

# Panasonic

Panasonic Corporation  
**Annual Report**  
**2021**

Report on Financial Results and ESG  
for the year ended March 31, 2021

This PDF contains all contents from the online  
Annual Report 2021, merged into a single PDF file  
for convenience.

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### Editorial Policy

Panasonic positions its Annual Report as an integrated report incorporating management strategies for medium- to long-term growth; environmental, social, and governance (ESG) systems and initiatives; operating results and financial position for the fiscal year under review; and other information. To share the information with our investors in a timely manner, this report is issued twice a year with the most updated information.

In this report, with the aim of achieving an “ideal society” with affluence both in matter and mind, we discuss the future management direction of the Panasonic Group, including its contributions to solving global environmental issues and the initiatives for strengthening its competitive edge by realizing constant improvements, along with an overview of what each business aspires to achieve under the new operating company system. Also, we consider that ESG management is precisely about implementing the Basic Business Philosophy of the Panasonic Group, and we therefore present information about specific policies and initiatives from the viewpoints of business opportunities and social responsibilities.

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### Disclaimer Regarding Forward-Looking Statements

This Annual Report includes forward-looking statements about Panasonic and its Group companies (the Panasonic Group). To the extent that statements in this Annual Report do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Panasonic Group in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Panasonic Group's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Panasonic undertakes no obligation to publicly update any forward-looking statements after the date of this Annual Report. Investors are advised to consult any further disclosures by Panasonic in its subsequent filings under the Financial Instrument and Exchange Act of Japan (the FIEA) and other publicly disclosed documents.

Such risks, uncertainties and other factors are not all-inclusive and further information is contained in the most recent English translated version of Panasonic's securities reports under the FIEA and any other documents which are disclosed on its website.

# Management Philosophy

“We will devote ourselves to the progress and development of society and the well-being of people through our business activities, thereby enhancing the quality of life throughout the world.” This Basic Management Objective embodies our mission and devotion, and as the heart of our management philosophy, it has served as the foundation for all our management activities. Based on our management philosophy, Panasonic will continue to help solve social issues and contribute to further development in order to bring about a bright new future. We also intend to achieve sustained growth and continue to enhance corporate value.

## A Better Life, A Better World



Guidance in putting the management philosophy into practice:

**Evolution in response to changes in social conditions, etc.**

### Panasonic Code of Conduct

(Revised and updated; current as of 2019)

<https://www.panasonic.com/global/corporate/management/code-of-conduct/list.html>

•**“A Better Life, A Better World”**

Panasonic’s brand slogan which aims to concisely express our Basic Management Objective in the modern era established by founder Konosuke Matsushita.

•**Basic Management Objective**

This objective embodies our mission and devotion, and as the heart of our management philosophy, it serves as the foundation for all our management activities.

•**“Recognizing our responsibilities as industrialists”**

Not only are we conscious of the fact that the products and services

we make must provide even more convenience to people and their livelihoods, enrich and enhance their well-being, and greatly contribute to happiness, we must fulfill the roles bestowed on us with a sense of mission.

•**Company Creed**

The frame of mind with which we put our Basic Management Objective into practice.

•**Seven Principles**

The foundation of the Company Creed (and the basis of our mental attitude).



## Founder Konosuke Matsushita's corporate view

**“A company is a public entity of society. We must be fully aware of the responsibilities entrusted to us as a public institution.”**

**Founder**  
**Konosuke Matsushita**  
(1894-1989)



### Corporate social responsibilities as envisaged by our founder

Responding to the changing times based on the following principles.

#### Principle 1

To contribute to the development of society and people's happiness through our core business activities.

#### Principle 2

To generate fair profits from our business activities and return those profits to nation and its people in various ways.

#### Principle 3

To make every process of its corporate activities support the goal of a healthy society.

### Ideology behind the founder's corporate view

It was in 1932 that Konosuke Matsushita came to realize the Company's true mission. In view of the social circumstances at the time, Konosuke said that the mission of a manufacturer is to overcome poverty by producing an abundant supply of goods, a statement that later became known as the “tap water philosophy.” More specifically, no one objects if a passerby drinks from a roadside tap because the supply of water is plentiful and inexpensive. The Company's mission, therefore, is to create material abundance by producing and supplying goods as plentifully and inexpensively as tap water.

At the root of this concept is Konosuke's unique ideology about human happiness and prosperity of society. The idea is that only after there is spiritual peace of mind and a limitless supply of material goods will humanity achieve true happiness. The Company's mission is therefore underpinned by the thinking of “Matter and mind as one.”

## Our Corporate History

Ever since its founding in 1918, Panasonic has continued to undertake business activities with the objectives of “devoting ourselves to the progress and development of society and the well-being of people” and “enhancing the quality of life throughout the world.” Moving forward, we will squarely address societal issues and take up the challenge of eliminating the concerns of today and the future with the aim of achieving an ideal society with affluence both in matter and mind to create new value.

### 1918

Matsushita Electric Housewares Manufacturing Works (today's Panasonic) established. Two new products, an attachment plug and, a two-way socket, launched on the market.

### 1927



Square bicycle lamp launched under the name “National Lamp,” reflecting the hope that it would become **indispensable to the nation's citizens**. The product became popular through-out Japan as a safe light source.

### 1931

Sales of radios commenced. This radio that **“wouldn't break down”** delighted consumers and it brought news and culture into people's homes.



### 1932 First year of the founding mission\*

Trade department established and **export business commenced**.

\*First year of the founding mission

The founder Konosuke Matsushita clearly expressed the Company's true mission as a manufacturer: to overcome poverty and bring wealth to society by producing an inexhaustible supply of goods.

<https://www.panasonic.com/global/corporate/history/chronicle/1932.html>

### 1950s

Washing machines, black and white TVs, refrigerators and other products launched that **reduced the burden of housework** and made life easier.



### 1961

Panasonic's **first overseas manufacturing facility**, National Thai Manufacturing Company, established. Manufacturing facilities were subsequently established in countries with difficulty importing household appliances due to foreign exchange shortages.



### 1965

Five-day work week introduced ahead of other companies. With a slogan of “One day of study, and one day of rest,” the change played a major role in raising employee **productivity and motivation**.

## 1987

Joint venture to produce picture tubes (CRTs) for color TVs established in Beijing with a view to **China's modernization**. It was the first joint venture in China for Panasonic.



## 1988

Promoting **world peace** through sport. In accord with this philosophy of the Olympic Games, Panasonic has, since the Olympic Winter Games Calgary 1988, supported the Movement over 30 years as the highest ranking sponsor in "The Olympic Partner (TOP)" program.



## 2008

To make the Company **a truly global corporation**, the company name was changed to "Panasonic Corporation," and its corporate brands were unified as "Panasonic" worldwide.

## 2010

Mass production of lithium-ion batteries for hybrid EV automobiles commenced, helping to **popularize eco-cars**.



## 2014

Fujisawa Sustainable Smart Town established for **eco-conscious and comfortable** lifestyles while ensuring **safety and security**.



## 2018

Marking **the 100th anniversary of its founding**, Panasonic introduced **"Lifestyle Updates"\*** as its **future direction to take**.

\*Continually providing individual and corporate customers with the most suitable goods and services.

## 2021

Announcement of **"contributing to solving global environmental issues"** and **"taking up the challenge of constant improvement"** made towards achieving an ideal society with affluence both in matter and mind.

## Message from the Chairman of the Board



### **Continuing to reform governance for sustainable growth and enhancement of corporate value**

**Kazuhiro Tsuga**

Director, Chairman of the Board

I assumed my position as Director and Chairman of the Board of Panasonic in June 2021. I would like to thank everyone for their tremendous support up until now and going forward I intend to position myself as the contact point between society and the Company and do my utmost to ensure the sustained development of the Panasonic Group. Also, as the chairperson of the Board of Directors, I will continue to propel the Company's corporate governance reforms and aim to achieve sustainable growth and enhance corporate value by improving the effectiveness of the Board and boosting management flexibility, transparency, and objectivity.



With regard to the roles that I should fulfill, I would like to focus on three themes.

The first is “governance.” The most important role as Chairman of the Board is governance and it is a great responsibility for me personally to steadily accomplish this task. Panasonic has hitherto reformed its corporate governance in numerous ways and endeavored to improve the effectiveness of the Board of Directors in order to continuously engage in highly transparent and fair business activities. Six outside directors hailing from different backgrounds attend the Board of Directors meetings and lively discussions centering on opinions and questions from multiple points of view are made during the meetings. Furthermore, the Company’s optional Nomination and Compensation Advisory Committee also deliberates on matters such as CEO successor candidates and succession timing before reporting its conclusions to the Board of Directors. As a result, I believe the Board has been able to make some key decisions with transparency and objectivity, especially regarding our transformation into a group of competitive businesses as part of our transition to a holding company system (scheduled for April 2022) and change of CEO, as well as the acquisition of Blue Yonder as a wholly-owned subsidiary. In my mind, there is no doubt that this owes to the sturdy governance foundation we have laid, namely, the Board of Directors and the Nomination and Compensation Advisory Committee, along with the functions that have been demonstrated to the fullest. While utilizing this governance system and its functions, we will continue to reform corporate governance with the aim of further improving its effectiveness.

Good governance begins with the fostering of an open and sound culture in which different people can exchange views in a free and open-minded manner and express their individuality. Having a mix of people with different perspectives and opinions, respecting each other’s values, and combining and complementing the strengths of everyone enables us to take on new challenges not possible with the capabilities and values of a single organization. I hope to contribute to the fostering of such an organizational culture by appointing personnel brimming with diversity and having them participate in the management of the Company.

The second theme is the “environment.” In order to sustain an enriched society for our children, grandchildren, and beyond, it is extremely important to solve global environmental issues. For this reason, Panasonic places top priority on addressing these issues. In May 2021, the

Company CEO Yuki Kusumi expressed our aim of becoming one of the leading companies taking steps toward solving global environmental issues. In other words, we will set our sights on becoming a leader both in our primary business which provides usefulness and in the environmental field. We will achieve this mainly by lowering our environmental footprint in all businesses through our activities at production plants and offices, as well as through our products and services, and by making significant contributions from the perspective of effectively utilizing resources through recycling and reusing. It is not easy, but that is the very reason why I believe it will be a meaningful challenge for the Company. I intend to give my full support to this initiative as we seek to become a company boasting an overwhelming presence in the environmental solutions field.

