

# BEYOND ESG & SUSTAINABILITY

"IMI has always been in the forefront of pioneering ESG values. With our aim to be the catalyst of sustainable manufacturing solutions while partnering with the world's top brands and products, we remain committed to reach carbon neutrality for all our sites and factories. Our continuing support for the TCFD initiatives is a natural path for us to take and uphold."

Arthur R. Tan  
CEO



# TCFD ADOPTION

As a public company, we recognize the value of global standards for corporate disclosure. We joined the network of supporters of Task Force on Climate-Related Financial Disclosure (TCFD) in January 2021 to promote a more resilient financial system through climate-related disclosure.

of the public to understand material risk related to climate change.

As we continue with our TCFD journey, we will be guided by the Task Force's recommendations which involve four thematic areas: governance, strategy, risk management, and metrics and targets, where there are eleven adoptable recommendations which take into account physical and transition risks associated with climate change. By committing to this framework with focus on financial materiality, we hope to make the quality of information valuable to investors.

TCFD was setup by the G20's Financial Stability Board in 2015 with the goal of developing voluntary and consistent climate-related financial risk disclosure which can be adopted by companies to help inform investors, lenders, the market, and other members

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Environment is key and affects our entire existence.

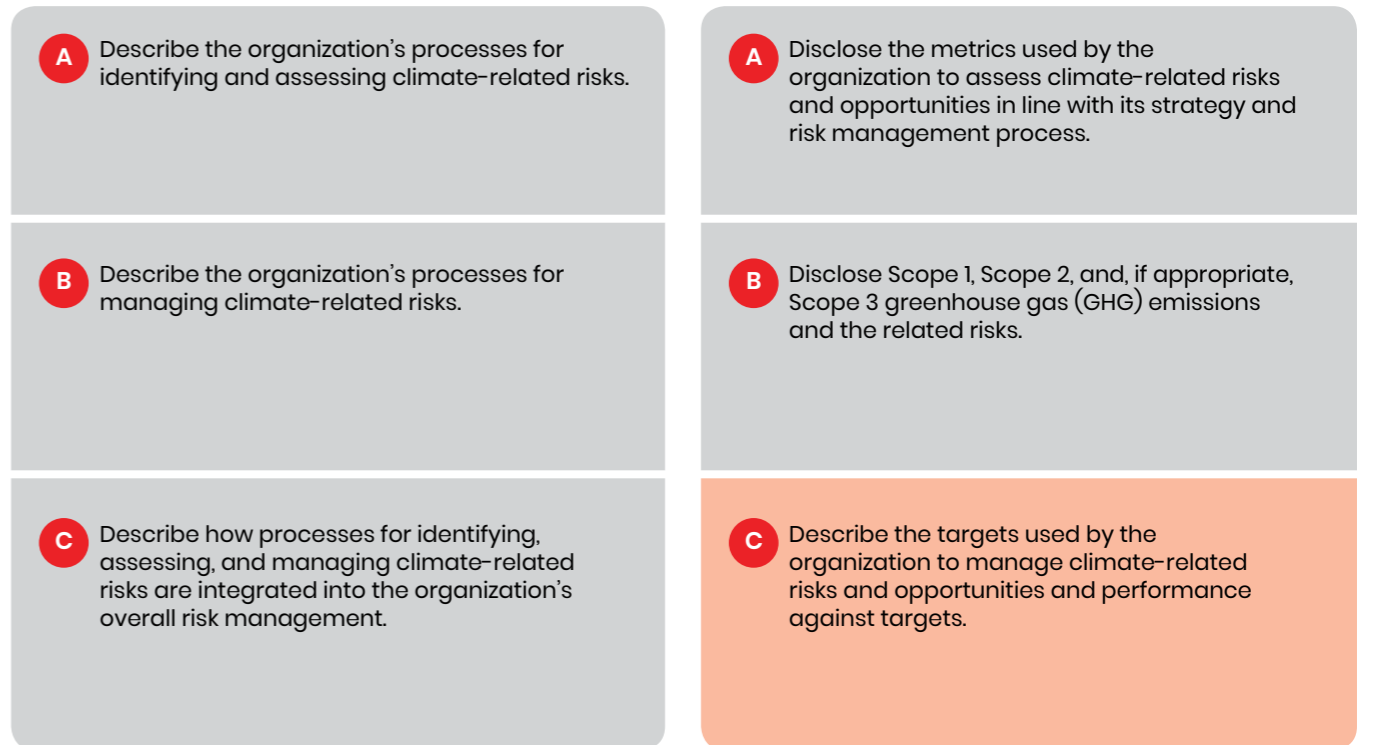
## TCFD – Roadmap



### RECOMMENDED DISCLOSURES



### RECOMMENDED DISCLOSURES



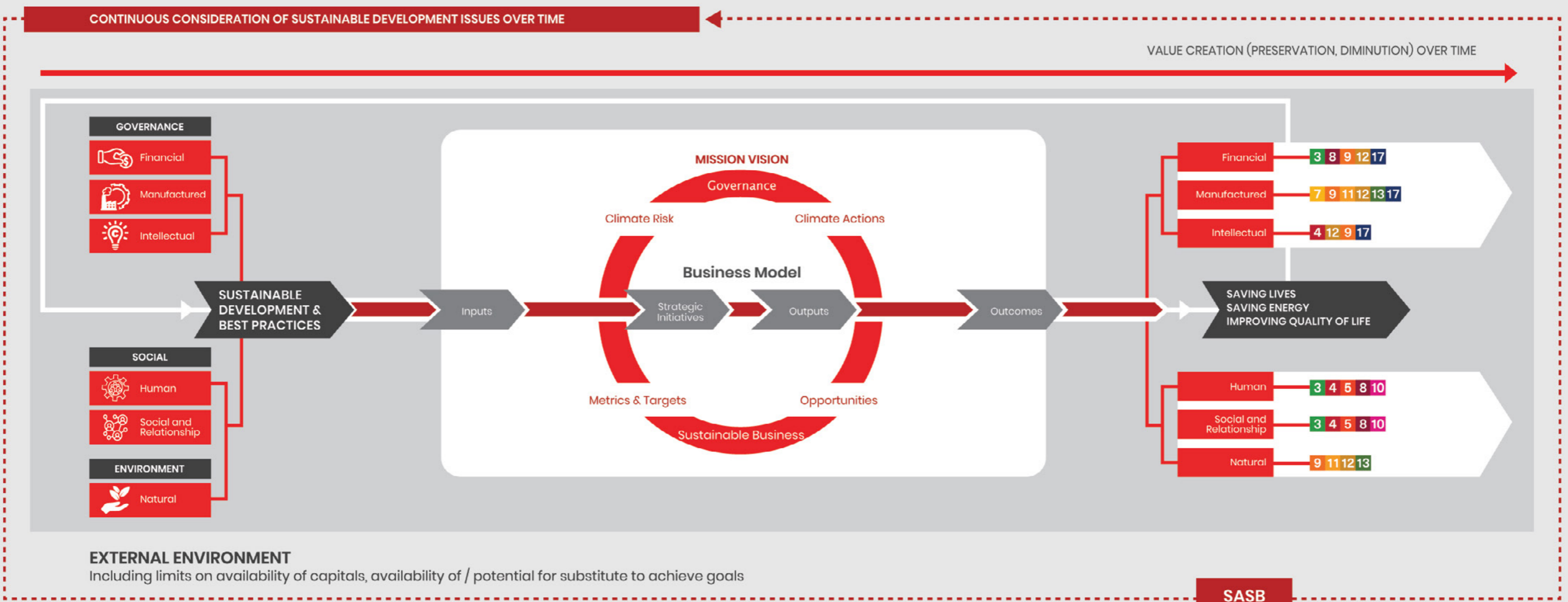
# OUR INTEGRATED VALUE CHAIN

Our management team provides a streamlined range of corporate functions while actively strengthening our portfolio and seeking synergy opportunities among our stakeholders.

We always ensure that we have an effective process in planning, implementing, and managing the flow of goods, services, and information along our integrated value chain.









## ALIGNING THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDG) WITH THE VALUE CREATION PROCESS & INCORPORATING TCFD IN OUR JOURNEY TO NET-ZERO



