

CORPORATE GOVERNANCE STATEMENT

COMMITMENT FROM THE BOARD

The Board of Directors of the Company (“the Board”) remains committed in maintaining the highest standards of corporate governance within the Company and adhering to the principles and best practices of corporate governance, through observing and practising the core values of the Malaysian Code on Corporate Governance 2017 (“the Code”), Panasonic Code of Conduct and Panasonic Basic Business Philosophy (available at <https://www.panasonic.com/global/corporate/management/code-of-conduct/scope.html>). The commitment from the top paves the way for the Management and all employees to ensure the Company’s businesses and affairs are effectively managed in the best interest of all stakeholders.

This Corporate Governance Overview Statement sets out the principle features of the Company’s corporate governance approach, summary of corporate governance practices during the financial year ended 31 March 2019 (“FY2019”) as well as key focus areas and future priorities in relation to corporate governance. The detailed application of the Company’s corporate governance practices vis-à-vis the Malaysian Code on Corporate Governance (MCCG) as a Large Company (market capitalisation of above RM2.0 billion) is set out in the Corporate Governance Report that is available on the Company’s website. The Board is pleased to present this statement and explain how the Company has applied the three (3) principles set out in the MCCG:-

- Board leadership and effectiveness;
- Effective audit and risk management; and
- Integrity in corporate reporting and meaningful relationship with stakeholders.

This Corporate Governance Overview Statement should also be read in tandem with other statements in the Annual Report, namely Statement on Risk Management and Internal Control, Audit Committee Report, Nomination Committee Report and the Sustainability Report.

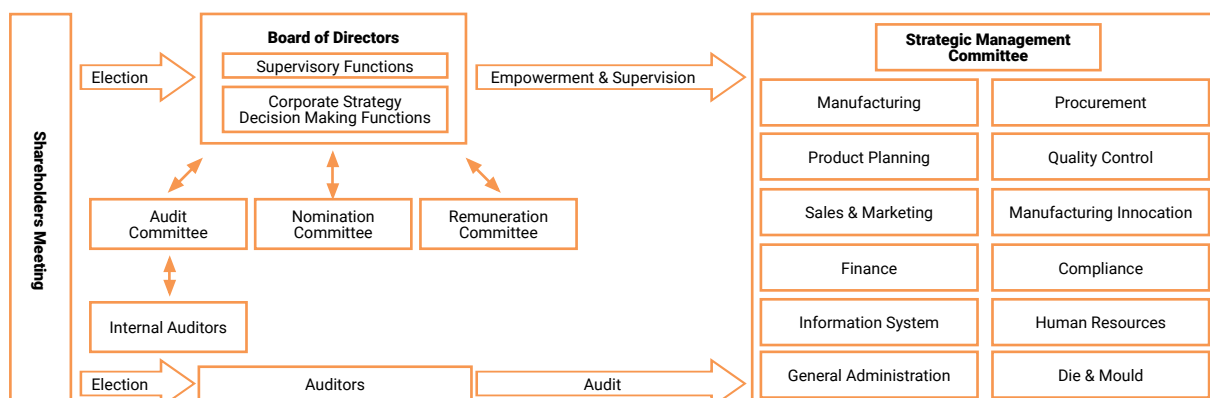
The Company has applied all the Practices encapsulated in the Code for the financial year ended 31 March 2019 except:

- Practice 4.1 (Majority Independent Directors);
- Practice 4.2 (Two-tier shareholder voting process to retain an Independent Director who has served for more than 12 years);
- Practice 7.2 (Disclosure of the top five Senior Management personnel’s remuneration on a named basis in bands of RM50,000);
- Practice 11.2 (Adoption of integrated reporting); and
- Practice 12.3 (Voting in absentia and remote shareholders’ participation at General Meetings).

