# COVER SHEET

FOR

## INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

SEC Registration Number

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Company Name

PANASONIC MANUFACTURING PHILIPPINES CORPORATION AND SUBSIDIARY

Principal Office (No./Street/Barangay/City/Town/Province)

Ortigas Avenue Extension, Barrio Mapandan, Barangay San Isidro, Taytay, Rizal

| Form Type | Department requiring the report | Secondary License Type, If Applicable |
|---|---|---|
| IACGR | | N/A |

## COMPANY INFORMATION

| Company's Email Address | Company's Telephone Number/s | Mobile Number |
|---|---|---|
| www.panasonic.com/ph | 635-2260 to 65 | N/A |

| No. of Stockholders | Annual Meeting Month/Day | Fiscal Year Month/Day |
|---|---|---|
| 444 | 3rd Friday of June | March 31 |

## CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

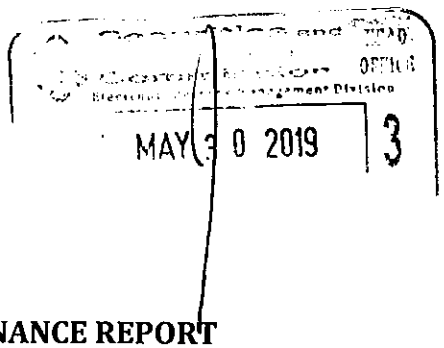
| Name of Contact Person | Email Address | Telephone Number/s | Mobile Number |
|---|---|---|---|
| Julieta Beltran | julieta.beltran@ph.panasonic.com | 635-2260 to 65 | (+63) 0917 584 4500 |

Contact Person's Address

Ortigas Avenue Extension, San Isidro, Taytay, Rizal

**Note:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

Securities and Exchange Commission
PHILIPPINES




# SEC FORM – I-ACGR

## INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended: **March 31, 2019**

2. SEC Identification Number : **23022** 3. BIR Tax Identification No.: **000-099-692-000**

4. Exact name of issuer as specified in its charter: **PANASONIC MANUFACTURING PHILIPPINES CORPORATION (PMPC).**

5. **PASAY CITY, METRO MANILA, PHILIPPINES**
Province, Country or other jurisdiction of incorporation or organization

6. [ ] (SEC Use Only)
Industry Classification Code:

7. **Panasonic Compound, Ortigas Extension Avenue, Barangay Mapandan, Taytay, Rizal** **1920**
Address of principal office Postal Code

8. **635-2260**
Issuer's telephone number, including area code

9.
Former name, former address, and former fiscal year, if changed since last report.

| INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT | | | |
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| | COMPLIANT/ NON-COMPLIANT | ADDITIONAL INFORMATION | EXPLANATION |
| **The Board's Governance Responsibilities** | | | |
| **Principle 1:** The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders. | | | |
| **Recommendation 1.1** | | | |
| 1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector. | Compliant | Provide information or link/reference to a document containing information on the following:<br><br>1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors<br>2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance | SEC Form 20-IS (p. 6, 7, 8 & 9) |
| 2. Board has an appropriate mix of competence and expertise. | Compliant | | SEC Form 20-IS (p. 6, 7, 8 & 9), Board Diversity Policy |
| 3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization. | Compliant | | Criteria for selection of candidates for membership of the board of directors Policy and Nomination and Election Policy. |
| **Recommendation 1.2** | | | |
| 1. Board is composed of a majority of non-executive directors. | Compliant | Identify or provide link/reference to a document identifying the directors and the type of their directorships | Annual Report. 55.6% of the board is non-executive director. Annual Report |
| **Recommendation 1.3** | | | |
| 1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors. | Compliant | Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors. | PMPC's Board Charter (p.15) and Manual on Corporate Governance (p.34) |

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| 2. Company has an orientation program for first time directors. | Compliant | Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered. | Corporate Seminar Certificate of Attendance, PMPC's Board Charter (p.15) and Manual on Corporate Governance (p. 34) |
| 3. Company has relevant annual continuing training for all directors. | Compliant | | Corporate Seminar Certificate of Attendance, PMPC's Board Charter (p.15) and Manual on Corporate Governance (p. 34) |
| **Recommendation 1.4** | | | |
| 1. Board has a policy on board diversity. | Compliant | Provide information on or link/reference to a document containing information on the company's board diversity policy.<br><br>Indicate gender composition of the board. | PMPC Board Diversity Policy.<br><br>17-A (p. 23). The Board has female independent director board member. |
| **Optional: Recommendation 1.4** | | | |
| 1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives. | | Provide information on or link/reference to a document containing the company's policy and measureable objectives for implementing board diversity.<br><br>Provide link or reference to a progress report in achieving its objectives. | |
| **Recommendation 1.5** | | | |
| 1. Board is assisted by a Corporate Secretary. | Compliant | Provide information on or link/reference to a document containing information on the Corporate Secretary, including | The Board is always assisted by the Corporate Secretary. Annual Report |
| 2. Corporate Secretary is a separate individual from the Compliance Officer. | Compliant | | Annual Report |

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| 3. Corporate Secretary is not a member of the Board of Directors. | Compliant | his/her name, qualifications, duties and functions. | SEC Form 17-A (p. 23) |
| 4. Corporate Secretary attends training/s on corporate governance. | Compliant | Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered | Corporate Governance Certificate of Attendance |
| **Optional: Recommendation 1.5** | | | |
| 1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting. | Compliant | Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting | The corporate secretary distributes the material for board meeting through email 5 days before the meeting. |
| **Recommendation 1.6** | | | |
| 1. Board is assisted by a Compliance Officer. | Compliant | Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions. | |
| 2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation. | Compliant | | |
| 3. Compliance Officer is not a member of the board. | Compliant | | |
| 4. Compliance Officer attends training/s on corporate governance. | Compliant | Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered | |
| **Principle 2:** The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders. | | | |
| **Recommendation 2.1** | | | |