And third, substantive “growth.” When I asked myself exactly what substantive growth should look like for Panasonic, a company with numerous business lines in different domains, I concluded that it should probably come down to whether or not we can generate value by keeping up with the advancement of society. That is an extremely challenging task and I feel that our performance in this regard up until now has not necessarily been good enough. Considering that companies can respond to changes and grow whilst organically changing their shape and form, thereby continuing to contribute to society and people, just like what the Company founder Konosuke Matsushita advocated in his philosophy of *seisei hatten* (grow and develop), which means each day starts anew as a law of nature, we may need to once again reassess Panasonic’s reason for existence and role in society by returning to our roots. If we understand this concept correctly when carrying out our activities, I believe we will be able to achieve substantive and sustainable growth. I consider it my duty to reflect on our reason for existence and role with an open mind from various points of view, including those from within and outside the Company, from a global perspective, and in terms of ESG issues. I intend to pursue a path that best sums up Panasonic’s purpose and will wholeheartedly support the challenge to achieve further growth of the Company.

In my role as Director and Chairman of the Board, I will continue to draw on my experiences to support and contribute to the initiatives for achieving sustainable growth and improving corporate value, as well as the challenges our employees, organizations, and operating companies continue to take on.

## Message from the CEO

### Return to the basics of our management philosophy: Aim to reach an “ideal society”

—Enhance competitiveness at all businesses through constant improvement—



**Yuki Kusumi**

Representative Director  
President  
CEO

On April 1, 2021, I assumed the position of CEO from Kazuhiro Tsuga, and then on June 24 I was appointed Representative Director and President, following the General Meeting of Shareholders. So far, in communicating with various stakeholders, including our shareholders, customers, and business partners, I have received a lot of criticism, as well as expectations. From the feedback, I feel a renewed sense of crisis, convincing me that we must accelerate our transformation, bearing in mind Panasonic’s large responsibility to society.

Panasonic is committed to “devoting ourselves to the progress and development of society” and “enhancing the quality of life throughout the world.” As societal issues, including global environmental issues, become ever more serious, we must return to the basics of our management philosophy, squarely address these societal issues, and devote ourselves to generating greater contributions toward reaching an “ideal society.” However, to contribute to society, it is essential that we become unrivaled in carrying out valued work, which means acquiring the ability to deliver products that are truly needed by customers and society at outstandingly competitive levels of quality, cost, and service. And we continue to refine this ability with a sense of speed every day. Only when we achieve this unrivaled level will we be able to offer true benefits, ensuring that society appreciates the sustained development of our business. Therefore, we will focus on thoroughly enhancing our competitiveness at all businesses for the next two years, becoming a team in which each employee pursues improvements day by day toward high ideals, always taking the perspectives of both the customer and the front-line operations. In the fiscal year ending March 2022 (fiscal 2022), the first year, we will make Group-wide efforts to significantly enhance our operational capabilities and accelerate the improvement cycle.

I am determined to restore Panasonic’s management tradition, strength, and our true nature so that we can return to the path of development and become a valued company needed by all. We will unite our best efforts as a Group, and I ask for your continued understanding and support.

## Progress in Mid-term strategy

We are making steady progress in our current Mid-term strategy, aiming to overcome a low-profitability structure. As a result of efforts to enhance our management structure, reform our business portfolio, and improve the profitability of the automotive business, the adjusted operating profit margin reached the 5% level for fiscal 2021, despite the impact of COVID-19. In fiscal 2022, the final year of the Mid-term strategy, we will continue to promote these initiatives toward achieving further improvements.

Against this backdrop, the challenge I must take up going forward is to thoroughly enhance the competitiveness of each business in the respective industry they should address, thus allowing us to make further contributions to our customers and society.

As part of our efforts to enhance competitiveness, we will transition to a new group structure in April 2022. The aim is to accelerate management overall and enhance competitiveness in each business through more wide-ranging autonomous management. Consequently, each operating company will be further empowered, enabling those responsible for each business to make speedier business decisions based on their own operational frontlines and actual products. We will identify the areas in which each operating

company can offer contributions reflecting medium- to long-term changes in society, create an optimal business structure for its industry and customers to address, and aim to offer customers and society contributions that are competitive with specialized manufacturers.

The holding company will play the role of implementing the management philosophy and its basic approach throughout the group so that we can offer unrivaled solutions that contribute to lifestyles and society. In addition, the holding company will guide and support operating companies in enhancing competitiveness as well as assist management in leveraging human resources, which form the basis of efforts to enhance competitiveness. Moreover, the holding company will implement selection and concentration of businesses or execute inorganic measures toward strengthening and turning around businesses as needed. Another role is to thoroughly enforce financial discipline, compliance, and safety to deal with significant risks as a Group.

While the transition to the new structure will formally take place in April 2022, from October 2021, the current Company System will be terminated, and we will substantially shift our operations organizationally based on the new structure.

## Future direction for Panasonic Group

### Return to the basics of our management philosophy

Back in 1932, reflecting on the social circumstances of Japan at the time, the founder of Panasonic, Konosuke Matsushita, presented what came to be known as the “tap water philosophy\*” as a way to “overcome poverty and bring wealth to society by producing an abundant supply of goods.” This is based on the idea of “matter and mind as one: only after there is spiritual peace of mind and a limitless supply of material goods will humanity achieve true happiness.” Konosuke Matsushita then presented his very long-range plan of reaching an “ideal society,” which would take 250 years. It has been almost 90 years since then. However, even with the advances made in society, the essence of this “tap water philosophy” is also vital today based on the idea of “matter and mind as one.”

It is true that, today, society is affluent in terms of goods, mainly in advanced nations. It seems that we need not feel any inconvenience in many aspects of life. However, when we ask ourselves if people feel enriched

in mind, with emotional serenity, I do not think this is necessarily the case. Many people have constant concerns, worries, and a sense of loneliness. Furthermore, environmental destruction and the depletion of natural resources are accelerating year by year. When we think about this, there is serious anxiety over whether the generations of our children, grandchildren, and beyond will be able to live an enriched life. In this sense, we have so far been engaged in business activities mainly aimed at offering products in pursuit of affluence. As a result, we now believe this path was slightly off track toward reaching an “ideal society.” However, it is impossible to go back. Now the question is, how can we correct our direction from where we stand today? Panasonic’s mission today is to squarely address societal issues and attempt to reach an “ideal society” with affluence both in matter and mind, paving a new way. I believe continuing such efforts and making contributions unrivaled by others represents the true nature of Panasonic.

\*Describes founder Konosuke Matsushita’s hope of electric home appliances becoming widely affordable, by analogy to inexpensive drinkable water being available in Japan from turning a tap

## Message from the CEO

### Contributing to solving global environmental issues

Among the various societal issues, Panasonic should prioritize how to address global environmental issues. If we want to sustain an enriched society for our children, grandchildren, and beyond, we cannot avoid responding to this global issue. We already face the impact of climate change with increased greenhouse gases, including CO<sub>2</sub>, in many areas of the globe. The issue of depleting natural resources, such as mineral reserves, is becoming more serious every year. We can now say the situation is critical.

In 1991, 30 years ago, Panasonic was one of the first companies in the world to establish an Environmental Charter. We have been addressing the issue ever since. With this background, we are determined to make even greater contributions, leading the search for solutions to such problems as greenhouse gas emissions and resource shortages. These efforts will be made in all of our business activities at our factories and offices, as well as through our businesses: Energy business helping to reduce CO<sub>2</sub> emissions from automobiles; *Gemba* (operational front-lines) Process business reducing losses of inventory and improving logistics through greater efficiency in the supply chain; and lessening of environmental burdens through such products and services as hydrogen fuel cells and Air 2 Water, which offer comfortable and environment-friendly living. Other initiatives include the promotion of recycling and reuse, as well as minimizing waste loss within the supply chain. Moreover, updating a product after sales to customers will contribute to prolonging the lifecycle of the product while also using resources more effectively.

However, this is based on the ability to offer better value, surpassing our customers' expectations of the product itself, not just the environmental features. In other words, we aim to be the top runner from the perspectives of both our inherent value and the environment. This approach will enable us to make greater contributions to the environment in the true sense. This will not be easy to do, but by taking up the challenge today, we believe we can achieve even greater competitiveness.

Toward this aim, in 2017, Panasonic laid out the "Environment Vision 2050." Our initiatives and responsibilities include not only "Scopes 1 and 2" but also "Scope 3" designated by the "GHG Protocol," which is a greenhouse gas (GHG) emission standard. "Scope 1" and "Scope 2" are classifications of energy used for our own production. "Scope 3" is energy used throughout the lifecycle of our products and services, from intake of raw materials and energy con-



sumption by customers to waste recycling. At Panasonic, energy used in "Scope 3" is equivalent to 40 times that used in "Scopes 1 and 2." Our aim is to reduce the energy used by our products and services in society, including energy used at our factories and offices, and to work toward creation and more efficient utilization of clean energy, which exceeds the amount of energy used. Through these initiatives, Panasonic aims to achieve energy self-sufficiency as well as to help make our society sustainable.

This means we are not only depending on clean energy from the supplier side but also creating and using clean energy that exceeds "energy used" in "our business activities." This is a very challenging target, but we will proactively make efforts in all businesses of the Panasonic Group toward reaching an "ideal society." Through these efforts, Panasonic will make huge contributions to solving issues of climate change, one of the biggest global issues, and aim to become a global leader in this field.

As a milestone, we have made a commitment to aim for "Zero CO<sub>2</sub> emissions (carbon neutral)" from the energy used in our own production activities by 2030, in all operating companies under the new structure. We believe this is a target that we, as a manufacturer, should achieve immediately.

More specifically, to achieve this target, we will accelerate three initiatives: promoting further energy-saving initiatives at our own sites; equipping our facilities with in-house renewable energy generation systems; and procuring renewable energy. In particular, for the use of renewable energy at our sites, we proactively promote the equipping and using of systems for solar power and hydrogen energy. In addition, we will proactively take up the challenge of making our sites source 100% renewable energy. So far, we have achieved this at four sites globally, including Panasonic Eco Technology Center in Japan and Panasonic Energy (Wuxi) Co., Ltd. in China.

In addition, at our fuel cell factory of the Appliances Company (Kusatsu City, Shiga Prefecture, Japan), we



will promote “RE100 initiatives” by combining hydrogen fuel cell generators, solar power, and power storage systems. In this way, we can offset energy consumption in the production process with the generated renewable energy. Full operation will start April 2022. We will continue to experiment with these initiatives at this fuel cell

### Contributing to solving global environmental issues



All business activities the Panasonic Group is involved, our customers' living and society to become sustainable

Panasonic will work towards creation and more efficient utilization of energy which exceeds the amount of energy used

**Energy used < Energy created**

### Take up the challenge of constant improvement toward reaching an “ideal society”:

#### Focus on enhancing competitiveness at all businesses for the next two years

Another aim for Panasonic is to become one of the leading companies taking steps toward reaching an “ideal society” by taking up the challenge of constant improvement. To do this, it is essential to gain overwhelming competitiveness, even in a severely competitive environment. The key is to make constant improvements. Here, there are two perspectives.