### IMI SDG COMMITMENTS



# HOW WE CREATE AND SHARE VALUE

SIX VALUE CREATING CAPITALS	KEY INPUTS	STRATEGIC INITIATIVE	OUTPUTS	OUTCOMES	MANAGING RISK	TAKING ADVANTAGE OF OPPORTUNITIES																												
 <p><b>FINANCIAL CAPITAL</b></p>	<p>We remain resolutely committed to our disciplined approach to capital allocation and to maintaining a robust balance sheet.</p> <ul style="list-style-type: none"> <li>Market capitalization of PHP18.6 billion (US\$365.2 million)</li> <li>Current ratio of 1.54:1</li> <li>Debt-to-equity ratio of 0.41:1</li> </ul>	<p>Manage working capital in line with our focus on cash flow management and ensure that the company is using its financial resources effectively and efficiently.</p>	<table border="1"> <thead> <tr> <th></th> <th>2021</th> <th>2020</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>\$1.30B</td> <td>\$1.14B</td> <td>\$1.25B</td> </tr> <tr> <td>Net Income/(Loss)</td> <td>(\$10.6M)</td> <td>(\$2.5M)</td> <td>(\$7.8M)</td> </tr> <tr> <td>Debt-to-Equity</td> <td>0.69</td> <td>0.41</td> <td>0.55</td> </tr> <tr> <td>Bank Borrowings</td> <td>\$317.3</td> <td>\$240.8</td> <td>\$268.5</td> </tr> <tr> <td>Earnings/(Loss) per Share</td> <td>(\$0.005)</td> <td>(\$0.002)</td> <td>(\$0.004)</td> </tr> <tr> <td>Return on Equity</td> <td>-2.5%</td> <td>-0.8%</td> <td>-2.0%</td> </tr> </tbody> </table>		2021	2020	2019	Revenue	\$1.30B	\$1.14B	\$1.25B	Net Income/(Loss)	(\$10.6M)	(\$2.5M)	(\$7.8M)	Debt-to-Equity	0.69	0.41	0.55	Bank Borrowings	\$317.3	\$240.8	\$268.5	Earnings/(Loss) per Share	(\$0.005)	(\$0.002)	(\$0.004)	Return on Equity	-2.5%	-0.8%	-2.0%	<p>We improve financial leverage and profitability to raise returns to shareholders and investors.</p>	<p>We define risk as effect of uncertainty on IMI goals and objectives. Our Enterprise Risk Management principles, framework, and process ensure efficient, effective, and consistent risk management that helps create and protect value, improve performance, encourage innovation, climate action, environmental stewardship, and support achievement of objectives.</p> <p>Our enterprise-wide approach recognizes that management of risk is not just implementing appropriate control and mitigation on negative risks but also identify potential opportunities.</p> <p>In 2021 as we began our journey to adopting the recommendations of the Taskforce on Climate Related Financial Disclosures (TCFD), we have incorporate climate-related risks and opportunities into our risk management framework.</p>	<ul style="list-style-type: none"> <li>Regional manufacturing</li> <li>Convergence of key market segments like mobility, connectivity, and smart energy</li> <li>Focus on sustainable cost reduction programs</li> <li>Rising importance of sustainability in operations and business environment</li> <li>Emergence of new players in traditional and emerging market</li> <li>Products and services with strong focus on risks and opportunities related to transition to lower-carbon economy</li> </ul>
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 <p><b>MANUFACTURED CAPITAL</b></p>	<p>We continue with our disciplined capital investments as well as maximum utilization of existing capacity.</p> <ul style="list-style-type: none"> <li>21 manufacturing plants across ten countries</li> <li>Capital expenditure of PHP18.6 billion (US\$365.2 million) in 2021</li> </ul>	<p>Embed sustainability and quality in all operations through principles of Lean Manufacturing and Industrial Excellence.</p>	<table border="1"> <thead> <tr> <th></th> <th>2021</th> <th>2020</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Total Assets</td> <td>1.12B</td> <td>\$1.13B</td> <td>\$1.10B</td> </tr> <tr> <td>Capital Expenditure</td> <td>31.0M</td> <td>\$18.7M</td> <td>\$38.8M</td> </tr> <tr> <td>Depreciation and Amortization</td> <td>\$59.4M</td> <td>\$55.4M</td> <td>\$48.7M</td> </tr> </tbody> </table>		2021	2020	2019	Total Assets	1.12B	\$1.13B	\$1.10B	Capital Expenditure	31.0M	\$18.7M	\$38.8M	Depreciation and Amortization	\$59.4M	\$55.4M	\$48.7M	<p>Customer satisfaction forms the basis of reputation and trust.</p>														
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 <p><b>INTELLECTUAL CAPITAL</b></p>	<p>We leverage on our extensive experience and know-how in technologies to deliver higher value to our partners.</p> <ul style="list-style-type: none"> <li>Our considerable resources for product design and development and engineering provide leading service offerings to our customers</li> <li>Our technology teams provide innovation and product solutions across all customer-focused units</li> </ul>	<p>Technical collaboration to co-develop with customers and industry experience to move toward higher box build value add services.</p>	<table border="1"> <thead> <tr> <th></th> <th>2021</th> <th>2020</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Number of engineers and technicians</td> <td>2,400</td> <td>2,767</td> <td>2,594</td> </tr> <tr> <td>Indirect labor costs</td> <td>\$76.7</td> <td>\$75.2M</td> <td>\$74.5M</td> </tr> </tbody> </table>		2021	2020	2019	Number of engineers and technicians	2,400	2,767	2,594	Indirect labor costs	\$76.7	\$75.2M	\$74.5M	<p>Innovative product solutions demonstrate the ability to create and capture sustainable and profitable value.</p>																		
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 <p><b>HUMAN CAPITAL</b></p>	<p>We exercise fair and beneficial practices toward labor and community where it conducts its business. IMI takes care of the well-being of the corporate, labor, and other stakeholders' interests.</p> <ul style="list-style-type: none"> <li>Global workforce</li> <li>Skills and competencies</li> <li>Work arrangements</li> </ul>	<p>Continuous and timely implementation of health and safety measures, virtual support solutions, and E-learning platforms for learning and development.</p>	<table border="1"> <thead> <tr> <th></th> <th>2021</th> <th>2020</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Salaries, wages, and benefits</td> <td>\$250.1M</td> <td>\$215.6M</td> <td>\$226.8M</td> </tr> <tr> <td>Total Training hours</td> <td>837K</td> <td>851K</td> <td>1.2M</td> </tr> <tr> <td>Safe man hours</td> <td>32M</td> <td>39M</td> <td>44.7M</td> </tr> </tbody> </table>		2021	2020	2019	Salaries, wages, and benefits	\$250.1M	\$215.6M	\$226.8M	Total Training hours	837K	851K	1.2M	Safe man hours	32M	39M	44.7M	<p>Employee competence adds value to the organization through unique skills that increase the quality of the organizational operations.</p>														
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 <p><b>SOCIAL AND RELATIONSHIP CAPITAL</b></p>	<p>We strengthen our shared values and commitments to further support our partners and communities around us.</p> <ul style="list-style-type: none"> <li>Partnership with more than 300 customers and over 200 major suppliers</li> <li>Engagement and collaboration with governments, academe, stakeholders, investors, and communities</li> </ul>	<p>Ensure ongoing involvement, monitoring, and measurement of progress and success from community engagements and collaborations Integration of Environmental, Social, and Governance (ESG) stewardship.</p>	<table border="1"> <thead> <tr> <th></th> <th>2021</th> <th>2020</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Key customers with more than 15 years of tenure</td> <td>20+</td> <td>20+</td> <td>20+</td> </tr> <tr> <td>Major Suppliers</td> <td>Over 2000</td> <td>Over 200</td> <td>Over 200</td> </tr> <tr> <td>Taxes to governments</td> <td>\$9.7M</td> <td>\$9.4M</td> <td>\$10.2M</td> </tr> </tbody> </table>		2021	2020	2019	Key customers with more than 15 years of tenure	20+	20+	20+	Major Suppliers	Over 2000	Over 200	Over 200	Taxes to governments	\$9.7M	\$9.4M	\$10.2M	<p>Long-term and strong relationship with our customers, suppliers, and other stakeholders helps in achieving competitive advantage and enhances the organizational performance.</p>														
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 <p><b>NATURAL CAPITAL</b></p>	<p>We strive to benefit the natural order or at least does not harm and minimize environmental impact. We implement sustainable environmental practices in a safe and legal manner.</p> <ul style="list-style-type: none"> <li>Energy</li> <li>Water</li> <li>Waste</li> </ul>	<p>Adoption of international management systems standards on environmental management systems through ISO 14001 and full support on UN SDGs. Identify climate-related risks and opportunities and assess the impact of these on the organization's business and strategy.</p>	<table border="1"> <thead> <tr> <th></th> <th>2021</th> <th>2020</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Direct Scope 1 GHG emission (in tons CO2e)</td> <td>713</td> <td>503</td> <td>407</td> </tr> <tr> <td>Indirect Scope 2 GHG emission (in '000 tons CO2e)</td> <td>96</td> <td>93</td> <td>105</td> </tr> <tr> <td>Indirect Scope 3 GHG emission (in '000 tons CO2e)</td> <td>3.1</td> <td>1.9</td> <td>1.7</td> </tr> <tr> <td>Energy consumption (in million kw/h)</td> <td>144</td> <td>144</td> <td>163</td> </tr> <tr> <td>Water consumption (in million m3)</td> <td>1.3</td> <td>1.4</td> <td>1.4</td> </tr> <tr> <td>Hazardous waste (in '000 kg)</td> <td>680</td> <td>611*</td> <td>1,038*</td> </tr> </tbody> </table>		2021	2020	2019	Direct Scope 1 GHG emission (in tons CO2e)	713	503	407	Indirect Scope 2 GHG emission (in '000 tons CO2e)	96	93	105	Indirect Scope 3 GHG emission (in '000 tons CO2e)	3.1	1.9	1.7	Energy consumption (in million kw/h)	144	144	163	Water consumption (in million m3)	1.3	1.4	1.4	Hazardous waste (in '000 kg)	680	611*	1,038*	<p>Full support and compliance with sustainability initiatives of customers and regulators as regards inputs used and wastes generated addresses the increasing threat of climate change and other environmental impacts to our business and communities.</p>		
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Note: 2019 & 2020 Hazardous Waste was corrected\*

# GOVERNANCE

Governance is defined in the TCFD recommendations as “a set of relationships among an organization’s management, its board, its shareholders, and other stakeholders. Governance provides the structure and processes through which the objectives of the organization are set, progress against performance is monitored, and results are evaluated.”



During one of the outreach projects #BrigadangAyala 'Kaakay' of the group

IMI's commitment to the principles of good corporate governance embodies its continuous advocacy to create and sustain increased value for all of its stockholders and other stakeholders. The company sets forth the principles of appropriate supervision and good management and has laid the groundwork for development and implementation of value-creating activities. The company ensures accountability, fairness, and transparency on the agreed principles of governance to all stockholders and other stakeholders concerned, thereby, safeguarding their rights as well as promoting their participation in the corporate governance process.

In line with its commitment to TCFD, IMI is committed to addressing the impact it has on the climate and has been taking strategic steps to further this cause. At present, this is an evolving journey for the

company while taking to heart the direction from top management to prioritize efforts on sustainability, ESG and climate action.

The company and its respective directors, management, officers, and employees commit themselves to the principles and best practices on good corporate governance as embodied in its Corporate Governance Manual. The company makes continuing effort to create awareness of good corporate governance within the organization, while being fully committed to the company's vision and mission.

IMI complies with the Code of Corporate Governance for Publicly Listed Companies set forth by the Securities and Exchange Commission (SEC), except for the following deviations:

DEVIATIONS FROM THE CODE	EXPLANATION
<b>Non-executive directors serving in more than five publicly listed companies</b>	Mr. Jaime Augusto Zobel de Ayala and Mr. Fernando Zobel de Ayala both hold more than five directorships in publicly listed companies.  As monitored and assessed by the Office of the Compliance Officer, this has not affected their effectivity as directors particularly in terms of time and commitment to the company. Mr. Jaime Augusto and Fernando Zobel de Ayala attended all of the BOD meetings in 2021.
<b>Executive remuneration not disclosed on an individual basis</b>	For executive remuneration, only the aggregate remuneration of the top five highest-paid officers is disclosed for the protection and privacy of the individual officers.
<b>Notice of Annual and Special Shareholders' Meeting not sent at least 28 days before the meeting.</b>	The 2021 Definitive Information Statement was distributed to stockholders on March 25, 2021, 21 calendar days before the Annual Stockholders' Meeting on April 15, 2021, in compliance with SEC's required timeline of at least 21 business days before the date of the Annual Stockholders' Meeting.

The compliance is supported by an attestation from the company's Chief Executive Officer, Compliance Officer, and the Chief Audit Executive for 2021 on the adequacy of the company's system of internal controls, risk management, compliance, and governance processes. The attestation is available on the company website.

## BOARD STRUCTURE AND PROCESS

### THE BOARD OF DIRECTORS

The Board of Directors is the supreme authority in matters governing and overseeing the business of the Company. Within their authority under the Revised Corporation Code and other applicable laws and the By-laws of the Company, the Directors, acting as a Board, have the fullest powers to regulate the concerns of the Company according to their best judgment.

The Board is responsible to promote and adhere to the principles and best practices of corporate governance, to foster long-term success of the Company and to ensure its sustained competitiveness in the global environment in a manner consistent with its fiduciary responsibility.

To ensure good governance, the Board formulates and continuously review the Company's vision, mission, strategic objectives, policies and procedures that guide its activities, including the means to effectively monitor management's performance. The Board reviews the appropriateness of the vision and mission statement every year and oversees the implementation of the corporate strategy.

The Board oversees the development of and approves the Company's business objectives and strategy, and monitors their implementation to sustain its long-term viability and strength. They adopt an effective succession planning programs for directors, key officers, and management to ensure growth and a continued increase in the shareholders' value.

The Board also reviews and affirms the adequacy of internal control mechanism and risk management practices, accuracy and reliability of financial reporting, and compliance with applicable laws and regulations, and the proper implementation of the Company's Code of Conduct.

The Board reviewed and affirmed the true and fair representation of the annual financial statements.

The Board's roles and responsibilities are formalized in its Charter found in the company website, including its responsibility of overseeing the business affairs and being accountable to the shareholders for the long-term performance of the company.

As a commitment to TCFD, the Board responsibility shall extend to managing the risks and opportunities associated with climate change which is rightly a pressing matter for both the corporation and the wider world. Our CEO and President have directed the Company to focus on sustainability / ESG / climate action. As such, we continue to develop our understanding and integrate our learnings from the risks and opportunities associated with climate change into our business operations.

Acting in the best interests of its stockholders and all other stakeholders, the Board's aim is to create a long-lasting success in the competitive global environments in a manner consistent with its corporate objectives.

Ayala Corporation (AC) has established a sustainability council which IMI is a part of. This ensures we are kept abreast of current sustainability matters concerning AC. Furthermore, as a member of the sustainability council, we are able to learn from shared experiences which is crucial given sustainability and climate change are developing subject areas with research and practical guidance constantly being produced.



We have a good number of shared value initiatives, making sure that our business remains innovative, at scale, and profitable while, at the same time, addressing a social or environmental issue. These include safety electronics in cars, automotive camera, and airbag control to help prevent road accidents, pollution reduction systems to help care for our environment, theft prevention systems for homes and buildings, and medical diagnostic devices.

#### BOARD COMPOSITION

It is the responsibility of the Corporate Governance and Nomination Committee to review and monitor the structure, size, and composition of the Board and ensure the appropriate mix of competencies of directors that are aligned with the Company's vision, mission, and strategic objectives. The Board is composed of 11 members who are elected individually by the Corporation's stockholders entitled to vote at the annual meeting and shall hold office for one year until their successors are elected in the next annual meeting. Majority of the directors have no executive responsibility and do not perform any work related to the operations (non-executive directors). Among the board members are three independent non-executive directors.

#### BOARD DIVERSITY POLICY

IMI's board diversity policy encourages the selection of an appropriate mix of competent directors, each of whom can add value and independent judgment in the formulation of sound corporate strategies and policies. Diversity includes business experience, age, gender, and ethnicity. With respect to gender, the Board shall strive to be composed of at least 30 percent or two (2) female directors, whichever is lower, by 2025 as stated in its board diversity policy.

#### LEAD INDEPENDENT DIRECTOR

In 2021, Mr. Edgar O. Chua was appointed Lead Independent Director by the Board. As stated in the Board's Charter, it is the lead independent director's role, among others, to act as an intermediary between the Chairman of the Board and the other Directors, when the need arises; to convene and chair the periodic meetings of the non-executive and the independent directors with the external auditor and head of internal audit, compliance and risk, as needed; and to contribute to the performance evaluation of the Chairman of the Board.

#### INDEPENDENT DIRECTORS

The Board currently includes three independent directors — Edgar O. Chua, Hiroshi Nishimura, and Sherisa P. Nuesa.

Independent directors, apart from their fees and shareholdings, hold no interests or relationship with the Corporation that may hinder their independence from the Corporation, Management, or shareholder which could, or could reasonably be perceived to, materially interfere with their exercise of independent judgment in carrying out their responsibilities as Directors of the Corporation.

The Corporation has set a term limit of nine years in accordance with the rules set by the SEC. As of 2021, none of the independent directors have served the company for more than nine years, reckoning from 2012, in compliance with SEC Memorandum Circular No. 9, series of 2011. Moreover, none of the directors or senior management have worked for the Corporation's external auditing firm within the three years immediately preceding the date of their election or appointment.

#### BOARD PERFORMANCE

##### BOARD MEETING AND ATTENDANCE

The Board meets at least six times each fiscal year, with the schedule of meetings determined and approved before the start of each financial year. As provided in the company's By-Laws, the presence of at least two-thirds of the number of directors constitutes a quorum for the transaction of corporate business.

