

CORPORATE GOVERNANCE REPORT

STOCK CODE : 3719
COMPANY NAME : Panasonic Manufacturing Malaysia Berhad
FINANCIAL YEAR : March 31, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("the Board") of Panasonic Manufacturing Malaysia Berhad ("the Company") is committed in maintaining the highest standards of corporate governance within the Company and adhering to principles and best practices through observing and practicing the values of the Malaysian Code on Corporate Governance, Panasonic Code of Conduct and Panasonic Basic Business Philosophy. The commitment from the top paves the way for the Management and all employees to ensure the Company's businesses and affairs are efficiently managed in the best interest of all stakeholders.</p> <p>The Company is led and managed by an experienced Board comprising members with a wide range of experience in relevant field and bring a broad range of skills, experiences and knowledge required to successfully direct and supervise the Company's business activity.</p> <p>The role of the Board as stated in the Board Charter is to provide strategic guidance to the Company and effective oversight of its Management, for the benefits of shareholders and other stakeholders. The Board sets the strategic direction, ensuring that necessary resources are in place for the Company to meet its objectives and deliver sustainable performance.</p> <p>The Board takes full responsibility for the oversight and overall performance of the Company and provides leadership, championing good governance and ethical practices throughout the Company. The Board carries out its role within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed. The Board owes the fiduciary duties to the Company and, while discharging its duties and responsibilities, shall individually and collectively exercise reasonable care, skill and diligence at all times.</p>

	<p>The Board adopts strategic and business plans aligned to ensure obligations to all stakeholders are met. The Board fulfils its oversight responsibility for financial and operational results, legal-ethical compliance and risk management. The Board is also responsible for reviewing the adequacy and integrity of the Company's internal control systems and management information systems and ensuring that investor relations and succession planning programme are implemented.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied	
Explanation on application of the practice	:	<p>The role of the Chairman of the Company is governed by the Board Charter. Tan Sri Asmat Bin Kamaludin ("the Chairman") plays a vital role in the Company as the Chairman of the Board. He is responsible for representing the Board to the shareholders and is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. The Chairman is expected to ensure integrity and effectiveness of the governance process of the Board.</p> <p>The Chairman is also responsible for maintaining regular dialogue with the Managing Director over all operational matters and will consult with the remainder of the Board promptly over any matter that gives him cause for major concern. The Chairman also acts as facilitator at meetings of the Board to ensure that no Directors, whether executive or non-executive, dominates discussion and that appropriate discussion takes place and that relevant opinion among Directors is forthcoming.</p> <p>The Chairman is also the Senior Independent Non-Executive Director to whom concerns relating to the Company may be conveyed by the Directors, shareholders and other stakeholders.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chairman of the Company is Tan Sri Asmat Bin Kamaludin whereas the Managing Director of the Company is Mr Toyokatsu Okamoto.</p> <p>The position of the Chairman of the Board and the Managing Director are segregated. The Chairman is primarily responsible for the proper conduct and working of the board whilst the Managing Director is responsible for the day-to-day running of the business and implementation of Board policies and decisions.</p> <p>There is a clear separation of duties and responsibilities of the Chairman and the Managing Director to ensure a balance of power and authority. The difference in the roles of the Chairman and Managing Director provides a clear segregation of responsibility and accountability.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretary is a Fellow of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and has more than 35 years of experience in handling corporate secretarial matters in the profession and the corporate sector.</p> <p>The Board is supported by a qualified Company Secretary and the Company Secretary is responsible for ensuring that Board procedures are followed, that applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.</p> <p>The roles and responsibilities of the Company Secretary are as follows:</p> <ul style="list-style-type: none">i. Attend and ensure that all meetings are properly convened and the proceedings of all meetings including pertinent issues, substance of inquiries and responses, suggestions and proposals are duly recorded and minuted;ii. Provides support to the Chairman to ensure the effective functioning of the Board and assist the Chairman in preparation of conduct of meetings;iii. Update and advise the Board on Board procedures and ensure that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and all matters associated with the maintenance of the Board or otherwise required for its efficient operation;iv. Ensure proper upkeep of statutory registers and records of the Company; andv. Advise the Board on compliance of statutory and regulatory requirements. <p>All Directors, particularly the Chairman, have unlimited direct access to the professional advice and services of the Company Secretary as well as access to all information within the Company whether as a full Board or in their individual capacity.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied	
Explanation on application of the practice	:	Board and Board Committee’s meeting papers accompanying notes and explanations for agenda items were sent to the Directors at least 7 days in advance of the meeting and minutes are circulated before the meeting.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>To ensure accountability, the Board has an overall responsibility for the proper conduct of the Company's business and the Board Charter adopted in 30 May 2013 sets out the respective roles and responsibilities of the Board and the Management. The Board Chartered will be reviewed annually in November of each financial year or as and when required to take consideration the needs of the Company as well as development in rules, regulations and laws which may have an impact on the discharge of Board's duties and responsibilities.</p> <p>The Board Charter governs areas as below:</p> <ul style="list-style-type: none"> - Role of the Board; - Duties and Responsibilities of the Board; - Conducts of the Board; - Board Procedures; - Chairman of the Board; - Board Composition and Diversity; - Board Committees; - Board Nomination and Election Process; - Tenure of Directors; - Board and Member Evaluations; - Other Board Appointment; - Provision of Business or Professional Services by Directors; - Board Succession planning; - The Secretary; - Stakeholders Management; - Role of Managing Director ("MD") & Chief Executive Officer ("CEO"); - Accountability of MD to Board; - Management Limitations; - Role of Chairman. <p>The Board reserves full decision-making powers, amongst others, on the following matters (save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated</p>

