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I. INTRODUCTION

The Board of Directors ("**the Board**") of Panasonic Manufacturing Philippines Corporation ("**the Company**" "**PMPC**") is accountable and responsible for the business and affairs of the Company. All Board members are expected to show good stewardship and act in a professional manner in accordance with the law in serving the interest of the shareholder(s), customers, employees, society and all other stakeholders. All Board members are expected to uphold the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

II. PURPOSE OF BOARD CHARTER

- 2.1. The Board recognizes the importance of adopting high standards of corporate governance throughout the Company as a fundamental part of discharging its responsibilities to protect and enhance shareholder's value and financial performance of the Company.
- 2.2. As such, the Board has outlined the Company's corporate governance policy in the form of a Board Charter which aims to define the respective roles and responsibilities and authorities of the Board, both individually and collectively, and of Management in setting direction, management and control of the Company.
- 2.3. This Board Charter set out the mandate, responsibilities and procedures of the Board and the Board Committees including the matters reserved for the Board's decision in accordance with the principles of good corporate governance set out in the Company's policies and procedures and guidelines issued by SEC's Code of Corporate Governance.
- 2.4. This Board Charter would serve as a guidance to the Board and Management regarding role of the Board, Board Committees and Management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as the Board's operating practices.
- 2.5. The Board will carry out its mandate directly and through various committees of the Board and such other committees as it appoints from time to time.

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III. COMPOSITION OF THE BOARD

- 3.1. **Board Profile** – The board, in consultation with the corporate governance and nomination committee, shall prepare a profile of its size and composition, considering the nature of PMPC’s business and its subsidiary, and the desired expertise and background of the board members.
- 3.2. **Number of Directors** – The corporation powers of the corporation shall be exercised, and the property and business of the corporation shall be managed by its Board of Directors, consisting of nine (9) members as provided in its articles of incorporation and By-laws.
- 3.3. **Board Competency and Diversity** – The board should consist of directors with the requisite range of skills, competence, knowledge, experience and approach, as well as a diversity of perspectives, to set the context for appropriate board behavior and to enable it to discharge its duties and responsibilities effectively. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between Directors.
- 3.4. **Review of Board Profile** – The Board shall from time to time review the composition of the board whether the right mix of diverse professional background still complement the strategic objectives and evolving requirements of the corporation and the global best practices in corporate governance.
- 3.5. **Independent Directors** - The Board shall have such number of Independent Directors as may be required by laws and the rules and regulations of the Securities and Exchanges Commission (SEC) and Philippine Stock Exchanges (PSE). The presence of Independent Directors complement the regulatory agencies’ local laws and ensure the exercise of proper oversight of managerial performance, objective and independent judgement, check and balances, and provide for the balance of power in the board.

An independent director means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere

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with his exercise of independent judgment in carrying out his responsibilities as a director of a corporation.

IV. ELECTION OF DIRECTORS

The Directors shall be elected by the Corporation’s stockholders entitled to vote at the annual stockholders meeting in accordance with the By-laws and Code of Corporate Governance

1. Nomination of Directors. – Pursuant to the Corporation Code, any shareholder, including minority shareholders, shall have the right to nominate candidates for the Board. The list of names of the nominees to the Board of Directors, together with the written consent of the nominees shall be filed and submitted to the Nomination Committee through the office of the Corporate Secretary not later than March 31 prior to the date set for the annual meeting in June wherein they will be elected.

2. Required Vote. - For the election of Directors, it is necessary for *one-half plus one* of the outstanding shares of stock to be present or represented in the annual stockholders’ meeting.

3. Ownership of Corporation Shares. - No person shall be elected nor be competent to hold the office of Director unless at least one (1) share of stock of the Corporation shall stand in his name in the books of the Corporation at the time of his election.

4. Ground for Disqualification for Nomination. - No person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Corporation in accordance with the By-laws.

5. Term of Office. - Directors shall hold office for a term of one (1) year, more or less, immediately upon their election and until their successors shall have been elected and qualified in accordance with the By-Laws.

9. Filling of Vacancies. - In case any vacancy or vacancies should occur on the Board of Directors other than removal or expiration of term, due to death, resignation or other causes, the remaining Directors, if still consisting a quorum, may fill said vacancies by election from among the prospective directors based on the recommendation of Nomination Committee and Succession Planning Policy.