The first perspective is to set a high target toward reaching an ideal future, based on our customers' essential value. Toward such targets, we should refine our capabilities every day. We want to create products leading to a new era and pursue overwhelming cost competitiveness to accelerate the penetration of such products. We will make every effort to reach this goal. In the 1930s, the founder set a goal: to deliver radios to as many households as possible by cutting the price in half. Consequently, we succeeded in reducing our radio's production costs by half. This represents an essential tradition of Panasonic.

The second perspective is to thoroughly eliminate waste and stagnation, and thus effectively use the valuable management resources entrusted to us from society to the full extent. We are determined to make constant improvements by eliminating any waste and making every second count.

Now is the time to again implement this concept at all business operations. To be specific, we will identify factors that are the source of competitiveness for each

factory, serving as a showcase, and to refine our capabilities in the “RE100 solutions” business. Going forward, we will proactively expand similar projects to other sites and make these Panasonic solutions available to customers. By doing so, we will make further contributions to solving issues of climate change.



### Achieve zero CO<sub>2</sub> emissions at all operating companies

- Accelerate energy-saving initiatives
- Equip with in-house renewable energy generation system at own sites
- Procure renewable energy

Smart Energy System Business Division  
Kusatsu Factory

**To use 100% renewable energy**

business, such as product performance, environmental performance, development efficiency, and productivity. We will clarify targets for improving them as key performance indicators (KPIs) to enhance our competitiveness. For example, in the automotive battery business, battery performance such as energy density and cost competitiveness are the sources of competitiveness. By specifically identifying the actions required to improve these and set them as KPIs, we can clarify what should be done at each operational frontline, enabling each individual to autonomously devise plans and make improvements. By doing this, we aim to increase our business competitiveness and make each business the number one in its industry.

Pursing these initiatives will naturally yield results with cash flow generation. Based on this idea, for the next two years, we will determine areas to address and enhance competitiveness in all businesses. We will focus our efforts first on enhancing our total competitiveness, except for businesses that are likely to be damaged in the future, such as those whose markets are expected to shrink drastically.

Based on my experience, I believe that “strategy” and “operational capability” are indispensable to each other for enhancing competitiveness. “Strategy” consists of the following factors: customer targets; areas to establish an advantage among the various factors composing business; business models for cash generation; and selection of partners for business growth. That is, how to plan out the “winning path” of each business. “Operational capability” means attaining a high level of efficiency and productivity as a result of eliminating waste and stagnation as well as increas-

## Message from the CEO

ing speed at all operational frontlines of the business; this applies not only to manufacturing but also to indirect operations like R&D and planning as well as the supply chain.

No matter how excellent the “strategy” may be, it cannot be effective if we do not have the capability to execute it in actual businesses. To develop business that makes contributions to customers and society, it is extremely important to gain excellent operational capabilities to facilitate the smooth flow of goods and information while also responding agilely to changes as well as to find strategic advantages. In the past, Panasonic emphasized strengthening strategic capabilities to gain new advantages, such as moving the business into new areas and transforming business models. However, in terms of “operational capability,” there is still a lot of room for improvement in all businesses, functions, and operations. Taking up the challenge of constant improvement means to continue increasing our “operational capabilities” to the full extent.

### Major initiatives of business

Based on these ways of management thinking, I would like to use examples of three businesses under the new Group structure to explain how we can enhance competitiveness while expanding the range of our contributions to solving environmental issues.

#### **Gemba Process**

The first example is the *Gemba* Process business of Panasonic Connect Co., Ltd. under the new structure, currently Connected Solutions Company (CNS). As announced in April 2021, Panasonic has decided to make Blue Yonder a wholly-owned subsidiary with the intention of becoming the leading global provider of logistics solutions, which will bring about a *Gemba* revolution in the global supply chain.

Panasonic will leverage CNS's capability in digital and data to eliminate waste and stagnation at each *Gemba* comprising the supply chain. Then, we will provide solutions that bring continuous and autonomous enhancement of the entire supply chain by combining our strengths: initiatives for autonomous enhancement at the *Gemba* and Blue Yonder's software that establishes a continuous improvement cycle through end-to-end visibility and optimization of the entire supply chain. Through these solutions, Panasonic will reduce waste and stagnation at each *Gemba* comprising the supply chain and contribute to our customers' management transformation. In addition, we aim to contribute to solving societal issues such as more effective use of resources and work-style reform at the *Gemba*.

From the perspective of “strategy,” we aim to increase our advantage in this field by leveraging the partnership with Blue Yonder and refining our software and solutions capabilities. From the perspective of “operational capability,” we will increase adoption of this “revolutionized supply chain solution” at Panasonic's *Gemba* prior to offering it to customers. By doing this, we will enhance our own solutions capability as well as the operational capability of the entire Group.

#### **Energy**

The second example is our Energy Business, which will be operated by the newly established Panasonic Energy Co., Ltd. In our automotive cylindrical battery business, which is the core of our Energy Business, we have strategically collaborated with Tesla, the leading EV company, and expanded our business where we can take advantage of our strengths. However, since our operational capability for manufacturing was not flexible enough to meet the extreme demand fluctuation from Tesla, up to now we have had to focus mainly on improving profitability. During fiscal 2022, a new production line was installed in North America in response to surging demand. At the same time, we will thoroughly refine our operational capabilities and aim to further increase production capacity while achieving industry-leading cost competitiveness.

In terms of technological development, our current main product, the 2170 cell, has been leading the industry in performance as well as environmental impact. We will also lead the industry in the development of the 4680 cell, which is expected to become the standard size for next-generation use. With regard to further investment in the future, we intend to clarify the direction to take after we are certain that we can further improve our operational capabilities and demonstrate our competitiveness.

For non-automotive applications, we will expand our power storage system business. Our system is already highly appreciated for supporting the stable operation of data centers with a high degree of reliability. It has actually become a mission-critical system with the increasing importance of data protection in step with the development of the digital society. Going forward, as we see advances in the use of renewable energy globally, we will continue to take up challenges in the area of living-related infrastructure such as our home-use power storage system that provides a stable supply of electricity. In Panasonic Energy, we will thoroughly improve battery performance, reliability, and cost competitiveness while providing solutions to environmental issues and contributing to the development of social infrastructure.

### “Lifestyle” area

The third example is the “Lifestyle” area in the newly formed Panasonic Corporation. Here, our aim is to create new value toward reaching an “ideal society” with affluence both in matter and mind, in advance of global trends.

The indoor air quality and air-conditioning business is one of the growth pillars of the new Panasonic Corporation. Our strength in this area is that we possess wide-ranging technologies that improve air quality with minimum environmental impact. These include not only our unique technologies related to sterilization, such as “Ziaino” and “nanoe,” but also moisture control, which is the key to preventing viruses, and highly efficient heat-exchange technologies. Against the background of the spread of COVID-19, interest in air quality is increasing globally, and we expect to see even higher demand for products that integrate intelligent air quality technology and air-conditioning technology. In the new Panasonic Corporation, our aim is to create new and unique Panasonic value. One example is providing “healthy and comfortable air.” This will be achieved by integrating advanced technologies, which had been independently established in Appliances Company and Life Solutions Company, and forming them into a unified product or system. As the first case of this

approach, in March 2021, we launched an integrated air-conditioning/indoor air quality system in China. This product enables comfortable control of humidity according to the temperature of the ambient environment. Going forward, we will accelerate the introduction of large-scale types of such products for non-residential use, aiming to expand our solutions-type business.

In our consumer electronics business, with the establishment of China and Northeast Asia Company in 2019, we are gaining new types of strengths in China, such as speedy product development and cost competitiveness. Going forward, we will expand these strengths globally, starting in Japan, to enhance competitiveness.

In overseas B2B business, we have succeeded in developing our wiring device business overseas by leveraging our strong manufacturing capabilities. We have been expanding in such markets as Asia, India, and Turkey, mainly for residential use. Going forward, we aim to expand this business to non-residential use such as buildings and retail shops, in cooperation with the indoor air quality and air-conditioning business. Here, we will leverage the strengths we have built up so far, including the distribution channels we have cultivated and the trustworthy reputation we have nurtured through our brand among customers in these countries.

## Putting our Management Philosophy into action and aiming to become a valued company needed by society

With the idea that “A company is a public entity of society” as the basis of our management, Panasonic has grown as a company, together with our stakeholders. Through our business activities, we have made contributions to the development of society and solutions to societal issues, utilizing the various management resources entrusted to us by society. This way of thinking has not changed even today, as time has passed and society has developed. Rather, as various societal issues become more serious on a global scale and the international community aims to build a sustainable society, by such means as achieving the SDGs (Sustainable Development Goals), management based on our original mission will become even more important.

I believe that squarely addressing various societal issues, including global environmental issues, and taking up the challenge of making a greater contribution to the development of society and the resolution of pressing issues will also lead to further improvement of business competitiveness. Management to increase corporate sustainability through contributions to achieving a sustainable society can also be described as ESG management. From

Panasonic’s perspective, this is precisely about implementing our management philosophy.