	<p>to the Committees of the Board or Management)</p> <ul style="list-style-type: none"> - Conflict of interest issues relating to a substantial shareholder or a Director; - Material acquisitions and disposals of undertakings and properties not in the ordinary course of business; - Material investments in capital projects; - Annual budgets (including major capital commitments); - Material corporate or financial exercise/restructuring; - Declaration of Dividend and Directors' Fee and Benefits; and - Annual and interim results. <p>The Board is free to alter the matters reserved for its decision. Subject to the limitations imposed by the Constitution of the Company and applicable law.</p> <p>The Board Charter was last reviewed by the Board on 22 November 2019. The Board Charter is available on the Company's website at www.pmma.panasonic.com.my.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company follows the Panasonic Code of Conduct (“CoC”) which is widely used within the Panasonic Group internationally. The CoC applies to all Directors, executive officers and employees of the Company. The CoC is designed to help implement Basic Business Philosophy which is observed by the Company by providing the criteria that should be observed in business activities.</p> <p>The CoC is available on the Company’s website at www.pmma.panasonic.com.my.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company advocates openness and transparency in its commitment to the highest standard of integrity and accountability. The Whistleblowing Policy aims to establish a robust, transparent and accountable communication channel for Employees and Stakeholders of the Company to voice their concerns in an effective, responsible and secured manner when they become aware of actual or potential wrongdoings and enables the Company to take swift, fair and effective corrective actions to comply with the social and corporate responsibilities and maintain the support and trust of Employees and Stakeholders.</p> <p>The whistleblowing policy was last reviewed on 22 November 2019 and is available on the Company's website at www.pmma.panasonic.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>In accordance to Paragraph 15.02 of the Main Market Listing Requirement (“MMLR”), the Board is in compliance as one third of the Board is independent. The Board currently comprise of 44% Independent Directors.</p> <p>The Board has in place the Audit, Nomination and Remuneration Committees tasked to assist the Board in deliberations and recommendations as check and balance. The Nomination Committee reviews candidates that fit best to contribute to the Company’s long-term strategy.</p> <p>Presently the number of Non-Executive Directors is more than the Executive Directors. This is to ensure the Executive Directors do not dominate the Board’s decision making. This composition also allows for more effective oversight of management even though the Independent Non-Executive Directors do not form majority of the Board. The Board had at its meeting in May 2018 agreed to increase the ratio of independent directors to Non-Independent Directors from 4:7 to 4:5 by financial year 2020. Currently, five (5) of the Directors on the Company’s Board are representatives of Panasonic Corporation, to enable the latter to implement its policy and strategy for the Panasonic Corporation Group (“PC Group”) as a whole. The current ratio of Independent Directors to non-Independent Directors is now 4:5.</p> <p>The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Company’s business and direction. Taking into account the scope and nature of its operations, the Board believes that its present composition represents an appropriate balance of Executive and Non-Executive Directors to achieve the promotion of shareholder interest and effective governance of the business, and yet allow for effective decision making.</p> <p>During the financial year 2020, the objectivity of the Board was</p>

