IONICS, INC.

2022 SUSTAINABILITY REPORT

CONTENTS

2022 – The year that was

With the global Covid-19 pandemic declared over by the government's health agency, life has shifted back to normal.

Business operations are now in full swing. Supply chain woes stemming from component shortages and shipping delays have eased considerably. Travel restrictions are lifted. Economy is rebounding. Social connectivity is proximate than distant, physical than digital. Overall, goods, people, and transport flow smoothly for productive outcome.

Larry Qua
Chairman & CEO
The Ionics Group

As with most businesses buffeted by the Covid pandemic restrictions, Ionics Inc. faced the challenges, ably hurdled, and overcame to perform credibly well this past year.

Vision leads, passion drives, commitment sustains. Growth is propelled with increasing customer demands and exciting prospects in the pipeline. This is the landscape of 2023 towards significant corporate development in the eve year of our golden milestone.

THE COMPANY

Ionics Inc. is a leading technology group of companies engaged in product design cum electronics manufacturing, precision-engineered plastic injection molding, core-technology venture capital investment, property holdings and management.

The company traces its beginning in semiconductor and hybrid assembly as one of the pioneers and the only firm to remain standing for more than three decades.

It has the distinction of being named one of the best 300 and the best 200 global firms by Forbes for two consecutive years. It is listed in the Philippine Stock Exchange under the ticker of ION since 1995.

Ionics Inc. was incorporated in 1982 as Ionics Circuits, Inc. which commenced its consignment manufacturing in 1987. Since then, the company has diversified to printed circuit board assembly and packaging of finished products or box-build and eventually to electronics manufacturing services (EMS).

In 1999, Ionics Circuits spun off its EMS to a wholly owned subsidiary, Ionics EMS Inc. which listed in the Singapore Stock Exchange the following year, in 2000.

Accordingly, Ionics Circuits amended its primary purpose to become a holding company as Ionics, Inc.

Ionics, Inc. subsidiaries includes Ionics EMS, Inc., iOmni Precision, Inc., Ionics Circuits, Ltd., Ionics Properties, Inc.

SUBDIARIES

IONICS EMS, INC.

The oldest and most experienced electronics manufacturing services provider in the Philippines with many pioneering "firsts."

Among these are being the first to shift to the printed circuit board assembly or PCBA and the first to start the flip chip technology in the country.

Its services range from original design manufacturing, engineering, supply chain management and reverse logistics in the fields of computer and peripherals, telecommunications, automotive, consumer, medical and industrial.

IOMNI PRECISION, INC.

Molds engineered plastic products and parts through injection with high degrees of complexity and precision. Its nitrogen gas-assist is a technology first in the country.

IONICS PROPERTY, INC.

Owns and manages land and buildings and other structures for the group.

IONICS CIRCUIT, LIMITED

Engages in venture capital investment in core technologies globally for glimpses of future techscapes.

What we can provide…

MANUFACTURING PROCESS

Ionics EMS, Inc. addresses any project to the Manufacturing Process regardless of its stage of development.

- Consultancy: Our in-house ODM capability can start from project concept.
- Specification: We can build to print once all documents needed are given by the customer
- NPI: Ionics EMS, Inc. can work directly with your prototype house for a quick turnaround from NPI through full Mass Production.
- Existing Product: Our team can pick up and continue an ongoing production.
- Product Design Customization
- New Product Development Consultation

Mass Production
- Full solutions with an extensive set of tools for PCBA and Box Build
- Skilled engineering and production teams
- Cutting-edge equipment with advanced technology capabilities

Lifecycle Management Solutions
- Design stage
- Quotation or looking for assistance in next-generation production
- Program Management

DESIGN DEVELOPMENT
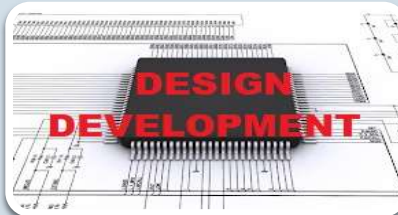
Ionics EMS offers the following design services:

1. Scoping (Product Specifications, Estimated Project Timeline, Estimated Unit Cost)

2. New Product Development (from product concept to mass production)

3. Value Engineering (for customers with existing product design)

4. Schematic Drawing & PCB Design Layout Services

5. Industrial Design Services

6. Software Development Services

7. Test Development Services

8. Product Regulatory Compliance

SUPPLY CHAIN MANAGEMENT
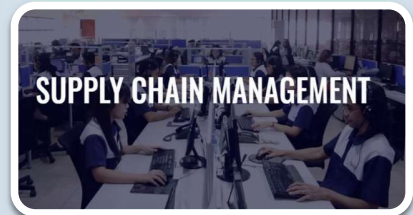
Ionics EMS offers the following supply chain services:

Smart Supply Chain
- Strategic Sourcing and Procurement Program
- Supplier and Material Management Program
- Manufacturing Planning and Control
- Inventory Control
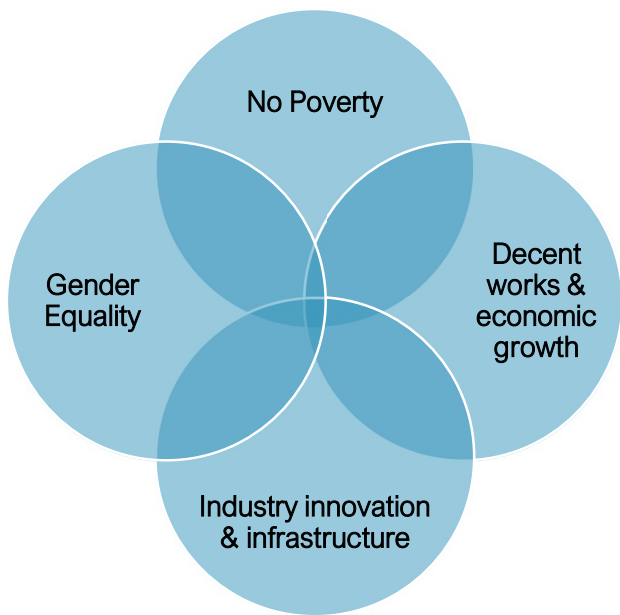- In-bound and Out-bound Logistics
- RMA

Kitting and Logistics
- Configuration
- Kitting
- Dropship to end customers
- Global Logistics Support

RMA
- Warranty Management
- Repair or Replacement
- Upgrading
- Technical Support

UN Sustainable Development Goals

No Poverty

Gender Equality

Decent works & economic growth

Industry innovation & infrastructure

Financial

People, Innovation, Learning

Strategic Plans

Customer Focus

Internal Business Process

Ionics Inc. fully supports and promotes the UN Sustainable Development Goals.

