



Integrated Micro-Electronics, Inc.  
2010 Annual Report and Sustainability Report



# Sustainability Report



We

believe in  
believe in  
sustainable  
stewardship.  
We are committed to doing business  
in a manner that protects our employees,  
uplifts the communities we operate in  
and preserves our environment for future generations.  
We believe sustainable stewardship.



# PRESIDENT'S STATEMENT

IMI is deeply committed to sustainability as it strives to be a great company, one that keeps a balance between profitability and responsibility toward its stakeholders and the environment. Doing business today has gone beyond mere profit making. A business, to enhance its relevance, must become a productive force for change through sustainability initiatives. Doing business is beyond good governance. We want to make an impact on society and the environment, hence, our paramount concern for the Ps – people (our stakeholders and the community), profit, and the planet.

For the first time in its long corporate history, IMI is releasing a Sustainability Report, which we hope to do on a regular basis. The report seeks to provide stronger connections between IMI's overall business strategy and our sustainability approach. In the medium to long run we also hope to measure the impact of IMI's sustainability initiatives on both the company and the community, and thus more formally incorporate stakeholder feedback so as to demonstrate our commitment to sustainability.

Admittedly, IMI still has a long way to go in its sustainability journey. But we are proud that we have taken steps in the right direction, which we now must judiciously monitor via a set of Global Reporting Initiative (GRI) indicators. For the last several years, IMI has had in place programs in support of its Environment, Health and Safety policy, as well as a Corporate Social Responsibility agenda. Moreover, in the last few years, IMI has ventured into renewable energy through its solar panel product development and prototyping business. We continue to engage in green manufacturing technologies, and are dedicated to the pursuit of such technologies wherever applicable.

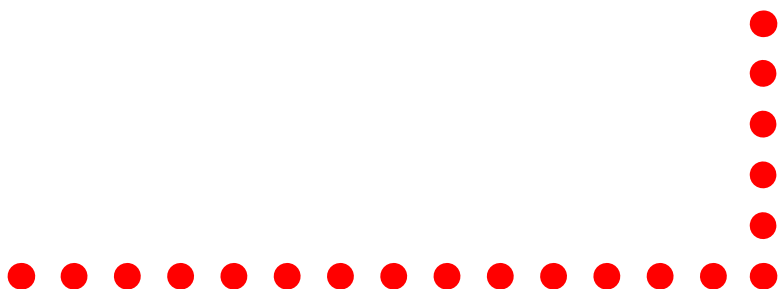
We are looking to bring together these initiatives in an integrated IMI Sustainability Program, which we will do for the rest of the year following the release of the Sustainability Report.

To this end, we will strive to improve our Sustainability Program every year. In 2011, we will establish a Sustainability Council, which will craft our IMI Sustainability Policy and identify our flagship programs. We will put in place a system for data collection, calculation, and validation to better assess risks and opportunities that will impact our business. We will provide the allocation of resources and set appropriate performance targets.

In the long term, a sustainability mindset will be good for IMI in a global business regime that increasingly puts a premium on sustainable corporate policies and practices. Nurturing and enhancing such mindset will make our company more appealing to tier-one customers that value sustainability and socially responsible business policies and practices. Ultimately, IMI will become their EMS partner of choice.



Arthur R. Tan



## Sustainability: The Only Way Going Forward

Sustainability is about meeting human needs and requirements while staying within the environment's limits. Through the Sustainability Report, IMI hopes to track the ways in which its employees and manufacturing processes adhere to the standards of sustainability with a view to living meaningful lives and doing business with utmost consideration for the environment to ensure a future that is more or less secure. The report is patterned after a method developed by the Global Reporting Initiative (GRI), a network-based organization that pioneered the world's most widely used sustainability reporting framework. Among GRI's core goals are the mainstreaming of disclosure on environmental, social, and governance performance.

### Good Governance at IMI

IMI is committed to the highest level of good governance throughout the organization, as well as to fostering a corporate culture of integrity and empowering leadership. This governance is anchored on the belief in a strong link between quality governance and the creation of shareholder value and long-term growth.

In compliance with Securities and Exchange Commission (SEC) Memorandum Circular No.6, Series of 2009, IMI submitted its revised Corporate Governance Manual to the SEC in April 2010.

**Board Structure and Process.** IMI's eleven-person Board of Directors primarily represents the shareholders to whom it is accountable for creating and delivering value. Stockholders elect the directors annually.

IMI has three independent directors. For this purpose, the company defines an independent director as one having no interest or relationship with the company that may hinder his or her independence from the company or management, which would interfere with the exercise of impartial judgment in carrying out the director's responsibilities.

The Board represents a mix of competencies, with each director capable of adding value and exercising independent judgment. Meetings are held at least quarterly, or as often as necessary for the Board to fulfill its role.