The Code does provide that if the Board finds that it is unable to implement any of the Code’s practices, the Board should apply a suitable alternative practice to meet the Intended Outcome. In this respect, the Company has provided forthcoming and appreciable explanations for the departures from the said practices. The explanations on the departures are supplemented with a description on the alternative measures that seek to achieve the Intended Outcome of the departed Practices, measures that the Company has taken or intends to take to adopt the departed Practices as well as the timeframe for adoption of the departed Practices. Further details on the application of each individual Practice of the Code are available in the Corporate Governance Report.

The diagram below describes the governance framework of the Company, showing the relationship between the shareholders and the Board.

Diagram of Corporate Governance Structure:



Corporate Governance Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

Board's Role, Duties and Responsibilities

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 sets the strategic direction, ensuring that the necessary resources are in place for the Company to meet its objectives and deliver sustainable performance.

The Directors of the Board are selected on a diversity of experience which directly benefits the operation of the Board as well as on the criteria of proven skill and ability in their particular field of endeavour. The full biography of each Board member is provided on pages 30 to 38.

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.

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 controls systems and management information systems and ensuring that investor relations and succession planning programme are implemented.

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 Chairman and Managing Director provides a clear segregation of responsibility and accountability.

The Board will review and ensure that any appointment, resignation/termination of Directors, Company Secretary and Auditors are duly executed and documented.

In furtherance of their duties, the Directors have full and unrestricted access to any information pertaining to the Company, the advice and services of the Company Secretary. Independent professional or other advice is also made available to Directors at the Company's expense and in accordance with decision of the Board as a whole should such advice is required.

Nevertheless, to ensure accountability, the Board has an overall responsibility for the proper conduct of the Company's business and the Board Charter sets out the respective roles and responsibilities of the Board and the management and is available on the Company's website. The Board Charter is to be reviewed annually in November each 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. The Board Charter was last reviewed by the Board on 26 November 2018.

On time commitment, the Board is satisfied with the level of commitment given by each Director in fulfilling their roles as Director of the Company. Each Director is expected to commit sufficient time to attend all Board and Committee meetings, AGM/EGM, Directors' training, discussion with Management of the Company and meetings with stakeholders of the Company. Pursuant to Paragraph 15.06 of the Listing Requirements, a Director must not hold directorships of more than 5 public listed companies. None of the Directors have exceeded the limit while members of the Board were expected to notify the Chairman prior to their acceptance of any new directorship in another public listed company.

Corporate Governance Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Schedule of matters reserved to the Board

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 to the Committees of the Board of Management):

- 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.

The Board is free to alter the matters reserved for its decision, subject to the limitations imposed by the Memorandum and Articles of Association of the Company and the applicable law.

Board Size, Leadership and Competencies

The current Board size of 9 members consists of 4 Independent Non-Executive Directors (including the Chairman), a Managing Director, 2 Executive Directors and 2 Non-Independent Non-Executive Directors. The composition of the Board meets the criteria on one-third independent directorship as set out in the Main Market Listing Requirements and fairly reflects the investment by minority shareholders through Independent Directors.

The Board leads the Company within a framework of prudent and effective controls. The Board comprises of members from various professions with individual personalised quality, expertise, skills and relevant market and industry knowledge and ensures at all times that necessary financial and human resources are in place for the Company to meet its strategic objectives.

The Independent Non-Executive Directors act independently from Management and do not participate in the Company's business dealings to ensure that they handle any conflict of interest situation and all proceedings of the Board effectively through a system of independent checks and balances.

Presently the number of Non-Executive Directors are more than the Executive Directors. This is to ensure that 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 Company is a subsidiary of Panasonic Corporation ("PC"), a multinational company listed on the Tokyo Stock Exchange and which has, since its establishment, operated its business under its business philosophy, "contributing to the progress and development of society and the well-being of people worldwide through its business activities". Also, PC believes it is important to increase corporate value by fulfilling accountability through dialogue with various stakeholders such as shareholders and customers, making effort to execute transparent business activities, and swiftly conducting business activities with fairness and honesty based on its basic philosophy of "a company is a public entity of society".

Currently, five (5) of the Directors on the Company's Board are representatives of PC, to enable the latter to implement its policy and strategy for the PC Group as a whole. The current ratio of Independent Directors to Non-Independent Directors are 4 : 5.