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| 1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company. | Compliant | Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting) | Minutes of the Meeting |
| **Recommendation 2.2** | | | |
| 1. Board oversees the development, review and approval of the company's business objectives and strategy. | Compliant | Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting)<br><br>Indicate frequency of review of business objectives and strategy | Monthly review by the board of monthly financial and operating performance. The annual report is approved by the board. |
| 2. Board oversees and monitors the implementation of the company's business objectives and strategy. | Compliant | | Monthly review by the board of monthly financial and operating performance. The annual report is approved by the board. |
| **Supplement to Recommendation 2.2** | | | |
| 1. Board has a clearly defined and updated vision, mission and core values. | Compliant | Indicate or provide link/reference to a document containing the company's vision, mission and core values.<br><br>Indicate frequency of review of the vision, mission and core values. | PMPC has General Principle and Creeds, Code of Conduct and Code of Ethics in place. The Board annually reviews the company's vision and mission if it remains consistent with the company's objectives and Corporate Charter. |
| 2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture. | Compliant | Provide information on or link/reference to a document containing information on the strategy execution process. | Preparation and monitoring of Business Plan by Executive Management. Review of actual monthly performance and forecasts for the succeeding quarters. |
| **Recommendation 2.3** | | | |
| 1. Board is headed by a competent and qualified Chairperson. | Compliant | Provide information or reference to a document containing information | SEC Form 17-A (p. 23), 20-IS (p. 7) |

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| | | on the Chairperson, including his/her name and qualifications | |
| **Recommendation 2.4** | | | |
| 1. Board ensures and adopts an effective succession planning program for directors, key officers and management. | Compliant | Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation | Board Succession Plan Policy and Procedures |
| 2. Board adopts a policy on the retirement for directors and key officers. | Compliant | | Remuneration Policy Directors |
| **Recommendation 2.5** | | | |
| 1. Board aligns the remuneration of key officers and board members with long-term interests of the company. | Compliant | Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance. | Remuneration Policy Directors |
| 2. Board adopts a policy specifying the relationship between remuneration and performance. | Compliant | | Remuneration Policy Directors |
| 3. Directors do not participate in discussions or deliberations involving his/her own remuneration. | Compliant | | Board Charter (p.14) and Manual on Corporate Governance (p.9), Compensation and Remuneration Charter (p. 2) |
| **Optional: Recommendation 2.5** | | | |
| 1. Board approves the remuneration of senior executives. | Compliant | Provide proof of board approval | PMPC By-Laws, Board Charter (p.6) |
| 2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses. | | Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company. | |

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| **Recommendation 2.6** | | | |
| 1. Board has a formal and transparent board nomination and election policy. | Compliant | Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders.<br><br>Provide proof if minority shareholders have a right to nominate candidates to the board<br><br>Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director. | PMPC board nomination and election policy ad procedures. |
| 2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance. | Compliant | | PMPC Manual on Corporate Governance (p.5), Nomination and Election Policy |
| 3. Board nomination and election policy includes how the company accepted nominations from minority shareholders. | Compliant | | Nomination and Election Policy (p.1) |
| 4. Board nomination and election policy includes how the board shortlists candidates. | Compliant | | Nomination and Election Policy (p. 1) |
| 5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director. | Complaint | | Nomination and Election Policy |
| 6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company. | Compliant | | Nomination and Election Policy (Appendix), PMPC Criteria For Selection Of Candidates For Membership On The Board Of Directors Policy |
| **Optional: Recommendation to 2.6** | | | |
| 1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors. | | Identify the professional search firm used or other external sources of candidates | |

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| **Recommendation 2.7** | | | |
| 1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions. | Compliant | Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs<br><br>Identify transactions that were approved pursuant to the policy. | PMPC Related Party Transaction Policy. |
| 2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions. | Compliant | | Related Party Transaction Policy (p. 5) |
| 3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations. | Compliant | | PMPC Related Party Transaction Policy (p.3-4) |
| **Supplement to Recommendations 2.7** | | | |
| 1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered *de minimis* or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval. | Compliant | Provide information on a materiality threshold for RPT disclosure and approval, if any.<br><br>Provide information on RPT categories | PMPC Related Party Transaction Policy |
| 2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings. | Compliant | Provide information on voting system, if any. | PMPC Nomination and Election Policy (p. 3) |

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| **Recommendation 2.8** | | | |
| 1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive). | Compliant | Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management.<br><br>Identity the Management team appointed | The Board Charter (p. 6), Manual on Corporate Governance (p. 8) |
| 2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive). | Compliant | Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.<br><br>Provide information on the assessment process and indicate frequency of assessment of performance. | The Board Charter (p. 6), Manual on Corporate Governance (p. 8) |
| **Recommendation 2.9** | | | |
| 1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management. | Compliant | Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel. | Management Framework is based on Strategic Key Performance Indicators (KPI) for management. |
| 2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management. | Compliant | | PMPC uses Panasonic Human Resource Global Performance Planning and Development Plan. |
| **Recommendation 2.10** | | | |

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| 1. Board oversees that an appropriate internal control system is in place. | Compliant | Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system | Board Charter (p. 7), PMPC manual on Corporate Governance (p. 6) |
| 2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders. | Compliant | | Conflict of interest Policy, Conflict of Interest for Senior Management and Board of Directors, Related Party Transaction policy. |
| 3. Board approves the Internal Audit Charter. | Compliant | Provide reference or link to the company's Internal Audit Charter | Manual on Corporate Governance (p. 10), Board Charter (p. 9), Audit Committee Charter (p. 4) |
| **Recommendation 2.11** | | | |
| 1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks. | Compliant | Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.<br><br>Provide proof of effectiveness of risk management strategies, if any. | Manual on Corporate Governance (p. 4), PMPC Risk Management Oversight Committee Charter |
| 2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. | Compliant | | PMPC Risk Management Oversight Committee Charter, PMPC Risk Management Framework Policy |
| **Recommendation 2.12** | | | |
| 1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role. | Compliant | Provide link to the company's website where the Board Charter is disclosed. | PMPC Board Charter |
| 2. Board Charter serves as a guide to the directors in the performance of their functions. | Compliant | | PMPC Board Charter |