It has provided job opportunities even during the COVID-19 pandemic. It considers its workforce as one of the company's best assets thus, striving to provide a safe and healthy work environment for all.
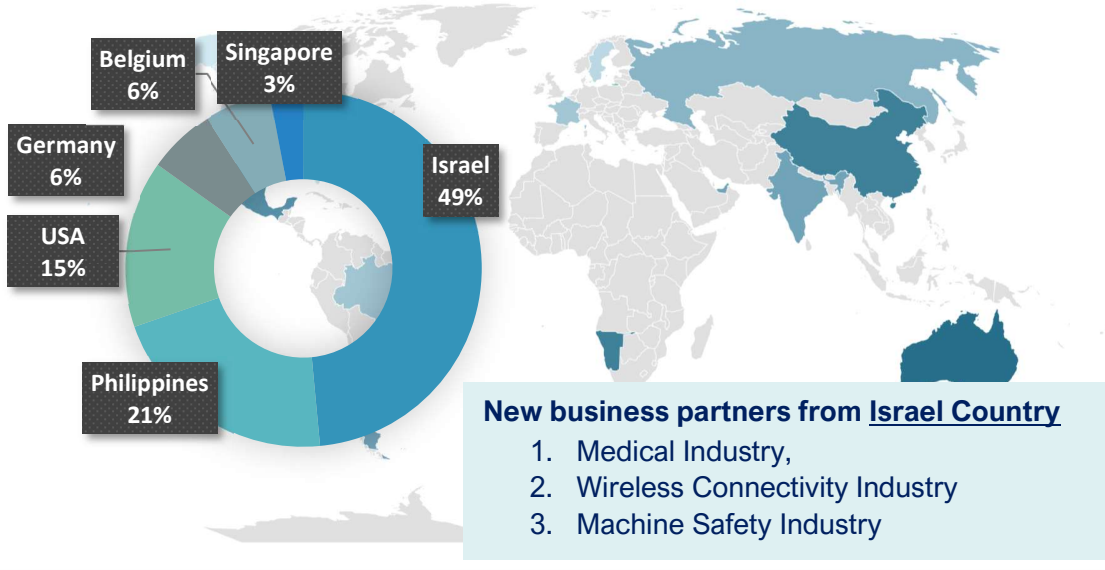
Key performance indicators are developed with the aim to promote economic growth to its stakeholders and the economy as well. We encourage equality among the employees and deter discrimination. We value and respect everyone for who they are, whatever race or religion, gender or color.

2022 HIGHLIGHTS

NEW BUSINESS PARTNERS

IONICS DISTRIBUTION OF CUSTOMER PER COUNTRY

- Belgium 6%
- Singapore 3%
- Germany 6%
- Israel 49%
- USA 15%
- Philippines 21%

New business partners from Israel Country
1. Medical Industry,
2. Wireless Connectivity Industry
3. Machine Safety Industry

CERTIFICATION AND COMPLIANCE

CERTIFICATION

bsi ISO 13485 Quality Management for Medical Devices CERTIFIED

Re-certification "November 2022."

COMPLIANCE

Compliance in Safety "August 2022"

SAFETY SEAL
We follow safety and health protocols against COVID-19

REGISTRATION

Responsible Business Alliance
Advancing Sustainability Globally

December 2022

CORPORATE SOCIAL RESPONSIBILITY

PRC Blood Letting

Brigada Eskwela 2022

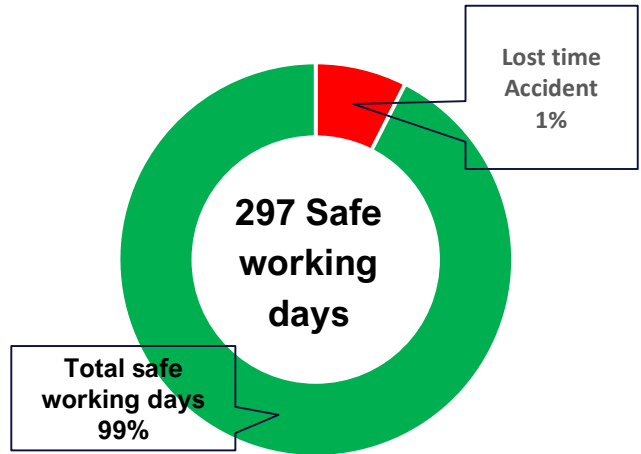# HEALTH & SAFETY

Management approach to Health and Safety:

- The Ionics Health and Safety Team assessed work activities and consider Hierarchy of control measures in addressing its identified hazards and risks in workplace to mitigate its effects.

- Improvement / Enhancement of emergency peripherals and equipment such as FDAS including the installation of additional firefighting equipment and emergency lights to prevent injury in times of evacuation or disasters.

- Emergency Response Team competence was maximized thru trainings, exercises, and simulations in order to keep Ionics ready in times of Disasters.

- Conduct Health and Safety orientation to all new employees including Mandatory Eight Hours Safety and Health (MESH) Training.

- During the pandemic Ionics implemented the toughest control measures to mitigate the entry of COVID per the COVID-19 Control Measures Manual.

- Ionics has awarded SAFETY SEAL CERTIFICATION from Department of Labor and Employment (DOLE) which only awarded to establishments who complies to Occupational Health and Safety (OSH) and Bureau of Working Conditions (BWC) requirements after series of inspections.

HEALTH & SAFETY

Goal: Zero – Accident / Incident occurrences

Emergency Response Team (ERT) Training

297 Safe working days

Lost time Accident 1%

Total safe working days 99%

FIRE DRILL AND EARTHQUAKE DRILL

IONICS, Inc. protects its employees and external parties from harm and injuries by assessing, maintaining, analyzing the risks and continually improving. Our company implements health and safety programs and system such as ERT training, fire drill and earthquake trill to prepare in any natural disaster. Our objectives are zero lost time accident, safety first and maintain safe working environment that employees feel that this is really their second home.

ETHICS AND COMPLIANCE

IONICS Inc. intends to build a culture within the organization where we accentuate the importance of integrity, honesty and business ethics. We are committed to spread that sense of responsibility with respect to internal and external counterparts to build a strong connection within and in between organizations.

Our **code of conduct** highlights the value that IONICS Inc. pursues to instill to our people. We build an environment where we encourage ethical practices through policies that ensures our compliance such as **anti-bribery law and whistle-blowing policy.**

Our people are aware and actively participates to programs that prohibits corruption inside the organization, making it a significant place for fairness and impartiality. We uphold integrity in everything that we do and everything that we have.

LABOR MANAGEMENT

IONICS Inc. ensures that we comply with the Labor Code of the Philippines. Our workforce comprises of legal-aged individuals, all provided with the mandated benefits that a private employee must have.

Our hiring rate increased by 22.18%, with a total of 2,898 employees in 2022. This year we look forward to offering additional job opportunities particularly for the local community.

TRAINING & DEVELOPMENT

Ionics believes that organizational knowledge must be improved overtime and shared with the entire organization. We've invested in training programs designed to keep abreast of new trends as well as to improve skills and competencies.

In 2022, we completed 78 trainings on our training plan which surpassed the 2021 result of 31 **with 40% improvement**. Training focused on technical and industrial enhancements is an effort to improve overall job competence.

This 2023, Ionics Training Group aims to develop new training programs that boost employee's performance, motivation, satisfaction and morale which can result to more efficiency and competitiveness of the industry.

CORPORATE SOCIAL RESPONSIBILITY

Here at IONICS Inc., we make it a habit to give back to community by extending our hands and offering help.

We regard the society as our stakeholders, as it is the source of our manpower resources and, the expected end-user of our products.

We also invest on the welfare of our people and to increase their morale. In coordination with the LGU and LISP management, we supported the Brigada Eskwela 2022 in their objective to address the challenges and learning resource gaps of learners for face-to-face classes.

Because giving is caring, we devised programs that allow us to provide some of the immediate needs of the community. And we look forward to continuing social responsibility of this organization.

RISK MANAGEMENT

With the aim to continuously improve the organization's business process, we make sure that we are compliant with international standards that governs our products. We identify risks and opportunities that IONICS, Inc. addresses to ensure streamlined procedures.

IONICS Inc. is a member of SEDEX, which means that we comply with policies on managements systems, labor, environment, health, and safety.

As part of our risk management, a 5-year Strategic Plan is provided and reviewed annually, along with our Enterprise Risk Management where we identify and analyze risks, provide countermeasures as necessary, and monitor and control to make sure that they will not pose threats to the organization.