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 interests and effective governance of the business, and yet allow for effective decision making.

Corporate Governance Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Size, Leadership and Competencies (Cont'd)

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 processes. To this extent, the Company has improved on the ratio of Independent Directors to Non-Independent Directors from 4 : 7 to 4 : 5 in the financial year ended 31 March 2019 even though it was earlier targeted to be achieved by the financial year ending 31 March 2020, in its earnestness to advance nearer to the intended application of the Code.

The Independent Non-Executive Directors, Tan Sri Asmat bin Kamaludin and Datuk Supperamaniam a/l Manickam have each served on the Board for a cumulative term of more than nine (9) years. Notwithstanding the Practice 4.2 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 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 the succession of the abovementioned Independent Non-Executive Directors.

For the Independent Non-Executive Directors of the Company, the Board views that they 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 controlled subsidiary, the Company's Executive Directors are rotated among the companies in the Panasonic Corporation 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.

The Chairman of the Board, Tan Sri Datuk Asmat bin Kamaludin, is the Senior Independent Non-Executive Director to whom concerns relating to the Company may be conveyed by the Directors, shareholders and other stakeholders.

The Company has included a policy on diversity of gender, ethnicity and age and although the Company had set the target to have at least 30% women directors within 5 years, i.e. by financial year ending 31 March 2023, the Company had achieved this target in financial year ended 31 March 2019. The appointment of Tan Sri Hasmah binti Abdullah, Ms Siew Pui Ling and recently Ms Kwan Wai Yue as Directors reflects that the Board recognises the value of female members of the Board. The women directors presently form 33% of the Board. The age of the Directors range from 51 to 75 as the Board believes that this creates an environment where each generation brings different skills, experience and talents to the Board.

Conduct of Meetings

The Board met four (4) times during the financial year under review to approve, amongst others, the quarterly and annual financial results, business strategies and business plans, to review business performance of the Company and to ensure that the proper internal control systems are in place. Board and Board Committees meeting papers accompanying notes and explanations for agenda items were sent to the Directors at least 7 days before the meeting. Time is allocated for Directors to raise other matters not covered by the formal agenda.

The summary of attendance of the Directors in office at the Board Meetings held during the financial year ended 31 March 2019 was as follows:

Name of Director	Meeting Attendance	% of Attendance
Tan Sri Datuk Asmat bin Kamaludin	4/4	100
Toyokatsu Okamoto	4/4	100
Raja Anuar bin Raja Abu Hassan	4/4	100
Datuk Supperamaniam a/l Manickam	4/4	100
Tan Sri Hasmah binti Abdullah	4/4	100
Siew Pui Ling	4/4	100
Cheng Chee Chung	3/4	75
Yasuo Tonooka	2/4	50
Kwan Wai Yue	4/4	100

Corporate Governance Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Conduct of Meetings (Cont'd)

All proceedings, deliberations and conclusions of the Board Meetings are clearly recorded in the minutes of meetings, confirmed and signed as correct record by the Chairman of the Meeting.

The Board also exercises control on routine matters that require the Board's approval through the circulation of Directors' Resolutions in writing as allowed under the Company's Articles of Association.

Minutes of each Board and Board Committees Meetings are circulated to the members of the Board/Committee as soon as practicable for perusal prior to confirmation of the minutes at the following meetings.

Directors' Continuing Education

All Directors are scheduled to attend the Mandatory Accreditation Programme as required under the Main Market Listing Requirements within the timeframe allowed under the Main Market Listing Requirements. Newly appointed Directors also undergo a formal orientation and education programme including factory visits guided by other Executive Directors and senior management.

