



# Engineering Sustainable Solutions

INTEGRATED REPORT 2022



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# Beyond ESG & Sustainability

As we continue to grow and innovate, we are committed to ensuring that our business practices are aligned with our purpose and values. For us, sustainability is not just an option but a way of life, integrating it into our business strategy to reduce our environmental impact, promote social responsibility, and ensure good governance.

We support the United Nations Sustainable Development Goals with special focus on SDG #9 Industry Innovation and Infrastructure, and #12 Responsible Consumption and Production. These goals focus on building resilient infrastructure, promoting sustainable industrialization, and fostering innovation. By setting clear targets, we are confident that we can deliver real business value and contribute to a more sustainable future.



Laurice Dela Cruz  
Chief Sustainability Officer

# Our Integrated Value Chain

Our ESG roadmap toward a sustainable future in 2050 begins with how we utilize our inputs from the capital, labor and intellectual capabilities and align them with our purpose to save lives, save energy, and improve the quality of life to create shared value among all our stakeholders. We believe that through our core values of integrity, customer focus, excellence, and concern for others, what we do can create larger-scale impacts that can benefit our People and our Planet, while ensuring that our Purpose will attain Prosperity for all. By 2030, we are targeting the reduction of our GHG Emissions by 50 percent in Scopes 1 and 2 and 25 percent in Scope 3.

## OUR SUSTAINABLE FUTURE - NET ZERO 2050

### INPUTS

### ENVIRONMENT

### SOCIAL

### GOVERNANCE

### VALUE CREATED - - - IMPACT



#### Financial Capital

- Equity **US\$ 415.3 million**
- Asset **US\$ 1.1 billion**
- Debt **US\$ 343.1 million**



#### Human Capital

- Global headcount **14,076**
- Number of Engineers **1,246**
- \* Excluding STI UK, VIA, VTS Japan*
- Cadetship Programs Across multiple sites



#### Social & Relationship Capital

- No. of customers **300+**
- Number of active suppliers **2,015**
- Continuous collaboration with Government and Academe in various geographies



#### Manufactured Capital

- **20** Manufacturing plants across ten countries
- Capital expenditure of **US\$ 21.2 million**



#### Natural Capital

- Electricity **136M KWh**
- Water **1.3M m3**



#### Intellectual Capital

- Design & Development
- Advanced Engineering
- Patents



#### Financial

- Revenues **US\$ 1.4 billion**
- Gross Profit **US\$ 110.4 million**
- Net Loss **(US\$6.8) million**
- EBITDA **US\$ 47.1 million**



#### Commercial

- New Programs **US\$ 352 million**
- Mobility - **55%**
- Industrial - **37%**
- Others - **8%**



#### Process & Operations

- Customer Satisfaction **4.52**
- Implementation of Updated Supplier Code of Conduct
- **1,475** Kaizen projects with total cost savings of **US\$ 8.9 million**



#### People

- Engagement survey - **94%**
- Training hours - **853K**



#### Planet

- Recycled - **2.2 M**
- ICT Digital Transformation



#### Purpose

- We partner with global companies to co-design and manufacture technology solutions that save lives save energy and improve quality of life



#### Prosperity

- Manufacturing Value Add **US\$ 432 million**

MOBILITY

POWER MODULE

INDUSTRIAL

AUTOMOTIVE CAMERA

VEHICLE ASSEMBLY

# Governance

**At IMI, we are uncompromising when it comes to governance. Over the past 40-plus years, we have built a robust governance framework and strategy that form the basis of our competitive advantage. Our principles reinforce accountability, fairness, and transparency, and have been the foundation for the development and implementation of our value-creating activities.**

These principles set forth appropriate supervision and management that allow us to achieve our objectives while ensuring that the interests of all of our stakeholders are balanced, including that of our customers, employees, suppliers, and shareholders. In this way, we are safeguarding their rights as well as promoting their participation in the governance process.

As we continue to expand to more advanced technologies and multiple market segments, we seek to improve our positive impact on the world, the environment, and the communities in which we operate. We are enhancing our practices around processes and controls and our approach to measuring impact and progress. In 2021, we took action to become aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Being a TCFD supporter means that we have committed

to increasing transparency through adopting and reporting consistent disclosure of relevant information on our climate-related risks and opportunities. This year, we have mapped out and highlighted the core areas of focus for us in consideration of climate issues, which are discussed in the succeeding sections of this report.

In this context, we are honored to be recognized for our work on good environmental, social practices, and corporate governance. On January 20, 2023, we received the Golden 3-Arrow recognition from the Institute of Corporate Directors in relation to our 2021 performance. We are proud of this achievement, which is one level higher than the previous Golden 2-Arrow award, because it represents our conformance with the Philippine Code of Corporate Governance and internationally recommended corporate governance standards based on the ASEAN Corporate Governance Scorecard (ACGS).

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



IMI receives Three Golden Arrow awards from the Institute of Corporate Directors (ICD) for its exemplary corporate governance performance

The company is compliant 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>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 2022 Definitive Information Statement was distributed to stockholders on March 29, 2022, at least 24 calendar days before the Annual Stockholders' Meeting on April 22, 2022, in compliance with SEC's required timeline of at least 21 business days before the date of the Annual Stockholders' Meeting.
<b>Independent director serving for a term of more than nine years</b>	As discussed in the 2022 Definitive Information Statement, Mr. Nishimura has served the recommended nine-year term for independent directors (reckoned from 2012). His continued nomination was endorsed in view of his commitment and dedication in fulfilling his mandate and his invaluable contribution to Board discussions with his expert insights. Mr. Nishimura was duly elected by IMI's stockholders' during the 2022 annual stockholders meeting.

Supporting this compliance is an attestation from the company's Chief Executive Officer, Compliance Officer and the Chief Audit Executive for 2022 on the adequacy of the company's system of internal controls, risk management, compliance, and governance processes. The Attestation is available at [www.global-imi.com](http://www.global-imi.com).

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 effective succession planning programs for Directors, key officers and management to ensure growth and a continued increase in the shareholders' value.

## 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 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 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.

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.

To ensure good governance, the Board formulates and continuously reviews 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 oversee the implementation of the corporate strategy.

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 long-lasting success in the competitive global environments in a manner consistent with its corporate objectives.

In line with the corporate goals, IMI participates in governance summits and internal councils, as part of Ayala Corporation’s (Ayala Corp) oversight controls to put management decisions in check and ensure that we conform to regulatory requirements and global best practices. IMI is also part of Ayala Corp’s sustainability council to ensure that we are kept abreast of current sustainability matters concerning Ayala Corp. 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 2022, 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 perceive to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a Director of the Corporation.

The Corporation has set a term limit of nine years in accordance with the rules set by the SEC. As discussed in the 2022 Definitive Information Statement, Mr. Nishimura has served the recommended nine-year term for independent directors (reckoned from 2012). His continued nomination was endorsed in view of his commitment



Economic officer from the US Embassy visits IMI Philippines

and dedication in fulfilling his mandate and his invaluable contribution to Board discussions with his expert insights. Mr. Nishimura was duly elected by IMI’s stockholders’ during the 2022 annual stockholders meeting. 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.



Report of the President portion during the ASM 2022

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 2022, the following directors received gross remuneration as follows:

Non-Executive and Independent Directors	Gross Remuneration (in PhP)
Jaime Augusto Zobel de Ayala*	500,000
Fernando Zobel de Ayala**	300,000
Delfin L. Lazaro***	840,000
Jose Ignacio A. Carlos	720,000
Rafael C. Romualdez	1,080,000
Alberto M. de Larrazabal	1,020,000
Jaime Z. Urquijo****	200,000
Roland Joseph L. Duchatelet*****	-
Hiroshi Nishimura	800,000
Sherisa P. Nuesa	740,000
Edgar O. Chua	800,000
<b>TOTAL</b>	<b>7,000,000</b>

\* Resigned from the Board effective October 21, 2022.  
 \*\* Resigned from the Board effective September 12, 2022.  
 \*\*\*Mr. Delfin L. Lazaro was appointed as the Chairman of the Board vice Mr. Jaime Augusto Zobel de Ayala on October 21, 2022.  
 \*\*\*\*Elected on October 21, 2022 to serve the unexpired term of Mr. Fernando Zobel de Ayala.  
 \*\*\*\*\* Elected on October 21, 2022 to serve the unexpired term of Mr. Jaime Augusto Zobel de Ayala; Mr. Duchatelet waived his director’s fees for the meetings attended.

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

## 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, Corporate Governance Manual, 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 had been formed and are guided by their respective committee charters which are available in the Company'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 a 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 Global Internal Audit (GIA) 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 makes 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.

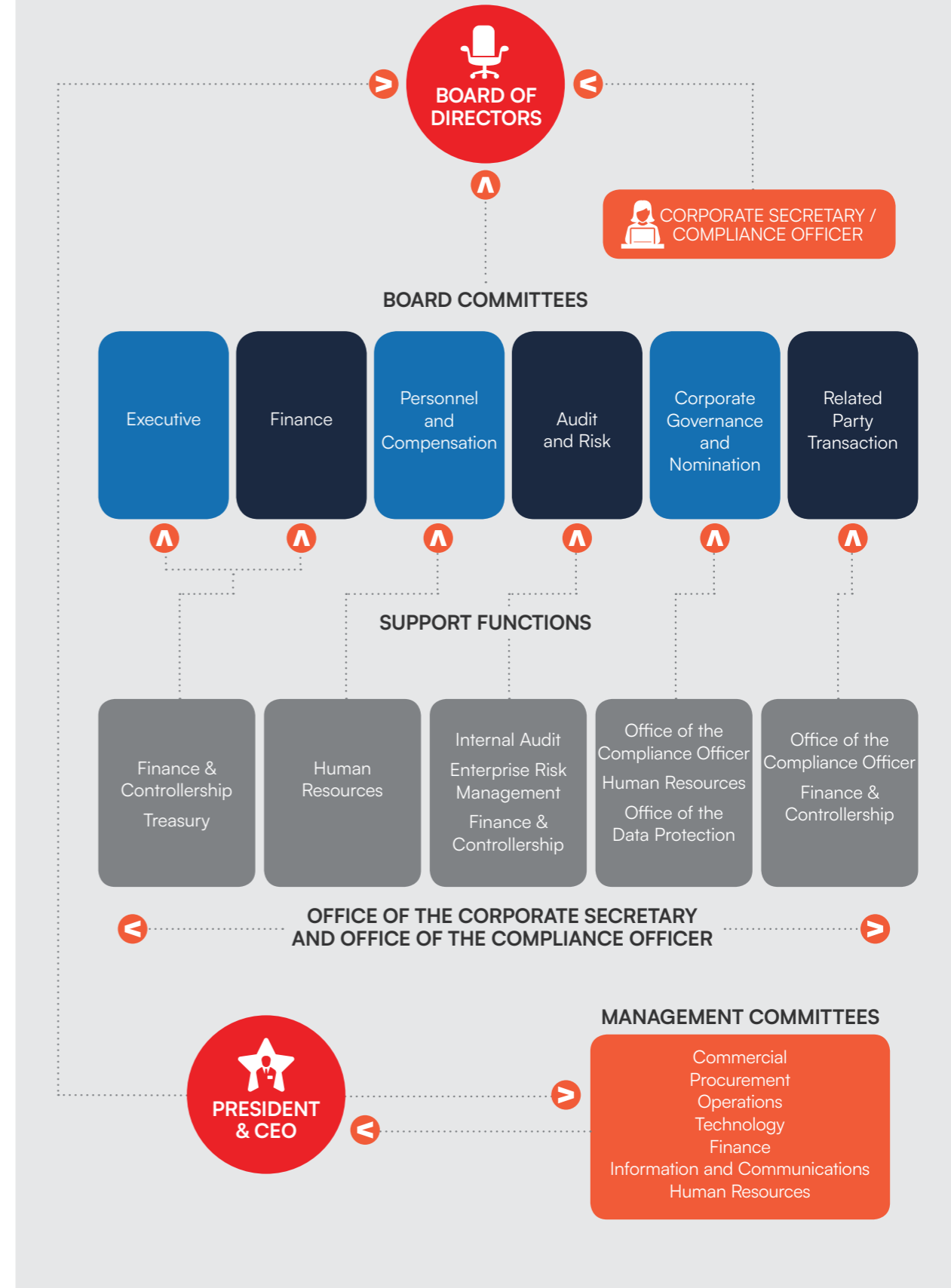
### CORPORATE GOVERNANCE AND NOMINATION COMMITTEE

The Committee reviews and monitors the structure, size and composition of the Board and makes recommendations to ensure compliance with applicable laws, rules and regulations as well as the Corporation's By-Laws, Board Charter and Corporate Governance Manual. 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; for this purpose, the Committee may make use of professional search firms or other external sources of candidates to search for qualified candidates to the Board. 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 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 STRUCTURE