The Board has established committees to assist in exercising its authority, including monitoring the performance of the business. Five committees support the Board in the performance of specific functions and to aid in good governance: Executive, Compensation, Audit, Finance, and Nomination.

The Executive Committee (ExCom), in accordance with the authority granted by the Board, acts on such

specific matters within the competence of the Board of Directors as may occasionally be delegated to the Executive Committee in accordance with the Corporation's By-Laws, except with respect to any action for which shareholders' approval is also required, filling of vacancies on the Board or in the ExCom, amendment or repeal of By-Laws or the adoption of new By-Laws, amendment or repeal of any resolution of the Board of Directors, which by its express terms is not so amendable or repealable, distribution of cash dividends, and the exercise of powers delegated by the Board exclusively to other committees, if any.

The Compensation Committee establishes a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors. It exercises oversight of the remuneration of senior management and other key personnel, ensuring that compensation is consistent with the company's culture, strategy, and control environment.

The Audit Committee oversees IMI's internal control and financial reporting on behalf of the Board of Directors.

The Finance Committee supervises the implementation of an enterprise-wide risk management program and oversees major financial policies.

The Nomination Committee ensures that all nominees for directors for election at the annual stockholders meeting have all the qualifications and none of the disqualifications for directors as stated in the By-Laws and pertinent rules of the SEC. The committee also reviews the qualifications of all persons nominated to positions requiring appointment by the Board.

**Directors' Compensation.** Non-executive directors, defined as members of the Board of Directors who are neither officers nor consultants of the company, receive per diem of Php100,000 for each Board meeting attended, and Php20,000 per committee meeting attended. This remuneration scheme for non-executive directors was ratified at the 2008 annual stockholders meeting.

**Management.** Management is primarily accountable to the Board of Directors for the operations of IMI. It concretizes IMI's targets and formulates the strategies to achieve these.

IMI has adopted the Balanced Scorecard (BSC) system as a means to set and achieve its strategic objectives. This system has the following benefits: it translates an organization's strategy into measurable parameters, communicates the strategy to all the members of the company, aligns individual goals to the company's strategic objectives, feeds implementation results to the strategic planning process, and enables managers to monitor and adjust strategy implementation and make fundamental changes to the strategy itself. The BSC system looks at four major perspectives of business: Learning and Growth, Internal Business Processes, Customer, and Financial.

To further enhance its corporate governance infrastructure, IMI launched a group-wide enterprise risk management program to ensure that risk management activities are consistently applied, integrated, aligned, and well coordinated across the organization.

**Accountability and Audit.** The Audit Committee exercises oversight of the performance of external and internal auditors. Its role and responsibilities are clearly defined in the Audit Committee Charter approved by the Board of Directors. An Independent Director chairs the committee.

IMI's external auditor is Sycip, Gorres, Velayo & Company (SGV). The Audit Committee approves all non-audit services conducted by SGV.

A separate Internal Audit Charter approved by the Audit Committee governs the internal audit function.

The Board designated a Compliance Officer who is responsible for ensuring adherence to the provisions and requirements of IMI's Corporate Governance Manual. He is also responsible for identifying, monitoring, and controlling compliance risks.

**Financial Reporting.** IMI's financial statements are prepared and presented in accordance with Philippine Accounting Standards and Philippine Financial Reporting Standards, which comply with International Accounting Standards.

Information on the company's financial instruments is accompanied by a presentation of the company's risk management objectives and policies to allow for a better assessment of financial performance and cash flows. Significant accounting judgments and estimates are also disclosed.

**Disclosures.** IMI updates the investing public with strategic, operating, and financial information through adequate and timely disclosures filed with the SEC and the Philippine Stock Exchange (PSE). These disclosures are readily available in the company's website.

IMI complies with the periodic reportorial requirements of SEC and PSE and discloses major and market-sensitive information such as dividend declarations, acquisitions, the sale and disposition of significant assets, as well as other material information that may affect the decision of the investing public.

**Trading Blackouts.** Key officers and covered persons are strictly prohibited from trading during the following periods:

- (a) Structured Disclosures: Ten (10) calendar trading days before and three (3) calendar trading days after the disclosure of quarterly and annual financial results;
- (b) Non-structured Disclosures: Three (3) calendar trading days before and three (3) calendar trading days after the disclosure of any material information other than Item (a) above.

The Compliance Officer or his designate issues office bulletins for special blackout periods pertaining to the above.

The company strictly enforces compliance with these trading blackout periods, reporting only one violation in 2010.

**Code of Conduct.** IMI and its employees commit to live by the following values: Integrity, Customer Focus, Concern for Others, and Excellence. IMI has adopted a Code of Conduct in line with the Electronics Industry's Code of Conduct. All IMI employees are expected to comply with this policy, which outlines the standards to ensure that working conditions in the company are safe, workers are treated with respect and dignity, and the manufacturing processes are environmentally responsible. The Code comprises five sections: Labor, Health and Safety, Environment, Management System, and Ethics. Annually, all supervisors, engineers and managers are required to sign a declaration of compliance to the Code of Conduct.