During the financial year, the following Directors have also attended the following additional trainings, conferences, seminars and briefings relevant to their functional duties:

No.	Continuing Education Programme Attended	Date
1	Tan Sri Datuk Asmat Bin Kamaludin - Guidelines on Adequate Procedures	27 February 2019
2	Toyokatsu Okamoto - Beauty & Living Business Division Global Conference - FY2018 Asia 1st Manufacturing MD Conference - APAC FY2018 Business Policy Conference - Kitchen Appliances Business Division Global Conference - Guidelines on Adequate Procedures	2 March 2018 3 March 2018 27 April 2018 4 October 2018 27 February 2019
3	Datuk Supperamaniam a/l Manickam - MICG – Half-Day Seminar on Introduction to Corporate Liability Provision: "What it is, How Will My Company Be Affected, and What Do I Need to Put in Place by Way of Safeguards?" - Guidelines on Adequate Procedures	6 September 2018 27 February 2019
4	Tan Sri Hasmah binti Abdullah - MIA Audit Committee Conference 2018 - Annual Report & Sustainability Statement Disclosure Standards - ACIIA Conference 2018 - Staying Relevant in a Digital Landscape - 2019 Budget Seminar - Guidelines on Adequate Procedures - PNB Leadership Forum 2019 - Corporate Liability Under Malaysian Anti-Corruption Commission (Amendment) Act 2018	27 March 2018 30 April 2018 29 - 30 October 2018 13 December 2018 27 February 2019 5 March 2019 19 March 2019

Corporate Governance Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Directors' Continuing Education (Cont'd)

No.	Continuing Education Programme Attended	Date
5	<p>Siew Pui Ling</p> <ul style="list-style-type: none"> - HR-Juku 2018, Japan - Coursera E-Learning (Organisation Behaviour) for building the foundation of strategic think - SHRM (Society for Human Resource Management) Conference, Chicago, USA - HDVC Coaching – Global Talent Management - Guidelines on Adequate Procedures 	<p>20 to 25 May 2018</p> <p>1 August 2018 to 1 November 2018 (2-3 months programme)</p> <p>16 to 21 June 2018</p> <p>27 July to 26 October 2018</p> <p>27 February 2019</p>
6	<p>Cheng Chee Chung</p> <ul style="list-style-type: none"> - Panashop Study Trip to Japan - APAC FY 2018 Business Policy Conference, Singapore - 7th Global Marketing Strategy Conference, Japan - Panashop Conference 	<p>15 to 20 April 2018</p> <p>27 April 2018</p> <p>22 to 23 May 2018</p> <p>12 to 16 January 2019</p>
7	<p>Raja Anuar bin Raja Abu Hassan</p> <ul style="list-style-type: none"> - Governance for the Audit Committee members - Risk Management Conference 2018 - Cybersecurity for Decision Makers - Guidelines on Adequate Procedures 	<p>27 June 2018</p> <p>29 August 2018</p> <p>27 March 2019</p> <p>27 February 2019</p>
8	<p>Kwan Wai Yue</p> <ul style="list-style-type: none"> - Mandatory Accreditation Programme - Panasonic Executive Development Programme - Panasonic Finance Team Leadership Training - Cybersecurity for Decision Makers - Guidelines on Adequate Procedures 	<p>23 to 24 July 2018</p> <p>May 2018 to Nov 2018 (7 months programme)</p> <p>12 to 13 January 2019</p> <p>27 March 2019</p> <p>27 February 2019</p>
9	<p>Yasuo Tonooka</p> <ul style="list-style-type: none"> - Panasonic Global HR Policy Conference - Panasonic Asia Pacific Region Business Policy Conference - Appliances Company Global Marketing Strategy Conference - Appliances Company Global HR Conference - Appliances Company Talent Management Committee - APAC Sales Company Managing Director Conference - APAC HR manager training - Appliances Company MD/DMD Seminar - APAC HR Conference 	<p>16 April 2018</p> <p>27 April 2018</p> <p>22 May 2018</p> <p>24 to 25 May 2018</p> <p>10 July 2018</p> <p>18 July 2018</p> <p>12 September 2018</p> <p>18 to 19 October 2018</p> <p>21 to 22 November 2018</p>

Corporate Governance Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Committees

The Board has established several Board Committees whose compositions and terms of reference are drawn up in accordance with the best practices prescribed by the Code. The functions as well as authority delegated to the Board Committees are clearly defined in their terms of reference.

The Board Committees of the Company consist of the Audit Committee, Nomination Committee and Remuneration Committee. The Chairman of the respective Board Committees reports the outcome of the Board Committee Meetings to the Board, and if required, further deliberations are made at Board level.

Audit Committee

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. A full Audit Committee Report enumerating its membership, terms of reference and summary of activities is set out on pages 60 to 63 of the Annual Report. The terms of reference of the Audit Committee can be viewed on the Company's website.

On a formal assessment on the performance and effectiveness of the Audit Committee and its members in FY2019, the Board with the exception of the Directors who are also Audit Committee members were generally satisfied that the size of the Audit Committee is large enough to perform the duties as defined and its judgment is not impaired as they are sufficiently independent from management. The Audit Committee members have also fulfilled the requirements in terms of roles and responsibilities and in their relationship with External Auditors and Internal Auditors.

In the assessment, 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 was found to be experienced and effective in conducting meetings. With the Audit Committee meeting usually held a couple of days before the Board meeting, 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.

The Board has retained the position of the Chairman of the Audit Committee and its members for the next financial term.

Nomination Committee

The Nomination Committee membership comprises entirely of Independent Non-Executive Directors, as follows:

No.	Name	Designation
1.	Datuk Supperamaniam a/l Manickam (Chairman)	Independent Non-Executive Director
2.	Tan Sri Hasmah binti Abdullah (Member)	Independent Non-Executive Director
3.	Raja Anuar bin Raja Abu Hassan (Member)	Independent Non-Executive Director

The Nomination Committee is entitled to the services of the Company Secretary who would ensure that all appointments are properly made upon obtaining all necessary information from the Directors. All the assessments and evaluations carried out during the year were properly documented and minuted by the Company Secretary. The terms of reference of the Nomination Committee is also available on the Company's website.

Further details on the duties and activities of the Nomination Committee are set out in the Nomination Committee Report.

Re-election and Re-appointment

In accordance with the Company's Articles of Association, all Directors appointed by the Board are subject to retirement and re-election by shareholders at the first opportunity after their appointment. It also provides that at least one-third of the remaining Directors including the Managing Director, are subject to retirement by rotation at each Annual General Meeting ("AGM"). All Directors shall retire from office at least once in every 3 years and shall be eligible for re-election.

Each year, the Nomination Committee assesses the experience, competence, integrity and capability of each Director who wishes to continue his office before making recommendation to the Board.

Corporate Governance Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration Committee

The Remuneration Committee comprises of the following members, the majority of whom are Independent Directors:

No.	Name	Designation
1.	Tan Sri Hasmah binti Abdullah (Chairman)	Independent Non-Executive Director
2.	Datuk Supperamaniam a/l Manickam (Member)	Independent Non-Executive Director
3.	Raja Anuar bin Raja Abu Hassan (Member)	Independent Non-Executive Director

At a meeting held on 18 May 2018, the Remuneration Committee made a recommendation to the Board for payment of Directors' fees not exceeding RM460,000 in aggregate for FY2019 to the Independent Non-Executive Directors and meeting allowance of RM600 per meeting attended. It was approved by the shareholders at the AGM held on 24 August 2018.

The meeting allowance is paid on attendance of the Independent Non-Executive Director at the meetings of the Board/Committees. The Directors' fees in respect of FY2019 was paid quarterly in arrears:

No.	Details of remuneration	Date of payment
1.	Directors' fees for 1 st quarter ending 30 June 2018	Within 1 week of AGM date
2.	Directors' fees for 2 nd quarter ending 30 September 2018	Within 1 week of 30 September 2018
3.	Directors' fees for 3 rd quarter ending 31 December 2018	Within 1 week of 31 December 2018
4.	Directors' fees for 4 th quarter ending 31 March 2019	Within 1 week of 31 March 2019

In case any Independent Non-Executive Director who does not serve the Company for a continuous full year of services, the Directors' fees shall be adjusted proportionately from date of appointment or up to date of resignation/cessation of office of Director, as the case may be.

The remuneration package of the Independent Non-Executive Directors including the Independent Non-Executive Chairman 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. The Independent Non-Executive Directors who have an interest do not participate in discussions on their remuneration.

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 Company takes cognisance that the compensation packages of the Japanese Executive Directors appointed by Panasonic Corporation are subject to the global compensation practices of the worldwide Panasonic Group of Companies and deliberates only on the compensation packages of the 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.

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 Company's overall performance and consumer performance index.

Corporate Governance Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Directors' Remuneration

The details of the remuneration of the Directors of the Company for the financial year ended 31 March 2019 are as follows:

Descriptions	Executive Director RM	Non-Executive Director RM	Total RM
Fees	-	439,893.49	439,893.49
Meeting allowance	-	28,308.00	28,308.00
Salary and other remuneration	2,576,276.57	-	2,576,276.57
Benefits-in-kind (BIK)	92,906.00	-	92,906.00
Total	2,669,182.57	468,201.49	3,137,384.06
Total (excluding BIK)	2,576,276.57	468,201.49	3,044,478.06

Details of Directors' remuneration for the financial year ended 31 March 2019 are set out as below:

(i) Independent Non-Executive Directors and Non-Independent Non-Executive Directors

Director	Fees (RM)	Meeting allowances (RM)	Total (RM)
Tan Sri Datuk Asmat bin Kamaludin	130,125.49	3,108.00	133,233.49
Raja Anuar bin Raja Abu Hassan	105,306.00	8,400.00	113,706.00
Datuk Supperamiam a/l Manickam	102,231.00	8,400.00	110,631.00
Tan Sri Hasmah Binti Abdullah	102,231.00	8,400.00	110,631.00
Cheng Chee Chung	-	-	-
Yasuo Tonooka	-	-	-

(ii) Executive Directors

Director	Salaries and Emoluments (RM)	Bonus (RM)	Benefits-in-kind (RM)	Total (RM)
Toyokatsu Okamoto	671,616.19	189,840.47	50,268.00	911,724.66
Siew Pui Ling	471,082.11	99,781.00	1,500.00	572,363.11
Kwan Wai Yue	474,513.32	100,257.00	-	574,770.32
⁽¹⁾ Toru Okano	485,318.32	83,868.16	41,138.00	610,324.48

The Company, Directors and officers have jointly contributed to Directors and Officers Elite Insurance Policy since 2002. However, the said insurance policy does not indemnify a Director or officer for any offence or conviction involving negligence, fraud, dishonesty or breach of duty or trust.

⁽¹⁾ Include the salaries and bonus received after resignation from the Board on 28 November 2018

Corporate Governance Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Company Secretary

The Board is supported by a qualified Company Secretary and all Directors have unlimited direct access to the professional advice and services of the Company Secretaries as well as access to all information within the Company whether as a full board or in their individual capacity.

The roles and responsibilities of the Company Secretary are as follows:

- (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 assists 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; and
- (v) advise the Board on compliance of statutory and regulatory requirements.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

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 judgment. 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. All the members of the Audit Committee are Independent Non-Executive Directors.

The Chairman of the Audit Committee is a member of 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.

The Company has in the past not appointed any former key audit partner and will formalise a policy statement in the Board Charter to observe a cooling-off period of at least two years before any former key audit partner is appointed as a member of the Board.

The Audit Committee has policies and procedures to annually assess the suitability, objectivity and independence of the external auditor. The annual assessment is made on:

- Level of service, independence and level of non-audit services rendered by them;
- Quality and scope of the planning of the audit;
- Quality and timeliness of reports furnished to the Audit Committee;
- Level of understanding demonstrated of the Company's business; and
- Communication with the Audit Committee about new and applicable accounting practices and auditing standards and the impact to the Company's financial statements.

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 of Directors for consideration and approval.

Corporate Governance Statement (Cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Financial Reporting

The Board as a whole is responsible for the accuracy and integrity of the Company's financial reporting. The Board, with assistance of the Audit Committee which provides a more specialised oversight of the financial reporting process, scrutinises all quarterly results and annual statutory financial statements prior to official release to regulatory authorities and shareholders.

Directors' Responsibility Statement

The Board is required by the Companies Act 2016 to ensure that the financial statements of the Company represent a true and fair view of the state of affairs of the Company and that they are prepared in accordance with the applicable approved accounting standards in Malaysia, by applying appropriate accounting policies consistently and making prudent and reasonable judgments and estimates. Independent opinions and reports by External Auditors have added credibility to financial statements released by the Company.

The Board has a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Risk Management and Internal Control Framework

The Board, with the assistance of the Audit Committee, continues to review its risk management and internal control processes and procedures to ensure as far as possible, that it maintains adequate levels of protection over its assets and the shareholders' investments. The features of the Company's risk management and internal control framework, the adequacy and effectiveness of this framework is detailed out in the Statement on Risk Management and Internal Control is set out on pages 64 to 66 of the Annual Report.

Relationship with Internal and External Auditors

The Board has established a transparent relationship with the Company's External Auditors and Internal Auditors via the Audit Committee who has explicit authority to communicate directly with them.

The External Auditors are working closely with the Internal Auditors and Tax Consultants, without compromising their independence. Their liaison with the Internal Auditors would be in accordance with International Standards on Auditing (ISA) No. 610: "Considering the Work of Internal Auditing", with the main objective of avoiding duplication of efforts to maximise audit effectiveness and efficiency. The External Auditors will continue to review all Internal Audit reports and discuss findings with the Internal Auditors, where necessary.

In accordance with the principles set out in ISA No. 260 "Communicating of Audit Matters with Those Charged with Governance", the External Auditors have brought to the Board's attention through the Audit Committee, all the significant accounting, auditing, taxation, internal accounting systems and process control and other related matters that arise from the audit of the financial statements of the Company. Audit Committee Members meet with the External Auditors twice a year without presence of management to discuss on key concerns and obtain feedback relating to the Company's affairs.

Whistleblowing Policy

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.

Corporate Governance Statement (Cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Whistleblowing Policy (Cont'd)

Employees and Stakeholders have the option to make whistleblowing reports in strict confidence through any of the following channels:

Reporting Mode	Contact Details
Letter	Panasonic Manufacturing Malaysia Berhad 3, Jalan Sesiku 15/2 40200 Shah Alam, Selangor Attention: Whistleblowing Committee
Online Submission	Whistleblowing Report Form http://pmma.panasonic.com.my http://panasonicapac.ethicspoint.com
Electronic mail	compliance_pmma@my.panasonic.com
Global Hotline	NAVEX Global (24 hours, 365 days) 1-800-81-8923

Confidentiality of all matters raised and the identity of the whistleblower are protected under this policy.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Relationship with Shareholders And Investors

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 Board acknowledges that integrated reporting goes beyond the current reporting as it is to be a clear, concise, integrated story that explains how all of 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.

For the time being, the Board views that the financial, governance and business review reports that have been included in the Annual Report 2019 provides sufficient information flow to the various stakeholders. The current means of communication with shareholders and investors are as follows:

(a) Investor Relations

In line with the Main Market Listing Requirements, 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.

The Chairman, Executive Director and/or Management held meetings with major shareholders, fund managers and investment analysts, at their request, and Minority Shareholders Watchdog Group 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.

Corporate Governance Statement (Cont'd)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Relationship with Shareholders And Investors (Cont'd)

(b) Annual General Meeting

For FY2019, the Company issued the notice of AGM on 26 July 2018 and held the AGM on 24 August 2018, provided the shareholders with 29 days notice. All the Directors attended the 2018 AGM. The Managing Director also provided shareholders with a slide presentation on the Company's financial performance and operations. The questions submitted in advance by the Minority Shareholders' Watchdog Group were also presented for the shareholders information and the answers were given in a slide presentation.

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 show of hands.

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 was released to the Media after the conclusion of the AGM.

This Statement is made in accordance with the resolution of the Board of Directors dated 28 May 2019.