
STATEMENT ON CORPORATE GOVERNANCE

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, Bursa Malaysia’s Corporate Governance 2012 (the “Code”), 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 effectively managed in the best interest of all stakeholders.

The Board is aware that the Company is to apply the released MCCG (“New Code”) by Securities Commission on 26 April 2017 and to report the application of the practices of the New Code for the financial year ending 31 March 2018 (“FY2018”). The Board is reviewing each of the best practices of the New Code and will do its best to implement the best practices during FY2018 or provide suitable alternative approach and may defer some to the following years. In this respect, the Practice Note 4.2 would be deferred.

The Board is pleased to present the following reports on the application of the principles as set out in the Code and the extent to which the Group has complied with the principles and recommendation of the Code during the financial year ended 31 March 2017.

THE BOARD STRUCTURE, DUTIES AND EFFECTIVENESS

Board Size, Leadership and Competencies

The current Board size of 10 members consists of 4 Independent Non-Executive Directors (including the Chairman), a Managing Director, 4 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. There is a balance of Executive Directors and Non-Executive Directors so that no individual or small group of individuals can dominate the Board’s decision making.

The Independent Non-Executive Director, 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 recommendation of the Code to limit the tenure of the Independent Directors, 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 insight in the Company and its operation and therefore, provide more objectivity to the Board as a whole. The Board views that the annual assessment of the qualification of these Directors to remain on the Board to be sufficient.

For the Independent Directors of the Company, the Board views that they have vast experiences vast in diverse range of business to provide constructive opinion and exercise independent judgement. As the Company is a Panasonic Corporation’s 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 Directors to ensure that the Company’s culture, conduct and philosophy is maintained or enhanced by the new executive members.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

THE BOARD STRUCTURE, DUTIES AND EFFECTIVENESS (CONTINUED)

Board Size, Leadership and Competencies (Continued)

The Company does not have a policy on diversity of gender, ethnicity and age. The appointment of Tan Sri Hasmah binti Abdullah and Ms Siew Pui Ling as Directors signify the Board's recognition of contribution by female directors to the Board. The age of the Directors range from 48 to 73 years old as the Board believes that this creates an environment where each generation brings different skills, experience and talents to the Board.

The profile of each Director is summarised on pages 20 to 25 of the Annual Report.

Board Duties and Responsibilities

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 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 shareholders and other stakeholders.

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 advices are also made available to Directors at the Company's expense and in accordance with decision of the Board as a whole should such advices are required.

Nevertheless, 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 and is available on the Company's website. The Board Charter 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.

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.

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(Cont'd)**

THE BOARD STRUCTURE, DUTIES AND EFFECTIVENESS (CONTINUED)

Conduct of Meetings

The Board met five (5) 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 present Directors at the Board Meetings held during the financial year ended 31 March 2017 was as follows:

Name of Director	Meeting Attendance	% of Attendance
Tan Sri Datuk Asmat bin Kamaludin	5/5	100
Akira Nishimura (resigned on 30 September 2016)	3/3	100
Toyokatsu Okamoto (appointed on 1 October 2016)	2/2	100
Razman Hafidz bin Abu Zarim (resigned on 31 December 2016)	4/4	100
Datuk Supperamaniam a/l Manickam	4/5	80
Takayuki Tadano	5/5	100
Tan Sri Hasmah Binti Abdullah	4/5	80
Siew Pui Ling	4/5	80
Takao Uchiyama (resigned on 27 March 2017)	5/5	100
Cheng Chee Chung	5/5	100
Toru Okano	5/5	100
Koji Takatori (resigned on 1 February 2017)	3/4	75
Raja Anuar bin Raja Abu Hassan (appointed on 1 January 2017)	1/1	100
Yuji Kogure (appointed on 14 February 2017)	1/1	100
Yasuo Tonooka (appointed on 12 April 2017)	-	-

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 Meeting are circulated to Chairman of Meeting for perusal prior to confirmation of the minutes at the following meetings.

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(Cont'd)**

THE BOARD STRUCTURE, DUTIES AND EFFECTIVENESS (CONTINUED)

Directors' Continuing Education

All Directors including the newly appointed Directors during the financial year end 2017 have completed the Mandatory Accreditation Programme. Newly appointed Directors have also undergone a formal orientation and education programme including factory visits guided by other 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 Asmat bin Kamaludin - Learning from Leaders Session – with Group Chairman - UMW - White Room Session – PM' Office - Talk by the Mayor of Hiroshima entitled "From Hiroshima to Our World Without Nuclear Weapons - Beyond Human Atrocities" - Launch of the AGM Guide & CG Breakfast Series: How to Leverage on AGMs for Better Engagement with Shareholders - BNB Course - UMW OIL & GAS Training - BURSA Training - Public Private Sector partnership – what to expect (MITI) - Sustainability Engagement Series for Directors / Chief Executive Officers 2017 - Integrity Course – PERODUA	April 26, 2016 May 10, 2016 June 9, 2016 July 22, 2016 September 23, 2016 October 26, 2016 November 12, 2016 November 21, 2016 March 13, 2017 – 9 am March 13, 2017 – 2.30 pm
2	Toyokatsu Okamoto - Mandatory Accreditation Programme - 2017 Annual Policy Meeting	November 9 & 10, 2016 March 30, 2017
3	Datuk Supperamaniam a/l Manickam - Navigating the Shifting Tides, Sustainability Practices and Reporting and the new Companies Bill - Corporate Reporting: Best Practices – Unravelling Annual Reports and Uncovering the Gems - MIA International Conference	July 26, 2016 September 22, 2016 November 15 & 16, 2016
4	Tan Sri Hasmah Binti Abdullah - ACI Breakfast Roundtable 2016 - Investment Mega Trends in the New Economy - Audit Committee Workshop I: Fraud Risk Management - Khazanah Megatrends Forum 2016 - Role of the Chairman and Independent Directors' - 2016 National Conference: Navigate Waves of Digital Revolution - Cost, Risk and Brand: The Director's Role in Protecting the Company Against Corruption Seminar 2016 - Revised Auditor Reporting Standards – A Double Edged Sword - Boards and C-Level Executives: Balancing Trust and Tension - Public Sector Internal Audit Conference 2017 - CRO Forum 2017 : "CROs of Tomorrow"	April 26, 2016 August 9, 2016 August 10, 2016 September 26, 2016 September 28, 2016 October 11, 2016 November 24, 2016 December 8, 2016 January 17, 2017 January 23 & 24, 2017 February 23, 2017
5	Takayuki Tadano - 2017 Annual Policy Meeting	March 30, 2017