**BOARD AND BOARD COMMITTEE MEMBERSHIP  
STOCKHOLDERS, BOARD, BOARD COMMITTEE MEETINGS, AND DIRECTORS' ATTENDANCE  
FOR THE YEAR ENDED DECEMBER 31, 2022**

DETAILS	MEMBERSHIP AND ATTENDANCE							
	STOCKHOLDER & BOARD				BOARD COMMITTEE			
	AS	BOD	EC	ARC	FC	CGNC	RPTC	PCC
MEETINGS								
NO. OF MEETINGS	1	6	6	4	9	1	-	1
Jaime Augusto Zobel de Ayala Non-Executive Director	C 1/1	C 4/4	-	-	-	-	-	-
Fernando Zobel de Ayala Non-Executive Director	- 1/1	M 2/3	-	-	-	-	-	-
Delfin L. Lazaro Non-Executive Director	- 1/1	C 6/6	-	-	C 7/9	-	-	-
Arthur R. Tan Executive Director	- 1/1	VC 6/6	C 6/6	-	-	-	-	-
Jerome S. Tan Executive Director	- 1/1	M 6/6	-	-	-	-	-	-
Jose Ignacio A. Carlos Non-Executive Director	- 1/1	M 6/6	-	-	-	-	-	M 1/1
Rafael C. Romualdez Non-Executive Director	- 1/1	M 6/6	M 6/6	M 4/4	M 9/9	-	M	-
Alberto M. de Larrazabal Non-Executive Director	- 1/1	M 6/6	M 6/6	-	M 9/9	-	M	M 1/1
Jaime Z. Urquijo Non-Executive Director	- 0/0	M 2/3	-	-	-	-	-	-
Roland Joseph L. Duchâtelet Non-Executive Director 4	- 0/0	M 3/3	-	-	-	-	-	-
Hiroshi Nishimura Independent Director	- 1/1	M 6/6	-	M 4/4	-	M 1/1	C	-
Sherisa P. Nuesa Independent Director	- 1/1	M 6/6	-	-	-	C 1/1	-	C 1/1
Edgar O. Chua Independent Director	- 1/1	M 6/6	-	C 4/4	-	M 1/1	M	-

C - Chairman  
VC - Vice Chairman  
M - Member  
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

**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, the individual members, the

CEO and the President to measure the effectiveness of the company's governance practices and identify areas for improvement, and to 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. AON plc facilitated the 2020 board evaluation exercise.

In 2022, each director was requested to complete a



self-assessment form which includes criteria such as: Part I: Board effectiveness; Part II: Committee effectiveness; Part III: Individual effectiveness; and Part IV: President and CEO and President effectiveness.

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 board effectiveness to carry out its responsibilities.

**TRAINING OF DIRECTORS**

Prior to assuming office, all new directors are required to undergo at a minimum an 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, 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.

In 2022, a summit with a theme "The Board Agenda 2022: Mindset Shifts for Sustainable and Equitable Future," was held on October 18, 2022 which included sessions on Sustainability, Governance and Risk Management.

Prior to this, the Integrated CG, RM and Sustainability Summit conducted by the Ayala Group in collaboration with the Institute of Corporate Directors (ICD) was held on October 21, 2021. These summits have been held since 2014 which reinforce our commitment to continuous education.

**Corporate Governance Programs Attended in 2022**

Director	Program	Training Institute	Date of Training			
Delfin L. Lazaro (NED)	Sustainability and the Future of Business – Part 1	World Business Council for Sustainable Development (WBCSD)	May 19, 2022 (Through Zoom Webinars)			
Jaime Augusto Zobel de Ayala (NED)						
Fernando Zobel de Ayala (NED)						
Alberto M. de Larrazabal (NED)						
Arthur R. Tan (ED)	Sustainability and the Future of Business – Part 2	World Business Council for Sustainable Development (WBCSD)	July 14, 2022 (Virtual Workshop)			
Jaime Augusto Zobel de Ayala (NED)						
Fernando Zobel de Ayala (NED)						
Alberto M. de Larrazabal (NED)						
Delfin L. Lazaro (NED)	Corporate Governance	Sycip, Gorres, Velayo and Co. (SGV & Co.)	September 14, 2022 (Through Zoom Webinars)			
Jerome S. Tan (ED), President						
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's Agenda 2022: Mindset Shifts for Sustainable and Equitable Future (Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit)	Institute of Corporate Directors (ICD)	October 18, 2022 (Through Zoom Webinars)			
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)						
Roland Joseph L. Duchâtelet (NED)				Aspire, Rise and Sustain Series 100% Renewable Energy Within Reach: Empowering Entities through the Green Energy Option Program	Institute of Corporate Directors (ICD)	November 11, 2022 (Through Zoom Meetings)
Roland Joseph L. Duchâtelet (NED)				Aspire, Rise and Sustain Series Social Governance Factors in the Post-Pandemic Landscape	Institute of Corporate Directors (ICD)	November 18, 2022 (Through Zoom Meetings)
Jaime Z. Urquijo (NED)	ICD Masterclass: Disruptive Strategy	Institute of Corporate Directors (ICD)	November 25, 2022 (Through Zoom Meetings)			
Roland Joseph L. Duchâtelet (NED)	Aspire, Rise and Sustain Series Accelerating the Energy Transition and Inclusive Development Episode 3: Towards a Prosperity Agenda	Institute of Corporate Directors (ICD)	November 25, 2022 (Through Zoom Meetings)			
Jaime Z. Urquijo (NED)	ICD Masterclass: ESG Strategy: A Boardroom Topic for Directors	Institute of Corporate Directors (ICD)	December 9, 2022 (Through Zoom Meetings)			

NED – Non-Executive Directors  
 ID – Independent Directors  
 ED – Executive Director

**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 <i>*also serves as Data Protection Officer</i>
Nick Davey	Chief Technology Officer
Margarita V. Del Rosario	Chief Human Resource Officer (OIC)
Laurice S. Dela Cruz	Chief Finance Officer (OIC) <i>*also serves as Chief Risk Officer / Chief Sustainability Officer / Compliance Officer</i>

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 risk 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 22, 2022, the shareholders re-appointed Sycip, Gorres, Velayo and Co. (SGV & Co.) as the company's external auditor for the year 2022, with Ms. Cyril Jasmin B. Valencia as the lead engagement partner for the fourth audit year. 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.:

	2022	2021	2020
Audit and Audit-related fees*	5.43	4.65	4.17
Tax Fees	-	-	-
All other fees**	0.13	0.06	0.06
<b>TOTAL</b>	<b>5.56</b>	<b>4.71</b>	<b>4.23</b>

*In ₺ 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, including the review of the audit work of the other independent auditors and any additional scope identified during the course of the audit. The fees are exclusive of out-of-pocket expenses incidental to the independent auditors' work.

\*\*All Other Fees. This category includes other services rendered by SGV & Co. such as agreed-upon procedures and validation of votes during Annual Stockholders' meetings.

**GLOBAL INTERNAL AUDIT**

Global Internal Audit (GIA) serves as a vital support in the effective discharge of the Board of Directors Audit and Risk Committee (ARC) 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 through the Chief Audit Executive, Lorlyn Arceo, reports functionally to the Board's Audit and Risk Committee, 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 activities conform with the International Standards for the Professional Practice of Internal Auditing and its Code of Ethics, complies with the Code of Corporate Governance for publicly listed companies and are continuously evaluated through an independent Quality Assessment Review conducted every five (5) years.

In carrying out Global IA mandate, it adopts a risk-based audit approach with coverage of the most

critical processes/systems in its assurance/advisory reviews and annual internal audit plan. The internal audit plan and any changes thereto is reviewed and approved by the ARC and is reassessed quarterly to consider emerging risks, dynamic business, market, industry, and customer conditions to allow maximum and timely coverage of key risk areas.

On a quarterly and annual 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 Global IA are free from any relationships or conflicts of interest, which could impair their objectivity and independence, and this is confirmed annually, in all audit projects/reviews. Moreover, on an annual basis and as needed, members of Global IA also confirm to Company's mandated annual compliance declaration to Code of conduct and related governance policies and procedures including conflict of interest.

As of 2022, the audit team has an average of 14.4. years audit experience with various professional qualifications, namely Certified Public Accountant, Certified Risk Manager, Lean Six Sigma, Verband der Automobilindustrie (VDA) 6.3 Process Audit, Qualified Persons in Industrial Regulatory Affairs (QPIRA), ISO 14001 and 9001 Certified Lead Auditors and Technical Reviewer and members of the Institute of Internal Auditors.

In strengthening key stakeholders' relationship and value add proposition, Global IA participates in key management and operations meetings and business reviews, coordinates with other internal and external assurance providers to optimize audit efficiencies/effectiveness, and secure 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, 2022, 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	728,110,822	32.84%
AC, ESOWN, Directors and Officers	43,672,313	1.97%
<b>TOTAL</b>	<b>2,217,293,215</b>	<b>100.00%</b>

\*Based on the Public Ownership Report as of December 31, 2022

**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 discloses the names of all related parties, degree of relationship, nature and value of significant

RPT. Details are found in Note 31 to the Consolidated Financial Statements and are also made available in the company's website.

No RPTs classified as financial assistance to entities other than wholly-owned subsidiaries were entered into in 2022. 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.



