

# **Panasonic**

## **Panasonic Manufacturing Malaysia Berhad (6100-K)** (Incorporated in Malaysia)

### **TERMS OF REFERENCE**

#### **A. Composition of Audit Committee**

The Audit Committee shall be appointed by the Board of Directors (“the Board”) from among its Members which fulfils the following requirements:

1. The Audit Committee must be comprised of not less than 3 Members;
2. All the Audit Committee Members must be Non-Executive Directors, with a majority of them being Independent Directors;
3. At least 1 Member of the Audit Committee:
  - (a) must be a member of the Malaysian Institute of Accountants (MIA);
  - (b) if he is not a member of the MIA, he must have at least 3 years’ working experience and have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967 or must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountant Act 1967;
  - (c) must have a degree/masters/doctorate in accounting or finance and at least 3 years’ post qualification experience in accounting or finance;
  - (d) must have at least 7 years’ experience being a Chief Financial Officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or
  - (e) must have financial-related qualifications or experience that is approved by Bursa Malaysia Securities Berhad.
4. The Audit Committee shall elect a chairman from among its Members who shall be an Independent Director.
5. Alternate Director is not allowed to become a Member of the Audit Committee.

In the event of any vacancy in the Audit Committee resulting in non-compliance of Bursa Securities Listing Requirements, the Board shall fill the vacancy within 3 months from the date of vacancy.

The Board shall review, at least once every 3 years, the term of office and performance of the Audit Committee and each of its Members to determine whether the Audit Committee and its Members have carried out their duties in accordance with their terms of reference.

#### **B. Quorum**

A quorum shall be 2 Members present and a majority must be Independent Directors.

#### **C. Meetings**

The Audit Committee shall meet at least 4 times a year. The Chairman at his discretion may convene additional meeting of the Audit Committee if so requested by any Member, Internal Auditors or External Auditors to consider any matter within the scope and responsibilities of the Audit Committee.

Minutes of each Meeting shall be kept and distributed to each Member of the Audit Committee and also to the Members of the Board. The Chairman of Audit Committee shall report on the outcome of each Meeting to the Board.

The Directors, executive officers, representatives of the External Auditors and/or Internal Auditors may attend the meetings upon the invitation of the Audit Committee. The Audit Committee holds meetings with the External Auditors without Management's presence at least twice per year to discuss key concerns and obtain feedback on the state of internal controls.

**D. Secretary to Audit Committee**

The Secretary to the Audit Committee shall be the Company Secretary.

**E. Authority**

The Audit Committee in discharging its duties shall have explicit authority to investigate any matters within its terms of reference. The Audit Committee shall have full and unrestricted access to relevant information, be empowered to obtain such independent professional advice and to secure the attendance of persons having special competencies as necessary to assist the Audit Committee in fulfilling its responsibilities.

**F. Duties and Responsibilities**

In fulfilling its primary objectives, the Audit Committee shall undertake the following duties and responsibilities and-report the same to the Board for approval:

Financial Reporting and Compliance

1. To review the quarterly results and annual audited financial statements of the Company, focusing particularly on:
  - (a) changes in or implementation of major accounting policies and practices;
  - (b) significant adjustments and unusual events arising from the audits;
  - (c) compliance with accounting standards and other legal requirements; and
  - (d) the going concern assumption.
2. To review any related party transaction and conflict of interest situation that may arise within the Company, including any transaction, procedure or course of conduct that raises question of management's integrity;

### Risk Management and Internal Audit

3. To consider and approve Annual Risk Management Plan and be satisfied that the methodology employed allows the identification, analysis, assessment, monitoring and communication of risks in a regular manner that will allow the Company to minimise losses and maximise opportunities;
4. To consider and approve the Annual Internal Audit Plan and programme and be satisfied as to the adequacy of coverage and audit methodologies employed;
5. To ensure that the system of internal control is soundly in place, effectively administered and regularly monitored and to review the extent of compliance with established internal policies, standards, plans and procedures;
6. To review and approve the reports on internal audit and risk management and to ensure that appropriate actions are taken on the recommendations of the internal audit and risk management functions;
7. To recommend to the Board steps to improve the system of internal control derived from the findings of the Internal Auditors and External Auditors and from the consultations from the Audit Committee itself;
8. To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
9. To review any appraisal or assessment of the performance and to approve any appointment, resignation or termination of Internal Auditors and senior members of the internal audit functions and inform itself of any resignations and reasons thereof;

### Statutory and Non-Statutory Audit

10. To review and discuss with the External Auditors, prior to the commencement of audit, the audit plan which states the nature and scope of the audit;
11. To review any matters concerning the appointment and re-appointment, audit fees and any questions of resignation, dismissal or removal of the External Auditors;
12. To review factors related to the independence and objectivity of External Auditors and their services including non-statutory audit services;
13. To discuss on findings, problems and reservations arising from the interim and final statutory audits, External Auditors' Audit Committee Report and any matters the External Auditors may wish to discuss as well as to review the extent of cooperation and assistance given by the employees of the Company to the External Auditors;

Other Matters

14. To review the Statement of Internal Control and to prepare the Audit Committee Report for the Board's approval prior to inclusion in the Annual Report;
15. To carry out such other functions as may be directed by the Board.

*Revised on 27 February 2008*