D.									

\_\_\_\_\_ Cashier

STAMPS
--------

Remarks = pls. Use black ink for scanning purposes



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended: **December 31, 2017**
2. SEC Identification Number: 94419 3. BIR Tax Identification No. **000-409-747-000**
3. Exact name of issuer as specified in its charter: **Integrated Micro-Electronics, Inc.**
4. **Philippines**  
Province, Country or other jurisdiction of  
incorporation or organization
5.  (SEC Use Only)  
Industry Classification Code:
6. **North Science Avenue, Laguna Technopark-Special  
Processing Zone, Binan, Laguna**  
Address of principal office
- 4024  
Postal Code
7. **(632) 756-6840**  
Issuer's telephone number, including area code
8. **Not Applicable**  
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<b>The Board's Governance Responsibilities</b>			
<b>Principle 1:</b> 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.			
<b>Recommendation 1.1</b>			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	<p><i>Provide information or link/reference to a document containing information on the following:</i></p> <ol style="list-style-type: none"> <li>1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors</li> <li>2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance</li> </ol> <p><b>Refer to IMI's Board Charter, Section 2.2. (page 1) Board Competencies and Diversity</b></p>	
2. Board has an appropriate mix of competence and expertise.	Compliant	<p><b>Board Competencies and Diversity</b> – The Board shall be composed of members who possess the necessary knowledge, skills and experience required to properly perform the duties of the Board.</p>	
3. 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.	Compliant	<p>The Board shall encourage the selection of a mix of competent Directors, each of whom can add value and independent judgment in the formulation of sound corporate strategies and policies. Careful attention must be given to ensure that there is independence and diversity, and appropriate representation of women in the Board to the greatest extent possible.<sup>4</sup></p> <p><a href="https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf">https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf</a></p> <p><b>Refer to IMI's Revised CG Manual, Article II, 1.1 (page 6) Composition of the Board</b>  <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p> <p><b>Refer to Amended By-Laws, Article IV Of the Board of Directors</b>  <a href="https://www.global-imi.com/sites/default/files/IMI_Amended-By-Laws-2012.pdf">https://www.global-imi.com/sites/default/files/IMI_Amended-By-Laws-2012.pdf</a></p>	

Recommendation 1.2			
<p>1. Board is composed of a majority of non-executive directors.</p>	<p>Compliant</p>	<p><i>Identify or provide link/reference to a document identifying the directors and the type of their directorships</i></p> <p><b>Refer to IMI's Revised CG Manual, Article II, 1.1 (page 6) Composition of the Board</b></p> <p>1.1 Composition:                      ... The Board should be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances...</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p> <p><b>Refer to Board of Directors Members</b>  <a href="https://www.global-imi.com/sites/default/files/IMI_2017-Board-of-Directors-and-Key-Officers.pdf">https://www.global-imi.com/sites/default/files/IMI_2017-Board-of-Directors-and-Key-Officers.pdf</a></p>	
Recommendation 1.3			
<p>1. Company provides in its Board Charter and Manual of Corporate Governance a policy on training of directors.</p>	<p>Compliant</p>	<p><i>Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.</i></p> <p><b>Refer to IMI's Revised CG Manual, Article II, 1.10 i) Orientation and Continuing Education Programs for Directors (page 20);</b></p> <p>i) Orientation and Continuing Education Programs for Directors. Prior to assuming office, all new Directors shall undergo an eight-hour orientation program on the Corporation's business and corporate structure, its vision, mission and corporate strategy, the By-laws and Manual of Corporate Governance, the SEC-mandated topics on corporate governance and other relevant matters essential for the effective performance of their duties and responsibilities. Directors shall likewise attend at least once a year, a four-hour annual continuing training program involving courses on corporate governance matters relevant to the Corporation. If necessary, funds shall be allocated by the Corporation for this purpose.</p> <p><b>Refer to IMI's Board Charter, Section 11. Orientation and Continuing Education Programs for Directors (page 7)</b></p>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

		<p>Section 11. Orientation and Continuing Education Programs for Directors Prior to assuming office, all new Directors shall undergo orientation program on the Corporation’s business and corporate structure, its vision, mission and corporate strategy, the By-Laws and Manual of Corporate Governance, and other relevant matters essential for the effective performance of their duties and responsibilities.</p> <p>Directors shall likewise be required to undergo training and continuing education programs to further their knowledge and assist in their development as Directors.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf">https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf</a></p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<p>2. Company has an orientation program for first time directors.</p>	<p>Compliant</p>	<p><i>Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.</i></p> <p><b>Orientation and Continuing Education Programs for Directors.</b> Prior to assuming office, all new Directors shall undergo an eight-hour orientation program on the Corporation’s business and corporate structure, its vision, mission and corporate strategy, the By-laws and Manual of Corporate Governance, the SEC-mandated topics on corporate governance and other relevant matters essential for the effective performance of their duties and responsibilities. Directors shall likewise attend at least once a year, a four-hour annual continuing training program involving courses on corporate governance matters relevant to the Corporation. If necessary, funds shall be allocated by the Corporation for this purpose.</p> <p>Refer to IMI’s Revised CG Manual, Article II, 1.10 i) (page 20); IMI’s Board Charter, Section 11. (page 7)</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf">https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf</a></p>	
<p>3. Company has relevant annual continuing training for all directors.</p>	<p>Compliant</p>	<p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p> <p>Refer to SEC/PSE disclosure of attendance:</p>	

		<a href="https://www.global-imi.com/sites/default/files/IMI_2017%20Seminars%20Attended.pdf">https://www.global-imi.com/sites/default/files/IMI_2017%20Seminars%20Attended.pdf</a>	
<b>Recommendation 1.4</b>			
1. Board has a policy on board diversity.	Compliant	<p><i>Provide information on or link/reference to a document containing information on the company's board diversity policy.</i></p> <p><b>Refer to IMI's Revised CG Manual, Article II, 1.1 Composition, page 6</b></p> <p>The Corporation is committed to having a diverse Board with the members possessing varied ages, educational backgrounds, nationalities, work experience, expertise, and skills. Board nominations are made on the basis of merit. In furtherance of this policy, the Corporate Governance and Nomination Committee will encourage the selection of a mix of competent Directors ensuring that female candidates are included for consideration, each of whom can add value and independent judgment in the formulation of sound corporate strategies and policies. The Corporate Governance and Nomination Committee shall also make use of professional search firms or other external sources of candidates to search for qualified candidates to the Board.</p> <p><i>Indicate gender composition of the board.</i></p> <p><b>IMI has one female Independent Director, Ms. Alelie T. Funcell in 2017 and a newly elected Independent Director Ms. Sherisa P. Nuesa.</b></p> <p><b>Refer to Board of Directors Members</b>  <a href="https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf">https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf</a>  <a href="https://www.global-imi.com/sites/default/files/IMI_2017-Board-of-Directors-and-Key-Officers.pdf">https://www.global-imi.com/sites/default/files/IMI_2017-Board-of-Directors-and-Key-Officers.pdf</a>  <a href="https://www.global-imi.com/sites/default/files/IMI%202018%20ASM%20Voting%20Results.pdf">https://www.global-imi.com/sites/default/files/IMI%202018%20ASM%20Voting%20Results.pdf</a></p>	
<b>Optional: Recommendation 1.4</b>			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.		<p>Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity.</p> <p>Provide link or reference to a progress report in achieving its objectives.</p>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

Recommendation 1.5				
1. Board is assisted by a Corporate Secretary.	Compliant	<p><i>Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.</i></p> <p><b>Refer to Board of Directors Members and Key Officers for the Corporate Secretary's profile.</b></p> <p>Corporate Secretary – Solomon M. Hermosura Compliance Officer – Jaime G. Sanchez</p> <p>Refer to IMI's Revised CG Manual, Article III, 1.10 G) The Corporate Secretary (page 37)</p> <p>Refer to IMI's Board Charter, Section 8. Corporate Secretary (page 6) <a href="https://www.global-imi.com/sites/default/files/IMI_2017-Board-of-Directors-and-Key-Officers.pdf">https://www.global-imi.com/sites/default/files/IMI_2017-Board-of-Directors-and-Key-Officers.pdf</a></p> <p><a href="https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf">https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf</a></p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>		
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant			
3. Corporate Secretary is not a member of the Board of Directors.	Compliant			
4. Corporate Secretary attends training/s on corporate governance.	Compliant	<p><i>Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered</i></p> <p><b>IMI's Corporate Secretary attends trainings on Corporate Governance annually.</b></p> <p>Refer to SEC/PSE disclosure of attendance: <a href="https://www.global-imi.com/sites/default/files/IMI_2017%20Seminars%20Attended.pdf">https://www.global-imi.com/sites/default/files/IMI_2017%20Seminars%20Attended.pdf</a></p>		
Optional: Recommendation 1.5				
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Compliant	<p>Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting</p> <p>Refer to IMI's Revised CG Manual, Article III, 1.10 G) The Corporate Secretary, (page 38)</p>		

		<p><b>Responsibilities of the Corporate Secretary</b></p> <p>vi. 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;</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer.	Compliant	<p>Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.</p> <p><b>Refer to Board of Directors Members and Key Officers for the Compliance Officers' profile.</b></p> <p>Compliance Officer – Jaime G. Sanchez (Vice President, Deputy Chief Financial Officer and Group Controller)</p> <p>Refer to IMI's Revised CG Manual, Article V, 3 Duties of the Compliance Officer (page 44)</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf">https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf</a></p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant		
3. Compliance Officer is not a member of the board.	Compliant		
4. Compliance Officer attends training/s on corporate governance.	Compliant	<p>Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered</p> <p><b>IMI's Compliance Officer attends trainings on Corporate Governance annually.</b></p> <p>Refer to SEC/PSE disclosure of attendance:</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI_2017%20Seminars%20Attended.pdf">https://www.global-imi.com/sites/default/files/IMI_2017%20Seminars%20Attended.pdf</a></p>	



<p><b>Principle 2:</b> 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.</p>			
<p><b>Recommendation 2.1</b></p>			
<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>Compliant</p>	<p><i>Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)</i></p> <p><b>Refer to IMI’s Revised CG Manual, Article II, 1.10 Specific Duties and Responsibilities of each Director, page 19.</b></p> <ul style="list-style-type: none"> <li>a) Be worthy of trust and confidence</li> <li>b) Conduct fair business transactions with the Corporation and ensure that personal interest does not bias Board decisions.</li> <li>c) Devote time and attention necessary to properly discharge his duties and responsibilities.</li> <li>d) Act judiciously.</li> <li>e) Exercise independent judgment.</li> <li>f) Have a working knowledge of the statutory and regulatory requirements affecting the Corporation.</li> <li>g) Observe confidentiality.</li> <li>h) Ensure the continuing soundness, effectiveness and adequacy of the Corporation’s control environment.</li> <li>i) Orientation and continuing education programs for directors.</li> <li>j) Annual performance assessment of the board.</li> </ul> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<p><b>Recommendation 2.2</b></p>			
<p>1. Board oversees the development, review and approval of the company’s business objectives and strategy.</p>	<p>Compliant</p>	<p><i>Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting)</i></p>	
<p>2. Board oversees and monitors the implementation of the company’s business objectives and strategy.</p>	<p>Compliant</p>	<p><i>Indicate frequency of review of business objectives and strategy</i></p> <p><b>Refer to IMI’s Revised CG Manual, Article II, 1.8 General Responsibility of the Board for Good Governance (page 15)</b></p>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

		<p>b) To ensure good governance of the Corporation, the Board shall formulate and continuously review the Corporation’s vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management’s performance. The Board shall review the vision and mission statement of the Corporation every year, and shall oversee the implementation of the corporate strategy.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<b>Supplement to Recommendation 2.2</b>			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	<p><i>Indicate or provide link/reference to a document containing the company’s vision, mission and core values.</i></p> <p><i>Indicate frequency of review of the vision, mission and core values.</i></p> <p>Refer to page 5 IMI’s Revised CG Manual.</p> <p>Refer to IMI’s Revised CG Manual, Article II, 1.8 General Responsibility of the Board for Good Governance (page 15) <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p> <p>Refer to IMI’s Board Charter, Section 6. Responsibilities of the Board. 1.C. Review vision and mission statement of the Corporation every year. <a href="https://www.global-imi.com/sites/default/files/IMI Board%20Charter approved.pdf">https://www.global-imi.com/sites/default/files/IMI Board%20Charter approved.pdf</a></p>	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company’s business environment, and culture.	Compliant	<p><i>Provide information on or link/reference to a document containing information on the strategy execution process.</i></p> <p>Refer to IMI’s Revised CG Manual, Article II, 1.8 General Responsibility of the Board for Good Governance (page 15) <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<b>Recommendation 2.3</b>			
1. Board is headed by a competent and qualified Chairperson.	Compliant	<p><i>Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications</i></p>	

		<p>2017 Definitive Information Statement, Annex A Directors and Officers, page 20</p> <p>IMI's BOD Chairman is Mr. Jaime Augusto Zobel de Ayala</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf">https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf</a></p> <p>2016 and 2017 Annual Report – Directors' Profiles, page 16</p> <p><a href="https://www.global-imi.com/investors/annual-reports">https://www.global-imi.com/investors/annual-reports</a></p>	
<b>Recommendation 2.4</b>			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	<p><i>Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation.</i></p> <p><b>Refer to IMI's Revised CG Manual, Article II, 2.2 Corporate Governance and Nomination Committee (page 23)</b></p>	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant	<p><b>Refer to IMI's Revised CG Manual, Article II, 1.13 Retirement age of Directors (page 22)</b></p> <p>The Board should be responsible for ensuring and adopting an effective succession planning program for Directors, key officers and management to ensure growth and a continued increase in the shareholders' value.</p> <p>In this connection, the Board adopts eighty (80) years old as the retirement age of directors.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<b>Recommendation 2.5</b>			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	<p><i>Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.</i></p>	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant	<b>Refer to IMI's Revised CG Manual, Article II, 2.3 Compensation Committee (page 25)</b>	
3. Directors do not participate in discussions	Compliant	The Board through its Compensation Committee shall:	