All members of the board, including independent directors, are expected to attend and actively participate in all of the Board, Committee and Shareholders in person or remote communication, such as videoconferencing, teleconferencing, or other alternative modes of communication allowed by the Commission. The director should also review meeting materials and, if called for, ask the necessary questions or seek clarifications and explanations.

The Corporate Secretary ensures that the materials are adequate and made available at least five working days before the scheduled meeting to allow the Board with enough time to prepare and make informed decisions.

The Board may, to promote transparency, require at least one independent director in all of its meetings. However, the absence of an independent director shall not affect the quorum requirement if he is duly notified of the meeting but notwithstanding such notice fails to attend.

##### BOARD REMUNERATION

In accordance with the company's By-Laws, each director is entitled to receive from the Corporation fees and other compensation for his services as director. The Compensation Committee's duties and responsibilities as defined in its charter is to recommend to the Board remuneration package for 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, and aligned with the long-term interests of the company and its stakeholders.

In no case shall the total yearly compensation of directors exceed five percent (5%) of the net income before income tax of the Corporation during the preceding year.

Executive directors Arthur R. Tan and Jerome S. Tan, who are the company's CEO and President, respectively, do not receive remuneration for attending Board meetings.



Non-executive and independent directors receive a per diem of P100,000 for each Board meeting attended and a per diem of P20,000 for each Committee meeting attended.

In 2021, the following directors received gross remuneration as follows:

Non-Executive and Independent Directors	Gross Remuneration (in PHP)
Jaime Augusto Zobel de Ayala	620,000
Fernando Zobel de Ayala	620,000
Delfin L. Lazaro	700,000
Jose Ignacio A. Carlos	680,000
Rafael C. Romualdez	800,000
Alberto M. de Larrazabal*	600,000
Jose Teodoro K. Limcaoco*	160,000
Hiroshi Nishimura	720,000
Sherisa P. Nuesa	800,000
Edgar O. Chua	840,000
Diosdado P. Banatao**	300,000
<b>TOTAL</b>	<b>6,840,000</b>

\*Mr. de Larrazabal replaced Mr. Limcaoco on April 15, 2021.

\*\* Mr. Jerome Tan replaced Mr. Banatao on June 28, 2021.

None of the non-executive directors and independent directors have been contracted and compensated by the Company for services other than those provided as a director.

**IMi**  
Transforming electronics design and manufacturing through sustainable technologies  
INTEGRATED REPORT 2021

**INTEGRATED MICRO-ELECTRONICS, INC.**

**2022 Annual Stockholders' Meeting**  
April 22, 2022  
9:00 am

Register in advance for this webinar:  
[https://zoom.us/webinar/register/WN\\_qHCxtKFGSxm4\\_x69Tktahw](https://zoom.us/webinar/register/WN_qHCxtKFGSxm4_x69Tktahw)

After registering, you will receive a confirmation email containing information about joining the webinar.

Download our digital annual report by scanning the QR code or visiting the URL below.  
<https://www.global-imi.com/investors/annual-reports>

## BOARD COMMITTEES

The Board created six committees as it may deem necessary to support in the performance of its functions in accordance with the By-Laws, Manual of Corporate Governance, and Board Charter of the Corporation and to aid in good governance. The Board has delegated specific responsibilities to each of these Committees, and these Committees, has been formed and are guided by their respective committee charters which are available in the Corporation's official website.

### EXECUTIVE COMMITTEE

The Executive Committee, in accordance with the authority granted by the Board, or during the absence of the Board, shall act by majority vote of all its members on such specific matters within the competence of the Board of Directors as may from time to time be delegated to the Executive Committee in accordance with the Corporation's By-Laws, subject to the limitations provided by the Revised Corporation Code.

### PERSONNEL AND COMPENSATION COMMITTEE

The Personnel and Compensation Committee is responsible for establishing a formal and transparent procedure for developing a policy on director and 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. The Committee also oversees the annual performance review of each of the members of management appointed by the Board other than the Chief Executive Officer, Chief Operating Officer and President; recommends and reviews succession plans for members of management and senior executives, except the Chief Executive Officer, Chief Operating Officer and President, and implement a process to ensure appointment of competent, professional, honest, and highly motivated individuals who will add value to the company; identifies, reviews and evaluates the qualifications, skills and abilities needed for management positions; assesses the effectiveness of the Board's processes and procedures in the appointment, election, or replacement of senior executives; and establishes a performance management framework that ensures senior officers' performance is at par with the standards set by the Board.

### AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is expected, through the provision of checks and balances, to bring positive results in supervising and supporting the management of the Corporation. The Committee, through the Internal Audit (IA) department of the company, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. The Committee also performs oversight functions over the company's internal and external auditors and reviews and monitors management's responsiveness to the auditors' findings and recommendations. The Committee is also responsible in the development, evaluation, and oversight of the implementation of enterprise risk management plans to ensure that it's relevant, comprehensive, and effective. It also provides oversight over management's activities in managing credit, market, liquidity, operational, legal, and other risk exposures of the corporation.

### FINANCE COMMITTEE

The Finance Committee oversees the company's financial risk management, including the company's capital structure strategies, mergers, acquisitions and other strategic investments, as well as divestitures of any material operations of the Company, and make appropriate recommendations to the Board of Directors. The Committee also has general oversight responsibility over the company's treasury activities and policies, including policies with respect to cash flow management, investment of the company's cash, and financial risk management including the use of derivatives. They are responsible for reviewing and evaluating the financial affairs of the Corporation from time to time and carry out such other duties as may be delegated by the Board of Directors.

### CORPORATE GOVERNANCE AND NOMINATION COMMITTEE

The Committee shall review and monitor the structure, size, and composition of the Board and make recommendations to ensure compliance with applicable laws, rules, and regulations as well as the Corporation's By-Laws, Board Charter, and Manual of Corporate Governance. The Committee also assesses the company's needs to identify the best mix of competencies of directors that would be aligned with the company's vision, mission, and strategic objectives; identifies, reviews, and evaluates the qualifications and disqualifications, skills, and abilities that would result in a proper mix of competent Directors, including the Chief Executive Officer, Chief Operating Officer, and President; develops, updates, and recommends to the Board policies for considering nominees for Directors to ensure that all nominations to the Board are fair and transparent; assesses the effectiveness of the Board's processes and procedures in the election or replacement, and recommends and reviews succession plans for members of the Board, including for the Chief Executive Officer, Chief Operating Officer, and President; oversees the implementation of the corporate governance framework and periodically reviews the said framework; adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance.

### RELATED PARTY TRANSACTION COMMITTEE

The Committee was assigned by the Board to review all material related party transactions (RPTs) for endorsement to the Board to ensure that these are at arm's length, the terms are fair, and they will inure to the best interest of the company and its subsidiaries or affiliates and their shareholders. The Committee ensures that related party transactions are reviewed, approved, and disclosed in accordance with its policy consistent with the principles of transparency and fairness. The Committee also oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

## BOARD AND BOARD COMMITTEE MEMBERSHIP STOCKHOLDERS, BOARD, BOARD COMMITTEE MEETINGS, AND DIRECTORS' ATTENDANCE FOR THE YEAR ENDED DECEMBER 31, 2021

DETAILS	MEMBERSHIP AND ATTENDANCE							
	STOCKHOLDER & BOARD			BOARD COMMITTEE				
MEETINGS	AS	BOD*	EC**	ARC	FC	CGNC	RPTC	PCC
NO. OF MEETINGS	1	6	2	4	4	7	2	3
Jaime Augusto Zobel de Ayala, Non-Executive Director	C 1/1	C 6/6	-	-	-	-	-	-
Fernando Zobel de Ayala, Non-Executive Director	- 1/1	M 6/6	-	-	-	-	-	-
Arthur R. Tan, Executive Director	- 1/1	VC 6/6	C 2/2	-	-	-	-	-
Jerome S. Tan, Executive Director	- 0/0	M 4/4	-	-	-	-	-	-
Delfin L. Lazaro, Non-Executive Director	- 1/1	M 6/6	-	-	C 4/4	-	-	-
Jose Ignacio A. Carlos, Non-Executive Director	- 1/1	M 6/6	-	-	-	-	-	M 3/3
Rafael C. Romualdez, Non-Executive Director	- 1/1	M 6/6	M 2/2	M 4/4	M 4/4	-	M 2/2	-
Alberto M. de Larrazabal, Non-Executive Director	- 1/1	M 5/5	-	-	M 3/3	-	M	M 1/2
Jose Teodoro K. Limcaoco,*** Non-Executive Director	- 0/0	M 1/1	M 2/2	-	M 1/1	-	M 1/1	M 1/1
Hiroshi Nishimura, Independent Director	- 1/1	M 5/6	-	-	-	M 6/7	C 2/2	-
Sherisa P. Nuesa, Independent Director	- 1/1	M 6/6	-	M 4/4	-	C 7/7	-	C 3/3
Edgar O. Chua, Independent Director	- 1/1	M 6/6	-	C 4/4	-	M 7/7	M 2/2	-
Diosdado P. Banatao**** Independent Director	- 1/1	M 2/2	-	-	-	-	-	-

C - Chairman  
VC - Vice Chairman  
M - Member

\*In 2021 and during the incumbency of the director.  
\*\*The actions of the Executive Committee were taken via digital/electronic means.

AS - Annual Stockholder  
BOD - Board of Directors  
EC - Executive Committee  
ARC - Audit and Risk Committee

FC - Finance Committee  
CGNC - Corporate Governance and Nomination Committee  
RPTC - Related Party Transaction Committee  
PCC - Personnel and Compensation Committee

\*\*\* Mr. Limcaoco was replaced by Mr. de Larrazabal on April 15, 2021.  
\*\*\*\* Mr. Banatao was replaced by Mr. Jerome S. Tan on June 28, 2021.

## BOARD STRUCTURE



## PERFORMANCE ASSESSMENT

In a landscape of rising competitive and regulatory pressures, oversight from a strong and effective board goes a long way in guiding the company to success. As such, the Board engages in an annual process of self-assessment and evaluation of the performance of the Board, its Committees, and its individual members to measure the effectiveness of the company's governance practices, identify areas for improvement, and adopt new methodologies toward further strengthening the company's corporate governance standards. Every three years, an independent consultant is appointed to assist in the evaluation process of the Board.

Each director has been requested to complete a self-assessment form that includes criteria such as: Part I: Board Effectiveness; Part II: Committee Effectiveness; Part III: Individual Effectiveness; and Part IV: President and CEO Effectiveness.

For 2021, the Board assessment survey resulted to a favorable overall perception on board effectiveness. The evaluation report also included relevant comments of the Board members that will help in enriching and improving the Board's effectiveness to carry out its responsibilities.

## TRAINING OF DIRECTORS

Prior to assuming office, all new directors are required to undergo a minimum eight-hour orientation program on the company's business and corporate structure, vision and mission, corporate strategy, Articles, By-Laws and Corporate Governance Manual, Board and Committee Charters, and SEC-mandated topics on corporate governance and other relevant matters essential for the effective performance of their duties and responsibilities. This ensures that directors are equipped with the knowledge and skills required to perform their roles effectively.

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. It is the responsibility of the Compliance Officer to ensure that each director has undergone the necessary trainings for the year.

Trainings and seminars were administered by Institute of Corporate Directors (ICD), an accredited training provider of the Securities and Exchange Commission.

As part of the Board's commitment to climate governance, the board and management team attend annual integrated summits held by Ayala



Corporation which covers materials on climate action and sustainability.

The 2021 Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit was held on October 21, 2021 which included sessions on Sustainability (also included a segment by South Pole on climate change and net zero), Governance and Risk Management. This session provided important insight into the matter of climate change whilst also highlighting our Board's commitment to continue focusing on this matter. The session held by South Pole on climate change and net zero was particularly insightful and will have further enhanced the knowledge of our Board and Directors on this subject area. South Pole is a climate change expert and leading project developer that implements projects and strategies to reduce emissions for companies and governments.

Prior to this, the Integrated CG, RM, and Sustainability Summit conducted by the Ayala Group in collaboration with the ICD was held on November 10, 2020. These summits have been held since 2014, which reinforce our commitment to continuous education.



## Corporate Governance Programs Attended in 2021

Director	Program	Training Institute	Date of Training
Jaime Augusto Zobel de Ayala (NED), Chairman of the Board			
Arthur R. Tan (ED), Vice Chairman of the Board and CEO			
Jerome S. Tan (ED), President	The Board Agenda 2021: The Pathway to Recovery Through ESG (Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit)	Institute of Corporate Directors	October 21, 2021 (Through Zoom Webinars)
Fernando Zobel de Ayala (NED)			
Delfin L. Lazaro (NED)			
Alberto M. de Larrazabal (NED)			
Edgar O. Chua (ID)			
Sherisa P. Nuesa (ID)			
Jose Ignacio A. Carlos (NED)			
Rafael C. Romualdez (NED)			
Hiroshi Nishimura (ID)			
Jose Ignacio A. Carlos (NED)	Corporate Governance Orientation Program	Institute of Corporate Directors	December 7, 2021 (Through Zoom Webinars)

NED – Non-Executive Directors  
ID – Independent Directors

## MANAGEMENT OVERSIGHT

The Management Committee ensures that everything the organization does supports its vision, purpose, and aims. The Committee sets the strategic direction to guide and direct the activities of the organization. The members are responsible for ensuring that all decisions are taken in the best interests of the organization and that their roles are carried out effectively.

