The Board of Directors (the "Board") of Panasonic Manufacturing Philippines Corporation PMPC (the "Company"), acting on the recommendation of the **Nomination Committee (the "Committee")**, has adopted this Director Succession Plan Policy to assist the Board in identifying and selecting a new directors in the event of an anticipated or an unanticipated vacancy in such position.

1. **Objective of the Directive Succession Plan**

   1.1 The objective of the Directive Succession Plan is to ensure the orderly identification and selection of new directors in the event of an opening on the Board, whether such opening exists by reason of an anticipated retirement, an unanticipated departure, the expansion of the size of the Board, or otherwise.

   1.2 As provided in the Company's Corporate Governance Guidelines, new nominees for director will be selected by the Committee and finally by the board.

2. **Guidelines for Selection of New Directors**

   2.1 In evaluating prospective individuals for nomination as director, the Committee shall select individuals who:

   - Have skills and experience that can be of assistance to management in operating the Company's business,
   - Demonstrate integrity, accountability and judgement and
   - Can be expected to add to the total mix of individuals on the Board so as to give the Company a board that is effective, collegial, diverse, and responsive to the needs of the Company.
   - Knowledge of best practices in corporate governance

   2.2 Other factors that may be considered include:

   - Criteria developed by Panasonic head office in Japan
   - Policy and procedures of nominating committee
   - Experience with mid-size businesses and/or multi-national companies,

- Good track record in any of the significant positions in PMPC
- Knowledge of SEC, PSE, and BIR implementing rules and regulations
- Strong background in finance or accounting regulations i.e. Phil. Accounting Standards (PAS) & Philippine Financial Reporting Standards (PFRS)
- A record of entrepreneurial success and/or
- Qualifications of director based on SEC's Code of Corporate Governance.
- No more than 50 years old for Regular local director
- No more than 70 years old for independent director upon nomination.
- Relations or dealings with outside parties such as government agencies, business organizations is of advantage.

2.3 The Committee will ensure that, in selecting nominees, the membership of the Board shall have at least three independent directors or such number of independent directors that constitute at least one-third of the members of the Board, which is higher, but in no case less than three (3).

2.4 The independent director shall meet the criteria of independence as established by the SEC's Securities Regulation Code.

2.5 An independent director can serve for five consecutive years. After the completion of the five-year service, the independent director can be re-elected for another four years. After serving a total of nine years, the independent director is perpetually barred from re-election in the same company or conglomerate but may continue to serve the company as a non-independent director.

2.6 The non-executive director should possess qualifications and stature that would enable him/her to effectively participate in the deliberations of the Board.

2.7 In case the position of CEO and Chairman of the Board are held by one person, the appointment of lead director from independent directors is recommended. The division of responsibilities between the Chairman and CEO/President must be clearly defined and disclosed in the Board Charter.

3. **Planning and Review**

3.1 The Committee will review the status of the Board annually. It will consider whether the criteria specified in the guidelines are being met. It shall determine if there is reason to believe that one or more director positions shall become vacant within the next twelve months.

3.2 The committee will report its findings to the Board during the regular board meeting.

4. **Procedure**

4.1 If the Committee anticipates that a director position shall become vacant within the next twelve months (whether by reason of an announced intent to retire or otherwise), or if a director position shall suddenly become vacant (whether by death or otherwise), the Committee shall as soon as reasonably practicable recommend to the Board nominees for the election of a director.

4.2 When identifying potential candidates for nomination as director, the Committee may consult whatever sources it deems appropriate, including, but not limited to, directive from Panasonic Corp. head office in Japan, referrals from existing directors or officers, recommendations from a third-party search firm, or suggestions from stockholders.

4.3 With respect to the suggestion of nominees by stockholders, the Board and the Committee believe that the publicly available procedure for stockholders to suggest Director Nominees, adopted by the Board provide optimal procedures relating to the suggestion of candidates by stockholders.

4.4 The Committee shall have the authority to retain whatever advisors (including attorneys and executive search firms) it believes appropriate in its efforts to identify and evaluate potential qualified nominees.

5. Assessment of Candidates

5.1 The Committee shall make an initial assessment of each candidate. It shall select from the pool of one or more candidates for an initial interview by one or more members of the Committee.

5.2 No candidate shall be elected for submission to the Board without such candidate having been interviewed by all members of the Committee.

5.3 When the Committee identifies an individual that it believes meet the criteria set forth hereof and should be elected director, it will submit to the Corporate Governance Committee for confirmation prior to notification to the rest of the non-Committee members of the Board for interview.

6. Emergency Succession.

6.1 If a director slot should suddenly become vacant by reason of death or other unanticipated occurrence, the Committee shall immediately convene a special meeting as soon as possible to implement the process described herein.

6.2 The SEC and/or PSE shall be prospectively informed on such matter in accordance with the requirements of the said regulatory agencies.

7. Communication of Policy

This policy shall be posted on the Company's website.

Note: Originally prepared by Andrei Tibi (Internal Auditor)

Revised/updated by:

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Approved by:

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Marlon Molano
Independent Director

Atty. Justina Callangan
Independent Director

Miguel Castro
Independent Director

Date Signing: