

3 DISRUPTIVE

TECH

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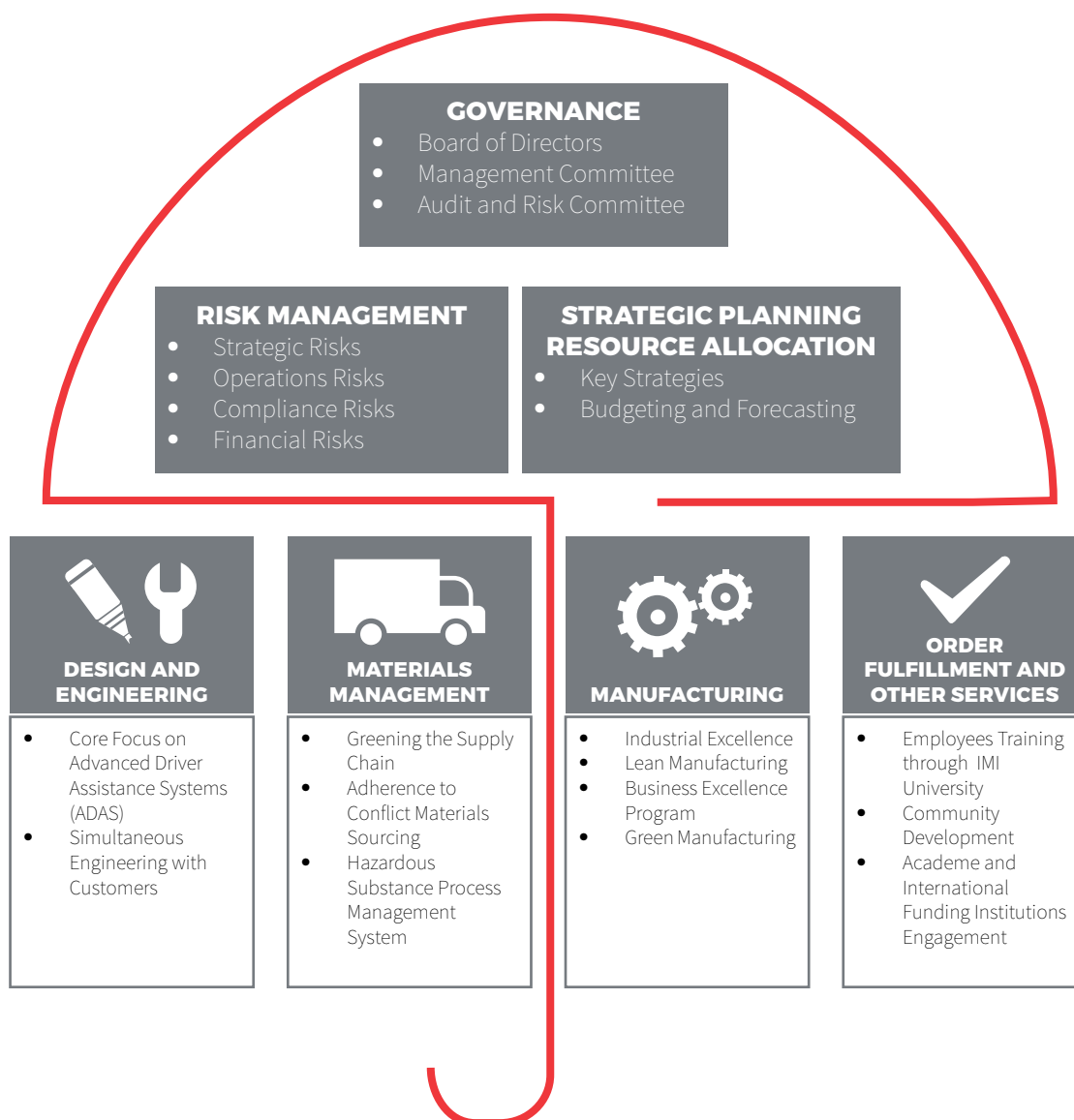
CIES