	demonstrated in the following decisions. There were a number of related party transactions with PC Group. The interested Directors had abstained from deliberation and voting. The Independent Directors has sought advise of independent consultants for one of the transaction. The decisions of the Independent Directors were independently made without any participation of the Interested Directors.			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure	:	The Company appreciates the spirit of the Code where the Board is encouraged to incorporate the new dimensions of a composition of majority Independent Directors into the decision-making process. To this extent, the Company has improved on the ratio of Independent Directors to Non-Independent Directors from 4:7 in financial year ended 31 March 2018 to 4:5 in financial year ended 31 March 2019 ahead of the targeted date of financial year ending 31 March 2020.		
Timeframe	:	<table><tr><td>Others</td><td>The Company will review annually if the current Board composition will still allow the intended outcome to be achieved.</td></tr></table>	Others	The Company will review annually if the current Board composition will still allow the intended outcome to be achieved.
Others	The Company will review annually if the current Board composition will still allow the intended outcome to be achieved.			

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board has adopted the policy that the tenure of all Directors irrespective of them being executive or non-executive will not be fixed. Although tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insights in the Company and its operation and therefore, provide more objectivity to the Board as a whole.</p> <p>The Nomination Committee undertook the independence assessment taking into account the Independent Directors' self-declaration on their compliance with the independence criteria under the Main Market Listing Requirement ("MMLR") and the ability of the Independent Director to continue bringing independent and objective judgement to the Board deliberations. Thereafter, the Board will do an annual assessment of the qualification of Directors who have served on the Board for a cumulative term of more than nine (9) years.</p> <p>The Board views that the Independent Non-Executive Directors of the Company have the vast experience in a diverse range of business to provide constructive opinion and exercise independent judgement. As the Company is a Panasonic Corporation ("PC") controlled subsidiary, the Company's Executive Directors are rotated among the companies in PC in enhancement of their career development. As there are changes in the members of the Executive Board every 2-3 years, the Company views that there should be stability in the members of the Independent Non-Executive Directors to ensure that the Company's culture, conduct and philosophy are maintained or enhanced by the new executive members.</p>

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	: The Nomination Committee and the Board will do an annual assessment of the qualification of Independent Directors who have served on the Board for a cumulative term of more than nine (9) years. Notwithstanding Practice 4.2 (“Practice”) of the Code that limits the tenure of the Independent Directors to 9 years, the Board views that an immediate implementation of this Practice may hamper the effective running of the Board and has agreed to set a limit for the tenure of the Independent Directors not to exceed 12 years for implementation after the financial year ending 31 March 2021. This timeline will enable the Board to plan succession of the Independent Directors.
Timeframe	: Within 1 year