Management also supports and implements the Board's strategic goals and objectives, as such play a crucial role in delivering upon the Board's vision for addressing the risks and opportunities associated with climate change.

## Management Committee

Name	Position
Arthur R. Tan	Chief Executive Officer
Jerome S. Tan	President
Mary Ann S. Natividad	Chief Commercial Officer
Eric de Candido	Chief Operations Officer
Ernest Ang	Chief Procurement Officer
Rosalyn O. Tesoro	Chief Information Officer
Nick Davey	Chief Technology Officer
Margarita V. Del Rosario	Chief Human Resource Officer (OIC)
Laurice S. Dela Cruz	Chief Finance Officer (OIC) * also serves as Chief Risk Officer / Chief Sustainability Officer / Compliance Officer

Through the Enterprise Risk Management department, management is informed of both internal and external large-scale climate risks and opportunities that could affect the company. This can range from natural calamities and events to climate-related risks and opportunities.

The Chief Sustainability Officer (CSO) is primarily accountable for climate oversight and disclosure.

## ACCOUNTABILITY AND AUDIT

### EXTERNAL AUDITORS

The Audit Committee has the primary responsibility to recommend the appointment and removal of the external auditor. The external auditors are directly accountable to the Audit Committee in helping ensure the integrity of the company's financial statements and financial reporting process. Their responsibility is to assess and provide an opinion on the conformity of the audited financial statements with Philippine Financial Reporting Standards and the overall quality of the financial reporting process. The Audit Committee oversees the work of the external auditors and ensures that they have unrestricted access to records, properties, and personnel to enable performance of the required audit.

The Committee meets with the external auditors without the presence of the management team to discuss any issues or concern. To ensure that the external auditor maintains the highest level of independence from the company, both in fact and appearance, the Audit Committee had approved all audit, audit-related, and permitted non-audit services rendered by the external auditor. Non-audit services expressly prohibited by regulations of the SEC were awarded to other audit firms to ensure that the company's external auditor carries out its work in an objective manner.

During the Annual Stockholders' Meeting last April 15, 2021, the shareholders re-appointed Sycip Gorres Velayo & Co. (SGV & Co.) as the company's external auditor for the year 2021, with Ms. Cyril Jasmin B. Valencia as the lead engagement partner. The audit partner principally handling the company's account is rotated every five years in accordance with Securities and Exchange Commission (SEC) regulations.

The aggregate fees billed for the current year and each of the last two years for professional services rendered by SGV & Co.:

	2021	2020	2019
Audit and Audit-related fees*	4.65	4.17	16.00
Tax fees**	-	-	-
All other fees***	0.06	0.07	0.07
<b>TOTAL</b>	<b>4.71</b>	<b>4.24</b>	<b>16.07</b>

In PhP Millions

\*Audit and Audit-Related Fees. This category includes the audit of annual financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years. The 2021 audit fees include the review of the audit work of the other independent auditors of VIA optronics amounting to PhP350,000. The 2019 audit fees include fees for the review of interim financial statements amounting to PhP11.9 million. The fees are exclusive of out-of-pocket expenses incidental to the independent auditors' work.

\*\*Other fees include validation of votes during Annual Stockholders' Meeting.

### GLOBAL INTERNAL AUDIT

Global Internal Audit (IA) through the Chief Audit Executive, Lorlyn Arceo, reports functionally to the Board's Audit and Risk Committee's (ARC) with its operations governed by an Internal Audit Charter reviewed on annual basis, presented to senior management, and approved by ARC and the Board, thus ensuring its independence and objectivity. Periodically, the Committee also meets the Chief Audit Executive without the presence of Management.

Global IA serves as a vital support in the effective discharge of the ARC's oversight role and responsibilities. The main role of the Global IA is to undertake independent and systematic review of the system of internal controls, risk management, governance, and compliance, with the view to provide reasonable assurance that the system of internal controls is adequate and continued to operate effectively in all material aspects.

Global IA activities conform with the International Standards for the Professional Practice of Internal Auditing and its Code of Ethics, comply with the Code of Corporate Governance for publicly listed companies, and are continuously evaluated through an independent Quality Assessment Review. In carrying out Global IA mandate, it adopts a risk-based audit approach with coverage of the most critical processes in its assurance/advisory reviews and annual internal audit plan. The internal audit plan and any changes thereto are reviewed and approved by the ARC and are reassessed quarterly to consider emerging risks, dynamic business, market, industry, and customer conditions to allow maximum and timely coverage of key risk areas.

Global IA undergoes once every five years a formal external quality assessment, with the recent review in 2019. The objectives of the assessment are to:

- assess Global IA's conformance with the International Standards for the Professional Practice of Internal Auditing and its Code of Ethics; and
- identify areas where Global IA can maximize performance and adding more value to the Corporation.

The recent assessment was conducted by Punongbayan & Araullo (P&A), independent consulting and accounting firm, and it was concluded that Global IA generally conforms to the definition of internal auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing.

As of 2021, the audit team has an average of 12.7 years internal audit experience with various professional qualifications, namely Certified Internal Auditor, Certified Public Accountant, Certified Information Systems Auditor, Certified Risk Manager, Certified Scrum Master, Lean Six Sigma, Verband der Automobilindustrie (VDA) 6.3 Process Audit, Qualified Persons in Industrial Regulatory Affairs (QPIRA), ISO9001 Lead Auditor and members of the Institute of Internal Auditors and Certified Public Accountants.

On a quarterly basis and as needed, Global IA reports the status of the approved audit plan, review results, including recommendations and implementation status of Management corrective actions to ensure timely resolution. Further, the report includes quality assurance improvement program, resource management, competencies, and trainings of the staff to ensure effectiveness of the internal audit function and that resources are adequate and reasonably allocated to the areas of highest risks.

All members of the Global IA are free from any relationships or conflicts of interest, which could impair their objectivity and independence.

In strengthening key stakeholders' relationship and value add proposition, Global IA participates in key management and operations meetings, coordinates with other internal and external assurance providers to optimize audit efficiencies, and secures Executive Management inputs in support and alignment to corporate strategies and business goals.

#### DISCLOSURE AND TRANSPARENCY

IMI is fully committed in ensuring that timely and accurate disclosure is made on all material matters regarding the Corporation, including financial information, performance, ownership, and governance of the Company.

#### OWNERSHIP STRUCTURE

As of December 31, 2021, IMI's outstanding common shares were held as follows:

Name of Shareholder and Beneficial Owner	Total Share Outstanding*	% to Total Share
AC Industrial Technology Holdings, Inc.	1,153,725,046	52.03%
Resins, Inc.	291,785,034	13.16%
Shares owned by the Public	683,052,530	30.81%
AC, ESOWN, Directors and Officers	88,730,605	4.00%
<b>TOTAL</b>	<b>2,217,293,215</b>	<b>100.00%</b>

\*Based on the Public Ownership Report as of December 31, 2021

#### RELATED PARTY TRANSACTIONS

RPTs are transactions which may include sales and purchases of goods and services to and from related parties that are concluded at normal commercial terms consistent with the principles of transparency and fairness. To promote good corporate governance and the protection of the shareholders and minority investors, the Company has adopted a policy to ensure that its RPTs are at arm's length, their terms fair, and will inure to the best interest of the Company and its Subsidiaries or affiliates and their shareholders. As per policy, the company or a related party or any of its subsidiaries or affiliates, as the case may be, shall disclose material RPTs to the RPT Committee for review and approval prior to entering into the transaction, unless it is considered as a pre-approved RPT. Material RPTs are transactions that meet the threshold values – US\$1 million or five percent (5%) of the Company's consolidated assets based on its latest audited financial statements, whichever is lower. The RPT policy can be found in the company's website.

The Company also complies with SEC Memorandum Circular No. 10: Rules on Material RPT for Publicly Listed Companies. The SEC-defined material RPTs cover transactions, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the company's consolidated assets based on latest audited financial statement. The Company submitted a revised policy on material RPT in accordance with the Rule.

No RPTs classified as financial assistance to entities other than wholly owned subsidiaries were entered into in 2021. There were also no cases of noncompliance with the laws, rules, and regulations pertaining to significant or material RPTs in the past three years.

#### POLICY ON INSIDER TRADING

To protect the shareholders of the company, all directors, officers, consultants and employees, including their immediate family members living in the same household, who may have knowledge of material non-public information about the company are strictly prohibited from trading IMI shares during the trading blackout period.

IMI updated its Insider Trading Policy in 2021 to clarify the definition of covered persons and to reiterate the reporting obligations of the covered persons as indicated in the revised policy.

The blackout period starts from five trading days before and two trading days after the disclosure of

quarterly and annual financial results for structured disclosures. While for non-structured disclosures, the blackout period is two trading days after disclosure of any material information other than the quarterly and annual financial results. The Compliance officer issues a black-out period notice via e-mail before the release of structured reports or disclosure of other material information to ensure compliance with the policy.

It is the company's policy that all directors and reportable officers must report all acquisitions and disposals, or any changes in their shareholdings in the company within three trading days from the transaction date, two days earlier than the five-day disclosure requirement of the PSE. All other officers and employees must submit a quarterly report on their trades of company securities to the Compliance Officer.

#### CHANGES IN SHAREHOLDINGS

Reported trades in IMI securities of the directors and officers in 2021:

	Security	Number of Shares			As of Dec. 31, 2021
		As of Dec. 31, 2020	Acquired	Disposed of	
<b>DIRECTORS</b>					
Jaime Augusto Zobel de Ayala	Direct	100	-	-	100
Fernando Zobel de Ayala	Direct	100	-	-	100
Arthur R. Tan	Direct	1,955,452	-	-	1,955,452
	Indirect	19,268,100	-	-	19,268,100
Alberto M. de Larrazabal	Direct	100	-	-	100
Edgar O. Chua	Direct	100	-	-	100
Sherisa P. Nuesa	Direct	112,807	-	-	112,807
	Indirect	890,578	-	150,000	740,578
Jose Ignacio A. Carlos	Direct	1	-	-	1
Delfin L. Lazaro	Direct	100	-	-	100
Rafael C. Romualdez	Direct	1	-	-	1
Hiroshi Nishimura	Direct	115	-	-	115
	Indirect	712,463	-	-	712,463
Jerome S. Tan*	Indirect	2,884,733	-	-	2,884,733
<b>OFFICERS</b>					
Laurice S. Dela Cruz	Indirect	157,221	-	-	157,221
Eric De Candido	Indirect	-	-	-	-
Mary Ann S. Natividad	Direct	75,204	-	-	75,204
	Indirect	1,430,036	-	70,000	1,360,036
Rosalyn O. Tesoro	Indirect	19,505	-	-	19,505
Anthony Raymond P. Rodriguez*	Direct	-	-	-	-
Solomon M. Hermosura	Indirect	620,015	-	620,000	15
Rosario Carmela G. Austria	Direct	-	-	-	-
<b>TOTAL</b>		<b>28,126,731</b>	<b>-</b>	<b>840,000</b>	<b>27,286,731</b>

\*Appointed last June 28, 2021

#### WHISTLE BLOWER POLICY

The Policy covers all directors, officers, employees, and stakeholders. The Policy provides a process whereby employees and other stakeholders of IMI will report in good faith, instances of actual and suspected non-compliance with the Code of Conduct, and in a manner that is outside the normal chain of commands

that preserves confidentiality. It encourages an atmosphere that allows individuals to exercise their obligations to responsibly disclose violations of law and serious breaches of conduct and ethics covered by the Code of Conduct through IMI's reporting channels. It provides the process which protects the whistleblowers from retaliation or reprisals by adverse disciplinary or employment penalties as a result of having disclosed wrongful conduct.

Whistleblowers may report, among others, conflicts of interest; misconduct or policy violations; theft, fraud, or misappropriation; falsification of documents; financial reporting concerns; and any act of retaliation taken against persons covered by the policy.

The whistleblower may choose the manner by which he or she may be contacted without compromising his or her anonymity. It can be through face-to-face meeting with any member of the Committee or the Human Resource Department (HRD) at the option of the employee or stakeholder, through email [imi-integrityhotline@global-imi.com](mailto:imi-integrityhotline@global-imi.com), or through hotline 0917-629-7074 and 0917-557-9323.

### STAKEHOLDER RELATIONS

#### SHAREHOLDER MEETING AND VOTING PROCEDURES

Notice of Annual Stockholders' Meetings was sent to all shareholders at least twenty-one (21) days before the meeting by adopting SEC-allowed alternative modes of distributing the notice and other meeting materials. The notice includes the agenda and a detailed explanation on the same, the allowed means of participation and voting, and sets the date, time, place for validating proxies, which must be done at least five business days prior to the meeting.

Each outstanding common shares of stock entitles the registered holder to one vote.

In response to the challenge brought about by the pandemic, the company has held its virtual stockholders' meeting since 2020. The company ensures that its shareholders have active participation through attendance by remote communication, voting in absentia using the enhanced Voting in Absentia and Shareholder (VIASH) System, voting through proxy forms assigning the Chairman as proxy, and sending their questions and comments through the company's established communication channels. Shareholders who notified the corporation of their participation in the meeting by remote communication were included in the determination of quorum, as well as those who voted in absentia, either electronically or through proxy.