IMI operates in full compliance with the laws, rules, and regulations of the countries in which it operates, and recognizes international standards to advance social and environmental responsibility.



## Caring for its People

IMI employs more than 15,000 people in all its manufacturing and engineering facilities in different locations in the world. IMI recognizes the value of human capital especially in recessionary times, which call for a stronger employer-employee alliance. IMI cares for its employees through several programs because it knows that its good-natured and well-trained employees are taking care of the company.



**People Empowerment.** IMI has embedded people empowerment in its organizational structure, which seeks to transform the entire team into one that is performance driven, directionally aligned, and highly motivated. In this new structure, each region, division, section, and individual is accountable and empowered to create a customer experience that makes IMI unique compared to its peers. Customer-focused teams with representatives from different functional groups play a crucial role in carrying out IMI's mission. Employees are also given a chance to take lead roles in the company's continuous improvement activities through small-group activities (quality and productivity circles).

**Manpower Training and Development.** IMI's training and development programs, which are based on needs analyses, aim to develop competencies to ensure optimum job performance and customer satisfaction. As IMI takes a holistic approach in its training and development interventions, employees are trained and nurtured to enable them to effectively contribute to the attainment of the company's strategic and tactical goals. These programs provide employees with the basic competencies needed to be more effective on the job, to enhance current skills, and acquire new competencies in preparation for future jobs.



**Career Development.** IMI provides two career development paths—(1) the professional/managerial career development track, and (2) the technical career development track. Corresponding training and development programs based on assessed gaps, business needs, and the company's strategic and tactical goals and objectives are provided to employees under both development tracks.

**Continuous Education Program (CEP).** IMI offers scholarship grants to qualified employees who wish to obtain an engineering degree. Under the ETEEAP (Expanded Tertiary Education Equivalency and Accreditation Program), the Commission on Higher Education program could give IMI workers in a technical field a chance to have their work experience credited into equivalent tertiary level engineering units. With a minimum of 5 years' working experience, after passing required assessments and upon completion of all the requirements of a formal year (2 semesters) of classroom training held on Saturdays, the employee is given a Bachelor of Science Degree in Engineering.

**Formal Employee Education Program (FEED).** Employees under the FEED program are not company scholars. IMI, however, enters into a partnership agreement with the school on their behalf in order to provide the following: (1) school fees payment through regular salary deductions; (2) whenever possible, formal instructions held inside company premises; (3) employees are kept on regular-shift schedule to facilitate their class attendance.





## Corporate Social Responsibility

IMI's Corporate Social Responsibility (CSR) policy reiterates its commitment to improving social conditions in the countries and communities it operates in. It believes that good business means doing good through all means possible, and that CSR is an organic extension of doing business the right way.

**Education.** IMI is committed to making education a right rather than a privilege especially for the less fortunate. Believing that charity should start at home, IMI assists qualified employees and their dependents who want to pursue Engineering degrees.

In 2010, IMI raised Php500,000 in donations from employees and the company for the Children's Hour, a foundation that helps underprivileged Filipino schoolchildren. IMI also distributed storybooks for young children to public schools in the communities it operates in to encourage schoolchildren to take up reading as a hobby at an early age.

**Environment.** IMI regularly joins CSR projects for the improvement of the environment. In 2010, some 58 employees participated in the Ayala Group tree planting in January at Ayala Land's Nuvali Estate in Laguna. Eleven volunteers from IMI joined the other employee-volunteers of the Ayala Group during the Earth Day celebration in April, during which the volunteers painted

the walls in the underpass at the corner of Ayala Avenue and Paseo de Roxas in Makati City using environment-friendly paint that claims to remove eight cars' worth of emissions per square meter of painted space.

**Entrepreneurship.** IMI equips its employees with the trade skills not only for income augmentation but also to promote an entrepreneurial mindset. In 2010, around 24 employees graduated from the Basic Cosmetology livelihood program. To give back to the community they offered free haircuts to residents of Barangay Timbao in Biñan, Laguna.

**Volunteerism.** Physical and spiritual fitness are also an important aspect of employee development. Fun runs, usually for good causes, have been providing IMI employees opportunities to accomplish these twin objectives of wellness. In March 2010, some 30 employees joined the Ayala Run for Home for the benefit of the Habitat for Humanity Foundation, which builds houses for the poor. In April, IMI hosted its in-company Fun Run for A Cause for the benefit of the IMI Children's Fund, a fund-raising activity for children of IMI employees in need of financial assistance. This fun run generated more than Php2 million in proceeds from donations from more than 2,700 employees. In October, 189 employees joined the 10.10.10 Run for Pasig marathon, which aimed at helping the Calauan-Habitat project. In December, 31 employees joined the ING marathon also for the benefit of the Habitat for Humanity Foundation.