<p>or deliberations involving his/her own remuneration.</p>		<p>(a) establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation’s culture, strategy and control environment;</p> <p>(b) Review, at least annually, the performance of each of the Chairman of the Board, the Chief Executive Officer (CEO), the President and Chief Operating Officer (COO) and measure such performance against each of his goals and objectives pursuant to the Corporation’s plans and determine his or her compensation for the approval of the Board;</p> <p>(c) Review the structure and competitiveness of the Corporation’s executive officer compensation programs considering the following factors:</p> <ul style="list-style-type: none"> <li>i. to the attraction and retention of executive officers;</li> <li>ii. the motivation of executive officers to achieve the Corporation’s business objectives; and</li> <li>iii. the alignment of the interests of executive officers with the long-term interests of the Corporation’s shareholders and other stakeholders;</li> </ul> <p>(e) disallow any director to decide his own remuneration during his incumbent term;</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<b>Optional: Recommendation 2.5</b>			
<p>1. Board approves the remuneration of senior executives.</p>	<p>Compliant</p>	<p><i>Provide proof of board approval</i></p> <p>The Board through its Compensation Committee establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation’s culture, strategy and control environment;</p> <p><b>Revised Manual of Corporate Governance, Article II Board Governance, 2.3</b></p>	

		<p>Compensation Committee (page 25)  <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
2. 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.	Compliant	<p><i>Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.</i></p> <p><b>Revised Manual of Corporate Governance, Article II Board Governance, 2.3 Compensation Committee (page 25)</b>  <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<b>Recommendation 2.6</b>			
1. Board has a formal and transparent board nomination and election policy.	Compliant	<p><i>Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders.</i></p>	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Non-Compliant	<p><i>Provide proof if minority shareholders have a right to nominate candidates to the board</i></p> <p><i>Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</i></p> <p><b>Refer to IMI's Revised CG Manual, Article II, 2.2 Corporate Governance and Nomination Committee (page 23)</b></p> <p><b>Refer to IMI's Revised CG Manual, Article VIII. Stockholders' Rights and Protection of Minority Stockholders' Interests, 1.g) Right to Nominate, (page 50)</b>  <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p> <p><b>Refer to IMI's Board Charter, Section 4. Election of Directors (page 2)</b>  <a href="https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf">https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf</a></p> <p><b>Refer to IMI's Corporate Governance and Nomination Committee Charter</b>  <a href="https://www.global-imi.com/sites/default/files/IMI_Corporate%20Governance%20and%20Nomination%20Committee%20Charter.pdf">https://www.global-imi.com/sites/default/files/IMI_Corporate%20Governance%20and%20Nomination%20Committee%20Charter.pdf</a></p>	<p>Currently included in the Charter of Corporate Governance and Nomination Committee, Section 3. Process and Criteria for Nominations to the Board. (Page 2)</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI_Charter%20of%20Corporate%20Governance%20and%20Nomination%20Committee.pdf">https://www.global-imi.com/sites/default/files/IMI_Charter%20of%20Corporate%20Governance%20and%20Nomination%20Committee.pdf</a></p> <p>This will be included in the IMI's Revised CG Manual this year as recommended by SEC.</p>
3. Board nomination and election policy includes how the company accepted	Compliant	<p><a href="https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf">https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf</a></p>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

	nominations from minority shareholders.		<a href="http://imi.com/sites/default/files/IMI_Charter%20of%20Corporate%20Governance%20and%20Nomination%20Committee.pdf">imi.com/sites/default/files/IMI_Charter%20of%20Corporate%20Governance%20and%20Nomination%20Committee.pdf</a>	
4.	Board nomination and election policy includes how the board shortlists candidates.	Compliant		
5.	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.	Compliant		
<b>Optional: Recommendation to 2.6</b>				
1.	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.	Compliant	<p><i>Identify the professional search firm used or other external sources of candidates</i></p> <p><b>Refer to IMI's Revised CG Manual, Article II Board Governance, 1.1 Composition (page 6)</b></p> <p>The Corporate Governance and Nomination Committee shall also make use of professional search firms or other external sources of candidates to search for qualified candidates to the Board.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<b>Recommendation 2.7</b>				
1.	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.	Compliant	<p><i>Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs</i></p> <p><i>Identify transactions that were approved pursuant to the policy.</i></p>	
2.	RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	<p><b>Refer to Related Party Transactions Policy</b></p> <p><b>2016 Annual Report – Note 29. Related Party Transactions (page 66)</b></p> <p><a href="https://www.global-imi.com/investors/annual-reports">https://www.global-imi.com/investors/annual-reports</a></p>	
3.	RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant	<p><a href="https://www.global-imi.com/sites/default/files/IMI%20RPT%20POLICY.pdf">https://www.global-imi.com/sites/default/files/IMI%20RPT%20POLICY.pdf</a></p>	
<b>Supplement to Recommendations 2.7</b>				
1.	Board clearly defines the threshold for	Compliant	<i>Provide information on a materiality threshold for RPT disclosure and approval, if</i>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

<p>disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>		<p><i>any.</i></p> <p><i>Provide information on RPT categories</i></p> <p><b>Refer to Related Party Transactions Policy</b> <a href="https://www.global-imi.com/sites/default/files/IMI%20RPT%20POLICY.pdf">https://www.global-imi.com/sites/default/files/IMI%20RPT%20POLICY.pdf</a></p> <p><b>2016 Annual Report – Note 29. Related Party Transactions (page 66)</b> <a href="https://www.global-imi.com/investors/annual-reports">https://www.global-imi.com/investors/annual-reports</a></p>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders’ meetings.</p>	Compliant	<p><i>Provide information on voting system, if any.</i></p> <p><b>2017 Definitive Information Statement, Method of Voting, page 18-19</b> <a href="https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf">https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf</a></p>	
<b>Recommendation 2.8</b>			
<p>1. 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).</p>	Compliant	<p><i>Provide information on or reference to a document containing the Board’s policy and responsibility for approving the selection of management.</i></p> <p><i>Identify the Management team appointed.</i></p> <p><b>Refer to IMI’s Revised CG Manual, Article II, 1.9 Specific Duties of the Board of Directors, c), (page 17)</b></p> <p>c) Select and appoint a President, Chief Executive Officer and other senior officers with the appropriate level of motivation, integrity, competence and professionalism in accordance with the process and criteria set in the Board Charter.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p> <p><b>IMI’s Management Team appointed</b> Jaime Augusto Zobel de Ayala – Chairman of the Board Arthur R. Tan – Chief Executive Officer</p>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

		<p>Gilles Bernard – President and Global Chief Operating Officer Jerome S. Tan – Senior Managing Director, Global Chief Financial Officer/ICT Linardo Z. Lopez – Senior Managing Director, Global Head of Materials Management Jaime G. Sanchez – Vice President, Deputy Chief Financial Officer, Group Controller, and Compliance Officer Anthony Raymond P. Rodriguez – Assistant Vice President, Head of Treasury and Credit Solomon M. Hermosura – Corporate Secretary Joanne M. Lim – Assistant Corporate Secretary</p> <p><b>2017 Definitive Information Statement, Annex A Directors and Officers, page 20</b> <a href="https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf">https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf</a></p>	
<p>2. 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).</p>	Compliant	<p><i>Provide information on or reference to a document containing the Board’s policy and responsibility for assessing the performance of management.</i></p> <p><i>Provide information on the assessment process and indicate frequency of assessment of performance.</i></p> <p><b>Refer to IMI’s Revised CG Manual, Article II, 1.9 Specific Duties of the Board of Directors, L), (page 18)</b></p> <p>I) Create an internal self-rating system for the annual performance assessment of the Board, the individual Directors, the board committees, the President and CEO and other key management officials in accordance with the process and criteria laid down in the Board Charter;</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p> <p><b>Refer to IMI’s Board Charter, Section 6. Responsibilities of the Board, s) (page 5) and “Annex B” IV.), (page 11)</b> <a href="https://www.global-imi.com/sites/default/files/IMI Board%20Charter approved.pdf">https://www.global-imi.com/sites/default/files/IMI Board%20Charter approved.pdf</a></p>	
<b>Recommendation 2.9</b>			
<p>1. Board establishes an effective performance management framework</p>	Compliant	<p><i>Provide information on or link/reference to a document containing the Board’s performance management framework for management and personnel.</i></p>	



2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

that ensures that Management’s performance is at par with the standards set by the Board and Senior Management.		<b>Refer to IMI’s Board Charter, Section 6. Responsibilities of the Board, s) (page 5) and “Annex B” IV.), (page 11)</b>	
2. 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.	Compliant	Section 6. Responsibilities of the Board S. Conduct an annual performance assessment of the Board, the individual Directors, the Board Committees, the President and CEO, and other key management officials;  <a href="https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf">https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf</a>	
<b>Recommendation 2.10</b>			
1. Board oversees that an appropriate internal control system is in place.	Compliant	<i>Provide information on or link/reference to a document showing the Board’s responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system</i>	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	<b>Refer to IMI’s Revised CG Manual, Article II, 1.8 General Responsibility of the Board for Good Governance, d), page 16</b>  <b>1.8 General Responsibility of the Board for Good Governance</b> d) The Board shall ensure the presence and adequacy of Internal Control mechanisms for good governance. The minimum internal control mechanisms for the Board’s oversight responsibility include, but shall not be limited to:  i. Ensuring the presence of organizational and procedural controls, supported by an effective management information system and risk management reporting system; ii. Reviewing conflict of interest situations and providing appropriate remedial measures for these situations; iii. Appointing a Chief Executive Officer (CEO) with the appropriate ability, integrity, and experience to fill the role; and defining the duties and responsibilities of the CEO; iv. Reviewing proposed senior management appointments; v. Ensuring the selection, appointment and retention of qualified and competent management; reviewing the Corporation’s personnel and human resources policies, compensation plan and the management succession plan; vi. Institutionalizing the internal audit function; vii. Ensuring the presence of, and regularly reviewing, the performance and quality	

2017 Integrated Annual Corporate Governance Report  
 Integrated Micro-Electronics, Inc.

		of external audit.  <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a>	
3. Board approves the Internal Audit Charter.	Compliant	<i>Provide reference or link to the company's Internal Audit Charter</i>  <b>IMI's Internal Audit Charter</b> <a href="https://www.global-imi.com/sites/default/files/IMI%20Internal%20Audit%20Charter%20Nov%202017.pdf">https://www.global-imi.com/sites/default/files/IMI%20Internal%20Audit%20Charter%20Nov%202017.pdf</a>	
<b>Recommendation 2.11</b>			
1. 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.	Compliant	<i>Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.</i>  <i>Provide proof of effectiveness of risk management strategies, if any.</i>	
2. 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.	Compliant	<b>Refer to IMI's Revised CG Manual, Article II, 1.8 General Responsibility of the Board for Good Governance, d), (i), page 16</b>  (i) Ensuring the presence of organizational and procedural controls, supported by an effective management information system and risk management reporting system;  <b>Refer to IMI's Revised CG Manual, 1.9 Specific Duties of the Board of Directors, i), page 17</b>  i) Identify and monitor key risks and key performance areas, and endeavor to provide appropriate technology and systems for the proper identification and monitoring thereof;  <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a>  <b>Refer to IMI's Audit and Risk Committee Charter</b> <a href="https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter">https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter</a>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

		<a href="#">%20Nov%202017.pdf</a> Refer to IMI's Enterprise Risk Management Policies and Procedures published in the IMI website. <a href="https://www.global-imi.com/governance/enterprise-risk-management">https://www.global-imi.com/governance/enterprise-risk-management</a>	
<b>Recommendation 2.12</b>			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	Provide link to the company's website where the Board Charter is disclosed.  Refer to IMI's Board Charter published in the website. <a href="https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf">https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf</a>	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant		
3. Board Charter is publicly available and posted on the company's website.	Compliant		
<b>Additional Recommendation to Principle 2</b>			
1. Board has a clear insider trading policy.	Compliant	Provide information on or link/reference to a document showing company's insider trading policy.  Refer to IMI's Insider Trading Policy published in the website. <a href="https://www.global-imi.com/sites/default/files/IMI_Insider-Trading-Policy.pdf">https://www.global-imi.com/sites/default/files/IMI_Insider-Trading-Policy.pdf</a>	
<b>Optional: Principle 2</b>			
1. 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.		Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.	
2. Company discloses the types of decision requiring board of directors' approval.		Indicate the types of decision requiring board of directors' approval and where there are disclosed.	
<b>Principle 3:</b> 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.			