The requirements and procedure for electronic voting in absentia are included in the Notice and the Definitive Information Statements (Annex "C") which is sent to the stockholders at least 21 business days prior to the date of the meeting. The Company also provides non-controlling or minority shareholders the right to nominate candidates for board of directors and to propose items for inclusion in the meeting agenda.

### DIVIDEND POLICY

Dividends declared by the Company on its shares of stocks are payable in cash or in additional shares of stock. The payment of dividends in the future will depend upon the earnings, cash flow and financial condition of the Company and other factors. There are no other restrictions that limit the payment of dividends on common shares.

Cash dividends are subject to approval by the Company's Board of Directors but no stockholder approval is required. Property dividends which may come in the form of additional shares of stock are subject to approval by both the Board of Directors and the stockholders of the Company. In addition, the payment of stock dividends is likewise subject to the approval of the SEC and PSE.

#### SHAREHOLDER AND INVESTOR RELATIONS

The Company maintains strong and transparent relationships with its investors and encourages active participation and regular communication with various stakeholders. Through the Investor Relations team, information requirements of the investing public and minority shareholders are fully disclosed to securities regulators on time.

After the release of quarterly financial results, the company management team conducts briefings for the media, investors, and credit analysts. In 2021, these briefings were done virtually through the online app Zoom.

Presentation materials used in the briefings are posted in the Company's official website. <https://www.global-imi.com/investors>

When travel is possible, the company conducts roadshows two or three times a year to engage potential investors from other regions.

IMI has won "Most Improved Investor Relations" in the 11th Institutional Investor Corporate Awards 2021. The annual poll aims to find Southeast Asia's top companies and is the leading perceptions-based poll on financial management, adherence to corporate governance, integrated reporting, corporate social responsibility, and investor relations.

The Company's official website provides information on its compliance to Corporate Governance, matters related to the Board, and investor relations program. [www.global-imi.com](http://www.global-imi.com)

# STRATEGY

**Strategy is defined in the TCFD recommendations as "an organization's desired future state. An organization's strategy establishes a foundation against which it can monitor and measure its progress in reaching that desired state. Strategy formulation generally involves establishing the purpose and scope of the organization's activities and the nature of its businesses, taking into account the risks and opportunities it faces and the environment in which it operates."**

In 2019, we committed to supporting the UN SDGs through IMI's Sustainability Blueprint. IMI focuses and champions SDG 9—Industry, Innovation, and Infrastructure, as well as SDG 12—Responsible Consumption and Production. By 2030, IMI envisions to achieve the following, subject to re-assessment, as we finalize our goal-setting.

- Attain an inclusive and sustainable industrialization by demonstrating manufacturing value add of US\$1 billion across all IMI locations, including developing countries where IMI operate;
- Reduce CO2 (raise 2 as an exponent) emissions by 5 percent based on 2018 levels by adopting energy efficient technologies and harnessing clean energy;
- Substantially reduce waste generation through reduction of material consumption and zero out waste disposal to municipal landfills through recycling and recovery; and
- Decrease its water drawn from source by 30 percent based on 2018 levels by adopting recycling and re-use of wastewater.

IMI joined the network of supporters of the TCFD in January 2021 to promote a more resilient financial system through climate-related disclosure. TCFD adoption supports IMI's vision of being future-ready as a global technology solutions company that takes into account its responsibility as one of Ayala Corporation and AC Industrial's sustainability champions, in the manufacturing industry, in the Philippines, and across the globe. IMI reinforces its commitment to help achieve UN SDGs, and also to help mitigate the risk of climate change.

### CLIMATE-RELATED RISKS AND OPPORTUNITIES

#### CLIMATE RISK MODELLING

As part of our commitment to develop a comprehensive framework for quantifying and disclosing the risks and opportunities that our business faces from climate change, we have engaged with The Climate Service (TCS) to aid us in performing climate risk analytics to businesses and investors.

TCS use a Climonomics® risk analytics system which is a web-based software that provides clients with knowledge of what their risks are, where they are, and what trends they can anticipate over decades and across multiple scenarios so that they can manage these risks strategically. Using its Climonomics® platform, TCS have provided climate change property vulnerability profiling for our properties.

With multiple climate scenarios from different periods up to the year 2100, the analysis provided from the platform will help us better manage our risks, build resilience, and shape our strategies around these changes in years to come. These will particularly equip our board of directors with the necessary knowledge to make more informed decisions in light of the calculated impacts of climate change on the long-term strategies of the company.

#### IMPACTS OF CLIMATE-RELATED RISKS

Climate-related Risk	TCFD Cat.	Impact Factors
Environmental Laws	Transition Risk	• Climate change and environmental laws applicable to IMI's projects could have a material adverse effect on its business, financial condition or results of operations.
Natural events or other catastrophes	Physical Risk	• Natural or other catastrophes, including severe weather conditions and epidemics, pandemics, that may materially disrupt IMI's and its supplier's operations, affect its ability to complete projects.

**CLIMATE-RELATED RISKS, OPPORTUNITIES, AND FINANCIAL IMPACT**

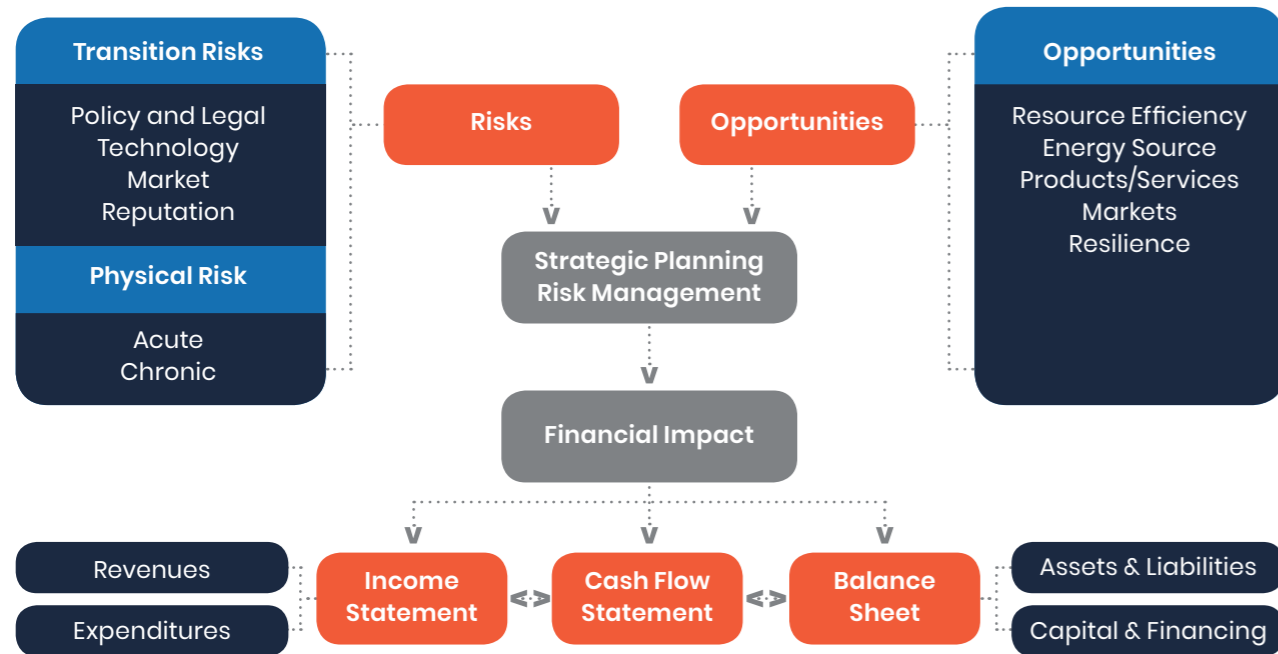


Fig xxx: TCFD Climate Risks and Opportunities

TCFD – Physical Risk Analysis	TCFD – Transition Risk Analysis	Opportunities
Physical risks resulting from climate change can be event-driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for organizations, such as direct damage to assets and indirect impacts from supply chain disruption. Organizations' financial performance may also be affected by changes in water availability, sourcing, and quality, food security, and extreme temperature changes affecting organizations' premises, operations, supply chain, transport needs, and employee safety.	Transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risks to organizations.	Efforts to mitigate and adapt to climate change also produce opportunities for organizations, for example, through resource efficiency and cost savings, the adoption of low emission energy sources, the development of new products and services, access to new markets, and building resilience along the supply chain. Climate-related opportunities will vary depending on the region, market, and industry in which an organization operates. The Task Force identified several areas of opportunity as described in the next section.

**TCS CLIMATE RISK STUDY**

**TCS INITIAL ASSESSMENT**

Based on the TCS assessment which looked into climate-related physical and transition risks, there is nothing to suggest that climate change will significantly affect IMI and its assets in an RCP 8.5 scenario by 2050. In terms of physical risk, extreme temperature change and fluvial flooding were identified as top risk, however, the probability of affecting IMI operations is low.

The assessment indicates that the opportunities for IMI in terms of products and services are significantly higher in terms of potential compared to risks. IMI will be looking to take advantage of its advanced capabilities and experience in the coming low carbon economy, and green energy technologies.

**TCFD – CLIMATE RELATED RISKS**

Climate Risk Summary for the 2030s			
Risk Trends at RCP 8.5		Risk Trends at RCP 4.5	
This "High Emissions" scenario assumes that no major global effort to limit greenhouse gas emissions will go into effect, leading to 4.2-5.4°C of warming by the end of the century.		This "Low Emissions" scenario implies coordinated action to limit greenhouse gas emissions to achieve a global temperature warming limit of ~2°C.	
●	• IMI faces the highest physical risk from <b>Temperature Extremes</b> and the highest transition risk from <b>Technology</b> in the 2030s.	●	• IMI faces the highest physical risk from <b>Temperature Extremes</b> and the highest transition risk from <b>Technology</b> in the 2030s.
●	• <b>Fluvial Flooding</b> poses the second-highest physical risk, while <b>Reputation</b> poses the second-highest transition risk in the 2030s.	●	• <b>Fluvial Flooding</b> poses the second-highest physical risk, while <b>Carbon Pricing</b> poses the second-highest transition risk in the 2030s.
●	• IMI faces minimal or no risk from <b>Tropical Cyclone</b> .	●	• IMI faces minimal or no risk from <b>Tropical Cyclone</b> .

● High ● Medium ● Low

Opportunity Summary for 2030s			
Opportunity Trends at RCP 8.5		Opportunity Trends at RCP 4.5	
This "High Emissions" scenario assumes that no major global effort to limit greenhouse gas emissions will go into effect, leading to 4.2-5.4°C of warming by the end of the century.		This "Low Emissions" scenario implies coordinated action to limit greenhouse gas emissions to achieve a global temperature warming limit of ~2°C.	
●	• IMI opportunities for the 2030s are primarily driven by <b>Products and Services</b> .	●	• IMI opportunities for the 2030s are primarily driven by <b>Products and Services</b> .
●	• <b>Energy Source</b> is also a significant driver of opportunity in the 2030s.	●	• <b>Energy Source</b> is also a significant driver of opportunity in the 2030s.
●	• IMI has the lowest opportunity from <b>Markets</b> .	●	• IMI has the lowest opportunity from <b>Markets</b> .

● High ● Medium ● Low

**TAKING ACTION**

As we continue our TCFD and sustainability journey, we are currently reviewing our sustainability blueprint commitments, and other metrics and targets based on the TCFD recommendations. In addition, we are

also looking into feasible interventions and reduction opportunities that would help us attain our ambitions in terms of neutrality and ultimately NetZero.

**IMI SUSTAINABILITY BLUEPRINT**

**SUSTAINABLE DEVELOPMENT GOALS**

**IMI Supported SDGs**

- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 14 LIFE BELOW WATER
- 15 LIFE ON LAND
- 17 PARTNERSHIPS FOR THE GOALS

**IMI Focused SDGs**

- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**  
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
  - Saving Lives
  - Improving lives
  - Saving energy
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION**  
Ensure sustainable consumption and production patterns
  - Reduce
  - Reuse
  - Recycle

**PRODUCT SYSTEMS BY IMI**



**SAVE LIVES**

Camera, ADAS Systems, Steering Systems, Safety, Security, Aerospace and Defense, Medical



**IMPROVE QUALITY OF LIFE**

IoT Trackers, Industrial Sensors, Telecom, Other Medical, Storage, Automated Systems



**SAVE ENERGY**

Power Module, Battery Management, EV Charger, Metering Systems, Power Supply, LED Lighting

**IMI, YOUR GLOBAL TECHNOLOGY SOLUTIONS PARTNER**



- With an extensive global footprint: 21 manufacturing plants in 10 countries
- Innovative technology and engineering orientation
- Ability to cater to diverse industries and markets with strong exposure to high growth markets i.e., automotive and industrial segments
- Sustainable – yesterday, today and tomorrow
- Committed to the continuous improvement of our Quality Management System (QMS)
- A culture of operational excellence

**BUILDING CLIMATE RESILIENT STRATEGY**

IMI aims to solidify its position as a catalyst and enabler for sustainability by addressing climate change internally in our processes, as well as through the products and services we deliver to our customers and the world at large.

