



Integrated Micro-Electronics, Inc.
 North Science Avenue,
 Special Export Processing Zone
 Laguna Technopark
 Binan Laguna 4024
 Philippines

ROLE OF STAKEHOLDERS

Company Policies and Activities

	Policy	Activities
Customers' welfare	The Company continuously identifies, monitors, and understand applicable laws, regulations and customer requirements.	<p><i>To the extent possible, the company works closely with customers to ensure that there is at least one back up supplier or manufacturer for customer-supplied components or components supplied by customer-nominated suppliers.</i></p> <p><i>Often recognized for our excellent quality and performance, we have worked with many customers globally to share best practices and learn from their experiences. This collaboration has helped us create co-working environments with our existing and new customers that led faster and broadened growth opportunities.</i></p> <p><i>The Company as one of its core values believes that building strong partnership with customers by providing excellent and mutually beneficial solutions by: collaborating with customers to achieve shared goals; providing compelling value-add services and solutions; anticipating the needs of customers; managing customers with professionalism and respect; responding to customers' concerns with timeliness and; drive zero defect.</i></p>
Supplier/contractor selection practice	Each employee, officer, and director should endeavor to deal fairly with the Company's customers, suppliers, competitors, officers and employees. No one should take unfair advantage of anyone through bribery, manipulation, concealment, misrepresentation of material facts, or any other unfair dealing practices.	<p><i>The Company has established supplier certification and development programs designed to assess and improve suppliers' capability in ensuring uninterrupted supply of components to IMI.</i></p> <p><i>IMI's Global Procurement team addresses the current shortage issue through close coordination with suppliers, allowing us to cushion and sometimes reverse the negative effects. The team leverages relationships with the key suppliers to minimize</i></p>



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		<i>unfavorable impacts and negotiate better terms. The group also monitors sufficient allocation for the company and recommends a rapid scale up in production if needed. These initiatives ensure that potential losses can be mitigated by cost negotiation effort programs driven by the group.</i>
Environmentally friendly value-chain	IMI continuously supports and implements responsible manufacturing to protect the environment and people. Its Hazardous Substance Process Management (HSPM) continuously evolves to support product compliance to customer requirements and compliance to different environmental directives and regulations.	<i>IMI is implementing the following initiatives: 1. Modification of internal HSPM support database to improve compliance verification of materials; 2. Improved support module to communicate IMI requirements to suppliers; 3. Support system to comply with specific customer requirements such as IMDS and CAMDS for Automotive customers, BOMCHECK, and material declaration</i>
Community interaction	<p>The Company is committed to the larger, global community, evident in its faithful dedication to good governance and corporate social responsibility. Beyond the pursuit of profits, IMI places a high priority on Corporate Social Responsibility (CSR) in the communities in which it operates.</p> <p>As part of the Ayala Group, the Company's CSR efforts focus on 3 E's – Education, Environmental protection and Entrepreneurship, aside from its own CSR initiatives to nearby communities.</p>	<p><i>The Company, through the Ayala Group, is a proponent contributor of GILAS (Gearing up for Internet Literacy Access in Schools) project, which provide internet access to public schools nationwide.</i></p> <p><i>The Company annually does tree planting activity for the designated area by the Department of Environment and Natural Resources.</i></p> <p><i>CSR projects include blood donation drive; medical outreach; book donation; and donation to Children's Hour, a foundation that helps underprivileged Filipino schoolchildren.</i></p>
Anti-corruption programs and procedures?	Each employee, officer, and director should endeavor to deal fairly with the Company's customers, suppliers, competitors, officers and employees. No one should take unfair advantage of anyone through bribery, manipulation, concealment, misrepresentation of material facts, or any other unfair dealing practices.	<i>The Company has standing policies on Corporate Governance and Code of Conduct to which employees and officers subscribe. There is also an internal audit group in addition to an external auditor which oversees that procedures and company policies are being observed and followed.</i>
Safeguarding creditors' rights	<p>The Company shall protect the rights of all creditors as an integral stakeholder.</p> <p>The Company shall comply with all positive, affirmative and negative debt covenants for so long as the obligations are outstanding.</p>	<i>The Company shall ensure that all covenants for all obligations are identified, monitored and complied with. The Company</i>



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In the event of a default, the Company will abide with the relevant provisions of the agreement pertaining to defaults, remedies, and penalties for all outstanding obligations.

The Company shall regularly furnish all creditors information that will enable the lenders to evaluate the Company.

The Company shall embed Creditor's protection in its internal Treasury Performance Management Systems.

regularly tracks and complies with deadlines of reports related to covenants that need to be submitted.

The Company shall endeavor that no event of default will occur. All events that are considered events of defaults are identified, monitored and complied with to prevent any event from occurring. In the likely event of a default, the Company will immediately notify all creditors, abide with the provisions pertaining to default, including remedies and pay penalties if needed.