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

Recommendation 3.1			
<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p>Compliant</p>	<p><i>Provide information or link/reference to a document containing information on all the board committees established by the company.</i></p> <p><b>Refer to IMI's Revised CG Manual, 2. Board Committees, page 22.</b></p> <p>The Board of Directors may create such committees as it may deem necessary to support it in the performance of its functions and in accordance with the By-Laws of the Corporation and to aid in good governance. As a minimum, however, the Board shall be supported by the following committees:</p> <ol style="list-style-type: none"> <li>1. Executive Committee</li> <li>2. Corporate Governance and Nomination Committee</li> <li>3. Compensation Committee</li> <li>4. Audit and Risk Committee</li> <li>5. Finance Committee</li> <li>6. Proxy Validation Committee</li> <li>7. Related Party Transaction Committee</li> </ol> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p> <p><b>Results of Annual Stockholders' meeting</b> <a href="https://www.global-imi.com/sites/default/files/SEC-PSE-Result-of-ASM-and-Org-BOD_4-7-17.pdf">https://www.global-imi.com/sites/default/files/SEC-PSE-Result-of-ASM-and-Org-BOD_4-7-17.pdf</a></p> <p><b>Refer to Committee Meetings Attendance</b> <a href="https://www.global-imi.com/sites/default/files/IMI_2017%20Board%20Committee%20Meetings%20Attendance.pdf">https://www.global-imi.com/sites/default/files/IMI_2017%20Board%20Committee%20Meetings%20Attendance.pdf</a></p>	
Recommendation 3.2			
<p>1. 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.</p>	<p>Compliant</p>	<p><i>Provide information or link/reference to a document containing information on the Audit Committee, including its functions.</i></p> <p><b>Refer to IMI's Audit and Risk Committee Charter</b></p> <p><a href="https://www.global-imi.com/sites/default/files/IMI_Audit%20and%20Risk%20Committee%20Charter.pdf">https://www.global-imi.com/sites/default/files/IMI_Audit%20and%20Risk%20Committee%20Charter.pdf</a></p>	

		<p><a href="https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf">imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf</a></p> <p>Indicate if it is the Audit Committee’s responsibility to recommend the appointment and removal of the company’s external auditor.</p> <p><b>Yes. Refer to IMI’s Audit and Risk Committee Charter, D.3.3.1. External Auditor, page 7.</b></p> <p>3.1 Review the performance and recommend the appointment, retention or discharge and fees of the external auditor, duly accredited by SEC. In case of resignation or cessation from service of an external auditor, ensure that there is a process for reporting in the annual and current reports the reason for cessation from service, and the date thereof, of an external auditor.</p> <p>A preliminary copy of the said report shall be given by the Company to the external auditor before submission.</p>	
<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>Compliant</p>	<p><i>Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.</i></p> <p><b>IMI’s Audit and Risk Committee</b> Edgar O. Chua (ID) – Chairman Hiroshi Nishimura (ID) – Member Rafael Ma. C. Romualdez (NED) – Member</p> <p><b>Refer to IMI’s Revised CG Manual, 2.4 Audit and Risk Committee, page 26</b> <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>Compliant</p>	<p><i>Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.</i></p> <p><b>Refer to IMI’s Audit and Risk Committee Charter, E. Committee Membership</b> <a href="https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf">https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf</a></p>	

		<p>2016 Annual Report – Directors’ Profiles, page 16  <a href="https://www.global-imi.com/investors/annual-reports">https://www.global-imi.com/investors/annual-reports</a></p>	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	<p><i>Provide information or link/reference to a document containing information on the Chairman of the Audit Committee</i></p> <p><b>IMI’s Chairman of the Audit and Risk Committee is not a Chairman of the Board or any other committee.</b></p> <p><b>Results of Annual Stockholders’ meeting</b>  <a href="https://www.global-imi.com/sites/default/files/SEC-PSE-Result-of-ASM-and-Org-BOD_4-7-17.pdf">https://www.global-imi.com/sites/default/files/SEC-PSE-Result-of-ASM-and-Org-BOD_4-7-17.pdf</a></p>	
<b>Supplement to Recommendation 3.2</b>			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	<p><i>Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.</i></p> <p><b>Refer to IMI’s Audit and Risk Committee Charter, 3. External Audit, 3.7, page 8.</b></p> <p>3.7 Review and approve of the proportion of audit versus non-audit work both in relation to their significance to the auditor and in relation to the Company’s year-end financial statements, and total expenditure on consultancy, to ensure that non-audit work will not be in conflict with the audit functions of the external auditor. The amount of both audit and non-audit work of external auditors shall be disclosed in the annual report.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf">https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf</a></p>	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	<p><i>Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present.</i></p> <p><b>Refer to IMI’s Audit and Risk Committee Charter, 3. External Audit, 3.6, page 8.</b></p> <p>3.6 Conduct a separate meeting in executive session, with the external auditors to discuss matter that the committee or auditors believe should be discussed privately, including the results of the audit, year-end financial statements, the quality of management, financial and accounting controls.</p>	

		<a href="https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf">https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf</a>	
<b>Optional: Recommendation 3.2</b>			
1. Audit Committee meet at least four times during the year.	Compliant	<p>Indicate the number of Audit Committee meetings during the year and provide proof</p> <p>In 2017, Audit and Risk Committee had four meetings during the year.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI_2017%20Board%20Committee%20Meetings%20Attendance.pdf">https://www.global-imi.com/sites/default/files/IMI_2017%20Board%20Committee%20Meetings%20Attendance.pdf</a></p>	
2. Audit Committee approves the appointment and removal of the internal auditor.	Compliant	<p>Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.</p> <p>Duties and Responsibilities of the Audit and Risk Committee, page 6. Internal Audit.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf">https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf</a></p>	
<b>Recommendation 3.3</b>			
1. 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.	Non-Compliant	<p>Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions</p> <p>Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.</p> <p>Based on the Company's Revised CG Manual issued last May 2017, the functions and responsibilities of the Corporate Governance Committee was combined with the Nomination Committee.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI_Charter-of-Corporate-Governance-and-Nomination-Committee.pdf">https://www.global-imi.com/sites/default/files/IMI_Charter-of-Corporate-Governance-and-Nomination-Committee.pdf</a></p>	<p>Currently the existing Committee is Nomination Committee, a combined Corporate Governance and Nomination Committee will be established in 2018.</p> <p>Refer to the Results of ASM and Organizational Meeting on April 13, 2018.</p>
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Non-compliant	<p>Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.</p> <p>Corporate Governance Committee's functions are combined with Nomination Committee and its membership will be revised this year in compliance to SEC's</p>	<p><a href="https://www.global-imi.com/sites/default/files/IMI%20PSE-SEC-Results%20of%20Annual%20Meeting%20April%2013%202018.pdf">https://www.global-imi.com/sites/default/files/IMI%20PSE-SEC-Results%20of%20Annual%</a></p>

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

		<p>recommendation.  <a href="https://www.global-imi.com/sites/default/files/IMI_2017-Board-Committee-Members_0.pdf">https://www.global-imi.com/sites/default/files/IMI_2017-Board-Committee-Members_0.pdf</a></p>	<p><a href="#">20Stockholders%27%20Meeting%20and%20Organizational%20BOD%20Meeting%2004%2013%2018.pdf</a></p>
3. Chairman of the Corporate Governance Committee is an independent director.	Non-compliant	<p><i>Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.</i></p> <p><b>The Chairman of the Nomination Committee is Alelie T. Funcell, who is an Independent Director.</b>  <a href="https://www.global-imi.com/sites/default/files/IMI_2017-Board-Committee-Members_0.pdf">https://www.global-imi.com/sites/default/files/IMI_2017-Board-Committee-Members_0.pdf</a></p>	
<b>Optional: Recommendation 3.3.</b>			
1. Corporate Governance Committee meet at least twice during the year.		<p>Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI_2017%20Board%20Committee%20Meetings%20Attendance.pdf">https://www.global-imi.com/sites/default/files/IMI_2017%20Board%20Committee%20Meetings%20Attendance.pdf</a></p>	
<b>Recommendation 3.4</b>			
1. 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.	Compliant	<p><i>Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions</i></p> <p><b>The Company's Risk Oversight is covered by Audit and Risk Committee.</b></p> <p><b>Please refer to Audit and Risk Committee Charter</b></p> <p><a href="https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf">https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf</a></p>	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	<p><i>Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship</i></p> <p><b>IMI's Audit and Risk Committee Members:</b></p> <p><b>Edgar O. Chua (ID) – Chairman</b>  <b>Rafael Ma. C. Romualdez (NED) – Member</b>  <b>Hiroshi Nishimura (ID) – Member</b></p>	
3. The Chairman of the BROC is not the	Compliant	<p><i>Provide information or link/reference to a document containing information on the</i></p>	



2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

<p>Chairman of the Board or of any other committee.</p>		<p><i>Chairman of the BROC</i></p> <p>IMI's Chairman of the Audit and Risk Committee is not a Chairman of the Board or any other committee.</p> <p><b>Results of Annual Stockholders' meeting</b>  <a href="https://www.global-imi.com/sites/default/files/SEC-PSE-Result-of-ASM-and-Org-BOD_4-7-17.pdf">https://www.global-imi.com/sites/default/files/SEC-PSE-Result-of-ASM-and-Org-BOD_4-7-17.pdf</a></p> <p><b>Refer to Board Committee Members:</b>  <a href="https://www.global-imi.com/sites/default/files/IMI_2017-Board-Committee-Members_0.pdf">https://www.global-imi.com/sites/default/files/IMI_2017-Board-Committee-Members_0.pdf</a></p>	
<p>4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>Compliant</p>	<p><i>Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.</i></p> <p><b>Refer to IMI's Audit and Risk Committee Charter, E. Committee Membership</b>  <a href="https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf">https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf</a></p> <p><b>2016 Annual Report – Directors' Profiles, page 16</b>  <a href="https://www.global-imi.com/investors/annual-reports">https://www.global-imi.com/investors/annual-reports</a></p>	
<p><b>Recommendation 3.5</b></p>			
<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>Compliant</p>	<p><i>Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.</i></p> <p><b>Refer to IMI's Revised CG Manual, 2.7 Related Party Transactions Committee, page 31</b>  <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p> <p><b>Refer to RPT Policy</b>  <a href="https://www.global-imi.com/sites/default/files/IMI%20RPT%20POLICY.pdf">https://www.global-imi.com/sites/default/files/IMI%20RPT%20POLICY.pdf</a></p>	
<p>2. RPT Committee is composed of at least three non-executive directors, two of</p>	<p>Compliant</p>	<p><i>Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of</i></p>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

<p>whom should be independent, including the Chairman.</p>		<p><i>directorship.</i></p> <p><b>RPT Committee:</b> Hiroshi Nishimura (ID) – Chairman Rafael Romualdez (NED) – Member Edger O. Chua (ID) – Member Jose Teodoro K. Limcaoco (NED) - Member</p> <p><b>Refer to IMI’s Revised CG Manual, 2.7 Related Party Transactions Committee, page 31</b> <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<b>Recommendation 3.6</b>			
<p>1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.</p>	<p>Compliant</p>	<p><i>Provide information on or link/reference to the company’s committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.</i></p> <p><b>Refer to IMI’s Committee Charters published in the IMI website.</b> <a href="https://www.global-imi.com/governance/board-matters">https://www.global-imi.com/governance/board-matters</a></p>	
<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>	<p>Compliant</p>	<p><a href="https://www.global-imi.com/governance/board-matters">https://www.global-imi.com/governance/board-matters</a></p>	
<p>3. Committee Charters were fully disclosed on the company’s website.</p>	<p>Compliant</p>	<p><i>Provide link to company’s website where the Committee Charters are disclosed.</i></p> <p><b>Refer to IMI’s Committee Charters</b> <a href="https://www.global-imi.com/governance/board-matters">https://www.global-imi.com/governance/board-matters</a></p>	
<b>Principle 4:</b> 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.			
<b>Recommendation 4.1</b>			
<p>1. 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.</p>	<p>Compliant</p>	<p><i>Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.</i></p> <p><i>Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders’ meetings.</i></p> <p><b>Refer to IMI’s Annual Corporate Governance Report, C. Board Meetings and</b></p>	

		<p>Attendance, page 23. And Committee Meetings Attendance, page 32.  <a href="https://www.global-imi.com/sites/default/files/SEC%20Form%20-%20ACGR%20Integrated%20Micro-Electronics%2C%20Inc%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/SEC%20Form%20-%20ACGR%20Integrated%20Micro-Electronics%2C%20Inc%20Dec%202017.pdf</a></p> <p>IMI's BOD meetings and Committee meetings attendance for the full year 2017  <a href="https://www.global-imi.com/sites/default/files/SEC-PSE-BOD%20Attendance%202017.pdf">https://www.global-imi.com/sites/default/files/SEC-PSE-BOD%20Attendance%202017.pdf</a></p> <p><a href="https://www.global-imi.com/sites/default/files/IMI%202017%20Board%20Committee%20Meetings%20Attendance.pdf">https://www.global-imi.com/sites/default/files/IMI%202017%20Board%20Committee%20Meetings%20Attendance.pdf</a></p>	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	<p><b>Refer to IMI's Revised CG Manual, 1.7 Board Meetings and Quorum Requirements, page 14.</b></p> <p>a) All the members of the Board, including Independent Directors, should attend and actively participate in all meeting of the Board, Committees, and Shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	<p><i>Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors.</i></p> <p><b>Refer to IMI's Revised CG Manual, 1.7 Board Meetings and Quorum Requirements, page 14.</b>  <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<b>Recommendation 4.2</b>			
1. 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	Compliant	<p><i>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</i></p> <p><b>Refer to IMI's Revised CG Manual, 1.6 Policy on multiple board seats, page 14.</b></p>	

<p>proposals/views, and oversee the long-term strategy of the company.</p>		<p><b>Policy on Multiple Board Seats</b>                  The Corporation shall ensure that adequate time and attention is given to the fulfillment of the Directors of their duties. The Independent Directors and Non-executive Directors shall hold no more than five board seats in publicly-listed companies and Executive Directors shall hold no more than two board seats in listed companies outside the Corporation’s group. In the implementation of this policy, the Board may consider several directorships in related companies or companies in the same industry as one. The Board may also allow Executive Directors to hold directorships that are necessary or desirable in the pursuit of the Corporation’s business or in furtherance of its corporate social responsibility.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p> <p>Provide information or reference to a document containing information on the directorships of the company’s directors in both listed and non-listed companies</p> <p><b>2016 Annual Report – Directors’ Profiles, page 16</b>  <a href="https://www.global-imi.com/investors/annual-reports">https://www.global-imi.com/investors/annual-reports</a></p>	
<b>Recommendation 4.3</b>			
<p>1. The directors notify the company’s board before accepting a directorship in another company.</p>	<p>Compliant</p>	<p><i>Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.</i></p> <p><b>As part of IMI’s Board of Directors qualifications, Directorship in other companies are taken into consideration.</b></p> <p><b>Refer to IMI’s Revised CG Manual, Article II. Board Governance, 1.2 Qualifications (page 7)</b></p> <p>e) Directorship in other companies, taking into account the following factors:</p> <p>e.1) the nature of the business of the Corporation;                  e.2) the number of directorships in other companies;                  e.3) any possible conflict of interest; and                  e.4) the age of the director;</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-">https://www.global-imi.com/sites/default/files/IMI-</a></p>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