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| 3. Board Charter is publicly available and posted on the company's website. | Compliant | | PMPC website |
| **Additional Recommendation to Principle 2** | | | |
| 1. Board has a clear insider trading policy. | Compliant | Provide information on or link/reference to a document showing company's insider trading policy. | PMPC Insider Trading Policy |
| **Optional: Principle 2** | | | |
| 1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates. | | Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any. | |
| 2. Company discloses the types of decision requiring board of directors' approval. | Compliant | Indicate the types of decision requiring board of directors' approval and where there are disclosed. | PMPC Board Charter (Annex 1) |
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| **Principle 3:** Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter. | | | |
| **Recommendation 3.1** | | | |
| 1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities. | Compliant | Provide information or link/reference to a document containing information on all the board committees established by the company. | Board Committees Policy |
| **Recommendation 3.2** | | | |
| 1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal | Compliant | Provide information or link/reference to a document containing | Audit Committee Charter, Annual Report, 20-IS (p.10) |

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| control system, internal and external audit processes, and compliance with applicable laws and regulations. | | information on the Audit Committee, including its functions.<br><br>Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor. | |
| 2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent. | Compliant | Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship. | Annual Report. 20-IS (p.10), One member of the committee is an executive director. |
| 3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. | Compliant | Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee. | Annual Report Director information, 20-IS (p. 8) |
| 4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee. | Non-compliant | Provide information or link/reference to a document containing information on the Chairman of the Audit Committee | The Chairman of the Audit Committee is also the Chairman of Corporate Governance Committee in FY 2018.<br>Annual Report Director information, 20-IS (p. 8) |
| **Supplement to Recommendation 3.2** | | | |
| 1. Audit Committee approves all non-audit services conducted by the external auditor. | Compliant | Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor. | Audit Committee Charter (p.5)<br>Manual on Corporate Governance (p.10) |

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| 2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present. | Compliant | Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present. | Minutes of the meeting with SGV on audit issues and financial statements audit.<br>Manual on Corporate Governance p.17 |
| **Optional: Recommendation 3.2** | | | |
| 1. Audit Committee meet at least four times during the year. | Compliant | Indicate the number of Audit Committee meetings during the year and provide proof | 6 times a year |
| 2. Audit Committee approves the appointment and removal of the internal auditor. | Compliant | Provide proof that the Audit Committee approved the appointment and removal of the internal auditor. | Audit Committee Charter (p.3).<br>Manual on Corporate Governance, Internal Audit charter |
| **Recommendation 3.3** | | | |
| 1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. | Compliant | Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions<br><br>Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable. | 20-IS (p. 10), Corporate Governance Committee Charter |
| 2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors. | Non-compliant | Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship. | 20-IS (p. 10), In Fiscal Year 2018 only two independent directors are members of Corporate Governance Committee. PMPC board is yet to appoint another independent to comply with the |

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| | | | minimum three requirement rule on independent directors. |
| 3. Chairman of the Corporate Governance Committee is an independent director. | Compliant | Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee. | 20-IS (p. 10), The Chairman of the Corporate Governance Committee is an independent director. |
| **Optional: Recommendation 3.3.** | | | |
| 1. Corporate Governance Committee meet at least twice during the year. | Compliant | Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof. | The Committee met 6 times in fiscal year 2018. |
| **Recommendation 3.4** | | | |
| 1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness. | Compliant | Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions | 20-IS (p.10), Board Risk Management Committee Charter. |
| 2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman. | Compliant | Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship | 20-IS (p.10), Board Risk Management Committee Charter. Majority of the members are independent directors. |
| 3. The Chairman of the BROC is not the Chairman of the Board or of any other committee. | Non-compliant | Provide information or link/reference to a document containing information on the Chairman of the BROC | 20-IS (p.10) |
| 4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management. | Compliant | Provide information or link/reference to a document containing information on the background, | Only in-house risk management seminars were provided to BROC members. Online e-learning of |

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| | | skills, and/or experience of the members of the BROC. | executive directors is being conducted. |
| **Recommendation 3.5** | | | |
| 1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company. | Compliant | Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions. | Related Party Transaction Committee. |
| 2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman. | Compliant | Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship. | RPT Committee is compose of two independent directors. However, the third member is an executive director because PMPC Board is yet to appoint another independent director. |
| **Recommendation 3.6** | | | |
| 1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information. | Compliant | Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes. | Board Committee Charters. The memberships, structures, operations, reporting process, resources and other relevant information are all included in the charter of respective committee |
| 2. Committee Charters provide standards for evaluating the performance of the Committees. | Compliant | | Board Committee Charters |
| 3. Committee Charters were fully disclosed on the company's website. | Compliant | Provide link to company's website where the Committee Charters are disclosed. | Committee Charters are fully disclosed on the company's website. |

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| **Principle 4:** To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business. | | | |
| **Recommendation 4.1** | | | |
| 1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission. | Compliant | Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.<br><br>Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings. | Annual Minutes of the Stockholders' Meeting |
| 2. The directors review meeting materials for all Board and Committee meetings. | Compliant | | |
| 3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings. | Compliant | Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors | Annual Minutes of the Stockholders' Meeting |
| **Recommendation 4.2** | | | |
| 1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company. | Compliant | Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.<br><br>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies | Board Charter (p. 15) Manual on Corporate governance (p.16) |

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| **Recommendation 4.3** | | | |
| 1. The directors notify the company's board before accepting a directorship in another company. | Compliant | Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed. | Manual on corporate governance (p.17) |
| **Optional: Principle 4** | | | |
| 1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group. | | | |
| 2. Company schedules board of directors' meetings before the start of the financial year. | Compliant | | PMPC prepares the annual schedule of board meetings |
| 3. Board of directors meet at least six times during the year. | Compliant | Indicate the number of board meetings during the year and provide proof | Six times regular plus special meetings |
| 4. Company requires as minimum quorum of at least 2/3 for board decisions. | Compliant | Indicate the required minimum quorum for board decisions | By-laws, Board Charter (p. 8) |
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| **Principle 5:** The board should endeavor to exercise an objective and independent judgment on all corporate affairs | | | |
| **Recommendation 5.1** | | | |
| 1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher. | Non-compliant | Provide information or link/reference to a document containing information on the number of independent directors in the board | PMPC Board is yet to appoint another independent director in Fiscal Year 2018 to comply with the three (3) minimum independent directors of SEC's Code of Corporate Governance. |
| **Recommendation 5.2** | | | |