The Company shall identify all information and frequency of submission that lenders are to be provided for in accordance with the loan agreements. The company endeavors to submit these information, including audited annual financial statements, unaudited semi-annual reports, and verification of no-default on or before due date.

Internally, the Company has a specific section in Treasury tasked with Debt Management. The objectives of the Debt Management Section are:

- 1. To maintain a healthy debt mix at a level aligned with strategic and operational requirements at a minimum borrowing/interest costs possible.*
- 2. To ensure timely and accurate payments of interest and principal as they become due.*
- 3. To ensure compliance to covenants as stipulated in loan agreements.*



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Performance Enhancing Mechanisms for Employee Participation

Company's policy for its employees' safety, health, and welfare

IMI recognizes that the quality of products and services, consistency of production, and employees' retention and morale are enhanced by a safe and healthy work environment. IMI also recognizes that inputs from employees and education are keys to identifying and solving health and safety issues in the workplace.

Recognized management systems such as OHSAS 18001 and local guidelines (Department of Labor and Employment and Department of Health in the Philippines) on Occupational Safety and Health aligning with ILO standards were used as references in preparing the Code and may be a useful source of additional information.

1) Occupation safety

IMI ensures employees' potential exposure to hazardous conditions (e.g., chemical, electrical and other energy sources, fire, vehicles, fall hazards, biological and physical agents) will be identified, assessed and controlled through proper design, engineering, and administrative controls, preventative maintenance and safe work procedures (including lockout/tagout), and ongoing safety training. Where hazards cannot be adequately controlled by these means, employees will be provided with appropriate, well-maintained, personal protective equipment and educational materials about risks to them associate with these hazards. Industrial Hygiene in the workplace is established and implemented.

IMI will ensure that reasonable steps are taken to remove pregnant women/nursing mother from working condition with high hazards, remove or reduce any workplace health and safety risks to pregnant women and nursing mothers including those associate with their work assignments, as well as include reasonable accommodations for nursing mothers.

2) Emergency preparedness

Potential emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures including: emergency reporting, employee notification and evacuation procedures, employee training and drills, appropriate fire detection and suppression equipment, clear and unobstructed egress adequate exit facilities and recovery plans. Such plans and procedures shall focus on minimizing harm to life, the environment and property.

3) Occupational illness procedures and systems

These are in place to prevent, manage, track and report occupational injury and illness including provisions to: encourage employee reporting; classify and record injury and illness cases; provide necessary medical treatment; investigate cases and implement corrective actions to eliminate their causes; and facilitate return of employees to work.



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4) Physically demanding work

Exposure to the hazards of physically demanding tasks, including manual material handling and heavy or repetitive lifting, prolonged standing and highly repetitive or forceful assembly tasks is to be identified, evaluated and controlled.

5) Machine safeguarding production

Machine safeguarding production and other machinery shall be evaluated for safety hazards. Physical guards, interlocks and barriers are to be provided and properly maintained where machinery presents an injury hazard to employees.

6) Sanitation, food and housing

Workers are to be provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage, and eating facilities. Worker dormitories provided by the participant or a labor agent are to be maintained to be clean and safe, and provided with appropriate emergency egress, hot water for bathing and showering, adequate lighting heat and ventilation, individually secured accommodations for storing personal and valuable items, and reasonable personal space along with the reasonable entry and exit privileges.

7) Health and safety communication

IMI shall provide employees with appropriate workplace health and safety information and training in the language of the employee or in a language the employee can understand for all identified workplace hazards that employees are exposed to, including but not limited to mechanical, electrical, chemical, fire and physical hazards. Health and safety related information shall be clearly posted in the facility or placed in a location identifiable and accessible. Training is provided to all prior to the beginning of work and regularly thereafter, and everyone shall be encouraged to raise safety concerns.

Data relating to health, safety and welfare of its employees

EMPLOYEE PROGRAMS

- IMI Philippines conducted four livelihood programs in 2018 with 112 participants.
- IMI China and Singapore sites held learning opportunities on the following topics:
 - Electricity safety
 - First-aid training conducted by Red Cross
 - Various student plant tours (electronics manufacturing familiarization)
 - Clean environment
 - Fire safety



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HEALTH INITIATIVES

- Ensuring a healthy and safe working environment for our people and sharing this mindset has become second nature to all IMI employees. Employees willingly share their time and resources in service to nearby communities
- IMI Family Health Day was held in the Philippines for employees and their families with 1,009 beneficiaries.
- Blood donation drives took place in various sites: IMI PH, the four sites of IMI China, IMI Czech Republic, and IMI Japan
- IMI Bulgaria donated a hemodialysis machine to a local public hospital
- IMI Jiaxing in China donated 72 draw bar boxes to the community firemen

Training and development programmes for its employees.

We invest, develop, and manage our human capital to ensure a sustainable future.