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V. CHAIRMAN AND VICE-CHAIRMAN OF THE BOARD

The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The roles and responsibilities of the Chairman include, among others, the following:

- i. Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- ii. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- iii. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- iv. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- v. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
- vi. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

Chairman of Board Meetings. - The Chairman of the Board shall chair all Board meetings, or in case of his absence, the Vice Chairman shall automatically take his place as Acting Chairman of the Board. The Chairman of the Board shall ensure that all Board members are allowed to freely express their opinions about any matter being discussed.

VI. Chief Executive Officer / President Responsibilities

The roles and responsibilities of the Chief Executive Officer/ President include, among others, the following:

- i. Determines the corporation’s strategic direction and formulates and implements its strategic plan on the direction of the business;
- ii. Communicates and implements the corporation’s vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;

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- iii. Oversees the operations of the corporation and manages human and financial resources in accordance with the strategic plan;
- iv. Has a good working knowledge of the corporation's industry and market and keeps up-to-date with its core business purpose;
- v. Directs, evaluates and guides the work of the key officers of the corporation;
- vi. Manages the corporation's resources prudently and ensures a proper balance of the same;
- vii. Provides the Board with timely information and interfaces between the Board and the employees;
- viii. Builds the corporate culture and motivates the employees of the corporation; and
- ix. Serves as the link between internal operations and external stakeholders.

VII. CORPORATE SECRETARY AND COMPLIANCE OFFICER.

Corporate Secretary

The Corporate Secretary is primarily responsible to the corporation and its shareholders, and not to the Chairman or President of the Company and has, among others, the following duties and responsibilities:

- i. Be loyal to the mission, vision and objectives of the corporation, always remembering that this duty of loyalty is to the entire corporation, and not to any group of shareholders or managers;
- ii. Have appropriate administrative and interpersonal skills so as to work fairly and objectively with the Board, Management and stockholders and other stakeholders, always recognizing that the duty of fairness is to the corporation as a whole, and to all its stakeholders;
- iii. Have a working knowledge of the operations of the corporation, and in particular to be aware of the laws, rules and regulations - including all the rules and regulations, principles and indicated proper practices of CG - necessary in the performance of his duties and responsibilities;
- iv. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the corporation;

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- v. Inform members of the Board of the agenda of Board meetings and all shareholders of the agenda of the annual shareholders' meetings;
- vi. Attend all Board meetings, except in the case of justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;
- vii. Ensure that all Board procedures, rules and regulations are strictly followed by the members; and

Compliance Officer

The Compliance Officer is a member of the company's management team in charge of the compliance function. He/she has, among others, the following duties and responsibilities:

- i. Ensures proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among others);
- ii. Monitors, reviews, evaluates and ensures the compliance by the corporation, its officers and directors with the relevant laws, rules and regulations and all governance issuances of regulatory agencies;
- iii. Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
- iv. Ensures the integrity and accuracy of all documentary submissions to regulators;
- v. Appears before the SEC when summoned in relation to compliance with this Code;
- vi. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;
- vii. Identifies possible areas of compliance issues and works towards the resolution of the same;
- viii. Ensures the attendance of board members and key officers to relevant trainings; and
- ix. Performs such other duties and responsibilities as may be provided by the SEC.

VIII. ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is ultimately accountable and responsible for the stewardship of the Company. The Board's role is to govern the Company rather than to manage it.

The major responsibilities of the Board include but are not limited to the following:

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- i. To review and approve the strategies, business plans, significant policies and other initiatives which would, singularly or cumulatively, have a material impact on the Company's risk profile;
- ii. To oversee the selection, performance, remuneration and succession plans of the President/Chief Executive Officer ("CEO"), control function heads and the collective competence of senior management to effectively lead the operations of the Company;
- iii. Establish a formal and transparent board nomination and election process;
- iv. To oversee the implementation of the Company's governance framework and internal control framework, and periodically review whether these remain appropriate in the light of material changes to the size, nature and complexity of the Company's operations;
- v. To promote, together with senior management, a sound corporate culture within the Company which reinforces ethical, prudent and professional behavior;
- vi. To promote sustainability through appropriate environmental, social and governance considerations in the Company's business strategies;
- vii. To oversee and approve the recovery and resolution as well as business continuity plans for the Company to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress;
- viii. To promote timely and effective communications between the Company and stakeholders on matters affecting or may affect the safety and soundness of the Company;
- ix. Aligning key officers and board remuneration with long-term interest of the company.
- x. To ensure that there are adequate controls and systems in place to facilitate the implementation of the Company's policies;
- xi. To understand the principal risks of all aspects of the businesses in which the Company is engaged in and ensure that systems are in place to effectively monitor and manage these risks with a view to ensure the long-term viability and success of the Company;
- xii. To monitor and assess development which may affect the Company's strategic plans;
- xiii. To review the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;