Sales Conference at IMI Serbia

**CHANGES IN SHAREHOLDINGS**

Reported trades in IMI securities of the directors and officers in 2022:

	Security	Number of Shares			
		As of Jan. 1, 2022	Acquired/ Assigned	Disposed of	As of Dec. 31, 2022
<b>DIRECTORS</b>					
Delfin L. Lazaro	Direct	100	-	-	100
Arthur R. Tan	Direct	1,955,452	-	-	1,955,452
	Indirect	19,268,100	-	-	19,268,100
Jerome S. Tan	Indirect	2,884,733	-	-	2,884,733
Alberto M. de Larrazabal	Direct	100	-	-	100
Edgar O. Chua	Direct	100	-	-	100
Sherisa P. Nuesa	Direct	112,807	-	-	112,807
	Indirect	740,578	-	350,000	390,578
Jose Ignacio A. Carlos	Direct	1	-	-	1
Rafael C. Romualdez	Direct	1	-	-	1
Hiroshi Nishimura	Direct	115	-	-	115
	Indirect	712,463	-	-	712,463
Jaime Zobel de Ayala Urquijo	Direct	-	100	-	100
Roland Joseph L. Duchâtelet	Direct	-	1,000	-	1,000
<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	1,360,036	-	-	1,360,036
Rosalyn O. Tesoro	Indirect	19,505	15,000	-	34,505
Anthony Raymond P. Rodriguez	Direct	-	-	-	-
Solomon M. Hermosura	Indirect	15	-	-	15
Rosario Carmela G. Austria	Direct	-	-	-	-
<b>TOTAL</b>		<b>27,286,531</b>	<b>16,100</b>	<b>350,000</b>	<b>26,952,631</b>

**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 his 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 is sent to all shareholders at least twenty-eight (28) 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 of the same, the allowed means of participation and voting, and sets the date, time, and 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 a 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 a 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 are sent to the stockholders at least 28 business days prior to the date of the meeting. The Company also provides non-controlling or minority shareholders the right to nominate candidates for the 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 2022, these briefings were done virtually through the online app Zoom.

Presentation materials used in the briefings are posted in the Company's official website.

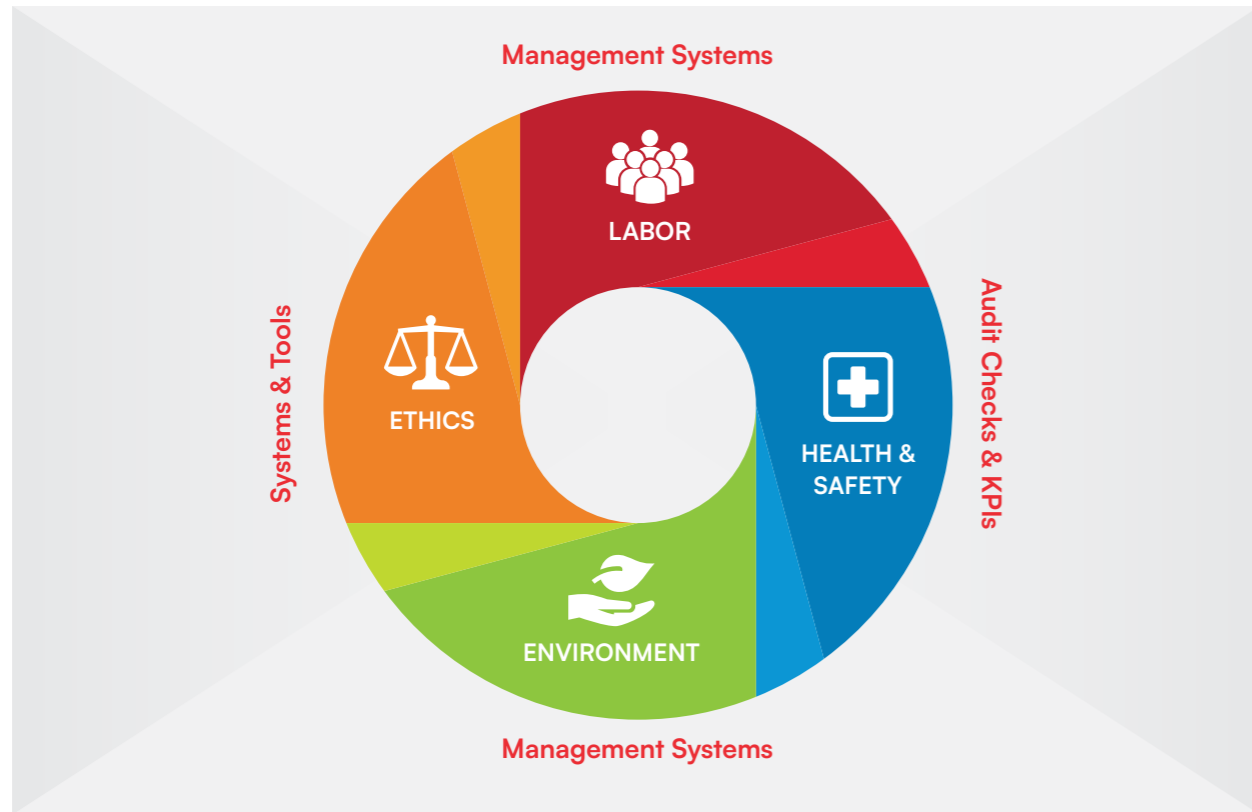
<https://www.global-imi.com/investors>

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)



IMI Code of Conduct & Sustainability Framework

**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

**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

**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

**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
- Energy Consumption and Greenhouse Gas Emission Energy

**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

# Strategy

At IMI, we continually set the bar high to create a positive impact on our people, our communities, and the environment. We start by finding ways to incorporate ESG into our business strategy and establishing a foundation against which we can monitor and measure progress on our goals. Our ESG strategy aims to establish the purpose and scope of the organization’s activities and the nature of our businesses, taking into account the risks and opportunities we face and the environment in which we operate.

## DEFINE THE PURPOSE

One of the first things we undertook in IMI is to define our purpose. A company’s purpose in the context of ESG and overall strategy is the organization’s reason for existence. It answers the question “Why?”. With our current mission and vision, IMI’s purpose is to partner with global organizations to design and manufacture technology solutions that save lives, save energy, and improve quality of life. This purpose has measurable impacts in all our human touchpoints—people and the environment—to ensure that we achieve prosperity in all areas where we are involved in.

## DEFINING METRICS AND TARGETS

Using our overarching purpose, we then determine objectives in specific areas under Environment, Social and Governance. However, these would only be possible when we are able to gather accurate and validated data from our global operations, human resources, and supply chain. As we continue to become more efficient and cost-effective in how we gather data, we expect to be able to validate the information more accurately and set appropriate targets year on year.

## IDENTIFYING RISKS AND OPPORTUNITIES

Like all companies, we understand that IMI has a unique risk profile given the volatility and disruptions happening within and around the industry. It is important that a risk assessment is conducted in the areas of climate, supply chain, labor, global economy, geopolitics, and trade. In the same study, a list of opportunities must be identified and mapped as well to institute initiatives related to the likelihood of any risk.

## DEVELOP ESG POLICIES AND PROCEDURES

IMI’s code of conduct contains all corporate, employee, and supplier-related policies and procedures that

are aligned with global standards, primarily from the Responsible Business Alliance (RBA). The standards set forth in the RBA Code of Conduct reflect the shared sustainability expectations and good practice requirements of our stakeholders including our customers and suppliers.

## ESG ENGAGEMENT AND COMMUNICATION

Another important aspect of ensuring that ESG is embedded in the organization is in communicating the IMI narrative to all stakeholders. Continuous training and onboarding to IMI’s ESG objectives and code of conduct will strengthen the company’s position and create shared value for all. Innovative and inclusive collaboration with customers, suppliers, governments, and academic institutions will further help IMI extend its contribution to the community and society.

## TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD)

In 2021, IMI committed to supporting TCFD (<https://www.fsb-tcf.org>), joining Ayala and other subsidiaries in committing to Net Zero by 2050. Among the subsidiaries of the conglomerate, IMI is one that potentially has a big role to play in the “new carbon economy” as the world shifts more toward renewable energy sources and technologies that produce lower levels of greenhouse gas emissions.

The new carbon economy focused on reducing carbon emissions and mitigating the effects of climate change presents IMI with opportunities to develop



Code of Conduct Orientation

technologies for customers and their consumers that save lives, save energy, and improve quality of life.

In 2022, we saw significant increase in customer base asking for alignment with their own carbon ambition targets. IMI committed to midterm 2030 GHG goal of 50 percent Scopes 1 & 2 and 50 percent Scope 3 by 2030 as we implement interventions and programs in

carbon reduction and neutrality to get us to our goal of Net Zero 2050.

IMI gives equal importance to the Social and Governance component of ESG, and continues to review, update, and improve policies that focus on managing relationships with employees, financial stakeholders, the communities where we operate, as well as the broader political environment in all IMI Locations.

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS & TARGETS
Disclose the organization's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

RECOMMENDED DISCLOSURES

<b>A</b> Describe the Board's oversight of climate-related risks and opportunities.  IMI Audit Risk Committee has oversight of climate-related risks and opportunities.	<b>A</b> Describe the climate-related risks and opportunities identified by the organization over the short, medium, and long term.	<b>A</b> Describe the organization's processes for identifying and assessing climate-related risks.	<b>A</b> Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
<b>B</b> Describe management's role in assessing and managing risks and opportunities.  Chief Risk Officer role to be expanded to include the assessment and management of climate-related risks and opportunities.	<b>B</b> Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	<b>B</b> Describe the organization's processes for managing climate-related risks.	<b>B</b> Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
	<b>C</b> Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios.	<b>C</b> Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	<b>C</b> Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

- Disclosures are Present
- On-going development
- Needs significant enhancing

DIGITAL TRANSFORMATION

We continue our digital transformation journey, which now includes initiatives and programs that support the company's ESG and sustainability aspirations. These programs aim to increase value through innovation, customer experience, and efficiency. To achieve this, we will utilize new technologies and business workflows to optimize, automate, and modernize our business operations.

**For companies like IMI, technology can act as a major accelerant. We call this mindset "Technology Eco-advantage" which uses advanced technologies and ways of working to enable profitable solutions that also have a positive impact on net zero and other environmental, social, and governance goals.**