		<a href="#">Revised%20CG%20Manual%20Dec%202017.pdf</a>	
<b>Optional: Principle 4</b>			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Compliant	<p><b>Mr. Arthur R. Tan (CEO) and Mr. Gilles Bernard (President and COO) are not member of the board of any listed companies aside from IMI.</b></p> <p><b>2016 Annual Report – Directors’ Profiles, page 16</b> <a href="https://www.global-imi.com/investors/annual-reports">https://www.global-imi.com/investors/annual-reports</a></p>	
2. Company schedules board of directors’ meetings before the start of the financial year.	Compliant	<p><i>The Corporate Secretary informs the board of the schedule of meetings for the coming year.</i></p> <p><b>Refer to IMI’s Revised CG Manual, Article III. Management, G) The Corporate Secretary, 1. (page 37)</b></p> <p>1. Assist 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;</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
3. Board of directors meet at least six times during the year.	Compliant	<p><i>Indicate the number of board meetings during the year and provide proof</i></p> <p><b>The BOD met six times during the year.</b></p> <p><b>Please refer to attendance disclosed to PSE and SEC.</b> <a href="https://www.global-imi.com/sites/default/files/SEC-PSE-BOD%20Attendance%202017.pdf">https://www.global-imi.com/sites/default/files/SEC-PSE-BOD%20Attendance%202017.pdf</a></p>	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	Compliant	<p><i>Indicate the required minimum quorum for board decisions</i></p> <p><b>Two-thirds (2/3) of the number of Directors as affixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business. (Revised Manual of CG 1.7 D. page 14)</b></p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	

<b>Principle 5:</b> The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
<b>Recommendation 5.1</b>			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	IMI has 3 independent directors, they represent 27% of the Board of Directors.	<p><i>Provide information or link/reference to a document containing information on the number of independent directors in the board.</i></p> <p><b>The following are IMI's Independent Directors:</b>                      Edgar O. Chua                      Hiroshi Nishimura                      Alelie T. Funcell</p> <p>2016 Annual Report – Directors' Profiles, page 16  <a href="https://www.global-imi.com/investors/annual-reports">https://www.global-imi.com/investors/annual-reports</a></p> <p>2017 Board of Directors and Key Officers  <a href="https://www.global-imi.com/sites/default/files/IMI_2017-Board-of-Directors-and-Key-Officers.pdf">https://www.global-imi.com/sites/default/files/IMI_2017-Board-of-Directors-and-Key-Officers.pdf</a></p>	
<b>Recommendation 5.2</b>			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	<p><i>Provide information or link/reference to a document containing information on the qualifications of the independent directors.</i></p> <p><b>Refer to IMI's Revised CG Manual, 1.5 Independent Directors, page 11</b></p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<b>Supplement to Recommendation 5.2</b>			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	<p><i>Provide link/reference to a document containing information that directors are not constrained to vote independently.</i></p> <p><b>Refer to the provisions of IMI's Amended By-Laws, Article IV Of the Board of Directors. There were no provisions that constrain the directors' ability to vote independently.</b></p> <p><a href="https://www.global-imi.com/sites/default/files/IMI_Amended-By-Laws-2012.pdf">https://www.global-imi.com/sites/default/files/IMI_Amended-By-Laws-2012.pdf</a></p>	
<b>Recommendation 5.3</b>			
1. The independent directors serve for a	Compliant	<i>Provide information or link/reference to a document showing the years IDs have</i>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

<p>cumulative term of nine years (reckoned from 2012).</p>		<p><i>served as such.</i></p> <p><b>Refer to IMI's Revised CG Manual, 1.5 Independent Directors, page 13</b></p> <p>The Board's independent directors should serve for a maximum cumulative term of nine years. After which, the independent director should be perpetually barred from re-election as such in the same company, but may continue to qualify for nomination and election as a non-Independent director. In the instance that a company wants to retain an Independent director who has served for nine years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p> <p><b>2016 and 2017 Annual Report – Directors' Profiles, page 16</b> <a href="https://www.global-imi.com/investors/annual-reports">https://www.global-imi.com/investors/annual-reports</a></p>	
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p>Compliant</p>	<p><i>Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director</i></p> <p><b>Refer to IMI's Revised CG Manual, 1.5 Independent Directors, page 13</b></p> <p>The Board's independent directors should serve for a maximum cumulative term of nine years. After which, the independent director should be perpetually barred from re-election as such in the same company, but may continue to qualify for nomination and election as a non-Independent director. In the instance that a company wants to retain an Independent director who has served for nine years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board</p>	<p>Compliant</p>	<p><i>Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.</i></p>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

<p>provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.</p>		<p><b>Refer to IMI's Revised CG Manual, 1.5 Independent Directors, page 13</b></p> <p>The Board's independent directors should serve for a maximum cumulative term of nine years. After which, the independent director should be perpetually barred from re-election as such in the same company, but may continue to qualify for nomination and election as a non-Independent director. In the instance that a company wants to retain an Independent director who has served for nine years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<p><b>Recommendation 5.4</b></p>			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>Compliant</p>	<p><i>Identify the company's Chairman of the Board and Chief Executive Officer</i></p> <p><b>Results of Annual Stockholders' meeting</b> Jaime Augusto Zobel de Ayala – Chairman of the Board Arthur R. Tan – Chief Executive Officer</p> <p><a href="https://www.global-imi.com/sites/default/files/SEC-PSE-Result-of-ASM-and-Org-BOD_4-7-17.pdf">https://www.global-imi.com/sites/default/files/SEC-PSE-Result-of-ASM-and-Org-BOD_4-7-17.pdf</a></p>	
<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>Compliant</p>	<p><i>Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.</i></p> <p><i>Identify the relationship of Chairman and CEO.</i></p> <p><b>Refer to IMI's Revised CG Manual, Article III. Management, a) Chairman of the Board and c) CEO, page 34-35</b> <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<p><b>Recommendation 5.5</b></p>			
<p>1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.</p>	<p>Compliant</p>	<p><i>Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.</i></p> <p><i>Indicate if Chairman is independent.</i></p>	



		<p>IMI's Chairman of the Board is not an Independent Director, during the year IMI appointed Mr. Edgar O. Chua as the Lead Independent Director.</p> <p>Refer to IMI's Revised CG Manual, 1.9 Specific Duties of the BOD, s), page 19  <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<b>Recommendation 5.6</b>			
<p>1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.</p>	Compliant	<p><i>Provide proof of abstention, if this was the case</i></p> <p>Refer to IMI's Revised CG Manual, 1.10 Specific duties and responsibilities of each Director, b). page 20</p> <p><b>b) Conduct fair business transactions with the Corporation and ensure that personal interest does not bias Board decisions.</b> A director shall not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. He should observe the conflict of interest policy stated in this Manual.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<b>Recommendation 5.7</b>			
<p>1. 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.</p>	Compliant	<p><i>Provide proof and details of said meeting, if any.</i></p> <p><i>Provide information on the frequency and attendees of meetings.</i></p> <p>Refer to IMI's Revised CG Manual, 1.7 Board Meetings and Quorum Requirements (page 15)</p>	
<p>2. The meetings are chaired by the lead independent director.</p>	Compliant	<p>e) Non-executive Directors shall have a separate period meetings without any executive directors present to ensure proper checks and balances are in place in the Corporation.</p> <p>The meetings are chaired by the lead independent director.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	

Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	Compliant	<p><i>Provide name/s of company CEO for the past 2 years.</i></p> <p><b>Mr. Arthur R. Tan has been the CEO of IMI since April 2002, and a member of the Board of Directors since July 2001.</b></p> <p><b>2016 Annual Report – Directors’ Profiles, page 16</b>  <a href="https://www.global-imi.com/investors/annual-reports">https://www.global-imi.com/investors/annual-reports</a></p>	
<b>Principle 6:</b> The best measure of the Board’s effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	<p><i>Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees</i></p> <p><b>Refer to IMI’s Revised CG Manual, 1.10 Specific duties and responsibilities of each Director, j), page 21.</b></p> <p><b>Annual performance assessment of the Board.</b> The board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment should be supported by an external facilitator. Criteria and process to determine the performance of the Board, the individual directors, committees are stated in the Board Charter.</p> <p><b>IMI’s Board Assessment Questionnaire covers the following areas:</b></p> <p>Part I. Board Appraisal</p> <ul style="list-style-type: none"> <li>A. Structure of the Board</li> <li>B. Shareholder Benefits</li> <li>C. Fulfillment of the Board’s Key Responsibilities</li> <li>D. Oversight function</li> <li>E. Effectiveness of the Board’s processes and meetings</li> <li>F. Quality of Board – Management Relationship</li> <li>G. Corporate Ethics</li> <li>H. Performance Evaluation</li> </ul> <p>Part II. Individual Director Appraisal</p>	
2. The Chairman conducts a self-assessment of his performance.	Compliant		
3. The individual members conduct a self-assessment of their performance.	Compliant		
4. Each committee conducts a self-assessment of its performance.	Compliant		

		<p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p> <p>Refer to IMI's Board Charter, Annex B, Guidelines in Conducting Performance Assessments (page 10)</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf">https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf</a></p>	
5. Every three years, the assessments are supported by an external facilitator.	Compliant	<p><i>Identify the external facilitator and provide proof of use of an external facilitator.</i></p> <p>As stated in the Company's Revised CG Manual in May 2017, the assessment should be supported by an external facilitator.</p> <p>Refer to IMI's Revised CG Manual, 1.10 Specific duties and responsibilities of each Director, j), page 21.</p> <p>j) <b>Annual performance assessment of the Board.</b> The board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment should be supported by an external facilitator. Criteria and process to determine the performance of the Board, the individual directors, committees are stated in the Board Charter.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<b>Recommendation 6.2</b>			
1. 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.	Compliant	<p><i>Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders</i></p> <p>Refer to IMI's Revised CG Manual, 1.10 Specific duties and responsibilities of each Director, j), page 21.</p>	
2. The system allows for a feedback mechanism from the shareholders.	Compliant	<p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p> <p>Refer to IMI's Board Charter, Annex B, Guidelines in Conducting Performance Assessments. (page 10)</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf">https://www.global-imi.com/sites/default/files/IMI_Board%20Charter_approved.pdf</a></p>	

		<p>Refer to IMI's Revised CG Manual, Article VIII. Stockholders' Rights and Protection of Minority Stockholders' Interests.</p> <p>Stockholders of the company has the right to information upon request and for a legitimate purpose.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<b>Principle 7:</b> Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
<b>Recommendation 7.1</b>			
1. 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.	Compliant	<p><i>Provide information on or link/reference to the company's Code of Business Conduct and Ethics.</i></p> <p><b>IMI's Code of Business Conduct and Ethics</b>  <a href="https://www.global-imi.com/governance/code-business-conduct-and-ethics">https://www.global-imi.com/governance/code-business-conduct-and-ethics</a></p>	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	<p><i>Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.</i></p> <p><b>Global HR has the task of implementing and monitoring compliance of the Code of Business Conduct and Ethics.</b></p>	
3. The Code is disclosed and made available to the public through the company website.	Compliant	<p><i>Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.</i></p> <p><b>IMI's Code of Business Conduct and Ethics</b>  <a href="https://www.global-imi.com/governance/code-business-conduct-and-ethics">https://www.global-imi.com/governance/code-business-conduct-and-ethics</a></p>	
<b>Supplement to Recommendation 7.1</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	<p><i>Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery</i></p> <p><b>IMI's Code of Business Conduct and Ethics, 5.2 Fair Dealing, page 4</b>  <a href="https://www.global-imi.com/governance/code-business-conduct-and-ethics">https://www.global-imi.com/governance/code-business-conduct-and-ethics</a></p>	
<b>Recommendation 7.2</b>			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business	Compliant	<p><i>Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.</i></p>	

2017 Integrated Annual Corporate Governance Report  
 Integrated Micro-Electronics, Inc.

<p>Conduct and Ethics.</p> <p>2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.</p>	<p>Compliant</p>	<p><i>Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.</i></p> <p><b>Refer to IMI's Revised CG Manual, 1.9 Specific Duties of the BOD, q), page 19</b></p> <p>IMI's Code of Conduct and Ethics covers all employees, officers and directors of the Company. They are expected to comply with all the laws, rules and regulations that are applicable to the Company and its business.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p> <p><a href="https://www.global-imi.com/governance/code-business-conduct-and-ethics">https://www.global-imi.com/governance/code-business-conduct-and-ethics</a></p>	<p>IMI will revise its Code of Conduct and Ethics this year to provide a comprehensive policy that complies to SEC's recommendation.</p>
<p><b>Disclosure and Transparency</b></p>			
<p><b>Principle 8:</b> The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.</p>			
<p><b>Recommendation 8.1</b></p>			
<p>1. 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.</p>	<p>Compliant</p>	<p><i>Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders</i></p> <p><b>Refer to IMI's Revised CG Manual, Article VI. Disclosure and Transparency, page 45</b></p> <p><b>ARTICLE VI. Disclosure and Transparency</b></p> <p>The essence of corporate governance is transparency. The more transparent the internal workings of the corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the corporation or misappropriate its assets.</p> <p>It is therefore essential that all material information about the corporation which could adversely affect its viability or the interest of the stockholders and other stakeholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management.</p>	

		<p>The directors and officers shall therefore commit at all times to full disclosure of material information dealings and any dealings in the company's shares within three business days. It shall cause the filing all required information through the appropriate Exchange mechanisms for listed companies and submission to the Commission for the interest of its stockholders and other stakeholders.</p> <p>The Corporation shall make a full, fair, accurate and timely disclosure to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. Moreover, the Board of the offeree company should appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p> <p>The Corporation includes media and analysts' briefing as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<b>Supplement to Recommendations 8.1</b>			
<p>1. 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.</p>	Compliant	<p><i>Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.</i></p> <p><b>IMI disclosed its Definitive Information Statement last March 10, 2017.</b></p> <p><b>For Quarterly Reports please refer to PSE Edge Portal.</b></p> <p>See link below to PSE Edge Portal. <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=47c00768a27b98f63318251c9257320d#sthash.uITOIQOt.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=47c00768a27b98f63318251c9257320d#sthash.uITOIQOt.dpbs</a></p>	
<p>2. 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</p>	Compliant	<p><i>Provide link or reference to the company's annual report where the following are disclosed:</i></p> <ol style="list-style-type: none"> <li>1. <i>principal risks to minority shareholders associated with the identity of the company's controlling shareholders;</i></li> <li>2. <i>cross-holdings among company affiliates; and</i></li> <li>3. <i>any imbalances between the controlling shareholders' voting power and</i></li> </ol>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

