

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended **March 31, 2021**
2. SEC Identification Number **23022**
3. BIR Tax Identification No. **000-099-692-0000**
4. Exact name of issuer as specified in its charter **Panasonic Manufacturing Philippines Corporation**
5. **Philippines**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **Ortigas Avenue Extension, Bo. Mapandan
Barangay San Isidro, Taytay, Rizal**
Address of principal office
- 1920**
Postal Code
8. **(632) 8635-22-60 to 65**
Issuer's telephone number, including area code
9. **Not applicable**
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
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Common shares, P1.00 par value

<u>Class A</u>	<u>84,723,432</u>
<u>Class B</u>	<u>337,994,588</u>

11. Are any or all of these securities listed on a Stock Exchange?

Yes [] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:

The Company's Common shares are listed in the Philippine Stock Exchange.

12. Check whether the issuer:

- (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [] No []

- (b) has been subject to such filing requirements for the past ninety (90) days.

Yes [] No []

13. Estimated aggregate market value of the voting stock held by non-affiliates of the issuer as of March 31, 2021 and July 06, 2021 based on stock market price amounted to about ₱560,657,261 and ₱366,195,058, respectively. The price per share used for this computation are the closing average price as of March 31, 2021 at ₱8.88 and closing rate as at July 06, 2021 at ₱5.80, respectively.

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE (5) YEARS**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Not Applicable

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly discuss them and identify the part of SEC 17-A into which the document is incorporated:

- (a) Any Annual Report to security holders: **None**
(b) Any Information Statement filed pursuant to SRC Rule 20: **None**
(c) Any prospectus filed pursuant to SRC Rule 8.1: **None**
(d) Others
- 1) Sustainability Report
 - 2) Annex A – Management’s Discussion and Analysis (President’s Report)
 - 3) Annex B – Audited Consolidated Financial Statements of the Company (with consolidated statements of financial position as at March 31, 2021 and 2020, and consolidated comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended March 31, 2021, 2020 and 2019), Statement of Management Responsibility including Supplementary Schedules and Reconciliation of Retained Earnings Available for Dividend Declaration
 - 4) Annex C – Audited Separate Financial Statements of the Parent Company (with statements of financial position as at March 31, 2021 and 2020, and comprehensive income, statements of changes in equity and statements of cash flows for the years ended March 31, 2021, 2020 and 2019) and Statement of Management Responsibility.

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PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1 - BUSINESS

BUSINESS DEVELOPMENT

Panasonic Manufacturing Philippines Corporation (the Parent Company) was incorporated in the Philippines on May 14, 1963 and is a subsidiary of Panasonic Corporation (PC or the Ultimate Parent Company) which is incorporated in Japan on December 15, 1935. The Securities and Exchange Commission (SEC) approved on March 19, 2013 the extension of Parent Company life for another fifty (50) years or until May 15, 2063. The Parent Company holds 40.0% interest in Precision Electronics Realty Corporation (PERC or the Subsidiary), over which the Parent Company has the control over the Subsidiary. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the Subsidiary and has the ability to affect those returns through its power over the Subsidiary.

On February 20, Republic Act No. 11232, otherwise known as the “Revised Corporation Code of the Philippines” or “RCC”, was signed into law. The RCC took effect on February 23, 2019. The corporate term of a corporation with certificate of incorporation issued prior to the effectivity of the RCC and which continue to exist, shall be deemed perpetual upon the effectivity of the RCC, without any action on the part of the corporation. As of February 23, 2019, the Parent Company is deemed to have selected a perpetual term.

The Parent Company is a manufacturer, importer and distributor of electronic, electrical, mechanical, electro-mechanical appliances, other types of machinery, parts and components, battery and other related products bearing the “Panasonic” brand. The Subsidiary is in the business of realty brokerage and leases out the land to the Parent Company in which the latter’s manufacturing facilities are located, and acts as an agent of any persons, firms or corporation, domestic or foreign, for and in transaction relative to the acquisition, sales, lease, mortgage, disposition of, administration and management of real state and/or improvements thereon; to acquire by purchase, lease or other lawful means, lands and interest in lands, and to own, hold, improve, use, administer and manage any real state so acquired or held by the corporation.

The Parent Company’s registered address is Ortigas Avenue Extension, Barrio Mapandan, Barangay San Isidro, Taytay, 1920, Rizal.

The Parent Company’s shares were listed at the Philippine Stock Exchange on January 21, 1983.

As of March 31, 2021, there has been no bankruptcy, receivership or similar proceeding nor any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business in the last three (3) years of the Parent Company’s and its Subsidiary’s operations (collectively referred to as the “Group”).

Moreover, please refer to the accompanying Annual Reports of the Company/President’s Report (Annex “A”).

PRODUCTS

The primary products of the Parent Company are refrigerators, air conditioners and washing machines. Other products include electric fans, freezers, imported appliances like LCD/PDP TV sets, Digital AV products (DVD/VCD mini-components, home theater systems, video and still cameras, D-Snap multi-

AV devices, etc.); communications equipment/devices (corded/cordless telephones, fax machines, PABX, etc.); office automation equipment (copiers, POS machines, Panaboard, plasma displays, LCD projectors, closed-circuit video equipment, etc.); cooling equipment (package/split-type air conditioners, air-moving equipment); and various kitchen and home appliances (rice cookers, vacuum cleaners, hair dryers/stylers, etc.).

The Group's business segments are grouped in accordance with that of Parent Company's (PC) lines of business, which are grouped on product basis follow: GCMS (Global Consumer Marketing Sector), SNC (System Network and Communication) and others. Under this structure, each business domain will integrate its research and development, manufacturing and sales, thereby establishing an autonomous structure that expedites business operations to accelerate growth.

Products under each business segment are as follows:

Consumer - This segment includes audio, video primarily related to selling products for media and entertainment industry. This also includes home appliance and household equipment primarily related to selling for household consumers.

System Solutions Group (SSG) - This segment includes office automation equipment such as telecommunication products, security system and projectors primarily related to selling for business consumers.

Others - This segment includes supermarket refrigeration such as cold room, showcases and bottle coolers primarily related to selling to supermarkets and groceries. This also includes solar panel which is primarily a project-based selling.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, current and deferred taxes are managed on a group basis and are not allocated to operating segments.

Segment reporting information is disclosed in Note 26 of the Audited Consolidated Financial Statements included in the accompanying Annual Report (Annex "B").

Information as to sales and relative contributions of the main products to total sales were as follows:

	Years Ended March 31		
	2021	2020	2019
Domestic	89.1%	92.3%	91.4%
Export	10.9%	7.7%	8.6%
	100.0%	100.0%	100.0%
Refrigerator	46.5%	39.7%	40.4%
Airconditioner	25.9%	29.7%	28.7%
Washing machine	15.7%	15.4%	14.1%
Television	4.4%	5.1%	4.5%
Others and Export	7.5%	10.1%	12.3%
	100.0%	100.0%	100.0%

GEOGRAPHICAL INFORMATION

The table below shows the net sales information of the Parent Company based on the location of the customer (in thousands):

	Year Ended March 31		
	2021	2020	2019
Philippines	₱9,580,370	₱10,864,195	₱10,392,122
Hong Kong	1,302,725	1,031,580	1,105,739
Nigeria	-	-	22,953
Africa	-	11,173	-
Total Revenue	₱10,883,095	₱11,906,948	₱11,520,814

The Parent Company has two customers each representing 10.0% or more of the Parent Company's total revenue amounting to ₱3.3 billion in 2021 and ₱3.8 billion in 2020.

Disaggregated revenue information

	Year Ended March 31, 2021			
	Consumer	SSG	Others	Total
B2B sales	₱306,710	₱181,337	₱217,793	₱705,840
B2C sales	10,177,255	-	-	10,177,255
Total Revenue	₱10,483,965	₱181,337	₱217,793	₱10,883,095

	Year Ended March 31, 2020			
	Consumer	SSG	Others	Total
B2B sales	₱394,148	₱396,001	₱61,721	₱851,870
B2C sales	10,969,400	-	85,678	11,055,078
Total Revenue	₱11,363,548	₱396,001	₱147,399	₱11,906,948

DISTRIBUTION NETWORK

The Group's principal office is located along Ortigas Avenue Extension, Barrio Mapandan, Barangay San Isidro, Taytay, Rizal. The Group has PEZA registered activity (Airconditioner) located at 102 Laguna Boulevard Laguna Technopark, Sta. Rosa City, Laguna.

Aside from its warehouses located in its plant in Taytay and Sta. Rosa, the Group also has three (3) regional branches located in Pampanga, Cebu and Davao. The Group has a nationwide network of sales offices and accredited dealers to cater to its customers anywhere in the country. For customers' convenience, the Group has established a nationwide distribution network through its area offices and accredited service centers are strategically located at key towns, provinces, and cities.

As of March 31, 2021, the Company's distribution infrastructure utilizes five (5) distribution port terminals and eight (8) land distribution centers/warehouses located across the country. The Company distributes its products using several trucking companies which is administered directly by its employees with the assistance of third-party service providers. As at March 31, 2021, the Company leases 221

trucks for the distribution of its locally produced and imported merchandise products nationwide and charters nine (9) domestic shipping lines to transfer said products to area destination.

Because of this wide distribution network, the Group is not dependent upon a single dealer or a few dealers, the loss of which would have a material adverse effect on the Group.

STATUS OF ANY PUBLICLY ANNOUNCED NEW PRODUCT OR SERVICE

The Company continues to work with its current product portfolio and as of March 31, 2021, the Group does not have any publicly-announced new major product or service that is being developed.

COMPETITION

Looking back at the start of fiscal year (FY) 2020 operation, there were positive indicators of a better economic situation for the Philippines. However, the favorable scenario was spoiled by challenging external factors: contractions in public spending, limited mobility of people as containment measure against COVID-19, especially in the last quarter of the Company's business operation for FY2019, which eventually marred the capacity of the Company to realize its various targets. As a result, the Company was not able to sustain the 2-digit growth rate. PMPC's products continued to receive support and patronage from its customers. However, there were external circumstances that were beyond our control that reversed favorable expectations for both domestic and export sales. Sales for window air conditioner, in particular, were lower than last year at 91 percent, which resulted in a decline in operating profit by 43 million pesos. But despite the shortcomings and challenges, we had some gains, too, such as the opening of Washing Machine-Electric Fan Factory at Sta. Rosa Plant, as well as the launching of the training center for air conditioners at HDC Building. Likewise, the Company was able to generate a total sales performance of 10.9 billion pesos, which was 91 percent of the 11.9 billion pesos posted in FY2019. Such decrease, however is due to pandemic, in which consumer tend to prioritize essential goods, but with proper utilization of expenses, we are able to boost operating profit by 238 million pesos as compare to last year.

In FY2021, despite the limitations the pandemic has wrought on social and economic activities, the Company is determined to realize a better scenario to regain momentum, not only to bounce back to double-digit sales growth, but also to realize positive operating profit by focusing on improving its business performance. In fact, throughout the first quarter of FY2021, PMPC COVID-19 Crisis Committee has continued to conduct virtual meetings even during the temporary closure of PMPC factories and offices so as to monitor the developments of the persisting situation. And PMPC Team is working painstakingly to ensure the continuous relevance of the Company's business in the Philippines. Thus, the Company is aggressively creating and initiating sales-generating opportunities by adapting to the "new normal" in doing business, bearing in mind the goal of achieving its Mid-Term Plan target.

As of March 31, 2021, the Company's major competitors (major products) in the Philippine electronics home appliances companies were as follows:

Room Airconditioner (RAC) – Carrier, Condura and TCL
 Window Airconditioner (WAC) – Carrier, Condura, and Hitachi
 Split Airconditioner (SAC) – Carrier, Samsung and LG
 Refrigerator – Samsung, LG, Condura and Sharp
 Washing Machine – Sharp, Samsung and LG

SOURCES OF RAW MATERIALS AND SUPPLIES

The Parent Company has a broad base of suppliers, both local and foreign. The Company is not dependent on one or a limited number of suppliers.

The Parent Company imports substantially all of its raw material requirements, merchandise, machinery and equipment and other spare parts and supplies from Panasonic Corporation affiliates. Purchases made from affiliates amounted to ₱3.8 billion, ₱4.1 billion and ₱4.9 billion in fiscal year 2020, 2019 and 2018, respectively.

The Company aims to increase its purchases of raw materials in the local market to support local businesses in the region.

Purchases of raw materials, merchandise and other supplies are non-interest bearing, unsecured.

CUSTOMER CONCENTRATION

The Group is not dependent upon a single customer or a few customers, the loss of any or more of which would have a material adverse effect on the Company and its subsidiaries taken as a whole. The Group does not have a customer that will account for twenty percent (20%) or more of its revenues.

The Company exports to Hongkong its window airconditioner products. In 2020, 2019 and 2018, the Company exported ₱1.303 billion, ₱1.032 billion and ₱1.106 billion, respectively.

TRANSACTIONS WITH RELATED PARTIES

The Parent Company has entered into various transactions with related parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, such as affiliates. Related parties may be individuals or corporate entities. Transactions with related parties are made substantially on the same terms as with other individuals and businesses and are generally settled in cash.

For the companies under common control of the Ultimate Parent Company (referred to as affiliates) that the Parent Company has transactions, including the amount/volume and outstanding balances with related parties as of March 31, 2021, please see Note 21 of the attached Annual Audited Financial Statements (Annex "B").

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances as at March 31, 2021 and 2020 are unsecured and interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. In 2021, 2020 and 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The Parent Company has interest-bearing loans receivable from its Subsidiary amounting to ₱154.0 million as of March 31, 2021 and 2020. The 12.0% nominal annual interest is to be paid on a monthly basis while the principal is payable on its maturity date, March 31, 2026.

The carrying amount of the receivable in the Parent Company's books and payable in the Subsidiary's books amounted to ₱154.0 million as of March 31, 2021 and 2020, respectively, which were eliminated

in the consolidation. The net expenses in the Parent Company's books and net revenue in the Subsidiary's books amounted to ₱28.9 million and ₱19.1 million in 2021, 2020 and 2019. These balances and transactions were eliminated in the consolidation.

Key Management Personnel

The Group's key management personnel include the president and directors. The compensation of key management personnel consists of:

	2021	2020	2019
Short-term employee benefits	₱45,968,958	₱58,169,352	₱64,978,844
Post-employment benefits	4,338,871	4,390,861	4,865,047
	₱50,307,829	₱62,560,213	₱69,843,891

There are no agreements between the Group and any of its key management personnel providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Parent Company's retirement plan.

Transactions with the Retirement Fund

Under PFRS, certain post-employment benefit plans are considered as related parties.

The Parent Company's retirement plan is in the form of different investments being managed by the Parent Company. The Board of Trustees (BOT) of the retirement plan is mandated to approve the plan, trust agreement, investment plan including any amendments or modifications thereto, and any other activities of the plan. Certain members of the BOD of the Parent Company are represented in the BOT. The BOT manages the plan based on the mandate as defined in the trust agreement. The retirement fund has 58.0% interest in the subsidiary of the Parent Company amounting to ₱7.4 million and 5.1% interest in the Parent Company amounting to ₱21.6 million as of March 31, 2021 and carried at fair value. The Retirement Fund recognized a remeasurement gain (loss) amounting to ₱22.3 million and (₱68.8) million in 2021 and 2020, respectively.

The fair value of the net plan assets of the fund by each classes as at the end of the reporting period are presented in Note 11 of the attached Audited Financial Statements of the Company.

As of March 31, 2021 and 2020, certain loans and receivables amounting to ₱51.7 million and ₱59.3 million, respectively, are receivables of the retirement fund from certain employees of the Parent Company. These are being deducted from the monthly salary of the employees and are payable within 12 months. Investments include equity instruments which have quoted market prices except for the investment in PERC amounting to ₱60.6 million and ₱60.0 million as of March 31, 2021 and 2020, respectively. The fair value of investment in quoted equity instruments as of March 31, 2021 and 2020 amounted to ₱136.4 million and ₱112.3 million, respectively. Investments also include investment properties pertaining to a parcel of land held for capital appreciation amounting to ₱18.0 million and ₱9.0 million as of March 31, 2021 and 2020.

There are no other transactions or outstanding balances by the Parent Company, or its related parties, with the retirement plan of the employees of the Parent Company as of March 31, 2021 and 2020.

TECHNICAL ASSISTANCE AND TRADEMARK LICENSE AGREEMENT

The Parent Company has several Technical Assistance Agreements with Panasonic Corporation – Japan (“PC”) and Panasonic Ecology Systems Co., Ltd. (“PES”) valid for five (5) years from April 1, 2019 until March 31, 2024. Under the terms of the agreements, the Parent Company pays semi-annual technical assistance fees equivalent to a certain percentage of sales of selected products equivalent to 3.0%. Technical assistance fees charged by the Parent Company

amounted to ₱180.6 million, ₱183.9 million and ₱174.0 million in 2020, 2019 and 2018, respectively.

The Parent Company has existing trademark license agreements with PC – Japan and affiliates. Under the terms of the agreements, the Parent Company is granted a non-exclusive license to use the trademark “KDK” (Kawakita Electric Company) and “Panasonic” on or in relation to its products and shall be effective as far as the Company uses the trademarks on its products. Currently, existing trademark license agreement became effective since the 1st day of April 2016 and shall thereafter continue and remain in full force and in effect until the 31st day of March 2024. The Parent Company pays royalty equivalent to 0.70% of the sales price of the products bearing the brands and 0.35% in the event that the Company uses the trademarks solely as either a tradename or as a corporate mark only. Brand license fees charged by the Parent Company amounted to ₱74.4 million, ₱87.1 million and ₱83.4 million in 2021, 2020 and 2019, respectively, while brand license fees charged by the affiliates amounted to ₱0.2 million, ₱0.2 million and ₱0.3 million in 2021, 2020 and 2019, respectively.

NEED FOR GOVERNMENT APPROVAL OF PRINCIPAL PRODUCTS OR SERVICES

The Group’s principal products and services are offered to customers only upon receipt of the necessary regulatory approvals or clearances. The Group strictly complies with government product safety and quality standards before these are offered to the market.

The Group also complies with the related regulatory requirements such as reserves, liquidity position, provision on losses, anti-money laundering provisions and other reportorial requirements.

EFFECT OF EXISTING OR PROBABLE GOVERNMENTAL REGULATIONS ON THE BUSINESS

The Group strictly complied with the existing reportorial requirements of the regulatory agencies such as Securities and Exchange Commission, Philippines Stock Exchange and the Bureau of Internal Revenues, among others. In its fiscal year 2020 and 2019 consolidated financial statements, the Group adopted the changes to Philippine Accounting Standards and Philippine Interpretations of International Financial Reporting Interpretations Committee.

The Group will dedicate time and personnel to ensure proper and effective implementation of the future changes in accounting standards.

RESEARCH AND DEVELOPMENT COSTS

The amount spent for research and development costs and its percentage to net sales for each of the last three fiscal years ended March 31 were as follows:

	2021	2020	2019
Cost	₱92,845,002	₱ 74,583,358	₱ 27,085,844
Ratio to Net Sales	0.85%	0.63%	0.24%

The Parent Company’s research and development activities are mainly driven by new technology and/or improvements of the technical know-how and production technique relating to the products, which is useful for the manufacture/assembly of the products. The efficient use of technology is expected to boost productivity and reduce manufacturing costs of the Parent Company.

COSTS AND EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS

As an industrial corporation, the Group conducts its operations in compliance with all environmental, occupational health and safety and other related regulations of the government and along with the environmental policy and directives of PC, with its dedication to continuously improve its environmental, occupational health and safety, product safety performance and responding to the requirement of the industrial organization in managing, controlling and mitigating all types of risk that the Group has been exposed to. In fact, the Group, more often than not, implements environment-protection measures ahead of government regulations.

Compliance with the various environmental laws definitely entails costs and additional investments on the part of the Group, resulting higher production costs and operating expenses. The Group spent a total of ₱1.3 million, ₱1.1 million and ₱0.9 million for the treatment of wastes, monitoring and compliance, permits and personnel training in 2020, 2019 and 2018 respectively.

HUMAN RESOURCES AND LABOR MATTER

As of March 31, 2021 and June 30, 2021, the Parent Company has 829 and 835 full time employees:

	Mar-21			Jun-21		
	Administrative	Operation	Total	Administrative	Operation	Total
Under CBA	32	273	305	30	271	301
Non - CBA	520	4	524	534	-	534
	552	277	829	564	271	835

Around half of the Parent Company's employees are rank and file employees who are subject to collective bargaining agreements (CBA). The Parent Company did not deal with any labor strike for the past three years nor were there union complaints submitted to the Department of Labor and Employment.

In addition to the statutory benefits, the Parent Company provides life insurance; hospitalization benefits; vacation, sick, birthday and emergency leaves; and company and emergency loans to employees.

The Parent Company also maintains a retirement plan for its regular full-time employees.

RISK MANAGEMENT OBJECTIVES AND POLICIES

This is incorporated by reference to Note 28 of the Consolidated and Parent Company's Audited Consolidated Financial Statements (Annex "B").

Risk management structure

All policy directions, business strategies and management initiatives emanate from the BOD which strives to provide the most effective leadership for the Group. The BOD endeavors to remain steadfast in its commitment to provide leadership, direction and strategy by regularly reviewing the Group's performance. For this purpose, the BOD convenes at least once a month.

The Group has adopted internal guidelines setting forth matters that require BOD approval. Under the guidelines, all new investments, any increase in investment in businesses and any divestments require BOD approval.

The Group's principal financial instruments consist of cash and cash equivalents, receivables and AFS investments. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial instruments such as, accounts payable and accrued expenses, dividends payable and technical assistance fees payable which arise from normal operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The Group also monitors the market price risk arising from all financial instruments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. With respect to credit risk arising from financial assets of the Group, which comprise of cash and cash equivalents, receivables, financial assets at FVOCI and other assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the instrument.

The Group manages credit risk by assessing the creditworthiness of its counterparties. The Group trades only with recognized, creditworthy third parties. It is the Group's practice that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

As of March 31, 2021 and 2020, the Group does not hold collateral or other credit enhancement for cash and cash equivalents, receivables and refundable Meralco deposits (included in other noncurrent assets). Thus, carrying values represent maximum exposure to credit risk. The Group acquired credit insurance for its domestic trade receivables, which covers both fully secured and partially secured receivables. Other than for domestic trade receivables, the Group's maximum exposure to credit risk is equivalent to the carrying value of the Group's financial assets as of March 31, 2021 and 2020.

Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

As of March 31, 2021, the Group had two customers that owed it for a total amount of ₱450.2 million that accounts for more than 34.6% of the total trade receivables outstanding. As of March 31, 2020, the Group had two customers that owed it for a total amount of ₱386.2 million that accounts for more than 30.4% of the total trade receivables outstanding.

Credit risks from cash in banks and cash equivalents are minimal since these are placed and recoverable from banks. Accordingly, these financial assets are considered to be low credit risk investments. The ECL allowance of these financial assets are measured using 12-month ECL (Stage 1) which is considered insignificant as at April 1, 2020 and March 31, 2021.

For receivables, an impairment analysis is performed at each reporting date using a provision matrix to measure ECL.

The credit quality of financial assets was determined as follows:

Cash and cash equivalents - are composed of bank deposits and money market placements made with reputable financial institutions and hence, graded as "high grade".

Receivables - high grade receivables are receivables from related parties and employees while standard grade receivables are receivables from dealers who pay within the Group's normal credit terms.

Other assets - pertains to deposits in refundable Meralco deposits and advances to employees which are considered as "high grade" since collectability of the refund is reasonably assured.

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through collection of receivables and cash management. Liquidity planning is being performed by the Group to ensure availability of funds needed to meet working capital requirements.

Overall, the Group's funding arrangements are designed to keep an appropriate balance between equity and debt to give financing flexibility while continuously enhancing the Group's business.

Market Risk

Market risk is the risk to earnings or capital arising from adverse movements in factors that affect the market value of financial instruments. The Group manages market risks by focusing on two market risk areas such as foreign currency risk and equity price risk.

Foreign currency risk

Exposure to currency risk arises from sales and purchases in currencies other than the Parent Company's functional currency. Foreign currency risk is monitored and analyzed systematically and is managed by the Group. The Group ensures that the financial assets denominated in foreign currencies are sufficient to cover the financial liabilities denominated in foreign currencies.

The sensitivity analysis has been determined assuming the change in foreign currency exchange rates has occurred at the reporting date and has been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and all other variables, interest rates in particular, remain constant.

The stated changes represent management assessment of reasonable possible changes in foreign exchange rates over the period until the next annual report date.

There is no impact on the Group's equity other than those already affecting profit or loss.

Equity Price Risk

The Group's exposure to equity price pertains to its investments in quoted shares of the Parent Company which are classified as FVOCI in the consolidated statements of financial position. Equity price risk arises from the changes in the level of equity indices and the value of individual stocks traded in the stock exchange.

The effect on equity (as a result of a change in fair value of equity instruments held as financial assets at FVOCI and available-for-sale at March 31, 2021 and 2020) due to a reasonably possible change in equity indices is not material to the consolidated financial position of the Group.

Fair Value Measurement

The methods used by the Group in estimating the fair value of its assets and liabilities follow:

Cash and cash equivalents, receivables and other assets

Carrying amounts of cash in banks, cash equivalents and receivables maturing within twelve (12) months are assumed to approximate their fair values. This assumption is applied to liquid assets and the short-term elements of all other financial assets.

Financial assets at FVOCI

Fair values are based on quoted prices published in the markets.

Accounts payable and accrued expenses

Carrying amounts of accounts payable and accrued expenses approximate their fair values due to the short-term nature of the transactions.

ITEM 2 – PROPERTIES

Manufacturing operations are conducted in a plant with an area of 72,503.5 sq. m. located in Ortigas Avenue Extension, Taytay, Rizal and another plant with an area of 147,195 sq. m. in Laguna Technopark, Sta. Rosa, Laguna. The land owned by its Subsidiary on which the manufacturing facilities are located is leased by the Parent Company under yearly lease agreement. Upon expiration of the lease, title to the land will not be transferred to the Parent Company. The lease agreement was matured last March 31, 2021 and was renewed for another one year that will mature on March 31, 2022, while the land improvements, buildings, machinery and equipment, transportation equipment, office furniture and equipment, and/or tools and small equipment on these parcel of land in which the head office, region offices, sales office and warehouse are located are owned by the Company. Rental expense from these leases amounted to ₱28.9 million during the recent fiscal year. Operations of sales offices and service centers in Pampanga, Cebu, and Davao are operated on properties owned by the Parent Company except for the land that is also owned by its subsidiary. Operations of other sales offices and service centers are being conducted on properties leased by the Parent Company in various areas: Naga, Isabela, Dagupan, Bacolod, Iloilo, Tacloban and Cagayan de Oro.

On March 1, 2008, the Parent Company entered into a two-year renewable contract of lease with Panasonic Industrial Devices Philippines Corporation (PIDPH, formerly Precision Devices Philippines Corporation) for the rent of its building with some covered areas or improvements, comprising approximately of: main building 15,072.6 square meters, warehouse building 3,564 square meters and parking area 909 square meters located at Brgy. Don Jose, Laguna Technopark, Sta. Rosa City, Laguna. The lease is for a period of two years guaranteed commencing on the 1st day of March to 28th day of February and shall automatically be renewed unless terminated by either party upon servicing of at least three (3) months. The leased properties are accounted for by the Parent Company as “Investment properties” (see AFS Note 8). The lease contract was renewed on March 1, 2016 and expired on February 28, 2018 with a fixed monthly rental fee of US\$45,217.8. On March 1, 2018, the lease agreement was extended for one month only until March 31, 2018. The contract was not renewed subsequent to expiration.

Rent income recognized in 2018 amounted to ₱25.2 million.

In 2019, the Parent Company transferred investment properties to property, plant and equipment for its use in its operations with cost and related accumulated depreciation amounting to ₱192.5 million, ₱161.1 million, respectively.

The properties owned and/or leased by the Company are in good condition and are free from mortgages, liens and encumbrances.

The aggregate fair value of the investment properties amounted to ₱59.7 million as of March 31, 2020 and for the aggregate fair value of the land owned by its Subsidiaries amounted to ₱9.4 billion as of March 31, 2021.

There are no plans for the acquisition of the Group’s property over the next twelve (12) months.

ITEM 3 - LEGAL PROCEEDINGS

As of March 31, 2021 and June 30, 2021, the Group is not involved in any material litigation or any pending legal proceedings to which the registrant or any of its subsidiaries or affiliates is a party or of which any of their property is the subject.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters, except for the matters taken up last Annual Stockholders Meeting, submitted to a vote of security holders during the period covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION**ITEM 5 - MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS****1. MARKET INFORMATION**

The Parent's Company's common shares were officially listed and first traded at the Philippine Stock Exchange on January 21, 1983.

As of March 31, 2021 and June 30, 2021, a total of 84,723,432 Common shares are listed in the Philippine Stock Exchange.

The price performance of the Company's common equity for each quarter within the two fiscal years and the subsequent interim period has been as follows in Philippine peso:

	<u>High</u>	<u>Low</u>
<u>2021</u>		
Jan – Mar	8.88	5.12
Apr – June	6.96	5.50
July 6, 2021	5.80	5.80
<u>2020</u>		
Jan – Mar	5.70	2.56
Apr – Jun	4.94	3.50
Jul – Sept	6.98	4.01
Oct – Dec	7.90	4.56
<u>2019</u>		
Jan – Mar	6.60	5.69
Apr – Jun	7.80	5.02
Jul – Sept	5.90	5.20
Oct – Dec	5.79	4.54

2. DIVIDENDS

The payment of dividend, either in the form of cash or stock, will depend upon the Parent Company's earnings, cash flow and financial condition, among other factors. The Parent Company may declare dividends only out of its unrestricted retained earnings. These represent the net

accumulated earnings of the Parent Company, with its capital unimpaired, that are not appropriated for any other purpose. Dividends paid are subject to the approval by the Board of Directors. The Parent Company's Board of Director declared cash dividends as follows:

Date of Declaration	Cash Dividend Per Share	Date of Record	Date of Payment
<u>2021</u>			
May 22, 2021	52.45%	June 4, 2021	June 25, 2021
<u>2020</u>			
May 07, 2020	14.98%	May 21, 2020	May 29, 2020
<u>2019</u>			
April 22, 2019	20.99%	May 07, 2019	May 24, 2019

3. HOLDERS

As of March 31, 2021 and June 30, 2021, there were 458 holders of the Company's common shares. The following table sets forth the top 20 shareholders.

Rank / Name of Holder	Number of Shares	Percentage of Ownership
1. Panasonic Corporation (Japanese)	337,994,581	79.96 %
2. PCD Nominee Corporation (Filipino)	38,028,842	9.00%
3. PMPC Employees Retirement Plan	21,586,360	5.11 %
4. Pan Malayan Management & Investment Corporation	6,076,341	1.44%
5. Jesus V. Del Rosario Foundation, Inc.	3,870,926	0.92%
6. Vergon Realty Investment Corporation	3,389,453	0.80 %
7. J.B. Realty and Development Corporation	1,778,915	0.42 %
8. So Sa Gee	855,716	0.20 %
9. David S. Lim	656,393	0.16 %
10. Efren M. Sangalang	603,156	0.14 %
11. Vicente L. Co	577,245	0.14%
12. Susan L. Tan	500,000	0.12%
13. Vincent S. Lim	500,000	0.12%
14. Jason S. Lim	500,000	0.12%
15. Jonathan Joseph C.C. Lim	500,000	0.12%
16. Falek Enterprises, Inc.	298,106	0.07%
17. Jaime Agabin	252,995	0.06%
18. So Ki Lim	252,995	0.06%
19. Vladimir Co	248,164	0.06%
20. Edgar N Lim	246,712	0.06%
17. Falek Enterprises, Inc.	298,106	0.07%
18. Jaime Agabin	252,995	0.06%
19. So Ki Lim	252,995	0.06%
20. Vladimir Co	248,164	0.06%

4. RECENT SALE OF UNREGISTERED SECURITIES

The Parent Company has neither sold any securities nor reacquired or issued new securities in exchange of properties within the past three (3) years.

5. DESCRIPTION OF REGISTRANT'S SECURITIES

a. Authorized Capital Stock	<u>847,000,000</u> (P1.00 par value)
Common Class A shares (Listed)	169,400,000
Class "B" shares	677,600,000

Only Class "A" shares are listed in Philippine Stock Exchange.

b. Number of Shares Outstanding as of March 31, 2021 and June 30, 2021	
Common Shares @ P1.00/share	
Class "A"	84,723,432
Class "B"	<u>337,994,588</u>
Total	<u>422,718,020</u>

c. Amount of Debt Outstanding as of March 31, 2021 and June 30, 2021

NONE

d. Stocks Options, Warrants, Securities subject to redemption or call, other securities and Market information for securities other than common equity

NONE

ITEM 6 - MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Management's Discussion and Analysis of Financial Condition and Results of Operations Top 5 Key Performance Indicators of the Company

Name of Index	Calculation	FY 2020	FY 2019	FY 2018
1. Rate of Sales Increase	$\frac{\text{CY Sales} - \text{LY Sales}}{\text{LY Sales}} \times 100\%$	-8.60%	3.35%	9.83%
2. Rate of Profit Increase	$\frac{\text{CY Profit After Tax} - \text{LY Profit After Tax}}{\text{LY Profit After Tax}} \times 100\%$	183.11%	-14.86%	-43.75%
3. Rate of Profit on Sales	$\frac{\text{Profit After Tax}}{\text{Total Sales}} \times 100\%$	3.29%	1.06%	1.29%
4. Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}} \times 100\%$	2.39	2.5	2.6
5. Dividend Ratio to Capital	$\frac{\text{Dividend}}{\text{Average Capital}} \times 100\%$	52.45%	14.98%	20.99%

- (a) Rate of Sales Increase - This measures the sales growth versus the same period last year. Sales decreased by -8.60% versus last year. Such was due to pandemic, consumer tend to prioritize essential goods only.
- (b) Rate of Profit Increase - This measures the increase in profit after tax versus the same period last year. Rate of profit for the year increased by 183.11% due mainly to lower utilization of general and administrative expenses.
- (c) Rate of Profit on Sales - This measures the percentage of profit after tax versus net sales for the period. Rate of profit increased to 3.29% versus 1.06% of last year.
- (d) Current Ratio - This measures the liquidity of the Company and its ability to pay off current liabilities.
- (e) Dividend Ratio to Capital - This measures the dividend payout ratio versus capital for the period. The Group declared 52.45% and 14.98% cash dividend for the fiscal year 2020 and 2019 respectively.

INTRODUCTION

The following are discussions on the Consolidated Financial Conditions and Results of the Company and its Subsidiary (The Group) based on the Audited Financial Statements as of and for the years ended March 31, 2021, 2020 and 2019.

This discussion summarizes the significant factors affecting the consolidated operating results, financial condition, liquidity and cash flows of the Group for the fiscal year 2020 ended March 31, 2021. The following discussion should be read in conjunction with the attached Audited Consolidated Financial Statements of the Company as of and for the year ended March 31, 2021 (Annex “B”) and Management Plans and Reviews (Annex “A”).

Fiscal Year 2020 vs. 2019

Financial Positions

Material Changes (+/-5% or more) in the financial statements (in thousands):

Accounts	March 31, 2021	March 31, 2020	Difference (%)
Cash and cash equivalents	3,743,229	2,945,350	27.1%
Receivables	1,476,639	1,440,043	2.5%
Inventories	1,741,172	1,654,053	5.3%
Other current assets	142,544	91,858	55.2%
Investment properties	984,692	1,083,329	-9.1%
Property and equipment – net	127,189	168,745	-24.6%
Other assets	22,430	25,590	-12.3%
Accounts payable and accrued expenses	2,970,694	2,453,939	22.2%
Provision for estimated liabilities	464,938	469,778	-1.0%
Stockholders' equity	4,802,261	4,485,251	7.1%

The Company's consolidated total assets as of March 31, 2021 increased by ₱828.9 million (11.2%) to ₱8.238 billion from March 31, 2020. This was mainly due to increase in cash and cash equivalents and other current assets.

Current ratio for the period ending March 31, 2021 recorded at 2.4:1 versus 2.5:1 of last year. Current assets increased by ₱972.3 million and current liabilities increased by ₱516.8 million.

Cash and cash equivalent increased by ₱797.9 million (27.1%) due to decrease in cash used in operating expenses.

Total accounts receivable (net) increase of ₱36.6 million due to increase in sales during the last quarter of the period versus last year, collection of which will be the following month.

Inventory amount increased by ₱87.1 million due to non-achievement of sales forecast and decrease in sales versus last year.

Property, plant and equipment – net decreased by ₱98.6 million (-9.1%). As of March 31, 2021, the Company's total capital expenditures amounted to ₱148.9 million mainly pertains to construction in progress for the improvements of factory machinery and equipment due to the increase of production and volume capacity in its Washing Machine division, as well as building renovation of Washing Machine and Electric Fan Production. Total depreciation and disposal amounted to ₱241.7 million and ₱45.8 million, respectively. Investment properties was transferred to property, plant and equipment for its use in its operation.

The Company's consolidated total liabilities as of March 31, 2021 amounted to ₱3.436 billion, increased by ₱511.9 million versus March 31, 2020. This was mainly due to current liabilities increase of ₱516.8 million (21.1%) majority for Accounts payable and accrued expenses.

The total stockholders' equity increased by ₱316.2 million (7.1%) caused by operating income of ₱358 million and remeasurement gain on define benefit liability and unrealized gain on financial assets.

Results of Operation

Material Changes (+/-5% or more) in the financial statements (in thousands):

Accounts	FY 2020	FY 2019	Difference (%)
Sales	₱10,883,095	11,906,948	-8.6%
Cost of sales	8,316,814	9,508,271	-12.5%
Gross profit	2,566,282	2,398,677	7.0%
Selling expenses	1,204,276	1,265,827	-4.9%
General administrative	950,375	1,045,315	-9.1%
Other income – net	67,019	152,520	-56.1%
Income before tax	478,650	240,055	99.4%
Income tax expense	120,634	113,599	6.2%
Income after tax	358,016	126,456	183.1%

The Company's consolidated group sales for fiscal year 2020 ending March 31, 2021 decreased by ₱1.024 billion (-8.6%) versus last year because of the following unfavorable sales in the following product lines: Air conditioner by ₱751.3 million (-24%) and washing machine ₱241.2 million (-13%).

Cost of sales and gross profit amount rose with the decrease in sales.

Selling expenses decline by ₱61.6 million (-4.9%) composed of decrease in provision for warranty expense 35.6 million (-52.5%), advertising and commission expense 69.8 million (-44.7%), freight and handlings costs 29.4 million (-7.4%), in spite of increase in sales promotion expense by ₱73.3 million (11.4%).

General and administrative expenses decreased by ₱94.9 million (-9.1%) mostly attributable to travel expense by ₱22.1 million

Other income – net decreased by ₱85.50 million (-56.1%) due to the reversal of other estimated liabilities amounting to ₱29.71 million (-69.6%) and bank interest income from time deposits by ₱41.01 million (-55.8%).

Total income before tax increased by ₱238.6 million (99.4%) due to decrease in general and administrative expense, selling expense and Cost of goods sold as stated above.

Income tax expense and net income after tax also increased by ₱7.0 million (6.2%) and ₱231.6 million (183.1%) respectively due to decreased in general and administrative expense and selling expense.

Fiscal Year 2019 vs. 2018 **Financial Positions**

Material Changes (+/-5% or more) in the financial statements (in thousands):

Accounts	March 31, 2020	March 31, 2019	Difference (%)
Cash and cash equivalent	2,945,350	2,831,509	4.02%
Receivables	1,440,043	1,667,305	-13.63%
Inventories	1,654,053	1,637,439	1.01%
Other current assets	91,858	127,904	-28.18%
Property & equipment – net	1,083,329	969,014	11.80%
Deferred tax assets	168,745	112,091	50.54%
Other assets	25,590	31,324	-18.30%
Accounts payable & accrued expenses	2,453,939	2,443,486	0.43%
Provision for estimated liabilities	469,778	420,258	11.78%
Stockholder's equity	4,485,251	4,512,842	-0.61%

The Company's consolidated total assets as of March 31, 2020 increased by ₱32.4 million (0.44%) to ₱7.409 billion from March 31, 2019. This was mainly due to increase in deferred tax asset and property plant and equipment.

Current ratio for the period ending March 31, 2020 recorded at 2.5:1 versus 2.6:1 of last year. Current assets decreased by ₱132.8 million and current liabilities increased by ₱10.4 million.

Cash and cash equivalent increased by ₱113.8 million (4.0%) due to decrease in cash used in operating expenses.

Total accounts receivable (net) decrease of ₱227 million due to decrease in sales during the last quarter of the period versus last year, collection of which will be the following month.

Inventory amount increased by ₱16.6 million due to non-achievement of sales forecast and in preparation for the increase in sales during summer season.

Property, plant and equipment – net increased by ₱114.3 million (11.80%). As of March 31, 2020, the Company's total capital expenditures amounted to ₱346.9 million mainly pertains to construction in progress for the improvements of factory machinery and equipment due to the increase of production and volume capacity in its Washing Machine division, as well as building renovation of Washing Machine and Electric Fan Production. Total depreciation and disposal amounted to ₱258.0 million and ₱14.8 million, respectively. Investment properties was transferred to property, plant and equipment for its use in its operation.

Other current assets decreased by ₱36 million (-28.18%) due mainly to creditable withholding taxes for the period.

The Company's consolidated total liabilities as of March 31, 2020 amounted to ₱2.924 billion, increased by ₱59.97 million versus March 31, 2019. This was mainly due to non-current liabilities increase of ₱49.52 million (11.78%) majority for reserves for Price Risk and Pension Liability.

The total stockholders' equity decreased by ₱27.6 million (-0.61%) caused by operating income of ₱126 million and remeasurement loss on retirement liability and income tax expense.

Results of Operation

Material Changes (+/-5% or more) in the financial statements (in thousands):

Accounts	FY 2019	FY 2018	Difference (%)
Sales	11,906,948	11,520,814	3.35%
Cost of sales	9,508,271	9,267,010	2.60%
Gross profit	2,398,677	2,253,804	6.43%
Selling expenses	1,265,827	983,828	28.66%
General administrative	1,045,315	1,103,257	-5.25%
Other income – net	152,520	107,873	41.39%
Income before tax	240,055	274,592	-12.58%
Income tax expense	113,599	126,070	-9.89%
Income after tax	126,456	148,522	-14.86%

The Company's consolidated group sales for fiscal year 2019 ending March 31, 2020 increased by ₱386.1million (3.4%) versus last year because of the following favorable sales in the following product lines: Refrigerator by ₱382.6 million (13%) and washing machine ₱272.8 million (36.4%) .

Cost of sales and gross profit amount rose with the increase in sales.

Selling expenses grew by ₱282.0 million (28.66%) composed of increase in sales and product promotion expense ₱360.98 million (129%), advertising and commission expense ₱46.4 million (42%) while freight cost decreased by ₱127.7 million (-24%).

General and administrative expenses decreased by ₱57.9 million (-5.25%) mostly attributable to reversal of provision for other estimated liabilities by ₱153.2 million

Other income – net increased by ₱44.65 million (41.39%) due to the reversal of other estimated liabilities amounting to ₱42.71 million and bank interest income from time deposits by ₱4.66 million due to increase in interest rate during the period.

Total income before tax decreased by ₱34.5 million (-12.58%) due to increase in selling expenses as stated above.

Income tax expense and net income after tax also decreased by ₱12.47 million (9.89%) and ₱22.1million (14.86%) respectively due to increase in selling expenses for sales promotion and advertising expenses to achieve the company's sales target for the period.

Fiscal Year 2018 vs. 2017**Financial Positions****Material Changes (+/-5% or more) in the financial statements (in thousands):**

Accounts	March 31, 2019	March 31, 2018	Difference (%)
Cash and cash equivalent	2,831,509	3,356,080	-15.6%
Receivables	1,667,305	1,190,057	40.1%
Inventories	1,637,439	1,332,521	22.9%
Other current assets	127,904	116,207	10.1%
Investment properties	-	31,391	-100.0%
Property & equipment – net	969,014	856,076	13.2%
Deferred tax assets	112,091	124,634	-10.1%
Other assets	31,324	52,046	-39.8%
Accounts payable & accrued expenses	2,443,486	2,203,880	10.9%
Provision for estimated liabilities	420,258	264,033	59.2%
Stockholders' equity	4,512,842	4,591,100	-1.7%

The Company's consolidated total assets as of March 31, 2019 increased by ₱317.6 million (4.5%) to ₱ 7.377 from March 31, 2018. This was due mainly to increase in accounts receivable and inventories, in spite of decrease in cash and cash equivalent.

Current ratio for the period ending March 31, 2019 recorded at 2.6:1 versus 2.7:1 of last year. Current assets and liabilities increased by ₱269.3 million and ₱239.6 million, respectively.

Cash and cash equivalent decreased by ₱524.6 million (15.6%) due to acquisitions of property, plant and equipment, cash dividend payment and cash used in operating expenses.

Total accounts receivable (net) increase of ₱477.2 million due to higher sales during the last quarter of the period versus last year, collection of which will be the following month.

Inventory amount increased by ₱304.9 million due to non-achievement of sales forecast and in preparation for the increase in sales during summer season.

Property, plant and equipment – net increased by ₱112.9 million (13.2%). As of March 31, 2019, the Company's total capital expenditures amounted to ₱286.1 million mainly pertains to construction in progress for the improvements of factory machinery and equipment due to the increase of production and volume capacity in its Washing Machine division, as well as building renovation of Washing Machine and Electric Fan Production. Total depreciation and disposal amounted to ₱201.9 million and ₱ 33.6 million, respectively. Investment properties was transferred to property, plant and equipment for its use in its operation.

Other current assets increased by ₱11.7 million (10.1%) due mainly to creditable withholding taxes for the period.

The Company's consolidated total liabilities as of March 31, 2019 amounted to ₱2.864 billion, increased by ₱395.8 million versus March 31, 2018. This was due mainly to accounts payable and accrued expenses increase of ₱296.6 million (13.9%) for purchases of inventory and the outstanding payable for the purchase of equipment. Moreover, other liabilities increase of ₱74.7million was due to sales warranty.

The total stockholders' equity decreased by ₱78.3 million (1.7%) caused by remeasurement loss on retirement liability and income tax expense.

Results of Operation

Material Changes (+/-5% or more) in the financial statements (*in thousands*):

Accounts	FY 2018	FY 2017	Difference (%)
Sales	11,520,814	10,490,076	9.8%
Cost of sales	9,267,010	8,478,203	9.3%
Gross profit	2,253,804	2,011,873	12.0%
Selling expenses	983,828	897,541	9.6%
General administrative	1,096,513	949,815	15.4%
Other income – net	101,129	152,398	-33.6%
Income before tax	274,592	316,915	-13.4%
Income tax expense	126,070	52,883	138.4%
Income after tax	148,522	264,032	-43.7%

The Company's consolidated group sales for fiscal year 2018 ending March 31, 2019 increased by ₱1,031.7 million (9.8%) versus last year because of the following favorable sales in the following product lines: room airconditioning products by ₱661.3 million (21.2%); washing machine ₱179.7 million (12.0%) and refrigerator ₱166.9 million (3.6%).

Cost of sales and gross profit amount rose with the increase in sales. However, the direct material cost ratio improved to 37.8% from 41.3% of last year despite the unfavorable effect of peso depreciation and fuel price hikes.

Selling expenses grew by ₱86.3 million (9.6%) composed of increase in freight cost by ₱62.4 million (13.4%), provision for warranty ₱13.7 million (26.3%) and sales promotion expense ₱29.9 million (11.9%).

General and administrative expenses increased by ₱146.7 million (15.4%) mostly attributable to provision for other estimated liabilities ₱110.5 million, payment of taxes and dues amounting to ₱12.2 million; outsourcing expense for sales delivery helpers to customers' warehouses ₱12.6 million; computers maintenance cost ₱22.4 million and salaries and wages ₱12.6 million.

Other income – net decreased by ₱51.3 million (33.6%) due to reversal of provisions for credit losses recorded last year ₱23.0 million and the losses of rental income ₱25.2 million due to lease agreement termination. On the other hand, bank interest income from time deposits increased by ₱13.5 million due to increase in interest rate during the period. However, other miscellaneous expense – net increased by ₱14.9 million.

Total income before tax decreased by ₱42.3 million (13.4%) due to reduction in other income and increase in general and administrative expenses as stated above. Although profit before tax was lower than last year, income tax expense increased by ₱73.2million (138.4%) due to provision for retirement liability ₱101.6 million and warranty expense added back to taxable income.

Net income after tax decreased by ₱115.5 million (43.7%) versus last year due mainly to the aforementioned increase of income tax expense of ₱73.2 million and increase in general and administrative expenses.

CASHFLOWS

A brief summary of cash flow movement is shown below

<i>(in thousands)</i>	2021	2020	2019
Net cash provided by (used in) operating activities	₱1,000,514	₱569,490	(₱137,648)
Net cash used in investing activities	(130,960)	(346,314)	(245,650)
Net cash used in financing activities	(70,748)	(103,320)	(157,606)

Net cash flow from operating activities consists of income generated for the period amounted to ₱238 million plus changes in operating assets and liabilities including the contributions to the employees' retirement fund by ₱101.6 million.

Net cash provided by (used in) investing activities included the following:

<i>(in thousands)</i>	2021	2020	2019
Proceeds from disposal of PPE	₱482	₱360	₱1,858
Acquisitions of property, plant and equipment	(129,285)	(339,763)	(142,897)
Acquisition of software	-	(1,458)	(4,533)
Decrease (increase) in other assets	(2,157)	(5,453)	(6,264)
Total	(₱130,960)	(₱346,314)	(₱151,836)

Major components of net cash used in financing activities are as follows:

<i>(in thousands)</i>	2021	2020	2019
Cash dividends paid	(₱63,056)	(₱88,734)	(₱157,155)
Finance lease liabilities paid	(7,692)	(14,586)	(451)
Total	(₱70,748)	(₱103,320)	(₱157,606)

The Group can internally provide its own cash requirements for its operation for the next twelve months and in succeeding years. Various cash flow improvements such as aggressive operational cost reduction, cost negotiation, productivity and system enhancements are being implemented to maintain the Group's loan-free operation.

RETAINED EARNINGS

Retained Earnings in excess of 100% of paid-in capital will be declared as dividends and/or appropriated for plant expansion and modernization and upgrading of factory facilities and equipment in the future.

The appropriated retained earnings pertain to the appropriation for plant expansion and modernization and upgrade of factory facilities and equipment of the Parent Company. The appropriated retained earnings of the Subsidiary for the payment of its outstanding loan payable to Parent Company.

OTHER MATTERS

- a. Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. **NONE**
- b. Any events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation. **NONE**
- c. All material off-balance sheet transactions, arrangements, obligations, and other relationships of the company with unconsolidated entities or other persons created during the reporting period. **NONE**
- d. Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures should be described

The Group's commitments for capital expenditures are for investments on relocation and renovation of its head office and branch premises, acquisition and repairs of machinery and equipment, furniture and fixtures, and IT-related projects needed to bring the Company at par with competitors.

- e. Any known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operation. **NONE**
- f. Any significant elements of income or loss that did not arise from the Company's continuing operations. **NONE**
- g. The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item.

Refer to Item 6 of Part I for the vertical and horizontal analyses on pages 18 to 25 of this report.

- h. Any seasonal aspects that have had a material effect on the Group's financial condition or results of operations. **NONE**

However, the Group is determined to realize a better scenario and to regain momentum, not only on sales growth but a positive operating profit. The Group is continuously assessing and monitoring the impact to its financial position, performance and cash flows. The Group will continue to monitor the situation.

ITEM 7 - FINANCIAL STATEMENTS

The Group's Audited Consolidated Financial Statements as at March 31, 2021 and 2020 and the Parent Company's Separate Audited Financial Statements as at March 31, 2021 and 2020, including the Statement of Management's Responsibility and Supplementary Schedules form part of this Annual Report as Annex B and Annex C hereto.

**ITEM 8 – CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON
ACCOUNTING AND FINANCIAL DISCLOSURES**

Information on Independent Accountants and Other Related Matters

Audit Committee’s Approval Policies

The Group’s Audit Committee reviews the eligibility of the incumbent external auditor for retention. Otherwise, the Audit Committee then follows the selection process. Audit Committee selects from among the qualified external auditors and presents their recommendation to the Board of Directors for approval.

Sycip Gorres Velayo and Co., CPAs (SGV) is the current external auditor of the Group for FY 2020 and for the last three (3) fiscal years. To comply with the amended SRC Rule 68 (3) (b) (ix), the signing partners are rotated every five (5) years.

The Group’s audit partner-in-charge for fiscal year 2020 ended March 31, 2021 is Mr. Juan Carlo B. Maminta who was appointed in 2018.

Changes in and Disagreements with External Accountants on Financial Accounting and Disclosures

The Group had no disagreements with accountants, SGV & Co., the Group’s external auditor, on any matter of accounting principles or practices, financial statements disclosures or auditing scope and procedures.

External Audit Fees and Services

The SGV& Co. has audited and reviewed the Group’s consolidated financial statements as of and for the year ended March 31, 2021, 2020 and 2019.

The following fees were billed to Company and paid to SGV (exclusive of out-of-pocket expenses):

<i>(in millions)</i>	2021	2020	2019
Annual Audit Fee	₱2.9	₱2.9	₱2.5
PFRS 9 & 15	-	-	1.0
Total	₱2.9	₱2.9	₱3.5

There were no fees paid to external auditors other than for audit services, including the incremental fees for the additional audit procedures for the adoption of PFRS 9 and 15 of the Company in 2019.

Management presents proposals on possible external auditors to be engaged together with their respective proposed audit fees to the Audit Committee for proper consideration. The Audit Committee evaluates and thereafter, upon its recommendation, the appointment of the external auditor is presented to the Board of Directors and/or stockholders for confirmation. However, financial statements duly approved by the Audit Committee are still subject to confirmation of the Board of Directors prior to submission to the respective government regulatory agencies.

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9 – DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

1. Directors, including Independent Directors, and Executive Officers

Listed below are the directors, including independent directors, and the incumbent executive officers of the Company with their respective age, citizenships, and current and past positions held and business experience for the last five (5) years.

Name	Age	Position	Citizenship	Year Appointed as Director
Masatoshi Sasaki	58	Chairman / President / Chief Executive Officer	Japanese	2019
Yoshiyuki Takahashi	59	Vice-chairman / Treasurer / Executive Director / Senior Managing Executive Officer	Japanese	2015
Hiroshi Yamada	59	Executive Director / Senior Managing Executive Officer	Japanese	2014
Satoshi Kono	52	Director / Managing Executive Officer	Japanese	2020
Yukio Hirose	53	Director	Japanese	2018
Shigeru Dono	58	Director	Japanese	2019
Hirokazu Yoshida	57	Director	Japanese	2020
Elizabeth Gildore	63	Independent Director	Filipino	2015
Justina Callangan	68	Independent Director	Filipino	2020
Marlon Molano	60	Independent Director	Filipino	2021

Profiles of Directors of the Company:

Mr. Masatoshi Sasaki, Japanese, 58, was elected to the Board and appointed as the Chairman and President on April 1, 2019. He is also the Chief Executive Officer, Chief Manufacturing Officer, Chief Quality Officer, Chief Procurement and Chief Compliance Officer of the Company. Prior to his assignment, He was assigned to Refrigerator Business Division, Appliance Company, Panasonic Corporation – Japan (“PC”) as the Director from October 2017 – March 2019. He was the Director of PC – Quality Innovation Division from April 2016 – September 2017 and General Manager of PC – Refrigeration Business Unit from October 2010 – September 2012. He joined Panasonic Corporation – Japan in April 1986. In November 2005, He was transferred to Panasonic Thailand Subsidiary, Panasonic Home Appliance R&D Center (Thailand) Company as the Manager and he returned to PC – Japan in October 2010 as the General Manager of PC – Product Development Group, Refrigerator Business Unit. He graduated from Kyoto Prefecture, Japan with a Bachelor’s degree.

Mr. Yoshiyuki Takahashi, Japanese, 59, was elected as Director and appointed as the Vice – Chairman, Treasurer and Executive Director on June 22, 2015. He is also a Senior Managing Executive Officer, Chief Information Officer, Chief Risk Managing Officer, Chief Financial and HR Officer of the Company. Concurrently, He is a member of the Audit, Board Risk Management, Related Party Transactions and Corporate Governance Committees. Prior to joining the Company, he was a former General Manager of Panasonic Corporation’s regional office (“PC”), Panasonic Asia Pacific Pte Ltd (“PA”) Accounting Department from August 2013 to May 2015. He was the Manager of Panasonic Corporation – Equity Management Team, Global Finance Administration Center (April – July 2013) and Councilor of PC HQ Finance Management Team, Corporate Finance & IR Group (June 2010 –

March 2013). He is a graduate of the Osaka City University in Osaka, Japan with a Degree in Business Administration.

Mr. Hiroshi Yamada, Japanese, 59, was elected as PMPC – Executive Director since February 01, 2014. He is one of the Company’s Senior Managing Officer and Chief Officer for Technology and Strategy. He was a former Councilor for Refrigerator Business Division, Appliances Company, PC – Japan from October 2012 to August 2013. He was the General Manager of Refrigerator Business Unit, Home Appliances Company, PC – Japan from October 2010 to September 2013. He was also the General Manager of Engineering Group, Refrigerator Business Unit, PC – Japan from April 2008 to September 2010 and from July 2005 to March 2008 he was assigned Engineering Group, Refrigerator Division, Pc – Japan as the General Manager. He is a graduate of the Toyama University in Japan with a Degree in Science of Engineering.

Mr. Satoshi Kono, Japanese, 52, was elected as Director since September 01, 2020 and Executive Director of PPH Sales & Marketing Division. Currently, Mr. Kono is also the Chief Brand Communication Officer of the Company. In 2016 to 2019, he was the Chief of PPH Sales and Marketing Division. He was a former Chief of Planning Team, Major Appliances Group Consumer Marketing Division Appliances Company, Panasonic Japan from October 2014 to March 2016. He graduated from Tohoku University, Faculty of Economics with a Bachelor Degree of Economics.

Mr. Shigeru Dono, Japanese, 58, was elected to the Board on October 8, 2019. Presently, he is the Executive Officer of Panasonic Corporation, Vice-President of Appliances Company and Director of Kitchen Appliances Business Division since April 2019. In April 2017 to March 2019 as Managing Officer, Appliances Company – Food Retail & Commercial Equipment Business. He was a former Managing Officer of Appliances Company, in-charge of company planning executive from April 2015 to March 2017. He graduated from the Engineering Science at Kyoto University.

Mr. Hirokazu Yoshida, Japanese, 57, was elected to the Board on September 1, 2020. He is a Director – Consumer Marketing Division and Sales Company Support Center and Managing Officer of Appliances Company, Panasonic Corporation since April 2020. In July 2016, Mr. Yoshida was a Director of Panasonic Corporation, AVC Marketing Center – Consumer Marketing Division and Appliances Marketing Center. He was a former Vice-President of Panasonic of Brasil Ltd. from July 2009 to March 2013. He graduated from Osaka University of Foreign Studies.

Mr. Yukio Hirose, Japanese, 53, was elected to the Board on November 7, 2018. He is currently the Executive Deputy Managing Director of Panasonic Appliance Asia Pacific and concurrently the Managing Director & in – charge of Sales and Marketing of Panasonic Appliances Marketing Asia Pacific since July 2018. He was the Director of Panasonic Asia Pacific Pte. Ltd. (“PA”) from May 2017 – June 2018. He was assigned to Panasonic Marketing Europe as the Managing Director from April 2015 – April 2017. He was the Vice – President of Panasonic Consumer Electronic United States from October 2011 – March 2015. He was assigned to PA – Global Marketing of Digital Camera as General Manager from April 2005 – September 2011. He graduated from Meiji University with a Bachelor Degree in Politics. He joined Panasonic Corporation in March 1991.

Independent Directors

Ms. Justina Callangan, Filipino, 68, was elected as Independent Director on September 01, 2020. She is the Chairman of the Corporate Governance Committee and Related Party Transactions Committee. Currently, she is an Independent Director of ORIX Metro Leasing and Finance Corporation since June 2019. In August 2020, elected as Director (representing the public sector) of Securities and Exchange Commission. To date, Ms. Callangan is a Consultant of ASA Philippines Foundation, Inc., Divina Law Office since October 2018 and November 2018 respectively. She graduated from University of the East,

AB Political Science and San Sebastian College Bachelor of Laws. She was also a Candidate, MA (Political Science) from the University of Santo Tomas.

Ms. Elizabeth Gildore, Filipino, 63, was elected as Independent Director on May 4, 2015. She is the Chairman of the Board Risk Management Committee. She is also a member of the Audit Committee, Corporate Governance, Related Party Transactions, Nomination and Remuneration Committees. Currently, she is the Finance Manager of Moduvi Inc. since March 2014. Ms. Gildore is a former General Manager – PPH Accounting from September 2007 to August 2012. She was the Finance Manager of PMPC – PPH Accounting from June 2000 to August 2007. She is a graduate of B. S. in Commerce, Major in Accounting.

Mr. Marlon Molano, Filipino, 60, was elected as Independent Director on March 01, 2021. He is concurrently the Chairman of Audit Committee and a member of the Board Risk Management, Corporate Governance, Related Party Transactions, Nomination and Remuneration Committees. He is a former Finance and Administrative Assistant Director of the Company from April 2007 to August 2018. Prior to PMPC, he was the General Manager of Panasonic Mobile Communication Corporation of the Philippines (PMCP) from July 1992 to March 2007. He worked with Sycip Gorres & Velayo Company as Senior Auditor from 1981 to 1987. He is a graduate of B. S. in Commerce, Major in Accounting from the University of Pangasinan and Certified Public Accountant.

Executive Officers

The following are the current executive officers of the Company:

Name	Position	Age	Citizenship	Year Appointed as Officer
Masatoshi Sasaki	President & Chief Executive Officer & Chief Manufacturing, Procurement, Quality & Compliance Officer	58	Japanese	2019
Yoshiyuki Takahashi	Treasurer & Senior Managing Executive Officer & Chief Information, Risk Mgt., Financial & HR Officer	59	Japanese	2015
Hiroshi Yamada	Senior Managing Executive Officer & Chief Technology & Strategy Officer	59	Japanese	2014
Satoshi Kono	Managing Executive Officer & Chief Brand Communication Officer	52	Japanese	2020
Ma. Virginia Arevalo	Compliance Officer	56	Filipino	2018
Mamerto Mondragon	Corporate Secretary	76	Filipino	1968

Below are the Profiles of the executive officers who are not directors:

Compliance Officer

Ms. Virginia Arevalo, Filipino, 56, has been the compliance officer of the Company since 2018. She is currently the Manager of Corporate Planning Center from May 2017. She was previously the Manager of Quality Assurance Center from September 2012 – April 2017 and Manager of Purchasing and Import/Export Department from April 2010 to August 2012. And she was the Manager of Purchasing Management Center from April 2006 to March 2010. She graduated from the University of Santo Tomas with a Bachelor Degree in Electrical Engineering and joined the Company in 1987.

Corporate Secretary

Atty. Mamerto Z. Mondragon, Filipino, 76, has been the corporate secretary of the Company since 1968 and its Subsidiary since 1984. He has also been the Corporate Secretary of Panasonic Industrial Devices Philippines Corporation since 2000. He is a graduate of the University of the East with a Bachelor Degree of Law.

2. Significant Employees

The Group values its human resources and considers the entire manpower force as significant employees. It expects each employee to do his share in achieving its set goals and objectives.

3. Family Relationships

There are no family relationship up to the fourth civil degree either by consanguinity or affinity among the Group's directors, executive officers or persons nominated or chosen by the Group to become its directors and executive officers.

4. Involvement in Certain Legal Proceedings

The above-named executive officers and directors, including independent directors, have not been involved in any material legal proceedings in any court or administrative agency of the government during the past five (5) years up to the date of this report that will affect their ability as directors and officers of the Group.

- a. None of them has been involved in any bankruptcy petition
- b. None of them has been convicted by final judgment in a criminal proceeding or being subject to a pending criminal proceeding, both domestic and foreign.
- c. None of them has been subject to any order, judgment, or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodity or banking activities.
- d. None of them has been found by a domestic or foreign court of competent jurisdiction (in civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self – regulatory organization, to have violated a securities or commodities law or regulation.

ITEM 10 – EXECUTIVE COMPENSATION

Directors and Executive Officers Compensation

The aggregate annual compensation during the last two fiscal years and to be paid in ensuing fiscal year 2021 of the Company's Chief Executive Officer and the four others most highly compensated executive officers and all other officers and directors as a group are as follows:

Annual Compensation (in million pesos)					
Name and Principal Position		Year	Salary	Bonus	Other Annual Compensation
Masatoshi Sasaki	President & Chief Executive Officer	2021 (estimated)	37.180	10.608	0.935
Yoshiyuki Takahashi	Treasurer & Senior Managing Executive Officer				
Hiroshi Yamada	Senior Managing Executive Officer				
Satoshi Kono	Managing Executive Officer				
Ma. Virginia Arevalo	Compliance Officer				
Masatoshi Sasaki	President & Chief Executive Officer	2020	38.448	10.602	0.912
Yoshiyuki Takahashi	Treasurer & Senior Managing Executive Officer				
Hiroshi Yamada	Senior Managing Executive Officer				
Satoshi Kono *	Managing Executive Officer				
Masaru Toyota *	Senior Managing Executive Officer				
Ma. Virginia Arevalo	Compliance Officer				
Masatoshi Sasaki	President & Chief Executive Officer	2019	40.797	13.302	0.882
Yoshiyuki Takahashi	Treasurer & Senior Managing Executive Officer				
Hiroshi Yamada	Senior Managing Executive Officer				
Masaru Toyota *	Senior Managing Executive Officer				
Satoshi Kono	Managing Executive Officer				
All other officers and directors as a group unnamed		2021 (est.)	8.731	4.263	1.235
		2020	7.551	4.038	1.319
		2019	2.521	0.829	1.436

* Mr. Toyota resigned as director & officer effective September 1, 2020 and Mr. Kono was elected as the new member of the Board.

Estimated amount

For ensuing year 2021, no significant change is anticipated in the compensation of Directors and Officers.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

As of March 31, 2021, the Parent Company has no special employment contracts with its exiting directors and executive officers other than the compensation herein stated.

There is no compensatory plan or arrangement with respect to an executive which result or will result from the resignation, retirement or any other termination of such executive officers' employment with the Company and its subsidiary or from a change-in-control of the Company or a change in an executive officer's responsibilities following a change-in-control of the Company.

Warrants and Options Outstanding

The Company has not granted any warrants or options which are held by the executive officers and directors as a group.

ITEM 11 – SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

1. Security Ownership of Certain Record and Beneficial Owner of more than 5% of any class as of March 31, 2021 and June 30, 2021

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Ownership and Relationship with Record Owner	Citizenship	No. of Shares	Percentage
Common Class “B”	Panasonic Corporation (“PC”) Japan 1006 Oaza Kadoma, Kadoma City, Osaka 571-8501, Japan Parent Company	Various Stockholders	Non-Filipino	337,994,588	79.96%

Panasonic Corporation (PC) has the power to decide how the PC shares in Panasonic Manufacturing Philippines are to be voted and has authorized Mr. Masatoshi Sasaki – Chairman of the Board to vote on the shares.

2. Security Ownership of Directors and Management

The following are the securities beneficially owned by directors, nominees and executive officers of the Parent Company as of March 31, 2021 and June 30, 2021.

Title of Class	Name of Beneficial Owner	Amount of Beneficial Ownership (Php)	Nature of Beneficial Ownership	Citizenship	Percent
Common “B”	Masatoshi Sasaki	1	Direct	Japanese	NIL
Common “B”	Yoshiyuki Takahashi	1	Direct	Japanese	NIL
Common “B”	Hiroshi Yamada	1	Direct	Japanese	NIL
Common “B”	Satoshi Kono	1	Direct	Japanese	NIL
Common “B”	Shigeru Dono	1	Direct	Japanese	NIL
Common “B”	Hirokazu Yoshida	1	Direct	Japanese	NIL.
Common “B”	Yukio Hirose	1	Direct	Filipino	NIL
Common “A”	Elizabeth Gildore	1,000	Direct	Filipino	.00024
Common “A”	Justina Callangan	1	Direct	Filipino	NIL
Common “A”	Marlon Molano	3,200	Direct	Filipino	.00076
Common “A”	Atty. Mamerto Mondragon	85,360	Direct	Filipino	.0202

The aggregate number of shares owned of record by all or key officers and directors as a group is 89,568 shares or approximately 0.02% of the Company’s outstanding capital stock.

(1) Shares owned by foreigners

The total number of shares owned by foreigners as of March 31, 2021 and June 30, 2021 is 337,994,588

(2) Voting Trust Holders of 5% or More

The Company is not aware of persons holding 5% or more of the Company's common shares under a voting trust or similar arrangement.

(3) Changes in Control

As of the date of this Annual Report, there were/are no arrangements that resulted/may result in a change in control of the Company.

ITEM 12 – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During the last two years, there were no transactions was undertaken by the Company in which any director, executive officer, beneficial owner, or any member of their immediate family had a direct or indirect material interest.

There were no director, executive officer, principal stockholder, or any member of their immediate family owns 10% or more of the Company's outstanding shares.

There were no transactions with promoters within the past five years.

For information on related party transactions, including the amount/volume and outstanding balances as of March 31, 2021, please refer to Note 21 of the Company's Audited Consolidated Financial Statements which is incorporated herein as Annex B.

PART IV – CORPORATE GOVERNANCE**ITEM 13 – CORPORATE GOVERNANCE****OVERVIEW OF FINANCIAL REPORTING 2020**

Panasonic Manufacturing Philippines Corp. (PMPC) is committed to adhere itself with the global best practice of corporate governance and full and fair disclosure to provide and deliver sustained growth and profitability for its shareholders and stakeholders. A strong corporate governance culture and framework is a central pillar of PMPC's operations and provides a catalyst for the achievement of its strategic goals. PMPC continues its strong commitment in upholding and embodying the principles of transparency, integrity, accountability, fairness, and professionalism in all its activities, as particularly evident in the company's response to the unprecedented circumstances of the COVID-19 pandemic. In many ways, the COVID-19 pandemic has pushed the company to activate its business continuity program and utilized available IT technologies to cope with the impact of enhance community quarantine imposed by the local government. The pandemic has also drawn attention to the need for a more active role of the Board of Directors in monitoring the company's relationships with their core stakeholders – customers, employees, suppliers, communities, shareholders, regulators, and government.

The year 2020 has significantly brought on a massive scale significant challenges to the Company's operation that tested the Board's governance. The global production and supply chain system is mostly disrupted due to widespread of the COVID-19. Both the Board and management though its governance process are continuously searching for adequate strategies and policies for revamping production

patterns and meet consumer demand. From global supply chain perspectives, the majority of the Company's raw materials are imported from China and other Asian developing nations. The COVID-19 pandemic has broken the most of transportation links and distribution mechanisms between suppliers, production facilities and customers. Therefore, it is imperative that a different governance and management approach must be applied to continuously sustain production and consumer consumption pattern in the COVID-19 pandemic era. Most of the prominent economies around the world enforced a total lockdown, and the focus has since shifted to surge in demand for essential products and services. This has led to the decline in demand for Company's appliance products. The production and operations management challenges of the pandemic situations will be strongly addressed by both Board Directors and management to continuously adopt and improve the resilience and sustainability of the business system and operation.

BOARD GOVERNANCE

The Corporate Governance structure of the Board prescribes the authority and responsibilities. It is the company's highest governance body which ensures there is an effective governance framework and system in place. It is also responsible for the stewardship of the company, which means that it oversees the day-to-day management delegated to the President and the other officers of the company. The Board as well as in their individual capacity, foster the long-term success of the company, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interest of its stockholders.

Compliance with the principles of good corporate governance starts with the Company's Board of Directors. The Board is responsible for oversight of the business affairs and integrity of the Company; determination of the Company's mission, long term strategy, and objectives; the management of the Company's risks through evaluation, and ensuring the adequacy of the Company's internal controls and procedures. It is the responsibility of the Board to foster and engender the long-term success of the Company and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, exercised in the best interest of the Company, its shareholders, and other stakeholders.

BOARD COMPOSITION

The Board consists of ten members, each elected by the common stockholders during the Annual Stockholders' Meeting (ASM). The Board members hold office for one year until their successors are duly elected and qualified in accordance with the amended by-laws of the Company. PMPC Board is a combination of executive and non-executive that are possessed with qualifications and stature that enable them to effectively participate in the deliberations of the Board. It is composed of qualified and competent individuals that provide complementary skills from their respective areas of expertise in the exercise of their fiduciary responsibilities.

The Board includes three independent directors who were selected by Nomination Committee based on independence criteria as set forth under the SEC's revised Securities Regulation Code and implementing rules and regulation, PMPC By-laws, and Code of Governance Manual. The Board of Directors and the senior management of the Company have all undergone the requisite training on corporate governance. The names, profiles, and shareholdings of each director are found in the Definitive Information Statement, distributed prior to the ASM.

TERM LIMIT OF INDEPENDENT DIRECTOR

The Board's independent directors shall serve for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from re-election as such in the same company, but may continue to qualify for nomination and election as a non-independent director. In the instance that a company wants to retain an independent director who has served for nine years, the Board shall provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

Independent directors (IDs) who have served for nine years may continue as a non-independent director of the company. Reckoning of the cumulative nine-year term is from 2012, in connection with SEC Memorandum Circular No. 9, Series of 2011.

Any term beyond nine years for an ID is subjected to rigorous review, taking into account the need for progressive change in the Board to ensure an appropriate balance of skills and experience. However, the shareholders may, in exceptional cases, choose to re-elect an independent director who has served for nine years. In such instances, the Board must provide a meritorious justification for the re-election.

BOARD DIVERSITY

PMPC recognizes and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender, and other distinctions between Directors. These differences are considered in determining the optimum composition of the Board and balanced appropriately. All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. Currently, there are two female independent directors on board with different professional backgrounds. PMPC implemented the Board Diversity policy in 2015.

BOARD COMMITTEES

Our Board of Directors is the highest governance body of the company. It provides direction and delegates the conduct of business to the company's management and operating levels under the leadership of the President. PMPC has standing committees to support the Board. The Audit Committee, Corporate Governance Committee, Risk Management Committee, and Related Party Transaction Committee have their respective charters approved by the Board. Charters delineate the objectives of the committees, define its functions, composition and procedures. These charters were prepared and benchmarked consistent with SEC's revised Code of Corporate Governance and existing rules and regulations. Every PMPC committee has at least two independent directors. The Board convenes regular meeting on a monthly basis and special meetings may be called for as needed.

AUDIT COMMITTEE

The Board appoints from its members an Audit Committee composed of at least three (3) members, majority of whom are Independent Directors including the Chairman. The Committee is composed of two independent directors and one executive director. The Chairman of Audit Committee is an

independent director and a Certified Public Accountant (CPA). With the resignation of Audit Committee Chairman Independent Director Emiliano Volante in the last quarter of 2021, the Board approved the appointment of committee member Independent Director Marlon M. Molano as the new chairperson. Members of the committee must have accounting, auditing or related financial management expertise, or experience commensurate with the size, complexity of operations, and risk profile of the Company. The Chairperson of the Audit Committee shall not be the Chairperson of the Board or of any other board-level committees.

The purpose and authority of the Audit Committee is to assist the Board in fulfilling its responsibilities for general oversight of: (1) PMPC's financial reporting processes and the audit of financial statements, (2) PMPC's compliance with legal and regulatory requirements, (3) the external auditors' qualifications and independence, (4) the performance of PMPC's internal audit function and external auditors, and (5) risk assessment and risk management.

For fiscal year 2020, the Audit Committee monitored and evaluated the adequacy and effectiveness of the Company's internal control systems, risk management, compliance, and governance practices. It provided oversight on the integrity of the Company's financial statements and financial reporting process, performance of the internal and external audit functions and compliance with Company's policies, applicable laws, and regulatory requirements. The Committee also approved the external auditor's annual audit plan and scope of work and assessed its overall performance and effectiveness. In consultation with management, this Committee also approved the external auditor's terms of engagement and audit fees.

As for Internal Audit function, the Audit Committee reviewed and approved the Internal Audit performance report in 2020, internal audit plan for 2020, and the revised internal audit charter. The Internal Audit periodically reports on the status of relevant auditable areas and recommendations which includes the current status of internal control over financial reporting. The quarterly Audit Committee meetings were conducted to report significant audit issues and accomplishments of the Internal Audit. The Audit Committee through its Internal Audit reviewed the audited consolidated financial statements in accordance with Philippine Financial Reporting Standard (PFRS) and Philippine Accounting Standards (PAS) for Board approval. The Internal Audit reports functionally to the Audit Committee Chairman.

CORPORATE GOVERNANCE COMMITTEE

The Board appoints from its members a Corporate Governance Committee composed of at least three (3) members of the Board, who shall all be non-executive directors, majority of whom are Independent Directors including the Chairman. The Board also appointed Independent Director Atty. Justina Callangan as the new Corporate Governance Committee chairman for the remainder of the 2020 to 2021 board term.

The Corporate Governance Committee is appointed to assist the Board in fulfilling this responsibility with respect to four (4) fundamental issues: (i) overseeing the development and the regular assessment of the Corporation's approach to corporate governance issues, (ii) ensuring that such approach supports the effective functioning of the Corporation with a view to the best interests of the Corporation's

shareholders and effective communication between the Board of Directors and management of the Corporation, (iii) overseeing the process, structure and effective system of accountability by management to the Board of Directors and by the Board to the shareholders, in accordance with applicable laws, regulations and industry standards for good governance practices, and (iv) carrying out the functions and responsibilities of a nomination and compensation committees to recommend to the Board of Directors candidates for election or appointment to the Board of Directors.

RISK MANAGEMENT COMMITTEE

The Board appoints from its members a Risk Management Committee composed of at least three (3) members of the Board, majority of whom shall be Independent Directors, including the Chairperson. Committee members should possess a range of knowledge and expertise on risk management issues and best practices. Ms. Elizabeth Gildore, Chairperson, is not the Chairperson of the Board or of any other board-level committee.

The Risk Management Oversight Committee monitors the risk environment for PMPC and provides direction for the activities to mitigate, to an acceptable level, the risks that may adversely affect company's ability to achieve its goals. The committee facilitates continuous improvement of the company's capabilities around managing its priority risks. In addition, the committee supports the Audit Committee's efforts to monitor and evaluate, as mandated by the SEC's Code of Corporate Governance, the risk management processes of the company.

RELATED PARTY TRANSACTION COMMITTEE

The Board appoints from its members a Related Party Transaction Committee composed of at least three (3) Non-Executive Directors, majority of whom are Independent Directors including the Chairperson. The Board also appointed Independent Director Atty. Justina Callangan as the new Committee chairman for the remainder of the 2020 to 2021 board term.

The purpose of the Related Party Transaction Committee is to assist the Board of Directors of the company to provide independent review, approval, and oversight of Related Party Transactions (RPTs) to ensure that transactions with related parties are conducted in arms-length. The company is exercising extensive effort to ensure that all significant related party transactions with related parties are done at arm's length. The transactions with related parties involve the supply of raw materials, service, and management consulting. RPT Committee 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 is considered for purposes of applying the thresholds for disclosure and approval. In 2019 PMPC adopted the Related Party Transaction guidelines of SEC pursuant to SEC memorandum circular no. 10 series of 2019.

BOARD MEETINGS

The members of the Board shall attend its regular and special meetings in person or through teleconferencing conducted in accordance with the rules and regulations of the SEC.

Scheduling of Meetings. The Board and the board committees conduct business through meetings for the effective discharge of obligations. Regular board meetings are convened monthly, scheduled at the beginning of fiscal year to cover the full term of the newly elected or re-elected Directors. The Board meeting in FY 2020 were held on the following dates:

Date of Meeting	Nature of Meeting
April 14, 2020	Special
May 7, 2020	Special
May 27, 2020	Special
June 10, 2020	Regular
July 9, 2020	Special
July 13, 2020	Special
July 28, 2020	Special
July 30, 2020	Special
August 4, 2020	Special
August 26, 2020	Shareholder/Board Mtg.
September 1, 2020	Special
September 7, 2020	Special
September 9, 2020	Special
September 22, 2020	Special
October 29, 2020	Regular
November 9, 2020	Special
November 11, 2020	Special
November 27, 2020	Special
December 23, 2020	Special
January 6, 2021	Special
January 12, 2021	Special
January 18, 2021	Special
January 27, 2021	Regular
March 9, 2021	Special
March 11, 2021	Special

Conduct of Meetings. The Chairman presides over meetings of the Board. The Vice Chairman presides in the absence of the Chairman. Board and committee meetings are conducted consistent with the Company's Amended By-Laws.

Meeting Materials. Board and board committee reference materials are made available to the directors at least five (5) days prior to the scheduled meeting. As an innovation to board governance, all materials for Board and board committee meetings are uploaded through a secure email system to ensure immediate receipt and quick access. Smart devices are link with the Company's email system.

Director Attendance. The table below shows the attendance of elected directors in fiscal year 2020. When exigencies prevent a Director from physically attending a Board or board committee meeting, facilities for conferencing are made available via Teams video conferencing.

DETAILS	MEMBERSHIP AND ATTENDANCE						
	STOCKHOLDERS' & BOARD			BOARD COMMITTEE			
MEETING	AS	BOD	NED & ID	AC	BROC	CGNCC	RPTC
NO. OF MEETING	1	25	1	4	4	4	4
Masatoshi Sasaki Executive Director	C 1/1	C 25/25	-				
Yoshiyuki Takahashi Executive Director	- 1/1	VC 25/25	-	M 4/4	M 4/4	C 4/4	C 4/4
Hiroshi Yamada Executive Director	- 1/1	M 25/25	-				
Masaru Toyota Executive Director	- 1/1	M 11/11	-				
Hiroyuki Tagishi Non-Executive Director	1/1	M 5/10	-				
Yukio Hirose Non-Executive Director	- 1/1	M 13/25	-				
Shigeru Dohno ¹ Non-Executive Director	- 1/1	M 13/25	-				
Hirokazu Yoshida ² Non-Executive Director	-	M 8/15	-				
Satoshi Kono ³ Executive Director	-	14/14 M					
Emiliano Volante Independent Director	- 1/1	M 23/23	M 1/1	C 3/3	M 3/3	M 3/3	M 3/3
Elizabeth Gildore Independent Director	- 1/1	M 25/25	M 1/1	M 4/4	C 4/4	M 4/4	M 4/4
Justina Callangan ⁴ Independent Director	-	M 11/11	-	-	M 2/2	M 2/2	M 2/2
Marlon Molano ⁵ Independent Director	-	M 2/2	-	M 1/1	M 1/1	M 1/1	M 1/1

¹ Mr. Shigeru Dohno was nominated and elected as director to replace Mr. Tonooka effective October 8, 2019

² Mr. Hirokazu Yoshida replaced Mr. Hiroyuki Tagishi on September 1, 2020.

³ Mr. Satoshi Kono replaced Mr. Masaru Toyota on September 1, 2020

⁴ Atty. Justina Callangan was elected September 1, 2020 to increase the no. of independent to three (3) members. She was subsequently elected to chair the Corporate Governance & Related Party Transaction Committees to replace Mr. Yoshiyuki Takahashi.

⁵ Mr Marlon Molano replaced Mr. Emiliano Volante on January 27, 2021 and assumed the chairmanship of Audit Committee

C - Charman	VC -Vice Chairman	M - Member	
AS -Annual Stockholders	BOD – Board of Directors	NED - Non-Executive Director	ID – Independent Director
EC – Executive Committee	AC – Audit Committee	BROC – Board Risk Oversight Committee	CGNCC - Corporate Gov., Nomination & Compensation Committee
RPTC – Related Party Transaction Committee			

BOARD PERFORMANCE EVALUATION

Board of Director, Board Committee, and relevant senior management evaluations, in accordance with the Code of Corporate Governance self-assessment, have been undertaken with respect to the FY 2020 reporting period. It was put in place by the Board since 2009 and has since been consistently implemented. The corporate governance self-assessment is annually conducted to measure performance and benchmark its compliance with the best Corporate Governance practices in the industry. The actions agreed upon by the Board in response to the performance review were documented and the completion of these items was monitored by the Board. In accordance with SEC’s implementing rules and regulations, PMPC directors have attended at least one corporate governance seminar conducted by accredited agency. In fiscal year 2020 all the directors and management of PMPC attended an online seminar on Corporate Governance. Our directors keep abreast with the latest developments relevant with their duties and responsibilities to ensure good corporate governance practices. The table below provides the process and criteria in evaluation the performance of the Board.

	Process	Criteria
Board of Directors	<p>Self-Assessment by all directors</p> <p>The Board shall be given sufficient time to accomplish the self-assessments.</p> <p>Each individual director performs the self-assessment using the prescribed forms, applying the rating scale and predetermined evaluation criteria for each level.</p> <p>Each director shall submit the completed forms on or before the deadline set by the Governance Committee or at such earlier or later date as the Board may agree upon.</p>	<p>Strategy and Effectiveness</p> <p>Structure and Committees</p> <p>Meetings and Procedures</p> <p>Board and Management Relations</p> <p>Succession Planning and Training</p> <p>Performance Evaluation</p> <p>Value Creation</p> <p>Effective Governance</p>

	The Corporate Governance Committee processes the results of the assessments and communicates this to the Board through a Summary Report.	
Board Committee	Self-Assessment by all Directors Submission of Accomplishment Reports to the Board by the different committees.	General and specific factors relating to Committee organization, meetings, processes and procedures, and overall effectiveness. Committee role Committee membership Procedure and practice Committee structure Collaboration and style Personal Effective Governance
Individual Director	Each director is required to fill-up a Self-Assessment Form annually	Leadership, Vision, Mission, and Values Effective Governance Strategic Thinking and Decision Making Teamwork Fulfillment of the Company's Governance Attendance
President CEO /	Each director fills up an evaluation form based on the relevant criteria. These are then submitted to the Chairman. The CEO/ President's performance is also evaluated at least once a year by the Personnel and Compensation Committee and Executive Committee.	Leadership Working with the Board Strategic & Visionary Managing Execution Communication/External Relations

TRAINING AND CONTINUING EDUCATION PROGRAM FOR THE DIRECTORS AND OFFICERS

The Company has a training policy that all directors should annually attend at least a four-hour training on corporate governance. In addition, all new directors are required to undergo at a minimum an eight-hour orientation program on the company's business and structure, vision and mission, business strategy, Governance Codes and Policies, Articles, By-Laws, Corporate Governance Manual, Board and Committee Charters, SEC-mandated topics on governance matters and other subjects essential for the effective performance of their duties and responsibilities. It is the Chief Compliance Officer's responsibility to ensure that each director has underdone the necessary trainings for the year.

As a corporate-wide initiative, a Corporate Governance training was held on March 25, 2021 during the fiscal year 2020. The training serves as continuing education program for the Board, President and senior management. It was the first virtual Corporate Governance training of Company facilitated by Ms. Judith Lopez. She was the former Chairman and Senior Partner of Isla Lipana & Co. and Board member of Philippines Veterans Bank. The relevant topics discussed as follows:

- Strategy and implementation
- Risk Management
- Corporate Ethics
- Monitoring Company Performance
- Management Evaluation, Compensation and Succession
- Communication with Stakeholders
- Board Dynamics

SHAREHOLDER RIGHTS

The company shall treat all shareholders fairly and eqtably, and also recognize, protect and facilitate the exercise of their rights. It is the responsibility of the Board to adopt a policy informing the shareholders of all their rights. The Company encourages shareholders to exercise their rights by providing clear-cut processes and procedures for them to follow.

Voting rights. Each common share in the name of the shareholder entitles such shareholder to one vote, which may be exercised in person or by proxy at shareholders' meetings, including the Annual General Stockholders' Meeting. Common shareholders have the right to elect, remove, and replace directors, as well as vote on certain corporate acts specified in the Revised Corporation Code.

Preferred shareholders have the right to vote on matters involving certain corporate acts specified in the Revised Corporation Code. They enjoy certain preferences over holders of common shares in terms of dividends and in the event of liquidation of the Company.

- **Electronic Voting in Absentia.** In its meeting, the Board approved Management's recommendations for the Company to provide the Company's shareholders with the option to vote in absentia in the 2020 ASM. Hence, at the August 26, 2020 ASM, shareholders were able to effectively participate and had the option to cast votes in absentia through an online electronic system, as also provided for in the Revised Corporation Code.
- Cumulative voting is used in the election of directors, who may be removed with or without cause. Directors shall not be removed without cause if it would deny minority shareholders representation in the Board. Removal of directors requires an affirmative vote of two-thirds of the outstanding capital of PMPC.
- No stockholders' meeting may conduct business unless a majority of the outstanding and subscribed capital stock entitled to vote is represented, except to adjourn from day to day until such time may be deemed proper.
- The Company also strictly complies with the rules and regulations of the SEC in relation to sending out the notice of meeting at least two weeks prior to the meeting, right to vote, and right to appoint a proxy.
- PMPC adheres to the "One Share, One Vote" rule. Its Amended By-Laws state that shareholders are entitled to voting rights equivalent to the number of shares they hold.

Pre-emptive rights. A pre-emptive right is often provided to existing shareholders to avoid involuntary dilution of their ownership stake. The right gives them the chance to buy a proportional interest of any future issuance of common stock.

Right to Information. Shareholders are provided, through the Investor Relations, disclosures, announcements, and, upon request, periodic reports filed with the SEC. All disclosures of the Company are likewise immediately available and downloadable at the Company's website upon disclosure to the Philippine Stock Exchange (PSE).

Right of inspection. Shareholders shall be allowed, within certain reasonable limits, to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code. They shall be provided with an annual report, including financial statements.

Dividends. Shareholders are entitled to receive dividends as the Board, in its discretion, may declare from time to time. However, the Company is required, subject to certain exceptions under the law, to declare dividends when the retained earnings equal to or exceed its paid-up capital stock. The Company has been consistently paying dividends to its shareholders annually.

Appraisal right. In accordance with the Corporation Code, shareholders may exercise appraisal rights under the following circumstances:

- In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any shareholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- In case of sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- In case of merger or consolidation

List of Material Information on Stockholders. The table below is the list of material information on stockholders as provided for by the Company's policy and procedure on Material Disclosures. The following gives a general description of matters which would be regarded as material information. This list is not exhaustive, and is for guidance purposes only.

List of Material Information on Stockholders
a) A change in control of the issuer
b) The filing of any legal proceeding by or against the Issuer and/or its subsidiaries, involving a claim amounting to ten percent (10%) or more of the Issuer's total current assets or any legal proceeding against its President and/or any member of its Board of Directors in their capacity as such;
c) Changes in the Issuer's corporate purpose and any material alterations in the Issuer's activities or operations or the initiation of new ones;
d) Resignation or removal of directors, officers or senior management and their replacements and the reasons for such;
e) Any decision taken to carry out extraordinary investments or the entering into financial or commercial transactions that might have a material impact on the Issuer's situation;
f) Losses or potential losses, the aggregate of which amounts to at least ten percent (10%) of the consolidated total assets of the Issuer;
g) Occurrence of any event of dissolution with details in respect thereto;

h)	Acts and facts of any nature that might seriously obstruct the development of corporate activities, specifying its implications on the Issuer's business;
i)	Any licensing or franchising agreement or its cancellation which may materially affect the Issuer's operations;
j)	Any delay in the payment of debentures, negotiable obligations, bonds or any other publicly traded security;
k)	Creation of mortgages or pledges on assets exceeding ten percent (10%) or more of the Issuer's total assets;
l)	Any purchase or sale of stock or convertible debt securities of other companies when the amount is ten percent (10%) or more of the Issuer's total assets;
m)	Contracts of any nature that might limit the distribution of profits, with copies thereof;
n)	Facts of any nature that materially affect or might materially affect the economic, financial or equity situation of those companies controlling, or controlled by the Issuer including the sale of or the constitution of sureties/pledges on a substantial part of its assets;
o)	Authorization, suspension, retirement or cancellation of the listing of the Issuer's securities on an exchange or electronic marketplace domestically or abroad;
p)	Fines of more than ₱50,000.00 and/or other penalties on the Issuer or on its subsidiaries by regulatory authorities and the reasons therefor;
q)	Merger, consolidation or spin-off of the Issuer;
r)	Any modification in the rights of the holders of any class of securities issued by the Issuer and the corresponding effect of such modification upon the rights of the holders;
s)	Any declaration of cash dividend, stock dividend and pre-emptive rights by the Board of Directors;
t)	Any change in the Issuer's fiscal year and the reason(s) therefor;
u)	All resolutions, approving material acts or transactions, taken up in meetings of the Board of Directors and Stockholders of the Issuer;
v)	A joint venture, consolidation, acquisition, tender offer, take-over or reverse take-over and a merger;
w)	Capitalization issues, options, directors/officers/employee stock option plans, warrants, stock splits and reverse splits;
x)	All calls to be made on unpaid subscriptions to the capital stock of the Issuer;
y)	Any change of address and contact numbers of the registered office of the Issuer;
z)	Any change in the auditors of the Issuer and the corresponding reason for such change;
aa)	Any proposed amendment to the Articles of Incorporation and By-Laws and its subsequent approval by the Commission;
bb)	Any action filed in court, or any application filed with the Commission, to dissolve or wind-up the Issuer or any of its subsidiaries, or any amendment to the Articles of Incorporation shortening its corporate term;
cc)	The appointment of a receiver or liquidator for the Issuer or any of its subsidiaries;
dd)	Any acquisition of shares of another corporation or any transaction resulting in such corporation becoming a subsidiary of the Issuer;
ee)	Any acquisition by the Issuer of shares resulting in its holding ten percent (10%) or more of the issued and outstanding shares of another Issuer or where the total value of its holdings exceed five percent (5%) of the net assets of an unlisted corporation;
ff)	Any sale made by the Issuer of its shareholdings in another listed or unlisted corporation: (1) resulting in such corporation ceasing to be its subsidiary; (2) resulting in its shareholding falling below ten percent (10%) of the issued capital stock;
gg)	Firm evidence of significant improvement or deterioration in near term earnings prospects;
hh)	The purchase or sale of significant assets amounting to ten percent (10%) or more of the Issuer's total assets otherwise than in the ordinary course of business;
ii)	A new product or discovery;
jj)	The public or private sale of additional securities;

kk) A call for redemption of securities;
ll) The borrowing of a significant amount of funds not in the ordinary course of business;
mm) Default of financing or sale agreements;
nn) Deviation from capital investment funds equivalent to twenty percent (20%) of the original amount appropriated;
oo) Disputes with subcontractors, customers or suppliers or with any other parties;
pp) An increase or decrease by ten percent (10%) in the monthly, quarterly and annual revenues on a year-on-year basis.
qq) Material changes in the Group's business or its strategy or investment plans

Alternative Dispute Mechanism. The Company maintains policy and procedures on alternative dispute mechanism. It is the policy of the Company to resolve disputes or differences with shareholders, regulatory authorities and other third parties, if and when such disputes or differences arise, through mutual consultation or negotiation, mediation or arbitration.

SHARE INFORMATION

Listing Date: January 21, 1983

Class of Shares: Common A & B Shares

Voting Rights: One vote per share

Authorized: 847,000,000 as of March 31, 2020

Outstanding: 422,718,020 as of March 31, 2020

Rights, obligations, and restrictions attaching to shares. The rights and obligations attaching to each class of ordinary common in PMPC's share capital are set out in full in its Articles of Incorporation which may be amended by special resolution of the shareholders and can be found on www.panasonic.com.ph investor relation section.

Share Distribution Ownership. The table below summarizes sharelots ownership statistics as of March 31, 2021.

Size of Shareholdings	Common Share Class	No. of Shareholders	%	No. of Shares	%
1-100	A	70	14.99%	3,298	0.00%
101-500	A	82	17.56%	21,027	0.00%
501-1000	A	62	13.28%	52,188	0.01%
1001-5000	A	113	24.20%	268,450	0.06%
5001-10,000	A	38	8.14%	210,738	0.05%
10,0001-50,000	A	54	11.56%	1,035,256	0.25%
50,001-100,000	A	9	1.93%	970,874	0.23%
100,001-500,000	A	27	5.78%	4,738,261	1.12%
500,001-1,000,000	A	4	0.86%	2,692,510	0.64%
1,000,001-5,000,000	A	4	0.86%	12,633,524	2.99%
5,000,001-10,000,000	A	1	0.21%	6,076,341	1.44%
10,000,001-50,000,000	A	2	0.42%	56,020,972	13.25%
50,000,001-500,000,000	B	1	.21%	337,994,581	79.96%
Grand Total		467	100%	422,718,020	100.00%

STAKEHOLDER INVESTOR RELATION

PMPC strives to maintain its corporate credibility and instill investor confidence in the Company by practicing a structured approach to the communication of material information. It assists in achieving a fair market value for PMPC's securities – a benefit to both shareholders and the Company. PMPC will make every effort to ensure that all material information concerning the Company is made as freely and widely available as possible. PMPC encourages an exchange of opinion between itself and its principal stakeholders and will organize its communications to facilitate that dialogue.

PMPC responds to information requests from the investing community and keeps shareholders informed through timely disclosures to the PSE and the SEC and through regular quarterly briefings, annual shareholders meeting, investor briefings and the Company's website, and responses to email and telephone queries. The Company's disclosures and other filings with the SEC and PSE are available for viewing and download at the Company's website.

STOCKHOLDER MEETING AND VOTING PROCEDURES

Despite the unprecedented circumstances brought about by the COVID-19 pandemic in 2020, notices of the 2020 ASM were sent to the stockholders on July 17, 2020, 39 days, prior to the ASM which was held on August 26, 2020. Voting procedures on matters presented for approval of the stockholders in the ASM are set out in the Definitive Information Statement distributed to all shareholders of the Company.

The ASM also continues to be a key communications event for our Board and Management. It is a primary opportunity for meaningful discussion of the company's narrative, to engage with its shareholders and investors on the key issues facing the Company, review fiscal information for the past year, and respond to any questions regarding goals and directions the Company's business will take in the future. PMPC's Chairman and members of the Board, chairmen and members of the Board-level Committees, and senior executive officers led by the President and CEO, CFO, and Heads of Risk, Control, and Compliance, including the Corporate Secretary, and the Investor Relations Officer, are always in attendance and available for informal discussion before and after the formal business of the ASM. The table below is the list of directors, officers who attend the ASM.

List of directors, officers and stockholders who attend the Annual Stockholders' Meeting	
Director:	
Masatoshi Sasaki	Chairman
Yoshiyuki Takahashi	Vice-Chairman
Hiroshi Yamada	Executive Director
Masaru Toyota	Executive Director
Hiroyuki Tagishi	Non-Executive Director
Dohno Shigero	Non-Executive Director
Yukio Hirose	Non-Executive Director
Emiliano Volante	Independent Director
Elizabeth Gildore	Independent Director

Officers:	
Masatoshi Sasaki	President / Chairman
Yoshiyuki Takahashi	Executive Director / Treasurer and Vice-Chairman
Hiroshi Yamada	Executive Director
Masaru Toyota	Executive Director / Vice-Chairman PPH
Atty. Mamerto Mondragon	Corporate Secretary
Ma. Virginia Arevalo	Compliance Officer
Stockholders:	
Forty-one (41) Shareholder	Shareholders

For the benefit of all the stockholders, the Chairman of the Board and the Corporate Secretary discussed the Rules of Conduct and Procedures for the meeting after the requisite call to order, certification of notice of meeting, and determination of quorum. The Rules of Conduct and Procedures were also detailed in the explanations of agenda items in the Notice of ASM. All items in the agenda requiring approval by the shareholders, including the election of the Board, need the affirmative vote of shareholders representing at least a majority of the issued and outstanding voting stock. Voting is considered on a poll, by shares of stock; that is, one share entitles the holder to one vote, two shares to two votes. Cumulative voting as provided for in the Corporation Code may be applied in the election of the Board. The Office of the Corporate Secretary tabulates all votes received and the Company's external auditor validates the results.

The Company proactively encourages the full participation of its shareholders, including institutional shareholders, at the ASM. Shareholders may participate in person or through their authorized representative. For the 2020 ASM, only shareholders of record as of August 10, 2020 were entitled to the notice and to vote at the meeting. Due to the pandemic and enhanced community quarantine in place, it was a virtual ASM and shareholders could not physically attend the meeting. However, they could still participate through the livestreamed webcast of the meeting and the option to vote in absentia through an online electronic system or by appointing the Chairman of the meeting as their proxy.

Stockholder's Question and Answer. Annually, the Board ensures that the shareholders are encouraged, recognized, and given sufficient time to ask questions at the ASM to ensure accountability and identification with the Board's and Management's strategy and goals of the Company. Questions or comments of shareholders, as well as responses of the Board and management, were duly recorded in the Minutes of the Meeting. The following questions were asked during the stockholders meeting:

1. **Ms. Wenyfreda Borgonos** (shareholder): Considering the COVID-19 pandemic situation, may we know how the company is particularly affected in terms of capacity and profitability? In connection with these, what is the company's business strategy for fiscal year 2020, and even for the coming years?

Mr. Y. Sasaki: The Company has not been spared from the impact of COVID-19. As early as

January of 2020, importation of raw materials from China is a challenge due to the impact of lockdown on the supply chain of raw materials. Accordingly, in the last quarter of FY 2019, the company only managed to generate sales of 2.7 billion pesos, which is 63% of the plan and 85% of the previous year. Also, profit is only 5.5 million pesos, which is very much less than the previous year.

2. **Ms. Imelda Garcia** (shareholder): This is a follow-up on the previous question of stockholder. As explain by Mr. Y. Sasaki, the company felt the effects of the COVID-19 pandemic beginning in the last quarter of FY 2019, what are the current plans of the company to recover and meet or achieve its sales targets?

Mr. Y. Sasaki: Currently, we have a very difficult production and sales situation. But luckily demands for some of our products during the quarantine period have stepped up. These include refrigerators, aircons, and washing machines. It appears that the Company has an opportunity to turn an unpleasant situation into something positive. While we fully recognize the difficulty brought about by the disruption in the supply chain relative to our raw materials, we are able to leverage the people's current reliance on consumer products like ours by ramping up and maximizing production capacity. The Company will also focus on the cost reduction activities, which is facilitated by falling raw material prices. By actively pursuing these strategies, we hope to eventually achieve our target sales and profit.

Voting Results. The results of the voting of the ASM are counted and tabulated by Office of the Corporate Secretary of and independent external third-party auditor. The voting results for the 2020 ASM are as follows:

Total Number of Votes (Present and Proxy) – 359,745,841 Total Issued and Outstanding Shares – 422,718,020 Percentage of Attendees – 85.10%			
Resolution	For	Against	Abstain
Approval of Minutes of Annual Stockholders' Meeting held on June 21, 2019	359,745,841 100%	-	
Approval of Annual Report and Audited Financial Statements as of March 31, 2019	359,745,841 100%	-	
Ratification of the Acts of the Board of Directors and Officers	359,745,841 100%	-	
Election of External Auditors and Fixing of their Remuneration	359,745,841 100%	-	
Election of Members of the Board of Directors			
Masatoshi Sasaki	359,745,841	-	
Yoshiyuki Takahashi	359,745,841	-	
Hiroshi Yamada	359,745,841	-	
Masaru Toyota	359,745,841	-	
Hiroyuki Tagishi	359,745,841	-	
Dohno Shigero	359,745,841	-	
Yukio Hirose	359,745,841	-	
Emiliano Volante	359,745,841	-	
Elizabeth Gildore	359,745,841	-	

Voting results are submitted to the SEC and disclosed on the websites of the various Exchanges, where the Company's shares are traded, and made publicly-available on the company website as well by the next working day or sooner.

Minutes of the ASM. The Minutes of the ASM includes all information pertinent to the meeting: date, time, and location of the annual meeting; qualified participants, attendance, and quorum present to conduct business; approval of prior minutes; general report of the President and CEO; record of action items in the meeting including election of the Board, any pertinent discussions, and actual votes; and corporate resolutions that were adopted. The minutes also records the dialogue between shareholders and the Board and Management, facilitating Board and Management's responses to shareholders' questions and clarifications, as well as determining any follow up actions that need to be taken by the Board and Management in the future. Minutes of the previous year's ASM are provided to shareholders prior to the start of the meeting of the current year. Minutes of the 2020 ASM were likewise posted on the company website within five calendar days from the date of the ASM. Minutes of the ASM for the current and prior years may be viewed at the Company's website.

RISK MANAGEMENT

PMPC recognizes risks are associated with achieving value-based objectives. Managing these risks forms an essential part of PMPC's business. The aim of risk management within PMPC is to provide reasonable assurance that it understands the risks associated with achieving its business objectives and that it responds appropriately to these risks at all levels within the organization. This is achieved by always ensuring that:

- Risks are properly identified, assessed, managed and reported;
- Risk ownership is taken and communicated;
- Resources are effectively and efficiently allocated to manage risks;
- Risks that could significantly affect our employees, the company, our suppliers, or our clients are suitably managed;
- The company is compliant with regulatory and legal requirements.

ACCOUNTABILITY AND AUDIT

External Auditors. The Audit Committee has the primary responsibility to recommend the appointment and removal of the external auditor. The external auditors are directly accountable to the Audit Committee in helping ensure the integrity of the company's financial statements and financial reporting process. Their responsibility is to assess and provide an opinion on the conformity of the audited financial statements with Philippine Financial Reporting Standards and the overall quality of the financial reporting process. The Audit Committee oversees the work of the external auditors and ensures that they have unrestricted access to records, properties, and personnel to enable performance of the required audit. During the ASM last August 26, 2020, the shareholders re-appointed Sycip Gorres Velayo & Co. (SGV & Co.) as the company's external auditor for the year 2020, with Juan Carlo Maminta as the lead engagement partner.

The Committee met with the external auditors without the presence of the management team to discuss any issues or concern. To ensure that the external auditor maintains the highest level of independence from the company, both in fact and appearance, the Audit Committee approved all audit, audit-related, and reviewed non-audit services rendered by the external auditor. Non-audit services expressly prohibited by regulations of the SEC were awarded to other audit firms to ensure that the company's external auditor carries out its work in an objective manner.

Internal Audit. Internal Audit supports the Audit Committee in the effective discharge of its oversight role and responsibility. The Head of Internal Audit, Andrei R. Tibi, reports functionally to the Audit Committee of the Board of Directors, and administratively to the President / CEO. The activities of Internal Audit are governed by a separate Internal Audit Charter approved by the Audit Committee and the Board.

Internal Audit adopts a risk-based audit approach in developing its annual work plan, which is reassessed quarterly to consider emerging risks. The Audit Committee reviews and approves the annual work plan and all deviations therefrom and ensures that internal audit examinations cover the evaluation of adequacy and effectiveness of controls encompassing the company's governance, operations, and information systems; reliability and integrity of financial and operational information; safeguarding of assets; and compliance with laws, rules, and regulations. The Committee also ensures that audit resources are adequate and reasonably allocated to the areas of highest risk, including the effectiveness of the internal audit function. Its audit activities conform to the International Standards for the Professional Practice of Internal Auditing. During the year, the Committee regularly met with the Head of Internal Audit without the presence of management to discuss any issues or concern.

CODE OF BUSINESS CONDUCT AND ETHICS

Our business environment is constantly changing. We can count on changes in our products, our people, our customers, and our suppliers. What will not change is our commitment to our company values. Our basic business philosophy helps us determine our objectives, our approach to business activities, and the general direction of our company. It serves as a compass, helping us set and maintain the right direction for our business. It is timeless and remains valid regardless of where our business takes us. Our values are the foundation for sustaining our business environment within the Company. Among them, include:

- Contribution to society
- Fairness & honesty
- Cooperation & team spirit
- Untiring effort for improvement
- Courtesy and humility
- Adaptability
- Gratitude

These values define who we are as a company — to each other, to our customers, to our suppliers and to our shareholders. They define what we stand for, and they are guiding principles for behavior.

Internal policies such as conflict of interest policy, insider trading policy, whistleblower policy and related party transaction lend guidance, provide support, and lay the proper context in PMPC's adherence to Code of Business Conduct and Ethics.

Anti-Corruption Policy. PMPC is steadfast in abiding by the highest ethical standards in doing its business. A zero-tolerance policy is adopted towards fraud, corruption, bribery in any form, and all unethical practices, coupled with a firm commitment to full compliance with all relevant laws and standards. The anti-corruption policy contained in the Code of Business Conduct and Ethics guides all directors, officers, and employees on how to conduct business in a fair, ethical, and legal manner. Strict observance of the policy is mandated in all their transactions and dealings with customers, suppliers, and business partners of the company as well as with the government.

Conflict of Interest. It is PMPC's policy that all employees avoid any activity that is or has the appearance of being hostile, adverse, or competitive with the company, or that interferes with the proper performance of duties, responsibilities, or loyalty to the company. PMPC has in place conflict of interest policy that elevate the interest of the company above that of the personal interest of directors, officers, and employees. The policy covers specific conflict of interest situations and it also support that directors, officers and employees do not tolerate corruption or any form of bribery nor provide or accept improper inducement during any business dealing.

Insider Trading. It is the policy of the Company to oppose the unauthorized disclosure of any nonpublic information acquired in the workplace and the misuse of Material Nonpublic Information in securities trading. The company prohibits director, officer, or employee of, or consultant or contractor to, the Company, and no member of the immediate family or household of any such person, shall engage in any transaction involving a purchase or sale of Company's securities, including any offer to purchase or offer to sell, during any period commencing with the date that he or she possesses Material Nonpublic Information concerning the Company, and ending at the close of business on the second Trading Day following the date of public disclosure of that information, or at such time as such nonpublic information is no longer material.

Whistleblower. PMPC has whistleblower policy in place, another important mechanism for preventing the incident of fraud, bribery, and misconduct. All stakeholders which include the board, officers, and employees, as well as customers, and suppliers can report any violation of conduct of business conduct, policies, procedures and applicable laws and regulations. A whistleblower can raise their concerns of violations of the code of business conduct and ethical guidelines, or other illegal or unethical conduct, without fear that they will be disciplined or terminated. The company does not permit retaliation of any kind against an employee for reporting information in good faith. The whistleblower may approach the internal audit or any officers of the company who are designated contact person for the purpose of whistleblowing.

DISCLOSURE AND TRANSPARENCY

PMPC adheres to a high level of standard in its corporate disclosure and adopts transparency with respect to the Company's financial condition and state of corporate governance.

Ownership Structure. The top 20 shareholders of the Company, including the shareholdings of certain record and beneficial owners who own at least 2% of its capital stock, its directors and key officers, are disclosed annually in the Definitive Information Statement distributed to shareholders prior to ASM.

Financial Reporting. PMPC provides the investing community with regular updates on operating and financial information through adequate and timely disclosures filed with the SEC and the PSE. Consolidated audited financial statements are submitted to the SEC and the PSE on or before the prescribed period and are available to the shareholders prior to the ASM.

PMPC's financial statements conform to Philippine Accounting Standards and Philippine Financial Reporting standards, which also in compliance with International Accounting Standards. Quarterly financial results, on the other hand, are released and are duly disclosed to the SEC and PSE in accordance with the prescribed rules. These disclosures are likewise posted on the Company's corporate website.

In addition to compliance with structural reportorial requirements, the Company discloses in a timely manner market-sensitive information such as dividend declarations, acquisitions, and sale of significant assets that materially affect the share price performance of the Company.

Securities Dealing. The Company has adopted a policy which regulates the acquisition and disposal of Company shares by its directors, officers, and employees, and the use and disclosure of price-sensitive information by such persons. Under the policy, directors, officers, and employees who have knowledge or are in possession of material nonpublic information are prohibited from dealing in the Company's securities prior to disclosure of such information to the public.

MEASURE TO FULLY COMPLY WITH CORPORATE GOVERNANCE

In 2020, PMPC substantially complied with its Manual on Corporate Governance, the provisions of the Revised Code of Corporate Governance of the Securities and Exchange Commission (SEC) and the Corporate Governance Guidelines Disclosure Template of the Philippine Stock Exchange (PSE). As a mechanism to comply with Corporate Governance, the company has a Corporate Governance Committee, which comprises the company's President, Compliance Officer, Audit Committee, Internal Audit, and Risk Management Committee. The Corporate Governance Committee has taken various initiatives to comply with the ASEAN Corporate Governance and Integrated Annual Corporate Governance Report (IACGR) practices which recently include increasing the number of independent directors to three (3) members, the adoption of Corporate Compliance Program Policy headed by Compliance Officer, Related Party Transaction Policy, Board Related Party Transaction Committee, Beneficial Ownership Policy, Fraud Statement Policy among others. These initiatives are prospectively monitored by the board and facilitated by the company's compliance officer. PMPC has put in place a policy on Corporate Compliance Program to strengthen its compliance initiatives consistent with the regulatory agencies.