Some 117 employees (led by Management Committee members of IMI) volunteered to build houses for the Habitat Build by the Ayala Group at the Bayan ni Juan in Calauan, Laguna.



A medical outreach in Barangay Timbao was held in May, in which 32 volunteers helped attend to 924 residents' medical needs. In August, IMI also sponsored a Family Health Day in which employees' dependents were given free medical, dental, optical, and other specialized services. Some 40 employees volunteered for this cause and served 861 beneficiaries.



In July, 84 employees participated and volunteered in the Blood Donation conducted by St. Luke's Global Medical Center.





Building-to-Building Linkage

IMI's energy management program has realized a reduction in power consumption by 4.64 percent in 2009, or 3,037,043 KWH; and 4.91 percent or 2,264,867 KWH in 2010 through basic Quality Circle problem-solving tools developed through deep collaboration between the facilities and manufacturing groups. The initiatives included the optimization of chiller utilization through the installation of building-to-building linkages, the application of the variable frequency-drive concept, and the optimization of the demand-to-capacity ratio.

### Beyond Traditional CSR

Over and above traditional CSR activities, IMI has stepped up its engagement with sustainability through its Environment, Health, and Safety Program; green manufacturing technologies; and a business venture into the renewable energy field. Remarkably, these programs have the effect of embedding sustainability in IMI's business model, in which sustainability becomes a business strategy in itself. IMI is committed to invest in this direction in an effort to be part of the worldwide solution by facilitating the manufacture of products that improve the quality of life in the planet.

### Environment, Health, and Safety Program

IMI strives to minimize the impact of its operations on its people and the environment through the implementation of an integrated Environment, Health, and Safety (EHS) program.

IMI complies with all applicable laws, regulations, and other safety and environment standards to which it subscribes. IMI's EHS Organization was formed to keep track of the interrelationship of various functions for developing, managing, and implementing the different components of all applicable systems. Various teams are in charge of implementing the programs developed to achieve the organization's EHS objectives and targets.

IMI takes pride in an integrated EHS management system that consists of programs in energy management, water conservation, health and safety management, and chemical and waste management.



The water conservation program generated savings of 2.69 percent, or 17,757 m<sup>3</sup>, in domestic and industrial water consumption in 2009, and 5.99 percent, or 39,686 m<sup>3</sup> in 2010, for the same. Some of the methods employed were water recycling, efficient optimization of deionized water; and using, where applicable, air-cooled chillers instead of water-cooled chillers.

IMI also conducts health and safety-awareness training seminars such as those for basic first aid, life support, chemical handling, and fire and earthquake drills.

In 2010, as a result of its safety management program, IMI obtained Zero Disabling Accident for its Laguna facilities. In 2009, IMI was awarded by the Department of Labor and Employment's Bureau of Working Conditions the Safety



Award for having attained 26,822,680 safe man-hours at the Laguna Technopark Site 1, and 4,433,240 safe man-hours at the Laguna Technopark Site 2.

IMI excels as well in chemical and waste management. It complies with the Philippine government's Department of Environment and Natural Resources (DENR) Toxic and Hazardous Republic Act 6969 and the Ecological Solid Waste Management Act 9003. IMI judiciously implements the 3R (Reduce-Reuse-Recycle) program in the disposition of its chemicals for manufacturing processes, waste segregation, and waste composting.

In 2010, IMI turned over its hazardous recyclable waste (e.g., used lead battery, oil, and solvent chemical)—a total of 3,398 kg—to ABS-CBN Foundation's Bantay Kalikasan. The corresponding monetary proceeds in the amount of Php78,590 was donated to Tahanang Walang Hagdanan Inc., a foundation that provides employment for persons with disabilities and a venue for the holistic development of their physical, mental, economic, social and spiritual well-being.

Applicable legal and other requirements have also been identified, reviewed, and evaluated with regard to IMI's compliance to associated environmental aspects and occupational safety and health hazards.

Periodic conformance audit and safety inspections have also been regularly conducted to check IMI's compliance to procedures, standards, and legal requirements. A regular Management Review is in place to assess IMI's overall Environment, Health, and Safety performance against its EHS Policy, EHS Objectives, Targets and Programs for identifying opportunities for improvement.

IMI is ISO 14001:2004 certified, and remains continuously compliant to OHSAS 18001, the international standard for certification of Occupational Health and Safety Management Systems.



## Green Manufacturing

IMI adheres to responsible manufacturing for the protection of the environment. It promotes the practice of Hazardous Substance Process Management System (HSPM), complying with all applicable environmental laws and regulations, including the European Union's (EU) Waste Electrical and Electronic Equipment (WEEE) and Restriction of Hazardous Substances (RoHS) directives.