We are looking forward to innovating our factories for better performance visibility and thus, act and react immediately to provide the resources needed to meet our targets. We continue to improve our ways to mitigate the risks and capitalize opportunities.

RISK MANAGEMENT

As part of our proactive improvement, we assess our business operations and identify risks and opportunities that we need to address. Some of which are as follows.

Risk	Affected Stakeholder	Management Action
Continuing Pandemic	Management Employees Customers Suppliers Other external parties	Implement programs that prohibit infection within the facility such as social distancing, virtual meetings and quarantine procedure
Unmet compliance obligations	Management Employees Customers Suppliers Other external parties	Constant monitoring of compliance obligations. Proper implementation of requirements
Improper Waste Management	Management Employees	Waste Management Programs Promotion of organizational awareness
High Turnover Rate	Management Employees	Understand reason of employee separation Improvement in labor management

Opportunity	Affected Stakeholder	Management Action
Expansion and new business ventures	Management Employee Customers Suppliers Other external parties	Investment allocation Feasibility study on new projects
Strong customer relations	Management Customers	Strengthening customer service thru open communication Continuous improvement in operations and quality

SUPPLY CHAIN MANAGEMENT

IONICS Inc. extends its quality management systems to the supply chain by introducing controls on externally provided products and services. Supplier management focuses on our aim to build healthy partnership that promotes smooth supply flow of quality components parts at the right time that we need them to meet customer requirements.

To make sure that our suppliers comply with our requirements, we conduct audits to check and monitor their management system's integrity. This also helps them initiate improvement and thus, work out on quality improvement, shorter lead times and cost reduction. As partners, we make sure that our communication lines are open to strengthen coordination, efficient information flow and promote on-time dissemination.

Equipped with the right people, we strengthen the supply chain through a robust procurement and sourcing program, manufacturing controls and responsive logistics system.

ENVIRONMENT

As an ISO 14001:2015 certified organization, we deliver programs that support a greener environment. It is part of our advocacy to establish an environment friendly business operation, maintained by our people through well-thought planning and effective execution of our environmental protection programs.

We create programs that are environment sensitive and are focused on minimizing our waste generation and proper waste management. We create our Objectives, Targets and Programs for the environment aligned with applicable compliance obligations and, of course, our internal commitments.

This OTP summarizes our policy, strategy and pledge adhering to environmental protection by reducing waste and emissions, decreasing our use of natural resources, prevention of pollution, and recycling waste materials while complying to applicable statutory and regulatory requirements. This environmental approach can be applied not only on our operations, but also to support functions.

Energy Conservation Committee proactively monitors our utility consumption and analyzes data to better improve our activities. With the help of the top management, we look forward that this initiative will soon bear positive results on our promotion of environmental protection and conservation.

ENVIRONMENT

ELECTRICAL CONSUMPTION

2022 Electrical Consumption
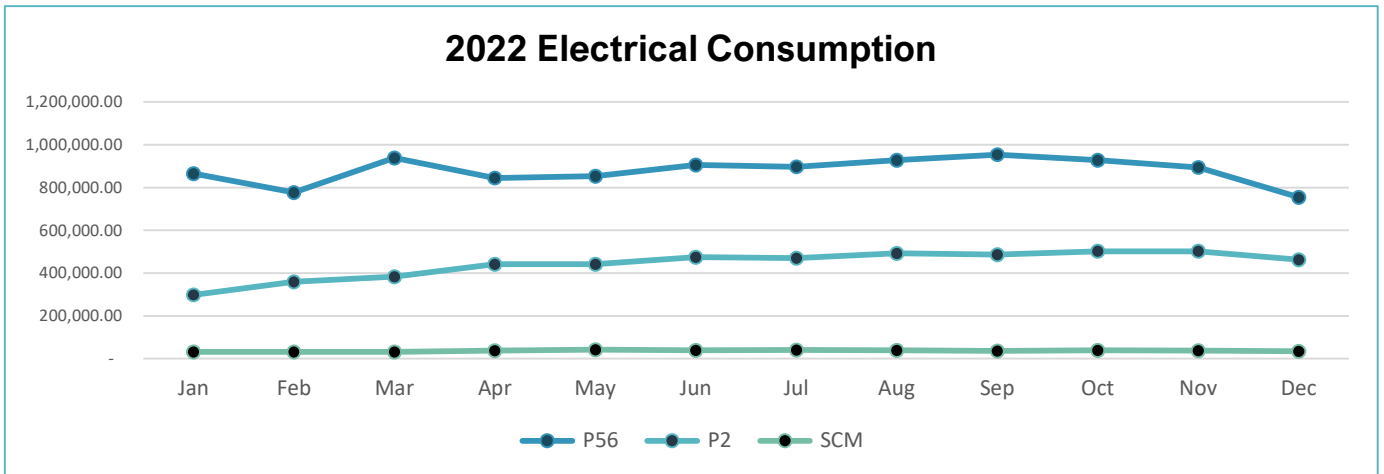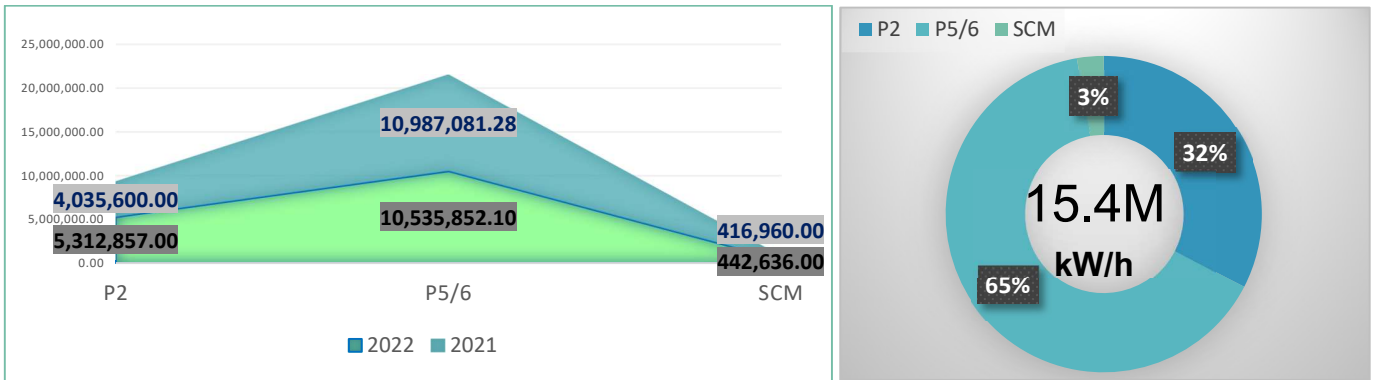
Summary:

💡 Plant 2 had increased electrical consumption due to high demand volume, setup lines and equipment for new customer and relocation of Design and Development Group (DGG).

💡 Plant 5 & 6 had deceased electrical consumption due to implementation of energy conservation activity example is replacement of fluorescent lights to LED Lights.

💡 SCM HUB had increased electrical consumption due to additional manpower to support new customers and SCM operations.

💡 Overall Electrical consumption increased due to acquisition of new customers.