- ROSALYN O. TESORO  
Chief Information Officer

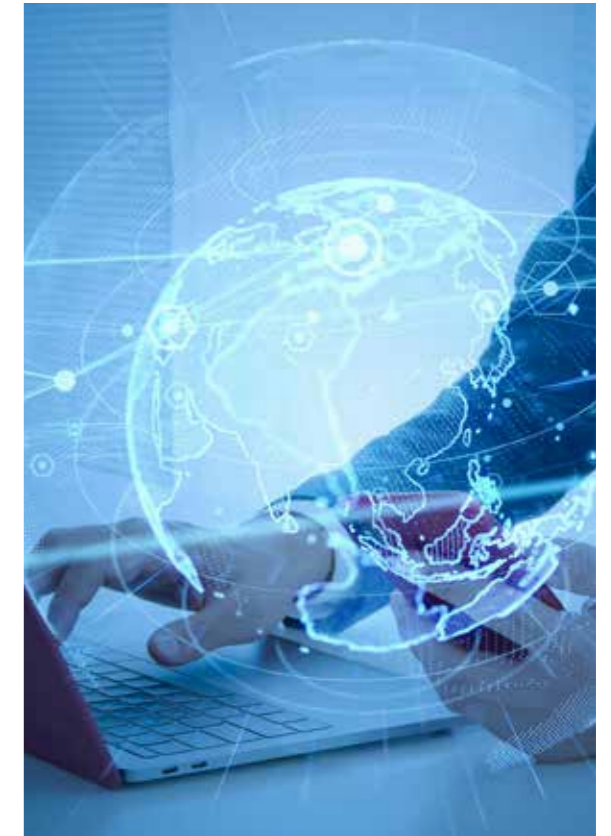
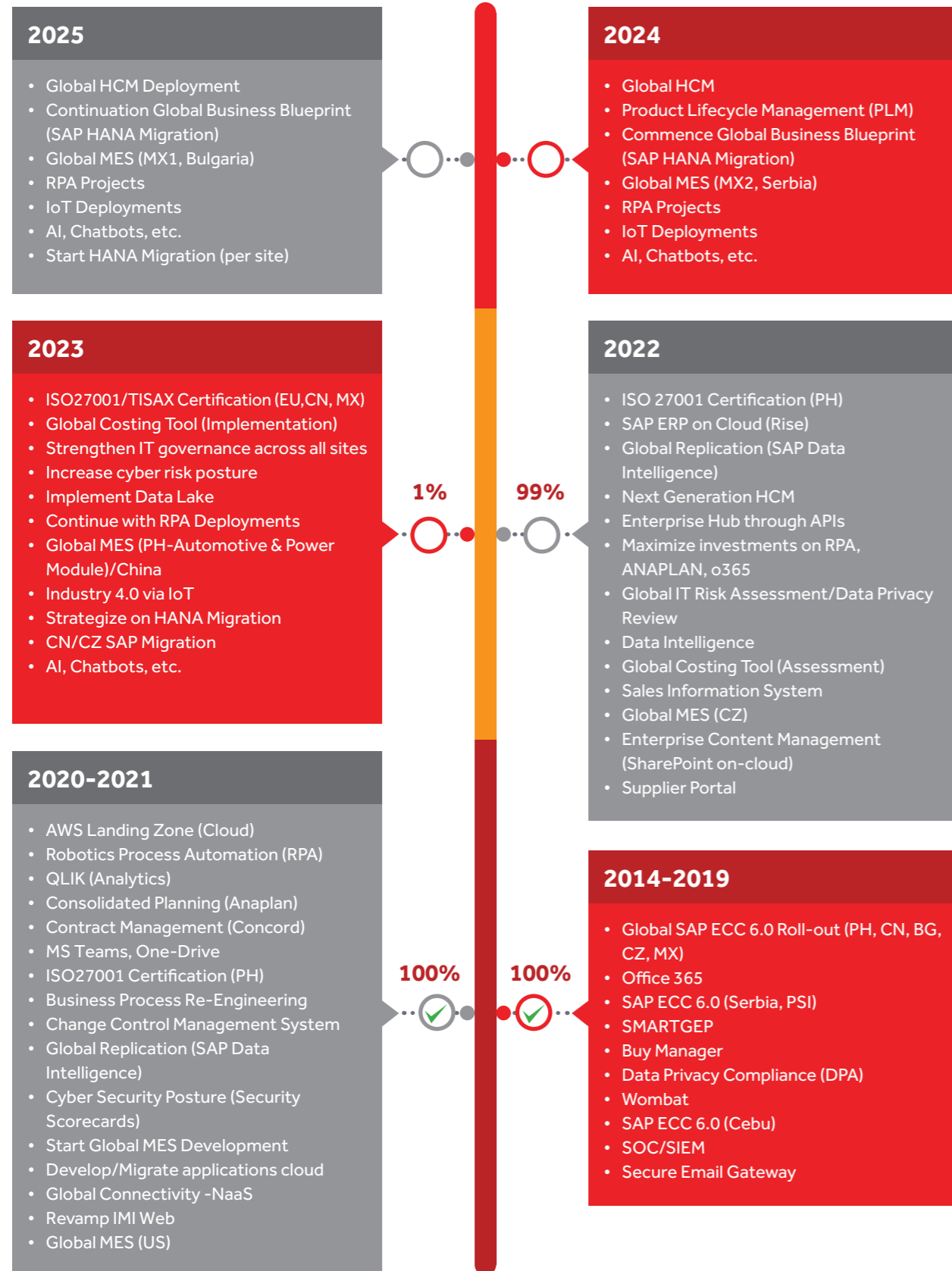


Figure: IMI's Information and Communications Technology group focuses on uniting technology with sustainability


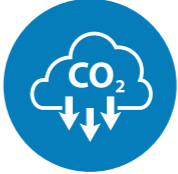


With this “Technology Eco-advantage” mindset, IMI has defined a roadmap for new tech adoption that will speed the journey to sustainability by helping to embed it as a core value—particularly in the areas of digitized operations, digital products and service design, cloud computing, Internet of Things (IoT), Artificial Intelligence (AI), analytics, and data sharing.

**DIGITAL TRANSFORMATION ROADMAP AS OF MARCH 2023**



**FOUR AREAS OF FOCUS ON IMI'S DIGITAL TRANSFORMATION JOURNEY**

**Four Ways Technology Can Speed Up the Journey to Net Zero**

	 <b>Process optimization</b>	 <b>Carbon data transparency</b>	 <b>Circular products and services</b>	 <b>Data ecosystems and ventures</b>
<b>Average CO2 reduction</b>	<b>5% - 10%</b>	<b>30% - 40%</b>	<b>5% - 10%</b>	<b>5% - 10%</b>
<b>Emission reduction</b> refers to lowering the greenhouse gas (GHG) emissions generated by an individual, organization or country	Cloud-native architecture for AI and data-driven optimization of processes and operations  • Cloud-based data and digital platforms • AI-driven cost and emissions optimizations	System-wide visibility to drive sustainable decision-making and behavior across organization  • IoT and blockchain tracking solutions • Data visualization and impact reporting	Digital products and services to incentivize sustainable consumer behavior within the industry  • Human-centered design and digital products • Behavioral analytics	Cross-industry/sector data partnership for joint abatement initiatives across the ecosystem  • Data sharing and ecosystems • Cyber resilience

**CONTINUOUS IMPROVEMENT THROUGH IMI PRODUCTION SYSTEM (IPS)**

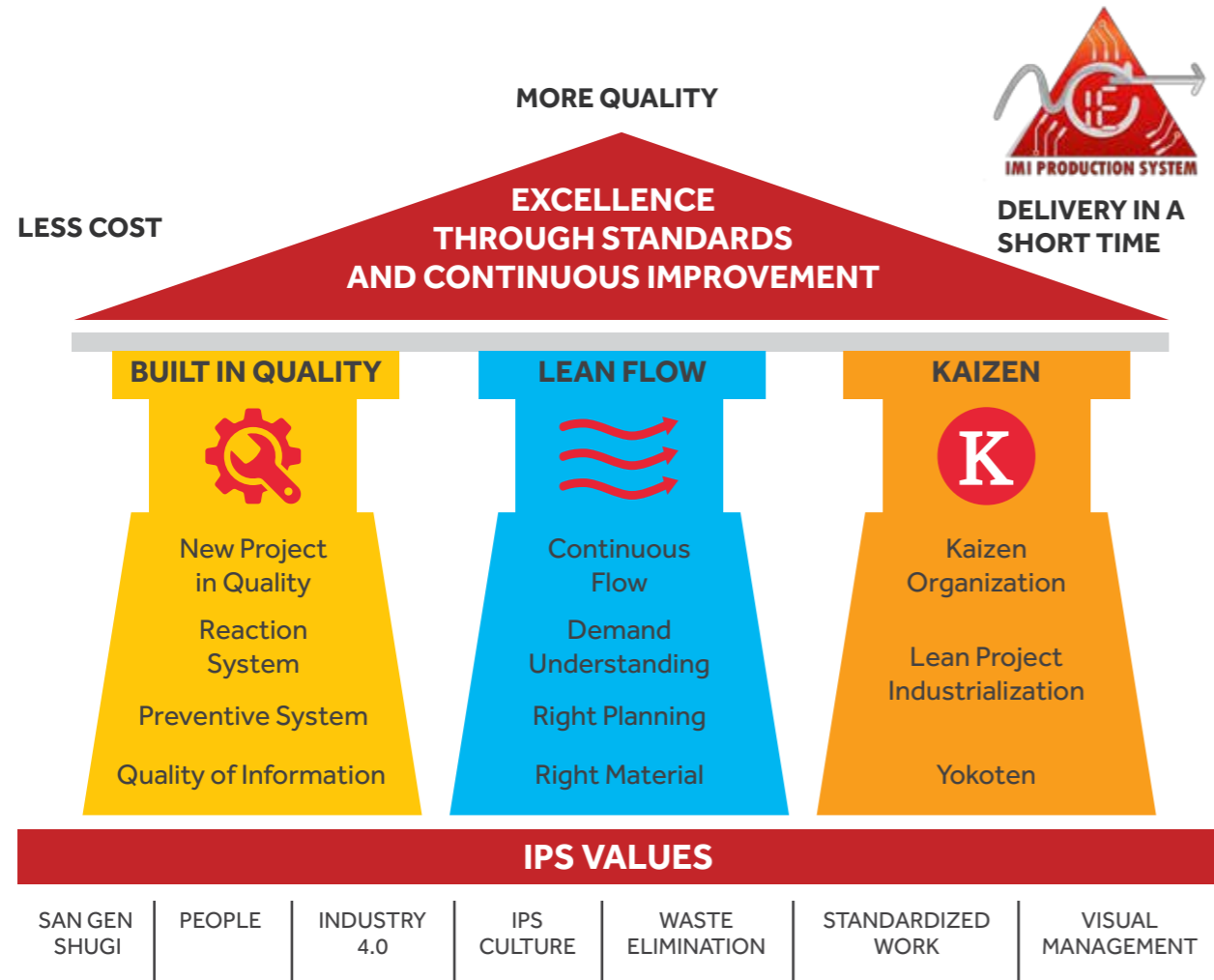
In attaining excellence through standards and continuous improvement in our global operations, we ensure that the sustainable principles we adhere to are founded on solid understanding of quality concepts and frameworks. These foundations include having the right quality mindset and right behavior by the application of San Gen Shugi and the Golden Triangle, continuously improving the customer experience and cost optimization with the use of LEAN (the elimination of waste in all processes).

In 2022, completed KAIZEN projects reached 1,475 across all IMI's factories which generated a total combined savings of US\$8.9 million from labor, materials, overhead, and improvement savings.

The IPS HOUSE symbolizes our core values and the key items to reach them with the involvement of everyone from Top Management to operators. IPS is our standard of production, and IMI uses the same methodology and principles to manufacture among all IMI sites consistently living a culture of improvement.



IMI IPS Regional Convention November 2022



**SUPPLY CHAIN AND PROCUREMENT**

The dynamics of the supply chain today has changed since the pandemic. Longer lead times, elevated cost of inputs, and component shortages have weighed down on the global operations of IMI. With the uncertainty of delivery dates, inventory levels have surged, raising the risks and overhead cost.

In 2022, we carried out initiatives to significantly reduce the risks on inventory by implementing tools to track and claim unfavorable purchase price variances of components we buy, to track and monitor in real time freight costs to make quick adjustments, and to resolve shortages and inventory balancing between sites.

Together with some digital initiatives, we also ensure that we communicate well with our suppliers and customers to improve on material profit, gain more visibility on customer-controlled items, manage loading and demand, and to reduce people risk by automating certain processes.