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| 1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions. | Compliant | Provide information or link/reference to a document containing information on the qualifications of the independent directors. | Annual Report (p. 25), 20-IS ( p. 8) |
| **Supplement to Recommendation 5.2** | | | |
| 1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently. | Compliant | Provide link/reference to a document containing information that directors are not constrained to vote independently. | There are no constraint on the ability of directors' to vote independently in PMPC. However, the aforementioned provision is not written in any of PMPC's governance policies. PMPC to adopt this provision. |
| **Recommendation 5.3** | | | |
| 1. The independent directors serve for a cumulative term of nine years (reckoned from 2012). | Compliant | Provide information or link/reference to a document showing the years IDs have served as such. | Annual Report, Board Charter (p. 12) and Manual on Corp. Govt. (p. 20) |
| 2. The company bars an independent director from serving in such capacity after the term limit of nine years. | Compliant | Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director | Board Charter (p. 12) and Manual on Corp. Govt. (p. 20) |
| 3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting. | Compliant | Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting. | Board Charter (p. 12) and Manual on Corp. Govt. (p. 20) |
| **Recommendation 5.4** | | | |
| 1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals. | Non-compliant | Identify the company's Chairman of the Board and Chief Executive Officer | The Board in fiscal year 2019 intends to assign a lead director from the ranks of independent |

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| | | | directors to strengthen to PMPC's governance process. |
| 2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities. | Compliant | Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.<br><br>Identify the relationship of Chairman and CEO. | Board Charter (p. 4) and Manual on Corporate Governance (p.20 & 21) |
| **Recommendation 5.5** | | | |
| 1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors. | Non-compliant | Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.<br><br>Indicate if Chairman is independent. | The Chairman of the Board is not an Independent Director. However, the Board is considering to appoint a lead director to improve board governance process. |
| **Recommendation 5.6** | | | |
| 1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction. | Compliant | Provide proof of abstention, if this was the case. | Board charter (p. 13), manual on corporate governance (p. 29), conflict of interest policy |
| **Recommendation 5.7** | | | |
| 1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present. | Compliant | Provide proof and details of said meeting, if any.<br><br>Provide information on the frequency and attendees of meetings. | Annually NEDs have separate meeting with External Auditors without executive management present. |

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| 2. The meetings are chaired by the lead independent director. | Compliant | | The meeting with Independent Auditors is headed by the Audit Committee Chairman. |
| **Optional: Principle 5** | | | |
| 1. None of the directors is a former CEO of the company in the past 2 years. | | Provide name/s of company CEO for the past 2 years | |
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| **Principle 6:** The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies. | | | |
| **Recommendation 6.1** | | | |
| 1. Board conducts an annual self-assessment of its performance as a whole. | Compliant | Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees | Board Assessment Policy and Procedures |
| 2. The Chairman conducts a self-assessment of his performance. | Compliant | | Board Assessment Policy and Procedures |
| 3. The individual members conduct a self-assessment of their performance. | Compliant | | Board Assessment Policy and Procedures |
| 4. Each committee conducts a self-assessment of its performance. | Compliant | | Board Assessment Policy and Procedures |
| 5. Every three years, the assessments are supported by an external facilitator. | Non-compliant | Identify the external facilitator and provide proof of use of an external facilitator. | No external facilitator is hired to facilitate the assessment of the Board. However, the parent company in Head Office in Japan conducts the performance assessment of the board. The Audit Committee shall suggest to the board to use external facilitator to assess board performance. |
| **Recommendation 6.2** | | | |
| 1. Board has in place a system that provides, at the minimum, criteria and process to | Compliant | Provide information or link/reference to a document containing | Board Assessment Policy and Procedures |

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| determine the performance of the Board, individual directors and committees. | | information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders | |
| 2. The system allows for a feedback mechanism from the shareholders. | Compliant | | Board Assessment Policy and Procedures |
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| **Principle 7:** Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders. | | | |
| **Recommendation 7.1** | | | |
| 1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company. | Compliant | Provide information on or link/reference to the company's Code of Business Conduct and Ethics. | PMPC Code of Ethics and Business Conduct |
| 2. The Code is properly disseminated to the Board, senior management and employees. | Compliant | Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees. | E-learning is among the communication tool to disseminate the Company's Code of Ethics and business conduct. |
| 3. The Code is disclosed and made available to the public through the company website. | Compliant | Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed. | Panasonic Website. |
| **Supplement to Recommendation 7.1** | | | |
| 1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes. | Compliant | Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery | Fraud Statement Policy, Clean Business Dealings, and Anti-fraud Program. |
| **Recommendation 7.2** | | | |

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| 1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics. | Compliant | Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.<br><br>Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance. | PMPC Compliance Program policy and PMPC Anti-Fraud Program. |
| 2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies. | Compliant | | PMPC Compliance Program policy and PMPC Anti-Fraud Program. The Board, Executive Management and employees all are required to comply with Business conduct and ethics. |
| **Disclosure and Transparency** | | | |
| **Principle 8:** The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations. | | | |
| **Recommendation 8.1** | | | |
| 1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations. | Compliant | Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders | PMPC Disclosure Rules Policy and Investor Relation Policy and Procedures. |
| **Supplement to Recommendations 8.1** | | | |
| 1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period. | Compliant | Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively. | Consolidated financial statements are published within ninety (90) days. Also, the report is published prior to annual stockholders' meeting. |
| 2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; | Compliant | Provide link or reference to the company's annual report where the following are disclosed: | 20-IS (p. 21) Annual Report (p. 27) |