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- xiv. To establish an internal audit function that provides the Board with independent assurance that the risk management systems, internal controls and governance processes of the Company are effective and that its operations are properly controlled;
- xv. To be responsible for the following areas in the governance risk:
- a) To approve the Company's overall risk strategy, including the risk appetite which would, singularly or cumulatively, have a material impact on the Company's risk profile and oversee its implementation.
 - b) To take appropriate steps to ensure that business and operational decisions are aligned with the risk appetite set by the Board.
 - c) To review and affirm the Company's risk appetite regularly to ensure that it continues to be relevant and reflects any changes in the Company's capacity to take on risk, its inherent risk profile, as well as market and macroeconomic conditions.
 - d) To actively promote a consistent culture of risk awareness and risk management within the Company.
 - e) To set a clear expectations for senior management to ensure the integrity of the essential reporting and monitoring systems.
- xvi. To ensure that there is a reliable and transparent financial reporting process within the Company; and
- xvii. To oversee the management of the Company's compliance risk.

IX. BOARD MEETINGS

- 1. Frequency of Meetings.** - The Board shall meet at least 4 times during the fiscal year. PMPC's monthly board meeting shall be every Thursday of the third week of the month. Scheduling of board meetings before the beginning of the fiscal year allow directors to plan ahead to attend the meeting and maximize participation.
- 2. Quorum.** - A majority of the directors shall constitute a quorum for the transactions of the business at any meeting, but a less number may adjourn any meeting from time to time and the meeting may be held as adjourn without further notice. The resolution at any meeting of

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the Board of Directors shall always require an affirmative vote of at least majority of the quorum dully assembled as the Board.

3. Attendance. - Directors are encouraged to attend all Board meetings, either in person or via teleconferencing facility. A Director who fails, without any justifiable cause, to attend more than 50% of the total number of Board meetings during any term shall be disqualified from the directorship.

4. Notice of Meeting. - Board meetings shall be announced at least five (5) days in advance. Notice of meetings may be given by any customary means of communication (e.g. by e-mail, in writing, by telephone, by telefax, etc.). The notice shall specify the time and place of the meeting and include a detailed agenda. As a rule, Board materials are to be distributed to all Directors at least five (5) business days prior to each Board meeting.

5. Chairman of the Meeting - Board meetings shall be chaired by the Chairman of the Board or, in his or her absence, by the Vice Chairman.

6. Matters for Discussion in Meetings - In any Board meeting, decisions may be made on matters not included in the distributed meeting agenda only if there are no objections posed by any member of the Board. The items requiring board's approval is included in **Annex I** of this charter.

7. Minutes of the Meeting - Minutes of the Board meetings shall be taken and recorded by the Office of the Corporate Secretary. Minutes shall be signed by the chairman of the meeting and by the individual who has been appointed to take notes during the meeting.

8. Executive Sessions. - At least once a year, the Non-executive Directors must meet without any executives present.

X. EFFECTIVENESS OF THE BOARD OF DIRECTORS

Board Committees.

The Board delegates certain responsibilities to the following Board Committees with clearly defined terms of reference to assist the Board in discharging its responsibilities. The Chairman of the respective Board Committees reports to the Board on their deliberations, findings and recommendations and such reporting will be minuted in the Board minutes. The Company

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shall provide the Board Committees with sufficient support and resources required to perform their duties or investigate any matter within their mandates. The policy and procedure standards for board committee structures and protocols is delineated on the company's Board's Committee's Policy and Procedures.

Creation of Board Committees. - The Board may create such committees (a "Board Committee") as it may deem necessary to support it in the performance of its functions and in accordance with the By-Laws and to aid in good governance.

Delegation of Rights and Responsibilities to the Board Committees. - The Board may delegate part of its rights and responsibilities to any of its committees. The committees shall be composed of Board members and key officers of the Corporation specifically chosen for their particular background and areas of expertise that will allow them to adequately perform the functions assigned to their committee. The rights and responsibilities of each Board committee may be defined in greater detail in specific committee charters duly approved by the Board.