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied	
Explanation on application of the practice	:	<p>The appointment of Director to the Board is reviewed by the Nomination Committee before recommending it to the Board for approval. The Nomination Committee will review the composition of the continuing members of the Board and Board Committee annually and make recommendation to the Board for any new appointment to the Board or Board committees when necessary.</p> <p>The criteria used in assessment of new Directors before appointment to the Board are as below but not limited to:</p> <ul style="list-style-type: none">- Skills and competency;- Knowledge and expertise;- Regional and industry experience;- Academic and professional qualifications;- Background, race, gender, age and nationality;- High personal and professional ethics, integrity and values;- Ability to devote the required amount of time to carry out the duties and responsibilities of Board membership;- Financial capability and business stability to devote significant time, energy and resources; and- Other directorship.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company has included a policy on diversity of gender, ethnicity and age in the Board Charter.</p> <p>The appointment of Tan Sri Hasmah Binti Abdullah, Ms Siew Pui Ling and Ms Kwan Wai Yue and recently Dato' Kaziah Binti Abd Kadir as Directors signify the Board's recognition of contribution by female directors to the Board. The percentage of female directors on the Board of the Company is above 30%. The age of the Directors range from 52 to 76 as the Board believes that this creates an environment where each generation brings different skills, experience and talents to the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee was tasked to assess and recommend new nominees for appointment to the Board for the Board's final decision making.</p> <p>The major shareholder makes recommendations on the appointment of Japanese Directors, local Board representatives and Executive Directors.</p> <p>For the Independent Non-Executive Directors, the Board has in the past referred to the Company's consultants and associates to recommend candidates for position. The appointment of the Independent Non-Executive Director, Dato' Kaziah Binti Abd Kadir was based on recommendation by other Independent Non-Executive Directors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Nomination Committee of the Company is Dato' Kaziah Binti Abd Kadir who is an Independent Non-Executive Director.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>The key functions of the Nomination Committee include annual review of the Board's required mix of skills, experience and other qualities, including core competencies, which the Non-Executive Directors should bring to the Board and annually assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.</p> <p>The Nomination Committee upon its annual assessment carried out was satisfied that;</p> <ul style="list-style-type: none">- The size and composition of the Company's Board is optimum with appropriate mix of knowledge, skills, attribute and core competencies;- The Board has been able to discharge its duties professionally and effectively;- All the Directors continue to uphold the highest governance standards in their conduct and that of the Board;- All the members of the Board were qualified to hold their positions as Directors of the Company in view of their respective work experience, academic, and professional qualifications , and depth of knowledge, skills and experience and their personal qualities;- The Independent Directors are demonstrably independent and there is no hindrance from them to exercise objective judgement or their ability to act in the best interest of the Company; and- the Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Company. <p>The Board views that the current internally facilitated assessment process is sufficiently robust without the need for the engagement of independent experts to facilitate board evaluations. The Board will review the time frame on a year to year basis or should there be a need to get an external facilitator to conduct the board evaluations.</p>
Explanation for departure	:	

	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has in place policies and procedures to determine the remuneration of Directors and Senior Management, which takes into account the demands, complexities and performance of the Company as well as skills and experience required.</p> <p>The Company takes cognisance that the compensation packages of the Executive Directors appointed by Panasonic Corporation are subject to the global compensation practices of the worldwide Panasonic Group of Companies.</p> <p>The remuneration package of the Independent Non-Executive Directors was determined by linking their remuneration to the time commitment of each Director and whether the Directors take on additional responsibilities such as chairmanship or membership of the Board committees or Senior Independent Non-Executive Director and is a matter of the Board as a whole.</p> <p>The remuneration policy is available at Company's website at www.pmma.panasonic.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee of the Company shall ensure that the levels of remuneration are sufficient to attract and retain Directors of the quality required to manage the business of the Company. The Remuneration Committee is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors, by linking their rewards to corporate and individual performance with the Director concerned abstaining from deliberations and voting on decisions in respect of his remuneration package.</p> <p>In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Director concerned and is determined by the Board as a whole.</p> <p>The Remuneration Committee members were also briefed on the basis of determination of remuneration package applied to the Executive Directors of the Company, which comprised of basic salary, annual adjustment, performance incentive, bonus and benefit-in-kind. The Remuneration Committee reviewed the bonuses and increments of the Executive Directors and the Strategic Management Committee as well as the service agreements of the Managing Director and Executive Directors. Directors do not participate in decisions regarding their own remuneration packages and any increase in Directors' fee or allowances will only be approved by the shareholders in a general meeting.</p> <p>The Company takes cognisance that the compensation packages of the Japanese Executive Directors appointed by PC are subject to the global compensation practices of the worldwide Panasonic Group of Companies and deliberates only on the compensation packages of the</p>