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| cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company. | | 1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders;<br>2. cross-holdings among company affiliates; and<br>3. any imbalances between the controlling shareholders' voting power and overall equity position in the company. | |
| **Recommendation 8.2** | | | |
| 1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days. | Compliant | Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.<br><br>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction. | Board Charter (p. 14) and Manual on Corporate Governance (p. 28) |
| 2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days. | Compliant | | Board Charter (p. 14) and Manual on Corporate Governance (p. 28). |
| **Supplement to Recommendation 8.2** | | | |
| 1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program). | Compliant | Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders.<br><br>Provide link or reference to the company's Conglomerate Map. | 20-IS (p.5, 21) |
| **Recommendation 8.3** | | | |

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| 1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment. | Compliant | Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended. | 20- IS (p. 7, 8), Annual Report |
| 2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment. | Compliant | Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended. | 20- IS (p. 9), Annual Report |
| **Recommendation 8.4** | | | |
| 1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same. | Compliant | Disclose or provide link/reference to the company policy and practice for setting board remuneration | PMPC Remuneration Director Policy |
| 2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same. | Compliant | Disclose or provide link/reference to the company policy and practice for determining executive remuneration | PMPC Remuneration Director Policy |
| 3. Company discloses the remuneration on an individual basis, including termination and retirement provisions. | Non-Compliant | Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO. | 20-IS (p. 11). The compensation of Directors and Executive Management is disclosed on aggregate amount only due to security reason. |
| **Recommendation 8.5** | | | |
| 1. Company discloses its policies governing Related Party Transactions (RPTs) and other | Compliant | Disclose or provide reference/link to company's RPT policies | Related Party Transaction Policy and conflict of interest polices. |

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| unusual or infrequently occurring transactions in their Manual on Corporate Governance. | | Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction. | Board Charter (p. 14) and Manual on Corporate Governance (p. 28) |
| 2. Company discloses material or significant RPTs reviewed and approved during the year. | Compliant | Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:<br>1. name of the related counterparty;<br>2. relationship with the party;<br>3. transaction date;<br>4. type/nature of transaction;<br>5. amount or contract price;<br>6. terms of the transaction;<br>7. rationale for entering into the transaction;<br>8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and<br>9. other terms and conditions | Notes to Audited Financial Statement or Annual Report. Related Party Transaction Policy. |
| **Supplement to Recommendation 8.5** | | | |
| 1. Company requires directors to disclose their interests in transactions or any other conflict of interests. | Compliant | Indicate where and when directors disclose their interests in transactions or any other conflict of interests. | Related Transaction Policy, Conflict of Interest for Officer & Directors Policy (p. 3), Board Charter (p. 14) and Manual on Corporate Governance (p. 28) |
| **Optional : Recommendation 8.5** | | | |

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| 1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length. | Compliant | Provide link or reference where this is disclosed, if any | Notes to Audited Financial Statement |
| **Recommendation 8.6** | | | |
| 1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. | Compliant | Provide link or reference where this is disclosed | Disclosure Rule Policy and Investor Relation Policy.<br>20-IS (p. 13) |
| 2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets. | Compliant | Identify independent party appointed to evaluate the fairness of the transaction price<br><br>Disclose the rules and procedures for evaluating the fairness of the transaction price, if any. | The company uses third party service provider or consultant to evaluate/ appraise the value of Company's property plant and equipment |
| **Supplement to Recommendation 8.6** | | | |
| 1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company. | Compliant | Provide link or reference where these are disclosed. | SEC 17-A, 20-IS, GIS |
| **Recommendation 8.7** | | | |
| 1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG). | Compliant | Provide link to the company's website where the Manual on Corporate Governance is posted. | PMPC Manual on Corporate Governance. Website. |
| 2. Company's MCG is submitted to the SEC and PSE. | Compliant | | Submitted to SEC & PSE |

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| 3. Company's MCG is posted on its company website. | Compliant | | PMPC Website |
| **Supplement to Recommendation 8.7** | | | |
| 1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices. | Compliant | Provide proof of submission. | Changes in any provision of manual on corporate governance, if any is reported to SEC & PSE. |
| **Optional: Principle 8** | | | |
| 1. Does the company's Annual Report disclose the following information: | | Provide link or reference to the company's Annual Report containing the said information. | |
| a. Corporate Objectives | Compliant | | 17-A (p. 5) |
| b. Financial performance indicators | Compliant | | 17-A (p. 15) |
| c. Non-financial performance indicators | Compliant | | 17-A annual report |
| d. Dividend Policy | Compliant | | 17-A (p. 13) |
| e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors | Compliant | | 17-A (p. 23) |
| f. Attendance details of each director in all directors meetings held during the year | Compliant | | Board Meeting Attendance of Directors were disclosed annually on PMPC's Annual Corporate Governance Report and annual report. |
| g. Total remuneration of each member of the board of directors | Compliant | | 17-A (p. 26) |

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| 2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue. | Compliant | Provide link or reference to where this is contained in the Annual Report | 20-IS (p. 35) |
| 3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems. | Compliant | Provide link or reference to where this is contained in the Annual Report | Audit Committee Report to Board of Directors. |
| 4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems. | Compliant | Provide link or reference to where this is contained in the Annual Report | Audit Committee Report to Board of Directors. |
| 5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic). | Compliant | Provide link or reference to where these are contained in the Annual Report | 17-A (p. 10) |
| **Principle 9:** The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality. | | | |
| **Recommendation 9.1** | | | |
| 1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors. | Compliant | Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor. | PMPC Assessment of Suitability and Independence of External Auditor Policy and Procedures. |

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| 2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders. | Compliant | Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor. | Board Committee Charter (p. 9), Audit Committee Charter, Manual on Corporate Governance (p. 22) |
| 3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures. | Compliant | Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor. | Disclosure Rule Policy (p. 31) Manual on Corporate Governance |
| **Supplement to Recommendation 9.1** | | | |
| 1. Company has a policy of rotating the lead audit partner every five years. | Compliant | Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years. | PMPC Assessment of Suitability and Independence of External Auditor Policy and Procedures (p. 4). PMPC External Auditor Policy and Procedures (p. 2). |
| **Recommendation 9.2** | | | |
| 1. Audit Committee Charter includes the Audit Committee's responsibility on:<br>i. assessing the integrity and independence of external auditors;<br>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and<br>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. | Compliant | Provide link/reference to the company's Audit Committee Charter | Audit Committee Charter (p. 4). PMPC Assessment of Suitability and Independence of External Auditor Policy and Procedures. |