**IMI BUSINESS CONTINUITY MANAGEMENT STRATEGY REVIEW**

In order to be better prepared and to improve mitigation plans for incidents such as supply chain disruption, cybersecurity and malware attacks, extreme weather, and climate change, IMI contracted Aon Global Risk Consulting (AGRC) to undertake a Business Continuity Management review of current arrangements in place within IMI and to assess its appropriateness when compared with internationally recognized best practice standards.

Overall IMI maturity across Business Continuity Management can be defined as formalized and established. The evidence shows that there is a clear know-how across senior stakeholders about Business Continuity Management and the increasing drive behind it. IMI has a strong set-up of policies and plans that are related to incident management, emergency response management and risk management.

**SUPPLY CHAIN RISK MANAGEMENT (SCRM) MATURITY ASSESSMENT**

In February 2021 IMI parent company, Ayala Corp & ACI requested Aon Global Risk Consulting to help define the current state of Supply Chain Risk Management (SCRM) within IMI by benchmarking current capabilities against best practice, leading to the generation of recommendations and improvements

to IMI SCRM. The assessment includes ensuring effective risk management protocols are established from sourcing, through contractual agreement, to delivery and performance review.

The assessment focused on the following key supply chain management areas:

- GOVERNANCE**  
Leadership, mandate and commitment, strategic alignment, positioning (policies), design of framework, embedding the framework
- RISK MANAGEMENT**  
Risk identification, risk assessment and prioritization, recording and data capture (e.g. risk register), mitigation and control
- ASSURANCE**  
Supplier selection and assessment, ongoing approved supplier assessment/supplier audit, supplier continuity management, customer relationship management, managing critical partners, risk culture, training/continuous improvement
- RESILIENCE**  
Monitoring and review, continuous improvement, communication and consultation

SCRM maturity assessment of IMI has been undertaken using Aon's proprietary SCRM assessment model. It is based upon the core components of ISO31,000:2018, the COSO Enterprise Risk Management Integrated Framework and Aon's extensive experience in working with a global client base.

**SCRM Scoring Model**

The four key supply chain risk management areas (Governance, Risk Management, Assurance, and Resilience) have been broken down into subcategories, and each was assessed using Aon’s maturity assessment. The maturity within the model levels are based on a one to five scale, where one represents the lowest level of maturity, and five the highest.

Maturity Levels	Level Definitions
Level 1 - Underdeveloped	No structured approach for identifying and managing supply chain risk exists
Level 2 - Formalized	Policies and procedure for supply chain risk management being established
Level 3 - Established	Supply chain risk management is implemented into routine business processes
Level 4 - Embedded	A proactive approach to the management of supply chain risk exists at all levels of the business
Level 5 - Optimised	Continuous improvement and full range and cycle of program activities accomplished

It should be noted that achievement of a Level 5 might not be appropriate for all businesses, business units or functional areas. The appropriate level is dependent on the specific activity or operating environment of each, for example highly regulated sectors would require a higher level of maturity than those that are unregulated.

**SCRM Assessment Results**

In relation to the sourcing and procurement risk, independent review of Aon considered an overall aggregated SCRM maturity score of 3 (Established) as providing a good level of maturity for IMI implemented at a business level. The result demonstrates IMI is implementing a high standard of SCRM that is delivering an appropriate level of protection within a challenging global context.

Resilience scored highest among all areas of SCRM, in the assessment. This is due to the robust manner in which IMI has responded to the significant impacts and challenges of the pandemic, and professionalism demonstrated by IMI.

Based on the results, IMI should be well prepared for, and able to withstand, the ongoing challenges it is

experiencing in relation to supply chain risk exposure, examples of which are:

- Unstable, inconsistent, and unpredictable customer forecasting
- Inaccurate production and sales pipelines or significant change to customer requirements
- The failure of a number of single source suppliers
- Inability of some suppliers to be flexible and to provide the required volumes to IMI.

The results demonstrate that mature Risk Management capabilities exist in IMI to identify, assess, and prioritize complex supply chain risks across the organization. There is an understanding of both Enterprise Risk Management (ERM) and Business Continuity Management (BCM) and their application in protecting the business from more complex supply chain risk and risk management.



**INFORMATION AND CYBER SECURITY**

IMI engaged an outsourced Security Operations Centre or SOC to assist IMI on managing cyber threat detection 24x7 by 365 days. IMI received a 91 percent cyber rating from SecurityScorecard, a company that rates cybersecurity posture for corporates like IMI.

In addition, IMI received the ISO27001 certification from LRQA for IMI Philippines.

ISO 27001 is the international standard that provides the specification for information security management system or ISMS.

This standard provides an effective framework that specifies the requirements for establishing, implementing, operating, monitoring, reviewing, maintaining, and improving documented ISMS, covering overall business risks based on the needs of individual organizations and recommends proportionate security controls to protect information assets of an organization.

# RISK MANAGEMENT

**Risk management is defined in the TCFD recommendations as “a set of processes that are carried out by an organization’s Board and management to support the achievement of the organization’s objectives by addressing its risks and managing the combined potential impact of those risks.”**

Each year, IMI renews our commitment to evolving our understanding of both our impact on the environment, and how changes to the climate will affect our strategy and operation.

In 2021, as we began our journey to adopting the TCFD recommendations, we have incorporated climate-related risks and opportunities assessment into our enterprise risk management framework.

With a heightened focus on ESG, climate change, neutrality, and NetZero objectives as well as specific global events such as the COVID-19 pandemic and global warming, risk and opportunity management has rightly taken on greater focus for a broad set of stakeholders. Indeed, our ability to rapidly understand and adjust strategies, and seek new opportunities has never been more critical and consequential than it is today.

Our framework for sustainability management is the IMI Code of Conduct, adapted from the Responsible Business Alliance (RBA) Code of Conduct. It outlines the standards that we have set for ourselves to ensure that; working conditions are safe, workers are treated with respect and dignity, and manufacturing processes are all environmentally responsible. In addition, we consider factors that contribute to climate-related impacts, such as Air Emissions, Energy Consumption, and Greenhouse Gas Emission Energy.

**LABOR**

*Treat employees with dignity and respect*

- Freely Chosen Employment
- Child Labor Avoidance
- Working Hours
- Wages and Benefits
- Humane Treatment
- Non Discrimination
- Freedom of Association

**MANAGEMENT SYSTEMS**

*Ensure compliance to RBA standards and the four pillars (Labor, Ethics, Health & Safety, Environment)*

- Company Commitment
- Management Accountability and Responsibility
- Legal Customer Requirements
- Risk Assessment and Risk Management
- Improvement Objectives
- Training
- Communication
- Worker Feedback and Participation
- Audits and Assessments
- Corrective Action Process
- Documentation and Records
- Supplier Communication

**HEALTH & SAFETY**

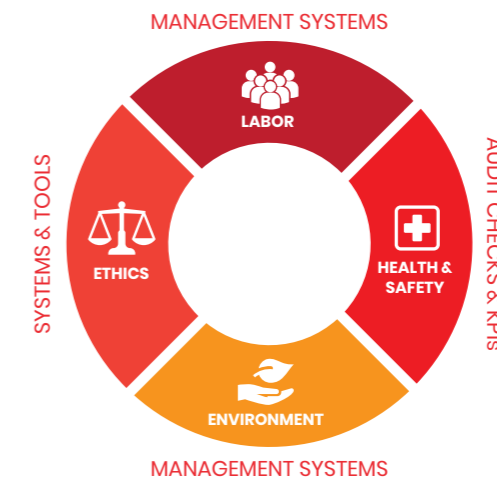
*Maintain a safe and healthy work environment*

- Occupational Safety
- Emergency Preparedness
- Occupational Injury and Illness
- Industrial Hygiene
- Physically Demanding Work
- Machine Safeguarding
- Sanitation, Food and Housing
- Health and Safety Communication

**ETHICS**

*Uphold the highest standards*

- Business Integrity Q&A Requirements
- No Improper Advantage
- Disclosure of Information
- Intellectual Property
- Fair Business, Advertising and Competition
- Protection of Identity and Retaliation
- Responsible Sourcing of Minerals
- Privacy
- Insider Trading



**ENVIRONMENT**

*Protect the environment*

- Environmental Permits and Reporting
- Pollution Prevention and Resource Reduction
- Hazardous Substances
- Waste and Solid Waste
- Air Emission
- Product Content Restrictions
- Water Management
- Greenhouse Gas Emission Energy

Figure XXX: IMI Code of Conduct & Sustainability Framework

## RISK MANAGEMENT POLICY AND FRAMEWORK

Our Enterprise Risk Management (ERM) Policy establishes the overall direction for the company's risk management process and practices, which includes climate risk. Guided by ISO 31000:2018 risk management principles, IMI defines a common, structured approach that governs risk management process toward value creation, and protection, improve performance, encourage innovation, and help mitigate climate change. This central framework is shown below.

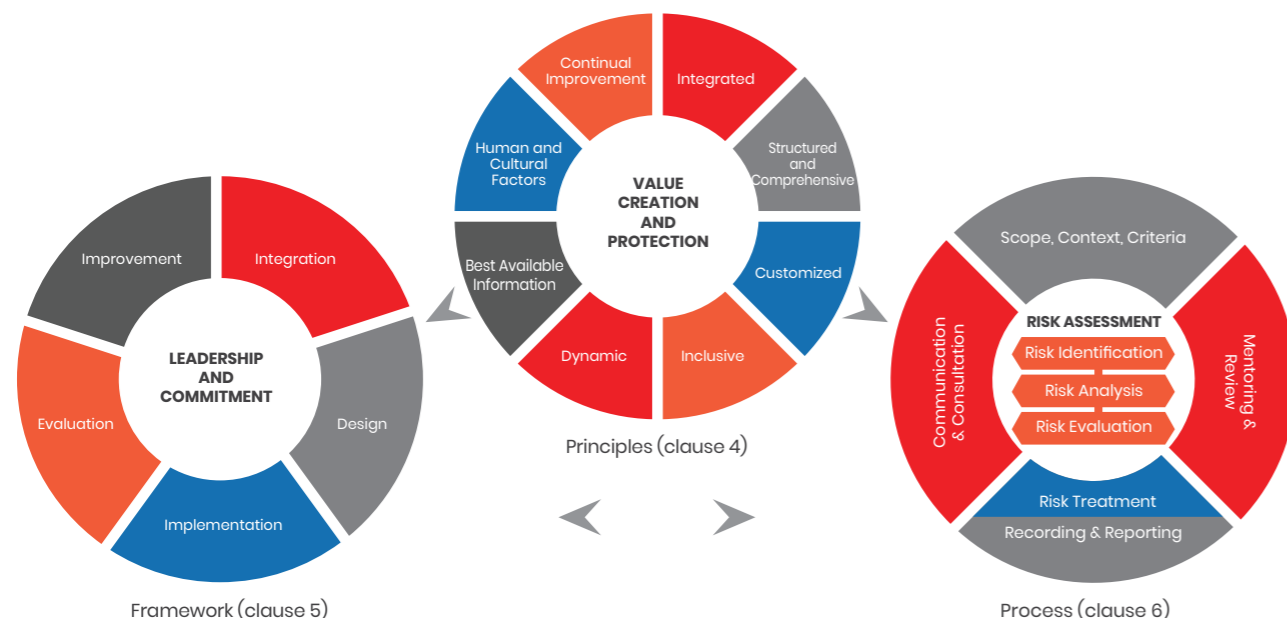


Figure XXX: ISO 31000

As part of our risk management process, we perform an annual assessment of the key risks the company faces and strategize action plans to mitigate such risks. The assessment considers, among other matters, the nature, frequency, and severity of risk factors, and the company's experience with each of the identified estimates and assumptions.

The central purpose of this approach is to provide increased awareness and understanding of current risks, as well as climate-related risks and opportunities within the company resulting in improved risk management based and informed strategic planning. Additionally, it proactively addresses investors' demand for climate-related information.

In addition to our extensive internal ISO 31000 based processes, IMI uses several external sources for considering potential climate-related risk and opportunity, these include:

- Globally recognized reporting frameworks that support how we track our climate action initiatives
- Leading scientific thought leadership
- Publicly available climate change publications and data that are both specific to our sector and those that relate to appropriately aligned sectors

- TCFD published guidance
- Our internally identified climate-related risk and opportunity profile, and our Integrated Report, and our CDP 2021 submission
- CDP reports from other manufacturing companies.

We now put added focus on improving our risk management strategy in order to increase awareness and understanding of climate-related risks and opportunities both within, and external to the company, resulting in more effective risk and opportunity management and more informed strategic planning.



## TOP RISK 2021 (TOP 5)

As part of our risk management process, we perform annual assessment of the key risks that the company faces and strategize action plans to mitigate such risks. The assessment considers, among other matters, the nature, frequency, and severity of risk factors, and the company's experience with each of the identified estimates and assumptions.