**OUR PROCUREMENT MANAGEMENT APPROACH**

Our business covers a broad geographical spread, and a range of services and market segments. With such reach, we hold ourselves to high standards and always strive to be better. This means our approach to advance sustainability is at the core of our sourcing network and supply chain. To do so, we work with customers to understand their needs and ensure our engagements are fulfilled in a manner that reflects their sustainability expectations and good practice guidance. In parallel, we communicate our expectations to business partners and carry out due diligence checks. Through this process, we establish accountability and assess compliance by conducting supplier audits once a year. In 2020, our Sustainability Team organized training and assessment programs for key IMI suppliers in the Philippines and China based on the RBA Code of Conduct Version 6.0 (2018). It includes labor, ethics, data protection, environmental, health and safety, and overall management system. We also provided risk management seminars to suppliers designed to help them adopt a risk mindset throughout their organization as well as to raise awareness of their impact in the achievement of IMI's and its customers' long-term goals and business strategy.

In 2022, the IMI Supplier Code of Conduct was also updated together with the IMI Employee Code of Conduct.

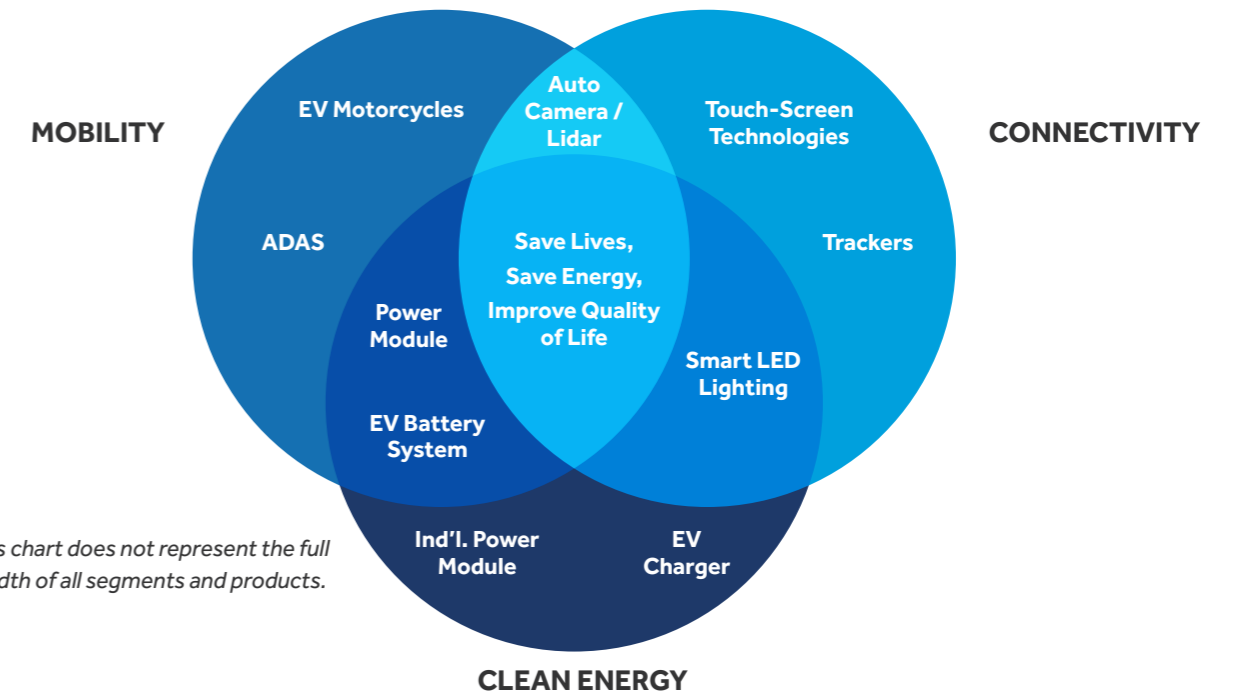
**OUR POLICY ON CONFLICT MINERALS**

IMI continuously supports the sourcing of minerals and metals from RBA compliant smelters or those not supporting the rebel groups of the Democratic Republic of Congo and adjoining countries. We collect Conflict Minerals Reporting Template from suppliers annually and use the same format in disclosing smelter information to customers through

our Customer Focus Team. We check compliance from the publicly available list of conformant smelters through the Responsible Minerals Initiative website. Whenever we uncover non-compliance, we share the results with our suppliers and require them to source responsibly. As part of our contractual agreements, we expect suppliers to practice the same measures for alignment within their operations and supply chains.

**EMERGING TECHNOLOGIES**

Anchored in our purpose to save lives, save energy, and improve quality of life, IMI focuses on the following areas using the cutting-edge technologies available and utilized in the industry: Mobility, Connectivity and Clean Energy.



\*This chart does not represent the full breadth of all segments and products.

**ON THE ROAD TOWARD NET ZERO 2050**

ESG ROADMAP 2023					
	2022	2023	2024	2025	2030 TARGETS
<b>Environment</b>	Targeting of GHG Reduction by 2030	Engagement with SouthPole - Validate Carbon Footprint Supply Chain Code of Conduct ESG Supplier Audit	Projects and initiatives to reduce CO2; Renewable energy targets, Aligned Digitalization roadmap Supply Chain Data & Targets		50% Reduction in Scopes 1 & 2 GHG Emissions; 25% Reduction in Scope 3
<b>Social</b>		Firming up of Social Targets; Compliance with RBA standards, communication to organization; Embedding of ESG targets at KPI level	RBA Certification	Continuous Validation and more efficient data gathering	Healthy and Safe Working Environment
<b>Governance</b>	ESG Organization; Alignment to business strategies First Independent Assurance Audit-DNV	First Global ESG Roadshow		Internal Audit Support; No Major non-comformance from 3rd party audits	Ethical business practices aligned with global standards

# Risk Management

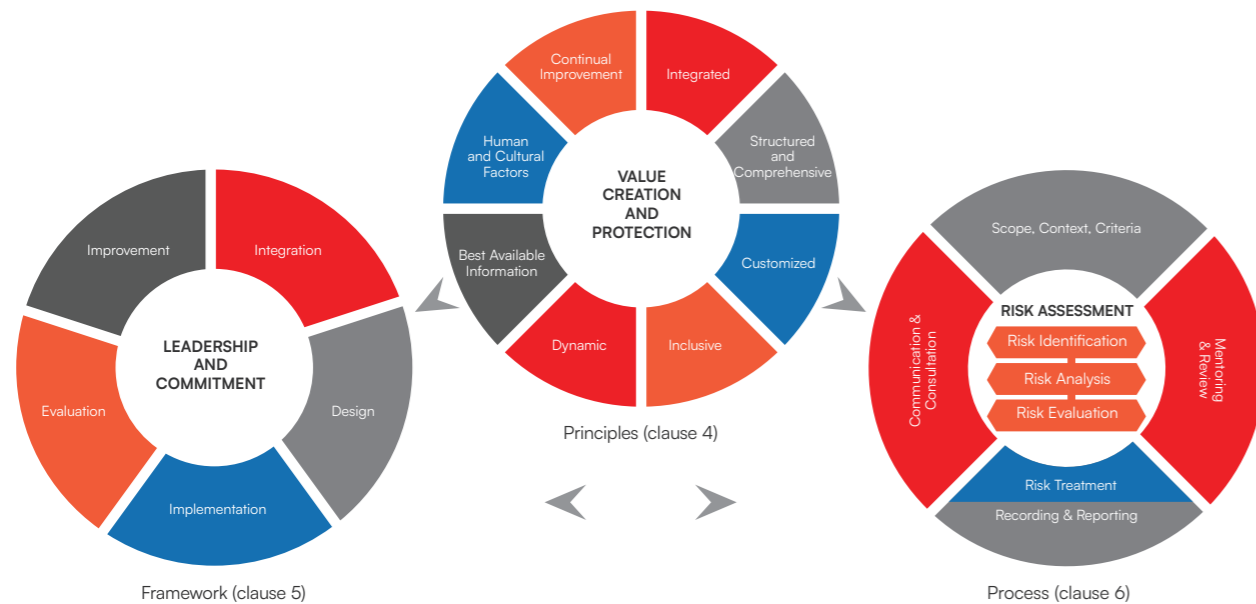
IMI has laid a strong foundation for the future, supported by our effective Enterprise Risk Management program. As an EMS company with operations in several countries, we face a range of risks, both internal and external, that impact our operations, financial stability, and overall performance.

As we look back on the year 2022, supply chain issues continued to persist and were magnified by geopolitical risk related to the ongoing conflict between Russia and Ukraine. Being a company with a complex global supply chain, we experienced challenges related to sourcing and logistics, including shortages of critical components and materials, delays in shipping and high logistics costs, and fluctuations in pricing and availability. The ongoing conflict between Ukraine and Russia added an additional layer of complexity to our supply chain, with further disruptions to shipping routes and port operations.

Looking ahead to 2023, we will continue to monitor and manage these risks, as well as other emerging risks. Our ERM program will remain a key focus, and we will continue to take a proactive approach to identifying and addressing potential risks. This includes regular monitoring and review of our risk management framework for its effectiveness and the provision of regular reports to senior management and the board of directors.

## ENTERPRISE RISK MANAGEMENT POLICY

Our 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 and structured approach that governs the risk management process toward value creation and protection, improves performance, encourages innovation, and helps mitigate climate change.



## RISK REPORTING

Throughout IMI, we have well-defined reporting lines that set out accountability and ownership across operations. Our focus on quality promotes risk-based thinking in all processes at all levels, including the identification and management of top risks. The Audit and Risk Committee (ARC) oversees the Company's internal control systems and risk management framework, which includes determining the Company's

exposure to physical and transition risks connected to climate change as defined by the Taskforce on Climate-Related Financial Disclosures (TCFD). The Committee's oversight includes analysis and guidance on material financial and non-financial risks and the corresponding measures in addressing such risks. The risk assessment may include climate-related hazards, their nature, likelihood, and effects, as well as management activities and initiatives to reduce risks. The ARC also monitors

the risk management activities of the Company and evaluates the effectiveness of the risk mitigation and action plans, with the assistance of the Global Internal Audit.

The Chief Risk Officer (CRO) ensures that regular internal reporting on the implementation of the ERM framework, its effectiveness and outcomes

are accomplished. Supporting the CRO is the ERM leader who communicates and coordinates with site risk owners and designated risk leads on programs, activities, and initiatives that will strengthen the risk management framework, including the identification and management of climate-related risks. The CRO and ERM leader reports to the ARC on a quarterly basis.

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



In addition, our updated internal ISO 31000-based processes utilize several third-party resources and guidelines to incorporate climate-related risk and opportunities and ensure that our approach is appropriately relevant. These include:

- Frameworks for reporting that are globally accepted to improve the way we keep track of our climate action projects
- Our customer initiatives on ESG, and climate action
- Publicly accessible publications on climate change; and information that is both specific to our industry
- TCFD recommendations
- Our internal assessment of climate risk, Integrated Report, opportunity profile, and CDP 2022 submission
- CDP reports from other manufacturers



IMI Attends Customer Summit to align and collaborate on green initiatives and ESG ambitions

**TOP RISKS 2022**

An overview of our key risks in the last financial year is provided below.

