

REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF DIRECTORS
Panasonic Manufacturing Philippines Corporation
For the Fiscal Year Ended March 31, 2022

The role and responsibilities of the Audit Committee are defined in the Board-approved Audit Committee charter. In accordance with this charter, the Committee assist the Board of Directors in fulfilling its oversight responsibilities to the shareholders with respect to:

- System of Internal Controls, risk management and governance process of the Company,
- Integrity of the Company's financial statement and financial reporting process
- Performance of the internal audit function and external auditor
- Compliance with the Company's policies, applicable laws, rules and regulatory requirements

The Audit Committee is composed of three (3) directors, two of whom are independent directors, all with necessary background, knowledge, skills and experience to carry out its functions. The Chairman of the Committee is an Independent Director. It held 4 regular meetings in 2021. The highlights of the Committee's activities were as follows:

1. Financial Statements:

- a) Reviewed and discussed with Management and the external auditor, Sycip, Gorres, Velayo & Co. (SGV), a member of Ernst & Young, the audited consolidated financial statement of the Panasonic Manufacturing Philippines Corporation (PMPC) and the related disclosure for the fiscal year ended March 31, 2022, including the assessment of the internal controls relevant to the financial reporting process. The review was performed in the following context:
- that Management is responsible for the preparation and fair presentation of the financial statement in accordance with the prescribed financial reporting framework and,
 - that SGV has audited the financial statements in accordance with the Philippine Standards on Auditing and is responsible for expressing an opinion on the fairness of the presentation.

After obtaining assurance on the external auditor's independent and thorough review of the financial statements, the Committee endorse the audited financial statements for approval by the Board and for inclusion in the 2021 Annual Report to the Stockholders.

- b) Discussed with Management and the internal auditors, the quarterly unaudited consolidated financial reports of PMPC Group including the results of operations and endorsed the financial statements to the Board of Directors for approval.

2. External Audit:

- a) Reviewed the audit plan and the scope of work of the external auditors, ensuring that areas of focus were appropriately covered and there were no significant gaps in the scope between external and internal audits to ensure effective use of resources. The Committee also ensured the rotation every five (5) years of the lead audit partner having primary responsibility for the audit of the Company. In consultation with Management, the Committee approved the term of engagement and audit fees of the external auditor. There were also no non-audit work performed by the external auditor for PMPC and its subsidiary.
- b) Assessed the overall performance and effectiveness of the external auditors of their independence, competence and execution of the audit plan. SGV had reaffirmed its independence from PMPC and its subsidiary and that they are in compliance with the relevant

ethical and professional standards. The Committee thereafter, recommended for consideration and endorsement of the Board of Directors to the stockholders, the re-engagement of SGV & Co., for PMPC and its subsidiary for fiscal year 2022.

The Audit Committee also held an annual review session with the external auditor to discuss any matters of concern on internal controls relating to its financial reporting and attestation process. Special meeting were also held to discuss new accounting standards that would have significant impact to the Company.

3. Internal Audit

- a) Reviewed and approved the annual work plan of internal audit including its charter, risk assessment model and audit planning framework. The Committee also ensures that internal audit function is independent, has adequate competent resources, and has appropriate authority to be able to effectively discharge its duties.
- b) Reviewed and discussed the reports from internal audit and other management assurance units, ensuring that Management is taking the appropriate corrective actions in a timely manner and all identified risks are reviewed in accordance with the Risk Management Committee. The Committee also discussed Management updates on the Company's strategic plans/initiatives to enhance processes particularly on information technology, cyber security, data privacy, and other regulatory and operational risks. The Audit Committee also held periodic private session and meeting with Internal Audit to discuss any significant control and risks issues.
- c) Reviewed minutes of the meetings of different Committees of PMPC and subsidiary, to ensure that identified control weaknesses, operational risks and compliance issues are monitored and acted upon.
- d) Evaluated the performance of the Internal Audit Head. The internal audit also conducted quality self-assessment review to determine whether its activities are in accordance with Internal Standards for the Professional Practice of Internal Auditing and Code of Ethics.

4. Regulatory Compliance:

- a) Reviewed the effectiveness of the system for monitoring compliance with laws and regulations through the regular reports from the compliance officer on the results of their compliance review, updates on the outstanding regulatory issues and management actions to address the issues.
- b) Discussed the result of the post-implementation reviews of related party transactions (RPTs), ensuring that any significant issues had been appropriately addressed.

In compliance with the SEC requirement and PMPC's Corporate Governance Manual, the Audit Committee:

- The Committee also received updates on new relevant laws, accounting standards, tax rules, and other regulatory requirements.
- Reviewed annually the Audit Committee Charter to ensure that it is updated and aligned with the recent guidelines and other relevant regulations.
- Performed an annual self-assessment and reviewed its performance as against the charter. The result of the self-assessment were validated by the Compliance officer and discussed in the Corporate Governance Committee. The process confirmed a satisfactory performance of the Audit Committee.

Based on the results of the assurance activities performed by the PMPC's Internal Audit and external auditors unqualified opinion on the financial statements, the Committee assessed that the Company's systems of internal control, risk management, and governance processes is adequate and generally effective. This overall assessments states, among others, that the audit scope and coverage are sufficient, comprehensive, and risk based, that Management is aware of the responsibility for internal control, and that there is no interference with the accomplishment of audit activities and reporting of issues and other relevant information to Management, Audit Committee and the Board of Directors.



MARLON MOLANO
Chairman – Audit Committee



ATSUSHI KOZUMA
Member



ELIZABETH GILDORE
Member