<p>between the controlling shareholders' voting power and overall equity position in the company.</p>		<p><i>overall equity position in the company.</i></p> <p><b>IMI 2016 Annual Report (SEC Form 17-A)</b>  <b>Item 11. Security Ownership of Certain Beneficial Owners and Management, page 56</b>  <a href="https://www.global-imi.com/sites/default/files/IMI-2016%20AR_0.pdf">https://www.global-imi.com/sites/default/files/IMI-2016%20AR_0.pdf</a></p> <p><b>IMI Definitive Information Statement, d. Security Ownership of certain record and beneficial owners and management, page 4.</b>  <a href="https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf">https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf</a></p> <p><b>IMI 2017 Annual Report (SEC Form 17-A)</b>  <b>Item 11. Security Ownership of Certain Beneficial Owners and Management, page 54</b>  <a href="https://www.global-imi.com/sites/default/files/2017%20SEC%20Form%2017-A_Integrated%20Micro-Electronics%2C%20Inc..pdf">https://www.global-imi.com/sites/default/files/2017%20SEC%20Form%2017-A_Integrated%20Micro-Electronics%2C%20Inc..pdf</a></p>	
<b>Recommendation 8.2</b>			
<p>1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p>Compliant</p>	<p><i>Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.</i></p> <p><i>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.</i></p>	
<p>2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p>Compliant</p>	<p><b>IMI's Insider Trading Policy</b></p> <p><a href="https://www.global-imi.com/sites/default/files/IMI_Insider-Trading-Policy.pdf">https://www.global-imi.com/sites/default/files/IMI_Insider-Trading-Policy.pdf</a></p> <p><b>Refer to IMI's Revised CG Manual, Article VI. Disclosure and Transparency, page 45</b></p> <p>The directors and officers shall therefore commit at all times to full disclosure of material information dealings and any dealings in the company's shares within three business days. It shall cause the filing all required information through the appropriate Exchange mechanisms for listed companies and submission to the Commission for the interest of its stockholders and other stakeholders.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	

		<p>Refer to IMI's Annual Corporate Governance Report, (e) Shareholding in the Company, page 9. <a href="https://www.global-imi.com/sites/default/files/SEC%20Form%20-%20ACGR_Integrated%20Micro-Electronics%2C%20Inc_Dec%202017.pdf">https://www.global-imi.com/sites/default/files/SEC%20Form%20-%20ACGR_Integrated%20Micro-Electronics%2C%20Inc_Dec%202017.pdf</a></p> <p>Refer to 2017 Annual Report, Disclosure and Transparency, b. Directors' and Reportable Officers' Dealings in the Company Shares (page 44). <a href="https://www.global-imi.com/investors/annual-reports">https://www.global-imi.com/investors/annual-reports</a></p> <p>Refer to IMI's Official Website, Corporate Disclosures, Statement of Changes in Beneficial Ownership of Securities. <a href="https://www.global-imi.com/investors/prospectuscompany-disclosures">https://www.global-imi.com/investors/prospectuscompany-disclosures</a></p>	
<b>Supplement to Recommendation 8.2</b>			
<p>1. 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).</p>	Compliant	<p><i>Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders.</i></p> <p>Refer to IMI's Annual Corporate Governance Report, (e) Shareholding in the Company, page 10. <a href="https://www.global-imi.com/sites/default/files/SEC%20Form%20-%20ACGR_Integrated%20Micro-Electronics%2C%20Inc_Dec%202017.pdf">https://www.global-imi.com/sites/default/files/SEC%20Form%20-%20ACGR_Integrated%20Micro-Electronics%2C%20Inc_Dec%202017.pdf</a></p> <p>IMI's List of Top 100 Stockholders <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=adfe6eec61b827f043ca035510b6ec2b#sthash.RlByYQwP.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=adfe6eec61b827f043ca035510b6ec2b#sthash.RlByYQwP.dpbs</a></p> <p>Provide link or reference to the company's Conglomerate Map.</p> <p>Sec Form 17-A, Supplementary Schedules, pdf page 169-170 <a href="https://www.global-imi.com/sites/default/files/IMI-2016%20AR_0.pdf">https://www.global-imi.com/sites/default/files/IMI-2016%20AR_0.pdf</a></p>	
<b>Recommendation 8.3</b>			
<p>1. 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.</p>	Compliant	<p><i>Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</i></p> <p>2017 Definitive Information Statement, Annex A Directors and Officers, page 20 <a href="https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf">https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf</a></p>	



2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

<p>2. 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.</p>	<p>Compliant</p>	<p><i>Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</i></p> <p><b>2017 Definitive Information Statement, Annex A Directors and Officers, page 20</b>  <a href="https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf">https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf</a></p>	
<b>Recommendation 8.4</b>			
<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p>	<p>Compliant</p>	<p><i>Disclose or provide link/reference to the company policy and practice for setting board remuneration</i></p> <p><b>Refer to IMI's Revised CG Manual, 2.3 Compensation Committee (page 25)</b>  <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p> <p><b>2017 Definitive Information Statement, Item 6. Compensation of directors and executive officers Executive Compensation</b>  <a href="https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf">https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf</a></p>	
<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	<p>Compliant</p>	<p><i>Disclose or provide link/reference to the company policy and practice for determining executive remuneration</i></p> <p><b>Refer to IMI's Revised CG Manual, 2.3 Compensation Committee (page 25)</b>  <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>Compliant</p>	<p><i>Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.</i></p> <p><b>Please refer to 2017 Annual Report, Corporate Governance Page 42, Gross Remuneration of Each Director for 2017</b>  <a href="https://www.global-imi.com/investors/annual-reports">https://www.global-imi.com/investors/annual-reports</a></p> <p><b>2017 Definitive Information Statement, Item 6. Compensation of directors and executive officers Executive Compensation</b>  <a href="https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf">https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf</a></p>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	<p><i>Disclose or provide reference/link to company's RPT policies</i></p> <p><i>Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.</i></p> <p><b>Refer to IMI's Revised CG Manual, 2.7 RPT Committee (page 31)</b>  <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p> <p><b>Refer to Related Party Transactions Policy</b>  <a href="https://www.global-imi.com/sites/default/files/IMI%20RPT%20POLICY.pdf">https://www.global-imi.com/sites/default/files/IMI%20RPT%20POLICY.pdf</a></p> <p><b>2016 Annual Report – Note 29. Related Party Transactions (page 66)</b>  <a href="https://www.global-imi.com/investors/annual-reports">https://www.global-imi.com/investors/annual-reports</a></p>	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	<p><i>Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:</i></p> <ol style="list-style-type: none"> <li>1. <i>name of the related counterparty;</i></li> <li>2. <i>relationship with the party;</i></li> <li>3. <i>transaction date;</i></li> <li>4. <i>type/nature of transaction;</i></li> <li>5. <i>amount or contract price;</i></li> <li>6. <i>terms of the transaction;</i></li> <li>7. <i>rationale for entering into the transaction;</i></li> <li>8. <i>the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and</i></li> <li>9. <i>other terms and conditions</i></li> </ol> <p><b>Refer to Related Party Transactions Policy</b>  <a href="https://www.global-imi.com/sites/default/files/IMI%20RPT%20POLICY.pdf">https://www.global-imi.com/sites/default/files/IMI%20RPT%20POLICY.pdf</a></p> <p><b>2016 Annual Report – Note 29. Related Party Transactions (page 66)</b>  <a href="https://www.global-imi.com/investors/annual-reports">https://www.global-imi.com/investors/annual-reports</a></p>	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose	Compliant	<i>Indicate where and when directors disclose their interests in transactions or any</i>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

<p>their interests in transactions or any other conflict of interests.</p>		<p><i>other conflict of interests.</i></p> <p><b>Refer to IMI’s Revised CG Manual, Article IV, Governance Policy on Conflict of Interest (page 38).</b></p> <p>Directors, officers and employees shall always advance the interest of the Corporation over their personal interests. They are required to be loyal to the Corporation so much so that they may not directly or indirectly derive any personal profit or advantage by reason of their position in the Corporation. They must promote the common interest of all shareholders and other stakeholders and the Corporation without regard to their own personal interests.</p>	
<b>Optional : Recommendation 8.5</b>			
<p>1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms’ length.</p>	<p>Compliant</p>	<p><i>Provide link or reference where this is disclosed, if any</i></p> <p><b>Refer to Related Party Transactions Policy</b> <a href="https://www.global-imi.com/sites/default/files/IMI%20RPT%20POLICY.pdf">https://www.global-imi.com/sites/default/files/IMI%20RPT%20POLICY.pdf</a></p>	
<b>Recommendation 8.6</b>			
<p>1. 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.</p>	<p>Compliant</p>	<p><i>Provide link or reference where this is disclosed</i></p> <p><b>Refer to IMI’s Revised CG Manual, Article VI. Disclosure and Transparency (page 45).</b></p> <p>The essence of corporate governance is transparency. The more transparent the internal workings of the corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the corporation or misappropriate its assets.</p> <p>It is therefore essential that all material information about the corporation which could adversely affect its viability or the interest of the stockholders and other stakeholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p> <p><b>Please refer to the following Company disclosures:</b></p>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

		<a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=bd8d5442a5bd74b73318251c9257320d#sthash.ZFvTzKCi.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=bd8d5442a5bd74b73318251c9257320d#sthash.ZFvTzKCi.dpbs</a>  <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=5345a5d3493873a172785c150f4cd6d2#sthash.lw7Doork.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=5345a5d3493873a172785c150f4cd6d2#sthash.lw7Doork.dpbs</a>	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	<p><i>Identify independent party appointed to evaluate the fairness of the transaction price. Disclose the rules and procedures for evaluating the fairness of the transaction price, if any.</i></p> <p><b>Refer to IMI’s Revised CG Manual, Article VI. Disclosure and Transparency (page 45).</b></p> <p>The Corporation shall make a full, fair, accurate and timely disclosure to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. Moreover, the Board of the offeree company should appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<b>Supplement to Recommendation 8.6</b>			
1. Company discloses the existence, justification and details 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.	Compliant	<p><i>Provide link or reference where these are disclosed.</i></p> <p><b>Refer to IMI’s Revised CG Manual, Article VI. Disclosure and Transparency (page 45).</b></p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p> <p><b>IMI’s Official Website</b> <a href="https://www.global-imi.com/investors/prospectuscompany-disclosures">https://www.global-imi.com/investors/prospectuscompany-disclosures</a></p>	
<b>Recommendation 8.7</b>			
1. Company’s corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	<p><i>Provide link to the company’s website where the Manual on Corporate Governance is posted.</i></p> <p><b>The Company’s Revised Manual of Corporate Governance was submitted to PSE and SEC. It was published in the Company’s official website.</b></p>	
2. Company’s MCG is submitted to the SEC	Compliant		

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

and PSE.		<a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a>	
3. Company's MCG is posted on its company website.	Compliant	<a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=7119b0219764eeec3318251c9257320d#sthash.BVeSymbI.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=7119b0219764eeec3318251c9257320d#sthash.BVeSymbI.dpbs</a>	
<b>Supplement to Recommendation 8.7</b>			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	<p><i>Provide proof of submission.</i></p> <p>The Company resubmits its Revised Manual of CG last May 30, 2017, in compliance to SEC Memo no. 19 Series of 2016.</p> <p><a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=7119b0219764eeec3318251c9257320d#sthash.OTtVKTKJ.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=7119b0219764eeec3318251c9257320d#sthash.OTtVKTKJ.dpbs</a></p> <p>The Company resubmits its Revised Manual of CG last January 5, 2018 after the Board approves minor changes.</p> <p><a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=da4a7460cd83176d43ca035510b6ec2b#sthash.laViJ114.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=da4a7460cd83176d43ca035510b6ec2b#sthash.laViJ114.dpbs</a></p>	
<b>Optional: Principle 8</b>			
1. Does the company's Annual Report disclose the following information:		<i>Provide link or reference to the company's Annual Report containing the said information.</i>	
a. Corporate Objectives	Compliant	<b>2016 Annual Report</b>	
b. Financial performance indicators	Compliant	<a href="https://www.global-imi.com/investors/annual-reports">https://www.global-imi.com/investors/annual-reports</a>	
c. Non-financial performance indicators	Compliant	<b>Corporate Objectives – page 4</b>	
d. Dividend Policy	Compliant	<b>Financial performance indicators – page 5-7</b>	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant	<p><b>Non-financial performance indicators – page 40</b></p> <p><b>Dividend Policy – indicated in the SEC Form 17-A, page 36.</b></p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-2016%20AR_0.pdf">https://www.global-imi.com/sites/default/files/IMI-2016%20AR_0.pdf</a></p>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

		Biographical details of Directors – page 16-21	
f. Attendance details of each director in all directors meetings held during the year	Compliant	Refer to 2017 Annual Report <a href="https://www.global-imi.com/investors/annual-reports">https://www.global-imi.com/investors/annual-reports</a>	
g. Total remuneration of each member of the board of directors	Compliant	Attendance of each directors meetings – page 42  Remuneration of each director during the year – page 42	
2. 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.	Compliant	Provide link or reference to where this is contained in the Annual Report  Refer to 2017 Annual Report <a href="https://www.global-imi.com/investors/annual-reports">https://www.global-imi.com/investors/annual-reports</a>  Page 40 – Commitment to Good Governance	
3. 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.	Compliant	Provide link or reference to where this is contained in the Annual Report  BOD thru its Audit Committee conducted a review of the Company’s material controls (including operational, financial and compliance controls) and risk management systems.	
4. 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.	Compliant	Provide link or reference to where this is contained in the Annual Report  Refer to the Audit and Risk Committee to the Board of Directors for the year ended 31 December 2016.  2016 Annual Report (page 49) <a href="https://www.global-imi.com/investors/annual-reports">https://www.global-imi.com/investors/annual-reports</a>	
5. 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).	Compliant	Provide link or reference to where these are contained in the Annual Report  IMI 2016 Annual Report (SEC Form 17-A), Risk Factors (page 17)  <a href="https://www.global-imi.com/sites/default/files/IMI-2016%20AR_0.pdf">https://www.global-imi.com/sites/default/files/IMI-2016%20AR_0.pdf</a>	

**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.

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	<p><i>Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.</i></p> <p><b>Audit and Risk Committee Charter, Section D Responsibilities – External Auditor clause 3.1, Page 7</b>  <a href="https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf">https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf</a></p>	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	<p><i>Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.</i></p> <p><b>100% voted for and approved the Election of auditors and fixing of their remuneration.</b></p> <p><b>2017 Annual Stockholders' Meeting Voting Results</b>  <a href="https://www.global-imi.com/sites/default/files/IMI-2017-Voting-Results.pdf">https://www.global-imi.com/sites/default/files/IMI-2017-Voting-Results.pdf</a></p> <p><b>Minutes of 2017 Annual Stockholders' Meeting, 11. Election of External Auditor and Fixing of its Remuneration, Page 11-12</b>  <a href="https://www.global-imi.com/sites/default/files/IMI-Minutes-of-ASM-2017-7-April-2017.pdf">https://www.global-imi.com/sites/default/files/IMI-Minutes-of-ASM-2017-7-April-2017.pdf</a></p>	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	<p><i>Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.</i></p> <p><b>Refer to IMI's Revised CG Manual, Article V, 2.d), page 43</b>  <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p> <p><b>Audit and Risk Committee Charter, Section D Responsibilities – External Auditor clause 3.1, Page 7</b>  <a href="https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf">https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf</a></p>	

Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	<p><i>Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years.</i></p> <p><b>Refer to IMI's Revised CG Manual, Article V, 2.c), page 43</b>  <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p> <p><b>Audit and Risk Committee Charter, Section D Responsibilities – External Auditor clause 3.2, Page 7</b>  <a href="https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf">https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf</a></p>	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> <li>i. Assessing the integrity and independence of external auditors;</li> <li>ii. Exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> <li>iii. Exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul>	Compliant	<p><i>Provide link/reference to the company's Audit Committee Charter</i></p> <p><a href="https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf">https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf</a></p> <p><b>Section D Responsibilities – External Auditor clauses 3.1-3.2; 3.6-3.7, Page 7-8</b>                      ii. <b>Section D Responsibilities – External Auditor clauses 3.3-3.4; 3.6-3.10, Page 7-8</b>                      iii. <b>Section D Responsibilities – External Auditor clauses 3.3, 3.5-3.10, Page 7-8</b>  <b>Section D Responsibilities – Financial Reporting clauses 1.1-1.3, Page 5</b></p>	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant	<p><i>Provide link/reference to the company's Audit Committee Charter</i></p> <p><a href="https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf">https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf</a></p>	



2017 Integrated Annual Corporate Governance Report  
 Integrated Micro-Electronics, Inc.

		Section D: Responsibilities - External Auditor clauses 3.1-3.2 Apart from annual assessment, the Audit and Risk Committee also ensures the rotation of the lead engagement partner as well as rotation of the audit firm itself.	
<b>Supplement to Recommendations 9.2</b>			
1. 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.	Compliant	<p><i>Provide link/reference to the company's Audit Committee Charter</i></p> <p><b>Section D Responsibilities – External Auditor clauses 3.1, 3.3, 3.5, 3.10, Page 7-8</b>  <a href="https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf">https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf</a></p> <p>Further, there is a separate Related Party Transactions Committee (RPT) focusing on the review of material related party transactions of the Company. SGV also covers unusual or complex transactions as part of their regular audit and reports these to the ARC.</p>	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant	<p><i>Provide link/reference to the company's Audit Committee Charter</i></p> <p><b>Section D Responsibilities – Financial Reporting clauses 1.1-1.2, Page 5; External Audit clause 3.1, Page 7 (Note: Part of the external auditor annual performance evaluation includes quality process assessment)</b>  <a href="https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf">https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf</a></p>	
<b>Recommendation 9.3</b>			
1. 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.	Compliant	<p><i>Disclose the nature of non-audit services performed by the external auditor, if any.</i></p> <p><b>2017 Definitive Information Statement, Item 7. Independent Public Accountants, page 11.</b>  <a href="https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf">https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf</a></p>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

<p>2. 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.</p>	<p>Compliant</p>	<p><i>Provide link or reference to guidelines or policies on non-audit services</i></p> <p><b>Audit and Risk Committee Charter, Section D Responsibilities – External Auditor clause 3.7, Page 8</b>  <a href="https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf">https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf</a></p>	
<b>Supplement to Recommendation 9.3</b>			
<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	<p>Compliant</p>	<p><i>Provide information on audit and non-audit fees paid.</i></p> <p><b>2017 Definitive Information Statement, Item 7. Independent Public Accountants, d. page 11.</b>  <a href="https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf">https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf</a></p>	
<b>Additional Recommendation to Principle 9</b>			
<p>1. Company’s external auditor is duly accredited by the SEC under Group A category.</p>	<p>Compliant</p>	<p><i>Provide information on company’s external auditor, such as:</i></p> <ol style="list-style-type: none"> <li>1. Name of the audit engagement partner;</li> <li>2. Accreditation number;</li> <li>3. Date Accredited;</li> <li>4. Expiry date of accreditation; and</li> <li>5. Name, address, contact number of the audit firm.</li> </ol> <p><b>2016 Annual Report – Independent Auditor’s Report, page 53.</b>  <a href="https://www.global-imi.com/investors/annual-reports">https://www.global-imi.com/investors/annual-reports</a></p>	
<p>2. 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).</p>	<p>Compliant</p>	<p><i>Provide information on the following:</i></p> <ol style="list-style-type: none"> <li>1. Date it was subjected to SOAR inspection, if subjected;</li> <li>2. Name of the Audit firm; and</li> <li>3. Members of the engagement team inspected by the SEC.</li> </ol> <p><b>Not applicable. Notice from SEC not yet received.</b></p>	

<b>Principle 10:</b> The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
<b>Recommendation 10.1</b>			
1. 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.	Compliant	<p><i>Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.</i></p> <p><b>Refer to IMI's Revised CG Manual, Article IX, Sustainability and Social Responsibility (page 51)</b>  <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	<p><i>Provide link to Sustainability Report, if any. Disclose the standards used.</i></p> <p><b>IMI uses Global Reporting Initiative (GRI) Indicators in its Sustainability Report.</b></p> <p><b>2016 Annual Report – GRI Indicators (page 43)</b></p> <p><b>2017 Annual Report – The Pillars of Sustainability (page 40)</b>  <a href="https://www.global-imi.com/investors/annual-reports">https://www.global-imi.com/investors/annual-reports</a></p>	
<b>Principle 11:</b> 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.			
<b>Recommendation 11.1</b>			
1. 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.	Compliant	<p><i>Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.).</i></p> <p><i>Provide links, if any.</i></p> <p><b>IMI hold its Analyst Briefing on a quarterly basis.</b>  <a href="https://www.global-imi.com/investors/presentations">https://www.global-imi.com/investors/presentations</a></p>	
<b>Supplemental to Principle 11</b>			
1. Company has a website disclosing up-to-date information on the following:		<p><i>Provide link to company website:</i></p> <p><b>a. Quarterly Reports:</b> <a href="https://www.global-imi.com/investors/prospectuscompany-disclosures">https://www.global-imi.com/investors/prospectuscompany-disclosures</a></p>	
a. Financial statements/reports (latest quarterly)	Compliant		

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

		b. Analysts' briefing materials: <a href="https://www.global-imi.com/investors/presentations">https://www.global-imi.com/investors/presentations</a>	
b. Materials provided in briefings to analysts and media	Compliant	c. Annual Reports: <a href="https://www.global-imi.com/investors/annual-reports">https://www.global-imi.com/investors/annual-reports</a>	
c. Downloadable annual report	Compliant	d. Notice of ASM: <a href="https://www.global-imi.com/investors/prospectuscompany-disclosures">https://www.global-imi.com/investors/prospectuscompany-disclosures</a>	
d. Notice of ASM and/or SSM	Compliant	e. Minutes of ASM: <a href="https://www.global-imi.com/investors/prospectuscompany-disclosures">https://www.global-imi.com/investors/prospectuscompany-disclosures</a>	
e. Minutes of ASM and/or SSM	Compliant	f. Articles of Incorporation and By-Laws:  <a href="https://www.global-imi.com/about">https://www.global-imi.com/about</a>  <a href="https://www.global-imi.com/sites/default/files/SEC-PSE-Amendments%20to%20the%20Articles%20of%20Incorporation_122117.pdf">https://www.global-imi.com/sites/default/files/SEC-PSE-Amendments%20to%20the%20Articles%20of%20Incorporation_122117.pdf</a>  <a href="https://www.global-imi.com/sites/default/files/IMI_Amended-By-Laws-2012.pdf">https://www.global-imi.com/sites/default/files/IMI_Amended-By-Laws-2012.pdf</a>	
<b>Additional Recommendation to Principle 11</b>			
1. Company complies with SEC-prescribed website template.	Compliant	Please refer to IMI's Official Website.  <a href="https://www.global-imi.com/">https://www.global-imi.com/</a>	
<b>Internal Control System and Risk Management Framework</b>			
<b>Principle 12:</b> 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.			
<b>Recommendation 12.1</b>			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	<i>List quality service programs for the internal audit functions.</i>  <i>Indicate frequency of review of the internal control system</i>  Refer to IMI's Revised CG Manual, Article V, 1.8 General Responsibility of the Board for Good Governance, d) (page 16) <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a>  Audit and Risk Committee Charter, D. Responsibilities, 6. Internal Control, page 10 <a href="https://www.global-imi.com/">https://www.global-</a>	

		<a href="http://imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf">imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf</a>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	<p><i>Identify international framework used for Enterprise Risk Management</i></p> <p><i>Provide information or reference to a document containing information on:</i></p> <ol style="list-style-type: none"> <li>1. <i>Company's risk management procedures and processes</i></li> <li>2. <i>Key risks the company is currently facing</i></li> <li>3. <i>How the company manages the key risks</i></li> </ol> <p><i>Indicate frequency of review of the enterprise risk management framework.</i></p> <p><b>IMI's Enterprise Risk Management Policies and Procedures</b>  <a href="https://www.global-imi.com/sites/default/files/IMI-Enterprise-Risk-Management-Policy.pdf">https://www.global-imi.com/sites/default/files/IMI-Enterprise-Risk-Management-Policy.pdf</a></p>	
<b>Supplement to Recommendations 12.1</b>			
1. 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.	Compliant	<p><i>Provide information on or link/ reference to a document containing the company's compliance program covering compliance with laws and relevant regulations.</i></p> <p><i>Indicate frequency of review.</i></p> <p><b>Refer to IMI's Revised CG Manual, Article V, Audit, Compliance and Risk Management, 3. Compliance System, page 44</b>  <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<b>Optional: Recommendation 12.1</b>			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.		<i>Provide information on IT governance process</i>	
<b>Recommendation 12.2</b>			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add	Compliant	<p><i>Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.</i></p> <p><b>IMI's Revised CG Manual, Article II Board Governance, 1.8 General Responsibility of</b></p>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

value and improve the company's operations.		<p>the Board for Good Governance, clause vi, Page 16  <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p> <p>Audit and Risk Committee Charter,  Section D Responsibilities – Internal Audit clause 2.2, Page 6  <a href="https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf">https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf</a></p>	
<b>Recommendation 12.3</b>			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	<p><i>Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.</i></p> <p><b>Refer to Audit and Risk Committee Charter</b>  <a href="https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf">https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf</a></p>	
2. 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.	Compliant	<b>No outsourced internal audit activity in 2017.</b>	
3. 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.	Compliant	<p><i>Identify qualified independent executive or senior management personnel, if applicable.</i></p> <p><b>No outsourced internal audit activity in 2017.</b></p>	
<b>Recommendation 12.4</b>			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	<p><i>Provide information on company's risk management function.</i></p> <p><b>Refer to Audit and Risk Committee Charter, D. Responsibilities, 4. Risk Management (page 8)</b>  <a href="https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf">https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf</a></p>	
<b>Supplement to Recommendation 12.4</b>			
1. Company seeks external technical	Compliant	<i>Identify source of external technical support, if any.</i>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

support in risk management when such competence is not available internally.		<b>No outsourced risk management activity in 2017.</b>	
<b>Recommendation 12.5</b>			
1. 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 (ERM).	Compliant	<p><i>Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.</i></p> <p><b>IMI's Chief Risk Officer (CRO) is Jerome S. Tan, who is also the Chief Finance Officer.</b></p> <p><b>Refer to Audit and Risk Committee Charter, D. Responsibilities, 4. Risk Management (page 8)</b></p> <p><a href="https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf">https://www.global-imi.com/sites/default/files/IMI%20Audit%20and%20Risk%20Committee%20Charter%20Nov%202017.pdf</a></p>	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	<b>IMI's Chief Risk Officer (CRO) is Jerome S. Tan, who is also the Chief Finance Officer.</b>	
<b>Additional Recommendation to Principle 12</b>			
1. 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.	Compliant	<p><i>Provide link to CEO and CAE's attestation</i></p> <p><a href="https://www.global-imi.com/sites/default/files/CEO%20CAE%20Attestation%202017.pdf">https://www.global-imi.com/sites/default/files/CEO%20CAE%20Attestation%202017.pdf</a></p>	
<b>Cultivating a Synergic Relationship with Shareholders</b>			
<b>Principle 13:</b> The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
<b>Recommendation 13.1</b>			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	<p><i>Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.</i></p> <p><b>Refer to IMI's Revised CG Manual, Article VIII. Stockholders' Rights and Protection of Minority Stockholders' Interest, page 48</b></p> <p>Stockholders' Rights:</p> <ul style="list-style-type: none"> <li>• Voting Right</li> </ul>	

		<ul style="list-style-type: none"> <li>• Pre-emptive Right</li> <li>• Right of Inspection</li> <li>• Right to Information</li> <li>• Right to Dividends</li> <li>• Appraisal Right</li> <li>• Right to Nominate</li> </ul> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	<p><i>Provide link to company's website</i></p> <p><b>Refer to IMI's Revised CG Manual, Article VIII. Stockholders' Rights and Protection of Minority Stockholders' Interest, page 48</b></p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
<b>Supplement to Recommendation 13.1</b>			
1. Company's common share has one vote for one share.	Compliant	<p><b>Amended By-Laws, Article III, Section 7, page 3</b></p> <p><a href="https://www.global-imi.com/sites/default/files/IMI_Amended-By-Laws-2012.pdf">https://www.global-imi.com/sites/default/files/IMI_Amended-By-Laws-2012.pdf</a></p> <p><b>Section 7</b> – Each share of stock entitles the person whose name it is registered in the books of the Corporation one vote, provided the conditions as regards payment subject to which it was issued have been complied with.</p> <p><b>2017 Definitive Information Statement, Method of Voting, page 18-19</b></p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf">https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf</a></p> <p><b>Minutes of 2017 Annual Stockholders' Meeting</b></p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Minutes-of-ASM-2017-7-April-2017.pdf">https://www.global-imi.com/sites/default/files/IMI-Minutes-of-ASM-2017-7-April-2017.pdf</a></p>	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	<p><i>Provide information on all classes of shares, including their voting rights if any.</i></p> <p><b>Amended By-Laws, Article III, Section 7-8, page 3</b></p> <p><a href="https://www.global-imi.com/sites/default/files/IMI_Amended-By-Laws-2012.pdf">https://www.global-imi.com/sites/default/files/IMI_Amended-By-Laws-2012.pdf</a></p>	