WE THRIVE IN



2016 ANNUAL REPORT

CREATING AND SHARING VALUE THROUGH IMI'S CAPITAL AND KEY ACTIVITIES



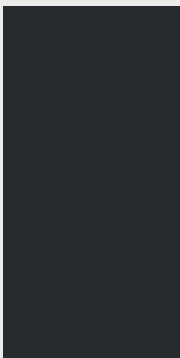
CAPITAL		2016	2015
FINANCIAL			
	Capital	US\$236.6M	US\$232.2M
	Borrowings	US\$180.8M	US\$119.9M
MANUFACTURED			
	Assets	US\$635.9M	US\$516.5M
	Manufacturing Plants	14	13
	SMT Lines	118	113
	Information and Communications		
	Technology Support	US\$3.9M	US\$659,794
	Capital Expenditures	US\$52.2M	US\$35.8M
INTELLECTUAL			
	Capabilities	Automotive, Industrial, Medical, Telecommunications, Consumer, Multiple Markets	Automotive, Industrial, Medical, Telecommunications, Consumer, Multiple Markets
	R&D Geographic Presence	US, China, Bulgaria, Philippines	US, China, Bulgaria, Philippines
	Engineering-Oriented Services	195 Technical Personnel	201 Technical Personnel
HUMAN			
	Employees	14,580	14,328
	Competency-Based Training for Employees	313	161
SOCIAL AND RELATIONSHIPS			
	Key Customers	16	16
	Total Annual Revenue of Key Customers	US\$515M	US\$511M
	Partners and Other Relationships	Suppliers, Regulatory Agencies, Industry Associations, Academe	Suppliers, Regulatory Agencies, Industry Associations, Academe
NATURAL (PHILIPPINES DATA ONLY)			
	Electricity	50,355,209 kwh	50,398,915 kwh
	Industrial Water	823,334 m ³	711,496 m ³

KEY FACTORS AFFECTING PERFORMANCE

- Foreign market performance
- Demand for devices
- Innovations in process design, development, and manufacturing

OUTLOOK

- Evolving trends and opportunities in technology and automation. New innovations, such as next generation mobile networks, advanced sensors, the IoT, the Connected Home Ecosystems, assisted driving and driverless cars, smart energy, among others
- Demand for high-tech products will increase as the middle class in Asia will reach three billion by 2030 and account for 80 percent of global middle class. Growing aging population in developed countries presents new opportunities for telemedicine and medical electronics.
- Urbanization will usher in a growth of smart cities and smart homes that will use more than 1.6B connected devices in 2018.



GRI INDICATORS

The coverage for this set of indicators is IMI Philippines, comprising IMI's manufacturing sites at Laguna Technopark and Cavite.

INDICATOR	2016	2015
Environment		
EN 3: Direct energy consumption by primary energy source	256 MT	154 MT
EN 4: Indirect energy Scope 2. energy consumption by primary source (CO2 emission)	30,374 MT	30,401 MT
EN 4: Indirect energy Scope 3. energy consumption by primary source (CO2 emission)	2,097 MT	2,068 MT
EN 4: Indirect energy Scope 2. energy consumption by primary source	50,355,209 KWH	50,398,915 KWH
EN 5: Energy saved due to conservation and efficiency improvements	389,109 KWH	473,644 KWH
EN 10: Total volume of water recycled and reused	57,787 m ³	17,383.48 m ³
EN 16: Total indirect greenhouse gas emissions by weight	30,374 MT	30,401 MT
EN 22: Total weight of waste by type and disposal method	Common Residual Waste = 22MT Hazardous Waste = 202 MT Recyclable Waste = 1,072 MT	Common Residual Waste = 23 MT Hazardous Waste = 171 MT Recyclable Waste = 941 MT
EN 28: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	None	None
Initiatives to mitigate environmental impacts of products and services	Energy Management, Water Management, Waste Management, Chemical and Hazardous Substance Process Management	Energy Management, Water Management, Waste Management, Chemical and Hazardous Substance Process Management
Human Rights		
HR 4: Total number of incidents of discrimination and actions taken	None	None
HR 6: Operations identified as having significant risk for incidents of child labor, and measures taken to contribute the elimination of child labor	None	None
HR 7: Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	None	None