### OPERATIONAL – SOURCING & PROCUREMENT

As companies including IMI ramp up and raise production to pre-pandemic levels, supply chain becomes the top risk across the manufacturing industry. Component shortage, increased cost of raw materials, logistics, higher cost of freight, inventory management are some of the major areas challenged. IMI continuously coordinated sourcing efforts with customers and suppliers in order to formulate mitigating strategies for supply chain disruption. As assessed by Aon PLC, IMI is well capable and has performed well to address this risk.

We intend to work with our customers to qualify alternative suppliers from various geographic locations. We will continue to further enhance and strengthen our capabilities in data analytics which should result in improved overall efficiency in the procurement process, as well as lower component acquisition cost.

### OPERATIONAL – STRATEGIC PLANNING & EXECUTION

Challenges in sourcing and procurement, capacity planning, the lingering effects of the COVID-19 pandemic, recruitment and retention, macroeconomic and geopolitical issues, as well as complications brought about by new technological demands put IMI at higher operational and strategic risk.

IMI will redefine its global value proposition by considering disruptive technology trends and utilizing analytics in tracking and analyzing data in real-time in order to predict untoward events and mitigate the impact. IMI will also establish its long-term purpose through the lens of sustainability and re-align the structure in corporate and operations to attend to specific targets and metrics.

### BUSINESS RESILIENCE

COVID-19 Pandemic continues to disrupt the global economy, as well as health and safety with its new variants such as Delta and Omicron. Through 2021, IMI's Business Continuity Management System (BCMS) across all its geographies once again demonstrated maturity and decisive action through all the changes in mandates and protocols, ensuring employee safety and continuous operations.

For continuous improvement, IMI aims to expand Business Impact Analysis (BIA) for the most critical and high-risk processes and functions. This will then allow us to update and align BCMS strategies specially for identified vulnerable processes and assets.

### TALENT – RECRUITING AND RETENTION

Acquiring expertise in key technology areas of expansion in a shrinking talent pool for specialized skills and niche markets continues to be a challenge for IMI. The global pandemic has only accelerated the talent shortage and consequently creates more reason to further enhance the overall employee value proposition for better talent attraction.

What has been dubbed "The Big Quit" or "The Great Resignation" has also affected IMI in 2021. While the company's global voluntary attrition remained flat from 2020 to 2021, there has been a noticeable increase in attrition among engineers and other roles with specialized skills. IMI then conducted a compensation review and alignment with the market to address this. A broader review of compensation structures and benefit programs is also underway to align with market and industry standards.

### INNOVATION AND TECHNOLOGY

Developments in technologies such as EVs, 5G, IoT, green energy, among others, present a big market opportunity and capability expansion for IMI. There is, however, a risk if IMI is unable to adapt to the challenges and required changes of these new technologies, both in terms of manpower skillset and equipment and timing of investment and acquisition. IMI has invested in D&D and continues co-designing activities with customers in order to facilitate demand for new technologies.

As we face further challenges on talent shortages and talent attrition, it has prompted IMI to strengthen its inward focus — internal mobility, upskilling and reskilling existing employees. IMI has also adopted flexible work arrangements for specific roles. The company aims to establish its position as employer of choice in EMS through an enhanced employee value proposition.



Hazardous waste management at IMI Philippines

### MOVING OUR CLIMATE-RELATED RISK MANAGEMENT FORWARD

In addition to assessing priority risks, IMI identifies emerging risks. In the last two years, climate change has been identified as an emerging risk. This means the trending of the climate-related risks and opportunities identified in this report will be regularly monitored by IMI to ensure the adequacy of mitigating actions. As such, additional focus will be placed on how this risk impacts the company.

The core focus of IMI's Climate Strategy is in both value creation and protection. We aim to improve our performance, encourage innovation, and support the achievement of our key objectives whilst remaining cognizant of our climate-related goals and ambitions. We see this as part of our core journey, and not as an additional or external factor. Our business resilience strategy, as materialized through our Business Continuity Systems, seeks to reflect and respond to IMI's climate risk and opportunity profile to ensure the long-term protection of our key assets and processes.

Across IMI, our climate-related risk management processes and control framework reflect our deep commitment to integrity, transparency, and governance for sustainable and resilient operations. These factors are the fundamental foundation upon which we confidently set our climate-related goals and ambitions.

Our climate-related operating standard considers the company's size, risk and opportunity profile, and complexity/diversity of our operations to ensure the adequacy and effectiveness of our approach. Moreover, it is also embodied in IMI's management oversight, and control culture and activities that help identify, evaluate, mitigate, and monitor key climate-related risk exposures.



Fire drill at IMI Chengdu, China

# METRICS AND TARGETS

Metrics and targets are used to assess and manage material climate-related risks and opportunities. The TCFD recommends that organizations disclose the metrics and targets they use to assess and monitor climate-related risks and opportunities, including their Scope 1, 2 and, if appropriate, 3 emissions.

In line with the metrics & targets pillar, we provide the key metrics used by our company to measure and manage climate-related risks and opportunities. As such, we have included metrics on climate-related risks associated with waste management (hazardous, non-hazardous recycled and non-hazardous residual), energy consumption (electricity and water) and global greenhouse gas emissions (scope 1, 2 and 3) which we deem relevant and applicable. In order to allow for historic trend and regional (Asia, Europe and the US) level analysis, the metrics disclosed provide data over a three-year time horizon.

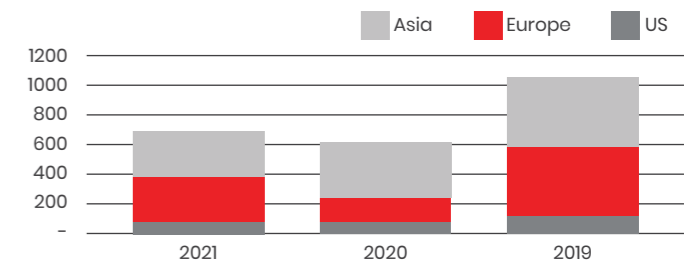
### WASTE MANAGEMENT

Our initiatives to mitigate the impact of waste generation and waste disposal are as follows:

- Continue and sustain the waste reduction programs from upstream waste sources by implementing the 4 Rs method – reduce, reuse, recycle, and replace material that are not hazardous to environment
- Initiate the redesign of equipment and processes to reduce material consumption
- Continue the recycling recovery and treatment of all wastes to zero out the disposal from municipal landfill

#### WASTE MANAGEMENT - Hazardous

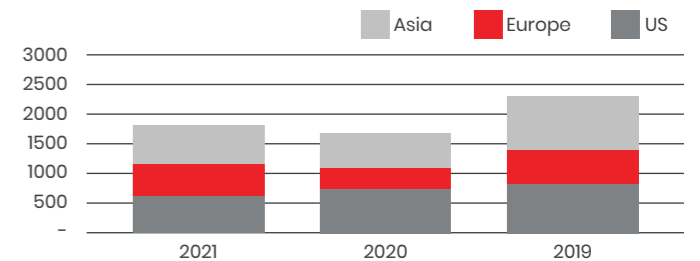
(in '000 kg)	2021	2020	2019
Asia	298	348	452
Europe	299	183	451
US	83	80	135
<b>TOTAL</b>	<b>680</b>	<b>611</b>	<b>1,038</b>



Whilst an increase in hazardous waste management was experienced in 2019, this was followed by a marked decrease in 2020. All three regions follow a similar pattern. The businesses in Asia contribute most followed by our European and US businesses.

#### WASTE MANAGEMENT - Non-Hazardous RECYCLED

(in '000 kg)	2021	2020	2019
Asia	595	532	851
Europe	535	351	533
US	696	784	831
<b>TOTAL</b>	<b>1,826</b>	<b>1,667</b>	<b>2,215</b>

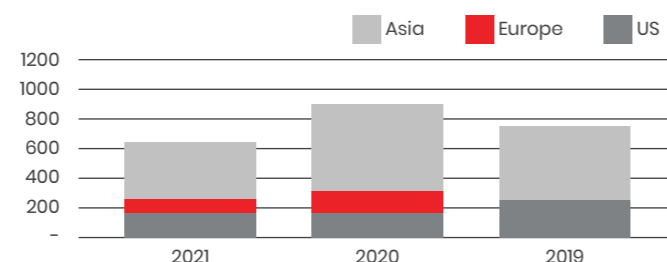


A gradual decline has been experienced annually since 2018. A similar pattern is seen in Asia and Europe. In the US, although there is a decrease in 2020 relative to 2019, the 2020 level is higher than that of 2018.



## WASTE MANAGEMENT - Non-Hazardous RESIDUAL

(in '000 kg)	2021	2020	2019
Asia	390	615	488
Europe	71	124	14
US	182	178	269
<b>TOTAL</b>	<b>643</b>	<b>917</b>	<b>770</b>

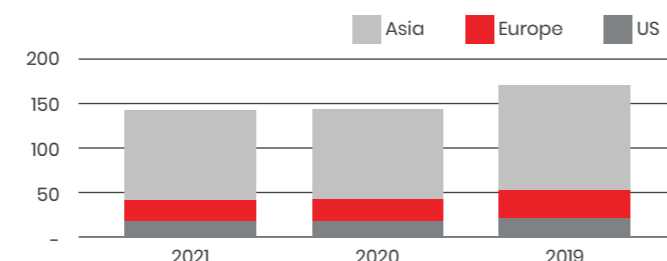


Note: Hazardous, non-hazardous recycled, and non-hazardous residual [Asia and Europe (2018 and 2019)] - 2019 Germany and VTS Japan no data of waste management 2020 data excluding VIA Germany, VIA China and VTS Japan.

A steady increase has been experienced in Asia and Europe. This is in contrast to the US which did initially see an increase in 2019 before retreating in 2020 to a level lower than that in 2018.

## ENERGY CONSUMPTION - Electricity

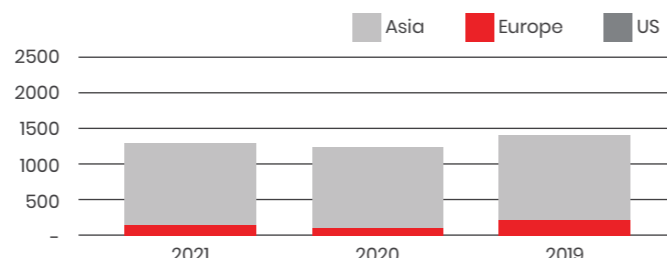
(in million kw/h)	2021	2020	2019
Asia	103	100	116
Europe	23	26	28
US	18	17	19
<b>TOTAL</b>	<b>144</b>	<b>144</b>	<b>163</b>



Electricity consumption has decreased in Asia and only slightly increased in Europe. Electricity consumption has stayed flat in the US over the last three years.

## ENERGY CONSUMPTION - Water

(in '000 m3)	2021	2020	2019
Asia	1,214	1,244	1,223
Europe	126	96	200
US	12	20	24
<b>TOTAL</b>	<b>1,352</b>	<b>1,360</b>	<b>1,447</b>



Note: Water 2019 - 2019 Germany no data of water consumption 2020 electricity and water consumption excluding VIA Germany, VIA China and VTS Japan.

A steady increase has been experienced in Asia and Europe. This is in contrast to the US which did initially see an increase in 2019 before retreating in 2020 to a level lower than that in 2018.

## GHG METRICS

According to the Greenhouse Gas (GHG) Protocol, representing the most commonly used international accounting tool, GHG emissions have been categorized into three scopes / groups.

### Scope 1 Emissions

Represent direct GHG emissions emanating from sources owned or controlled by IMI (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles).

### Scope 3 Emissions

Represent all other indirect emissions that occur within the value chain of a company.

The previous section focused on disclosing various metrics that assessed the company's current and historic performance. Here we hone into GHG emissions (providing scope 1, 2 and 3 emissions data) and detail the methods used to derive these calculations.

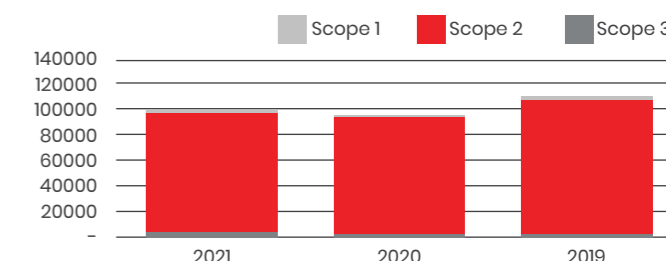
### Scope 2 Emissions

Characterized by indirect GHG emissions resulting from IMI's energy usage generated at the company's facilities. Scope 2 emissions are associated with the buying of various forms of energy (e.g. electricity, heat, steam etc.).

The following charts present IMI's own production of GHG emissions between 2018 and 2020:

## SUMMARY OF GHG EMISSIONS

(in tCO2e)	2021	2020	2019
Scope 1	712	503	406
Scope 2	95,835	93,294	105,025
Scope 3	3,068	1,943	1,722

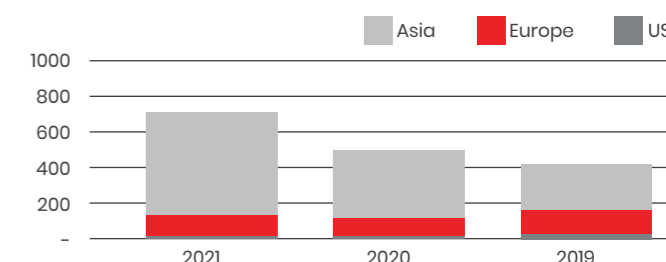


Scope 2 emissions account for the largest share in emissions produced by some margin. Although, we note there has been a gradual decrease in this annually since 2018. Scope 1 and 2 emissions have been increasing annually since 2018.