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| 2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis. | Compliant | Provide link/reference to the company's Audit Committee Charter | Audit Committee Charter (p. 4) and Assessment of Suitability and Independence of External Auditor Policy and Procedures |
| **Supplement to Recommendations 9.2** | | | |
| 1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions. | Compliant | Provide link/reference to the company's Audit Committee Charter | Audit Committee Charter (p. 4) and PMPC Assessment of Suitability and Independence of External Auditor Policy and Procedures |
| 2. Audit Committee ensures that the external auditor has adequate quality control procedures. | Compliant | Provide link/reference to the company's Audit Committee Charter | Audit Committee Charter and PMPC Assessment of Suitability and Independence of External Auditor Policy and Procedures |
| **Recommendation 9.3** | | | |
| 1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest. | Compliant | Disclose the nature of non-audit services performed by the external auditor, if any. | 17-A (p. 23) |
| 2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity. | Compliant | Provide link or reference to guidelines or policies on non-audit services | PMPC Assessment of Suitability and Independence of External Auditor Policy and Procedures PMPC Assessment of Suitability and Independence of External Auditor Policy and Procedures |
| **Supplement to Recommendation 9.3** | | | |
| 1. Fees paid for non-audit services do not outweigh the fees paid for audit services. | Compliant | Provide information on audit and non-audit fees paid. | 17-A (p. 23) |

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| **Additional Recommendation to Principle 9** | | | |
| 1. Company's external auditor is duly accredited by the SEC under Group A category. | Compliant | Provide information on company's external auditor, such as:<br>1. Name of the audit engagement partner;<br>2. Accreditation number;<br>3. Date Accredited;<br>4. Expiry date of accreditation; and<br>5. Name, address, contact number of the audit firm. | Annual Report. |
| 2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA). | Compliant | Provide information on the following:<br>1. Date it was subjected to SOAR inspection, if subjected;<br>2. Name of the Audit firm; and<br>3. Members of the engagement team inspected by the SEC. | SGV is subject to SEC's Oversight Assurance Review. |
| **Principle 10:** The company should ensure that the material and reportable non-financial and sustainability issues are disclosed. | | | |
| **Recommendation 10.1** | | | |
| 1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability. | Compliant | Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues. | The company discloses in its annual report its policies on EESG. However, the written policy is yet to be formalized. |
| 2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues. | Non-compliant | Provide link to Sustainability Report, if any. Disclose the standards used. | Refer to annual report on sustainability report. No standard or framework has been used for |

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| | | | disclosing EESG. The company shall adopt the Global Reporting Initiatives (GRI) to disclose its EESG in FY 2019. |
| **Principle 11:** The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users. | | | |
| **Recommendation 11.1** | | | |
| 1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors. | Compliant | Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any. | Investor Relation Policy and Disclosure Rule Policy and Procedures. (i.e., website, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). |
| **Supplemental to Principle 11** | | | |
| 1. Company has a website disclosing up-to-date information on the following: | | Provide link to company website | Panasonic Philippines website |
| a. Financial statements/reports (latest quarterly) | Compliant | | Panasonic Philippines website |
| b. Materials provided in briefings to analysts and media | Compliant | | Panasonic Philippines website |
| c. Downloadable annual report | Compliant | | Panasonic Philippines website |
| d. Notice of ASM and/or SSM | Compliant | | Panasonic Philippines website |
| e. Minutes of ASM and/or SSM | Compliant | | Panasonic Philippines website |
| f. Company's Articles of Incorporation and By-Laws | Compliant | | Panasonic Philippines website |

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| **Additional Recommendation to Principle 11** | | | |
| 1. Company complies with SEC-prescribed website template. | Compliant | | The Company's website is not the same with the prescribed format of SEC. However, all the required information are included therein. |
| **Internal Control System and Risk Management Framework** | | | |
| **Principle 12:** To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework. | | | |
| **Recommendation 12.1** | | | |
| 1. Company has an adequate and effective internal control system in the conduct of its business. | Compliant | List quality service programs for the internal audit functions.<br><br>Indicate frequency of review of the internal control system | Annual preparation and review of SOX Self-Assessment Check Sheets (internal control over financial reporting) |
| 2. Company has an adequate and effective enterprise risk management framework in the conduct of its business. | Compliant | Identify international framework used for Enterprise Risk Management<br><br>Provide information or reference to a document containing information on:<br><br>1. Company's risk management procedures and processes<br>2. Key risks the company is currently facing<br>3. How the company manages the key risks<br><br>Indicate frequency of review of the enterprise risk management framework. | PMPC uses and annually review the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Risk Management Framework. Risk Management Framework Policy. 17-A (p. 10) |
| **Supplement to Recommendations 12.1** | | | |

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| 1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances. | Compliant | Provide information on or link/ reference to a document containing the company's compliance program covering compliance with laws and relevant regulations.<br><br>Indicate frequency of review. | PMPC Compliance Program Policy and Procedures. Review is conducted annually. |
| **Optional: Recommendation 12.1** | | | |
| 1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board. | Compliant | Provide information on IT governance process | IT Disaster Recovery Plan Policy, Business Continuity Management (BCM) Policy. |
| **Recommendation 12.2** | | | |
| 1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations. | Compliant | Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm. | 20-IS (p. 34), Internal Audit Charter. In-house Internal Audit Department. |
| **Recommendation 12.3** | | | |
| 1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board. | Compliant | Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities. | 20-IS (p. 34), Internal Audit Charter. The head of Internal Audit Department is a Certified Public Accountant (CPA) |
| 2. CAE oversees and is responsible for the internal audit activity of the organization, | Compliant | | 20-IS (p. 34), Internal Audit Charter |