**1 SOURCING AND PROCUREMENT**

**Inability to source alternative parts in a timely manner due to existing source's limitations can compromise the company's commitments.**

For the second consecutive year, our top risk is sourcing and procurement. This primarily includes raw material scarcity and low availability of supply or long lead times of components from authorized suppliers. Supplier capacity constraints on the global market are also contributing to the risk, making it difficult to secure the necessary components to meet demand. Additionally, raw material price increases are driving up costs, while material sourcing competitiveness and shortages are creating challenges in securing the necessary materials at reasonable prices. These drivers are likely to continue to impact the industry's supply chain and operations in the foreseeable future.

To manage the risk, IMI takes proactive measures to develop long-term relationships with suppliers and build a robust supplier network to help us continually access the necessary raw materials and capacity to meet customer demand. We implement regular monitoring of supply chain and supplier performance, identifying alternative suppliers, diversifying sourcing options, developing regional strategy, and establishing wing-to-wing global supply chain organization. We also invest in technologies such as predictive analytics to better anticipate and mitigate potential risks in the supply chain.

**2 TALENT**

**Recruitment and Retention - Failure to recruit and retain qualified employees to ensure optimal staffing levels in a balanced workforce environment.**

The lingering effects of the pandemic, such as elevated voluntary departures, continued in the Electronic Manufacturing Services industry including IMI. We also faced challenges related to the resignation of engineers without proper transition due to unavailable replacement from internal or external sources, as well as competitors offering higher pay and setting up facilities close to IMI sites.

In response to these challenges, we carried out a review of compensation, benefits packages, flexible work arrangements, professional development and mentoring opportunities, and work culture enhancement. We are also exploring new recruitment channels to attract top talents and working closely with partners, industry associations, and other Ayala/ACI business units to identify best practices for addressing talent recruitment and retention challenges.

**3 SALES AND MARKETING**

**Inability to develop and execute a sales and marketing strategy to maximize revenue/ contribution margin and /or market share and provide a consistent and compelling incentive for potential consumers and a return on investment to shareholders.**

As we progressed through 2022, IMI faced various risks related to slow market growth, lack of new significant customers, customer retention, and low demand in the consumer electronic market. To maintain and enhance our lead, our IMI Technology Group has been working to prioritize innovation and improvement of our products and services focusing on design for manufacturability and aligning advance manufacturing programs with market tech road maps. This focus supports our business development while also solidifying our unique value proposition to stand out in the market. Additionally, by developing an ESG roadmap toward carbon neutrality and leveraging this as a competitive advantage, we believe we differentiated ourselves from competitors and appealed to customers who prioritize sustainability.

**4 POLITICAL / STRATEGIC RISK**

**Geopolitical - Change in one country's foreign policy which affects domestic political and social policy in another country or region. This may include military conflicts, civil wars, terrorist attacks, riots, sanctions, epidemics, cyber-attacks country defaults etc.**

Several geopolitical risks impacted our operations this year, particularly the ongoing conflict between Russia and Ukraine, which has significantly affected the global economy, and increased energy costs, logistics, and supply chains. With the efforts of our management team, we continue to diversify our supply chain, awareness of geopolitical developments, and adjust our contingency plans. We are committed to managing geopolitical risks to ensure continuity of supply, maintain profitability, and protect the interests of our stakeholders and investors. By doing so, we believe that we can successfully navigate the complex geopolitical landscape and achieve our strategic objectives.

**5 RESILIENCE**

**Business Interruption (Man-made / Natural / Climate Related) - Failure to undertake the appropriate advanced planning related to critical processes to ensure the ability to recover and maintain business operations in the event of a disruption due to physical or natural circumstances.**

Since 2020, COVID-19 has been one of our operational risks, principally business interruption and resiliency risk. The pandemic has caused significant disruptions to global supply chains, affecting our ability to source raw materials and components, and impacting our operations. In China, lockdowns in key geographic regions aggravated supply chain issues even further. Following the end of the zero-COVID policy, we expect pandemic-related disruptions to continue to go down. As part of our global business continuity program, we have updated our disaster response plans from lessons learned to ensure that adequate mitigation plans are in place and to keep up with the evolving threat landscape.

**CLIMATE CHANGE**

**Failure to prepare for physical and transition impacts brought about by climate change may result in significant financial losses and inability to execute and achieve business objectives.**

Temperature extremes, such as heat waves and cold snaps, pose a significant physical risk to IMI. These extremes can impact our operations, supply chain, and customers, leading to damage to infrastructure and equipment, increased costs, and potential loss of business. We have established preventative mechanisms to address this risk, such as developing disaster response plans, assessing the risks associated with our facilities, and working with our suppliers and their continuity plans.

Insights from our external factors review inform us that the transition risk from technology in the 2030s is also a risk for IMI as well as an opportunity. In particular, the transition to a low-carbon economy is driving fundamental changes in technology and energy systems, which could disrupt our operations, customers, and markets. Taking into account available market data and considerations, we adopt a comprehensive climate strategy that includes reducing our greenhouse gas emissions, transitioning to renewable energy sources, improving energy efficiency, and calibrating with our customers on their own climate action initiatives. We also focus on innovation and product development, leveraging our strengths in design for manufacturability and advanced manufacturing programs, to ensure we remain competitive in a low-carbon economy.



# Metrics & Targets

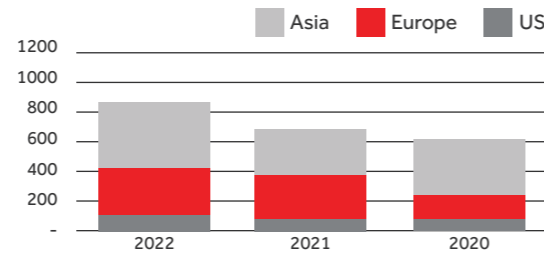
## WASTE MANAGEMENT

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 4Rs 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

### Hazardous ('000 kg)

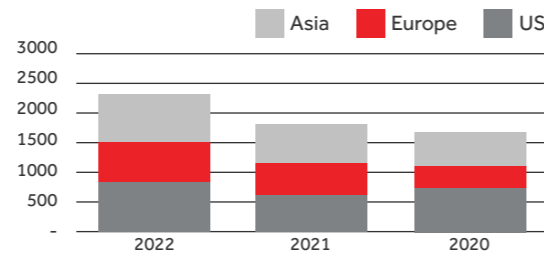
	Asia	Europe	US	Total
2022	439	314	98	851
2021	298	299	83	680
2020	348	183	80	611



Increase in 2022 is attributed to increased combined groupwide manufacturing activity.

### Non-Hazardous RECYCLED ('000 kg)

	Asia	Europe	US	Total
2022	791	624	806	2,220
2021	650*	535	696	1,880
2020	532	351	784	1,667

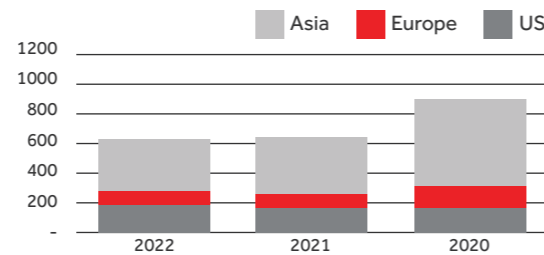


\*China included in the total of Asia

Increase in 2022 is attributed to increased combined groupwide manufacturing activity.

### Non-Hazardous RESIDUAL ('000 kg)

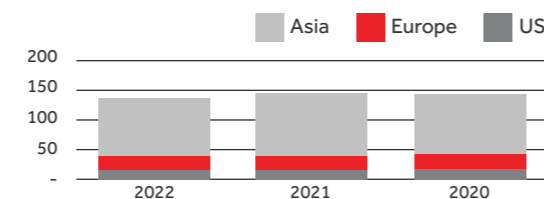
	Asia	Europe	US	Total
2022	356	73	194	623
2021	390	71	182	643
2020	615	124	178	917



## ENERGY MANAGEMENT

### ENERGY CONSUMPTION - Electricity (million KWh)

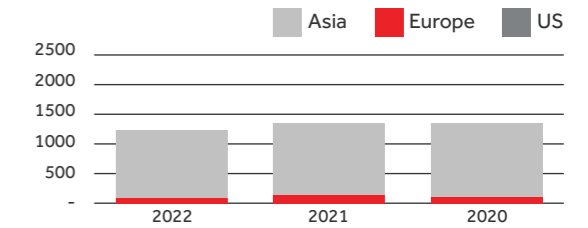
	Asia	Europe	US	Total
2022	93	24	18	136
2021	103	24	17	144
2020	100	26	17	144



Decrease mainly due to Asia – China Zero Covid shutdowns in 2022

### ENERGY CONSUMPTION - Water withdrawn ('000 m³)

	Asia	Europe	US	Total
2022	1,184	87	19	1,291
2021	1,214	126	12	1,352
2020	1,244	96	20	1,360



Decrease mainly due to Asia – China Zero Covid shutdowns in 2022

## GHG METRICS

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

### Scope 1 Emissions

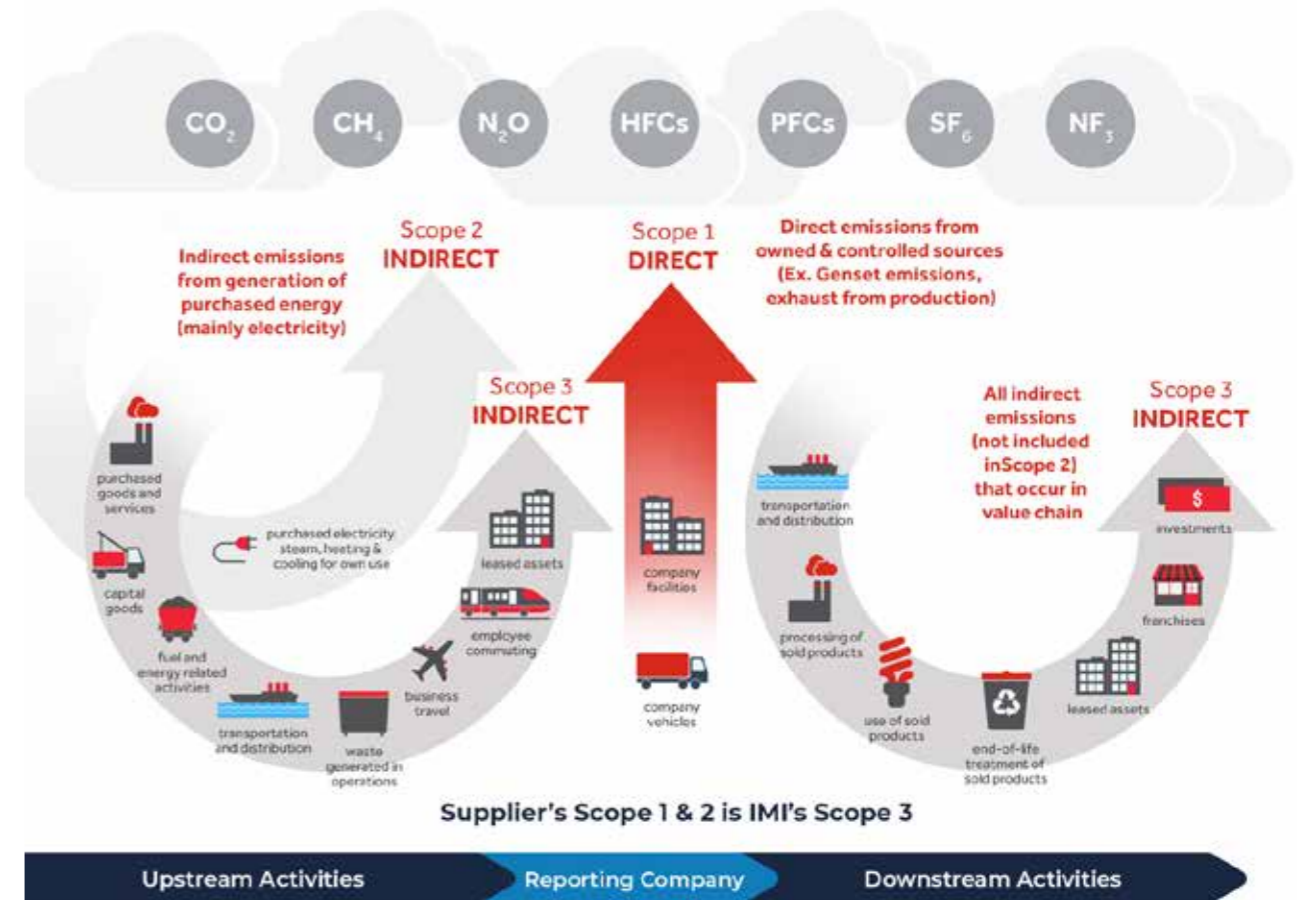
Represent direct GHG emissions emanating from sources owned or controlled by IMI (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles).