	<p>Malaysian Executive Directors. Nevertheless, the Board views that the compensation packages of the Japanese Executive Directors are fair considering their expatriate position and their job scope.</p> <p>The bonus of the Malaysian Executive Directors are linked to a combination of the operating profit and cash at hand position against the Business Plan and against the previous financial year results, whilst the increment is based on the individual performance and consumer performance index.</p> <p>The terms of reference of the Remuneration Committee is available on the Company's website at www.pmma.panasonic.com.my.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied	
Explanation on application of the practice	:	Details of the Company’s Directors’ remuneration is made transparent on a named basis where stakeholders of the Company can access. Kindly refer to Page 65 of the Annual Report for the disclosure.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The remuneration of the top five (5) Senior Management of the Company (excluding Executive Directors) for financial year ended 31 March 2020 is RM2,931,185 and represents 2.1% of the total staff cost of the Company.	
		The disclosure is made on an aggregate basis as the Board opines that the disclosure of the Senior Management personnel’s names and the various remuneration components (salary, bonus, benefits in-kind, other emoluments) would not be in the best interest of the Company to safeguard the confidentiality of the compensation among the Senior Management personnel. There are also security concerns for these personnel and their family should the disclosure be made.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Company will continue to disclose the remuneration of the top five (5) Senior Management of the Company on an aggregate basis and as a percentage of the total staff cost unless the disclosure is a mandatory Listing Requirement.	
Timeframe	:	Others	Not applicable

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Audit Committee is Raja Anuar bin Raja Abu Hassan whereas the Chairman of the Board is Tan Sri Asmat Bin Kamaludin.	
		The Audit Committee plays a key role in a company’s governance structure. To be better positioned to rigorously challenge and probe the Management on the Company’s financial reporting process, internal controls, risk management and governance, the Audit Committee should be independent in its judgement. The Company has since the set-up of the Audit Committee appointed a different Director from the Chairman of the Board.	
		This is to ensure that the Board’s objective review of the Audit Committee’s findings and recommendations are not impaired. The Chairman of the Audit Committee is responsible for ensuring the overall effectiveness and independence of the Committee.	
Explanation for departure	:	The Board finds the Chairman of the Audit Committee has the strength, personality and tact dealing with Directors, Internal and External Auditors. In addition, the Chairman of the Audit Committee will provide the Board with a written summary of the salient discussions held at the Audit Committee for reference and brief on the findings and recommendations.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	The Company has since its listing not appointed any former key audit partner onto its Board. The terms of reference of the Audit Committee also includes this best practice.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe			

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The appointment of the auditors are based on the discussion and review of the Audit Committee before tabling for approval in the Board meeting and tabled at the Annual General Meeting for shareholders' approval.</p> <p>The Terms of Reference of the Audit Committee includes recommending the nomination of a person or persons as external auditors taking into consideration the policies and procedures to assess the suitability, objectivity and independence of the external auditor.</p> <p>The annual assessment is made on:</p> <ul style="list-style-type: none">- Calibre of external audit firm;- Quality process and/or performance;- Audit team;- Independence and objectivity;- Audit scope and planning; and- Communication with Audit Committee. <p>The Company had in place a policy on non-audit services provided by External Auditors. For engagement of external auditor to perform non-audit service, the Audit Committee has to be satisfied that the provision of such services does not impair the auditor's objectivity, judgement or independence. The Audit Committee ensures that the fees chargeable for non-audit services are reasonable before recommending the proposed engagement to the Board for consideration and approval.</p> <p>The Audit Committee reviews the suitability, objectivity and independence of the external auditors annually.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The composition of the Audit Committee solely comprises of Independent Non-Executive Directors.