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| including that portion that is outsourced to a third party service provider. | | | |
| 3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity. | Compliant | Identify qualified independent executive or senior management personnel, if applicable. | The Executive Finance Director shall oversee the internal audit activity if fully outsourced. |
| **Recommendation 12.4** | | | |
| 1. Company has a separate risk management function to identify, assess and monitor key risk exposures. | Compliant | Provide information on company's risk management function. | 20-IS (p. 33), Risk Management Committee and Risk Management Policy & Procedures |
| **Supplement to Recommendation 12.4** | | | |
| 1. Company seeks external technical support in risk management when such competence is not available internally. | Compliant | Identify source of external technical support, if any. | The provision is included in Risk Management Policy |
| **Recommendation 12.5** | | | |
| 1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM). | Compliant | Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background. | The Chief Risk Officer is Mr. Yoshiyuki Takahashi. 20-IS (p. 7) |
| 2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities. | Compliant | | Mr. Takahashi is an executive director acting as Chief Risk Officer. |
| **Additional Recommendation to Principle 12** | | | |
| 1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at | Compliant | Provide link to CEO and CAE's attestation | The Audit Committee Report to the Board of Directors includes a |

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| least annually, that a sound internal audit, control and compliance system is in place and working effectively. | | | statement that a sound internal Control and Risk Management System are in place. 17-A |
| **Cultivating a Synergic Relationship with Shareholders** | | | |
| **Principle 13:** The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights. | | | |
| **Recommendation 13.1** | | | |
| 1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance. | Compliant | Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed. | Manual on Corporate Governance (p. 26) |
| 2. Board ensures that basic shareholder rights are disclosed on the company's website. | Compliant | Provide link to company's website | PMPC website. |
| **Supplement to Recommendation 13.1** | | | |
| 1. Company's common share has one vote for one share. | Compliant | | PMPC By-Laws (p. 5) |
| 2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights. | Compliant | Provide information on all classes of shares, including their voting rights if any. | PMPC By-Laws (p. 5) |
| 3. Board has an effective, secure, and efficient voting system. | Compliant | Provide link to voting procedure. Indicate if voting is by poll or show of hands. | PMPC Nomination and Election Policy. By-laws |
| 4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders. | Compliant | Provide information on shareholder voting mechanisms such as supermajority or "majority of minority", if any. | Voting procedures is in place for minority. |
| 5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting. | Compliant | Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution) | Any shareholder is allowed to call a special shareholders' meeting based on the rights of stockholders. |

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| 6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders. | Compliant | Provide information or link/reference to the policies on treatment of minority shareholders | Manual on Corporate Governance (p. 26) |
| 7. Company has a transparent and specific dividend policy. | Compliant | Provide information on or link/reference to the company's dividend Policy.<br><br>Indicate if company declared dividends. If yes, indicate the number of days within which the dividends were paid after declaration. In case the company has offered scrip-dividends, indicate if the company paid the dividends within 60 days from declaration | Guidelines on dividend declaration and payment is in place. However, written policy is yet to be formalized and approved. Payment of dividend is within eighteen working days from record date based SEC regulation. |
| **Optional: Recommendation 13.1** | | | |
| 1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting. | Compliant | Identify the independent party that counted/validated the votes at the ASM, if any. | SGV may be appointed as Independent Party to validate the votes |
| **Recommendation 13.2** | | | |
| 1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting. | Compliant | Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out<br><br>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting. | 28 days. Stockholders' Meeting Policy and Procedures.<br>Notice of Stockholders' Meeting, SEC Form 20-IS (p. 11) |

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| | | Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS) | |
| **Supplemental to Recommendation 13.2** | | | |
| 1. Company's Notice of Annual Stockholders' Meeting contains the following information: | | Provide link or reference to the company's notice of Annual Shareholders' Meeting | Notice of Stockholders' Meeting, SEC Form 20-IS |
| a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies) | Compliant | | Notice of Stockholders' Meeting, SEC Form 20-IS |
| b. Auditors seeking appointment/re-appointment | Compliant | | Notice of Stockholders' Meeting, SEC Form 20-IS |
| c. Proxy documents | Compliant | | Notice of Stockholders' Meeting, SEC Form 20-IS |
| **Optional: Recommendation 13.2** | | | |
| 1. Company provides rationale for the agenda items for the annual stockholders meeting | Compliant | Provide link or reference to the rationale for the agenda items | Notice of Stockholders' Meeting, SEC Form 20-IS |
| **Recommendation 13.3** | | | |
| 1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. | Compliant | Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM. | PMPC Stockholders Meeting Policy and Procedures (p. 1), Minutes of Stockholders Meeting (PMPC website) |
| 2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting. | Compliant | Provide link to minutes of meeting in the company website. | PMPC uploads the minutes of the annual stockholders meeting in the company's website. |

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| | | Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.<br><br>Indicate also if the voting on resolutions was by poll.<br><br>Include whether there was opportunity to ask question and the answers given, if any | Questions by stockholders were included in the Minutes of the Meeting. |
| **Supplement to Recommendation 13.3** | | | |
| 1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM. | Compliant | Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting | SEC Form 20-IS (p. 12) |
| **Recommendation 13.4** | | | |
| 1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner. | Compliant | Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes | PMPC Alternative Dispute Resolution Policy & Procedures |
| 2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance. | Complaint | Provide link/reference to where it is found in the Manual on Corporate Governance | PMPC Manual on Corporate Governance (p. 26) |
| **Recommendation 13.5** | | | |
| 1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders. | Compliant | Disclose the contact details of the officer/office responsible for investor relations, such as:<br>1. Name of the person<br>2. Telephone number<br>3. Fax number | Mr. Marlon Molano is the company's investor relation officer in FY2018<br>Tel No. 635-2260<br>Fax 284-2292 |