Board Committee Charters. - The Board shall adopt for each Board Committee charter providing, among others, the composition of the Board Committee, the qualifications of the members, the powers, duties and responsibilities of the Board Committee and the rules governing the exercise of those powers or performance of the duties and responsibilities.

Board Committees. - The Board shall constitute an Audit Committee, a Risk Management Committee, a Nomination Committee, a Compensation and Remuneration Committee, and a Corporate Governance Committee.

a. Audit Committee

The Audit Committee was established to provide support to the Board in ensuring that there is a reliable and transparent financial reporting process within the Company, to oversee the effectiveness of the internal audit function, approve the internal audit charter, review of internal and external audit, selection of external auditors for appointment by the Board, review the effectiveness of internal controls, governance and risk management processes as well as review of related party transactions. The functions and responsibilities of the Audit Committee are set out in its Audit Committee Charter and manual on corporate governance

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b. Board Risk Oversight Committee (BROC) Risk Management Committee

The Board Risk Oversight Committee was established to support the Board in meeting the expectations on risk management, to identify principal risks, to ensure the implementation of appropriate systems, to review and assess the adequacy of risk management policies and framework, to oversee the management of the Company's compliance risk as well as review of management reports on risk exposure, risk portfolio composition and risk management activities. The functions and responsibilities of the Board of Risk Management Committee are set out in its Risk Management Committee Charter and manual on corporate governance.

c. Corporate Governance Committee

The Corporate Governance Committee assist the board in the performance of its corporate governance responsibilities. The committee is tasked to ensure compliance with and proper observance of corporate governance principles and practices. The duties and responsibilities of Corporate Governance Committee is set out in its charter.

d. Nominations and Remuneration Committee

The Nominations and Remuneration Committee was established to support the Board to oversee the matters relating to establishment of minimum criteria and requirements for the selection of the Board, President/CEO and members of the Board Committee, recommendation and assessment of nominees for directorship, Board Committee, President/CEO and members of the Board Committee, the overall composition of the Board, annual assessment on the effectiveness of the Board as a whole and the contribution of each individual Director, the independence of the Independent Directors, succession planning and performance evaluation of senior management, overseeing the design and operation of the Company's remuneration system and periodically review the remuneration of each Director, member of senior management and other material risk takers whether remuneration remain appropriate. The function and responsibilities of the Nominations and Remuneration Committee are set out in its charters respectively.

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XI. BOARD INDEPENDENCE

Qualification of Independent Director

- a. *Is not, or has not been a senior officer or employee of the covered company unless there has been a change in the controlling ownership of the company;*
- b. *Is not, and has not been in the three years immediately preceding the election, a director of the covered company; a director, officer, employee of the covered company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the covered company's substantial shareholders and its related companies;*
- c. *Has not been appointed in the covered company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election;*
- d. *Is not an owner of more than two percent (2%) of the outstanding shares of the covered company, its subsidiaries, associates, affiliates or related companies;*
- e. *Is not a relative of a director, officer, or substantial shareholder of the covered company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;*
- f. *Is not acting as a nominee or representative of any director of the covered company or any of its related companies;*
- g. *Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;*
- h. *Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the covered company, any of its related companies or substantial shareholder, or is otherwise independent of*

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Management and free from any business or other relationship within the *three years immediately preceding the date of his election*;

- i. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the covered company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;
- j. Is not affiliated with any non-profit organization that receives significant funding from the covered company or any of its related companies or substantial shareholders; and
- k. Is not employed as an executive officer of another company where any of the covered company's executives serve as directors.

Related companies, as used in this section, refer to (a) the covered entity's holding/parent company; (b) its subsidiaries; and (c) subsidiaries of its holding/parent company.

Number of Independent Director on the Board

The Board shall have at least three (3) independent directors, or such number as to constitute 1/3 of the members of the Board, whichever is higher.

Term Limits for Independent Director

The Board's independent directors shall serve for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from re-election as such in the same company, but may continue to qualify for nomination and election as a non-independent director.

Re-election of Independent Directors.

Independent directors (IDs) who have served for nine years may continue as a non-independent director of the company. Reckoning of the cumulative nine-year term is from 2012, in connection with SEC Memorandum Circular No. 9, Series of 2011. Any term beyond nine years for an ID is subjected to rigorous review, taking into account the need for progressive change in the Board to ensure an appropriate balance of skills and experience. However, the shareholders may, in exceptional cases, choose to re-elect an independent

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director who has served for nine years. In such instances, the Board must provide a meritorious justification for the re-election

Disassociation of Independent Directors.