The RoHS Directive, passed into law by the EU, affects manufacturers, sellers, distributors, and recyclers of electrical and electronic equipment containing six hazardous substances, namely lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyl, and polybrominated diphenyl ether. As of July 2006, the use of these materials has been restricted in new products for the European market. This EU direction created a domino effect on other countries, leading to the creation of their own respective versions of the environmental regulation. Most of IMI's equipment, materials, and processes have since been modified and transformed to be RoHS-ready.

In addition to the prohibited six hazardous substances specified by RoHS, there are other hazardous substances IMI is managing as specified on its list of controlled substances, which is governed by international environmental directives and specific customer requirements such as the Kyoto Protocol (greenhouse gases), Montreal Protocol (ozone-depleting substances), battery directive, packaging directive, Japan Green Purchasing Law, Global Automotive Declaration Substance List, and End-of-Life Vehicle.

IMI has also taken a bold step in promoting green procurement in cooperation with its supply-chain partners. IMI has identified the priority projects and selected materials that have the least negative impact to our environment. It uses its newly developed Hazardous Substance-free Program in order to check and validate the content of hazardous chemicals and choose the best and fully compliant items for IMI products. It has also created its Hazardous Substance Process Management Database to store all the information necessary to analyze raw materials in compliance with its HSPM.



The Philippines' President Benigno Aquino III's visit to IMI Energy Solutions



IMI has established a system for compliance to Europe's REACH (Registration, Evaluation, Authorization and Restriction of Chemical Substances). While RoHS restricts six substances in electrical and electronic equipment that fall within the scope of eight broad categories of products, REACH affects all chemicals including those used to make the equipment (e.g., alloys, solvents, and paint) and chemicals present in finished products of all types.

REACH aims to improve the protection of human health and the environment through better and earlier identification of the intrinsic properties of chemical substances. At the same time, it seeks to innovate on the capability and competitiveness of the EU chemicals industry. The benefits of the REACH system will come gradually, as more and more substances are phased into REACH. The HSPM database will also accommodate the need to store REACH information.

To date, 19 OEM customers out of 61 customers of IMI Laguna (or 31 percent) require REACH-compliant lines.

### New Business in Renewable Energy

As businesses become increasingly concerned about sustainability in an era of increasing oil prices and the rapid depletion of limited oil reserves in the earth, IMI is committed to find or create concrete solutions by pursuing opportunities in the renewable energy market. It is a noteworthy initiative, as this market is a growth industry in the worldwide shift toward clean and renewable energy sources.

Solar power is one such source of renewable energy. The rising use of photovoltaic (PV) cells will decrease dependence on fossil fuels, and hence on foreign oil and coal imports, thus helping cut back greenhouse gas emissions.

EMS companies like IMI have a golden opportunity to capture value in the solar market by applying existing expertise to PV module or panel assembly. Clearly, the future of solar will involve electronics manufacturers.

In 2009 IMI forged a strategic partnership with RETC (Renewable Energy Test Center), a California-based engineering services, test and certification provider for PV and renewable energy products. The partnership with RETC aims to offer PV services including PV panel development, panel prototyping, certification, and mass production.





## Capabilities of IMI Energy Solutions

- PV Module or Panel Design/ Co-Development
- Materials Qualification
- Process Development
- Prototyping
- Panel Testing and Certification (with RETC\*)
- Low-Volume Manufacturing of Engineering or Marketing Samples
- Development of Solar Inverters (in Singapore)

\* RETC is an engineering services, test, and certification provider for PV products; it shares the building with IMI Energy Solutions to ensure fast turnaround time from prototyping to product certification

The IMI Energy Solutions, a division of IMI USA, was established in June 2010 in Fremont, California, to engage in the manufacture of solar panels and other related technologies. It is composed of an experienced solar module development team with engineering experience in the field of solar energy. Its engineers are experienced in the design and manufacture of PV products that passed both UL1703 and IEC 61215 standards.

So far, IMI Energy Solutions offers its clients PV module NPI (new-product introduction), and the capability to build different PV panel sizes and PV panel coupons for new product-technology validation. It is also capable of building standard and non-standard modules.

In 2010 IMI Energy Solutions embarked on a PV module prototyping project for the co-generation of power and water heater. It also started co-development of solar panel

using single busbar cell for higher efficiency, large-size solar panel (4' x 8') with lightweight materials intended for installation on industrial and commercial buildings, and two-glass superstrate solar panel to eliminate moisture.

This, however, is just the start of something of immeasurable value. IMI hopes to venture into the mass manufacture of solar modules and panels by 2011.