2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

		<p>2017 Definitive Information Statement, Method of Voting, page 18-19  <a href="https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf">https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf</a></p>	
3. Board has an effective, secure, and efficient voting system.	Compliant	<p><i>Provide link to voting procedure. Indicate if voting is by poll or show of hands.</i></p> <p>2017 Definitive Information Statement, Method of Voting, page 18-19  <a href="https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf">https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf</a></p>	
4. Board has an effective shareholder voting mechanisms such as supermajority or “majority of minority” requirements to protect minority shareholders against actions of controlling shareholders.	Compliant	<p><i>Provide information on shareholder voting mechanisms such as supermajority or “majority of minority”, if any.</i></p> <p>Refer to IMI’s Revised CG Manual, Article VIII. Stockholders’ Rights and Protection of Minority Stockholders’ Interest, page 48  <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
5. Board allows shareholders to call a special shareholders’ meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	<p><i>Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)</i></p> <p>Refer to IMI’s Revised CG Manual, Article VIII. Stockholders’ Rights and Protection of Minority Stockholders’ Interest, d) Right to Information, page 49  <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	<p><i>Provide information or link/reference to the policies on treatment of minority shareholders</i></p> <p>Refer to IMI’s Revised CG Manual, Article VIII. Stockholders’ Rights and Protection of Minority Stockholders’ Interest, page 48.  <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
7. Company has a transparent and specific dividend policy.	Compliant	<p><i>Provide information on or link/reference to the company’s dividend Policy.</i></p> <p><i>Indicate if company declared dividends. If yes, indicate the number of days within which the dividends were paid after declaration. In case the company has offered scrip-dividends, indicate if the company paid the dividends within 60 days from declaration</i></p>	

		<p>2017 Definitive Information Statement, II. Market Price Of and Dividends on the Registrant’s Common Equity, C) Dividends, page 43.  <a href="https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf">https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf</a></p> <p>Sec Form 17-A, Part II – Operational and Financial Information, Item 6. Market for Issuer’s Common Equity and Related Stockholder Matters, page 36 (pdf page no. 38)  <a href="https://www.global-imi.com/sites/default/files/IMI-2016%20AR_0.pdf">https://www.global-imi.com/sites/default/files/IMI-2016%20AR_0.pdf</a></p>	
<b>Optional: Recommendation 13.1</b>			
<p>1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders’ Meeting.</p>	Compliant	<p><i>Identify the independent party that counted/validated the votes at the ASM, if any.</i></p> <p><b>2017 Annual Stockholders’ Meeting Voting Results were validated by SyCip Gorres Velayo &amp; Co.</b>  <a href="https://www.global-imi.com/sites/default/files/IMI-2017-Voting-Results.pdf">https://www.global-imi.com/sites/default/files/IMI-2017-Voting-Results.pdf</a></p>	
<b>Recommendation 13.2</b>			
<p>1. 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.</p>	Compliant	<p><i>Indicate the number of days before the annual stockholders’ meeting or special stockholders’ meeting when the notice and agenda were sent out</i></p> <p><i>Indicate whether shareholders’ approval of remuneration or any changes therein were included in the agenda of the meeting.</i></p> <p><i>Provide link to the Agenda included in the company’s Information Statement (SEC Form 20-IS)</i></p> <p><b>2017 Definitive Information Statement was issued on March 10, 2017, 28 days before the Annual Stockholders’ Meeting on April 7, 2017.</b></p> <p><b>Included in the Agenda of the ASM were the approval of the remuneration of the external auditor.</b></p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf">https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf</a></p> <p><a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=47c00768a27b98f63318251c9257320d#sthash.boHINUs1.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=47c00768a27b98f63318251c9257320d#sthash.boHINUs1.dpbs</a></p>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Compliant	<i>Provide link or reference to the company's notice of Annual Shareholders' Meeting</i>  <a href="https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf">https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf</a>  <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=47c00768a27b98f63318251c9257320d#sthash.boHINUs1.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=47c00768a27b98f63318251c9257320d#sthash.boHINUs1.dpbs</a>	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	<b>Annex "A" Directors and Key Officers, page 20</b>	
b. Auditors seeking appointment/re-appointment	Compliant	<b>Item 7. Independent Public Accountants, page 11</b>	
c. Proxy documents	Compliant	<b>Proxy document (pdf page no. 4)</b>	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	<i>Provide link or reference to the rationale for the agenda items</i>  <b>2017 Definitive Information Statement, Explanation of Agenda Items, pdf page no. 2</b> <a href="https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf">https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf</a>  <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=47c00768a27b98f63318251c9257320d#sthash.boHINUs1.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=47c00768a27b98f63318251c9257320d#sthash.boHINUs1.dpbs</a>	
Recommendation 13.3			
1. 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.	Compliant	<i>Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.</i>  <b>2017 Annual Stockholders' Meeting Voting Results</b> <a href="https://www.global-imi.com/sites/default/files/IMI-2017-Voting-Results.pdf">https://www.global-imi.com/sites/default/files/IMI-2017-Voting-Results.pdf</a>  <b>2017 ASM Minutes of Meeting</b> <a href="https://www.global-imi.com/sites/default/files/IMI-Minutes-of-ASM-2017-7-April-">https://www.global-imi.com/sites/default/files/IMI-Minutes-of-ASM-2017-7-April-</a>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

		<a href="#">2017.pdf</a>	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Compliant	<p><i>Provide link to minutes of meeting in the company website.</i></p> <p><i>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</i></p> <p><i>Indicate also if the voting on resolutions was by poll.</i></p> <p><i>Include whether there was opportunity to ask question and the answers given, if any</i></p> <p><b>2017 Annual Stockholders' Meeting Voting Results</b> <a href="https://www.global-imi.com/sites/default/files/IMI-2017-Voting-Results.pdf">https://www.global-imi.com/sites/default/files/IMI-2017-Voting-Results.pdf</a></p> <p><b>Results of Annual Stockholders' meeting</b> <a href="https://www.global-imi.com/sites/default/files/SEC-PSE-Result-of-ASM-and-Org-BOD_4-7-17.pdf">https://www.global-imi.com/sites/default/files/SEC-PSE-Result-of-ASM-and-Org-BOD_4-7-17.pdf</a></p> <p><b>Minutes of 2017 Annual Stockholders' Meeting</b> <a href="https://www.global-imi.com/sites/default/files/IMI-Minutes-of-ASM-2017-7-April-2017.pdf">https://www.global-imi.com/sites/default/files/IMI-Minutes-of-ASM-2017-7-April-2017.pdf</a></p>	
<b>Supplement to Recommendation 13.3</b>			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	<p><i>Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting</i></p> <p><b>The external auditor (Sycip, Gorres Velayo &amp; Co.) was present during the last Annual Stockholders' Meeting in April 2017.</b></p>	
<b>Recommendation 13.4</b>			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	<p><i>Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes</i></p> <p><b>Refer to IMI's Revised CG Manual, Article II, 1.9 Specific Duties of the Board of Directors, k), (page 18)</b></p>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

		<p>k) Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties;</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Non-Compliant	<i>Provide link/reference to where it is found in the Manual on Corporate Governance</i>	IMI has an existing alternative dispute mechanism included in the Annual Corporate Governance Report but this will be included in the revised CG Manual this year in compliance to SEC's recommendation.
<b>Recommendation 13.5</b>			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	<p><i>Disclose the contact details of the officer/office responsible for investor relations, such as:</i></p> <ol style="list-style-type: none"> <li>1. Name of the person</li> <li>2. Telephone number</li> <li>3. Fax number</li> <li>4. E-mail address</li> </ol> <p><b>IMI 's Investor Relations Office:</b></p> <p>Anthony Raymond P. Rodriguez 02-756-6840 Local 5300 <a href="mailto:ir@global-imi.com">ir@global-imi.com</a></p> <p>Refer to IMI's Revised CG Manual, Article VII Communication and Information, 2. The Investor Relations Function, page 47. <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
2. IRO is present at every shareholder's meeting.	Compliant	<i>Indicate if the IRO was present during the ASM.</i>	

		The Investor Relations Officer, Mr. Anthony Rodriguez has attended the Company's Annual Stockholders' Meeting since appointment in 2010.	
<b>Supplemental Recommendations to Principle 13</b>			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	<p><i>Provide information on how anti-takeover measures or similar devices were avoided by the board, if any.</i></p> <p>IMI has a Finance Committee who are responsible to oversee the financial policy and capital structure strategies, including capital structure, dividend policy, and capital allocation decisions that may be brought to the Board for approval.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI_Charter-of-Finance-Committee_May-2017.pdf">https://www.global-imi.com/sites/default/files/IMI_Charter-of-Finance-Committee_May-2017.pdf</a></p>	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Non-compliant	<p><i>Indicate the company's public float.</i></p> <p>As of December 31, 2017, IMI's public float was 20.65%  <a href="https://www.global-imi.com/sites/default/files/PSE-BIR-Public%20Ownership%20Report.pdf">https://www.global-imi.com/sites/default/files/PSE-BIR-Public%20Ownership%20Report.pdf</a></p> <p>As of March 2018, after Stock Rights Offering, IMI's public float is 30.17%.  <a href="https://www.global-imi.com/sites/default/files/PSE-BIR-Public%20Ownership%20Report_3.31.18.pdf">https://www.global-imi.com/sites/default/files/PSE-BIR-Public%20Ownership%20Report_3.31.18.pdf</a></p>	
<b>Optional: Principle 13</b>			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Compliant	<p><i>Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM</i></p> <p>Revised Manual of Corporate Governance, Article VIII. Stockholders' Rights and Protection of Minority Stockholders' Interests, page 48.  <a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Compliant	<p><i>Disclose the process and procedure for secure electronic voting in absentia, if any.</i></p> <p>Proxy Form in 2017 Definitive Information Statement  <a href="https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf">https://www.global-imi.com/sites/default/files/IMI-2017-Definitive-Information-Statement.pdf</a></p>	

Duties to 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.

Recommendation 14.1

<p>1. Board identifies the company’s various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.</p>	<p>Compliant</p>	<p><i>Identify the company’s shareholder and provide information or reference to a document containing information on the company’s policies and programs for its stakeholders.</i></p> <p><b>Revised Manual of Corporate Governance, Article I. Preamble</b></p> <p><b>Corporate governance</b> refers to “the framework of rules, systems and processes in the Corporation that governs the performance by the Board of Directors and Management of their respective duties and responsibilities to the stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and the community in which it operates.” It encompasses the entirety of the legal and factual regulatory framework for managing and supervising a Corporation. The primary goal of corporate governance is to create and sustain increased value in the Corporation for all of its stockholders and other stakeholders. To achieve this goal, it is necessary – among other things – to clearly set forth the principles of appropriate supervision and good management, and thereby lay the groundwork for development and implementation of value-creating activities. Moreover, it is as important that these agreed principles of governance are made transparent to all stockholders concerned and other stakeholders; thereby safeguarding stockholders’ and other stakeholders’ rights as well as promoting stockholders’ and other stakeholders’ participation in the corporate governance process.</p> <p><a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a></p>	
--	------------------	---	--

Recommendation 14.2

<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	<p>Compliant</p>	<p><i>Identify policies and programs for the protection and fair treatment of company’s stakeholders</i></p> <p><b>Revised Manual of Corporate Governance, Article VIII. Stockholders’ Rights and Protection of Minority Stockholders’ Interests, page 48</b></p>	
--	------------------	---	--

		<a href="https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/IMI-Revised%20CG%20Manual%20Dec%202017.pdf</a>	
<b>Recommendation 14.3</b>			
1. 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.	Compliant	<p><i>Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</i></p> <p><i>Provide information on whistleblowing policy, practices and procedures for stakeholders.</i></p> <p><b>IMI's official website has a "Contact Us" facility wherein all stakeholders can communicate directly to the Company.</b></p> <p><a href="https://www.global-imi.com/sites/default/files/whistleblower-policy.pdf">https://www.global-imi.com/sites/default/files/whistleblower-policy.pdf</a></p>	
<b>Supplement to Recommendation 14.3</b>			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Compliant	<p><i>Provide information on the alternative dispute resolution system established by the company.</i></p> <p><b>Refer to IMI's Annual Corporate Governance Report, B. Code of Business Conduct and Ethics, Policies on Conflict Resolution, and 6) Alternative Dispute Resolution.</b></p> <p><a href="https://www.global-imi.com/sites/default/files/SEC%20Form%20-%20ACGR_Integrated%20Micro-Electronics%2C%20Inc_Dec%202017.pdf">https://www.global-imi.com/sites/default/files/SEC%20Form%20-%20ACGR_Integrated%20Micro-Electronics%2C%20Inc_Dec%202017.pdf</a></p>	
<b>Additional Recommendations to Principle 14</b>			
1. 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.	Compliant	<p><i>Disclose any requests for exemption by the company and the reason for the request.</i></p> <p><b>The Company did not seek any exemption from the applicable laws, rules and regulations.</b></p>	
2. Company respects intellectual property rights.	Compliant	<p><i>Provide specific instances, if any.</i></p> <p><b>IMI's Code of Business Conduct and Ethics, 5.0 Ethics, 5.4 Intellectual Property.</b></p> <p>5.4 Intellectual Property                      Intellectual property rights are to be respected; transfer of technology and know-</p>	