ENVIRONMENT

WATER CONSUMPTION

2022 Water Consumption
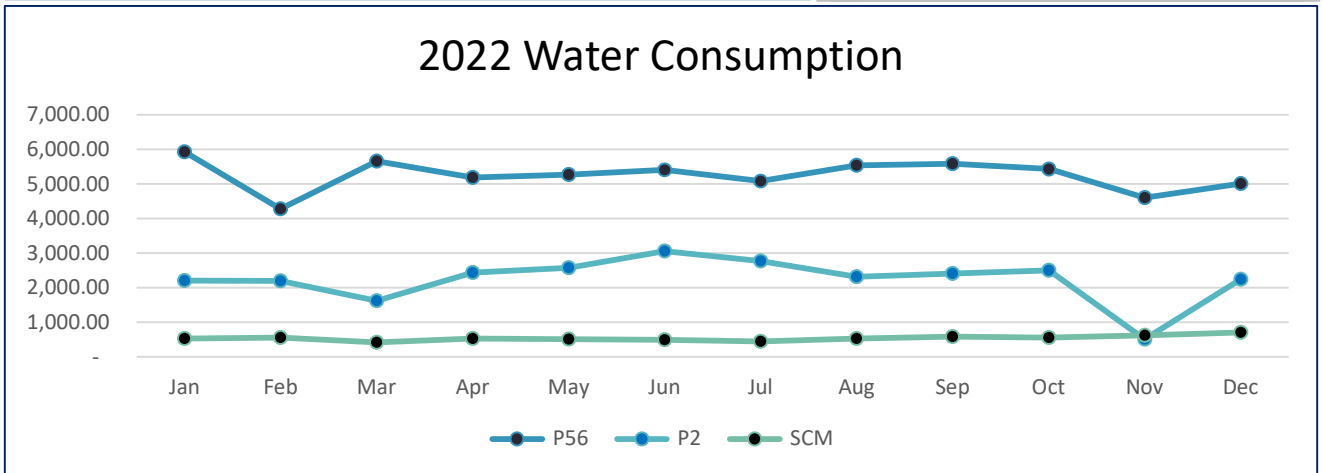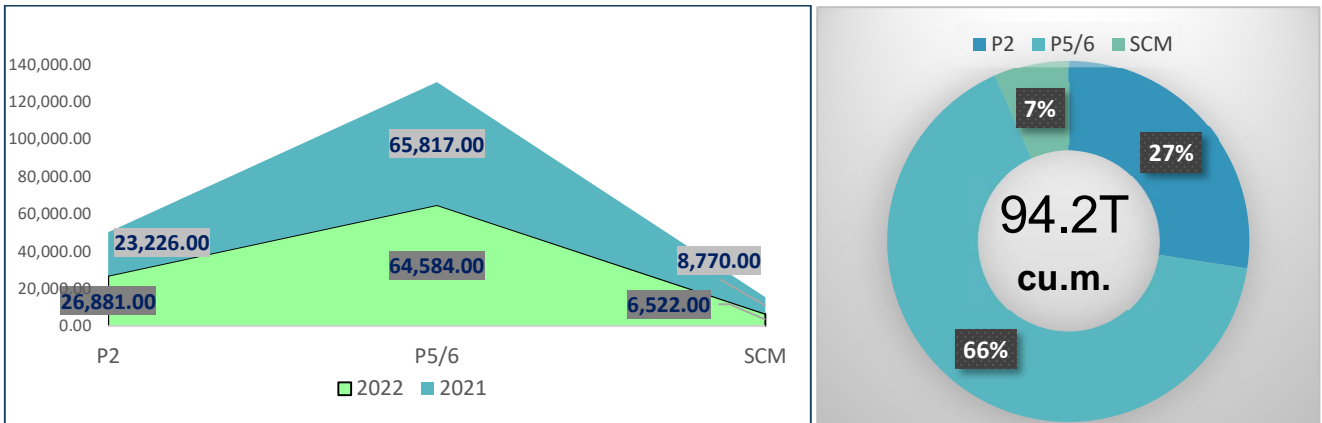
Summary:

💧 Plant 5 & 6 had minimal decrease of water consumption due to removing of hand washing prior entering of company last November 2022.

💧 Plant 2 has increased water consumption due high demand volume, setup lines and equipment for new customer.

💧 SCM HUB increased water consumption due to additional manpower to support new customers and SCM operations.

💧 Overall water consumption increased due to acquisition of new customers.

WASTE MANAGEMENT

RESIDUAL WASTES

Residual Waste Summary

- High waste generation by 2022 vs. 2021 due to increasing of production capacity.

HAZARDOUS WASTES

Hazardous Waste Summary
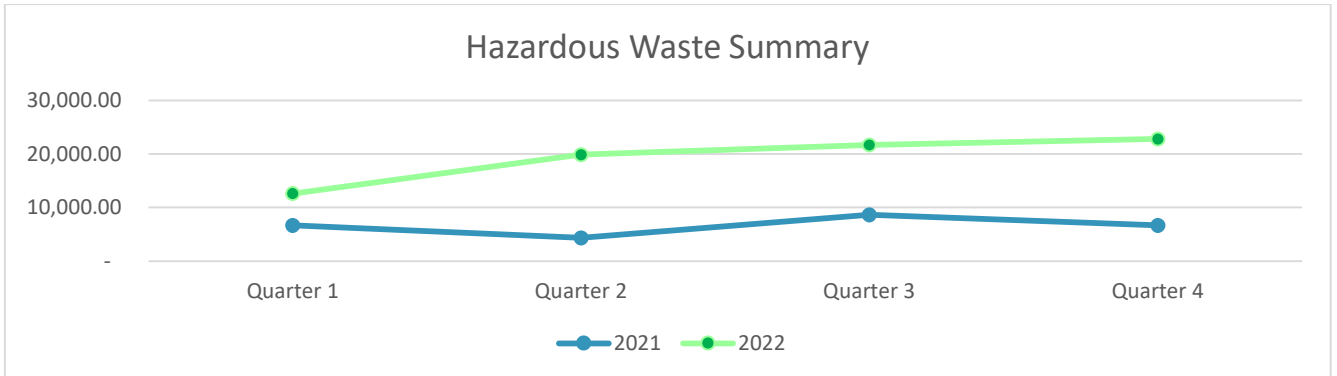
- Ionics has a hazardous waste area for the storage of all hazardous materials for Plants 2, 5 and 6.
- Hazardous waste was collected by a DENR-accredited hauler for all manufacturing plant sites.
- We manage all hazardous waste as per applicable regulatory requirement (RA 6969). We ensure that all hazardous waste is treated in compliance with these requirements. Targets and programs are both in place to improve our hazardous waste disposal process.
- Targets and programs are both in place to improve our hazardous waste management.

GHG EMISSION

SCOPE 1: GHG Direct Emission – fuel consumption of company-owned vehicles and generator sets.

881.85

METRIC TONNES
CO_2e
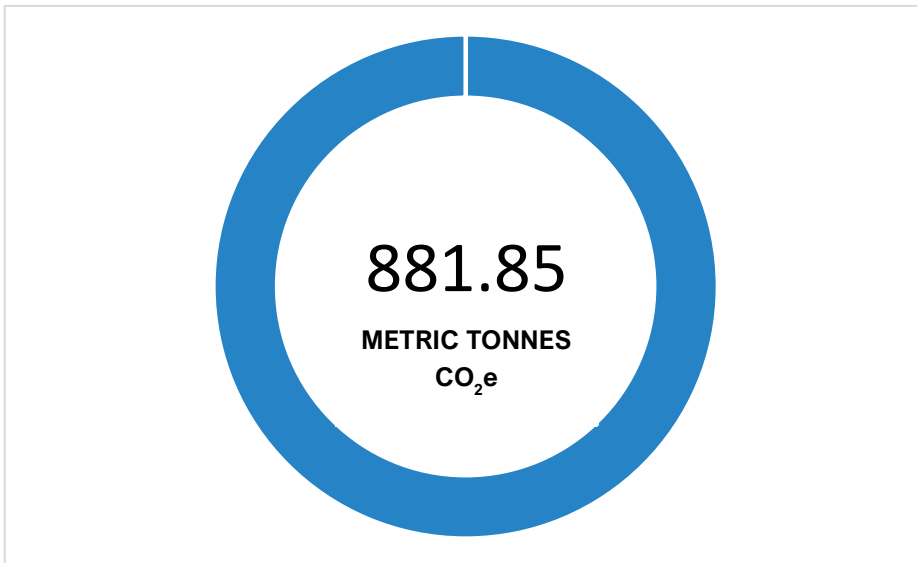
SCOPE 2: GHG Indirect Emission – calculated from electricity consumption.