INDICATOR	2016	2015
Labor		
LA 1: Total workforce by employment type, gender, and age	Total Workforce: 4,218 Employment Type: Permanent - 3,909 Contractual - 309 Gender: Male - 1,107 Female - 3,111 Age: over 50 - 95 31 to 50 - 3,123 under 30 - 1,000	Total Workforce: 4,953 Employment Type: Permanent - 4,872 Contractual - 81 Gender: Male - 1,059 Female - 3,894 Age: over 50 - 82 31 to 50 - 3,252 under 30 - 1,619
LA 2: Total number and rate of employee turnover by age group and gender	Employee Turnover: 1,250 Turnover by age group : over 50 - 13 31 to 50 - 819 30 below - 418 Gender: Male - 147 Female - 1,103	Employee Turnover: 422 Turnover by age group : over 50 - 1 31 to 50 - 271 30 below - 150 Gender: Male - 74 Female - 348
LA 3: Benefits provided to full-time employees that are not provided to temporary or part-time employees by major operations	1. Life Insurance – 24x Monthly Basic Salary; double indemnity for Accidental Death & Dismemberment	1. Life Insurance – 24x Monthly Basic Salary; double indemnity for Accidental Death & Dismemberment
	2. Medical Insurance – group hospitalization with inner limits (depending on rank) per illness per confinement.	2. Medical Insurance – group hospitalization with inner limits (depending on rank) per illness per confinement.
	3. Out-patient Benefit – consultation and laboratory exams within annual benefit limits (depending on rank)	3. Out-patient Benefit – consultation and laboratory exams within annual benefit limits (depending on rank)
	4. Annual Physical Exam – routine medical examination every year	4. Annual Physical Exam – routine medical examination every year
	5. Vacation leave – 12 days per year; paid leave starts after one year of continuous service. Unused VL with maximum of four (varies by tenure) shall be converted to cash for supervisors and up.	5. Vacation leave – 12 days per year; paid leave starts after one year of continuous service. Unused VL with max of four (varies by tenure) shall be converted to cash for supervisors and up.
	6. Sick Leave – 12 days per year; paid leave starts after six months of continuous service. All unused sick leave credits will be converted to cash at the end of each year.	6. Sick Leave – 12 days per year; paid leave starts after six months of continuous service. All unused sick leave credits will be converted at the end of each year.
	7. Emergency Leave – three days per year; paid leave starts after one year of continuous service.	7. Emergency Leave – three days per year; paid leave starts after one year of continuous service.
	8. Computer / Gadget Loan – up to max of ₱50,000 at zero interest; for supervisors and up.	8. Computer Loan – up to max of ₱50,000 at zero interest; for supervisors and up.
	9. Emergency Loan – up to max of ₱5,000 at zero interest.	9. Emergency Loan – up to max of ₱5,000 at zero interest.
	10. Multipurpose loan – eligibility starts after five years of continuous service; for supervisors and engineers.	10. Multipurpose loan – eligibility starts after five years of continuous service; for supervisors and engineers.

INDICATOR	2016	2015
<p>LA 8: Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, and community members regarding serious diseases</p>	<ul style="list-style-type: none"> • Goiter Awareness Week <ul style="list-style-type: none"> - Intensive awareness program through posters, e-mail blasts, and lectures. • Expanded Immunization Program <ul style="list-style-type: none"> - Initiative for employees' pediatric dependents to cover for vaccinations not given by the Department of Health (DOH). - Pneumococcal, Typhoid Fever, Meningococcal, Dengue Fever, Influenza (Flu), and Cervical Cancer • Blood Donation Program <ul style="list-style-type: none"> - Employees donated blood in cooperation with St. Luke's Hospital and Philippine Red Cross, Sta. Cruz, Laguna • Random Drug Testing <ul style="list-style-type: none"> - Four scheduled random drug testing to ensure a Drug-Free Workplace • Medical Outreach Program <ul style="list-style-type: none"> - Volunteers from IMI, in cooperation with clinic nurses and doctors, offered help to a community by giving free medical, dental, and optical consultations, hair cuts, seminars, and medicines • Annual Audiometric Examination <ul style="list-style-type: none"> - Employees exposed to noise level of ≥ 84dBa underwent hearing test • Blood Lead Test <ul style="list-style-type: none"> - Employees exposed to processes and materials with Lead content underwent Lead test • Family Health Day <ul style="list-style-type: none"> - Employees brought their family to IMI for bonding and free medical, dental, and optical consultation, tooth extraction, medicines, seminars, breakfast, and giveaways provided by IMI and volunteers • Annual Physical Exam <ul style="list-style-type: none"> - To ensure employees' health and well-being • AIDS Awareness Program <ul style="list-style-type: none"> - Awareness program through e-mail blasts and posters • Asthma Awareness Month <ul style="list-style-type: none"> - E-mail blasts to relay information about asthma and how to prevent it • National Diabetes Awareness Week <ul style="list-style-type: none"> - Information dissemination about diabetes via e-mail blasts and posters 	<ul style="list-style-type: none"> • Goiter Awareness Week <ul style="list-style-type: none"> - Intensive awareness program through posters, e-mail blasts, and lectures. • Expanded Immunization Program <ul style="list-style-type: none"> - Influenza vaccines for seasonal flu - Cervical cancer vaccine extended to women above 45 years old • Heart Month / Hypertension Program <ul style="list-style-type: none"> - Weekly e-mail blasts about taking care of the heart and ways to avoid heart diseases • Blood Donation <ul style="list-style-type: none"> - Employees donated blood • Special Health Bulletins on MERS CoV <ul style="list-style-type: none"> - Information dissemination through e-mail and posters • Random Drug Testing (2 sessions conducted for the year) • Summer Health Bulletin <ul style="list-style-type: none"> - Employees were informed through a series of bulletin posts and e-mail blasts on safety during the summer season • Medical Outreach Program <ul style="list-style-type: none"> - Volunteers from IMI, in cooperation with clinic nurses and doctors, offered help to a community by giving free medical, dental, and optical consultations, hair cuts, seminars, and medicines • Pneumonia Vaccination <ul style="list-style-type: none"> - Employees and dependents who availed were given large discounts • Breast Cancer Awareness Month <ul style="list-style-type: none"> - Breast cancer awareness through e-mail blasts and posters • Annual Physical Exam <ul style="list-style-type: none"> - To ensure employees' health and well-being • Ayala Fun Run <ul style="list-style-type: none"> - Employees who participated were also treated with Zumba, fitness advice, dietary plans, and dancing activities