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Audit Committee is a member of the Malaysian Institute of Certified Public Accountants and the Institute of Internal Auditors and the other members have the appropriate level of knowledge, skills, experience to discharge the Audit Committee's responsibilities effectively.</p> <p>The composition of the Audit Committee as follows: Raja Anuar Bin Raja Abu Hassan – Chairman Tan Sri Hasmah Binti Abdullah – Member Dato' Kaziah Binti Abd Kadir - Member</p> <p>Raja Anuar Bin Raja Abu Hassan is a Fellow of the Association of Chartered Certified Accountants ("FCCA"), a member of the Malaysian Institute of Certified Public Accountants ("MICPA") and the Institute of Internal Auditors. He is also a Chartered Accountant of the Malaysian Institute of Accountants. During his career, Raja Anuar held senior positions in finance and internal audit in several public listed companies in the financial services, manufacturing, telecommunications and plantation industries.</p> <p>Tan Sri Hasmah Binti Abdullah has a distinguished career spanning over 38 years and was the former Inland Revenue Board ("IRB") Chief Executive Officer and Director General. Tan Sri Hasmah was instrumental in the drafting of the Promotion of Investment Act 1986 and amendments to the Income Tax Act 1967, leading the Malaysian delegation to several international conferences such as the Commonwealth Association of Tax Administrators Conference, the Study Group on Asian Tax Administrators and Research (SGATAR) Conference, the Association of Tax Administrators of Islamic Countries (ATAIC) Conference, International Tax Dialogue (ITD) and Reference Group of Commissioners Conference.</p> <p>Dato' Kaziah Binti Abdul Kadir ("Dato' Kaziah") started her career when</p>