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THE BOARD STRUCTURE, DUTIES AND EFFECTIVENESS (CONTINUED)

No.	Continuing Education Programme Attended	Date
6	Cheng Chee Chung - APAC Policy Meeting - AV/HA Merchandising Confirmation Meeting - Global Marketing Strategy Meeting - APAC MD Conference - Panashop Meeting	April 28, 2016 July 20 & 21, 2016 October 18 & 19, 2016 October 21, 2016 January 11-14, 2017
7	Raja Anuar bin Raja Abu Hassan - Companies Act 2016 – Key Insights and Implication for Directors, Auditors/Accountants & Company Secretaries	March 13, 2017

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 Malaysian Code on Corporate Governance. 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 37 to 40 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, the Board with the exception of the Directors who are also Audit Committee are 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 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 is experienced and effective in conducting meetings. The Audit Committee members have also fulfilled the requirements in terms of roles and responsibilities, in relations with External Auditors and Internal Auditors.

Nomination Committee

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

No.	Name	Designation
1.	Datuk Supperamiam a/l Manickam (Chairman)	Independent Non-Executive Director
2.	Tan Sri Hasmah binti Abdullah (Member)	Independent Non-Executive Director
3.	Razman Hafidz bin Abu Zarim (Member) (resigned on 31 December 2016)	Independent Non-Executive Director
4.	Raja Anuar bin Raja Abu Hassan (Member) (appointed on 1 January 2017)	Independent Non-Executive Director

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BOARD COMMITTEES (CONTINUED)

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 was 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 is 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 including the Director over 70 years old who wishes to continue his office before making recommendation to the Board.

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.	Takayuki Tadano (Member)	Executive Director
3.	Datuk Supperamaniam a/l Manickam (Member)	Independent Non-Executive Director
4.	Razman Hafidz bin Abu Zarim (Member) (resigned on 31 December 2017)	Independent Non-Executive Director
5.	Raja Anuar bin Raja Abu Hassan (Member) (appointed on 1 January 2017)	Independent Non-Executive Director

At a meeting held on 26 May 2016 the Remuneration Committee made a recommendation to the Board for payment of Directors' fees not exceeding RM410,000 in aggregate for the financial year ended 31 March 2017 to the Independent Non-Executive Directors. It was approved by the Shareholders at the AGM.

The remuneration package of the Non-Executive Directors including the 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 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 Executive Directors appointed by Panasonic Corporation are subject to the global compensation practices of the worldwide Panasonic Group of Companies.

**STATEMENT ON
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BOARD COMMITTEES (CONTINUED)

Directors' Remuneration

The details of the remuneration of the Directors of the Company for the financial year ended 31 March 2017 are as follows:

Descriptions	Executive Director RM	Non-Executive Director RM	Total RM
Fees	–	415,063.35	376,008.00
Meeting allowance	–	33,216.00	72,271.35
Salary and other remuneration	4,292,806.41	–	4,292,806.41
Benefits-in-kind (BIK)	223,777.98	–	223,777.98
Total	4,516,584.39	448,279.35	4,964,863.74
Total (excluding BIK)	4,292,806.41	448,279.35	4,741,085.76

The remuneration of the Directors for the financial year ended 31 March 2017 within the following bands are as follows:

Range of Remuneration	Executive Director	Non-Executive Director	Total
RM0 to 50,000	0	1	1
RM50,001 to RM100,000	0	2	2
RM100,001 to RM150,000	0	2	2
RM400,001 to RM450,000	1	0	1
RM450,001 to RM500,000	1	0	1
RM700,001 to RM750,000	1	0	1
RM750,001 to RM800,000	1	0	1
RM800,001 to RM850,000	1	0	1
RM1,300,001 to RM1,310,000	1	0	1

The Company, Directors and officers have jointly contributed to a 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.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

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 means of communication with shareholders and investors are as follows:

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.

Annual General Meeting

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.

ACCOUNTABILITY AND AUDIT

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 provide 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 and its associated company ("the Combined Entity") represent a true and fair view of the state of affairs of the Combined Entity 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 Combined Entity and to prevent and detect fraud and other irregularities.

**STATEMENT ON
CORPORATE GOVERNANCE
(Cont'd)**

ACCOUNTABILITY AND AUDIT (CONTINUED)

Internal Control

The Board, with the assistance of the Audit Committee, continues to review its 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 Statement on Risk Management and Internal Control is set out on pages 41 to 43 of the Annual Report.

Relationship with 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 read all Internal Audit reports and discuss findings with the Internal Auditors.

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 & process control and other related matters that arise from the audit of the financial statements of the Combined Entity. 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.

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
Electronic mail	compliance_pmma@my.panasonic.com

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

This Statement is made in accordance with the resolution of the Board of Directors dated 30 May 2017.