### Scope 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.).

### Scope 3 Emissions

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



### SUMMARY OF GHG EMISSIONS

	Scope 1 Tons CO2e	Scope 2 Tons CO2e (million)	Scope 3 Tons CO2e
2022	2,702	78,089	2,346
2021	712	95,835	3,068
2020	503	93,294	1,943

Scope 2 emissions account for the largest share in emissions produced.

#### Scope 1 (Tons CO2e)

	Asia	Europe	US	Total
2022	1,676	659	367	<b>2,702</b>
2021	547	139	26	<b>712</b>
2020	363	111	29	<b>503</b>

Increase in 2022 is attributed to increased groupwide manufacturing activity.

#### Scope 2 (million Tons CO2e)

	Asia	Europe	US	Total
2022	60,161	10,115	7,814	<b>78,089</b>
2021	73,689	14,004	8,141	<b>95,835</b>
2020	70,954	14,443	7,898	<b>93,294</b>

Decrease mainly due to Asia – China Zero Covid shutdowns in 2022

#### Scope 3 (Tons CO2e)

	Asia	Europe	US	Total
2022	1,361	133	853	<b>2,346</b>
2021	2,484	81	502	<b>3,068</b>
2020	1,854	90	-	<b>1,943</b>

Current scope 3 data is based on total Methane and Nitrous Oxide emission.

#### 2022 Energy from renewable sources (KWh)

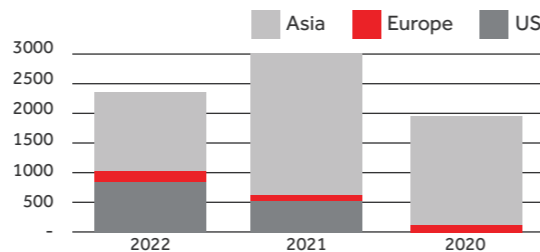
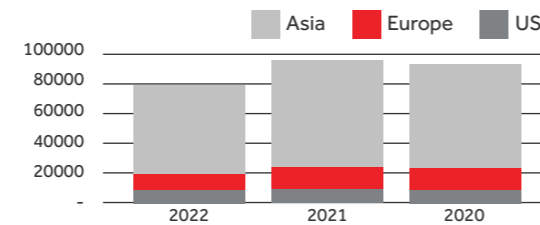
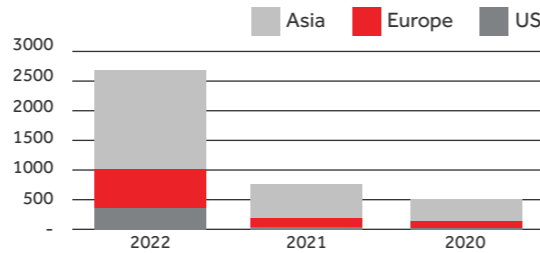
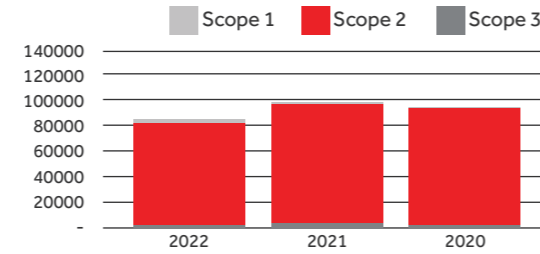
IMI Site	China	Bulgaria	Mexico	Serbia
Non-renewable	19,287,968	12,932,999	11,048,316	1,157,403
Renewable	17,311,592	3,928,798.93	7,063,677.66	1,618,332
Total electricity consumption	36,599,559	16,861,798	18,111,994	2,775,735
Renewable % Share	47.3%	23.3%	39.0%	58.3%

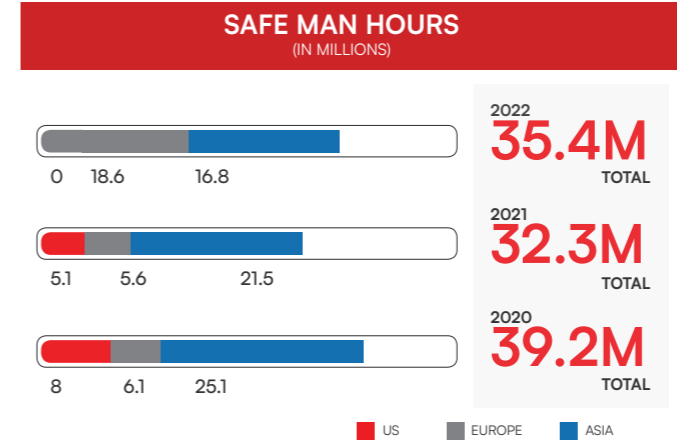
IMI Site	Czech	Laguna	Cebu	UK
Non-renewable	2,831,172	50,046,348	1,268,512	1,616,905
Renewable	124,122	5,560,705	-	-
Total electricity consumption	2,955,294	55,607,053	1,268,512	1,616,905
Renewable % Share	4.2%	10.0%	0.0%	0.0%

Total	
Non-renewable	<b>100,189,623</b>
Renewable	<b>35,607,228</b>
Total electricity consumption	<b>135,796,851</b>
Renewable % Share	<b>26.2%</b>

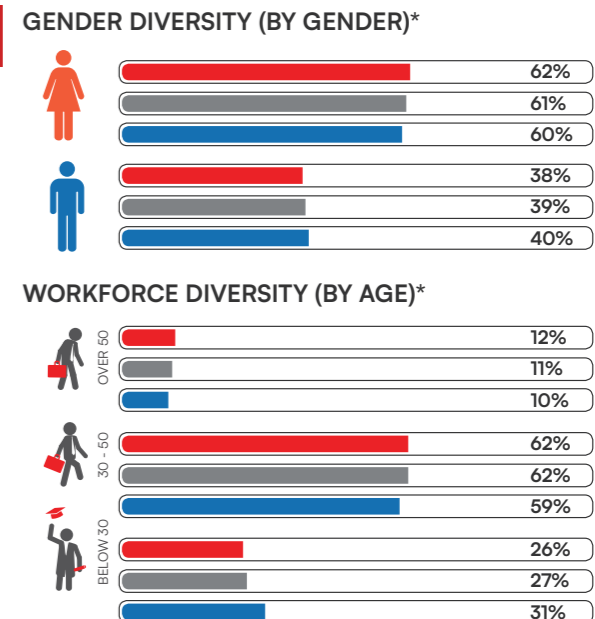
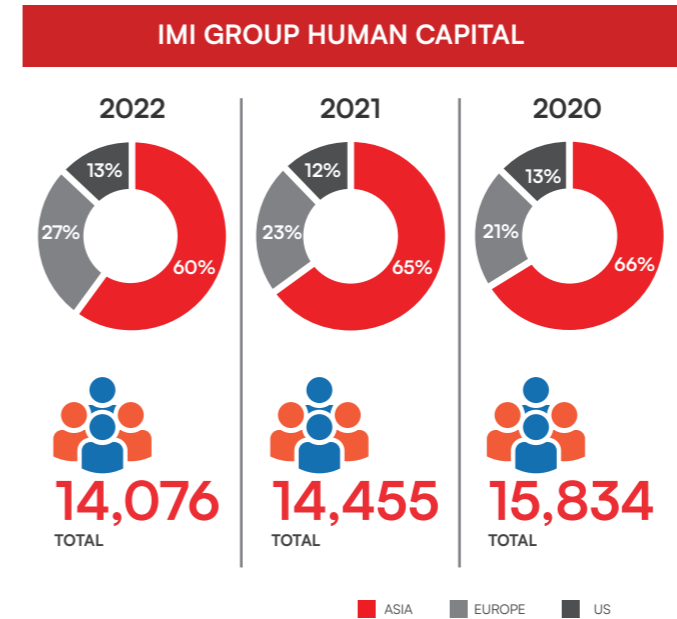
Data on renewable energy sources were compiled after DNV assessment. As we increase utilization of green sources of energy for 2023, we will include data for 3rd party validation.



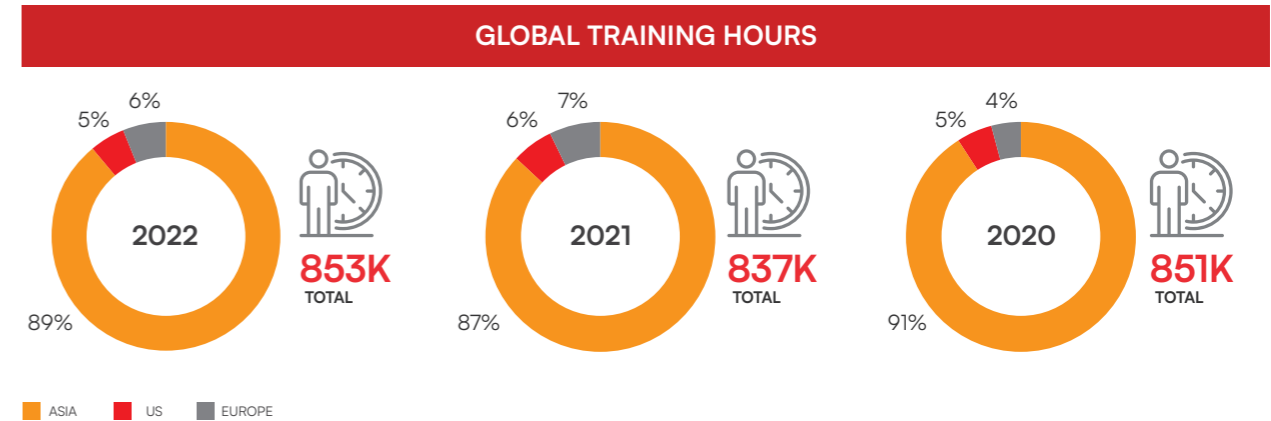
### OTHER ESG METRICS



\*Errata for 2020 and 2021 aligned to DOLE's computation



Note: Based on total headcount of 13,352 (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>		64 - 65
<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>		65
<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>		51 - 57
<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>		36 - 50



## SUSTAINABLE DEVELOPMENT GOALS

**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE

**12** RESPONSIBLE CONSUMPTION AND PRODUCTION

**IMI Supported SDGs**

**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

# Stakeholder Engagement

IMI is committed to making a positive impact on society and the environment through its corporate social responsibility (CSR) projects and stakeholder engagement initiatives. Focus areas include health and overall well-being, education, community development and livelihood. Over the past year, the company has undertaken several meaningful activities that align with its overall purpose of creating a sustainable and equitable future.