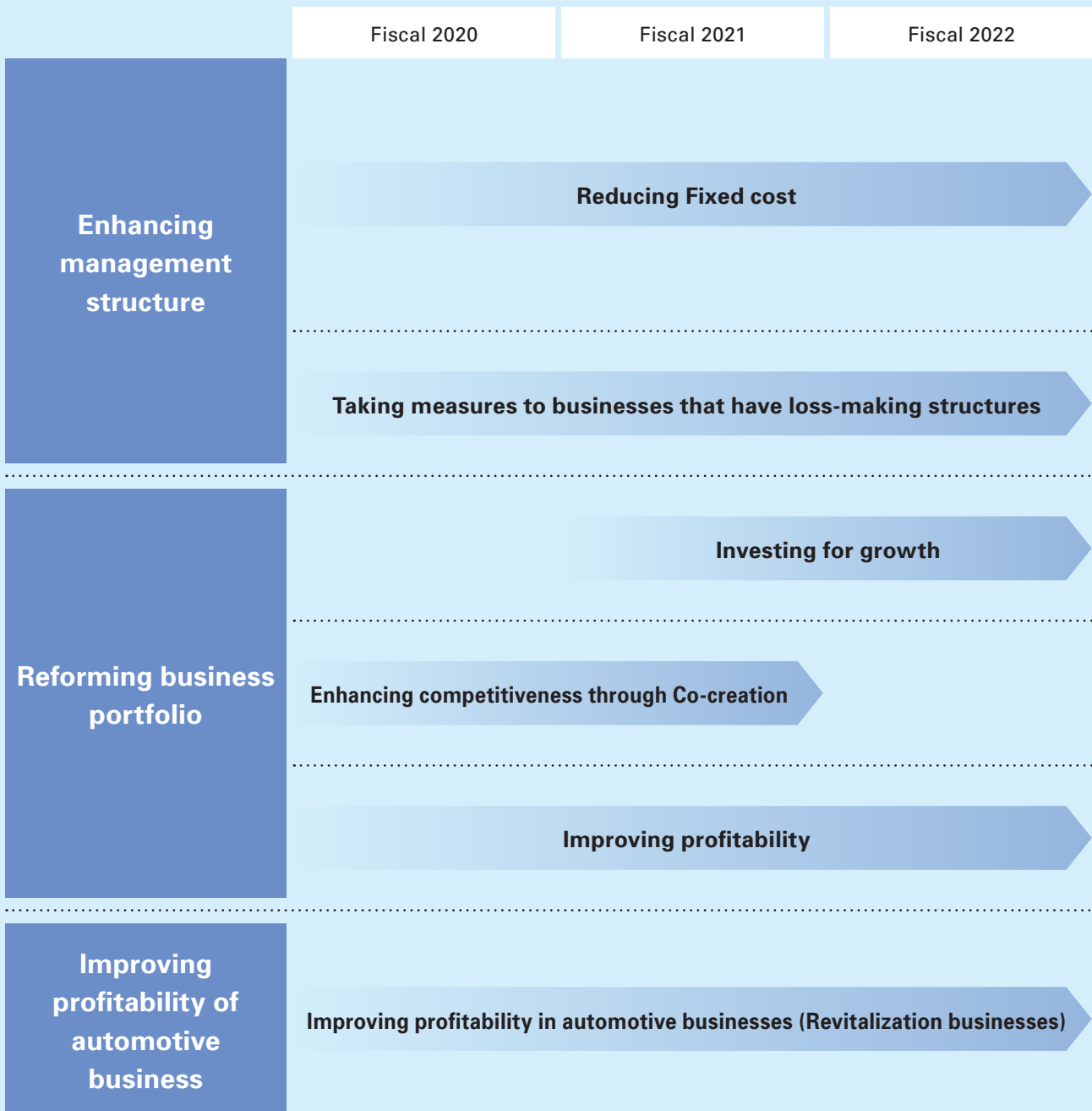
Based on this way of thinking, Panasonic will strive to help reach an “ideal society” so that our children, grandchildren, and beyond can live with affluence both in matter and mind. And we will aim to become a valued company needed by society, thus enhancing corporate value from the perspective of stakeholders as well as enterprise value from financial aspects. I would like to ask for your continued support of Panasonic.



# Progress of Mid-term Strategy Initiatives

As part of our Mid-term strategy that started in 2019, we have hitherto undertaken initiatives to enhance our management structure, reform our business portfolio, and improve profitability in automotive businesses with the overall objective of breaking away from a low-profitability structure.

In enhancing our management structure, a total of 110 billion yen in profit contributions through fiscal year ended March 2021(fiscal 2021) came from fixed cost reductions of 80 billion yen and 30 billion yen from measures aimed at dealing with businesses that have loss-making structures—namely, Semiconductor, LCD panel, Solar, and TV businesses. As a result, we achieved the Mid-term strategy target of 100 billion yen ahead of schedule in fiscal 2021. Furthermore, we will aim for profit contributions of an additional 20 billion yen with these initiatives in fiscal 2022 as well. In reforming our business portfolio, we have continued to improve profitability and deploy measures geared towards generating future profit growth. More specifically, we sought to enhance our competitiveness through Co-creation



with external partners in Automotive prismatic battery, Town development and Security systems businesses. We also endeavored to improve profitability in low-profit businesses, including lighting device businesses in Europe and North America, a European consumer battery business, and ITC Global, etc. Furthermore, we made growth investments in *Gemba* (operational frontlines) process and Automotive Batteries businesses. In April 2021 we reached an agreement on the acquisition of all remaining shares of Blue Yonder, a world-leading specialist supply chain software provider. With the acquisition of the leading-edge solutions and business models that Blue Yonder delivers on a global scale, we will seek to enhance our solutions capabilities and accelerate our business model transformation. In our automotive businesses, we have greatly improved profitability mainly by reducing fixed costs, improving productivity, and rationalization of materials. In this final year of the current Mid-term strategy, we will continue to push ahead with these initiatives in an effort to further boost profitability.

### Mid-term target of 100 billion yen achieved ahead of schedule in fiscal 2021

(Billions of yen)	Mid-term targets	Fiscal 2020* <sup>2</sup>	Fiscal 2021* <sup>2</sup>	Cumulative	Fiscal 2022 forecast* <sup>2</sup>
Fixed cost reductions* <sup>1</sup>	60.0	20.0	60.0	80.0	20.0
Reducing losses in businesses with loss-making structures	40.0	0	30.0	30.0	0
Total	100.0	20.0	90.0	110.0	20.0

\*1 Not including initiatives separate from those in the Mid-term strategy, such as fixed cost improvements in connection with weak sales caused by COVID-19

\*2 Year-on-year improvement on an adjusted operating profit basis

### Measures for dealing with businesses that have loss-making structures—i.e., Semiconductor, LCD panel, Solar, and TV businesses

### Growth investments in *Gemba* Process and Automotive Batteries businesses

### Establishment of joint ventures in Automotive prismatic battery and Town development businesses, as well as a capital alliance in Security systems business

In addition to measures to businesses with loss-making structures, other measures for tackling low-profit businesses, including lighting device businesses in Europe and North America, a European consumer battery business, and communication satellite services provider ITC Global, etc.

### Having returned to the black in fiscal 2021, we now look for profit of 50 billion yen in fiscal 2022

[Automotive segment]	Fiscal 2020	Fiscal 2021	Fiscal 2022 forecast
Adjusted operating profit (margin)	-30.5 billion yen(-2.1%)	2.2 billion yen* <sup>3</sup> (0.2%)	50.0 billion yen(3.2%)

\*3 Return to profit overall, even after booking one-off expenses

# Progress of Mid-term Strategy Initiatives

## Business Portfolio Reform

### Progress of Key Initiatives

## Investing for growth

To transform business model and build stable profit pillars for the future



### Gemba process

Acquire cutting-edge AI and machine learning technologies, packaged software business for supply chains, and know-how of recurring businesses from Blue Yonder to further accelerate the evolution of the *Gemba* process business

#### May 2020

- Acquisition of 20% stake in Blue Yonder

#### April 2021

- Announcement of acquisition of all remaining shares of Blue Yonder



### Automotive batteries

Expansion of production capacity at North America plant

#### Fiscal 2021

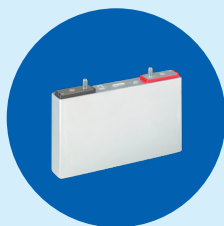
- Completed installation of technology for increasing battery capacity  
➔ 35GWh

#### Fiscal 2022

- Addition of new production line  
➔ 38–39GWh

## Enhancing competitiveness through Co-creation

To create new value with business partners



### Automotive prismatic batteries

Combine the electric vehicle know-how and manufacturing capability of Toyota with our high-quality, high-safety battery technologies, mass production capabilities, and customer base to develop the No.1 automotive prismatic battery in the industry

#### January 2019

- Announced decision on joint venture with Toyota Motor Corporation to engage in automotive prismatic battery business

#### April 2020

- Established Prime Planet Energy & Solutions, Inc.



### Town development

Create value for the entire town as a whole by combining the mobility services promoted by Toyota and “Lifestyle Updates” promoted by Panasonic

#### May 2019

- Announced decision on joint venture with Toyota Motor Corporation to engage in town development business

#### January 2020

- Established Prime Life Technologies Corporation



### Security systems

Deploy the knowledge and experience we have gained through our strategic capital alliance with Polaris, which has strong investment power, with our technological strength and customer base, to create a swift and flexible solutions business

#### May 2019

- Announced decision on strategic capital alliance with Polaris Capital Group Co., Ltd.

#### November 2019

- Completed capital alliance process

## Improving profitability

### Measures to businesses with loss-making structures

#### Semiconductors

##### Transfer business to Taiwanese company

###### November 2019

- Announced decision on transfer of semiconductor business

###### September 2020

- Business transfer completed

#### Semiconductors

##### Partial transfer of discrete semiconductor business

###### April 2019

- Announced decision on partial transfer of discrete semiconductor business to ROHM Co., Ltd.

###### December 2019

- Partial transfer completed

#### LCD panels

##### Discontinue in-house production

###### November 2019

- Announced decision to end LCD panel production by 2021

#### Solar panels

##### Production withdrawal

###### September 2020

- Completion of production withdrawal from US Buffalo factory

###### February 2021

- Announcement of production withdrawal from Malaysia and Shimane plants
- Continued sales of solar cells in Japan and overseas

#### TVs

##### Return to profit in fiscal 2021 on drastic cost overhauls

###### July 2019

- Announced decision to end production in Mexico

###### Fiscal 2021

- Return to profit by narrowing down number of development models for unprofitable models
- Reorganization of production sites and ongoing negotiations aimed at inclusive collaboration with partners

### Measures to low-profit businesses

#### Transfers of shares in European and North American lighting device companies

###### February 2020

Announcement and completion of transfers of shares in European lighting device company

###### March 2021

Announcement and completion of transfer of shares in North American lighting device company

#### Transfer of shares in European consumer battery company

###### March 2021

Announcement of transfer of shares in European consumer battery company

###### June 2021

Completion of transfer of shares in European consumer battery company

#### Completion of transfer of ITC Global

###### April 2021

Announcement and completion of transfer of satellite communication services provider, ITC Global