- Global key talent pipeline, leadership and skills training, and succession planning for 17,148 employees
- A leadership team that shares common goals and builds a culture of engaged employees

We also received a 94 percent engagement rating in the most recent Engage Ayala Survey which is another testament to our human resource group's commitment to uplift the welfare of our people in terms of talent development, skills building, succession planning, and volunteerism programs.

In 2018, IMI University conducted a total of 182 training programs completing 63,698 of training man-hours. We have increased the number of certified Subject Matter Experts to a total of 120 individuals with different areas of expertise. We continued to provide assistance to our people through the Expanded Tertiary Education Equivalency and Accreditation Program (ETEEAP) of the Commission on Higher Education (CHED), which recently conferred engineering degrees to 17 IMI employees (PH), four of the 17 were promoted.

IMI scholarship grants were awarded to six qualified employees who underwent thorough screening process in partnership with University of Batangas.

As part of our Upskilling Program for Engineers in partnership with external consultants, 52 of our employees completed the course on Statistical Boot Camp.

IMI UNIVERSITY TRAINING PROGRAMS TECHNICAL TRAININGS

- Statistical Boot Camp
- Problem Solving Methodology Trainings
- Lean Manufacturing Trainings
- Systems and Standards Trainings
- Technical Forums



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LEADERSHIP & BEHAVIORAL TRAININGS

- Coaching for Success
- Values Integration Program, IMI Customer Service Plus, and Becoming an Effective Supervisor Training
- Communication Trainings
- Compliance Trainings
- Environment, Health and Safety Trainings
- Operative Line Training

Company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

Certain employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

The Group has an employee stock ownership plan (ESOWN) which allows the grantees to purchase the Parent Company's shares at a discounted price. The Group recognizes employee benefit expense over the holding period. The Group treats its ESOWN plan as option payable within a given period.

Company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behavior

The Whistleblower Policy provide a process whereby employees may report in good faith, instances of suspected non-compliance with the Code of Conduct and Ethics and in a manner that is outside the normal chain of command and that preserves confidentiality and assures that the employees will not be subject to retaliation or reprisals.

More specifically it:

1. 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 Company's Code of Conduct;
2. Protects individuals from retaliation or reprisals by adverse disciplinary or employment penalties as a result of having disclosed wrongful conduct, and;
3. Provides a process to enable individuals who believe they have been subject to reprisal to seek relief from retaliatory acts that fall within the Company's Code of Conduct;
4. Informs individuals how allegations of wrongful conduct may be disclosed.



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Reporting Responsibility

1. It is the responsibility of all directors, officers and employees to comply with the Code of Conduct and to report violations or suspected violations in accordance with the Whistleblower Policy.
2. It is expected that the reporting party will only provide reliable information. He is not required or expected to act as investigator or finder of fact, nor would he determine the appropriate corrective or remedial action that may be warranted in a given case.
3. The reporting party should not act on his own in conducting any investigative activities, nor does he have a right to participate in any investigative activities other than as requested by the designated authority.

Reporting Violations

1. The Code addresses the Company's open door policy and suggests that employees share their questions, concerns, suggestions or complaints with someone who can address them properly and appropriately. In most cases, an employee's supervisor is in the best position to address an area of concern. However, if an employee is not comfortable speaking with his supervisor or is not satisfied with the supervisor's response, he is encouraged to speak with someone in the Human Resources Department or anyone in the management team whom he feels comfortable in approaching.
2. Supervisors and managers are required to report suspected violations of the Code of Conduct to the Company's Ethics Officer, who has specific and exclusive responsibility to investigate all reported violations. For suspected fraud, or when one is not satisfied or uncomfortable with following the Company's open door policy, the individual should contact the Internal Audit group.
3. An employee must make a reasonable attempt to ascertain the correctness of any information to be furnished and may be subject to disciplinary actions for knowingly furnishing false information, including suspension or dismissal, as determined by the employee's appointing authority or the appointing authority's designee. However, any employee disciplined under this section is entitled to process an appeal of the disciplinary action under the procedure set forth in any HR Policies.

Ethics Officer

The HR Head is the designated Ethics Officer. He is responsible for investigating and resolving all reported complaints and allegations concerning violations of the Code. All reported complaints and allegations shall be reported to the President and CEO. The Ethics Officer has direct access to the Audit Committee and is required to report to the Audit Committee at least annually on compliance activity. The Ethics Officer is also expected to work closely with the Chief Risk Officer (CRO) for the continuous assessment of ethics related risks and compliance.

Acting in Good Faith

Anyone filing a complaint concerning a violation or suspected violation of the Code must be acting in good faith and must have reasonable grounds for believing the information disclosed indicates a violation of the Code. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.



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Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Handling of Reported Violations

The Ethics Officer will notify the sender and acknowledge receipt of the reported violation or suspected violation within (5) five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation. In investigating any report, due process will be observed. For cases that involve top management level, report shall be made directly to the Audit Committee or thru the Internal Audit.

For the complete details of the policy, please refer to the policy uploaded in the website. <https://www.global-imi.com/sites/default/files/whistleblower-policy.pdf>