		<p>how is to be done in a manner that protects intellectual property rights which is embodied in the IMI Intellectual Property (IP) Protection Policy. This policy includes, but is not limited to, confidential information, customer-supplied documentation, information and communication technologies facilities, manufacturing-related IP and intellectual property (scientific, literary, and artistic discoveries, creations and inventions).</p> <p><a href="https://www.global-imi.com/governance/code-business-conduct-and-ethics">https://www.global-imi.com/governance/code-business-conduct-and-ethics</a></p>	
<b>Optional: Principle 14</b>			
1. Company discloses its policies and practices that address customers' welfare	Compliant	<p><i>Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.</i></p> <p><b>Refer to IMI's Annual Corporate Governance Report, H. Role of Stakeholders, 1. Company's Policy and Activities relative to Customers' Welfare, page 45-46.</b>  <a href="https://www.global-imi.com/sites/default/files/SEC%20Form%20-%20ACGR%20Integrated%20Micro-Electronics%2C%20Inc%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/SEC%20Form%20-%20ACGR%20Integrated%20Micro-Electronics%2C%20Inc%20Dec%202017.pdf</a></p>	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	Compliant	<p><i>Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.</i></p> <p><b>Refer to IMI's Annual Corporate Governance Report, H. Role of Stakeholders, 1. Company's Policy and Activities relative to Supplier/Contractor selection procedure, page 46.</b>  <a href="https://www.global-imi.com/sites/default/files/SEC%20Form%20-%20ACGR%20Integrated%20Micro-Electronics%2C%20Inc%20Dec%202017.pdf">https://www.global-imi.com/sites/default/files/SEC%20Form%20-%20ACGR%20Integrated%20Micro-Electronics%2C%20Inc%20Dec%202017.pdf</a></p>	
<b>Principle 15:</b> 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.			
<b>Recommendation 15.1</b>			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	<p><i>Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.</i></p> <p><b>IMI's Code of Business Conduct and Ethics, 4.0 Management System and Corporate Social Responsibility.</b>  <a href="https://www.global-imi.com/governance/code-business-conduct-and-ethics">https://www.global-imi.com/governance/code-business-conduct-and-ethics</a></p>	
<b>Supplement to Recommendation 15.1</b>			
1. Company has a reward/compensation policy that accounts for the performance	Compliant	<p><i>Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and</i></p>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

<p>of the company beyond short-term financial measures.</p>		<p><i>incentivizes employees, at the same time aligns their interests with those of the shareholders.</i></p> <p><b>The Company issues Employee Stock Ownership Plan (ESOWN) which allows grantees to purchase the Parent Company's shares at a discounted price.</b></p> <p><b>IMI 2016 Annual Report, Note 26. Employee Stock Ownership Plan, page 58.</b> <a href="https://www.global-imi.com/sites/default/files/IMI-2016%20AR_0.pdf">https://www.global-imi.com/sites/default/files/IMI-2016%20AR_0.pdf</a></p>	
<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	<p>Compliant</p>	<p><i>Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any.</i></p> <p><b>Environment, Health and Safety Policy and Code of Conduct and Ethics</b></p> <p><a href="https://www.global-imi.com/sites/default/files/EHS-Policy.pdf">https://www.global-imi.com/sites/default/files/EHS-Policy.pdf</a></p> <p><a href="https://www.global-imi.com/governance/code-business-conduct-and-ethics">https://www.global-imi.com/governance/code-business-conduct-and-ethics</a></p>	
<p>3. Company has policies and practices on training and development of its employees.</p>	<p>Compliant</p>	<p><i>Disclose and provide information on policies and practices on training and development of employees. Include information on any training conducted or attended.</i></p> <p><b>Refer to IMI's Annual Corporate Governance Report, H. Role of Stakeholders, (c) Company's training and development programmes, page 48.</b> <a href="https://www.global-imi.com/sites/default/files/SEC%20Form%20-%20ACGR_Integrated%20Micro-Electronics%2C%20Inc_Dec%202017.pdf">https://www.global-imi.com/sites/default/files/SEC%20Form%20-%20ACGR_Integrated%20Micro-Electronics%2C%20Inc_Dec%202017.pdf</a></p> <p><b>IMI 2016 Annual Report, Creating and Sharing Values, Human, Competency-Based Training for Employees, page 41</b> <a href="https://www.global-imi.com/sites/default/files/IMI-2016%20AR_0.pdf">https://www.global-imi.com/sites/default/files/IMI-2016%20AR_0.pdf</a></p>	
<p><b>Recommendation 15.2</b></p>			
<p>1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.</p>	<p>Compliant</p>	<p><i>Identify or provide link/reference to the company's policies, programs and practices on anti-corruption</i></p> <p><b>IMI's Code of Business Conduct and Ethics, 5.0 Ethics, page 3.</b> <a href="https://www.global-imi.com/governance/code-business-conduct-and-ethics">https://www.global-imi.com/governance/code-business-conduct-and-ethics</a></p>	
<p>2. Board disseminates the policy and program to employees across the organization through trainings to embed</p>	<p>Compliant</p>	<p><i>Identify how the board disseminated the policy and program to employees across the organization</i></p>	

2017 Integrated Annual Corporate Governance Report  
Integrated Micro-Electronics, Inc.

them in the company's culture.		<p><b>IMI's Code of Business Conduct and Ethics, 5.0 Ethics, page 3.</b>  <a href="https://www.global-imi.com/governance/code-business-conduct-and-ethics">https://www.global-imi.com/governance/code-business-conduct-and-ethics</a></p>	
<b>Supplement to Recommendation 15.2</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	<p><i>Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices.</i></p> <p><i>Include any finding of violations of the company policy.</i></p> <p><b>IMI's Code of Business Conduct and Ethics, 5.2 Fair Dealing, 5.2.1 Accepting Gifts or Gratitude and Entertainment.</b>  <a href="https://www.global-imi.com/governance/code-business-conduct-and-ethics">https://www.global-imi.com/governance/code-business-conduct-and-ethics</a></p>	
<b>Recommendation 15.3</b>			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	<p><i>Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.</i></p> <p><i>Indicate if the framework includes procedures to protect the employees from retaliation.</i></p> <p><i>Provide contact details to report any illegal or unethical behavior.</i></p> <p><b>IMI's Whistleblower Policy</b></p> <p><b>The policy includes procedures to protect the employees from retaliation. (Item 4.0 No Retaliation, page 2)</b></p> <p>The Global Human Resource Head is the designated Ethics Officer.</p> <p><b>IMI's official website has a "Contact Us" facility wherein all stakeholders of Company can communicate directly to the Company.</b></p> <p><a href="https://www.global-imi.com/sites/default/files/whistleblower-policy.pdf">https://www.global-imi.com/sites/default/files/whistleblower-policy.pdf</a></p>	
2. 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.	Compliant	<p><b>IMI's Whistleblower Policy, 6.0 Ethics Officer.</b></p> <p><b>The Global Human Resources Head is the designated Ethics Officer. The Ethics officer has direct access to the Audit Committee and is required to report to the Audit Committee at least annually on compliance activity.</b></p>	The Company has an existing Whistleblower Policy, and as recommended by SEC Memo No. 19, Series of 2016, this will be included

			in the Manual of Corporate Governance this year as one of the Board's Roles and Responsibilities.
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	<p><i>Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.</i></p> <p>The Board through its Audit Committee reviews annually if there are any cases raised through the Ethics Officer.</p> <p>Refer to IMI's Whistleblower Policy  <a href="https://www.global-imi.com/sites/default/files/whistleblower-policy.pdf">https://www.global-imi.com/sites/default/files/whistleblower-policy.pdf</a></p>	
<p><b>Principle 16:</b> 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.</p>			
<p><b>Recommendation 16.1</b></p>			
1. 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.	Compliant	<p><i>Provide information or reference to a document containing information on the company's community involvement and environment-related programs.</i></p> <p><b>SOCIAL</b>                  It is the intent of IMI and its subsidiaries to have all employees, officers and directors conduct themselves in ways that demonstrate ethical standards in all dealings with customers, suppliers, government, the public and each other at all times.                  IMI's Code of Conduct outlines the standards to ensure that working conditions in the company are safe and that workers are treated with respect and dignity.</p> <p><b>ENVIRONMENT</b>                  IMI recognizes that environmental responsibility is integral to producing world-class products. All IMI sites adopt an international management systems standard, ISO 14001.</p> <p>Revised Manual of Corporate Governance, Article IX Sustainability and Social Responsibility, page 51.  <a href="https://www.global-imi.com/sites/default/files/IMI-">https://www.global-imi.com/sites/default/files/IMI-</a></p>	

		<p><a href="#">Revised%20CG%20Manual%20Dec%202017.pdf</a></p> <p>Refer to IMI’s Annual Corporate Governance Report, L. Corporate Social Responsibility Initiatives, page 62.  <a href="https://www.global-imi.com/sites/default/files/SEC%20Form%20-%20ACGR_Integrated%20Micro-Electronics%2C%20Inc_Dec%202017.pdf">https://www.global-imi.com/sites/default/files/SEC%20Form%20-%20ACGR_Integrated%20Micro-Electronics%2C%20Inc_Dec%202017.pdf</a></p> <p>IMI 2016 Annual Report, Creating and Sharing Value, page 40-46  <a href="https://www.global-imi.com/sites/default/files/IMI-2016%20AR_0.pdf">https://www.global-imi.com/sites/default/files/IMI-2016%20AR_0.pdf</a></p> <p>IMI’s Code of Business Conduct and Ethics  <a href="https://www.global-imi.com/governance/code-business-conduct-and-ethics">https://www.global-imi.com/governance/code-business-conduct-and-ethics</a></p>	
<b>Optional: Principle 16</b>			
<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>Compliant</p>	<p><i>Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.</i></p> <p><b><u>Energy Management</u></b>                  IMI is continuously obtaining energy savings through various site’s energy management programs and initiatives on its major facilities equipment.</p> <p><b><u>Water Management</u></b>                  IMI is generating water savings through its water conservation programs.</p> <p><b><u>Waste management</u></b>                  IMI has been implementing a policy on the handling, storage and disposal of wastes since Y2000. Regular and common monitoring activities include:</p> <ul style="list-style-type: none"> <li>• Going beyond compliance to applicable laws and regulations related to wastes</li> <li>• Judicious enforcement of the 3R program in the disposition of its chemicals for manufacturing processes, waste segregation, and waste composition</li> <li>• Regular conduct of periodic conformance audits and safety inspections</li> <li>• Assurance of proper disposal of wastes through accredited wastes haulers, treaters and recyclers</li> </ul> <p><b><u>Air Emissions - NOx, SOx, Particulate Matter</u></b></p>	

		<p>IMI conducts regular emission testing and monitoring of significant parameters of air pollutant in compliance to Clean Air Act.</p> <p><b><u>Effluents (Wastewater)</u></b>                  IMI conducts regular effluent sampling and monitoring of significant parameters on water quality, in compliance to General Effluent Guidelines.</p> <p><b><u>Recycling and Recovery</u></b>                  IMI monitors due diligently the implementation of:</p> <ul style="list-style-type: none"> <li>• Segregation of waste at the source, and reuse of other reusable materials</li> <li>• 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.</li> </ul> <p><b><u>Restricted materials management</u></b>                  IMI has developed a comprehensive policy on green manufacturing and procurement. It has adopted a system on Hazardous Substances Process Management (HSPM). The policy is designed to manage hazardous substances in the manufacturing operations and adhere to all applicable laws, regulations, and other customer-specific requirements on the prohibition or restriction of specific substances in products and in manufacturing.</p> <p><b><u>Responsible Sourcing of Minerals</u></b>                  IMI is monitoring 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 manufacture does not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses.</p>	
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p>Compliant</p>	<p><i>Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.</i></p> <p>IMI remains committed to the larger, global community, evident in its faithful dedication to good governance and corporate social responsibility.</p> <p><b><u>Community Relations</u></b>                  There is an increased engagement over the years in many IMI sites across the</p>	


		<p>various range of Corporate Social Responsibility (CSR) related activities particularly in outreach programs, livelihood projects, industry-academe collaboration activities along with tie-ups with academic institutions where IMI is located.</p> <p>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.</p>	
--	--	--	--

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on MAY 04 2018.


SIGNATURES



**JAIME AUGUSTO ZOBEL DE AYALA**  
Chairman, Board of Directors



**ARTHUR R. TAN**  
Chief Executive Officer



**EDGAR O. CHUA**  
Independent Director



**HIROSHI NISHIMURA**  
Independent Director



**SHERISA P. NUESA**  
Independent Director



**SOLOMON M. HERMOSURA**  
Corporate Secretary



**JAIME G. SANCHEZ**  
Compliance Officer

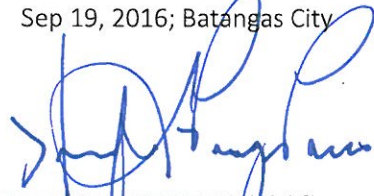
SUBSCRIBED AND SWORN to before me this MAY 04 2018, affiants exhibiting to me their respective Passports as follows:

NAME	PASSPORT NO.	DATE AND PLACE OF ISSUE
Jaime Augusto Zobel de Ayala	EC4856934	Aug 4, 2015; Manila City
Arthur R. Tan	EB9832108	Dec 17, 2013; Manila City
Edgar O. Chua	EC1610571	Jul 11, 2014; Manila City
Hiroshi Nishimura	TZ0841499	Jul 17, 2013; Manila City
Sherisa P. Nuesa	EC1320564	June 4, 2014; Manila City
Solomon M. Hermosura	EC5542302	Sep 30, 2015; Manila City
Jaime G. Sanchez	PO280699A	Sep 19, 2016; Batangas City

Doc. No. 102;  
Page No. 22;  
Book No. 8;  
Series of 2018.



Notarial DST pursuant to Sec. 188 of the Tax Code affixed on Notary Public's copy



**NIMFA L. PEREZ-FARAS**  
Notary Public – Makati City  
Appt. No. M-473 until December 31, 2018  
Attorney's Roll No. 37625  
PTR No. 6623529MD; 01-08-2018; Makati City  
IBP Lifetime Roll No. 011985  
MCLE Compliance No. V-0020970; 03May2016  
27<sup>th</sup> Floor, Tower One & Exchange Plaza  
Ayala Triangle, Ayala Avenue,  
Makati City, Philippines