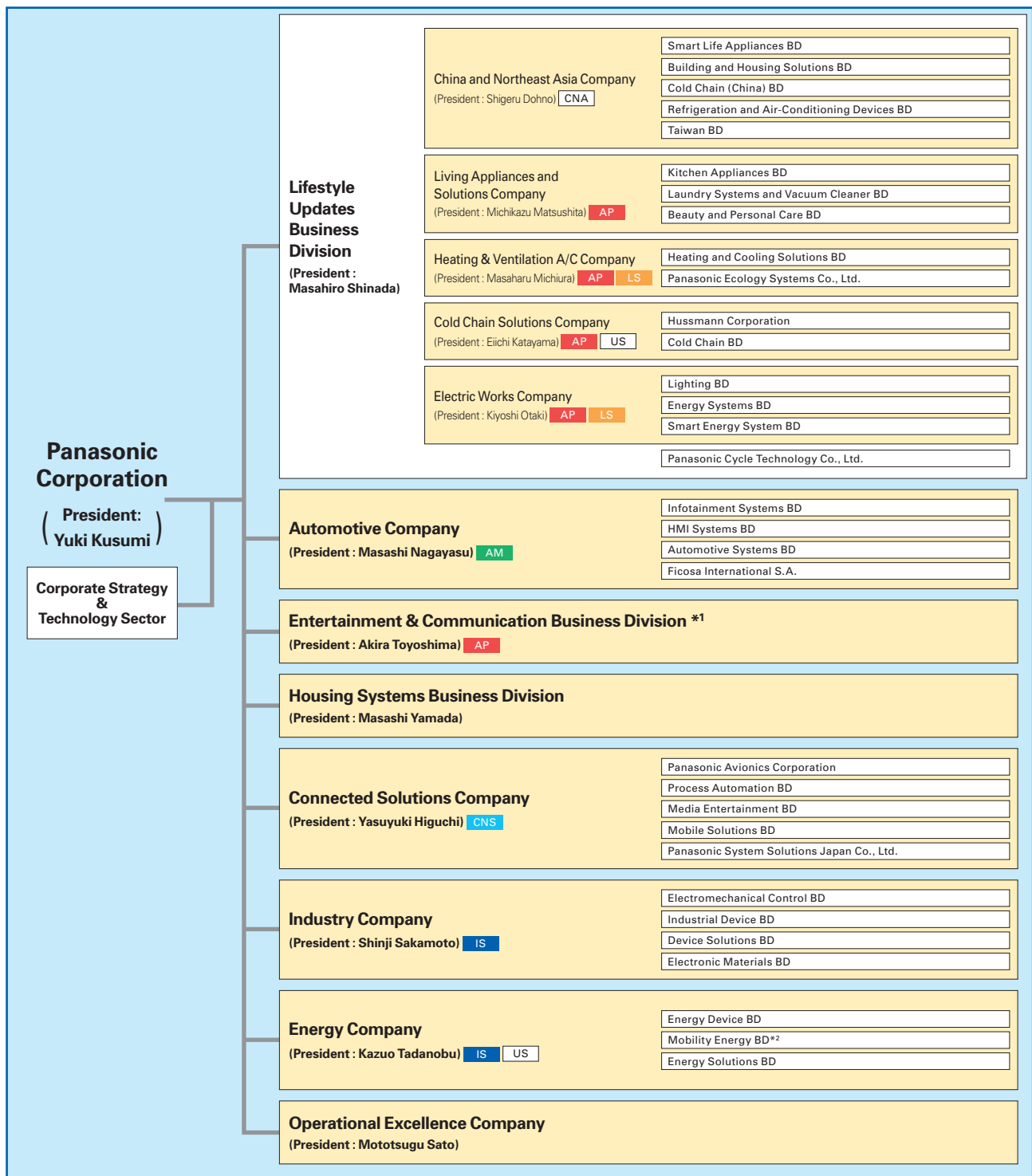


# Transition to an Operating Company System

As part of efforts to enhance its competitiveness in each business area, Panasonic will transition to an operating company system in April 2022. Under this system, Panasonic Corporation will serve as a holding company. Seven new operating companies and a new company that will be responsible for specialized functions will be placed under the umbrella of the holding company. The name of the holding company will be Panasonic Holdings Corporation, and the name of Panasonic Corporation will transfer to a new operating company. The new operating company will be in charge of the “Lifestyle” areas which focus mainly on

■ Holding Company ■ Main Operating Company ■ Divisional Company ■ AP Main Company (as of September 30, 2021) to form the new Divisional/Operating Company

## Group’s Structure effective October 1, 2021



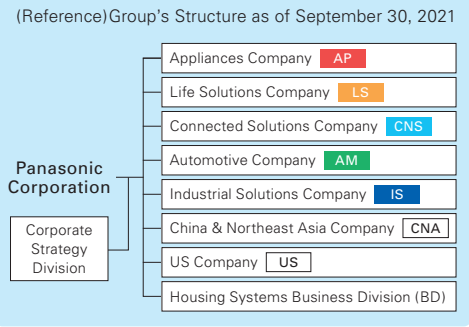
\*1 Renamed from current Smart Life Network Business Division

\*2 Renamed from current Tesla Energy Business Division



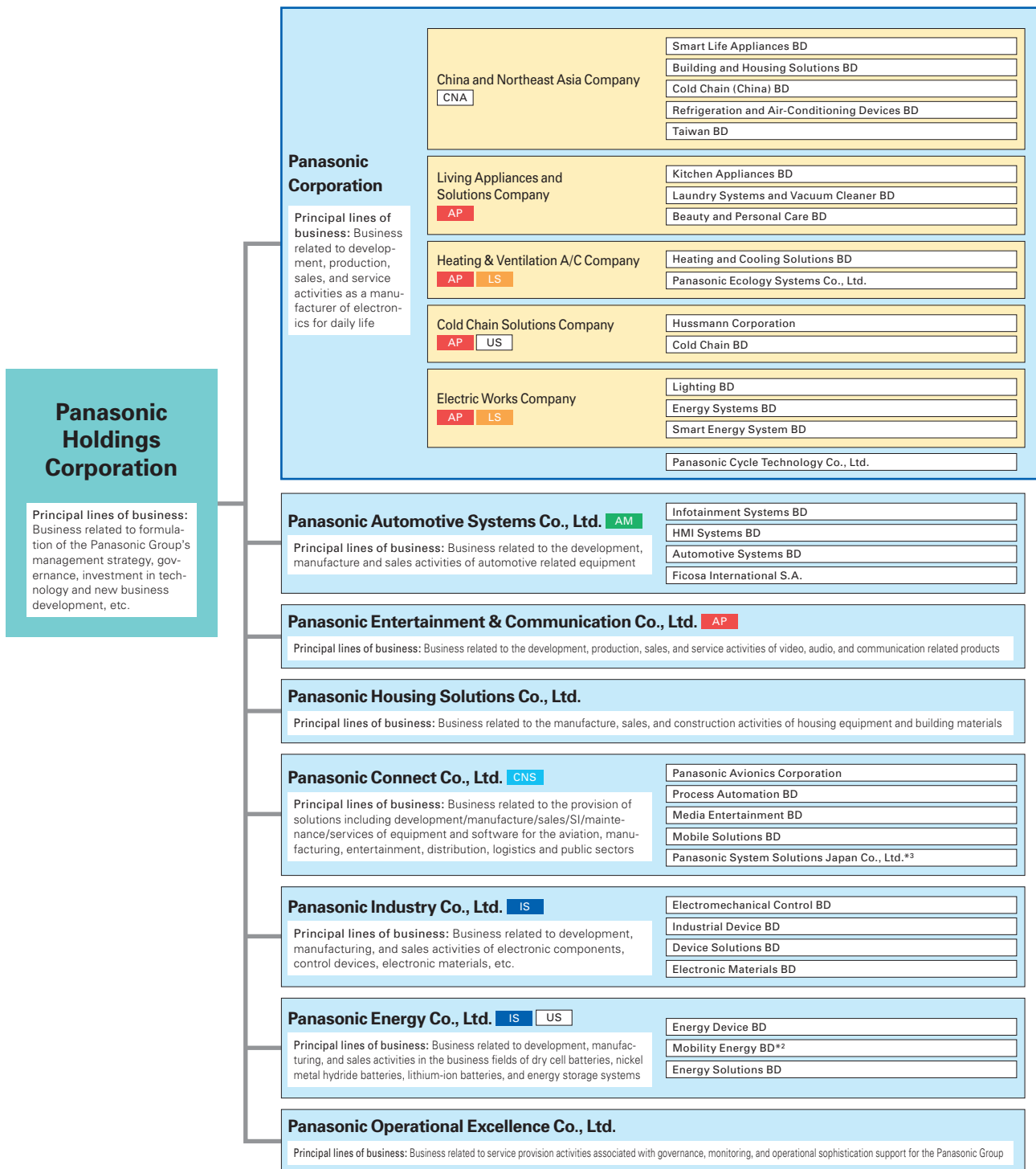
the operations currently undertaken by the Appliances Company, the Life Solutions Company, and the China & Northeast Asia Company.

In order to ensure smooth business operations under the operating company system, in October 2021, Panasonic will terminate the current Company System and substantially start its operations based on the new structure.



**Group's Structure effective April 1, 2022 (tentative)**

\* No change in the business divisions of operating companies from October 1, 2021.



\*3 The company name will be changed to Panasonic Connect Co., Ltd. as the succeeding company in the absorption-type company split, and the businesses under its umbrella will be treated as one business division. The business division name is to be determined.

## Transition to an Operating Company System

### Messages from Business Heads

## Lifestyle Updates Business Division



### Masahiro Shinada

President

#### Brief history

Apr. 2017 Vice President, Eco Solutions Company

Apr. 2019 President, Appliances Company

Oct. 2021 President, CEO, Lifestyle Updates Business Division

### Contributing to improvements in quality of living for customers

The Lifestyle Updates Business Division provides products and services for a wide variety of settings, whether it be people's homes, retail stores, offices, or public spaces. Our products include home appliances, HVAC (Heating, Ventilation, and Air Conditioning), lighting, electrical systems, and commercial equipment like refrigerator and freezer display cases. We operate not only in Japan, but globally. In particular, our business operations in China and Northeast Asia mainly deal with home appliances and residential equipment. Our mission is to achieve the wellbeing of people, society, and the planet with lifestyle technologies and ideas which stay close to people's lives that we have honed over the course of more than 100 years since our founding. In addition to creating new products and services, we will also contribute to the global environment by pursuing environmentally conscious manufacturing. For instance, with mainly our HVAC systems and fridge/freezer display cases, we seek greater reductions in CO<sub>2</sub> emissions with our energy-saving and natural refrigerant technologies. We believe these initiatives will meet the needs of both customers and society to coexist with the planet. By contributing to improvements in quality of living from the viewpoints of people, society, and the planet for the purpose of realizing a sustainable society, we hope to increase Panasonic's brand value as a lifestyle company.