3,076,892.21

METRIC TONNES
CO_2e
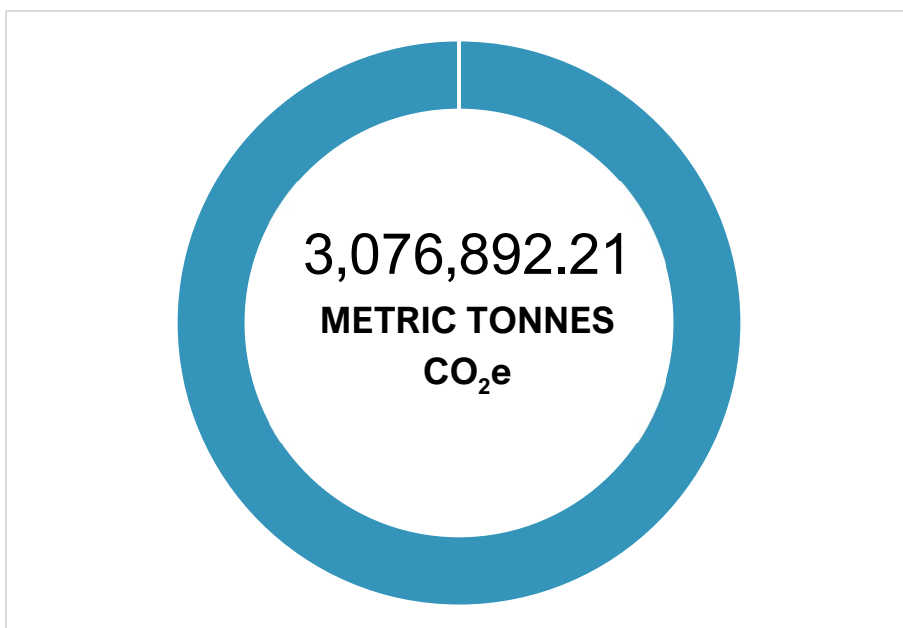
ECONOMIC SUSTAINABILITY

We have reached the two-year mark of the COVID-19 pandemic. Last 2022, has been another challenging year as the COVID-19 pandemic is unprecedented and staggering but have a positive outcome comparing to 2020 and 2021 revenue.

The new restrictions in COVID-19 have a positive impact to electronics market share which result to increase of market demand momentarily and expected better results this 2023.

Amount in Thousands (USD$)	2022	2021	2020
Direct economic value generated (revenue)	US$78,356	US$62, 468	US$53, 725
Direct economic value distributed:			
a. Operating costs	72, 228	58,620	52,060
b. Employee wages and benefits	16,183	14,509	13,005
c. Payments to suppliers, other operating costs	63,716	37,742	33,543
d. Dividends given to stockholders and interest payments to loan providers	1,081	633	433
e. Taxes given to government	1,284	1,209	1,059
f. Investments to community (e.g. donations, CSR)	2	1	1

2023 – The Year That Is

This 2023, Ionics Inc. seeks to ensure continuing healthy and safe working environment, managing identifiable risks, availing of business opportunities, protecting the environment, upholding social responsibility, and contributing to the community.

Mr. Larry Qua
Chairman & CEO
Ionics Group

We aim to enhance customer satisfaction with consistent quality products and services that provide meaning and value in people's lives. We promote effective and efficient use of key resources as to increase industry competitiveness and uphold environment sustainability and avert adverse climate changes disrupting lives and livelihoods.

Vital priority areas on strategic focus are operational excellence, advanced engineering, marketing and sales, cost and price leadership, original design manufacturing, organizational development, and health and safe environment.

We commit to our stakeholders of customers, investors, employees, suppliers, and local communities to sustain our mission of innovating breakthrough management processes to maintain global quality products and services. We operate with intelligence and our edge of Industry 4.0 Smart Factory technology to digitalize but nevertheless enabling our work to humanize our workforce as to positively influence the next generations.

WELCOME 2023
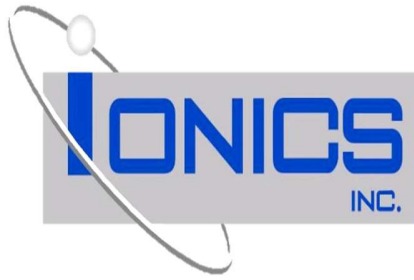
The outbreak of COVID-19 disease has appeared as a massive restriction on the electronic products manufacturing market last 2020 until mid of 2022. As an affect, the supply chains were disrupted because of globally lockdowns imposed by the government.

The COVID-19 disease is remains, but restrictions have been lifted which has a positive impact to global electronics market grew. This 2023, the new challenge need to overcome is the war between Russia and Ukraine which disrupted the chances of global economic. The conflict between these two countries has resulted in the imposition of economic sanctions on the other countries thus increasing the commodity prices, disruptions in the supply chain and inflation across a wide range of goods and services.

Challenges Faced by Electronics Manufacturers

To fight these challenges, our company will continue to build trust with stakeholders, rethink trade and supply chains, invest new technology and put our employees as a center of our business. In addition, our organization aims for sustainable development and look forward to more successful years!

ANNEX A:

CONTEXTUAL INFORMATION

Company Details	
Name of Organization	IONICS EMS, INC.
Location of Headquarters	No. 14 Mountain Drive, Light Industry and Science Park II, Lamesa Barangay Road, Calamba, Laguna, 4027 Laguna
Location of Operations	1. Plant 5&6 Circuit Street, Light Industry and Science Park I, Bo. Diezmo, Cabuyao, Laguna, 4025 Philippines 2. Plant 2 Carmelray Industrial Park II, Calamba City, Philippines
Report Boundary: Legal entities (e.g., subsidiaries) included in this report*	Ionics EMS, Inc. Plant 5&6, Supply Chain Management (SCM), Head Office (HO)
Business Model, including Primary Activities, Brands, Products, and Services	Manufacture of Printed Circuit Board Assembly (PCBA), Box Build Assembly (BBA), FLEX Assembly
Reporting period	YEAR 2022
Highest Ranking Person responsible for this report	MR. LAWRENCE QUA

MATERIALITY PROCESS

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.

Ionics EMS Inc.' Sustainability Report enables the stakeholders to understand our organization's true value, improve our products and services with main-focus on the following key indicators:
- ➢ Economic
- ➢ Environmental
- ➢ Social
- ➢ Governance Performance

Ionics EMS Inc. supports the mission of UN Developmental Goals. As such, the organization have developed goals and initiatives to protect the environment and its community (refer to the succeeding page foe the data).

We value our economic growth thus we always believe that success is our only option in this business arena. We can only do such by providing the best and quality products to our customers – we did. Ionics EMS Inc. will continue to exceed the expectations or our customers and stakeholders through good governance. Year 2019 has been a great year for Ionics EMS Inc.