With IMI's active involvement in the renewable energy market, it makes a sincere pledge to business sustainability, interweaving the goal of planet protection with its business objectives. IMI is confident that its solid grounding will allow it to see the road ahead with greater clarity. This means continuing to invest in sustainability especially in tough times and have faith that, in this instance, the means is the end: the rewards of better customer relationships and economic returns redound to a healthier planet for all.

# GRI INDICATORS

The coverage for this set of indicators is IMI Laguna in the Philippines, comprising IMI's main manufacturing site on North Science Avenue at the Laguna Technopark and its manufacturing facility located on the corner of Trade Avenue and Technology Avenue, also at the Laguna Technopark.

INDICATOR	2009	2010	REMARKS
<b>Environment Indicators</b>			
EN 3: Direct energy consumption by primary energy source	Not applicable	Not applicable	
EN 4: Indirect energy consumption by primary source	53,769,994 KWH	49,700,000 KWH	Primary source means purchased electricity; the decrease was due to lower volume of IMI Laguna in 2010
EN 5: Energy saved due to conservation and efficiency improvements	3,037,043 KWH	2,264,867 KWH	Savings were due to IMI's Energy Management Program; the decrease was due to lower volume of IMI Laguna in 2010
EN 10: Percentage and total volume of water recycled and reused	2.69 % of total water consumption or 17,757 m <sup>3</sup>	5.99 % of total water consumption or 39,686 m <sup>3</sup>	
EN 16 :Total indirect greenhouse gas emissions by weight	26,626.18 MT	24,608.93 MT	
EN 22:Total weight of waste by type	735.20 tons 1. Common Residual Waste: 16.29 tons 2. Hazardous Waste: 76.70 tons 3. Recyclable Waste: 642.21 tons	781.63 tons 1. Common Residual Waste: 15.55 tons 2. Hazardous Waste: 71.66 tons 3. Recyclable Waste: 694.42 tons	Waste includes solid and liquid wastes
EN 26 : Initiatives to mitigate environmental impacts of products and services	Energy Management, Water Management, Waste Management, Chemical Management, and Health and Safety Management	Energy Management, Water Management, Waste Management, Chemical Management, Health and Safety Management, and Hazardous Substance Process Management	
EN 28: Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	None (no fine)	None (no fine)	
<b>Human Rights Indicators</b>			
HR 4: Total number of incidents of discrimination and actions taken	None	None	
HR 6: Operations identified as having significant risk for incidents of child labor; and measures taken to contribute the elimination of child labor	None	None	
HR 7: Operations identified as having significant risk for incidents of forced or compulsory labor and measures to contribute to the elimination of forced or compulsory labor	None	None	
<b>Labor Indicators</b>			
LA 1 : Total workforce by employment type, gender, and age	Total Workforce: 6,868 Employment Type Permanent: 6,383 Contractual: 464 Probationary: 21 Gender Male: 905 Female: 5,963 Age Over 50 years old: 15 30-50 years old: 2,661 Under 30 years old: 4,192	Total Workforce: 5,814 Employment Type Permanent: 5,748 Contractual: 14 Probationary: 52 Gender Male: 798 Female: 5,016 Age Over 50 years old: 23 30-50 years old: 2,690 Under 30 years old: 3,101	Figures are as of end-2009 and end-2010; figures refer to IMI Laguna and IMI Alabang