Website: [https://panasonic.net/ap/corporate\\_profile/en-index.html](https://panasonic.net/ap/corporate_profile/en-index.html)

## Automotive Company



### Masashi Nagayasu

President

#### Brief history

Apr. 2014 Director, Automotive Marketing & Sales Division, Automotive & Industrial Systems Company

Apr. 2021 President, Automotive Company

Oct. 2021 President, CEO, Automotive Company

### Leveraging proprietary Panasonic know-how to contribute to a mobility society

We crafted our slogan "Heartmotive"\* and will continue to provide new value to vehicles and the mobility experience whilst staying close to automobile manufacturers and users. Changes are occurring in people's lifestyles and how people get around, as well as in technological innovation in the automotive industry known as CASE: Connected, Autonomous, ADAS (Advanced Driver Assistance System), Shared, and Electric. We intend to contribute to the advancement of a mobility society by combining the technology honed through development and manufacturing in our automotive business with the knowledge and know-how of the Group's consumer electronics and housing businesses. We will offer cockpit integrated solutions that deliver effective information so that users can drive safely and in comfort. We also provide cabin interior innovation solutions so that the time spent on travelling by car will be more fruitful. As for our efforts to address environmental issues, we have our sights set on achieving the 2030 target of zero CO<sub>2</sub> emissions at all operating companies of Panasonic ahead of schedule by expanding our products made from recycled materials and products that contribute to automobile weight reduction and electrification. Also, we work on energy reduction and recycling-oriented manufacturing in our business activities.

\*"Heartmotive" is a coined word that we combined "human emotion (heart)" and "automobiles." Anywhere at any time, people move, then move brings "encounters." This slogan expresses our wish to stay close to our customers, realize stress-free mobility experience for each individual, and continue creating inspiring encounters.

Website: <https://www.panasonic.com/global/corporate/am.html>

As part of our efforts to enhance competitiveness in each business area, in October 2021 we terminated the Company System and started our operations based on the new structure, and will transition to an operating company system in April 2022.

Below, the heads of each business introduce their new organization and touch upon their vision for the future.

## Entertainment & Communication Business Division



### Akira Toyoshima

President

#### Brief history

- Apr. 2013 President, Panasonic AVC Networks India Company Limited
- Apr. 2020 Vice President, Appliances Company
- Oct. 2021 President, Entertainment & Communication Business Division

### Continuing to provide new “emotion and relaxation” to customers

The Entertainment & Communication Business Division manages the global production and sales of AVC (Audio, Visual, and Communication) products, including TVs, home audio equipment, video equipment, digital cameras, headphones, intercoms, telephones, and home network systems.

Our mission is to offer people with new emotion and relaxation through the power of entertainment and communication. To make that happen, we aim to be professionals that continue to create tomorrow by bringing people together with the world’s best visual, audio, and communication products. With strong determination and ability to take action, we will create appealing products and solutions in an effort to bring about the creation of new lifestyles.

Going forward, we will continue to further refine our strengths in manufacturing visual, audio, and communication products, relentlessly evolve the way we create new value with the adoption of cutting-edge technology, and boldly embrace challenges in new domains.

We also intend to contribute to the realization of a recycling-oriented society by doing everything we can to utilize recyclable parts and materials, use less packaging, and reduce the amount of power consumed by our equipment. Through these initiatives, we aim to continually contribute to society and our customers and also achieve business growth.

Website: <https://www.panasonic.com/global/corporate/profile/segments.html#entertainment>

## Housing Systems Business Division



### Masashi Yamada

President

#### Brief history

- Apr. 2013 Managing Officer, Eco Solutions Company
- Apr. 2019 Senior Vice President, Life Solutions Company
- Oct. 2021 President, Housing Systems Business Division

### Providing new value to people and society by staying close to their lives

The environment surrounding the construction industry is now facing a turning point. There are numerous social issues that are rapidly evolving—mainly, a growing environmental awareness, such as carbon neutrality measures and natural resources conservation, labor and craftsmen shortages, and the diversification of people’s lives and values stemming from advancements in digital transformation and changes in working styles. Companies cannot achieve sustained growth going forward, if their business operations do not play a part in solving social issues. Given its close involvement in people’s lives, our business has the potential to solve many social issues. And I believe we have a mission to do that. We will continuously offer our know-how of materials and technologies for protecting forest resources and reducing CO<sub>2</sub> emissions in the form of products and solutions, including the lifestyle-related merchandise of the Panasonic Group, in order to contribute to realizing a sustainable and prosperous society which is aimed by the SDGs. In addition, we will seek to expand our value chain, bolster our competitiveness, and make further contributions not only in Japan but also globally in both residential and non-residential markets based on our strengths honed thus far—namely technology and sales networks—as well as new strengths including engineering solutions and digital technologies. Going forward, we will continue to deepen co-creation efforts with our business partners and customers in an effort to continuously provide new value to people and society.

Website: <https://panasonic.net/phs/>

# Transition to an Operating Company System

## Messages from business managers

### Connected Solutions Company



#### Yasuyuki Higuchi

President

##### Brief history

Apr. 1980 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)  
Left the Company in 1992 and served as President of Hewlett-Packard Japan, Ltd., President of The Dai-ichi, Inc., and Chairman of Microsoft Japan Co., Ltd.

Apr. 2017 President,  
Connected Solutions Company

Oct. 2021 President, CEO,  
Connected Solutions Company

#### Delivering innovation to the *gemba* (operational frontlines) and helping to realize a better society and a more sustainable future

We focus on the *gemba* of our B2B customers which harbor various issues and seek to contribute to their management reforms by delivering innovation to their operational frontlines. The use of the word “connected” in our new company name reflects our intention to provide further added value to customers by “connecting” technologies. For example, customer supply chains (the *gemba* for manufacturing, logistics, and retail) are plagued by labor shortages, but operational processes are growing increasingly complex in order to swiftly meet the diversifying needs of consumers. To address our customers’ management issues, we endeavor to optimize operational frontlines and improve productivity by connecting software and the latest technology to robust hardware and also by incorporating the knowledge and know-how we have accumulated from manufacturing into our services and solutions. We intend to step up the pace of this initiative with the addition of a software platform that leverages the AI/ML (machine learning) capabilities of Blue Yonder, a company we wholly acquired as a subsidiary in September 2021. Innovation at the *gemba* not only contributes to our customers’ business management, but also helps solve such societal issues as reducing disposal losses and energy consumption. In this way, we want to help bring about a sustainable society together with our customers.

Website: <https://www.panasonic.com/global/corporate/cns.html>

### Industry Company



#### Shinji Sakamoto

President

##### Brief history

Apr. 2013 Managing Officer,  
Automotive & Industrial  
Systems Company

Apr. 2019 President, Industrial  
Solutions Company

Oct. 2021 President, CEO,  
Industry Company

#### Working with customers to solve challenging social issues

The Industry Company was established with the mission that “We will open the way to a better future and continue to contribute to an affluent society through a variety of device technologies.”

We will focus our resources on fields that require solutions to social issues. For example, reducing manpower to alleviate labor shortages in factories, improving the reliability and safety of information and telecommunication infrastructure to cope with data explosions in an IoT-driven society, and accelerating the shift to environmentally compatible vehicles designed for a mobility society.

We intend to bring together the capabilities and knowledge we have honed thus far in developing device technologies to deliver characteristically distinct value with competitive devices based on our proprietary materials and process technologies, as well as with systems with competitive devices at the core. In particular, we will work together with our customers to expand the domains through which we can make contributions to society, based on our three core businesses: FA solutions, electronic materials, and capacitors.

Furthermore, as part of our contribution towards solving global environmental issues, we will aim to achieve carbon neutrality in our production activities and actively take steps to reduce our environmental footprint by further improving product performance.

As a true partner that our customers keep coming back to, we will continue to help bring about a sustainable and prosperous society by acutely responding more than ever before to changes in society with a sense of speed and a strong sense of mission.

Website: <https://www.panasonic.com/global/corporate/industry.html>

## Energy Company



### Kazuo Tadanobu

President

#### Brief history

- Jan. 2019 General Manager,  
Corporate Planning Department,  
Corporate Strategy Division,  
Panasonic Corporation
- Jul. 2020 Vice President,  
Industrial Solutions Company
- Oct. 2021 President, CEO,  
Energy Company

### Leveraging our strengths cultivated in the battery business to achieve a sustainable society that balances enriched lifestyles with the environment

The Energy Company is globally active in dry battery business that supports everyday convenience and comfort, as well as B2B businesses such as for industrial batteries and automotive batteries that support social infrastructure.

People's lifestyles and the pursuit of prosperity have diversified in recent years as our IoT-driven society has grown more sophisticated, but at the same time, the world is facing serious global environmental issues and increasingly intense natural disasters.

The Energy Company will earnestly address these environmental problems and help bring about a sustainable society in which enriched lifestyles are consistently balanced and harmonized with the environment by maximizing the value we provide to customers in the form of security, safety, and a minimal environmental impact. To that end, we intend to draw on the strengths we have hitherto honed in the energy field through our battery businesses—namely, technological development capabilities and outstanding product quality—to drive forward our business activities with a core focus on the “green” and “digital” domains. The former is typified by the uptake of environmentally conscious vehicles, while the latter refers to information and communication infrastructure. Furthermore, we aim to achieve carbon-neutrality at all of our production sites worldwide by 2028 ahead of the Company-wide target. Buoyed by the powerful determination that this is the only path left to humanity to change the future, we will exert every possible effort to further develop our technology and create new value that is yet to be found anywhere else.

Website: <https://www.panasonic.com/global/corporate/energy.html>



# Helping Solve Global Environmental Issues

## Summary of our initiatives

Panasonic has long addressed global environmental issues as a public entity of society, beginning with the establishment of our Environmental Charter in 1991. In tackling the issue of climate change, in 2017 we formulated the Panasonic Environment Vision 2050 and then in May 2021 we newly committed to achieving zero CO<sub>2</sub> emissions at all operating companies by 2030 as a milestone towards realizing the 2050 vision. We aim to be the top runner from the perspectives of both our inherent value of our products and the environment, thus becoming a global leader in making huge contributions to solving issues of climate change. Taking up this challenge will also lead to a further improvement of Panasonic's business competitiveness.

## Panasonic Environment Vision 2050 (announced June 2017)

To achieve "a better life" and "a sustainable global environment," Panasonic will work towards the creation and more efficient utilization of energy which exceeds the amount of energy used, aiming for a society with clean energy and a more comfortable lifestyle.

$$\text{Energy used} < \text{Energy created}$$

### Energy used

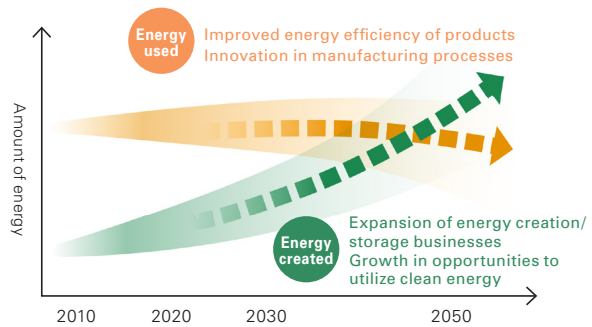
Energy used in business activities and by products and services made from such activities

### Energy created

Clean energy created and used in business activities and by products and services made from such activities (photovoltaic power generation, fuel cells\*, automotive batteries\*, stationary storage batteries\*, etc.)