PMPC's Corporate Governance is exercised by a duly appointed Compliance Officer who is responsible for monitoring compliance with the provisions and requirements of corporate governance law, rules, and regulations, reporting violations and recommending the imposition of disciplinary actions, and adopting measures to prevent repetition of violations. She also ensures that corporate governance education and communication program, promotes the development of knowledge, skills, attitudes, and culture that would enhance observance of corporate governance policies.

The company has Board Assessment Policy and Procedures that provides, at the minimum, criteria, and process to determine the performance of the Board, individual directors, and committees as an evaluation system whether they comply with the Manual of Corporate Governance.

In fiscal year 2020, the increase from two to three independent directors due to onboarding of additional independent director improved the Company's compliance with Code of Corporate Governance and Integrated Annual Corporate Governance Report.

NO MATERIAL DEVIATION

The Company has established various Internal Controls, procedures, and mechanism to ensure compliance with the Code of Corporate Governance and to avert any possible deviation thereof. PMPC shall continue to monitor, adopt, and evolve in conjunction with corporate governance developments. There have been no material deviations noted by the compliance officer for the fiscal year 2020.

PLANS TO IMPROVE CORPORATE GOVERNANCE

PMPC will continue to monitor any developments in Corporate Governance to consistently comply with local regulatory agencies and improve the Company's governance practices. Areas for improvement noted during the preparation of SEC and PSE corporate governance reports and the result of Corporate Governance audit conducted by the Company's Internal Audit Department will be addressed with positive action.

The Corporate Governance Committee shall principally and periodically review the provisions and enforcement of the company's Manual on Corporate Governance. The said manual is subject to annual review and amendment to continuously improve the company's corporate governance practices by assessing their effectiveness and comparing them with evolving best practices, standards identified by leading governance authorities and the company's changing circumstances and needs. Specifically, PMPC plans to fully comply with the ASEAN Corporate Governance practices and Integrated Annual Corporate Governance Report to reflect global principles and internationally recognized good practices in corporate governance applicable to public listed corporations. The company also adopts SEC's Revised Corporate Governance pursuant to SEC Memorandum Circular No.24 series of 2019 to improve its Corporate Governance Practices by the Board and management. As such, it prospectively revised its Manual of Corporate Governance accordingly.

ITEM 14 – SUSTAINABILITY REPORT

The Company's Sustainability Report for 2020 is attached as an Annex to this Annual Report (SEC 17-A).

PART V - EXHIBITS AND SCHEDULES

ITEM 15 – EXHIBITS AND REPORTS ON SEC FORM 17 – C

Exhibits

Annex A – Management’s Discussion and Analysis (President’s Report)

Annex B – Audited Consolidated Financial Statements of the Company (with consolidated statements of financial position as at March 31, 2021 and 2020, and consolidated comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years ended March 31, 2021, 2020 and 2019), Statement of Management Responsibility including Supplementary Schedules and Reconciliation of Retained Earnings Available for Dividend Declaration

Annex C – Audited Separate Consolidated Financial Statements of the Company (with consolidated statements of financial position as at March 31, 2021 and 2020, and consolidated comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years ended March 31, 2021, 2020 and 2019) and Statement of Management Responsibility

Reports on SEC Form 17 – C

List of reports filed under SEC Form 17 – C from April 01, 2020 – June 30, 2021

Date	Description
Apr 02, 2020	Final List of Candidate for Members of its Board of Directors for 2020-2021
Apr 02, 2020	Material Information in response to SEC Notice on March 12,2020
May 07, 2020	Declaration of Cash Dividend
Jun 10, 2020	Notice of Adoption of Regular meeting Re: Postponement of Annual Stock holders meeting from July 17, 2020 to August 26, 2020
Jun 30, 2020	List of Top 100 PMPC STOCKHOLDERS as of June 30, 2020
Jul 09, 2020	Notice of the Adoption and approval by the Board of Directors during special Meeting on July 09,2020 Amendment of By-Laws
Jul 13, 2020	Notice of the adoption and approval by the Board of Directors Re: Amendment By-Laws and Articles
Aug 27, 2020	Notice of Annual Meeting of PMPC will be on August 26, 2020
Aug 10, 2020	List of Stockholders of PMPC as of AUG 10, 2020 record date of Stockholders
Aug. 26, 2020	Election of Regular Directors/ Independent Directors and appointment of SYCIP Gorres Velayo as the Company External Auditor
Sept. 22, 2020	Certification of Independent Director (Justina Callangan) Certification of Independent Director (Emiliano Volante) Certification of Independent Director (Elizabeth Gildore)
Sept 01, 2020	SEC Form 23-A Initial Statement of Beneficial Ownership of Securities of Ms. Justina Callangan SEC Form 23-A Initial Statement of Beneficial Ownership of Securities of Mr. Satoshi Kono SEC Form 23-A Initial Statement of Beneficial Ownership of Securities of Mr. Hirokazu Yoshida Notice of Resignation of Mr. Masaru Toyota and Mr. Hiroyuki Tagishi as directors effective on September 1, 2020
Jan 13, 2021	MCG CERTIFICATION 2021

Jan 27, 2021	Retirement and Election of New Independent Director PMPC Form 23A Initial Statement of Beneficial Ownership of Securities Mr. Marlon Molano
Feb 19, 2021	Certification of authorization of official email address and contact numbers
Apr 12, 2021	Final List of Candidates/Nominees for Members of its Board of Director
Apr 15, 2021	List of Top 100 PMPC Stockholders as of March 31, 2021
May 2, 2021	Notice of cash dividend declaration during Special Meeting of the board of directors on May 20, 2021 declaring 52.43% cash dividend equivalent to P0.5245 per share or the total amount of ₱221, 698, 050.00 in favor of all its stockholders of record as of June 4, 2021 payable on June 23, 2021
Jun 11, 2021	Notice of Annual Stockholders Meeting held on July 16,2021

Reports under SEC form 17 – C, as amended during the last six (6) months:

NONE

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this Annual Report (SEC Form 17 – A) is signed on behalf of Panasonic Manufacturing Philippines Corporation by the undersigned, thereunto duly authorized, in the City of Taytay, Rizal on July 12, 2021.

PANASONIC MANUFACTURING PHILIPPINES CORPORATION
REGISTRANT

By:


MASATOSHI SASAKI
President & Chief Executive Officer


YOSHIYUKI TAKAHASHI
Treasurer & Senior Managing Executive Officer

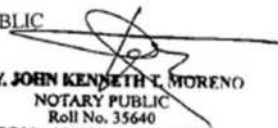

HIROSHI YAMADA
Senior Managing Executive Officer

SUBSCRIBED AND SWORN to before me on JUL 13 2021 in Taytay, Rizal, affiants exhibiting to me their passport numbers as follows:

NAMES	PASSPORT NO.	DATE ISSUED	PLACE ISSUED
Masatoshi Sasaki	TS1137403	July 04, 2018	Japan
Yoshiyuki Takahashi	TZ1094063	December 15, 2015	Japan
Hiroshi Yamada	TZ1164469	November 08, 2016	Japan

Doc. No. 574
Page No. 108
Book No. X47
Series of 2021

NOTARY PUBLIC


ATTY. JOHN KENNETH T. MORENO
NOTARY PUBLIC
Roll No. 35640
IBP No. 137130 - 29 Dec. 2020
PTR No. 15581807 - 4 Jan. 2021
MCLE No. VI-0029169 - 5 Nov. 2019
Appt. No. 20-20 - 20 Dec. 2019
Until Dec. 31, 2021
For Antipolo City, Taytay, Cainta
Province of Rizal

Panasonic Manufacturing Philippines Corporation

SUSTAINABILITY REPORT

Contextual Information

Company Details	
Name of Organization	PANASONIC MANUFACTURING PHILIPPINES CORPORATION
Location of Headquarters	Ortigas Extension Avenue, Taytay, Rizal, Philippines
Location of Operations	Taytay, Rizal and Sta Rosa, Laguna
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Consolidated Report
Business Model, including Primary Activities, Brands, Products, and Services	Appliance Manufacturing
Reporting Period	Fiscal Year 2020
Highest Ranking Person responsible for this report	Chief Executive Officer (CEO)

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics. ¹
<p>During the process of identifying and prioritizing the material sustainability topics, the following factors was taken into account:</p> <ul style="list-style-type: none"> • Economic, environmental, and/or social impacts identified through sound investigation with respective department responsible for each relevant topic • The interests and expectations of relevant stakeholders, such as employees, customers, and shareholders. • Broader economic, social, and/or environmental interests and topics raised by stakeholders such as suppliers, local communities, vulnerable groups, and civil society. Special attention has been given to United Nations Sustainable Development Goals. • Main topics and future challenges for the appliance manufacturing industry sectors, as identified directly by peers and industry organizations. • Local laws and regulations, international agreements, or voluntary agreements of strategic significance to Panasonic and its stakeholders. • The organization’s values, policies, strategies, operational management systems, goals, and targets. • Negative consequences to the organization which are related to its impacts on the economy, the environment, and/or society such as risks to PMPC’s business model or reputation. • We have also incorporated the Board of Directors’ suggestions on stepping up reporting on Health & Safety (related to pandemic situation), Privacy and Climate/Environment in our Sustainability Report have been incorporated.

¹ See [GRI 102-46](#) (2016) for more guidance.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	10,883,095,262	PhP
Direct economic value distributed:		
a. Operating costs	10,471,464,842	PhP
b. Employee wages and benefits	799,804,581	PhP
c. Payments to suppliers, other operating costs	7,821,019,660	PhP
d. Dividends given to stockholders and interest payments to loan providers	63,059,220	PhP
e. Taxes given to government	351,216,228	PhP
f. Investments to community (e.g. donations, CSR)	1,631,018,703	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>Impact: Economic</i> <i>Boundary: Primary Business</i> <i>Involvement: Direct Economic Value Generated and Distributed</i></p>	<p><i>Customers, investors, suppliers, government, NGOs, local communities.</i></p>	<p><i>Panasonic create robust revenue streams to ensure our consistent economic contribution to society. We have been continuously investing to enhance our manufacturing capacity and capability, shifting to inverter window air conditioners, no-frost inverter refrigerators, fully automatic washing machines, and DC inverter electric fans for value added products. We strive to secure profit to return a dividend and reinvest in competitive products. Our profitability target is driven by reducing our cost, increasing sales turnover, increasing productivity and efficiency. Our financial policy also includes a strong financial position and stable revenues in the event of political and economic uncertainties, market competition, and pressure from regulatory bodies. To ensure a constant revenue stream for economic sustainability, the company's Direct Economic Value Generated is the result of setting an effective revenue target</i></p>

		<p>for profitable growth resulting from the following key and related factors:</p> <p>a) We have determined the growth rate to set our effective revenue target.</p> <p>b) Established marketing intelligence to monitor competition, market and opportunities.</p> <p>c) We have strategically defined our key market segments and the corresponding foundational profit target for each segment to establish our sales pipeline.</p> <p>d) The right amount and type of investment required is determined to reach the effective revenue targets and finally,</p> <p>e) We are committed to realize the revenue target set.</p> <p>Furthermore, we continuously innovate new ideas that enhance the lifestyle of our customers and reduce our environmental impact. Research must be carried on and innovation programs developed. Appropriated retained earnings is invested in new equipment and facilities to sustain our target growth and launching of new products for the market. As a result, our company produced various world class quality Eco-products and efficient Eco-factories to support environmental sustainability and consistent source of revenue stream for economic sustainability. Our organization also established management systems to protect the source of revenue stream some of which are risk management, business continuity management, information security, corporate compliance program, among others. When we operate according to these principles, we provide economic contribution to all stakeholders and to the society as a whole.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • Operational Risks (Pandemic) • Economic Risk (Recession) • Competitive Risks 	<p>Customers, investors, suppliers, government, NGOs, local communities.</p>	<ul style="list-style-type: none"> • Operation risk is inevitable part of business operation. To mitigate its impact, we have adopted Business

<ul style="list-style-type: none"> • <i>Trade Promotion Risk</i> • <i>Seasonal Risks</i> 		<p><i>Continuity Management or Plan in situation like pandemic. The company has tapped the services of Insurance Company to cover and compensate for probable operational loss. We have maintained the company's core critical operation during the pandemic as not to disrupt the supply chain and flow of products in the market. E-commerce is also utilized to provide for additional sales channels.</i></p> <ul style="list-style-type: none"> • <i>During economic recession brought about by pandemic situation we only produce and sell what market demands to maximize and efficient use of resources and reduce loss from product becoming obsolete. Trade terms relaxed and promo increased to stimulate demand from the market.</i> • <i>The market where our business operate is highly competitive. Thus, we only produce products that are both competitive, cost efficient, and eco-friendly to differentiate it from the rest of competitors while taking into consideration our target market.</i> • <i>The ever increasing demand for trade promotion incentive of distributors have put pressure on the company's cash collection and thus the revenue stream. We only provide trade promo incentive unless this would translate to additional sales volume and promotion of Panasonic brand name.</i> • <i>Several of the company's product are subject to the impact of seasonal sales. Thus, we ensure that our products are strategically available to our business partners during seasonal peak demand, priced competitively and maximize sales to the fullest extent to compensate during lean months. We provide various trade</i>
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		<i>promotion, discounts and customer easy payment terms during lean months to stimulate demand.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • <i>B2B Dealer’s Production, Sales & Inventory (PSI)</i> • <i>Operational Resiliency</i> • <i>E-commerce/ Online Selling</i> • <i>Revenue Augmentation thru Social Media Advertisement</i> 	<p><i>Customers, investors, suppliers, government, NGOs, local communities.</i></p>	<ul style="list-style-type: none"> • <i>The company may need to utilize B2B Dealer’s PSI as an online tool to forecast sales demand with dealers in response to the new normal brought about by the Pandemic uncertainty. The PSI Commitment of dealers once obtained would ensure the consistent flow of revenue stream.</i> • <i>The pandemic situation has forced the company to use various tools, methods and management means to adopt to the situation and thus improving its operational resiliency.</i> • <i>The quarantine imposed strictly by the local government units paved the way to new sales channel which is Online Selling. The company and along with its business partners shall correspondingly adopt to this new form of sales channel to serve its customers.</i> • <i>Recently, the social media such as Facebook has become a powerful medium to various form of communication due to its popularity and versatility. The company shall company shall utilize the Social Media as a tool to advertise, promote, and sell its various products.</i>


Climate-related risks and opportunities²

Governance	
Disclose the organization's governance around climate-related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities	<p><i>Our system to promote Panasonic Environmental Sustainability Management is headed by board of directors. The Board is ultimately responsible for the company's strategic direction. It ensures that Environmental, Economic, and Social impact considerations are holistically integrated in the company's strategy. In doing so, it sets the tone at the top for a strong sustainability culture in the company. At the Board level, the governance of sustainability can be structured along several lines, including:</i></p> <ul style="list-style-type: none"> • <i>Oversight by the Board</i> • <i>Oversight by a Board Risk Committee (BRC) or other Risk Committees</i> • <i>Oversight by a specialist Sustainability Committee</i>
b) Describe management's role in assessing and managing climate-related risks and opportunities	<p>The management role in assessing and managing climate related risks and opportunities. Are the following:</p> <ol style="list-style-type: none"> 1. Ensure that the Environmental policy and objectives are established and compatible with the strategic direction of the company. 2. Ensure that an approved Manuals and Procedures related to Climate change issues are disseminated to all personnel for them to abide. 3. Ensuring that resources needed for the implementation of Environmental activities are available. 4. Communicating the importance of effective Environmental Mgt. and conforming to the requirements of the ISO 14001 standards. Thru its Environmental Mgt. in charge to implement internal audits, management reviews and awareness seminars. 5. Directing and supporting persons to contribute to the effectiveness of the Env. Mgt. System. 6. Promoting the continual improvement thru the direction of having a Green Plan 2021 for PMPC. 7. Other relevant management roles to demonstrate support to Env. Mgt. System.
Strategy	
Disclose the actual and potential impacts ¹⁶ of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	
a) Describe the climate-related risks and opportunities the organization has identified	<p>Climate related risks include:</p> <ol style="list-style-type: none"> 1. Changes in local and international policies and regulation. 2. Technology risks due to the development and use of emerging technologies such as renewable energy, battery storage, energy

² Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to nonfinancial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners. ¹⁶ For this disclosure, impact refers to the impact of climate-related issues on the company.

<p>over the short, medium and long term</p>	<p>efficiency, and carbon capture and storage will affect the competitiveness of PMPC.</p> <ol style="list-style-type: none"> 3. Market risks, market could be affected by climate change risks. 4. Reputation risks changing customer or community perceptions of an organization’s contribution from the transition to a lower carbon economy. 5. Physical risks refer to natural disasters that may affect the organization “PMPC”. Ex: Flood, Hurricane, Earthquake etc. <p>To be able to control and prevent these risks PMPC had identified short, medium and long term opportunities, such as :</p> <ol style="list-style-type: none"> 1. Energy efficient production by PMPC factories. 2. Production of Energy efficient products and services. 3. Energy source opportunities, for PMPC such as the installation of Solar Cells at area offices (Dau, Cebu and Davao) 4. Taking advantage of marketing opportunities and 5. Resilience of PMPC to climate change.
<p>b.) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.</p>	<p>Transition Risks Impact</p> <ol style="list-style-type: none"> A. Policy and Legal <ol style="list-style-type: none"> 1. Increased operating costs due to increased Greenhouse gas emissions. 2. Write-offs, asset impairment, and early retirement of existing assets due to policy changes. 3. Increased cost and reduced demand for products and services resulting from fines and judgement. B. Technology Risks Impact. <ol style="list-style-type: none"> 1. Write-offs, asset impairment, and early retirement of existing assets due to technology risks. 2. R&D expenditures in new and alternative technologies. 3. Capital investments in technology development 4. Costs to adopt/deploy new practices and processes. C. Market Risks Impact <ol style="list-style-type: none"> 1. Reduced demand for goods and services due to shift in consumer preferences. 2. Increased production cost due to increased input prices. (Energy, water) and output requirements (waste treatment) 3. Abrupt and unexpected shifts in energy costs. 4. Change in revenue mix and sources, resulting in decreased revenues. 5. Re-pricing of assets (Fossil fuel reserves, land valuations, securities valuations) D. Reputation Risks Impact <ol style="list-style-type: none"> 1. Reduced revenue from decreased demand for goods and services. 2. Reduced revenue from decreased production capacity. (e.g. delayed planning approvals, supply chain interruptions) 1. Reduced revenue from negative impacts on workforce management and reduced revenue from decreased production capacity. (e.g. transport difficulties, supply chain interruptions)

	<ol style="list-style-type: none"> 2. Reduced revenue and higher costs from negative impacts on workforce. (e.g. health, safety absenteeism) 3. Write-offs and early retirement of existing assets (e.g. damage to property and assets in high risk locations) 4. Increased operating costs 5. Increased capital costs 6. Reduced revenues from lower sales/output 7. Increased insurance premiums and potential for reduced availability of insurance on assets in high risks locations. <ol style="list-style-type: none"> 3. planning (e.g. employee attraction and retention) 4. Reduction in capital availability. <p>E. Physical Risks. (Acute and Chronic) Impact</p> <p>Climate related opportunities impacts.</p> <ol style="list-style-type: none"> 1. Reduced operating costs. 2. Increased production capacity, resulting in increased revenues. 3. Increased value of fixed assets (e.g. highly rated energy efficient buildings) 4. Benefits to workforce management and planning. (Improved health and safety, employee satisfaction) resulting to lower costs. 5. Reduced operational costs. 6. Reduced exposure to future fossil fuel price increases. 7. Reduced exposure to GHS emissions and therefore less sensitivity to changes in cost of carbon. 8. Returns on investment in low-emission technology. 9. Increased capital availability 10. Reputational benefits resulting in increased demand for goods and services. 11. Increased revenue through demand for lower emissions products and services. 12. Increased revenue through new solutions to adaptation needs. 13. Better competitive position to reflect shifting consumer preferences, resulting in increased revenues. 14. Increased revenues through access to new and emerging markets. (e.g. partnership with government, development banks) 15. Increased diversification of financial assets. 16. Increased market valuation through resilience planning. 17. Increased reliability of supply chain and ability to operate under various conditions. 18. Increased revenue through new products and services related to ensuring resiliency.
<p>c.) Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios</p>	<p>PMPC's adheres to the strategy of global Panasonic, taking into consideration climate related scenarios until the year 2050.</p> <p>Panasonic's Environment Vision 2050</p>

<p>including a 2°C or lower scenario</p>	<p>To achieve “a better life and a “sustainable global environment”</p> <p>Panasonic will work towards creation and more efficient utilization of energy which exceeds the amount of energy used, aiming for a society with clean energy and a more comfortable lifestyle.</p> <p>Energy used < Energy created</p>  <p>The image is a graphic titled "Panasonic Environment Vision 2050". It features a central text box with a blue border containing the text: "To achieve 'a better life' and 'a sustainable global environment,' Panasonic will work towards creation and more efficient utilization of energy which exceeds the amount of energy used, aiming for a society with clean energy and a more comfortable lifestyle." Below this box, the phrase "Energy used < Energy created" is written in a large, bold, green font. The entire graphic is set against a light blue background with a green border.</p> <p>With this strategy PMPC can minimize the impacts of Carbon dioxide emissions which contributes to climate change.</p> <p>PMPC’s resilience strategy is thru Participation in renewable energy programs and adoption of energy efficiency measures. Resource substitutes and diversifications.</p>
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Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks

<p>a) Describe the organization’s processes for identifying and assessing climate-related risks</p>	<p>The organization identifies its climate related risk thru its Environmental Management System (EMS) (ISO 14001), employing the use of the PDCA (Plan Do Check Act) cycle. Thru its Environmental Aspects and Impacts Registration, significant impacts were identified and assessed. Thru this assessment PMPC also identifies Environmental risks and opportunities.</p> <p>The following are the significant impacts that PMPC manages and controls :</p> <ol style="list-style-type: none"> 1. The use of Energy 2. The use of water 3. Waste generation 4. Water Discharges 5. And Chemical Consumption <p>Thru this EMS PMPC identifies its Environmental Risks and Opportunities, further assessing its impacts and manages its risks thru the promotion of its Energy Conservation programs and other Environmental targets.</p>
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	<p>B-4. RISKS AND OPPORTUNITIES</p> <p>ENVIRONMENT</p> <table border="1"> <thead> <tr> <th>Risks</th> <th>Opportunities</th> </tr> </thead> <tbody> <tr> <td>Use of Electricity</td> <td>Energy Efficiency / Renewable Energy</td> </tr> <tr> <td>Waste Generation</td> <td>Reprocess, Re-use as a Raw Material.</td> </tr> <tr> <td>Use of Water and Discharge</td> <td>Water Recycle / Reuse, Zero Discharge</td> </tr> <tr> <td>Chemical Consumption</td> <td>Use of Low Hazard Chemicals.</td> </tr> <tr> <td>Community Environmental Complaints</td> <td>Stakeholder Communication thru Eco Learning, Tree Planting and other Environmental CSR Activities.</td> </tr> <tr> <td>Violation to Government Agencies</td> <td>Compliance Assessments of Stakeholders (Government and Business Partners).</td> </tr> </tbody> </table>	Risks	Opportunities	Use of Electricity	Energy Efficiency / Renewable Energy	Waste Generation	Reprocess, Re-use as a Raw Material.	Use of Water and Discharge	Water Recycle / Reuse, Zero Discharge	Chemical Consumption	Use of Low Hazard Chemicals.	Community Environmental Complaints	Stakeholder Communication thru Eco Learning, Tree Planting and other Environmental CSR Activities.	Violation to Government Agencies	Compliance Assessments of Stakeholders (Government and Business Partners).
Risks	Opportunities														
Use of Electricity	Energy Efficiency / Renewable Energy														
Waste Generation	Reprocess, Re-use as a Raw Material.														
Use of Water and Discharge	Water Recycle / Reuse, Zero Discharge														
Chemical Consumption	Use of Low Hazard Chemicals.														
Community Environmental Complaints	Stakeholder Communication thru Eco Learning, Tree Planting and other Environmental CSR Activities.														
Violation to Government Agencies	Compliance Assessments of Stakeholders (Government and Business Partners).														
<p>b) Describe the organization's processes for managing climate-related risks</p>	<p>The organization identifies its climate related risk thru its Environmental Management System (EMS) (ISO 14001), employing the use of the PDCA (Plan Do Check Act) cycle. Thru its Environmental Aspects and Impacts Registration, significant impacts were identified and assessed. Thru this assessment PMPC also identifies Environmental risks and opportunities.</p> <p>The following are the significant impacts that PMPC manages and controls :</p> <ol style="list-style-type: none"> 1. The use of Energy 2. The use of water 3. Waste generation 4. Water Discharges 5. And Chemical Consumption <p>Thru this EMS PMPC identifies its Environmental Risks and Opportunities, further assessing its impacts and manages its risks thru the promotion of its Energy Conservation programs and other Environmental targets.</p> <p>B-4. RISKS AND OPPORTUNITIES</p> <p>ENVIRONMENT</p> <table border="1"> <thead> <tr> <th>Risks</th> <th>Opportunities</th> </tr> </thead> <tbody> <tr> <td>Use of Electricity</td> <td>Energy Efficiency / Renewable Energy</td> </tr> <tr> <td>Waste Generation</td> <td>Reprocess, Re-use as a Raw Material.</td> </tr> <tr> <td>Use of Water and Discharge</td> <td>Water Recycle / Reuse, Zero Discharge</td> </tr> <tr> <td>Chemical Consumption</td> <td>Use of Low Hazard Chemicals.</td> </tr> <tr> <td>Community Environmental Complaints</td> <td>Stakeholder Communication thru Eco Learning, Tree Planting and other Environmental CSR Activities.</td> </tr> <tr> <td>Violation to Government Agencies</td> <td>Compliance Assessments of Stakeholders (Government and Business Partners).</td> </tr> </tbody> </table>	Risks	Opportunities	Use of Electricity	Energy Efficiency / Renewable Energy	Waste Generation	Reprocess, Re-use as a Raw Material.	Use of Water and Discharge	Water Recycle / Reuse, Zero Discharge	Chemical Consumption	Use of Low Hazard Chemicals.	Community Environmental Complaints	Stakeholder Communication thru Eco Learning, Tree Planting and other Environmental CSR Activities.	Violation to Government Agencies	Compliance Assessments of Stakeholders (Government and Business Partners).
Risks	Opportunities														
Use of Electricity	Energy Efficiency / Renewable Energy														
Waste Generation	Reprocess, Re-use as a Raw Material.														
Use of Water and Discharge	Water Recycle / Reuse, Zero Discharge														
Chemical Consumption	Use of Low Hazard Chemicals.														
Community Environmental Complaints	Stakeholder Communication thru Eco Learning, Tree Planting and other Environmental CSR Activities.														
Violation to Government Agencies	Compliance Assessments of Stakeholders (Government and Business Partners).														
<p>c) Describe how processes for identifying, assessing, and managing climate-related</p>	<p>The organization identifies its climate related risk thru its Environmental Management System (EMS) (ISO 14001), employing the use of the PDCA (Plan Do Check Act) cycle. Thru its Environmental</p>														

risks are integrated into the organization's overall risk management.

Aspects and Impacts Registration, significant impacts were identified and assessed. Thru this assessment PMPC also identifies Environmental risks and opportunities.

The following are the significant impacts that PMPC manages and controls :

1. The use of Energy
2. The use of water
3. Waste generation
4. Water Discharges
5. And Chemical Consumption

Thru this EMS PMPC identifies its Environmental Risks and Opportunities, further assessing its impacts and manages its risks thru the promotion of its Energy Conservation programs and other Environmental targets.