We provide further granular data on scope 1, 2 and 3 emissions at a regional level below.

## Greenhouse Gas Emissions - Scope 1

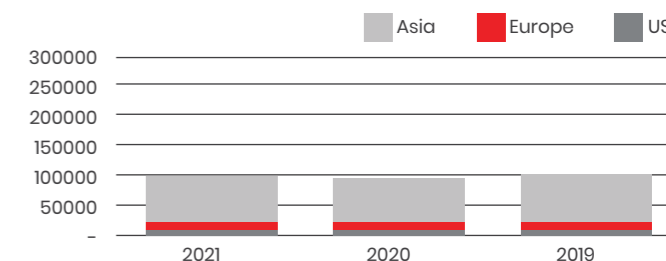
(in tCO2e)	2021	2020	2019
Asia	547	363	213
Europe	139	111	158
US	26	29	35
<b>TOTAL</b>	<b>712</b>	<b>503</b>	<b>406</b>



Asia is the largest contributor of scope 1 emissions and whilst there was a decrease in levels in 2019 (relative to 2018), there was a notable increase in 2020 (exceeding 2018 levels). An increase in emission levels were experienced in Europe and the US between 2018 and 2019 before a drop was seen in 2020.

## Greenhouse Gas Emissions - Scope 2

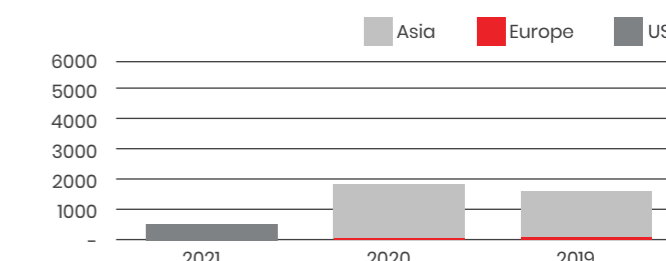
(in tCO2e)	2021	2020	2019
Asia	73,689	70,954	81,105
Europe	14,004	14,443	15,228
US	8,141	7,898	8,692
<b>TOTAL</b>	<b>95,835</b>	<b>93,294</b>	<b>105,025</b>



Asia is the biggest contributor of scope 2 emissions followed by Europe and then the US. In all three regions, whilst there was an initial increase in scope 2 levels in 2019, this was followed by a decrease in levels in 2020.

## Greenhouse Gas Emissions - Scope 3

(in tCO2e)	2021	2020	2019
Asia	2,484	1,854	1,586
Europe	81	90	136
US	502	0	0
<b>TOTAL</b>	<b>3,068</b>	<b>1,943</b>	<b>1,722</b>



Note: 2019 data includes VIA Germany, VIA China, and VTS Japan

Asia is the largest contributor of scope 3 emissions and has seen an annual increase since 2018. In Europe, we note an increase between 2018 and 2019 before a drop in 2020.

As a company, we have been reporting on GHG emissions and other GRI metrics since 2010. The next stage in our development is to focus on establishing annual and milestone targets.

**TARGETS**

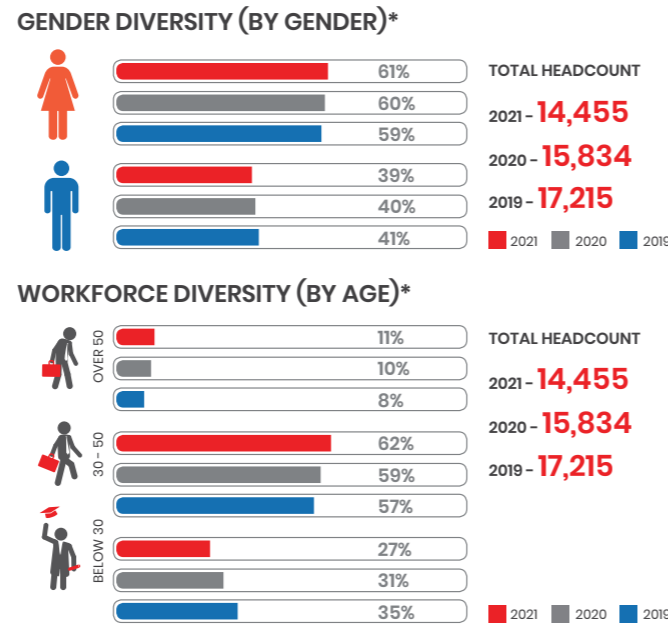
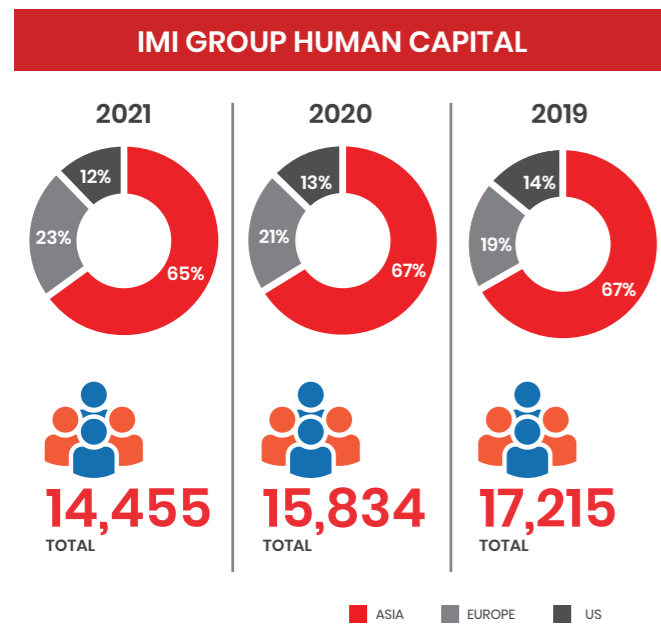
Committing to Net Zero by 2050 is a principal target of IMI and demonstrates the Board's commitment and resolve to addressing the risks and opportunities associated with climate change.

We have committed to a number of targets which are based on the Sustainability Blueprint 2030 Journey which started in 2018. Our targets are based on GHG emissions, Waste Management, Water Management, and Manufacturing Value Add. The current

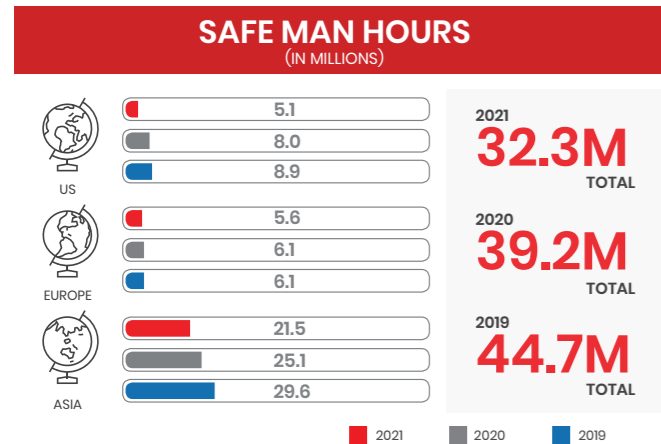
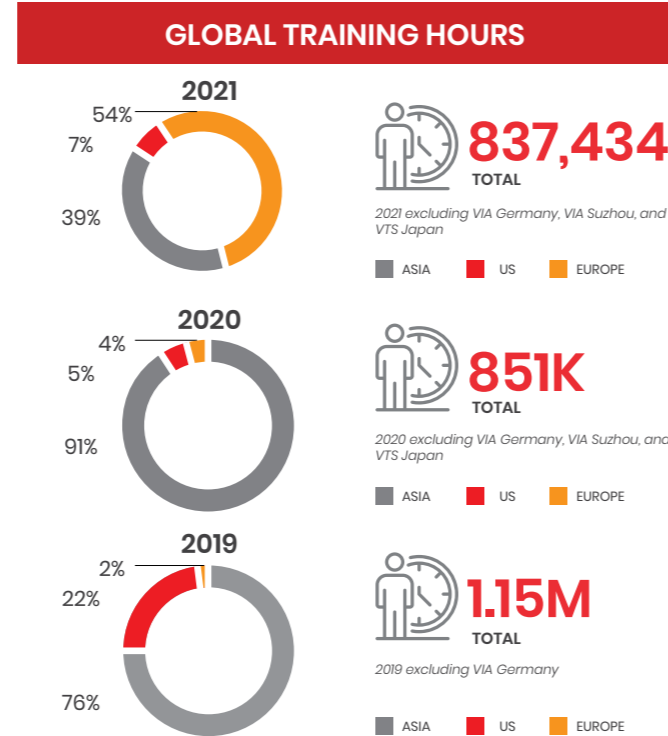
performance on these metrics need to be reviewed, which can then be adjusted, added to or removed to align to our Net Zero target by 2050.

We acknowledge we are at the start of our journey on addressing the risks and opportunities associated with climate change with work still needing to be done around our targets. We are, however, moving in the right direction with the support provided by our CEO and President.

**OTHER ESG METRICS**



Note: Total Headcount excluding VIA Germany, VIA Suzhou, and VTS Japan at 13,634



2020 and 2021 data excluding VIA Germany, VIA Suzhou, and VTS Japan

**SASB INDEX – SUSTAINABILITY ISSUES & TOPICS FOR EMS MANUFACTURING**

MATERIAL TOPICS	ACCOUNTING METRICS	SDGS	PAGE NUMBER (S)
<b>Environment</b>	<ul style="list-style-type: none"> <li>GHG Emissions</li> <li>Air Quality</li> <li>Energy Management</li> <li>Water Management</li> <li>Waste &amp; Hazardous Materials</li> <li>Ecological Impact</li> </ul>		67 – 69
<b>Human Capital</b>	<ul style="list-style-type: none"> <li>Labor Practices</li> <li>Employee Health &amp; Safety</li> <li>Employee Engagement, Diversity &amp; Inclusion</li> </ul>		70 72 – 75
<b>Business Model &amp; Innovation</b>	<ul style="list-style-type: none"> <li>Product Design &amp; Life Cycle Management</li> <li>Business Model Resilience</li> <li>Supply Chain Management</li> <li>Materials &amp; Resource Efficiency</li> <li>Physical Impact of Climate Change</li> </ul>		38 – 70
<b>Leadership &amp; Governance</b>	<ul style="list-style-type: none"> <li>Business Ethics</li> <li>Competitive Behavior</li> <li>Management of Legal &amp; Regulatory Requirements</li> <li>Critical Incident Risk Management</li> <li>Systemic Risk Management</li> </ul>		38 – 66

## STAKEHOLDER ENGAGEMENT

Our commitment to our stakeholders and the global community remains -- evident in our dedication to further achieve good governance, constantly striving to be responsible corporate citizens and continuously provide positive contribution to society.



ManCom Attending a Virtual Event - Service Awards 2021



With AC Industrials Management team



IMI Bulgaria - Loyalty Awardees



IMI Philippines - Community Outreach Relief Distribution

As a global multinational company crossing boundaries and borders we remain dedicated to our people with various operational needs that call for customized programs while skillfully implementing our global IMI HR strategies.

### BULGARIA

- Annual Service Awards
- Employee Engagement Survey (3.73/5 Engagement Score)
- Dual Education Partnership Agreement w/ Vocational High School of Engineering & Management, Botevgrad; 18 students
- Recommended in-house leave submission application
- Engagement Program (e.g. 2nd online Christmas competition)

### CHINA

- Epidemic control, 0 case in IMI-CN
- "Less People Better Pay" implemented in IMI-JX

### CZECH REPUBLIC

- 30th year founding anniversary celebrations (10 years with IMI)
- Recruitment of SPs/Key Talents

### MEXICO

- DL's Induction - 2nd Place in IPS Global Convention's Administrative Optimization Category (104K USD savings)
- Internal Talent Mobility - 54.2% open positions covered with internal candidates
- Leadership Training for Middle Managers

### PHILIPPINES

- IMI Heroes & Service Awards
- People Engagement Programs
- IMI-PH Employees' FB Page
- Virtual Livelihood & CSR
- Medical Programs
- SEED Program

### SERBIA

- Among the Top 5 Most Recognizable Employers in the country by a leading online recruitment site
- Employee Engagement Survey (4.35/5 Engagement Score)
- 1st Year, Project Leader Academy
- 1st year, Internship Program
- Official partner of Science and Technology Park Nis



IMI China - Outstanding Employee Awardees



IMI Mexico - Christmas School Outreach Program



IMI Bulgaria - Fun Run activity with COO Eric Decandido (center)



IMI Serbia - Green Experts



IMI Kuichong - Annual Medical Checkup



IMI Malaysia - Christmas activity with families



IMI Serbia - Sports Program



IMI Singapore - Virtual Christmas Party