	<p>she first joined the Department of inland Revenue as an Assessment Officer. She has an experience of more than 30 years with the Malaysian Investment Development Authority ("MIDA") where she held various positions including Economist of Evaluation and Regional Affairs Division, Deputy Director of Resource-based Industries Division, Deputy Director of Industrial Promotion Division, Director of Strategic Planning and International Cooperation Division and Deputy Director General I. She is currently an advisor of PricewaterhouseCoopers Taxation Services Sdn Bhd and has served for 10 years on industrial policies and tax incentives.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of sound risk management practices and internal controls to safeguard shareholders' investments and the Company's assets. The Board affirms its overall responsibility for the Company's system of risk management and internal control which includes the establishment of an appropriate control environment and framework, as well as reviewing its adequacy and integrity. Risk Management is firmly embedded in the Company's management system as Management firmly believes that risk management is critical for the Company's sustainability and the enhancement of shareholder value.</p> <p>The Audit Committee provides independent review of the Company's financial results and internal control system to ensure compliance with the statutory and accounting policy disclosures requirements and to maintain a sound system of internal control.</p> <p>The Company has in place an enterprise risk management and internal control system whereby the key processes are set out in the Statement on Risk Management and Internal Control in Page 76 to Page 78 of the Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	The Board is committed to an effective internal control system and is of the view that there is a continuous process in evaluating and managing significant risk faced by the Company and the underlying controls to mitigate the risks. The features of its risk management and internal control framework and the adequacy and effectiveness of the framework are set out in the Statement on Risk management and Internal Control on Page 76 to Page 78 of the Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company’s Internal Audit function is outsourced to an independent consulting firm, which reports to the Audit Committee and assists the Board of Directors in monitoring the internal control.</p> <p>The Internal Audit function has been outsourced to external service providers to provide independent assurance and consulting activities and serves to assist the Company in achieving its objectives. The function had been outsourced to Deloitte Risk Advisory Sdn. Bhd. for the financial year ended 31 March 2020.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>As stated in practice 10.1, the Internal Audit function of the Company is outsourced to Deloitte Risk Advisory Sdn. Bhd. (“the Internal Auditors”) to provide independent assurance and consulting activities. The Internal Auditors are free from any relationships or conflict of interest that could impair their objectivity and independence.</p> <p>The team is headed by Ms Cheryl Khor, a Certified Public Accountant. A total of 3 key members are involved in the internal audit of the Company.</p> <p>The internal audit function is carried out in accordance with a recognised framework which is the standards for the Professional Practice of Internal Auditing that is issued by the Institute of Internal Auditors (the “IIA Standards”).</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The communication of clear, relevant and comprehensive information which is timely and readily accessible by all stakeholders is important to shareholders and investors for informed investment decision making. The means of communication with shareholders and investors were as follows:</p> <p>i. Investor Relations</p> <p>In line with the MMLR, effort was made to improve the investor relations via the enhancement of the Company's website to allow the direct and easy access by the shareholders, investors and members of public to the Company's announcements, quarterly results, Annual Reports, Circulars to Shareholders etc released through Bursa Link and corporate videos presented to the shareholders during the AGM.</p> <p>The Chairman, Executive Director and/or Management held meetings with major shareholders, fund managers and investment analysts, at their request to enable them to gain a better understanding of the Company's business and operational activities to make informed investment decisions. Nevertheless, information is disseminated in strict adherence to the corporate disclosure requirements of Bursa Malaysia Securities Berhad.</p> <p>ii. Annual General Meeting</p> <p>An active communication session was held with individual shareholders, proxies and corporate representatives who raised questions and concerns at the AGM. All resolutions put to the vote of the AGM were decided on a poll. The Managing Director also provided shareholders with a slide presentation on the Company's financial performance and operations.</p> <p>The Chairman and Managing Director are delegated with the authority to speak on behalf of the Company to members of the press. A press statement will be released to the media after the conclusion of the AGM.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company has yet to adopt integrated reporting based on a globally recognised framework.	
		The Annual Report communicated comprehensive information of the financial results of the Company, the Management Discussion & Analysis and Corporate Governance. The Sustainability Report of the Company shows the sustainability measures and activities of the Company.	
		The Board acknowledges that integrated reporting goes beyond the current reporting as it is to be a clear, concise, integrated story that explains how all the Company’s resources create value. The articulation of the Company’s strategy, performance and governance together with deliberation of prospects surrounding the business of the Company would have to make through the connectivity of information. As the concept of value is highly subjective, the Company will need to first establish parameters for the materiality determination process and set the reporting boundary of the various operating and functional units to determine the disclosures required.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	For the time being, the Board views that the financial, governance and business review reports that have been included in the Annual Report 2020 provides sufficient information flow to the various stakeholders.	
Timeframe	:	Others	This will be reviewed on a year to year basis

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	The notice of Annual General meeting announced in the Bursa Securities website, publish in the newspaper and despatched to the Shareholders on 31 July 2019. The Annual General Meeting was held on 30 August 2019. There was a notice period of more than 28 days provided.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	All the Directors of the Company including the Chairman of the Audit Committee, the Nomination Committee and the Remuneration Committee were present to addressed shareholders’ questions at the 2019 AGM.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company's Constitution allowing the provision for voting in absentia, i.e. where a member (present in person or by proxy) may be eligible to vote remotely at the meeting was only amended at the last AGM on 30 August 2019.	
		For financial year ended 31 March 2020, The Board did not consider the additional meeting venue as the high cost involved in having additional meeting venues for shareholders to participate through electronic means would not be in the best interest of the Company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	In view of the current COVID-19 pandemic situation, the Company will leverage on technology to host the upcoming Annual General Meeting ("AGM") fully virtual. This will enable its shareholders to participate at the AGM remotely, including voting in absentia.	
Timeframe	:	Others	Not Applicable

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA
MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

Not Applicable