INDICATOR	2009	2010	REMARKS
LA 2 :Total number and rate of employee turnover by age group, gender	Employee Turnover: 5,837 Turnover by Age Group Over 50 years old: 18 30-50 years old: 2,009 Under 30: 3,810 Gender Male: 359 Female: 5,478	Employee Turnover: 1,751 Turnover by Age Group Over 50 years old: 3 30-50 years old: 612 Under 30: 1,136 Gender Male: 193 Female : 1,558	Figures are for the period Jan-Dec 2009 and Jan-Dec 2010; figures refer to IMI Laguna and IMI Alabang; figures include employees affected by the Redundancy Program and End of Contract
LA 3: Benefits provided to full-time employees that are not provided to temporary or part-time employees by major operations	1. Life Insurance – 24x Monthly Basic Salary; double indemnity for Accidental Death & Dismemberment 2. Medical Insurance – group hospitalization with inner limits (depending on rank) per illness per confinement 3. Outpatient Benefit – unlimited consultation with general physician and specialists and discounted laboratory tests 4. Annual Physical Exam – routine medical examination every year 5. Vacation leave – 12 days per year; paid leave starts after 1 year of continuous service 6. Sick Leave – 12 days per year; paid leave starts after 6 months of continuous service. All unused sick leave credits will be converted at the end of each year. 7. Emergency Leave – 3 days per year; paid leave starts after 1 year of continuous service 8. Computer Loan – up to max of 50K at zero interest 9. Emergency Loan – up to max of 5K at zero interest 10. Multipurpose loan – eligibility starts after 5 years of continuous service	1. Life Insurance – 24x Monthly Basic Salary; double indemnity for Accidental Death & Dismemberment 2. Medical Insurance – group hospitalization with inner limits (depending on rank) per illness per confinement 3. Outpatient Benefit – unlimited consultation with general physician and specialists and discounted laboratory tests 4. Annual Physical Exam – routine medical examination every year 5. Vacation leave – 12 days per year; paid leave starts after 1 year of continuous service 6. Sick Leave – 12 days per year; paid leave starts after 6 months of continuous service. All unused sick leave credits will be converted at the end of each year. 7. Emergency Leave – 3 days per year; paid leave starts after 1 year of continuous service 8. Computer Loan – up to max of 50K at zero interest 9. Emergency Loan – up to max of 5K at zero interest 10. Multipurpose loan – eligibility starts after 5 years of continuous service	
LA 4: Percentage of employees covered by collective bargaining agreements	0	0	No union in IMI; there is open communication between employees and management to resolve workplace issues; there are also communication and engagement programs to strengthen relations (e.g. President's Update, Council Meetings, and Townhall Meetings)
LA 8: Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Interim Guidelines for pandemic outbreaks specifically SARS, Avian Flu, and H1N1 are all in place. Although the main objective is to prevent an outbreak in the company and maintain business continuity, the extent of assistance to the family is reflected on the awareness of the disease and its prevention within the family and community, and whom to contact (government agencies) during suspected outbreak at home.  Dengue awareness is done yearly during the rainy season.  We have been implementing Immunization Programs for Seasonal Influenza, Cervical Cancer, and Hepatitis B for employees and their dependents.  Smoke Cessation Program is actually Lung Cancer prevention program. This is done yearly through EICs (education and information campaigns).	Interim Guidelines for pandemic outbreaks specifically SARS, Avian Flu, and H1N1 are all in place. Although the main objective is to prevent an outbreak in the company and maintain business continuity, the extent of assistance to the family is reflected on the awareness of the disease and its prevention within the family and community, and whom to contact (government agencies) during suspected outbreak at home.  Dengue awareness is done yearly during the rainy season.  We have been implementing Immunization Programs for Seasonal Influenza, Cervical Cancer, and Hepatitis B for employees and their dependents.  Smoke Cessation Program is actually Lung Cancer prevention program. This is done yearly through EICs (education and information campaigns).	
LA 10 :Average hours of training per year per employee by employee category	Senior Management Behavioral: 0 Hour Technical: 0 Hour Middle Management Behavioral: 14.79 Hours Technical: 0.82 Hour Rank & File Behavioral: 0.06 Hour Technical: 0.7 Hour	Senior Management Behavioral: 33 Hours Technical: 1 Hour Middle Management Behavioral: 12.23 Hours Technical: 4.35 Hours Rank & File Behavioral: 0.58 Hour Technical: 0.53 Hour	