B-4. RISKS AND OPPORTUNITIES

ENVIRONMENT

Risks	Opportunities
Use of Electricity	Energy Efficiency / Renewable Energy
Waste Generation	Reprocess, Re-use as a Raw Material.
Use of Water and Discharge	Water Recycle / Reuse, Zero Discharge
Chemical Consumption	Use of Low Hazard Chemicals.
Community Environmental Complaints	Stakeholder Communication thru Eco Learning, Tree Planting and other Environmental CSR Activities.
Violation to Government Agencies	Compliance Assessments of Stakeholders (Government and Business Partners).

Thru PMPC's ISO 14001 Environmental Management System and Environmental Policy PMPC had identified in each processes its significant environmental impact thru its Environmental Aspect and Impact assessment. Integrated to each processes and day to day operation, each employee of PMPC is provided with awareness to perform his/her task with a mindset for environmental conservation and pollution prevention taking in consideration the 5 significant environmental impacts of PMPC.

1. The use of Energy
2. The use of water
3. Waste generation
4. Water Discharges
5. And Chemical Consumption

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate related risks and opportunities where such information is material.

a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	The metrics and targets used to assess and manage relevant climate related risks and opportunities. Is thru its yearly approved Environmental Management Action plan which includes Energy Reduction and Conservation as one of the categories and Key performance indices of PMPC in line with its Green Plan 2021, towards its Environment Vision 2050.
b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	<p>The specific climate change target of PMPC is on the reduction of energy thru efficient use of energy resources in terms of the following:</p> <ol style="list-style-type: none"> 1. Reduce energy consumption in terms of Kwh / P. Amt. by 3 % on FY 2021 vs. FY 2018. 2. Reduce Water Consumption in M3 / P. Amt. by 3 % on FY 2021 vs. FY 2018. 3. Reduce Waste Generation in Tons / P. Amt. by 3% on FY 2021 vs. FY 2018. 4. Reduction on Human Environmental Impact on Chemical Substances in Tons / P. Amt. by 3% on FY 2021 vs. FY 2018. 5. Reduce energy consumption in terms of Kwh / P. Amt. by 3 % on FY 2021 vs. FY 2018. 6. Reduce Water Consumption in M3 / P. Amt. by 3 % on FY 2021 vs. FY 2018. 7. Reduce Waste Generation in Tons / P. Amt. by 3% on FY 2021 vs. FY 2018. 8. Reduction on Human Environmental Impact on Chemical Substances in Tons / P. Amt. by 3% on FY 2021 vs. FY 2018

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	Pph 1,549,054,035	25%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>Where: Primary Business Operation, Supplier's Business</i> <i>Impact: Economic, Environmental, Social</i> <i>Involvement: Purchases of Raw Materials from suppliers</i></p>	<p><i>Shareholder, Supplier, Customer</i></p>	<p><i>Panasonic objective is to continuously exist as company in the Philippines to help uplift people's lives by creating job opportunity to the community.</i></p> <p><i>As contribution to society, PMPC is developing local processing suppliers. All Plastic injection, Metal stamping,</i></p>

		<p><i>Packaging and other processed parts are being manufactured locally. Last year PMPC transferred Refrigerator Printed Circuit Board (PCB) assembly to local company. We are planning to do the same with other PCB's and other assembly parts by succeeding years.</i></p> <p><i>PMPC treats our suppliers as business partners with "Co-existence and Co-prosperity" dealings. PMPC develops supplier's capability level through Quality, Cost, and Delivery and Service (QCDS) method. There is yearly grading methods to understand suppliers' level and points for improvement.</i></p> <p><i>Likewise, PMPC gives suppliers short payment terms of 30days to support financial obligations.</i></p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • Higher Material cost. • Lack of raw materials such as Copper, Steel, Resin, Aluminum, for Manufacturing purposes • Disruption of Supply Chain 	Shareholder, Customer, Supplier	<ul style="list-style-type: none"> • Panasonic group of companies have a system in place that centralizes Global prices to all Raw Materials to manage and ensure lower costs by volume purchase. • Hedging for some Raw Material to manage lower purchasing price. • To continue to seek possible local supplier of Copper, Steel, Resin, Aluminum. • Seek multiple sourcing of Raw Material as counter measure to supply chain disruption.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Developing multiple source of raw material suppliers	Shareholder, Customer, Supplier,	PMPC is promoting multiple sourcing to purchase lower price and for Business Continuity Plan (BCP) consideration.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anticorruption policies and procedures have been communicated to	ALL	100%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	ALL	100%
Percentage of directors and management that have received anti-corruption training	ALL	100%
Percentage of employees that have received anti-corruption training	90	11%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>Where does it occur:</i> Primary Business Operation, government office, supplier's business Impact: Economic, Social</p>	<p><i>Employees, suppliers, shareholders, government official</i></p>	<p><i>The management have clearly communicated to all employees thru training and issuance of memorandum and posters that corrupting by offering of bribe to government officials or receiving bribery from suppliers are strictly prohibited. Also, strong Accounting control is in place, hence no company funds is release without valid supporting documents and justifications.</i></p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p><i>The risk comes in if there is collusion of any of our employee with our existing supplier. Even though all the safety nets are in place, if an employee decides to commit illegal act to the detriment of the company.</i></p>	<p><i>Employee, Supplier, Shareholders</i></p>	<p><i>All contracts with service providers/contractors and suppliers have Anti-Bribery provision and they are reminded that their dealing with government officials and suppliers should always be above-board and they should not engage in any illegal activity while working in behalf of the company.</i></p> <p><i>Moreover, the company has existing policies on Fraud Statement, Code of Conduct, Code of Ethics and Whistle Blowing as a source of anti-corruption guidelines. In addition, employees and</i></p>

		<i>suppliers were also asked to sign Clean Business Dealing Agreement directing that they need uphold business ethics and avoid any illegal transaction that would give them undue benefit while employed or while doing business with the company.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>If there are training on anti-corruption activity and there are constant reminders from the management by issuing memorandum of the evil effect of corruption in the conduct of our business, and the sanction that will be imposed, the commission of the offense may somewhat be prevented.</i>	<i>Employees, Shareholders</i>	<i>A strong management approach will likely deter the commission of corruption by any other means. Moreover, there is a policy on Job Rotation where employees are rotated after they have stayed in the assigned job for a number of years to avoid close association with contractors/suppliers.</i>

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	NONE	NONE
Number of incidents in which employees were dismissed or disciplined for corruption	NONE	NONE
Number of incidents when contracts with business partners were terminated due to incidents of corruption	NONE	NONE

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Where: Primary Business Impact: Economic, Social</i>	<i>Employee, Shareholders</i>	<i>The management have clearly communicated to all employees thru training and issuance of memorandum and posters that corrupting by offering of bribe to government officials is strictly prohibited. Also, strong Accounting control is in place, hence no company funds is release without valid supporting documents and justifications.</i>

		<i>The non-incidents of corruption in the workplace can be attributed to the fear that the company will not tolerate the commission of the same and the corresponding sanction will be meted out including termination for employment plus possible criminal/civil action as the case maybe.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Contracting of Brokerage activities With Service Provider</i>	<i>Service Provider</i>	<i>All contracts with service providers/contractors and suppliers have Anti-Bribery provision and they are reminded that their dealing with government officials should always be above-board and they should not engage in any illegal activity while working in behalf of the company.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>If an employee is found to have been engaged in corrupt activity, he will be terminated from employment. Moreover, if a supplier have corrupted an employee while doing business with the company, the contract with such supplier will be severed and thereafter, the company will be blacklisted and can no longer do business with the company.</i>	<i>Shareholders, employee</i>	<i>The management will not tolerate any wrongdoing in the conduct of its daily business. As such, it will apply existing policy and applicable law should there be instances where these rules are broken.</i>

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	17,120 liters 200 GJ	GJ
Energy consumption (LPG)	329,416 kg 2944.58 GJ	GJ
Energy consumption (diesel)	30,290 liters	GJ

	386.02 GJ	
Energy consumption (electricity)	7,394,,8060	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	169,630liters 1,981.62 GJ	GJ
Energy reduction (LPG)	Due to increase of production, increased consumption 46.35 kg. 0.41 GJ	GJ
Energy reduction (diesel)	Decrease consumption 229,181 liters 2,920.67 GJ	GJ
Energy reduction (electricity)	Decreased due to COVID pandemic but production increased 2020 vs 2019 218,294kwh	kWh
Energy reduction (gasoline)		GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
PMPC Business division Manufacturing of Home Appliances (Refrigerators, Air conditioners, Washing Machine, Electric Fan)	Customers, Employees, Community, Suppliers.	<p><i>Towards a better life and a sustainable global environment compatibility. In order to realize the Panasonic Environment Vision 2050 that aims to make societies where residents use clean energy and live a more comfortable lifestyle, we are striving to make the amount of the energy created exceed that of the energy used. In terms of energy relevant to our products and services.</i></p> <ol style="list-style-type: none"> <i>1. Reduce Energy Consumption of our Products.</i> <ol style="list-style-type: none"> <i>a. Inverter Window Air Conditioners</i> <i>b. Inverter Refrigerators</i> <i>c. Energy Efficient Washing Machines</i> <i>d. Energy Efficient Electric Fans.</i> <i>2. Reduce Energy Consumption in our Manufacturing and Services.</i> <ol style="list-style-type: none"> <i>a. Increase productivity to maximize usage of generated power.</i> <i>b. Reduce machine-time usage through strategic production planning and process integration.</i>

		<p>c. <i>Reduction of Energy consumption by using LED lights instead of Fluorescent Lights</i></p> <p>d. <i>Solar Powered Energy at PPH Dau, Cebu and Davao Offices.</i></p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Increase in energy / power consumption, water consumption, and waste generation due to increase in manufacturing production quantity.	<i>Customers, Employees, Community, Suppliers</i>	To ensure steady progress in reducing the amount of energy used in factories. It is important to identify and visualize the trend of the energy consumption of each facility in the factory and the effects of the measures for specific reduction. Activities to promote to reduce the amount of energy used are being proactively continued in each factory. In order to increase the amount of renewable energy use. Panasonic is actively promoting to adopt use of renewable energy suited to features of the region such as energy from photovoltaic cells (Solar cells). Adoption of Renewables in FY 2019 are adoption of solar photovoltaic systems in PMPC Dau, Cebu and Davao.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Come up with Energy and Water Conservation activities within PMPC. And activities to reduce, reuse recycle wastes generated by PMPC.</i>	<i>Customers, Employees, Community, Suppliers</i>	<p>Activities to promote to reduce the amount of energy used are being proactively continued in each factory. In order to increase the amount of renewable energy use. Panasonic is actively promoting to adopt use of renewable energy suited to features of the region such as energy from photovoltaic cells (Solar cells). Adoption of Renewables in FY 2019 are adoption of solar photovoltaic systems in PMPC Dau, Cebu and Davao.</p> <p>Reduce Energy Consumption in our Manufacturing and Services.</p> <p>a. Increase productivity to maximize usage of generated power.</p>

		<ul style="list-style-type: none"> b. Reduce machine-time usage through strategic production planning and process integration. c. Reduction of Energy consumption by using LED lights instead of Fluorescent Lights d. Photovoltaic System Adoption <Solar Powered> Energy at PPH Dau, Cebu and Davao Offices.
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Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	N/A – PMPC use Manila Water and Laguna Water as Service Providers for Water.	Cubic meters
Water consumption	60,520	Cubic meters
Water recycled and reused	24	Cubic meters

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>Water Consumption on ACBD Painting Line</i></p> <p><i>CBD will use water to paint and treat the metal cabinets used as housing for a Window type Air conditioner.</i></p>	<p><i>Customers, Employees, Community, Suppliers.</i></p>	<p>(PMPC) is working to conserve water resources both in its products and production activities, in order to fulfill its social responsibility and to reduce risks in the management. Our Environmental policy stipulates that we make efforts to conserve water resources by using water efficiently and preventing water pollution. In accordance with the “Green Plan 2021”, our environmental action plan, we are continuously working on reducing the water used in our production operations.</p> <ul style="list-style-type: none"> 1. Water Resource Conservation through Products. <ul style="list-style-type: none"> a. Water flow control of Washing Machine Products b. Efficient Design of Washing Machine Products. 2. Initiatives for Water Resource Conservation through Production Activities.

		<ul style="list-style-type: none"> a. Waste Water Recycling at REF BD used for flushing Urinals and Water Closets at Comfort Rooms b. Waste Water Recycling at ACBD used for flushing Urinals and Water Closets at Comfort Rooms. <p>Through this activities, we reduce environmental loads on water resources due to the intake and effluent water in production activities.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Water Supply risk. It may cause production stoppage</i>	<i>Customers, Employees, Community, Suppliers.</i>	<p>In accordance with the “Green Plan 2021”, our environmental action plan, we are continuously working on reducing the water used in our production operations.</p> <ul style="list-style-type: none"> 1. Water Resource Conservation through Products. <ul style="list-style-type: none"> a. Water flow control of Washing Machine Products b. Efficient Design of Washing Machine Products. 2. Initiatives for Water Resource Conservation through Production Activities. <ul style="list-style-type: none"> a. Waste Water Recycling at REF BD used for flushing Urinals and Water Closets at Comfort Rooms b. Waste Water Recycling at ACBD used for flushing Urinals and Water Closets at Comfort Rooms. <p>Through this activities, we reduce environmental loads on water resources due to the intake and effluent water in production activities.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Come up with Water Conservation Activities (e.g. Waste Water Recycling)</i>	<i>Customers, Employees, Community, Suppliers.</i>	<p>In accordance with the “Green Plan 2021”, our environmental action plan, we are continuously working on reducing the water used in our production operations.</p> <ul style="list-style-type: none"> 1. Water Resource Conservation through Products.

		<ul style="list-style-type: none"> a. Water flow control of Washing Machine Products b. Efficient Design of Washing Machine Products. <p>2. Initiatives for Water Resource Conservation through Production Activities.</p> <ul style="list-style-type: none"> a. Waste Water Recycling at REF BD used for flushing Urinals and Water Closets at Comfort Rooms b. Waste Water Recycling at ACBD used for flushing Urinals and Water Closets at Comfort Rooms. <p>Through this activities, we reduce environmental loads on water resources due to the intake and effluent water in production activities.</p>
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Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
<input type="checkbox"/> renewable	5,800,000	kg/liters
<input type="checkbox"/> non-renewable		kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	1,160,000	20%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>PMPC Business division Manufacturing of Home Appliances (Refrigerators, Air conditioners, Washing Machine, Electric Fan)</p> <p><i>Business division Manufacturing of Home Appliances. (REF, AC, WM, EF) Need to use materials to manufacture Home Appliances</i></p>	<p><i>Customers, Employees, Community, Suppliers.</i></p>	<p><i>Through the Green Plan 2021. PMPC aims for the sustainable procurement of raw materials to cover not only procurement of wood materials, but also procurement of raw materials considering conservation of biodiversity. In these procurements, PMPC considers social issues and compliance of laws and regulations. PMPC adheres to the Panasonic Group Green Procurement Guidelines aiming for conservation of biodiversity and sustainable use of natural resources.</i></p>

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Insufficient materials that may lead to production stoppage.</i>	<i>Customers, Employees, Community, Suppliers</i>	PMPC considers that in conducting its business activities, the companies involved in the entire supply chain is important for the conservation of biodiversity. Therefore focusing on sustainable procurement of raw materials
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Come up with Material Conservation Activities (e.g. Return to supplier, Reuse of scrap plastic etc.)	<i>Customers, Employees, Community, Suppliers</i>	PMPC considers that in conducting its business activities, the companies involved in the entire supply chain is important for the conservation of biodiversity. Therefore focusing on sustainable procurement of raw materials

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	(identify all sites)	
Habitats protected or restored	La Mesa Watershed (8ha)	ha
IUCN ³ Red List species and national conservation list species with habitats in areas affected by operations	(list)	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>To have corporate citizenship activities for Environmental Sustainability.</i>	<i>Customers, Employees, Community, Suppliers</i>	PMPC had properly understood the impact of our business activities on biodiversity and made efforts to achieve our target of contributing to its conservation. The Green Plan 2021 aims to work towards realizing “a better life” and a sustainable global environment” compatibly as stated in the “Panasonic Environmental Vision 2050”.

³ International Union for Conservation of Nature

		Activities on Biodiversity include the Annual Tree Planting Activities of PMPC which is held yearly during the June Environment Month. To date PMPC had restored a total of 8(ha) at the La Mesa Watershed.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Deforestation, Flood Hazard</i>	<i>Customers, Employees, Community, Suppliers</i>	In achieving the Sustainable Development Goals and realizing societies where people and nature live harmoniously, which is the long term goal. Measures to address to climate change, resources recycling, and biodiversity have been recognized as being closely linked to each other by PMPC.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Come up with Environmental Corporate Citizenship activities. (e.g. Tree Planting, Eco Learning Program)</i>	<i>Customers, Employees, Community, Suppliers</i>	PMPC had been involved with the Department of Environment and Natural Resources and the Save the La Mesa Watershed Project, and will continue to come up with Environmental Corporate Citizenship activities. (e.g. Tree Planting, Eco Learning Program)

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions		Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	5,648 Tons	Tonnes CO ₂ e
Emissions of ozone-depleting substances (ODS)		Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
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<p><i>PMPC Business division Manufacturing of Home Appliances (REF, AC, WM, EF</i></p>	<p>Customers, Employees, Community, Suppliers</p>	<p><i>During the late 90,s the Philippine Clean Air Act of 1999 was enacted. And in response to this PMPC had been complying all the requirements pertaining to its air emissions which includes two types.</i></p> <ol style="list-style-type: none"> <i>1. Direct Impact from PMPC’s generator sets, and:</i> <i>2. Indirect Impact caused by the use of our electricity, fuel and LPG use, which triggers Green House Gas emissions by the form of CO2 emission.</i> <p><i>PMPC’s activities to address its direct and indirect impact.</i></p> <ol style="list-style-type: none"> <i>1. Annual Generator Air Emission Test (Complying Phil. Clean Air Act of 1999 Standards)</i> <i>2. Energy Conservation Activities to reduce Carbon Dioxide Emissions of PMPC.</i>
<p>What are the Risk/s Identified?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<p>Depletion of Energy, Increase in Power Consumption due to increased Production Quantity.</p>	<p>Customers, Employees, Community, Suppliers</p>	<p><i>PMPC’s activities to address its direct and indirect impact (risks).</i></p> <ol style="list-style-type: none"> <i>1. Annual Generator Air Emission Test (Complying Phil. Clean Air Act of 1999 Standards).</i> <i>2. Energy Conservation Activities to reduce Carbon Dioxide Emissions of PMPC</i>
<p>What are the Opportunity/ies Identified?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<p><i>Come up with Energy Conservation Activities.</i></p>	<p><i>Customers, Employees, Community, Suppliers</i></p>	<p><i>PMPC had been continuously improving its Green House Gas Emission throughout the years thru its various Energy Conservation Activities and Annual Compliance to the yearly Emission Test of Generator Sets to comply (DENR) Department of Environment and Natural Resources Air Emission Standards</i></p>

Air pollutants

Disclosure	Quantity	Units
NO _x	474 ppm(mg/l) – average 502 ppm (mg/l) – max.69 ppm (mg/l)	kg
SO _x		kg
Persistent organic pollutants (POPs)		kg
Volatile organic compounds (VOCs)		kg
Hazardous air pollutants (HAPs)		kg
Particulate matter (PM)		kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>PMPC Business Division Manufacturing of Home Appliances (REF,AC, WM, EF)</i>	Customers, Employees, Community, Suppliers	<p><i>During the late 90,s the Philippine Clean Air Act of 1999 was enacted. And in response to this PMPC had been complying all the requirements pertaining to its air emissions which includes two types.</i></p> <p><i>1. Direct Impact from PMPC's generator sets,</i></p> <p><i>PMPC's activities to address its direct and indirect impact.</i></p> <p><i>1. Annual Generator Air Emission Test (Complying Phil. Clean Air Act of 1999 Standards)</i></p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Air Pollution and Non Compliance Government Regulations. (Penalties and possible Closure)</i>	Customers, Employees, Community, Suppliers	<p><i>PMPC's activities to address its direct and indirect impact.</i></p> <p><i>1. Annual Generator Air Emission Test (Complying Phil. Clean Air Act of 1999 Standards)</i></p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Provision of budget to Conduct Air Emission test and Work Environment Measurement.</i>	Customers, Employees, Community, Suppliers	<p><i>PMPC's activities to address its direct and indirect impact.</i></p> <p><i>1. Annual Generator Air Emission Test (Complying Phil. Clean Air Act of 1999 Standards)</i></p>

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	1,606,958	kg
Reusable		kg
Recyclable	1,590,958	kg
Composted		kg
Incinerated		kg
Residuals/Landfilled	16,000	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>PMPC Business divisions Manufacturing of Home Appliances (REF, WM, AC, EF)</p>	<p>Customers, Employees, Community, Suppliers.</p>	<p>In relation with PMPC's Environment Health and Safety Policy to comply to all government regulations which includes compliance to Solid Waste and Hazardous Waste regulations in the Philippines, particularly</p> <ol style="list-style-type: none"> 1. The Ecological Solid Waste Management Act of 2000 (RA 9003) and. 2. The Toxic and Nuclear Waste Management Act of 1990 (RA 6969). <p>PMPC complies with this policy and Government Regulations.</p> <p>Compliance Activities include :</p> <ol style="list-style-type: none"> 1. Proper storage of Solid and Hazardous Waste in compliance with government regulation and standards. 2. Securing a DENR and PEZA Accredited Scrap and Residual Waste Hauler. 3. A DENR Accredited Transporter and Treater of Hazardous Wastes. <p>Thru this service providers PMPC ensures the compliance to the said regulation while maintaining an environment friendly workplace.</p>

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Non-compliance to government regulations (Penalties and possible closure)</i>	<i>Customers, Employees, Community, Suppliers</i>	<i>To comply with the regulations on Solid and Hazardous Wastes PMPC had provided clean, accessible and environment friendly storage areas for these wastes while securing a DENR and PEZA Accredited Haulers to be able to comply with government regulations and avoid penalties and possible closure</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Waste Minimization Activities and 3R Activities (Reduce, Reuse, Recycle)</i>	<i>Customers, Employees, Community, Suppliers</i>	<p><i>PMPC had implemented Waste Minimization activities and 3R Activities (Reduce, Re-use, and Recycle).</i></p> <ol style="list-style-type: none"> <i>1. Reduction on Resources used thru design by studying the possibility to</i> <ol style="list-style-type: none"> <i>a. Use less resources to make products lighter and smaller and using less components.</i> <i>b. Component re-use</i> <i>c. Longer Durability</i> <i>d. Use of Recycled resources</i> <i>e. Labels necessary for collection and recycling.</i> <i>2. Use of Sustainable materials</i> <i>Re-use of Scrap Plastic Inner Liners.</i>

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	20,000	kg
Total weight of hazardous waste transported	20,000	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
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<p><i>PMPC Business divisions Manufacturing of Home Appliances (REF, WM, AC, EF)</i></p>	<p><i>Customers, Employees, Community, Suppliers</i></p>	<p><i>In relation with PMPC's Environment Health and Safety Policy to comply to all government regulations which includes compliance to Hazardous Waste regulations in the Philippines, particularly</i></p> <ol style="list-style-type: none"> 1. The Toxic and Nuclear Waste Management Act of 1990 (RA 6969). <p>PMPC complies with this policy and Government Regulations.</p> <p>Compliance Activities include :</p> <ol style="list-style-type: none"> 1. Proper storage of Solid and Hazardous Waste in compliance with government regulation and standards. 2. Securing a DENR and PEZA Accredited Scrap and Residual Waste Hauler. 3. A DENR Accredited Transporter and Treater of Hazardous Wastes. <p>Thru this service providers PMPC ensures the compliance to the said regulation while maintaining an environment friendly workplace.</p>
<p>What are the Risk/s Identified?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<p><i>Non-compliance to government regulations (Penalties, Closure)</i></p>	<p><i>Customers, Employees, Community, Suppliers</i></p>	<p><i>To comply with the regulations on Solid and Hazardous Wastes PMPC had provided clean, accessible and environment friendly storage areas for these wastes while securing a DENR and PEZA Accredited Haulers to be able to comply with government regulations and avoid penalties and possible closure</i></p>
<p>What are the Opportunity/ies Identified?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<p><i>Establish rapport with government agencies for effective implementation of Environmental Mgt. System.</i></p>	<p><i>Customers, Employees, Community, Suppliers</i></p>	<p><i>With PMPC's implementation on the Storage, Treatment and Disposal of Hazardous Wastes the company was able to establish rapport with government agencies, supporting each other thru various collaborations on Seminars,</i></p>

		<i>Online Activities and updates on New Hazardous Waste Regulations</i>
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Effluents

Disclosure	Quantity	Units
Total volume of water discharges	9,491.55 cu.m	Cubic meters
Percent of wastewater recycled	1%	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>PMPC BD Manufacturing of Home Appliances (REF, AC, WM, EF)</i>	<i>Customers, Employees, Community, Suppliers</i>	<p><i>In relation with PMPC's Environment Health and Safety Policy to comply to all government regulations which includes compliance to Water Effluents regulations in the Philippines, particularly</i></p> <ol style="list-style-type: none"> <i>Clean Water Act of 2004 (RA 9275)</i> <p><i>PMPC has its own Sewage Treatment Facility in Taytay and a Waste Water Treatment Facility in Sta. Rosa.</i></p> <p><i>For the Sewage Treatment Plant it services the REF BD production area Comfort Room Discharges wherein it is treated thru various 7 stages of aeration and biological treatment with chlorination to comply with the Philippine Effluent Standards of the Clean Water Act.</i></p> <p><i>In Sta. Rosa the Waste Water Treatment plant services the ACBD painting line discharges. It is treated thru chemical treatment, aeration and filtration further reducing the heavy metal pollutant of the water discharge caused by painting. This is to comply with the Philippine Effluent Standards of the Clean Water Act.</i></p>

		<i>Both of these Treatment Facility has a capability to recycle waste water for flushing urinals and water closets of comfort rooms.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Non Compliance to government regulations (Penalties / Closure)</i>	<i>Customers, Employees, Community, Suppliers</i>	<i>Thru the support of Water Treatment Facilities PMPC had been able to comply with the Effluent Standards by efficiently conducting regular maintenance of these equipment. Realizing its effectivity by passing the waste water quality standards set by the Philippine Clean Water Act of 2004.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Establish rapport with government agencies for effective implementation of Environmental Mgt. System</i>	<i>Customers, Employees, Community, Suppliers</i>	<i>With PMPC's implementation on the Waste Water Treatment the company was able to establish rapport with government agencies, supporting each other thru various collaborations on Seminars, Online Activities and updates on New Effluent Regulations</i>

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	Php
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
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<p><i>PMPC BD Manufacturing of Home Appliances (REF, AC, WM, EF)</i></p>	<p><i>Customers, Employees, Community, Suppliers</i></p>	<p><i>In relation with PMPC’s Environment Health and Safety Policy to comply to all government regulations which includes compliance to Air Emissions, Water Effluents, Solid Waste and Hazardous Waste regulations in the Philippines, particularly:</i></p> <ol style="list-style-type: none"> <i>1. Clean Water Act of 2004 (RA 9275)</i> <i>2. Clean Air Act of 1999 (RA 8749)</i> <i>3. Toxic and Nuclear Waste Act of 1990 (RA 6969)</i> <i>4. Ecological Solid Waste Management Act of 2000 (RA 9003)</i> <i>5. Other relevant Environmental Government Rules and Regulations.</i> <p><i>PMPC aims to support and implement activities to comply with all the requirements of government regulations to prevent penalties and non-compliance.</i></p>
<p>What are the Risk/s Identified?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<p><i>Non Compliance to government regulations (Penalties / Closure)</i></p>	<p><i>Customers, Employees, Community, Suppliers</i></p>	<p><i>PMPC aims to support and implement activities to comply with all the requirements of government regulations to prevent penalties and non-compliance.</i></p> <p><i>Activities involve the following :</i></p> <ol style="list-style-type: none"> <i>1. Air Emission – Yearly Air Emission Test of Generator Sets. To comply with Permit to Operate Requirements RA 8749</i> <i>2. Water Discharges – Effective utilization and maintenance of Sewage Treatment Plant and Waste Water Treatment Plant to comply with the Effluent Regulations.</i> <i>3. Solid Waste disposal – Ensure that the Solid Waste is properly disposed in a landfill or government approved disposal facility, thru its DENR / PEZA accredited scrap and residual waste haulers.</i> <i>4. Hazardous Waste Disposal – Ensure that the Hazardous Waste is properly stored, disposed and treated in accordance with RA 6969 thru its DENR approved Haulers and Treaters.</i>