After serving as Independent Director for nine (9) years, the Independent Director shall be perpetually barred from being elected as such in the Corporation, without prejudice to being elected as Independent Director in other companies outside of the business conglomerate, where applicable, under the same conditions provided for in the rules and regulations of the Securities and Exchange Commission.

The Lead Director

The Board shall designate a lead director among the ranks independent directors if the Chairman of the Board is not independent, including if the positions of the Chairman of the Board and Chief Executive Officer are held by one person.

The functions of the lead director include, among others, the following:

- i. Serves as an intermediary between the Chairman and the other directors when necessary;
- ii. Convenes and chairs meetings of the non-executive directors; and
- iii. Contributes to the performance evaluation of the Chairman, as required.

A director with a material interest in any transaction affecting the corporation shall abstain from taking part in the deliberations for the same.

Balance of Non-Executive and Executive Directors on the Board

The membership of the Board shall be a combination of non-executive directors, which include IDs and executive directors in order that no director or small group of directors can dominate the decision-making process. The NEDs should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board. In line with best practice in corporate governance and in accordance with the ASEAN Standards, the Independent Non-executive Directors of the Company comprise more than 50% of the Board.

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XII. BOARD AND CONFLICT OF INTEREST

It is the responsibility of each Director to promote the best interest of the Corporation. Therefore, in making decisions, they should only pursue the interest of the Corporation, and must not consider their personal interest.

1. Disclosure of Interest - Each director shall disclose any conflict of interest, annually through disclosure form. A Director with any material conflict of interest that has been determined to be permanent in nature shall be disqualified from the Board.

Notwithstanding the precautions set by the annual disclosure of conflict of interest, a Director shall abstain from participating in the discussion of, and voting on, any matter where he is in conflict of interest.

2. Dealing in Corporation's Shares - In line with the insider trading policy of the Corporation, each Director is required to report to the Board within three (3) business days from dealing in the shares of stock of the Corporation (the "Shares").

3. Confidentiality Rule - Directors shall keep confidential all the information contained in the confidential reports or discussions. They shall also ensure that all persons who have access to the same information likewise comply with this rule.

4. Influence of Former Directors - Former Directors shall not be allowed to exercise influence over the operations of the Corporation. The confidentiality rule applicable to incumbent Directors shall continue to apply to former Directors.

5. Employment of Former Directors - Notwithstanding the immediately preceding paragraph, an exception may be made if it is in the best interest of the Corporation, as determined by the incumbent Board, that a former Director take a certain position within the Corporation.

XIII. COMPENSATION OF THE BOARD

Non-executive Directors shall be entitled to receive from the Corporation, pursuant to a resolution of the Board of Directors, fees and other compensation for their services as Directors. The Board shall have the sole authority, in accordance with a resolution of the stockholders or the By-laws, to determine the amount, form and structure of the fees and other compensation of the Directors. In no case shall the total yearly compensation of

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Directors exceed one percent (1%) of the net income before income tax of the Corporation during the preceding year. A director is not allowed to participate in any discussions or deliberations involving his/her own remuneration.

XIV. BOARD SUCCESSION PLANNING

The board ensures and adopts an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This should include adopting a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the corporation.

XV. BOARD SEAT LIMIT

A member of the board should ensure his utmost commitment to a corporation which he or she serves as director. To ensure that the members of the board are able to effectively commit themselves to perform their roles and responsibilities, regularly update their knowledge and enhance their skills, there is a need to set a limit on board directorships. Being a board member of too many companies may interfere with the optimal performance of board members, in that they may not be able to contribute enough time to keep abreast of the corporation's operations and to attend and actively participate during meetings, a maximum board seat limit of five (5) directorships is recommended.

XVI. PRIOR TRAINING FOR FIRST-TIME DIRECTORS AND CONTINUING TRAINING FOR ALL DIRECTORS.

Continuous training is important for the Directors to gain insight and keep abreast with the development in the Companying industry to further enhance their skills and knowledge in discharging their responsibilities effectively. All directors shall be properly oriented upon joining the board. Newly appointed director shall undergo training for first-time director and relevant annual continuing training for all directors. The suggested orientation program for first-time directors be for at least eight (8) hours, while the annual continuing training be for at least four (4) hours. The orientation program shall cover SEC-mandated topics on corporate governance.