INDICATOR	2009	2010	REMARKS
LA 11: Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	<p>MANAGERS Essentials of Leadership Building Business Acumen Coaching for Improvement Problem Analysis and Decision Making Employee Engagement Marketing/Business Plan VMV Deployment Workshop</p> <p>SUPERVISORS / ENGINEERS Basic QC Tools Bearings/Pulley/V-Belts Training Coaching for Improvement(B-2) Compressed Air Purification DI/IWWT Seminar-Workshop Employee Engagement Seminar Essentials of Leadership Seminar-workshop Finance for Non-Finance High Voltage Switch Gear Training Influential Leadership Labview Seminar Learning Session on 7 Qualities of Effective Administrator/Assistant Marketing/Bussiness Planning Workshop Problem Analysis &amp; Decicion Making Project Management Seminar Samsung Technical Presentation Service Plus Seminar SPC Refresher Course Supply Chain Simulation Team Building Seminar-Workshop Team Development Session Thermoforming Seminar Time Management Trainers Training Refresher Course TS 16949 Awareness Values Enhancement Program VMV Deployment Champions' Training Refresher Basic Life Support ISO 17025 Auditing Training ISO 13485 Training Cross Sectioning Sample Preparation PFMEA &amp; QBR Training Basic Occupational Safety &amp; Health Training Basic Measurement APQP &amp; QBR APQR &amp; PPAP Statistical Process Control PPAP Deployment CHATS Training 8 Step Model Problem Solving Workshop</p>	<p>MANAGERS Building Business Acumen Coaching for Improvement Coaching for Success Employee Engagement Essentials of Leadership Problem Solving and Analysis Seminar-Workshop Project Management Seminar-Workshop AYALA Leap Training</p> <p>SUPERVISORS / ENGINEERS Adhesive Use on Solar Application Chiller Operational Efficiency and Maintenance Effective Presentation Skills Seminar Fun Brainstorming Session on IMI's Custom Employee Engagement Essentials of Leadership Problem Solving and Analysis Seminar-Workshop Project Management Seminar-Workshop</p>	Production operators undergo training for skills needed in the production lines. Employees affected by the Redundancy Program were given entrepreneurship and livelihood training.
LA 13: Composition of governance bodies and breakdown of employees per category according to gender and age group	<p>BOD Total Number of Members: 11 Gender Male: 11; Female: 0 Age Group Over 50 years old: 5 30-50 years old: 6</p>	<p>BOD Total Number of Members: 11 Gender Male: 10; Female: 1 Age Group Over 50 years old: 5 30-50 years old: 6</p>	
<b>Economic Indicators</b>			
EC 1 : Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, and payments to capital providers and government	<p>Economic Value ( in Million Php) Revenues : 9,399 Net Income :167 Distributions Suppliers /contractors: 11,310 Employees ( salaries and benefits): 1,683 Government (taxes): 26 Stockholders (dividends): 178 Charitable Contributions: 2 Total Distributions: 13,199 Investments Equity Investment: 3,845 Capex: 197 Total Investment: 4,042</p>	<p>Economic Value ( in Million Php) Revenues : 6,488 Net Income :(185) Distributions Suppliers /contractors: 10,643 Employees ( salaries and benefits): 1,744 Government (taxes): 27 Stockholders (dividends): 434 Charitable Contributions: 9 Total Distributions: 12,857 Investments Equity Investment: 4,218 Capex: 527 Total Investment: 4,744</p>	
EC 2: Financial implications and other risks and opportunities for the organization's activities due to climate change	<p>We have not tracked the financial implications for the organization's activities due to climate change. But IMI has established IMI Energy Solutions to offer EMS solutions for the renewable energy sector: IMI continues to engage in green manufacturing wherever applicable. It has a Business Continuity Plan to manage the continuity of business in times of disasters.</p>	<p>We have not tracked the financial implications for the organization's activities due to climate change. But IMI has established IMI Energy Solutions to offer EMS solutions for the renewable energy sector: IMI continues to engage in green manufacturing wherever applicable. It has a Business Continuity Plan to manage the continuity of business in times of disasters.</p>	



INDICATOR	2009	2010	REMARKS
EC 3: Coverage of the organization's defined benefit plan obligations	<p>Tenure 5&lt;10 Separation Benefit 25% of monthly basic pay per yr of service</p> <p>10&lt;15 50% of mbp per yr of service</p> <p>15&lt;20 75% of mbp per yr of service</p> <p>20 &lt;25 100% of mbp per yr of service</p> <p>25 years and above 125% of mbp per yr of service</p>	<p>Tenure 5&lt;10 Separation Benefit 25% of monthly basic pay per yr of service</p> <p>10&lt;15 50% of mbp per yr of service</p> <p>15&lt;20 75% of mbp per yr of service</p> <p>20 &lt;25 100% of mbp per yr of service</p> <p>25 years and above 25% of mbp per yr of service</p>	All regular employees of the company are covered under the separation and retirement policy. The plan will provide a lump-sum benefit in the event of retirement and voluntary/involuntary separation as prescribed by law. The plan also considers the full compliance to the statutory obligation under RA 7641, or the retirement law
EC 5: Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	Minimum Wage for Region IV-A is P320 per day; IMI complies to this	Minimum Wage for Region IV-A is P320 per day; IMI complies to this	IMI complies with the mandated minimum wage orders
<b>Social Indicators</b>			
SO 7: Total number of legal actions for anticompetitive behavior, antitrust, and monopoly practices and their outcomes	0	0	
SO 8: Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	None	None	
<b>Product Responsibility Indicators</b>			
PR 5 - Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	IMI Laguna conducts Customer Satisfaction Survey on a regular basis; Overall Rating in 2009: Custom or Captive Group (CG) at 4.75; Standard or Semi-Standard Custom Group (SSCG) at 4.47	IMI Laguna conducts Customer Satisfaction Survey on a regular basis; Overall Rating in 2010: Custom or Captive Group (CG) at 4.67; Standard or Semi-Standard Custom Group (SSCG) at 4.24	Customer Satisfaction Survey is conducted monthly for CG and quarterly for SSCG; the highest possible rating is 5, and 3 means fair
PR 6 – Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Our policy on advertising or production of marketing collaterals states that IMI adheres to truth in advertising and production of marketing collaterals, and that it does not engage in any unethical practices.	Our policy on advertising or production of marketing collaterals states that IMI adheres to truth in advertising and production of marketing collaterals, and that it does not engage in any unethical practices.	
PR 7: Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	0	0	

INTEGRATED MICRO-ELECTRONICS, INC.  
North Science Avenue, Special Export Processing Zone  
Laguna Technopark, Binan 4024  
Laguna, Philippines  
[www.global-imi.com](http://www.global-imi.com)