		<i>Other Environmental Regulations – Ensure proper environmental evaluation and compliance is being done prior to conducting PMPC related activities.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Establish rapport with government agencies for effective implementation of Environmental Mgt. System</i>	<i>Customers, Employees, Community, Suppliers</i>	<i>With PMPC’s implementation on the compliance on Environmental government rules and regulations the company was able to establish rapport with government agencies, supporting each other thru various collaborations on Seminars, Online Activities and updates on New Regulations.</i>

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ⁴		
a. Number of female employees	*235	#
b. Number of male employees	*594	#
Attrition rate ⁵	*4.7% (38 employees)	rate
Ratio of lowest paid employee against minimum wage	*6.9% (54 employees)	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS Contributions	Y	#235 (100%)	#594 (100%)
PhilHealth Contributions	Y	#235 (100%)	#594 (100%)
Pag-ibig Contributions	Y	#235 (100%)	#594 (100%)
Parental leaves	Y	#10 (1%)	#22 (3%)
Vacation leaves	Y	#171 (21%)	#508 (61%)
Sick leaves	Y	#101 (12%)	#312 (38%)

⁴ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

⁵ Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Medical benefits (aside from PhilHealth))	Y	#235 (100%)	#594 (100%)
Housing assistance (aside from Pagibig)	Y	#26 (3%)	#45 (5%)
Retirement fund (aside from SSS)	Y	#9 (1%)	#17 (2%)
Further education support	Y	#0	#0
Company stock options	N		
Telecommuting	Y	#63 (8%)	#24 (3%)
Flexible-working Hours	N		
(Others)			

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>COVID Pandemic Lockdown Disrupting Working Hours and Defining unprecedented Work From Home Scenario</i>	<i>Adaptation of the IATF's and DOLE's Guidelines on Operating a Manufacturing Enterprise while securing the health of the company workers (front liners)</i>
<i>Business Continuity Amidst this national emergency of a pandemic in global proportion</i>	<i>Provision of safety equipment particularly Personal Protection Equipment (PPE)</i> <i>Establishing a compliant Covid Case Management Protocol for the entire workforce</i>
What are the Risk/s Identified?	Management Approach
<i>Possible non-payment or delay in government mandated benefits for seasonal workers due to LOCKDOWN and erroneous data collected during the limited one month employment tenure</i>	<i>Establishment of a new normal procedure for recruitment, screening, and processing of seasonal employees</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Attraction of seasonal employees from the public due to company reputation of creating job opportunities and providing government mandated benefits at the time when there are more getting unemployed than employed at the time of the pandemic</i>	<i>Partnership with the Public Employment Services Office of the various Municipalities surrounding the company</i>

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	235	6,580 hours
b. Male employees	594	16,632 hours
Average training hours provided to employees		
a. Female employees	235	28 hours/employee

b. Male employees	594	28 hours/employee
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What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Where: Primary Business Operation Impact: Social Training programs were focused on building commitment, performance and engagement throughout PMPC's business operation	Integrating Panasonic BBP (Basic Business Philosophy) in training activities, including the introduction of the concept of "A Better Dialogue"
What are the Risk/s Identified?	Management Approach
Perceived subjectivity in performance evaluation and in providing feedback	Meticulous performance evaluation review by top management
What are the Opportunity/ies Identified?	Management Approach
Better teamwork and more effective communication	Promotion of the "A Better Dialogue" concept within the organization

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	303	36.5%
Number of consultations conducted with employees concerning employee-related policies	Twice a week consultation meeting with the Union President	More or less 96 times in a year

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Where: Primary Business Impact: Social	<i>In the conduct of Collective Bargaining negotiation, the management is very transparent with the Worker's Union.</i> <i>Our company also provide reasonable notice of significant operational changes to employees and their representatives, as well as to appropriate government authorities i.e. DOLE. The minimum notice periods are a measure of an organization's ability to maintain employee satisfaction and motivation while implementing significant changes to operations.</i>

	<i>The company's timely and meaningful consultation allows the affected parties to understand the impacts of the changes, such as possible loss of employment. It also gives an opportunity for them to work collectively to avoid or mitigate negative impacts as much as possible. Our consultative practices resulted in good industrial relations help to provide positive working environments, reduce turnover, and minimize operational disruptions.</i>
What are the Risk/s Identified?	Management Approach
<i>Collective Bargaining Deadlock</i>	<i>The negotiation must always be done in good faith. Always have an open mind when the worker's union are presenting their demands and discuss with them in a civil manner to avoid possible conflict.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Industrial peace is always maintained when the management treats the workers union as co-equal in the achievement of the company's business objective.</i>	<i>The management will continue to be transparent in its dealing with the workers union and will see to it that all policies affecting the workers are clearly explain to them before its implementation.</i>

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	235	28%
% of male workers in the workforce	594	72%
Number of employees from indigenous communities and/or vulnerable sector*	1	#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>The COVID Pandemic times which started last March up to the present time post many restrictions from the government which affected travel to and from the Province of Rizal and Laguna including the guidelines on safety protocol involving older people, those with underlying conditions, and the pregnant</i>	<i>Thorough screening and dialogue when hiring women and middle aged applicants for seasonal employment while providing education an awareness on the health risks of infecting Covid19 in and out of the workplace</i>
What are the Risk/s Identified?	Management Approach

<i>In their desperation, a lot of applicants are withholding information that are vital to pre-employment screening</i>	<i>Interviews and validation of submitted pre-employment documents were validated faster and safer with the use of the Internet</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Employment opportunities and applications surpassed the previous face to face screening turnouts</i>	<i>With the limitation of a non-face to face screening process, the use of major social media and messaging were employed</i>

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	5,529,680 Man-hours (818 days without an accident : 845 manpower) from November 13, 2018 PMPC to February 9, 2021	Man-hours
No. of work-related injuries	2	#
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills	Target 2 times per year March and October but due to COVID no drills was conducted	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>PMPC BD Manufacturing of Home Appliances (REF, AC, WM, EF)</i>	<p><i>The Panasonic Occupational Safety and Health Policy consists of an Occupational Safety and Health Declaration based on the spirit of respect for human beings as stated in our management philosophy, PMPC is committed to creating a safe and both physically and mentally healthy workplaces through consistent efforts and careful attention.</i></p> <p><i>Activity Guidelines for Occupational Safety and Health are the following :</i></p> <ol style="list-style-type: none"> <i>1. Legal and Regulatory Compliance</i> <i>2. Management of Resources</i> <i>3. Establish, Maintain and improve our occupational safety and health management systems</i> <i>4. Definition of roles, authorities and responsibilities, and establishment of an organizational structure.</i>

	<p>5. <i>Removal and Reduction of the root causes of hazards and potential damage.</i></p> <p>6. <i>Setting health and safety goals and formulating and implementing a management plan.</i></p> <p>7. <i>Auditing and review by management.</i></p> <p>8. <i>Education and Training.</i></p>
What are the Risk/s Identified?	Management Approach
<i>Accidents and Injuries of Employees</i>	<p><i>PMPC Occupational Safety and Health Key Initiatives to prevent risks are as follows:</i></p> <ol style="list-style-type: none"> <i>1. Creating Equipment Safety Standards</i> <i>2. Promoting Occupational Accident Prevention Plans</i> <i>3. Occupational Health (Medical Section)</i> <i>4. Personal Health.</i> <i>5. Health Promotion Initiatives</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Initiatives on Accident Prevention, E.g. Equipment Safety, PPE's, Safety and Health Activities and Trainings.</i>	<p><i>PMPC Occupational Safety and Health Key Initiatives opportunities are as follows:</i></p> <ol style="list-style-type: none"> <i>1. Provision of resources for Creating Equipment Safety Standards</i> <i>2. Provision of Resources for Promoting Occupational Accident Prevention Plans</i> <i>3. Provision of resources for Occupational Health (Medical Section)</i> <i>4. Provision of resources for Personal Health</i> <p><i>Provision of resources for Health Promotion Initiatives</i></p>

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	NONE	NONE

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

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	N	
Human Rights	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Where: Primary Business Impact: Social.</i>	<i>The company does not allow forced labor. When employees are required to render overtime work, the need to work extra hours are explained to them before the overtime work will be rendered.</i> <i>The company does not employ workers below 18 years of age, hence, child labor is not an issue.</i> <i>In hiring of workers, we follow Republic Act No. 10911, Anti-Age Discrimination in Employment Act so that there is no discrimination in individual employment on account of age.</i>
What are the Risk/s Identified?	Management Approach
<i>Hiring of worker below 18 years of age if the hiring personnel failed to check the documents presented by the applicant.</i>	<i>The Human Resource Department must screen the applicants carefully and checks and balances must be in place so that all documents are processed without violating the hiring of minors.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Compliance with local law. Improvement of internal procedures to ensure that the company hires prospective employees of legal age.</i>	<i>The company will only hire those applicants who have reached the required age for employment.</i>

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Yes

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Yes	Article 35 of Master Global Purchasing Agreement (MGPA)
Forced labor	Yes	Article 36 & 37 of Master Global Purchasing Agreement (MGPA)
Child labor	Yes	Article 36 & 37 of Master Global Purchasing Agreement (MGPA)
Human rights	Yes	Article 37 of Master Global Purchasing Agreement (MGPA)
Bribery and corruption	Yes	Article 33 of Master Global Purchasing Agreement (MGPA)

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p><i>Where: Primary Business</i> <i>Impact: Economic, Social</i> <i>Involvement: Supplier Relationship</i> <i>Task to level up supplier's standards and understanding to meet Global standards.</i></p>	<p><i>Selection and development of local suppliers in consideration of Global standard. Panasonic uses common Master Global Purchasing Agreement to meet Global standard for each Panasonic suppliers.</i> <i>Developing local suppliers will create job opportunities to the community. Likewise this will increase buying power in which it will benefit local manufacturing company. Local procurement will lessen impact of business continuity plan (BCP) issue.</i> <i>PMPC conduct regular Audit for Quality, Environmental, Material, CSR & others to continuously educate and improve standard level</i></p>
What are the Risk/s Identified?	Management Approach
<p><i>Tendency to change price level</i></p>	<p><i>PMPC practiced Standard quotation format to visualize all cost factors. Promoting multiple source to meet correct price. PMPC usually owned fixed assets to lessen financial burden of suppliers.</i></p>
What are the Opportunity/ies Identified?	Management Approach
<p><i>Local suppliers will be having more opportunities and customers. Thus, it will not dependent to PMPC.</i></p>	<p><i>PMPC usually practice to limit purchase ratio to 40% by suppliers. 60% should be purchased by other customers.</i></p>

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Dual Training System / OJT Program	Luzon	Youth	N	N/A	N/A

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____

Certificates	Quantity	Units
N/A		

What are the Risk/s Identified?	Management Approach
Absences / Quit Training	Regular coordination with partner schools
What are the Opportunity/ies Identified?	Management Approach
Human Resources	Recruitment

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction		Y

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
<p><i>Where: Primary Business</i> <i>Impact: Economic, Social</i> <i>Involvement: Customer Product Satisfaction Survey.</i></p> <ol style="list-style-type: none"> <i>Repeat purchase</i> <i>Brand Loyalty</i> <i>Positive word of mouth advertisement</i> <i>Product Quality</i> <i>Customer requirement for the product</i> <i>Comparison with competitive product</i> 	<ol style="list-style-type: none"> <i>Execute yearly CS strategies/initiatives which includes policies, commitment, goals, targets and programs/activities.</i> <i>Customer’s 1st principle approach.</i> <i>Utilize Net Promoter Score (NPS) as tool for Customer Satisfaction Survey executed by Call Center and inform related groups. NPS is mgmt. tool used to measure customer satisfaction...percentage of customers rating their likelihood to recommend a company, a</i>

	<p><i>product, or a service to a friend or colleague. NPS ask questions to customers. Scores from NPS are rated as detractors and promoters. The acceptable NPS Score is 50 or above (Good).</i></p> <p>4. <i>Complains related to products are shared during weekly CS meetings, Monthly Market Quality meetings, PASC meetings, during product planning meeting, Call Center, dealers meetings</i></p> <p>5. <i>People before Products: Enhance technical and non-technical (knowledge and skills) thru regular trainings.</i></p>
What are the Risk/s Identified?	Management Approach
<ol style="list-style-type: none"> 1. <i>Emerging new competitors or products</i> 2. <i>Government regulations (Consumer Act of Philippines)</i> 3. <i>Handling customers complaints</i> 4. <i>Manufacturing difficulties</i> 5. <i>Slow moving stock (SMS)</i> 	<ol style="list-style-type: none"> 1. <i>Approach is maintaining customer focused and utilize customer's feedback. Consider also the weaknesses of competitors.</i> 2. <i>Be knowledgeable about Consumer Act/DTI regulations and monitor the frequency of complaints.</i> 3. <i>Improve skills for handling complains (people before products)</i> 4. <i>Collaboration with factory/QC/Sales/Marketing/Call Center/PASC for any challenges encountered</i>
What are the Opportunity/ies Identified?	Management Approach
<p><i>Listening to customer's dissatisfaction may lead to the following opportunities:</i></p> <ol style="list-style-type: none"> 1. <i>New product</i> 2. <i>Increase customer's loyalty</i> 3. <i>Win market share due to customer's recommendations</i> 4. <i>Increase profitability</i> 	<p><i>Utilize complains , detractors as opportunities:</i></p> <ol style="list-style-type: none"> 1. <i>Product improvement/new product</i> 2. <i>Company policies</i> 3. <i>Increase customers' good experience</i> 4. <i>Customer services</i> 5. <i>Competitor's bench marking</i> 6. <i>Customers 1st principle approach</i>

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	NONE	N/A
No. of complaints addressed	N/A	N/A

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p><i>Where: Primary Business Operation</i></p> <p><i>Impact: Economic, Social</i></p> <ol style="list-style-type: none"> 1. <i>Loss of customer's confidence for Panasonic products</i> 2. <i>Reduce sales & market share</i> 3. <i>Product reliability>> early defect in the market from date of purchase</i> 4. <i>Increase returns of defective units</i> 5. <i>Brand Reputation Risk</i> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p> <ol style="list-style-type: none"> 1. <i>Customer filed letter of complaint to:</i> <ol style="list-style-type: none"> a. <i>DTI</i> b. <i>Dealer</i> c. <i>DENR</i> 	<ol style="list-style-type: none"> 1. <i>Execute yearly CS strategies/initiatives which includes policies, commitment, goals, targets and programs/activities. Customer 1st Principle approach</i> 2. <i>Utilize Net Promoter Score (NPS) as tool for Customer Satisfaction Survey executed by Call Center and inform related groups. NPS is mgmt. tool used to measure customer satisfaction...percentage of customers rating their likelihood to recommend a company, a product, or a service to a friend or colleague. NPS ask questions to customers. Scores from NPS are rated as detractors and promoters. The acceptable NPS Score is 50 or above (Good).</i> 3. <i>Complains related to products are shared during weekly CS meetings, Monthly Market Quality meetings, PASC meetings, during product planning meeting, Call Center, dealers meetings</i> 4. <i>Enhance technical and non-technical (knowledge and skills) thru regular trainings</i>
What are the Risk/s Identified?	Management Approach
<ol style="list-style-type: none"> 1. <i>Posting of complaints at website/social media/newspaper</i> 2. <i>Go to other brand</i> 3. <i>File legal to DTI</i> 4. <i>Loss of sales</i> 5. <i>Brand Reputation Risk</i> 	<ol style="list-style-type: none"> 1. <i>Customer's 1st principle approach</i> 2. <i>Enhance handling skills for complaints</i> 3. <i>Utilize NPS and opportunities for improvement</i> 4. <i>Posting of complaints at website/social media/newspaper</i> 5. <i>Efficient mfg. & sales operation & improved product</i> 6. <i>Leveraging customer feedback & product development to revitalize Customer satisfaction</i> 7. <i>Strong CS formation to respond with market trends & mgmt. environment.</i>
What are the Opportunity/ies Identified?	Management Approach
<ol style="list-style-type: none"> 1. <i>Complains as opportunity as Competitive advantage/product improvement/marketing opportunities</i> 	<ol style="list-style-type: none"> 1. <i>Apply Customer's first principle</i> 2. <i>Build better customer relationships to retain more customers</i> 3. <i>Optimize website to increase profits</i> 4. <i>Use complaints as chance to learn & grow</i> 5. <i>Reinforce commitment to customer</i>

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Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	# No. Complaints
No. of complaints addressed	0	#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p><i>The impact would be health and safety of end user, and Brand Reputation Risk</i></p> <p><i>The boundary would be the Primary Business.</i></p>	<p><i>In 2019 the company's Marketing Division is not aware of any substantiated incident complaint on Marketing and Labelling. Nevertheless, the management approach on product Marketing and Labelling as follows:</i></p> <p><i>Product information that can found in our catalogues, website, POPs, other marketing materials and into the product itself are provided with appropriate facts. The information such as specifications are tested in compliance with the Philippine regulations. This compliance can be supported with test results by third party laboratory authorized by the Philippine government. With the markings of PS Marks and ICC found in our products (carton box, nameplate), signifies that we are compliant with the Philippine regulation as well as other labels. Accordingly, our company always make sure that we observe and meet the Philippine standards in relation to the Consumer act of the Philippines.</i></p> <p><i>As part of our marketing efforts, we also advertise our products with specific information or feature claimed which is supported by a clearance or approval by Ad Standards Council (ASC). This is also applicable for billboards. Another compliance that we follow is for promotions that we advertised. We usually process our application and seek the approval through Department of Trade and Industry (DTI).</i></p>

	<p><i>In terms of environment, efforts are being exerted to be eco-friendly with using non-harmful substance in our products. We ensure the safety of our consumers by strictly following the Philippine regulations. We also claim in our marketing materials about our products being eco-friendly with appropriate test reports.</i></p> <p><i>Being a responsible and law abiding company, we always put into practice that we should always be compliant.</i></p>
What are the Risk/s Identified?	Management Approach
<p><i>Health and safety risk due to inappropriate use of product.</i></p> <p><i>Brand Name Reputation Risk.</i></p>	<ul style="list-style-type: none"> • <i>We equip our products with safety features</i> • <i>As a standard procedure, sales or promo dicer personnel during customer product inspection and demonstration advises the customer on the proper use and maintenance of product prior to delivery.</i> • <i>Labelling and safety information prominently indicated on the product or packaging</i> • <i>Immediate product replacement if necessary as not to escalate the issue.</i>
What are the Opportunity/ies Identified?	Management Approach
<ul style="list-style-type: none"> • <i>Product improvement in case of complaint</i> 	<ul style="list-style-type: none"> • <i>We will continuously improve our product based on customer's feedback.</i>

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	NONE	NONE
No. of complaints addressed	NONE	NONE
No. of customers, users and account holders whose information is used for secondary purposes	NONE	NONE

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p><i>Where: Primary Business</i></p> <p><i>Impact: Social</i></p>	<p><i>We protect the privacy of our customers and information acquired from them are only use for the purpose related to the purchase of our product.</i></p>

	Moreover, the company is compliant with Republic Act 10173 also known as Data Privacy Act of 2012 and the company is bound not only the personal information of our employees but also of our customers.
What are the Risk/s Identified?	Management Approach
Unauthorized use of personal data by : 1) Sharing personal information collected from customers to other related department 2) Giving personal information to other employees not entitled to possess the same	The said information must be secured and must not be shared by Customer Service Department to other departments. Moreover, HRD, being the repository of personal information of all employees, it must see to it that all personal information are secured as required by law.
What are the Opportunity/ies Identified?	Management Approach
<ul style="list-style-type: none"> Compliance with data privacy act law Protection of brand reputation 	The management will strictly comply with the Data Privacy Act of 2012 and it must ensure that there are sufficient safeguards to protect the personal information of its employees and customers.

Data Security

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





What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Where: Primary business operation Impact: Economic and Social Impact Involvement: Data Security of Personal Information	Panasonic commits to limit its collection of personal data, to collect data by lawful means, and to be transparent about how data are gathered, used, and secured. The organization is also expected to not disclose or use personal customer information for any purposes other than those agreed upon, and to communicate any changes in data protection policies or measures to customers directly. This disclosure provides an evaluation of the success of management systems and procedures relating to customer privacy protection. In the past, Panasonic has established Information Security Management (ISM) policy to prevent unauthorized access, loss and leakage of company

	<i>confidential and personal information. The organization is also complies with the data protection legislation and regulation such as Philippines Data Privacy Act or RA 10173.</i>
What are the Risk/s Identified?	Management Approach
<ul style="list-style-type: none"> • <i>Breach on Information Security System</i> • <i>Failure to periodically conduct risk assessment and vulnerability</i> • <i>Unintended Disclosure of Personal Information and leak of confidential Information.</i> 	<ul style="list-style-type: none"> • <i>IT Governance</i> • <i>Risk assessment and vulnerability</i> • <i>Upgrade hardware and software that are prone to security breaches.</i> • <i>Application Controls and Authorization before personal data and confidential information can be obtained.</i> • <i>Trainings on how to handle and secure personal and confidential information.</i>
What are the Opportunity/ies Identified?	Management Approach
<ul style="list-style-type: none"> • <i>Acknowledgement of IT Vulnerabilities</i> • <i>identifying the organization’s needs for the information security requirements and for the establishing an effective Information Security Management System</i> • <i>Compliance with Data Global Data Security</i> • <i>Compliance with Local Laws on data privacy act.</i> 	<ul style="list-style-type: none"> • <i>Proactive approach to address IT vulnerabilities</i> • <i>Improvement of Information Security Management System based on risks and new information system requirement.</i> • <i>Immediate compliance with local laws.</i>

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Split type A/C Inverter	Energy Efficient Aircon 	Waste Electrical and Electronic Equipment	Recycle
Inverter Refrigerator	Energy Efficient Refrigerator 	Waste Electrical and Electronic Equipment	Recycle
Fully Auto Inverter Washing Machine	Energy and water Efficient Washing Machine 	Waste Electrical and Electronic Equipment	Recycle
Solar Panel	Clean and renewable Energy 	Waste Electrical and Electronic Equipment	Recycle

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

Panasonic

**Panasonic Manufacturing
Philippines Corporation**

**FISCAL YEAR
2020
ANNUAL
REPORT**

FY 2020 ended March 31, 2021



Panasonic

OUR COMPANY,

Our Commitment

Panasonic Manufacturing Philippines Corporation (PMPC) is a manufacturer, importer and distributor of electronic, electrical, mechanical, electro-mechanical appliances, other types of machines, parts and components, battery and related products bearing the brand name, "Panasonic". PMPC, which is a subsidiary of Panasonic Corporation (PC), Japan is the first Filipino-Japanese joint venture operation in the area of consumer electronics in the country. The primary products manufactured by the Company are refrigerators, air conditioners, washing machines, and electric fans.

In October 2003, the Company ceased using "National" brand and unified the branding of all its products under the Panasonic brand.

PMPC has a wide base of sales and service distribution centers strategically located at key municipalities, cities, and provinces all over the Philippines.

In 2011, PC made Panasonic Electric Works Co., Ltd. (PEW) and SANYO Electric Co., Ltd. wholly owned subsidiaries. Consequently, with the said integration, PEW-Philippines and SANYO-Philippines ceased their existence as independent companies in the country. However, some of PEW operations with products under Eco-solutions like solar panel business

and other devices, as well as SANYO's commercial refrigeration businesses among others were integrated into the business operation of PMPC's Sales Division, Panasonic Philippines (PPH) effective April 1, 2012.

On March 19, 2013, the Securities and Exchange Commission (SEC) approved the extension of PMPC's corporate life for another 50 years or until May 15, 2063.

In 2016, PMPC marked the initial year of its business operation under the umbrella of Panasonic Appliances (AP) Company.

Two years after celebrating its golden anniversary in 2017, PMPC renews its commitment to operate with dedication and continuing growth along with its corporate mission as a gesture of its gratitude to the continuing support of its loyal customers, business partners, and the communities where it operates, looking forward to the future with confidence, and focusing its efforts and resources in serving both the customers and society.

PMPC, as part of Panasonic Group recognizes that the primary role of its business is to serve society in return for the use of its resources, and thus devoting its business activities to the progress and development of society and the well-being of the people. This commitment serves as guidance for the Company in carrying out its operation and corporate activities.

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Financial Highlights

FISCAL YEARS 2020, 2019 & 2018

TOTAL OPERATIONS	FY 2020	FY 2019	FY 2018
NET SALES	10,883,095,262	11,906,948,322	11,520,813,753
NET INCOME AFTER TAX	358,015,592	126,456,220	148,521,135
Attributed to:			
Equity Holders of the Parent Company	357,239,514	126,066,914	148,144,539
Minority Interest	776,078	389,306	376,596
EARNINGS PER SHARE	0.85	0.30	0.35
TOTAL EQUITY	4,802,260,909	4,485,251,641	4,512,842,195
Book Value Per Share	11.36	10.61	10.68
WORKING CAPITAL (EOY) (Current Assets - Current Liabilities)	4,132,888,427	3,677,364,787	3,820,671,844
CURRENT ASSETS RATIO	2.39	2.50	2.56

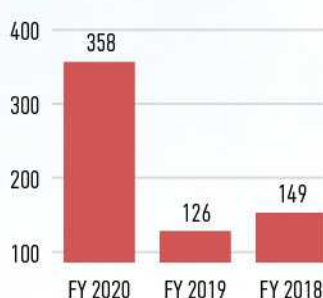
CASH DIVIDENDS

- 2020 - 52.45% regular cash dividend. Declaration date: May 20, 2021 ; Recorded June 4, 2021
- 2019 - 14.98% regular cash dividend. Declaration date: May 7, 2020 ; Recorded May 30, 2020
- 2018 - 20.99% regular cash dividend. Declaration date: April 22, 2019 ; Record date: May 7, 2019

TOTAL SALES (in millions)



NET INCOME (in millions)



NET EARNINGS (per share)



MESSAGE TO

Stockholders

Our Panasonic Manufacturing Philippines Corporation (PMPC) business operation for fiscal year (FY) ending March 31, 2021 was generally shaped by the impacts of lockdowns and unprecedented disruptions attributed to the persisting COVID-19 pandemic, which also limited our capacity and capability to carry out our business activities and programs as desired. Thanks to our customers and business partners, who remained supportive and cooperative through this difficult time coupled with our Company's continuing recognition of the value of communication in imparting the owner's mind to every member of PMPC Family along with the essence of our management philosophy, we have managed to operate and continued to survive under the 'new normal'. Consequently, through our Company's Crisis Center, we have been consistently communicating via guided on-line and off-line meetings with our various stakeholders, not only to comply with government guidelines and protocols on COVID-19, but also to address promptly related issues arising from time to time. Indeed, our business operation in FY2020 was extremely strenuous, but at the same time, provided us with the opportunity to demonstrate the very essence of our Company's commitment to serve society in many ways - the very reason for our corporate existence.

Operating in FY2020 - which commenced when the enhanced community quarantine (ECQ) was imposed on the island of Luzon and its associated islands, then culminated when ECQ was re-implemented to mitigate the new spike in COVID-19 cases - truly crippled most businesses, including that of our business partners, who faced also range of challenges that were beyond expectations. Thus, although we were able to generate only a total sales performance of 10.9 billion pesos or 91 percent of the 11.9 billion pesos that our Company posted in FY2019, we can consider it a blessing that we managed to achieve 358 million pesos profit after taxes, which was higher compared to our achievement posted in FY2019. And we can attribute this partly to the support and cooperation of the members of our PMPC Family in the implementation of various measures to reduce fixed operation cost to augment in a way our lower sales growth. Among our major products, only refrigerator, and window aircon export achieved sales higher than FY2019.