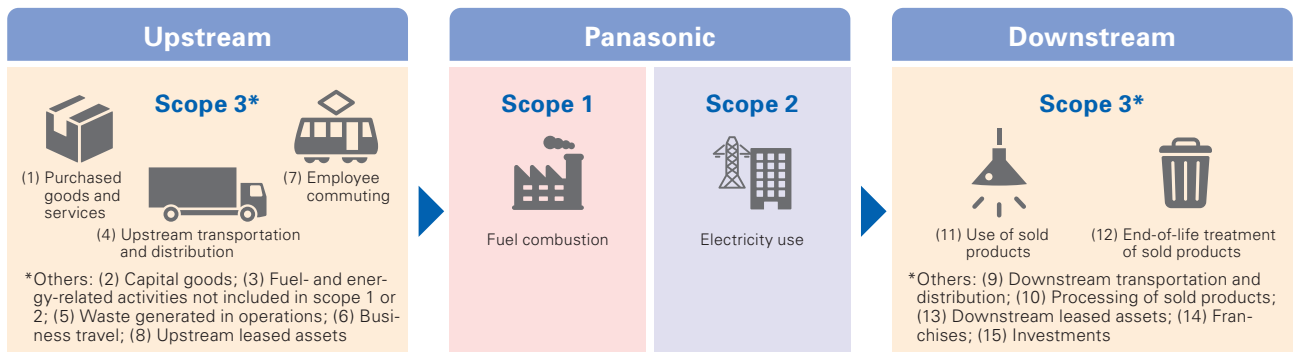
\*We anticipate that hydrogen and electricity storage will be used in the future as a source of clean energy that emits no CO<sub>2</sub>

### Image of realizing the Environment Vision



The Panasonic Environment Vision 2050 applies to all business activities related to Panasonic; namely, the three scopes based on the classifications of the GHG Protocol, a greenhouse gas emission accounting and reporting standard. We have set goals using the indicator "amount of energy," which can be tied to our own businesses, unlike "CO<sub>2</sub> emissions" that fluctuate depending on the mix of power sources and other factors in the electricity supply.

### Scope of Panasonic Environment Vision 2050 (scopes 1-3)



**Scope 1:** Direct GHG emissions by the Company (fuel combustion)

**Scope 2:** Indirect emissions from the use of electricity or heat and steam supplied from another company

**Scope 3:** Indirect emissions outside of scopes 1 and 2 (emissions of other companies related to the Company's activities)

Source: Compiled by Panasonic, based on Ministry of the Environment data. \*Items (1) through (15) in the charts above represent the scope 3 categories established by the GHG Protocol.

## 2030 Environmental Target (announced May 2021)

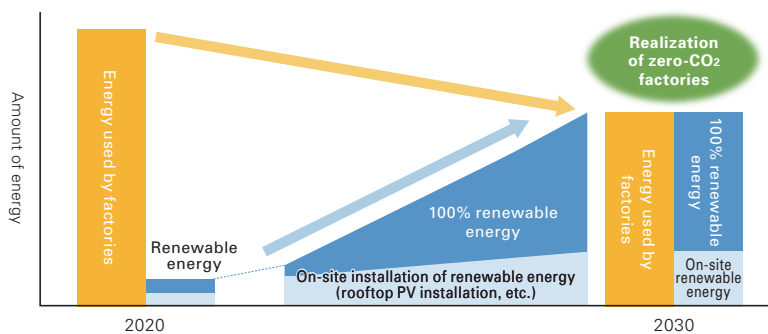
### 2030: Zero CO<sub>2</sub> emissions at all operating companies

As a milestone towards realizing the Panasonic Environment Vision 2050, we are committed to achieving carbon neutrality by the year 2030, first in scopes 1 and 2—areas in which we can directly control (mainly CO<sub>2</sub> emissions from energy consumption at our plants). We will aim to achieve zero CO<sub>2</sub> emissions by having each operating company step up their efforts to conserve energy, reduce the amount of energy they consume, and continue to expand their use and procurement of renewable energy sources.

In each global region we are working to create zero-CO<sub>2</sub>

factories and we already have six factories in four sites with zero-CO<sub>2</sub> status. In addition, at our fuel cell factory in Japan (Kusatsu, Shiga Prefecture) we are promoting an “RE100 solution”; the power generated through a system combining hydrogen fuel cell generators, photovoltaic generators and storage batteries can supply the entire power required for the manufacturing process (full-scale operations will begin in April 2022). These factories will serve as model factories as we look to deploy the know-how across the Group and expand the number of zero-CO<sub>2</sub> factories.

### Initiatives for creating zero-CO<sub>2</sub> factories



### Key Initiatives

#### (1) Saving energy

Reducing operating losses

Automated energy control

#### (2) Utilizing renewable energy

Integrated energy creation-storage linkage system

Hydrogen fuel cell solution

#### (3) Procuring renewable energy

Procuring electricity of 100% renewable energy

Procuring environmental value

### Global zero-CO<sub>2</sub> factories

#### China

##### Panasonic Energy (Wuxi)

Achieved in March 2021

#### Electric power

- Installation of photovoltaic power generation systems
- Procurement of I-REC (International Renewable Energy Certificate)



#### Fuel

- Use of CO<sub>2</sub> credits

#### Japan

##### Panasonic Eco Technology Center

Achieved in January 2019

#### Electric power

- Installation of photovoltaic power generation systems
- Procurement of electricity from renewable energy sources



#### Fuel

- Use of CO<sub>2</sub> credits

#### Costa Rica

##### Panasonic Centroamericana

Achieved in March 2020

#### Electric power

- Installation of photovoltaic power generation systems
- Procurement of electricity from renewable energy sources



#### Fuel

- Use of CO<sub>2</sub> credits

#### Brazil

##### Panasonic Brazil

Achieved in March 2019

3 plants: San Jose, Manaus, and Extrema

#### Electric power

- Procurement of electricity from renewable energy sources



#### Fuel

- Use of CO<sub>2</sub> credits

\*The European consumer battery plants that were divested in June 2021 are not included.

Please visit the following link for information about the Task Force on Climate-related Financial Disclosures (TCFD) and the Science Based Targets (SBT) initiative.

<https://www.panasonic.com/global/corporate/sustainability/eco/governance/tcf.html>

# Solutions for Supply Chain Transformation

## Blue Yonder acquired as a wholly-owned subsidiary

Becoming a global leader of solutions for supply chain innovation



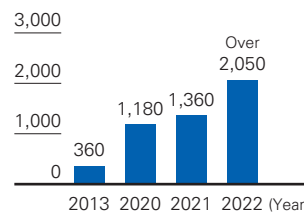
On April 23, 2021, Panasonic made the decision to acquire an additional 80% of the shares of Blue Yonder. That acquisition was completed on September 17 of the same year, which marked the acquisition of all Blue Yonder shares following the initial acquisition of a 20% stake in July 2020.

### Circumstances surrounding supply chains

Issues have continued to pile up in the supply chain field in recent times; namely, greater burdens on logistics owing to sharp fluctuations in demand, a shortage of workers, and decarbonization. Particularly in the supply chains of Japan's manufacturing industry, there have been various issues that stand out, including the slow adoption of digital technology, an overreliance on overseas production sites, and the state of risk hedging. That is why there is currently a pressing need to restructure them.

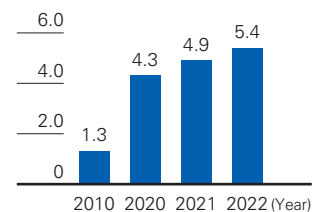
#### Forecast for the number of parcels shipped globally

(100 million items)



#### Global e-commerce sales forecast

(USD trillion)



Source: Blue Yonder, based on market research data

### For the realization of the Autonomous Supply Chain™: Acquisition of Blue Yonder as a wholly-owned subsidiary

#### Overview of Blue Yonder

Blue Yonder is the world's largest supply chain software company specializing in supply chain management (SCM). It is rated highly for its AI/ML (Machine learning)-driven innovative solutions. Blue Yonder boasts a global customer base of approximately 3,000 companies, many of which are major corporations in the manufacturing, retail,

and logistics companies. Recurring revenue\* accounted for a lofty 67% of Blue Yonder's net sales in 2020 and strong growth can be expected up ahead given forecasts for growth in the size of the SCM software market.

\* Unlike one-off sales of products or the one-time provision of services, the recurring revenue business model seeks to continuously generate income by providing customers with software or a platform under which they purchase additional pay-for-use services.

Company name: Blue Yonder Holding, Inc.

Headquarters: Scottsdale, Arizona, U.S.A.

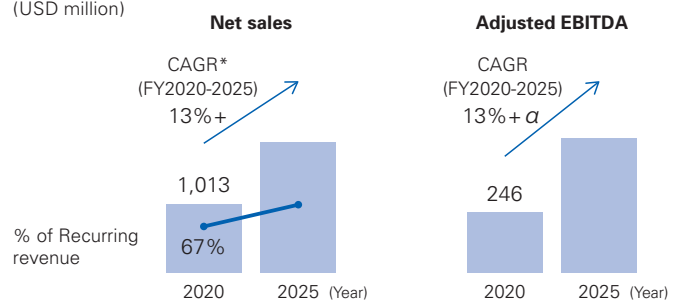
Founded: 1985

CEO: Girish Rishi

Business: Provision of supply chain software utilizing AI/ML for major manufacturing, retail, and logistics companies

#### Blue Yonder earnings for 2020 and estimates for 2025

(USD million)



\* Compound annual growth rate



## Blue Yonder is the world's largest supply chain software company

76 countries      3,000 global customers      61<sup>of the global top</sup>/<sub>100</sub> manufacturers      11<sup>of the global top</sup>/<sub>15</sub> logistics companies      68<sup>of the global top</sup>/<sub>100</sub> retailers

### Some of Blue Yonder's customers



### Characteristics and competitive advantage of Blue Yonder

Blue Yonder has been a market leader in the SCM software industry for more than 35 years. Its vertical focus is manufacturing, retail, and logistics companies.