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XVII. BOARD DIVERSITY

PMPC recognizes and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. PMPC has board diversity policy in place.

XVIII. BOARD ASSESSMENT

The Board through Nominations and Remuneration Committee is responsible to undertake the assessment on the performance of the Board as a whole, the Board Committees, the Individual Directors and the independence of the Independent Directors on an annual basis. This is to enable the Nominations and Remuneration Committee to recognize the Board's strengths and identify the areas for professional development and process improvement for the Board, Board Committees and the Individual Directors.

The evaluation criteria and process are in accordance with the procedure that has been established, endorsed and approved by the Board. The evaluation process on the Board, Board Committees and Individual Director are carried out by way of self-assessment and peer assessment, in the form of evaluation questionnaire completed, reviewed and deliberated by the Nominations and Remuneration Committee before its findings and recommendations tabled to the Board.

XIX. BOARD ETHICS

The Board shall adopt a Code of Business Conduct and Ethics, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code shall be properly disseminated to the Board, senior management and employees. It shall also be disclosed and made available to the public through the company's website.

The Board shall ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.

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The Board has the primary duty to make sure that the internal systems are in place to ensure the company's compliance with the Code and its internal policies and procedures. To guarantee that the corporate ethics policy is effective and instilled in the company values, the following methods have been adopted:

- a) **Communication and Awareness Campaigns** – To engage the Board, senior management and employees and raise awareness of ethical decision making, the company's ethics policy is available through the company's website. Any update in the Code could also be seen in the company newsletter and/or company email or intranet. Other medium of communication is also adopted to maximize the awareness campaign.
- b) **Training and Reinforcement of the Code** – Seminar and qualitative training with wider discussion and debate of understanding and practical application is encourage during trainings.
- c) **Supporting Context and Culture** – This involve outlining policies and regulations in employee contracts and supplier agreements, identifying individuals and Boards who are accountable for outcomes, creating ongoing awareness-raising programs, opening discussions with feedback and having oversight and monitoring procedures in place.
- d) **Monitoring and Accountability** – Reporting avenue, such as anonymous helplines and/or whistleblower hotlines, through which employees, contractors and other third parties can raise concerns in confidence about unsafe, unethical or unlawful practices are in place.

XX. DUTY OF DIRECTOR TO DISCLOSE HIS INTEREST IN MATERIAL TRANSACTION OR MATERIAL ARRANGEMENT

A Director is required to declare to the Board the nature and extent of his interest, whether directly or indirectly, in any material transaction or material arrangement with the Company unless the Director or any person connected to him cannot be reasonably be expected to derive a benefit or suffer a detriment from the transaction or arrangement in a way that will place the Director in a position of conflict.

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An interested Director must make disclosure by way of written notice to all Board members and the Company Secretaries:

- i. as soon as practicable after being aware of his interest in the material transaction or arrangement; and
- ii. of the material transaction or arrangement is being deliberated at a Board meeting, before the commencement of that deliberation.

Whether or not a declaration has been made, a Director who has, directly or indirectly, an interest in a material transaction or material arrangement shall not be present at the Board meeting where the material transaction or material arrangement is being deliberated by the Board. Where there is any change in the nature and extent of a Director's interest in a material transaction or material arrangement subsequent to the disclosure, the Director shall make a further disclosure of such changes.

XXI. ACCESS TO INFORMATION AND INDEPENDENT PROFESSIONAL ADVICE

The Directors of the Company, shall both individually and collectively, have full and unrestricted access to all information and a right to seek independent professional advice as and when at the cost of the Company in the furtherance of their duties as Director of the Company. Independent professional advice shall include legal advice and the advice of accountants and other professional financial advisers on matters of law, accounting and other regulatory matters but shall exclude advice concerning the personal interests of the Director concerned.

XXII. DECISIONS REQUIRING PRIOR BOARD APPROVAL

In addition to those specific matters requiring prior Board approval pursuant to the Corporation's by-laws or applicable laws, the Board shall be responsible for approving the following:

- i. interim and annual financial statements, provided that the Board may delegate to the Audit, Finance and Risk Committee the responsibility to review such financial statements and make its recommendations to the Board;
- ii. strategic plans, business plans and capital expenditure budgets;
- iii. raising of debt or equity capital and other major financial activities;

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- iv. hiring, compensation and succession for the Chief Executive Officer and other senior executives;
- v. Dividend declaration.
- vi. major organizational restructurings, including spin-offs;
- vii. material acquisitions and divestitures; and
- viii. major corporate policies.