We believe that the people are the best asset of the company thus we generate actions to safeguard our people. Our employees and contractors are the heart of the organization.

Lastly, we safeguard our environment because to protect the environment is equivalent to protecting our lives and the lives of the next generation.

The sustainability strategies have been set in place to improve these four facets – economic, environment, social and governance performance of Ionics EMS Inc.

ANNEX A:

ECONOMIC PERFORMANCE

Direct Economic Value Generated and Distributed

Amount in Thousands (USD$)	2022	Units
Direct economic value generated (revenue)	78,356	US$
Direct economic value distributed:		
a. Operating costs	72, 228	
b. Employee wages and benefits	16,183	
c. Payments to suppliers, other operating costs	63,716	
d. Dividends given to stockholders and interest payments to loan providers	1,081	
e. Taxes given to government	1,284	
f. Investments to community (e.g. donations, CSR)	2	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
1. Contribution on telecommunication technology on global market and home technology on national market. 2. Rationalization of local suppliers. 3. Promote fair business ethics and practices.	- Community - Employees - Government - Suppliers	The Company met the requirements designated under the following standard: - ISO 9001 Certified – Quality Management System - ISO 14001 Certified – Environmental Management System - ISO13485 Certified – Quality Management System – Medical Devices - IATF16949 International Automotive Task Force The Company is compliant with the Corporate Governance regulated by the Securities Exchange Commission (SEC), which includes policy on business ethics and anti-corruption practices. The Company is conducting Strategic Planning for five (5) years and being reviewed every year, and this was linked to Company mission and vision.

ANNEX A:

What are the Risk/s identified?	Which stakeholders are affected?	Management Approach
1. Production stoppage due to act of nature (e.g., volcanic eruption, forest fire, earthquake, storm, etc.) 2. Procurement fraud 3. Corruption activity	- Community - Employees	The Company regularly review the Corporate Governance and continuous certification on applicable ISO standards.
What are the opportunity/ies identified?	Which stakeholders are affected?	Management Approach
1. Retention of employees due to healthy working environment. 2. Community value due to effective Corporate Social Responsibility (CSR) activities. 3. Fraud free organization due to effective anti-corruption policy, program and awareness.	- Community - Employees	The Company regularly review the Corporate Governance and continuous certification on applicable ISO standards.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Governance	Strategy	Risk Management	Metrics and Targets
We are committed to conduct its business in accordance to the demands of world class electronics company, exercising the needed environmental care as embodied in its Environmental Management System (EMS), and involving its employees, business partners, and the community at large in its unrelenting efforts towards environmental improvement and sustainable development. We recognize environmental management as everybody's responsibility, as important as any other obligations of the company	Campaign Awareness Program Training Development Participation CSR activity	All Manufacturing Services Produce negative impacts to our Environment, majority of these are the land contamination, effluent discharge, Hazardous Waste Generation and Air quality degradation.	Comply with all laws and environmental regulations, including hazardous substances management regulations, applicable to our industry. Prevent pollution by minimizing the quality and degree of hazard of the waste generated by our operations, conserve resources, commit to recovery and recycling as opposed to disposal where feasible, and strive for continual improvement, Implement program to meet our environmental objectives and targets, review them as per defined frequency and require all concerned personnel to implement continual improvement.

ANNEX A:

PROCUREMENT PRACTICES

Proportion on Spending on Local Suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	31.79	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
- Ease on communication - Shorter Lead-time - Less logistics and handling cost	- Suppliers - Customers - Supply Chain	- Localization Strategy (Balanced Score Card)
What are the Risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
- Raw material not available - Technology not yet ready - Difficulty in setting-up - Limited number of manufacturers	- Customers - Supply Chain	- Localization Strategy (Balanced Score Card)
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management Approach**
- Ease of doing business - Increase job opportunities locally - Introduce suppliers to new technology	- Supply Chain - Suppliers	- Localization Strategy (Balanced Score Card)

ANNEX A:

ANTI-CORRUPTION

Training on Anti-Corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	N/A	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
- Lost of money - Lost of materials	- Employees	- Provide Policy regarding Anti-Corruption
What are the Risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
Dismissal of the employees - undisciplined employee	- Employees	- Implement the rules and regulations as stated in Code of Conduct
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management Approach**
No issue on dismissal - discipline will be observed	- Employees	- Orientation of the employees

Incident of Corruption – Human Resource

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	Incident
Number of incidents in which employees were dismissed or disciplined for corruption	0	Incident
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	incident

ANNEX A:

Incident of Corruption – Customer Sales

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	Incident
Number of incidents in which employees were dismissed or disciplined for corruption	0	Incident
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	incident

Incident of Corruption – Non-Production Related

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	Incident
Number of incidents in which employees were dismissed or disciplined for corruption	0	Incident
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	Incident

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
- Losses, affects business operations, employment, and investment	- Employer & Employee	- This is included on Ionics Policy Manual
What are the Risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
- Supplier price escalation to offset cost of corruption	- Employer & Employee	- Employee's dismissal
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management Approach**
- Supplier price escalation to offset cost of corruption	- Business partner / employee	- Employee's dismissal

ANNEX A:

ENVIRONMENT

RESOURCE MANAGEMENT

Energy Consumption within the organization

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	N/A
Energy consumption (gasoline)	950	liters
Energy consumption (LPG)	6250	kilograms
Energy consumption (diesel)	334.47	liters
Energy consumption (electricity)	15,911,119 KwH (Total Electricity Consumption)	Kilowatt / hour

Reduction of Energy Consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	-	metric tons CO_2
Energy reduction (LPG)	-	metric tons CO_2
Energy reduction (diesel)	-	metric tons CO_2
Energy reduction (electricity)	-	Kilowatt / hour

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

- Energy Conservation
- Environmental impact is depletion of fossil fuels. It can occur in high electricity consumption.
- Involvement in the impact are the production, offices and all the employee's and Management
	- Community
	- Government
	- Employee
	- Top Management
	- Public and Private Sector
		- Included in Ionics EMS, Inc. Environmental Policy
		- Organizational towards Environmental Concern
		- Training and Development
		- Included in Ionics Environmental Procedure in ISO 14001 (IEMSP432-01)
		- Legal Compliance
		  > RA 11582 Energy Conservation Law
		  > RA 9136 "Electric Power Industry Reform Act of 2001

ANNEX A:

What are the Risk/s identified?	Which stakeholders are affected?	Management Approach
- Variation of Consumption - Safety, reliability, efficiency, and energy costs must be weighed in conjunction with replacement costs and liability risk to formulate and prioritize recommissioning and retro-commissioning plans.	- Community - Employee	- Included in Ionics EMS, Inc. Environmental Policy - Organizational towards Environmental Concern - Included in Ionics Environmental Procedure IEMSP446-03
What are the opportunity/ies identified?	Which stakeholders are affected?	Management Approach
- Creating an Energy and Water Conservation Team - Training Awareness for Employees	- Community - Employee	- Included in Ionics EMS, Inc. Environmental Policy - Included in Ionics Environmental Procedure (IEMSP 446-03)

Water Consumption within the Organization

Disclosure	Quantity	Units
Water Withdrawal	N/A	Cubic meters
Water Consumption	469,063.00	Cubic meters
Water recycled and reused	N/A	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

- Water Shortage
- Water Pollution
	- Community
	- Employee
		- Water Usage Reduction
		- Included in Ionics EMS, Inc. Environmental Policy
		- Included in Ionics Environmental Procedure in ISO 14001 (IEMSP432-01)
		- Legal Compliance
		  > DAO 2004-35
		  > RA 9275 (Clean Water Act of 2005)

ANNEX A:

What are the Risk/s identified?	Which stakeholders are affected?	Management Approach

- Water Pollution
- Legal Compliance
- Costs must be weighed in conjunction with replacement costs and liability risk to formulate and prioritize recommissioning and retro-commissioning plans.
	- Community
	- Employee
		- Water Usage Reduction
		- Included in Ionics EMS, Inc. Environmental Policy
		- Included in Ionics Environmental Procedure in ISO 14001 (IEMSP432-01)
		- Legal Compliance
		  > DAO 2004-35
		  > RA 9275 (Clean Water Act of 2005)

What are the opportunity/ies identified?	Which stakeholders are affected?	Management Approach
- Data Gathering, Effluent Standard	- Employee	- Included in Ionics EMS, Inc. Environmental Policy

Materials used by the Organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• Renewable	N/A	Kg/liters
• non-renewable	N/A	Kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	N/A	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Risk/s identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the opportunity/ies identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

*Materials used in our manufacturing processes are not renewable or recyclable. They are made from natural indirect materials imported from other countries.