IMI Philippines' turnover of donations to a chosen charity (Children's Village)



IMI Czech Republic donated to a foundation for abandoned children



20th anniversary celebration of IMI China (Jiaxing)



Family marathon held at IMI Mexico



IMI China (Jiaxing) visits the elders



IMI North America's Breast Cancer Awareness project



IMI Japan's Breast Cancer Awareness project



IMI Bulgaria's Table Tennis team



IMI Bulgaria's wellness program for employees



## INDEPENDENT ASSURANCE STATEMENT

### Introduction

DNV Business Assurance Singapore Pte. Ltd. ('DNV') has been commissioned by the management of Integrated Micro-Electronics, Inc ('IMI', 'the Client' or 'the Company', Securities and Exchange Commission Identification Number: 94419) to undertake an independent assurance of the sustainability / non-financial disclosures in Integrated Micro-Electronics, Inc's 2022 Integrated Report ('the Report') in its printed format for the year ended 31 December 2022. The intended users of this Assurance Statement are the management of the Company.

We performed a limited level of assurance using DNV's assurance methodology VeriSustain<sup>TM1</sup>, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements (ISAE) 3000 Revised\*, along with the Global Reporting Initiative's ('GRI's') Principles for Defining Report Content and Report Quality and the Sustainability Accounting Standards Board's ('SASB's') industry-specific Standards. The verification engagement was carried out from December 2022 to April 2023.

### Scope and Boundary of Assurance

The scope of assurance included a review of sustainability related disclosures and performance data from Integrated Micro-Electronics, Inc's operations in the Philippines.

Our assurance engagement included limited level of verification of sustainability performance disclosures for the identified material topics of Integrated Micro-Electronics, Inc as detailed under the section 'Metrics and Targets' in the Report i.e., covering entities over which Integrated Micro-Electronics, Inc has operational control or has seconded employees in operations. Our verification applies a ±5% uncertainty threshold towards errors and omissions for the performance data brought out in the Report.

### Responsibilities of the Management of Integrated Micro-Electronics Inc and of the Assurance Provider

The Company's management has sole responsibility for the integrity of the Report and this responsibility includes designing, implementing and maintaining internal controls over collection, analysis, aggregation and preparation of data, fair presentation of the information, ensuring that data is free from material misstatement and maintaining the integrity of their website under digital domain. The Board has complete oversight and is responsible for the Company's sustainability reporting. Integrated Micro-Electronics, Inc has stated that this Report has been prepared based references from various sources including, the Guiding Principles and Content Elements of the International Integrated Reporting Council's <IR> Framework, general disclosures and selected topic-specific disclosures related to identified material topics from the GRI Standards, SASB industry specific standards and TCFD for climate-related financial disclosures.

In performing our assurance work, DNV's responsibility is solely towards the Management of Integrated Micro-Electronics, Inc in accordance with terms of reference agreed, however this assurance statement represents our independent opinion and is intended to inform the outcome of the assurance to the Company's stakeholders. DNV's responsibility is to form an independent conclusion. In doing so, we carried out the sampling procedures required for the evidence for a limited level of assurance based on VeriSustain i.e., DNV is responsible for planning and performing the engagement to obtain assurance about whether the selected information is free from material misstatement and meets the disclosure requirements.

### Basis of our Opinion

We planned and performed our work to obtain the evidence considered necessary to provide a basis for our assurance opinion as part of the assurance engagement. We adopted a risk-based approach, i.e., we concentrated our verification efforts on the issues of high material relevance to Integrated Micro-Electronics, Inc and its key stakeholders. A team of sustainability assurance specialists reviewed non-financial disclosures related to IMI HQ and select sample sites at Laguna and Kuichong, based on DNV's sampling plan. We undertook the following activities:



- Review of the non-financial sustainability-related disclosures in this Report;
- Review of approaches to materiality determination and review of outcomes of stakeholder engagement; DNV did not have any direct engagement with external stakeholders;
- Review of information provided to us by the Company on its reporting and management processes related to sustainability performance for the reporting year based on the framework adopted by Integrated Micro-Electronics Inc
- Interviews with select members of leadership team, and senior managers responsible for management of sustainability issues and review of selected evidence to support generic disclosures. We were free to choose interviewees and interviewed those with overall responsibility for the programmes to deliver the targets for medium- and long-term vision, mission and milestones;
- Performed desk review of selected sustainability parameters for sampled entities, and discussed findings and resolved with the Corporate Sustainability Team;
- Carried out on-site assessment at IMI Laguna, and remote assessment for IMI Kuichong to review the processes and systems for preparing site level sustainability data and implementation of sustainability strategy;
- Review of supporting evidence for key claims and data disclosed in the Report. Our verification processes were prioritized based on risk-based approach, i.e., relevance of identified material topics and sustainability context of the business;
- Review of the processes for gathering and consolidating the performance data and, for a sample, checking the data consolidation at site and corporate levels.

### Opinion and Observations

On the basis of the assurance engagement undertaken, nothing has come to our attention to suggest that Integrated Micro-Electronics Inc's 2022 Integrated Report does not properly describe the non-financial performance of identified material topics based on the Guiding Principles and Content Elements of the International <IR> Framework ("<IR> Framework"). Without affecting our assurance opinion, we also provide the following observations against the principles of VeriSustain:

#### Stakeholder Inclusiveness

*The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.*

IMI strives to ensure that expectations, needs, and interests of all stakeholders are balanced. The Report has brought out engagement with key stakeholders (e.g. Shareholders, Employees, Customers and Suppliers etc.) namely ways to strengthen relationships, add value propositions, manage risks and opportunities and informed strategic planning.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.

#### Materiality

*The process of determining the issues that are most relevant to an organization and its stakeholders.*

The report describes IMI's material ESG issues against global frameworks on sustainable development, ESG Standards to align with the company's economic, environment, and social impacts.

IMI has identified its key material topics/accounting metrics, has benchmarked against industry specific ESG assessments/SDG's and finally validated by engaging with concerned stakeholders.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

<sup>1</sup> The VeriSustain protocol is available on [www.dnv.com](http://www.dnv.com)

\* Assurance Engagements other than Audits or Reviews of Historical Financial Information.



**Responsiveness**

*The extent to which an organization responds to stakeholder issues.*

The Report brings out the Company's responses to identified material topics, key challenges faced and significant issues including risks which have arisen during the reporting period through disclosures on Governance, Business Review, strategic responses to key stakeholders' concerns, to deliver shared values. Further the Report also brings out its non-financial performance related to its material topics through selected GRI Topic Specific Standards and SASB industry-specific Standards as Performance Indices. The Report may further strengthen on this Principle in future reporting periods by establishing the link to short, medium and long-term targets towards value creation related to its identified material topics.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.

**Reliability**

*The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.*

The majority of the performance disclosures verified through onsite verification, i.e., at IMI (Laguna) and sampled sites, and through desk reviews, were found to be fairly accurate, reliable, identifiable and traceable to the source. Considering the limited sampling, we did not detect any major errors related to data collection or aggregation. We also reviewed the calculations and related assumptions used for its suitability, taking into account the principle of Reliability, however our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems. Some of the data inaccuracies identified during the verification process were found to be attributable to interpretation and aggregation errors. These identified errors were communicated, and the responses and corrections made to the reported data and information were reviewed.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.

**Completeness**

*How much of all the information that has been identified as material to the organization and its stakeholders is reported.*

The Report discloses the Company's non-financial disclosures based on the <IR> Framework and performance during the reporting period 2022 related to its material issues using appropriate GRI Topic Specific Standards and SASB disclosures, for the identified boundary of operations and covers the Company's approaches to value creation during the reporting period.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Completeness.

**Neutrality**

*The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.*

The Report presents disclosures related to the Company's performance, challenges and concerns of stakeholders during the reporting period in a neutral, consistent and balanced manner, applying adequate consideration to not unduly influence stakeholders' opinion made based on the reported data and information.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

**Limitations**

DNV's assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith, are true, and is free from material misstatements. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. The engagement excludes the sustainability management, performance, and reporting practices of Integrated Micro-



Electronics, Inc's suppliers, contractors, and any third parties mentioned in the Report. The Company's position statements, the statements for the management approach, and case studies and examples are excluded from the scope of our work. We did not interview external stakeholders as part of this assurance engagement.

We understand that the reported financial data and related information are based on statutory disclosures and Audited Financial Statements<sup>#</sup>, which are subject to a separate independent statutory audit process. We did not review financial disclosures and data as they are not within the scope of our assurance engagement

The procedures performed in a limited assurance engagement vary in nature and are shorter in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed. During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement.

**Statement of Competence and Independence**

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct<sup>2</sup> during the assurance engagement and maintain independence wherever required by relevant ethical requirements.

This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statement or datum included in the Report except for this Assurance Statement. DNV maintains complete impartiality toward internal stakeholders interviewed during the assurance process.

DNV has provided assurance to Ayala Corporation, Bank of the Philippine Islands, Ayala Land Inc., AREIT, AC Energy Corporation, Manila Water Company Inc., Integrated Micro-Electronics, Inc and Globe Telecom, Inc. In our opinion, there is no conflict of interest in the assurance engagement provided to the business units of Ayala Group. DNV did not provide any services to Integrated Micro-Electronics, Inc in 2022 that could compromise the independence or impartiality of our work.

**Purpose and Restriction on Distribution and Use**

This assurance statement, including our conclusion has been prepared solely for the Company in accordance with the agreement between us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work or this report.

**For and on behalf of DNV**

<p>Nagarajan, Sathishkumar</p> <p><small>Digitally signed by Nagarajan, Sathishkumar Date: 2023.04.06 14:30:58 +08'00'</small></p> <p><b>N Sathishkumar</b> Lead Verifier Head, Sustainability Services (SEA) DNV Business Assurance Singapore Pte. Ltd.</p>	<p>Percy Lakdawalla</p> <p><small>Digitally signed by Percy Lakdawalla Date: 2023.04.10 18:44:34 +08'00'</small></p> <p><b>Percy Lakdawalla</b> Regional Manager - Asia Pacific Supply Chain and Product Assurance DNV Business Assurance Singapore Pte. Ltd.</p>	<p>Astone, Antonio</p> <p><small>Digitally signed by Astone, Antonio Date: 2023.04.06 17:13:52 +07'00'</small></p> <p><b>Antonio Astone</b> Assurance Reviewer Global Service Manager DNV Business Assurance Italia S.r.l</p>
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06 April 2023, Singapore

DNV, is a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. [www.dnv.com](http://www.dnv.com)

<sup>2</sup> The DNV Code of Conduct is available from the DNV website ([www.dnv.com](http://www.dnv.com))  
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