Other items that require board approval is included in **Annex I** of this charter.

XXIII. ACCEPTANCE BY BOARD MEMBERS

- a. **Acceptance.** Anyone who is appointed as a board member must, upon assuming office, declare in writing to the company that he or she accepts and agrees to comply with the provisions of this charter. A corresponding reference to this extent is included in a director's appointment letter.
- b. **Amendment.** This charter may be amended by the board at its sole discretion without prior notification.
- c. **Interpretation.** In case of uncertainty or difference of opinion on how a provision of this charter should be interpreted, the opinion of the Corporate Governance Committee and/or Chairman of the board shall be decisive.
- d. **Partial Invalidity.** If one or more provision of this charter are invalid. This shall not affect the validity of the remaining provisions.

XXIV. REVIEW OF THE BOARD CHARTER

The Board Charter has been adopted by the Board on Oct. 6, 2017. The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations and guidelines that may have an impact on the discharge of the Board's responsibilities. The Board Charter is made available on the Company's website at: www.panasonic.com.ph

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ANNEX I: List of Approvals Required By Board

1. Changes in the Issuer's corporate purpose and any material alterations in the Issuer's activities or operations or the initiation of new ones.
2. Removal of directors, officers or senior management and their replacements and the reasons for such
3. Any decision taken to carry out extraordinary investments or the entering into financial or commercial transactions that might have a material impact on the Issuer's situation.
4. Creation of mortgages or pledges on assets exceeding ten percent (10%) or more of the Issuer's total assets.
5. Purchase or sale of stock or convertible debt securities of other companies when the amount is ten percent (10%) or more of the Issuer's total assets.
6. Authorization, suspension, retirement or cancellation of the listing of the Issuer's securities on an exchange or electronic marketplace domestically or abroad.
7. Merger, consolidation or spin-off of the Issuer.
8. Any declaration of cash dividend, stock dividend and pre-emptive rights by the Board of Directors.
9. A joint venture, consolidation, acquisition, tender offer, take-over or reverse take-over and a merger.
10. Any proposed amendment to the Articles of Incorporation and By- Laws and its subsequent approval by the Commission.
11. Any action filed in court, or any application filed with the Commission, to dissolve or wind-up the Issuer or any of its subsidiaries, or any amendment to the Articles of Incorporation shortening its corporate term.
12. Any acquisition of shares of another corporation or any transaction resulting in such corporation becoming a subsidiary of the Issuer.
13. Any acquisition by the Issuer of shares resulting in its holding ten percent (10%) or more of the issued and outstanding shares of another Issuer or where the total value of its holdings exceed five percent (5%) of the net assets of an unlisted corporation.

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14. Any sale made by the Issuer of its shareholdings in another listed or unlisted corporation: (1) resulting in such corporation ceasing to be its subsidiary; (2) resulting in its shareholding falling below ten percent (10%) of the issued capital stock.
15. The purchase or sale of significant assets amounting to ten percent (10%) or more of the Issuer's total assets otherwise than in the ordinary course of business.
16. The borrowing of a significant amount of funds not in the ordinary course of business.
17. Material changes in the Group's business or its strategy or investment plans
18. All material transaction between the company and natural or legal persons who hold at least 10% of the shares of the company.
19. A resolution on the operational and financial aims of the company, the strategy designed to achieve the aims, and any parameters to be used in relation to the strategy.
20. All material transaction in which there are conflicts of interest with board members;
21. The appointment and removal of the company secretary;
22. The removal of director.
23. The remuneration policy for senior management in general and CEO in particular;
24. The annual capital investment budget, all acquisitions and disposals of business activities whose sales exceed 10% of company's total assets.
25. All financial statements before publication.
26. Major corporate policies
27. All other acts that require the approval by law, the company's by-laws of this charter

Policy Prepared by:



Andrei R. Tibi
Internal Auditor

Policy Read and Approved by:



SHINICHI HAYASHI
PMPC President



MASARU TOYOTA
Vice-President PPH Sales / Executive
Director

YOSHIYUKI TAKAHASHI
Executive Director



HIROSHI YAMADA
Executive Director

ATTY. MAMERTO MONDRAGON
Corporate Secretary



EMILIANO VOLANTE
Audit Committee Chairman / Independent
Director

ELIZABETH GILDORÉ
Audit Committee Member/Independent
Director

Date of Signing:

October 6, 2017