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| | | 4. E-mail address | |
| 2. IRO is present at every shareholder's meeting. | Compliant | Indicate if the IRO was present during the ASM. | IRO is present during the ASM. |
| **Supplemental Recommendations to Principle 13** | | | |
| 1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group | Compliant | Provide information on how anti-takeover measures or similar devices were avoided by the board, if any. | The possibility of anti-takeover is remote. PMPC is 80% owned by the Panasonic Corporation Head Office in Japan. |
| 2. Company has at least thirty percent (30%) public float to increase liquidity in the market. | Non-compliant | Indicate the company's public float. | Due to significant investment and controlling interest of Panasonic Head Office in Japan, PMPC's free-float share is only 15.8%. |
| **Optional: Principle 13** | | | |
| 1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting | | Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM | |
| 2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting. | | Disclose the process and procedure for secure electronic voting in absentia, if any. | |
| **Duties to Stakeholders** | | | |
| **Principle 14:** The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights. | | | |
| **Recommendation 14.1** | | | |
| 1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability. | Compliant | Identify the company's shareholder and provide information or reference to a document containing information on the | Stakeholders are included in the annual report. |

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| | | company's policies and programs for its stakeholders. | |
| **Recommendation 14.2** | | | |
| 1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders. | Compliant | Identify policies and programs for the protection and fair treatment of company's stakeholders | Whistleblower policy and Investor Relation Policy, Alternative Dispute Resolution Policy |
| **Recommendation 14.3** | | | |
| 1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights. | Compliant | Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.<br><br>Provide information on whistleblowing policy, practices and procedures for stakeholders | Investor Relation officer, Whistleblower policy and Investor Relation Policy |
| **Supplement to Recommendation 14.3** | | | |
| 1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner. | Compliant | Provide information on the alternative dispute resolution system established by the company. | Alternative Dispute Resolution Policy system & procedures. |
| **Additional Recommendations to Principle 14** | | | |
| 1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company | Compliant | Disclose any requests for exemption by the company and the reason for the request. | PMPC strives to comply with all the regulation of SEC's Corporate Governance. |

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| discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation. | | | |
| 2. Company respects intellectual property rights. | Compliant | Provide specific instances, if any. | PMPC Code of Conduct. |
| **Optional: Principle 14** | | | |
| 1. Company discloses its policies and practices that address customers' welfare | | Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same. | |
| 2. Company discloses its policies and practices that address supplier/contractor selection procedures | | Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same. | |
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| **Principle 15:** A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes. | | | |
| **Recommendation 15.1** | | | |
| 1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance. | Compliant | Provide information on or link/reference to company policies, programs and procedures that encourage employee participation. | Manual on Corporate Governance (p. 27), Compliance Program, Whistleblower policy, Anti-Fraud Program Policy |
| **Supplement to Recommendation 15.1** | | | |
| 1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures. | Compliant | Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any | The Company has a reward/compensation that reward employees e.g. midyear, Christmas, appreciation bonuses, |

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| | | such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders. | annual salary increase among others. |
| 2. Company has policies and practices on health, safety and welfare of its employees. | Compliant | Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any. | EHS Policy and Procedures |
| 3. Company has policies and practices on training and development of its employees. | Compliant | Disclose and provide information on policies and practices on training and development of employees. Include information on any training conducted or attended. | Employee Training and Development Programs |
| **Recommendation 15.2** | | | |
| 1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. | Compliant | Identify or provide link/reference to the company's policies, programs and practices on anti-corruption | Fraud Policy and Procedures, Anti-Fraud Program |
| 2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture. | Compliant | Identify how the board disseminated the policy and program to employees across the organization | Fraud Policy and Procedures, Anti-Fraud Program |
| **Supplement to Recommendation 15.2** | | | |
| 1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes. | Compliant | Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices.<br><br>Include any finding of violations of the company policy. | Fraud Statement Policy & Procedures, Anti-Fraud Program |
| **Recommendation 15.3** | | | |

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| 1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation | Compliant | Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.<br><br>Indicate if the framework includes procedures to protect the employees from retaliation.<br><br>Provide contact details to report any illegal or unethical behavior. | Whistleblower Policy, Anti-Fraud Program |
| 2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. | Compliant | | Whistleblower Policy, Anti-Fraud Program |
| 3. Board supervises and ensures the enforcement of the whistleblowing framework. | Compliant | Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing. | Anti-Fraud Program, Whistleblower Policy, Manual on Corporate Governance |
| **Principle 16:** The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development. | | | |
| **Recommendation 16.1** | | | |
| 1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates. | Compliant | Provide information or reference to a document containing information on the company's community involvement and environment-related programs. | PMPC Annual Report |
| **Optional: Principle 16** | | | |

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| 1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development | | Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development. | |
| 2. Company exerts effort to interact positively with the communities in which it operates | | Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates. | |

Pursuant to the requirement of the Securities and Exchange Commission, this integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _____ on MAY 29 2019.

**MASATOSHI SASAKI**
Chairman of the Board / CEO

**EMILIANO VOLANTE**
Audit Committee Chairman / Independent Director

**Atty. MAMERTO MONDRAGON**
Corporate Secretary

**ELIZABETH GILDORE**
Independent Director

**MA. VIRGINIA AREVALO**
Compliance Officer

**SUBSCRIBED AND SWORN** to before me this MAY 29 2019 the day of May 2019, affiant(s) exhibiting to me their _____, as follows:

| | NAME / NO. | DATE OF ISSUE/ EXPIRY | PLACE OF ISSUE |
|---|---|---|---|
| 1. | Masatoshi Sasaki / Passport No. TS1137403 | July 4, 2018 | Japan |
| 2. | Emiliano Volante / Driver License No. N-1281011208 | June 20, 2022, | Marikina City |
| 3. | Elizabeth Gildore / Driver License No. D-16-89-018765 | October 19, 2013 | Pasig City |
| 4. | Atty. Mamerto Mondragon /Driver License No. DLN-1469020128 | November 09, 2017 | Pasig City |
| 5. | Maria Virginia Arevalo / Driver License No. D-16-94-100979 | June 28, 2022 | Cainta, Rizal. |

**NOTARY PUBLIC**
ATTY. CRISPINO T. PABLO, JR.
**Notary Public Until December 31, 2019**
**Commission No.18-19 / Roll No. 49638**
**PTR No. 11120447/01-03-2019/ RIZAL**
**IBP LIFETIME No. 06272 RIZAL**
**MCLE COMPLIANCE No. V-0022925**

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