ANNEX A:

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
- Business Operation	- Community	- Included in Ionics Environmental Procedure IEMSP432-01 - Participation in the activity for Environmental Concern
What are the Risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
- Land Development Expansion Project	- Community - Supplier - Employees	- Included in Ionics Environmental Procedures IEMSP431-01 - Implementation of IEC (Information, Education, Communication)
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management Approach**
- Increasing Job Opportunities	- Community	- Implementation of IEC (Information, Education, Communication)

*Mount Makiling is under a protected area system under the Biodiversity Bureau. It is classified as a Forest Reserve within 26km from Calamba. Our manufacturing site is already operation for more that 20 years but there have been no reported effects of the operation to the habitat of the species along the area.

ENVIRONMENTAL IMPACT MANAGEMENT
Air Emission (GHG)

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	881.85	Metric Tonnes CO2e

*Ionics EMS, Inc. shall comply to the relevant laws and regulations of "Montreal protocol of Substances that deplete the Ozone Layer Japan Law Act on the Protection of the Ozone Layer through the Control of Specified Substances and Other Measures" and shall ban the use of HFCFs before 2030.

ANNEX A:

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

- Climate Change
- Fuel Burning
- Higher Temperature
	- Government
	- Community
	- Company
		- Included in Ionics EMS, Inc. Environmental Policy
		- Included in Ionics Environmental Procedure IEMSP433-01
		- Legal Compliance
		  > RA 8749 Clean Air Act of 1999
		  > DAO 2000-81
		  > Emission Test Annual
		  > Ambient Testing Every 5 Years

What are the Risk/s identified?	**Which are affected?**	**Management Approach**
- Air Quality Degradation - Climate Change - Global Warming	- Community - Government	- Included in Ionics Environmental Procedure IEMSP451-01 - Gather Data in Climate Change Commission for Possible alternative solutions in reducing the effect of GHG - Implement IEC
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management Approach**
- Data Gathering, Monitoring	- Community	- Included in Ionics Environmental Procedure IEMSP451-01

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

- Business Operation
- Customer Audit
- Air Quality Degradation
	- Community
	- Management
		- Included in Ionics EMS, Inc. Environmental Policy
		- Legal Compliance
		  > RA 8749 Clean Air Act of 1999
		  > DAO 2000-81
		  > Emission Test Annual
		  > Ambient Testing Every 5 Years

ANNEX A:

What are the Risk/s identified?	Which stakeholders are affected?	Management Approach

- Air Pollution	- Community	- Included in Ionics EMS, Inc. Environmental Policy
		- Legal Compliance
		   > RA 8749 Clean Air Act of 1999
		   > DAO 2000-81
		   > Emission Test Annual
		   > Ambient Testing Every 5 Years

What are the opportunity/ies identified?	Which stakeholders are affected?	Management Approach
- Data Gathering, Ambient and Emission Test Result	- Community	- Included in Ionics EMS, Inc. Environmental Policy

*Supply Chain Management building and Head Office building do not use standby generators that emit air pollutants

*There is no significant air pollutant Ionics EMS, Inc emits in the environment. This is part of our objective and method to protect the environment

SOLID AND HAZARDOUS WASTES
Solid Wastes

Disclosure	Quantity	Units
Total solid waste generated	300,809	Kg
Reusable	N/A	Kg
Recyclable	N/A	Kg
Composted	N/A	Kg
Incinerated	N/A	Kg
Residuals/Landfilled	100,767	Kg

Hazardous Wastes

Disclosure	Quantity	Units
Total weight of hazardous waste generated	76, 095	Kg
Total weight of hazardous waste transported	76, 095	Kg

ANNEX A:

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

- Land Pollution
- Water Pollution
- Air Pollution
- Health Hazard
- Flooding
	- Employee
	- Community
		- Included in Ionics EMS, Inc. Environmental Policy
		- Legal Compliance
		  > RA 6969 Toxic Substances and Nuclear Waste Control Act of 1990
		  > RA 9003 Ecological Solid Waste Management Act of 2000

What are the Risk/s identified?	Which stakeholders are affected?	Management Approach
- Environmental Cases - Pollution	- Community	- Included in Ionics EMS, Inc. Environmental Policy - Include in Ionics Environmental Procedure IEMSP 446-01
What are the opportunity/ies identified?	Which stakeholders are affected?	Management Approach
- Study the Environmental Laws	- Employee - Community - Government	- Training and Development

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	N/A	Cubic Meters
Percent of wastewater recycled	N/A	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Risk/s identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the opportunity/ies identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

ANNEX A:

ENVIRONMENTAL COMPLIANCE

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	2	PHP. 24, 500.00
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	non-monetary sanction
No. of cases resolved through dispute resolution mechanism	0	cases resolved

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

What are the Risk/s identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

What are the opportunity/ies identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

*All domestic wastewater is discharged to Centralized Water Treatment Plant of LISP 1 and 2. There are no wastewater discharged directly to the environment.

WORKPLACE CONDITION, LABOR STANDARDS AND HUMAN RIGHTS

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	5,440,032	Man-Hours
No. of work-related injuries	7	Injuries
No. of work-related fatalities	0	Fatalities
No. of work-related ill-health	0	Ill-health
No. of safety drills	2 per plant site	drills

ANNEX A:

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced Labor	Yes	Employment Contract and Undertaking / Job Description
Child Labor	Yes	Recruitment and Hiring Procedure
Human Rights	Yes	Code of Conduct

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
- Noncompliance to the labor laws company will be penalized	- Organization	- Implementation of the Recruitment and Hiring Procedure
What are the Risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
- Noncompliance to company imposed hiring standards.	- Organization	- Implementation of the Recruitment and Hiring Procedure
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management Approach**
- Thorough interview and strict background checking to ensure new hires are in the right age	- Organization	- Implementation of the Recruitment and Hiring Procedure

ANNEX A:

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:
QP7-04B Supplier Quality Assurance Procedure
Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the company policy
Environmental Performance	Yes	QP7-04B Item 6.3.0.4 Sustainability Requirement states that *"Ionics EMS Inc require suppliers to submit and comply in the sustainability requirement of ISO. The sustainability form (Supplier Declaration on Sustainability) is a declaration that the supplier warrants that its personnel are not abused and will ensure that they have program in place that the workers will be happy with their work and therefore will not resign".* Refer to the ENVIRONMENT statement of the Supplier Declaration on Sustainability form.
Forced Labor	Yes	Refer to the FORCED LABOR statement of the Supplier Declaration on Sustainability form.
Child Labor	Yes	Refer to the CHILD LABOR statement of the Supplier Declaration on Sustainability form.
Human Rights	Yes	Refer to the DISCRIMINATION statement of the Supplier Declaration on Sustainability form.
Bribery and corruption	No	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

Impact: Loss of business / customer
Potential Causes:
 	
- Failure to meet delivery requirement of the customer
- Failure to expedite parts to support customer pull in
	Customers, Employer, Employees, Suppliers	- Competency / skills enhancement of buyers
		- KPI Setting and Performance Evaluation Review
		- Planning efficiency
		  > Order Management Program
		    * component with 90 days and above LT
		    * No order Review and analysis (current and 2 succeeding months)

What are the Risk/s identified?	Which stakeholders are affected?	Management Approach
- Cannot meet Ionics delivery target and potential loss of business / client	- Customers, Employer, Employees, Suppliers	- Competency / skills enhancement of buyers a. Improve planning skills b. Improve communication skills c. Succession Planning Program d. Back up or BUDDY-BUDDY System
What are the opportunity/ies identified?	Which stakeholders are affected?	Management Approach
- Additional PO from the customers	- Customers, Suppliers	- Referral to other customer by existing customer

RELATIONSHIP WITH COMMUNITY
Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Positive- employment opportunity	Laguna and nearby areas	N/A	No	No	N/A

CUSTOMER MANAGEMENT
Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer Satisfaction	89%	No. Customer only

ANNEX A:

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Impact: Loss of Customer Where it Occur: Cross functional department Potential Cause: Unable to meet customer requirements in terms of Quality, Delivery, Cost and Service	- Customer, Employees and suppliers	- It is part of the managements initiative to provide Risk Assessment and strategy to avert the problem with sustained actions to improve problem areas like communication, Service Improvement, Relationship building, Competency and employee retention plan among others.
What are the Risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
- Lack of communication - Delayed response to customer request	- Employee, customer, supplier	- Improve communication channels (VOIP, Skype, internet speed) - Submission of Weekly Management report to customer and involved stakeholders for alignment of information
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management Approach**
- Customer retention and growth of existing customer - Referral to other potential business/customer	- Employee, Customer Supplier	- Business Review meeting / Customer visit - Transparency of information

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

ANNEX A:

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
- Satisfying the customer requirements	- Business operation - Suppliers - Customer	- Ensure employees are following the approve SOPs - Proactive approach and maintaining regular internal audit
What are the Risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
- Higher expectations in our product	- Business operation - Suppliers - Customer	- Proactive approach and maintaining regular internal audit
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management Approach**
- Increase profit and demand - Good relationship with customers	- Business operation - Suppliers - Customer	- Deploy qualified employees in the assembly process - Ensure manpower is enough to supply the demand of our customer

Marketing and Labelling

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	978	Complaints on product
No. of complaints addressed	978	Complaints addressed

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

ANNEX A:

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
- Customer Claim due to marketing and labelling issues	- Customers, Employees, Investors	- Thorough checking of products and adherence to customer specific requirements, regulatory and statutory regulations related to marketing and labelling.
What are the Risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
- Loss of customer - Penalty for marketing and labelling complaints	- Organization, Investors Government	- Thorough checking of products and adherence to customer specific requirements, regulatory and statutory regulations related to marketing and labelling. There is an approval from the Management when it comes to marketing strategy.
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management Approach**
- Gain more customers	- Organization, Employees, Investors, Community	- Ionics created one process in Sales Department which is solely related to marketing works. It focuses on gaining customers.

Customer Privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	Occurrence
No. of complaints addressed	0	Complaint
No. of customers, users and account holders whose information is used for secondary purposes	0	Users and account holders

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

ANNEX A:

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
- Impact: Legal actions and eventually loss of Customer (Supply Chain Team)	- Customer, Employee, Suppliers	- Provide questionnaire to customer during RFQ process on what documents can be shared to suppliers
What are the Risk/s identified?	Which stakeholders are affected?	Management Approach
- Lack of information to relevant team handling customer document	- Customer Employee, Suppliers	- Provide education to relevant team on the handling and sharing of customer documents
What are the opportunity/ies identified?	Which stakeholders are affected?	Management Approach
- Keep customer and avoidance of legal actions	- Customer Employees, Suppliers	- Align with customer the documents shareable to supplier and education to Ionics employee handling customer documents

*Ionics EMS, Inc. safeguards customer information with utmost confidentiality

ANNEX A:

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	incidents

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
- Effect on the IT Security and Business Operations. Microsoft Office 365.	- Employees and Management	- Availed or purchased additional security like (Cloud Firewall and update the existing Firewall and upgrade to Next-gen Firewall), conduct vulnerability testing in the network and cloud and enable security services in Microsoft Office 365.
What are the Risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
- Negative impression and loss of Customer/s Trust.	- Management	- We conduct investigation and reported to local authorities regarding the incidents happened to prove that this take as serious issues.
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management Approach**
- To improve more the IT Security (Network and Cloud Apps)	- Management	- Implementing and enable services on the Firewall (Anti-bot, Threat Emulation, Anti-Spam, Anti-virus, etc.)

*Ionics EMS, Inc. have purchased and used additional security like Cloud Firewall and update the existing Firewall to Next-gen Firewall

ANNEX A:

SOCIAL

Employee Management
Employee Hiring and Benefits
Employee Data

Disclosure	Quantity	Units
Total number of employees	**2,898**	**Employees**
a. Number of female employees	**2,287**	**Employees**
b. Number of male employees	**611**	**Employees**

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs
Key products and services and its contribution to sustainable development.
IONICS EMS, INC.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Electronic Manufacturing Services	G1 - No Poverty G5 - Gender Equality G8 - Decent Work and Economic Growth G9 - Industry, Innovation and Infrastructure G13 - Climate Action	Hazardous waste from operations activity (e.g., wastewater, electronics scraps)	The Company has the facility to treat wastewater and have the procedure on disposal of hazardous waste. The Company also implemented the use of lead-free components on its production.
Design and Development Services	G1 - No Poverty G5 - Gender Equality G8 - Decent Work and Economic Growth G9 - Industry, Innovation and Infrastructure G13 - Climate Action	Electronic waste	The Company has the procedure on disposal of electronic waste and has business partner who is accredited on collecting and handling electronic waste.

* None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.

ANNEX A:

IOMNI PRECISIONS, INC.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Plastic Injection	G1 - No Poverty G5 - Gender Equality G8 - Decent Work and Economic Growth G9 - Industry, Innovation and Infrastructure G13 - Climate Action	Hazardous waste from operations activity (e.g., wastewater, plastic scraps)	The Company has the facility to treat wastewater and have the procedure on disposal of hazardous waste and has business partner who is accredited on collecting and handling hazardous waste.
Mould Fabrication	G1 - No Poverty G5 - Gender Equality G8 - Decent Work and Economic Growth G9 - Industry, Innovation and Infrastructure G13 - Climate Action	Hazardous waste from operations activity (e.g., wastewater, metal scraps, oil)	The Company has the facility to treat wastewater and have the procedure on disposal of hazardous waste and has business partner who is accredited on collecting and handling hazardous waste.

* None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.

IONICS PROPERTIES, INC.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Estate Rental	G1 - No Poverty G8 - Decent Work and Economic Growth G12 - Responsible Consumption and Production G13 - Climate Action	Continuous conversion of raw land to industrial area.	The Company is developing industrial estate on designated area of the Government and comply with regulatory agency with regards to estate leasing and environmental compliance.

* None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.