In FY2021, along with the expectation that the market situation will continue to be very tough, our Company need to be more innovative so as survive and succeed. And although hope rises with the rollout of Covid-19 vaccines to tame the pandemic, the virus continues to surge in other places with the emergence of new variants that seemed to downplay the scenario toward better times. Likewise, there are related factors that must be addressed with resiliency, such as the impending increase in the price of raw materials. Verily, we must bear in mind that there is no guaranteed means to predict the real impact of the pandemic, which has triggered significant change in our ways of living and doing business. Many experts believe that to sustain our business operation, we must stay competitive in this 'new normal,' initiating new strategies and new practices. In other words, we need to continue doing refinement on how we do things. But, in so doing, we must not forget the basics... our management philosophy. This is the root of the traditional strengths and uniqueness of Panasonic. So, PMPC must always go back to our strengths along with our commitment to "Challenge growth with a sense of speed" in confronting unforeseen challenges of COVID-19 to our business operation. This is also in harmony with Panasonic Corporation's resolved to shift to a holding company system in 2022, which makes FY2021 as a very important year for the entire Panasonic Group in making a fresh start. And in this very important transformation, we must be mindful always of our basic principles and business fundamentals, practicing innovative and creative strategies that respond to the challenges and opportunities before us. Basically, in FY2021 and beyond, we will continue to exert our best effort to be closer to the Philippine market and become a trend-setter or the best choice when it comes to improving lifestyle and providing solutions. Moreover, we will make use to the fullest of our advantage of having a local production in serving our customers with flexibility and speed. And not to forget, we must keep carrying on the wonderful legacies of our pioneers along with our Company's continuing commitment to serve and contribute to society. These should be our conviction as we exert our concerted effort for a common goal, creating a synergy, which could create more opportunities for PMPC in continuously delivering something worthwhile always to society.

On behalf of the Members of the Board, once again I would like to express my gratitude to all our loyal customers, cooperative business partners, valued shareholders, supportive members of our Panasonic Appliance Company management, and all the dynamic members of our PMPC Family. I pray for everyone's continued protection and safety.



Sincerely,

Masatoshi Sasaki
President

FY 2020 PMPC

HIGHLIGHTS OF OPERATION: THE YEAR THAT WAS...

Challenge Growth with a Sense of speed in the new normal



The business operation of Panasonic Manufacturing Philippines Corporation (PMPC) in fiscal year (FY) 2020 was not spared from the unprecedented and detrimental impact of coronavirus disease 2019 (COVID-19), which limited activities and inflicted disruptions on society, economy, supply chain, and other aspects of business and people's lives. But all throughout the year, the members of PMPC Family led by PMPC President Masatoshi Sasaki continued to carry out the Company's various programs and activities coupled with the adoption also of flexible working arrangements. Mr. Sasaki had been consistently communicating via guided on-line and off-line meetings, not only to comply with all government guidelines and protocols, but also to address promptly any related issues that might arise from time to time.

Through responsible management and "monozukuri"

In FY2020, PMPC's top management together with the members of the Company's COVID-19 Crisis Committee continued to conduct virtual meetings even during the temporary closure of PMPC factories and offices until middle of May to monitor the developments of the situation, as well as to help ensure the safety of all concerned. Basically, except for air conditioner export, there was no sales in April for nationwide operation due to the Philippine Government's imposition of an enhanced community quarantine (ECQ) in Luzon, including its associated islands to mitigate the transmission of the persisting disease. And along with such never-ending challenge of COVID-19, PMPC management remained steadfast in emphasizing the importance of governance based on the Company's management philosophy, complying with laws and regulations while ensuring the highest quality and safety standards.

In April 2020, during the lockdown, Mr. Sasaki sent a letter addressed to all the members of PMPC Family. He wanted to encourage them to remain strong and hopeful amid the challenges of COVID-19. He also expressed his gratitude to all PMPC members for their continuing support and cooperation, particularly those employees at Air Conditioner Business Division (ACBD), who needed to be at the factory to comply with the production requirement for export, and those dedicated personnel manning and strictly securing the Company's facilities.

Amid the uncertainties of COVID-19, Philippines Air Conditioner Specialist (ACS) Business Enhancement Group of Panasonic Air-Conditioning Philippines (PACPH) was the recipient of the Foundation Day's AP Asia Director's Award for its achievement of a double-growth rate in FY2019. The Award was presented by the Director of CMD-Japan, Mr.

Hirokazu Yoshida via MS Teams to the members of the Team, who directly carried out the activities and contributed much to realizing the said achievement.

PMPC also continued to reach out to its customers and business partners. Likewise, upon the resumption of the Company's operation in May, the 1st PMPC Handbook on Workplace Prevention and Control of COVID-19 was issued to serve as guide in carrying out the Company's activities and programs, particularly during the ECQ and General Community Quarantine (GCQ) in developing the minimum health protocols and standards in view of COVID-19 pandemic.

In fulfilling its commitment to responsible 'monozukuri' particularly during the pandemic, PMPC satisfied all government compliance (e.g. DTI and DoLE) and related countermeasures: awareness posters; physical distancing; disinfection activities; temperature monitoring; isolation room; alternative work offices; work from home arrangement; on-line meetings; and provision of shuttle services to workers as well.

After suspending it for several months in compliance with the restrictions on mass gatherings in the wake of the prevailing community quarantine, the Company's monthly General Morning Meeting (GMM) resumed in July 2020. But instead of the usual mass gathering, the management opted to generate an electronic copy of the full text of Mr. Sasaki's message and send it to PMPC members. In his message, Mr. Sasaki expressed his utmost gratitude for the continued support and cooperation of all PMPC members helping the Company weather the challenges of the current pandemic. He was hopeful that with the tried and tested business principles and resiliency of the Company, "we will also overcome this stressful and critical period in our Company's history".

In July 2020 also, Mr. Sasaki presented the Company's FY2020 Management Policy Announcement through video and pdf format. The President appealed for continuing support and cooperation as it is the duty of all PMPC employees to contribute what is expected to realize the Company's targets. Likewise, he pointed out that since safety is everybody's business, all employees must continue to avoid the 3 basic Cs: CLOSED SPACES with poor ventilation; CROWDED PLACES with many people nearby; and CLOSE-CONTACT SETTINGS to prevent COVID-19 infection. On working styles reform, he said that the Company must embrace new working styles, maintaining productivity while keeping a healthy and safe work environment. Consequently, as he concluded the policy announcement, Mr. Sasaki encouraged everyone to take this critical period as a good opportunity to generate synergy with speed through unselfish contributions and prove that this strange and difficult situation has also its merits.

PMPC continued to invest its resources to enhance its manufacturing capacity and capability, shifting to inverter window air conditioners, no-frost inverter refrigerators, fully automatic washing machines, and DC inverter electric fans along the Company's desire to provide customers value added products.

For instance, after 36 years, Panasonic WAC performance in Hong Kong, achieved the No. 1 position in terms of market share. One of the reasons of this recent achievement could be attributed to the quick action of PMPC in working with Shun Hing Group and implementing corresponding recovery plan, especially during the persisting COVID 19.

Refrigerator Business Division (REFBD), on the other

hand was able to introduce its additional 2-Door Direct Cool Models (utilizing refrigerant with low global warming potential and carbon footprint) to support the Company's aim of transition, introducing more Eco-Products in the market, and the Asenso-Refrigerator with Turbomax model that caters to the needs of small business owners (sari-sari stores).

On August 26, 2020, PMPC FY2020 Stockholders Meeting was held via MS Teams. During the event, Mr. Sasaki expressed his gratitude to the Company's stockholders for their continuing support, understanding, and trust in PMPC along with his hope that everybody's doing well and staying safe amid COVID-19 pandemic. He mentioned that at the start of FY2019, there were positive indicators of a better economic situation for the Philippines. However, the favorable scenario was spoiled by external factors, which eventually marred the capacity of PMPC to realize its various targets. But looking forward to the new fiscal year, Mr. Sasaki was hopeful that despite the limitations the pandemic had wrought, the management and staff of the Company shall continue to exert their efforts to realize favorable results.

In September 2020, minus the traditional way of celebrating the Company's anniversary due to the persisting risks and challenges of COVID-19, Mr. Sasaki shared his message by document to all the members of PMPC Family expressing his gladness with optimism to mark PMPC's 53rd anniversary for many reasons, particularly the continuing resolve of every member to thrive in season and out of season. He mentioned that PMPC operation was greatly affected, and compliance with COVID-19 measures is key. Thus, he reminded all employees to work efficiently by embracing the continuing changes while on guard of their responsibility not to get infected and not to infect others. "We shall always hope for the best by continuously working together and challenging growth with a sense of speed, always looking forward with the end in view," he said.

From September 22 to 24, 2020, PMPC introduced and implemented remote internal quality audit, and eventually, having zero non-conformity, the Company received its QMS Re-certification from TUV Rheinland.

During its 2020 Quality Promotion Month in November, PMPC encouraged employees to carry out better quality practices promoting activities along with the essence of its 2020 Quality Team: "Design Customer-Oriented Product Quality with Development, Production and Sales Acting as a Team". One of the highlights of the quality awareness campaign is the Company's participation in the 1st Southeast Asia QC Basic Skills certification on November 17, 2020.

On January 19, 2021, the Consumer Marketing Division of Appliances Company supervised the Compliance Seminar for Panasonic Philippines (PPH) members along with the objective of giving emphasis not only on the importance of compliance management,

After the Bureau of Fire Protection-Taytay conducted fire safety inspection on February 2, 2021 and confirmed the Company's compliance to all requirements, PMPC was issued a Fire Safety Inspection Certificate for 2021.

PMPC had successfully achieved the transition to ISO 45001 v: 2018, the world's first global health and safety management system. This new accreditation replaced the previous British Standard OHSAS 18001 v: 2007.

PMPC continued to operate and conduct occupational health and safety management activities in compliance with minimum public health standards for COVID 19.

Despite the downturn attributed mostly to the lingering impact of COVID-19, PMPC Management decided to give out the traditional year-end performance bonus (Christmas Bonus) to all regular employees on top of the 13th month pay (given already on March 27, 2020) to spread optimism and offer Christmas cheers as a gesture of gratitude to the members of PMPC Family, who have been working so hard amid the risk of COVID-19. The announcement was relayed to the employees through the letter of Mr. Sasaki along with his wish for a blissful Christmas and encouragement for everyone continuously work together and "Challenge growth with a sense of speed".

The Municipality of Angono led by Mayor Jeri Mae E. Calderon recognized PMPC for its partnership with the Municipality's Public Employment Service Office (PESO) in introducing innovative and excellent employment facilitation strategy amid the pandemic, thus providing continuous decent employment opportunity for the jobseekers in the Municipality of Angono, Rizal.

After undergoing its Stage 1 audit on February 17, 2021 and Stage 2 audit from April 19 to 26, 2021, PMPC received its ISO27001 Re-certification from TUV Rheinland Philippines. Information security aims to secure competitiveness and reliability. In other words, to protect technical information, which is the source of corporate competitiveness, information of PMPC's customers who buy its products and services, as well as the information of partner suppliers and clients with whom the Company co-develop technology

During the signing ceremony of the Collective Bargaining Agreement in March 12, 2021, Mr. Sasaki underscored the importance of generating more value for all corporate activities and programs by taking the said event as an opportunity "for us to renew our dedication to work together as one solid force and help our Company generates additional resources for the continuing achievement of the Company's Business Plan.

Through innovative products and co-existence

In responding to the changing market in the "new normal" environment in FY2020, PMPC has continued to promote the importance of upholding the notion of co-existence and co-prosperity with business partners, particularly in highlighting the competitive advantage of Panasonic products along with the Company's commitment to contribute to the well-being of people. Confronted by the impact of the unprecedented COVID-19 pandemic, the more PMPC strived to work together with its business partners and did not falter in its commitment to be of service through its products, taking safety for all stakeholders as its top priority.

As more Filipinos turned to online shopping and digital transactions, PMPC also had to adapt with the changing times. Thus, in FY2020, PMPC's PPH digital marketing initiatives were centered on contents focused on how Panasonic products can make the work from home customer's lives easier, recipe postings, Voices of Hope, and the Panasonic in the House Facebook Live series, including its E-commerce site revamp to give consumers the best experience when purchasing Panasonic products. Moreover, we even expanded the Company's nationwide coverage and connected constantly with sales promoters to cultivate and impart product knowledge, assist for service concerns, and

disseminate announcements such as promotional activities, new product releases, online surveys, and the like.

The pandemic saw an unprecedented rise in digital consumption and with this new consumer habit, Panasonic was quick to reach out to our customers through different digital activities.

PMPC joined Panasonic Group's regional campaign "Voices of Hope," which aimed at spreading positivity, encouragement, and hope while accentuating Panasonic as a reliable brand, and uniting Panasonic companies and its employees in the region with the public. The campaign put together the Voices of Hope from people around the world to remind everyone that if people stay positive during the persisting pandemic, 'A Better Life, A Better World' can be created.

Filled with music, games, and singing, the event entitled, Gary V x Panasonic: For the Fans (Online Charity Event) was live streamed on May 9, 2020 via Gary Valenciano's Facebook account, which also provided the audience with the opportunity to win Panasonic Inverter DC Electric Fans.

As part of the Company's nanoTM Technology Medical Marketing, PACPH started holding every Sunday from June 7, 2020 onwards its eight episodes of a 30-minute Facebook Live Talk Show, entitled "XPLAIN" and featuring top doctors discussing different health-related topics and educating audiences about the function and benefits of using nanoTM Technology.

Panasonic had a number of Facebook lives that highlighted our different products and features. On July 18, 2020, PMPC had its Panasonic in the House Facebook Live with host Cerah Hernandez and Mr. Pure Energy Gary Valenciano (Brand Ambassador). Participants got the chance to discover Japan Quality products, shop in partner/dealer websites, win prizes, and have fun with the brand – in line with the Company's campaign message of "Alagang Panasonic," which highlights the extraordinary care provided by Panasonic products for Filipino families through their unique features and benefits. Panasonic in the House Facebook live series were initiated to reach out to consumers in more interactive and engaging approach by





making the audience enjoy on-line activities together with invited celebrities.

The next Panasonic in the House Facebook Live on August 15, 2020, dubbed "Gary V. Learns to Cook" was an episode intended to educate consumers on Panasonic Refrigerators product features with Gary Valenciano learning to cook from actress and television host Bettinna Carlos. The event generated good results with the increase in the number of live views, engagement, total site visits, and an increase in consumers who clicked the "Shop Now" button in our website. While the "Can't Say No Challenge" with Paolo Contis and LJ Reyes (celebrity couple) episode of the Panasonic in the House Facebook live on August 29, 2020 provided participants understanding of the features of Panasonic Washing Machines. The audience were highly engaged throughout the episode.

During the Panasonic in the House Facebook Live on September 19, 2020, the concept of "Who Wants to Win a Panasonic TV" episode did fit well with the hosts DJ Chacha and Luis Manzano, a known host for game shows. The highlight of product and its benefits were seamlessly to the main program by using them as introduction to the gameshow questions. The audience from different age groups was so engaged as manifested by their active participation till the conclusion of the event.



In September 2020, PPH joined the worldwide event, Trade Marketing Summit On-line 2020 with the theme "New Challenge to COVID-19 & New Normal". A total of 11 countries submitted their entries with the following criteria: Innovation/Creativity, Profitability Contribution and Potential for Expansion.

On September 17, 2020, System Solution Group (SSG) held its Digital Netiquette Webinar with Engr. Leonargo G. Nogas Jr., who tackled about dealing with customers through web. With very attentive participants, the speaker highlighted the best ways to successfully converse with clients through call. SSG Team provided raffle to excite the participants.

SSG launched its Hospital Solutions Webinar on September 28, 2020 to share with the audience all the cost effective and innovative Panasonic products for hospital and health care system. Specifically, the event provided an opportunity to present all the applicable products in the hospital industry in different locations or settings that are useful not only during this COVID-19 pandemic but also for everyday situations in the hospital.

On October 29, 2020, Panasonic held a press conference attended by 25 members of the media from different publications to present nanoe™ X and its effects on COVID-19. The panel from Panasonic's side included Mr. Masatoshi Sasaki, Mr. Masaru Toyota of PACPH along with Panasonic Ambassador Gary Valenciano, and special guest, Dr. Gia Sison. During the beginning and at the end of the event, Panasonic promotional and informative video materials were aired in the Zoom meeting room as intro and extro materials to provide entertaining visuals with useful information regarding the nanoe™ X technology and Panasonic air conditioner units that are equipped with the patented technology that inhibits viruses and other pollutants in the air and on surfaces.

In November, PMPC through PACPH joined Philconstruct HVAC/R VX, a virtual trade event that aims to continue connecting the industry in the digital space. During the event, Panasonic features all its air conditioner product line up from room air conditioning to commercial air conditioning in a Lab themed virtual showroom. It included, too an explanation on nanoe™ X technology and features intended to reach out bigger audience. Customers in the construction industry visited the 3D booth highlighting the Seven Benefits of nanoe™ X.

Another live we did was on November 2, 2020, the "Husband and Wife Tag Challenge" episode of the Product in the House Facebook Live, wherein the audience showed high interest on Panasonic's Air Conditioner with nanoe™ X Technology. The program flow was smooth and very engaging, posting increase in the number of web visits.

The "Panasonic Christmas Party in the House" Facebook Live episode was the biggest live that we did so far. It aired on December 5, 2020 and was filled with live performances, fun games, exchanging of gifts, and premiered Dati: Maalagang Pasko Remix Music Video. The episode was a big success due in part to the entertaining hosts and guests was very interactive and engaging. It earned a lot of positive reviews on Panasonic brand and the event itself.

On December 11, 2020 SSG had its Dealers' Business Review via Zoom. During the event, the attendees were all participating in the program from raffle draws, games, TikTok Mashup Challenge, business presentation to awarding ceremonies. During the event, Mr. Sasaki emphasized that as we continue to hear news about unemployment, weak household consumption, and other



things that sow market uncertainties undermining our business operation, directly or indirectly... to survive and succeed and help keep the economy going is actually a call of duty for responsible corporate citizens like us.”

Despite the challenging impact of COVID-19, the Company was able to operate Caravan events in December 2020. Thanks to the solid support of Trinity Appliance, PMPC was able to increase its monthly sellout in the area. Trinity Appliance was very cooperative, selling and highlighting the unique features of Panasonic products during the events.

PMPC’s Life Solutions Group was able to thrive and achieve a triple-digit growth in FY2020. Despite socio-economic challenges, the Group was able to conduct several sales and marketing activities that strengthened its product awareness campaign and consumer interest to purchase the product via Panasonic Business Solutions Facebook Page. It had to develop and conduct skill-development webinar with engineers, architects, and interior designers in partnership with professional organizations. And most of all, the Group highlighted Panasonic’s commitment to contribute to society and launched the Panasonic UV Germicidal Lamp (can disinfect up to 99.9% against virus, bacteria, and mites) in the Philippines through its newly developed Shopee and Lazada e-commerce platform.

In December, Life Solutions Group has awarded its top solar partners based on their sales achievements. To show appreciation to its loyal system integrators, the Solar team under Life Solutions Group has awarded in December 2020 its top solar partners based on their sales achievements.

Together with business partners, PMPC management met and presented the Panasonic’s Portable NanoE X Generator to Manila Mayor Francisco “Isko” Moreno Domagoso on January 15, 2021 and Congressman Ronaldo “Ronny” Bayan Zamora on February 23, 2021 and shared the features and health benefits of the said product. As it comes

in the compact size of a coffee tumbler, the said product is perfect for various environments without taking up much space. nanoE™ X is proven to inhibit not only airborne but also adhered viruses, bacteria, odors, allergens, and other types of pollutants.

PACPH held a virtual press conference in the morning of January 22, 2021 to announce the latest test results on the inhibitory effects of the Panasonic Air Conditioner with nanoE™ X on the novel coronavirus, as well as discuss other related products and features. Key panelists including Mr. Sasaki and Mr. Toyota. A total of 26 media outlets attended and engaged with the panelists, all joining the meeting remotely. In the evening, the AC Dealers Convention was participated in by more than 300 participants, who enjoyed a night full of celebration, surprises, and information-sharing. The dealers had a great experience as they conveniently joined the call in Zoom.

After that, “Served Fresh with Love” Facebook live episode was released on February 6, 2021, to promote Panasonic Japan Quality Refrigerators online. A new Facebook live series starring Camille Prats and Chef Tatung. The first episode featured heart-healthy Valentine’s Day dishes that Filipinos can prepare at home during the pandemic.

The second episode of the “Served Fresh with Love” was aired live on Facebook on February 20, 2021 to continuously promote Panasonic Japan Quality Refrigerators online, starring Camille Prats and Chef Tatung. This episode entertained viewers with 7 dishes prepared for only P1,000 – very timely and relevant with the persisting pandemic when Filipinos need to save money.

In the last quarter of FY2020, PACPH held a series of virtual round table discussions (January 29, February 8, February 22, and March 15) dubbed “nanoE™ X Medical Zoomposium” to extend the nanoE™ X promotion to health care providers, especially doctors. Since they are frontliners, who make sacrifices, distancing themselves from their families, PACPH took the opportunity to explain the efficacy of nanoE™ X based on scientific evidence along with the desire to help reduce their worries and offer protection for their families. Likewise, the event served as a venue to offer nanoE™ X AC line-up and total Panasonic Air Conditioners.



...through people first

Subscribing to the belief of Panasonic Founder Konosuke Matsushita that a company must first learn to make good human beings before it can make good products at reasonable prices and fulfill its mission to society. Management methods are definitely important, but they are only tools whose effectiveness depends entirely on the character of the people using them. And the first and most important method is to ensure that the company strictly upholds the principles of its business philosophy in its daily operations. Thus, human development must be continuously carried out in season and out of season.

In FY2020, PMPC HR-Training Team conceptualized and started conducting on-line Induction-Orientation Seminars (IOS) for newly hired employees to provide them with required training programs while keeping them safe from COVID-19.

From May 2020, PACPH also launched its AC Webinar series via MS Teams to continuously equip and connect with their promoters. During the culminating exercises, a Promoter-Customer Role Play activity videos were presented wherein promoters showcased their talents in sales talk, while the Promoters Got Talent contestants were put to a test on actual conversation in randomly given scenario. It also started conducting series of webinars for PACPH & PPH CS, Sales, Marketing, including RMT & FMT members focused on "AC Product Knowledge & Servicing" and "Sales Strategy & Practical Selling".

On June 25, 2020, PMPC managers and members took part in the O365 Training Session conducted by PISCAP-Singapore for PMPC via MS Teams.

PMPC representatives also joined the workshop on "Enhance Post-COVID Operation" held on June 25, 2020 conducted by Panasonic Asia Pacific's Manufacturing Innovation Centre (PA-MIC), in which "post Covid-19" manufacturing issues and good practices and examples of manufacturing companies were shared along with the objective to enhance productivity and other manufacturing issues, particularly operating under crisis condition.

From July 14 to 16, 2020, PMPC representative attended the FY2020 Cost ITAKONA Introductory Training offered by PA-Manufacturing Innovation Group, which was conducted using MS Teams (On-line) along with the aim of strengthening cost management activities and products cost in each Panasonic company.

In August 2020, PMPC representative attended the web-based (using MS Teams) "A-Next Training," which was organized and facilitated by PA-MIC, and part also of its new initiative aimed at accelerating A-Next Manufacturing activities of Panasonic Group to bring the necessary knowledge and practical approach about "A-Next Manufacturing" to the next level.

PACPH offered AC Webinars for Sales & Marketing and CS on August 11-14, 2020 for Batch 1 and August 17 ~ 19, 2020 for Batch 2 with focus on AC product knowledge and servicing as well as practical selling.

PMPC also participated in the Future Proofing Operation with Flexible Manufacturing facilitated by PA-MIC on August 27, 2020.

In October, ten participants from PMPC completed the mandatory 40-hour Basic Occupational Safety and Health (BOSH) training course prescribed under Rule 1030 of the Occupational Safety and Health Standards (OSHS). The participants were equipped with the basic knowledge and

skills on identifying safety, health, and environmental hazards; and determining appropriate control measures, and developing and implementing OSH policies and programs.

Participants from PPH-Marketing and Product Planning Center attended the 5-Day Digicon 2020 Seminar (October 5 ~ 9, 2020) to learn the most updated digital marketing tactics, technologies, and platforms along with the desire to improve the existing Marketing Communications' manpower with key tools necessary to reach their target customers, which would eventually help increase potential online sales.

In November, PMPC conducted the annual Advance Persistent Threat (APT) drill e-mail simulation to measure the knowledge and awareness of PMPC users in dealing with such kind of attack. APT is a covert cyberattack on a computer network where the attacker gains important and confidential information of big impact on the Company and the users themselves and remains undetected.

PMPC employees took part in the FY2020 Global Compliance e-learning courses including Conflict of Interest and Accounting Fraud spearheaded by Appliances (AP) Company of Panasonic Corporation's Legal Affairs Center.

In November, PMPC members joined the ISM Internal Auditor Training supervised by AP-Asia ISM Regional Office. All those, who successfully passed the e-Test were qualified to serve as PMPC ISM Internal Auditors, valid for 3 years.

PMPC employees took the ISM e-Test as part of the FY2020 AP Information Security Enhancement Initiatives offered from November 9, 2020 to November 20, 2020. This was to ensure not only the adherence to information security rules and raising of awareness among employees, but also to cultivate a workplace culture that is highly sensitive to information security risk.

During the holding of the 1st Southeast Asia QC Basic Skills certification on November 17, 2020, PMPC representative Miss Hadasa Marasigan passed the skills certification.

PMPC employees took part in the FY2020 Panasonic Global Employee Opinion Survey (EOS) conducted from November 25, 2020 to December 16, 2020. Panasonic EOS is a global tool that measures the satisfaction level of employees and at the same time find opportunities to create more value for employees working at Panasonic.

In December 2020, PMPC representatives joined the APAC Regional Brand Communications Conference 2020 organized by Panasonic Asia Pacific's Brand Management Department via MS Teams. The said Conference included sessions on PR, Branding, Olympics, and other interesting topics

During the FY2020 APAC HR Conference held on December 3, 2020 and attended also by PMPC representatives, the APAC Competency Guideline was introduced. The said Competency Guideline supports in identifying the competencies required for HP candidates, based on a customizable 'candidate competency evaluation' form.

From December 9, 2020 to December 10, 2020, the FY2020 APAC Regional Legal Conference was held and attended also by PMPC representatives.

...through citizenship activities

and programs

In FY2020, despite the very challenging environment attributed to COVID-19, PMPC did not falter from its commitment to serve society, led by the Company's top

management, all the members of PMPC Family were able to keep the light of hope burning in their hearts during this persisting crisis believing that the future would soon look better, and the pandemic, too shall pass.

PMPC donated 100 units of its latest Inverter DC Fans to the United Nations Children's Fund (UNICEF), an agency providing protection and better opportunities to children worldwide.

On November 27, 2020, PMPC held eventually the Panasonic Scholarship Asia (PSA) Program Awarding Ceremonies for FY2020 via MS Teams. FY2020 witnessed the 1st virtual awarding ceremony program ever administered by PMPC. Carefully selected, Panasonic awarded 13 students from 4 different state universities, who truly exhibited exemplary qualities during the elimination rounds, including ability, struggle, effort and, above all, excellence. The on-line ceremony was attended by the members of Panasonic Group, school representatives and distinguished guests. The said scholarship program is being offered to promising students, who have difficulty receiving higher education particularly for economic reasons, but highly motivated to contribute to the country's progress and development.

The series of typhoons that entered the Philippine Area of Responsibility (PAR) in 2020, punctuated by Typhoon Ulysses caused loss of many lives and extensive damages to infrastructure and properties. And as responsible entity of society, in December 2020, PMPC once again responded to the appeals for relief. This time, PMPC decided to provide washing machine units to evacuation centers in some of the areas mostly devastated by the said typhoon through their

respective local government and social welfare and development offices.

PMPC acted on the request from the Philippine National Police (PNP) - Biñan, Laguna to assist the said police station improve its ventilation system by providing the members a more conducive place to work in the continuing implementation of its transformation program by donating one unit of air conditioner with nanoe™ Technology. The said transformation program is being implemented by Biñan City Police Station, which provides information, education and support strategies and interventions which create active cooperation and support by the community.

The pandemic brought unforeseen challenges throughout FY2020. But such critical period provided the members of PMPC Family the opportunity to revisit the Company's business fundamentals, which helped generate synergy, particularly from embracing the essence of collective wisdom professed by Panasonic Founder Konosuke Matsushita. Indeed, FY2020 business operation will remain as one of the solid testimonies for the Company's recognition that every member of PMPC Family has a purpose and an important component of the organization in its pursuit to contribute to society.

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