INDICATOR	2016	2015																				
LA10: Average hours of training per year per employee by employee category	Managers: 8.2 hrs/yr Supervisors: 12 hrs/yr Staff: 0.9 hr/yr	Managers: 6.6 hrs/yr Supervisors: 6.2 hrs/yr Staff: 0.5 hr/yr																				
LA13: Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	BOD Total Number of Members: 11 Gender: Male - 10; Female - 1 Age Group: over 50: 10 30 to 50: 1	BOD Total Number of Members: 11 Gender: Male - 10; Female - 1 Age Group: over 50: 9 30 to 50: 2																				
Economic																						
EC 1: Economic value generated and distributed, included revenues, operating costs, employee compensation, donations and other community investments, and payments to capital providers and government	Economic Value (in Million Pesos) Revenues: 10,478 Net Income: 348 Distribution: Suppliers/contractors - 10,620 Employees (salaries and benefits) - 1,468 Government (taxes) - 98 Stockholders (dividends) - 411 Charitable contributions - 0.5 Total Distribution - 12,597 Investments Equity Investment - 8,956 Capex - 385 Total Investment - 9,341	Economic Value (in Million Pesos) Revenues: 10,243 Net Income: 537 Distribution: Suppliers/contractors - 9,198 Employees (salaries and benefits) - 1,424 Government (taxes) - 87 Stockholders (dividends) - 337 Charitable contributions - 0.5 Total Distribution - 11,046 Investments Equity Investment - 5,911 Capex - 424 Total Investment - 6,335																				
EC 3: Coverage of the organization's defined benefit plan obligations	<table border="1"> <thead> <tr> <th>Tenure</th> <th>Separation Benefit</th> </tr> </thead> <tbody> <tr> <td>5<10</td> <td>25% of monthly basic pay per yr of service</td> </tr> <tr> <td>10<15</td> <td>50% of monthly basic pay per yr of service</td> </tr> <tr> <td>15<20</td> <td>75% of monthly basic pay per yr of service</td> </tr> <tr> <td>20 yrs and above</td> <td>100% of monthly basic pay per yr of service</td> </tr> </tbody> </table>	Tenure	Separation Benefit	5<10	25% of monthly basic pay per yr of service	10<15	50% of monthly basic pay per yr of service	15<20	75% of monthly basic pay per yr of service	20 yrs and above	100% of monthly basic pay per yr of service	<table border="1"> <thead> <tr> <th>Tenure</th> <th>Separation Benefit</th> </tr> </thead> <tbody> <tr> <td>5<10</td> <td>25% of monthly basic pay per yr of service</td> </tr> <tr> <td>10<15</td> <td>50% of monthly basic pay per yr of service</td> </tr> <tr> <td>15<20</td> <td>75% of monthly basic pay per yr of service</td> </tr> <tr> <td>20 yrs and above</td> <td>100% of monthly basic pay per yr of service</td> </tr> </tbody> </table>	Tenure	Separation Benefit	5<10	25% of monthly basic pay per yr of service	10<15	50% of monthly basic pay per yr of service	15<20	75% of monthly basic pay per yr of service	20 yrs and above	100% of monthly basic pay per yr of service
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Social																						
SO 8: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	None	None																				
Product Responsibility																						
PR 5 - Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Overall CSAT Rating : Key Accounts - 4.38 Non-Key Accounts - 4.59	Overall CSAT Rating : Key Accounts - 4.12 Non-Key Accounts - 4.59																				