Blue Yonder optimizes supply chains and inventory and labor management using its unique end-to-end platform, powered by leading AI/ML technology. Disruptions were caused by the global pandemic and port blockages such as those experienced at the Suez Canal in March 2021. However, by using Blue Yonder's solutions, customers were able to track inventory in real time, consider backup plans, and switch to alternative logistic routes and carriers.

Since supply chain efficiency and control is so mission-critical to the competitiveness of its customers, they seldom replace Blue Yonder's solutions because they are considered best-in-breed by Gartner and other leading analyst firms. Blue Yonder enjoys a strong and recurring business revenue model. Moreover, Blue Yonder has accumulated years of vertical and industry expertise with 3,000 global customers, which it has leveraged to develop new offerings and solutions using the power of AI/ML.

### Towards an Autonomous Supply Chain™

Panasonic and Blue Yonder have their sights set on realizing the Autonomous Supply Chain™.\*

An Autonomous Supply Chain™ eliminates wastefulness between and within companies and significantly saves resources across the entire supply chain. For instance, it has the potential to greatly reduce food waste and food loss—currently a challenge faced by society—by autonomously linking demand and inventory changes in the retail industry with food manufacturer production and stock purchasing. In addition, more efficient operations can help solve issues faced by management, such as workforce aging and the lack of successors.

In working towards the achievement of a sustainable society, the two companies will first accelerate the development of solutions that combine their respective strengths and push ahead with the rollout of SCM solutions throughout the Panasonic Group.

\* Autonomous Supply Chain™ refers to optimized operations achieved automatically in the supply chain, from upstream to downstream, through autonomous linking of software with devices and sensors at the *gamba* (operational frontlines).

### Timeline of acquisition as a subsidiary

November 2019

#### Establishment of joint venture

Collaboration on SCM integrated solutions

July 2020

#### 20% investment

Expansion of strategic partnership  
Joint go-to-market activities in Japan  
Development of joint solutions

April 2021

#### Acquisition

Expansion of autonomous SCM globally

By strengthening our relationship with Blue Yonder thus far, we were able to confirm some positive signs in the area of value creation and strong affinity from the perspective of culture. After a series of discussions by the Board of Directors and management meetings, the decision was made to make Blue Yonder a wholly-owned subsidiary.

## Message from the CFO



**Steadily advancing Mid-term strategy initiatives with the aim of breaking away from a low-profitability structure and improving earnings by reducing costs according to the circumstances of each business and expanding operations in line with societal changes**

**Making investments necessary to enhance future competitiveness whilst maintaining financial discipline based on our capital allocation policy**

Hirokazu Umeda

Director, Senior Managing Executive Officer, CFO

### Basic approach to capital policy and Mid-term strategy

Our basic approach to capital policy in conducting business operations emphasizes return on invested capital and financial stability.

In terms of return on invested capital, we are aiming to stably achieve ROE of at least 10% in an effort to generate returns that exceed the cost of stockholders' equity over the medium to long term by promoting management that is conscious of capital costs.

As for financial stability, we are working to expand Panasonic Corporation stockholders' equity through the accumulation of net profit and endeavoring to build a robust financial base with which we can propel business structural reforms and investment for growth. We are undertaking initiatives with an awareness of financial discipline under our capital allocation policy of generating cash needed for investments, structural reforms, and dividend payments from cash flow generated by businesses, divestitures, and the sale of assets.

Guided by this basic approach to capital policy, with the overall objective of breaking away from a low-profitability structure during the three-year Mid-term strategy that started in fiscal year ended March 2020 (fiscal 2020), we continue to reform our business portfolio, enhance our management structure, and improve profitability in automotive business.

For our business portfolio reform, we are concentrating our resources in focus areas that we consider to be growth fields and working to reinforce our competitiveness and improve profitability through partner collaborations and other means. To enhance our management structure, we are reducing personnel costs and indirect operations, lowering fixed costs by mainly consolidating facilities, and rolling out radical reforms of businesses having loss-making structures. To improve profitability of automotive business, we are working to thoroughly strengthen our profitability structure and enhance competitiveness in each business, by focusing on areas where we have advantages in terms of customers and products.

### Business operations during the COVID-19 crisis and future outlook

In fiscal 2021, the global spread of COVID-19 infections seriously affected the movement of people and goods and triggered a sharp contraction in the global economy, primarily in the first half of the fiscal year. Our businesses were also heavily impacted and headed into the new fiscal year with uncertainties in the operating environment. Sales declined due to a market downturn stemming mainly from outing restrictions, while sales opportunity losses arose because parts procurement difficulties forced our plants to suspend operations or lower their operating rates.

In the first quarter, sales and profits were negatively affected in all business areas, mainly in Automotive and Connected Solutions which were severely affected by deteriorating conditions in the automotive and aviation industries. Sales decreased significantly in real terms after excluding the impacts of exchange rates and deconsolidation, while adjusted operating profit (profit generated by businesses) recorded a loss due to the impact of lower sales and other factors. In this challenging operating environment, as a measure aimed at improving profitability, we stepped up the pace of the fixed cost reduction initiatives under our Mid-term strategy that we have continued to drive forward as an internal project since last fiscal year. The spread of COVID-19 infections has also largely transformed working styles, so much so that working remotely has now become the norm. We therefore drastically reviewed the conventional way of using fixed costs for activities such as business trips, meetings, and exhibitions, and succeeded in thoroughly reducing them. We will continue with such efforts to further enhance our cost structure. On the other hand, on the business front, business opportunities reflecting changes in society are arising, and we are capturing such opportunities.

Although sales in real terms continued to decrease from the same period in the previous year in the second quarter, there was a noticeable recovery in sales in each business, notably Automotive and Appliances segments. In addition to the Mid-term strategy initiatives we had continued to implement in order to enhance our management structure, such as reducing fixed costs and dealing

with businesses having loss-making structures, the benefits of thoroughgoing cost reductions began to materialize, which helped adjusted operating profit turned to an increase from the same period in the previous year. In the second half too, as the economic environment continued to recover, we controlled the level of fixed costs by steadily pushing ahead with measures for enhancing our management structure. We recorded an increase in both sales and profit due to contributions to profit improvements from businesses responding to changes in society, including air-conditioning and indoor air quality, public health-related services, automotive batteries for EVs, and information and communication technology.

In full-year results, sales decreased largely due to the impact of COVID-19. Operating profit and net profit decreased due mainly to the impact of one-time gains in other income/loss recorded in the previous fiscal year. However, adjusted operating profit increased to 307.2 billion yen and the adjusted operating profit margin improved to 4.6% from 3.8% last year.

In terms of enhancing our management structure—one of the initiatives in the Mid-term strategy—we made profit contributions of 60 billion yen through fixed-cost reductions, with employees vigorously promoting the measures identified within the Company. And we achieved our mid-term target of 100 billion yen ahead of schedule, reflecting progress made towards improving profitability in the businesses that have loss-making structures, including a return to profit in the TV business. In particular, fixed costs overall decreased by approximately 180 billion yen from the previous year, partly reflecting the impact of lower sales and lower production caused by COVID-19. As for our business portfolio reform, we established a joint venture with Toyota Motor Corporation in the automotive prismatic battery business, set the direction for the semiconductor and solar businesses, made a strategic equity investment of acquiring a 20% stake in Blue Yonder as an investment for growth, and ramped up automotive battery business production capacity at our North America factory. Moreover, in terms of profitability improvement of the automotive business, adjusted operating profit turned profitable after recording a heavy loss in the previous fiscal year through productivity improvements and rationalization of materials. We have made steady progress on our Mid-term strategy initiatives.

## ROE



From the viewpoint of return on invested capital, ROE has held steady at more than 10% over the medium term, averaging 11.7% for the last five years, but it dropped to 7.2% in fiscal 2021 owing to a decline in net profit attributable to Panasonic Corporation stockholders and the continued accumulation of stockholders' equity. For fiscal 2022 we forecast ROE of 8.0%, the same level as the cost of stockholder's equity, but we will aim to steadily achieve at least 10% by continuing to advance initiatives aimed at improving profitability.

While the impact of COVID-19 is likely to remain in some businesses in fiscal 2022, we will look to tap business growth opportunities mainly in the areas of 5G, IoT, and air-conditioning and indoor air quality. We will also aim to drive sales and profit growth by staying the course to enhance our management structure. In particular, we will implement tight cost controls according to the circumstances of each business to ensure that fixed costs do not return to previous levels as sales and production activity recovers. In this way we will work on perpetuating the cost reduction benefits realized the year prior. We forecast adjusted operating profit (profit generated by businesses) of 390 billion yen and an adjusted operating profit margin of over 5%, higher than in fiscal 2020, prior to the outbreak of COVID-19.

## Financial initiatives in an uncertain operating environment (financing, cash flow generation, shareholder returns)

The spread of COVID-19 infections through the start of fiscal 2021 also significantly affected our finances. Given that there was no visibility on how much of an impact COVID-19 would have going forward, share prices plunged in the stock markets and there was major upheaval in direct financing markets, including instability in commercial paper and other short-term money markets. In light of this situation, we used global financial networks to summarize the state of our cash, both over and short, and based on that information we started considering the measures we would need to take. Our finances were also greatly affected during past financial crises, such as the global financial crisis in 2008. Based on our experiences at that time, we ran simulations of the impact on our finances and formulated risk scenarios envisaging a decline in cash. As a measure for preparing for this possibility, we made it our top priority to secure liquidity on hand.

Specifically, we secured cash on hand in excess of 1,000 billion yen. And we strengthened our finance structure by securing other means of financing, in addition to the commitment line contracts we already have with financial institutions. We also lengthened the duration of short-term funds by issuing domestic unsecured straight bonds worth 200 billion yen in December 2020.

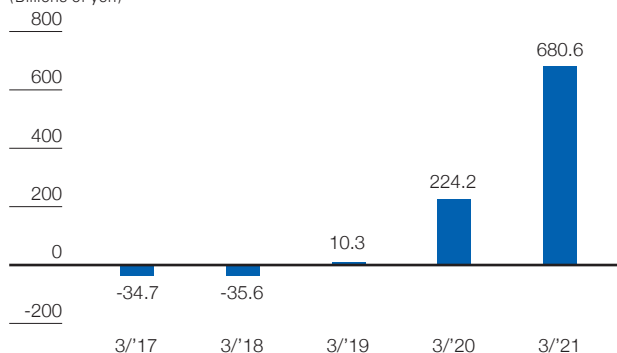
Free cash flow in fiscal 2021 was 680.6 billion yen, reflecting improvements in profit and working capital, business transfers as part of our business portfolio reform, and the sale of shares held. We have also exe-

## Message from the CFO

### Free Cash Flow

(Years ended March 31)

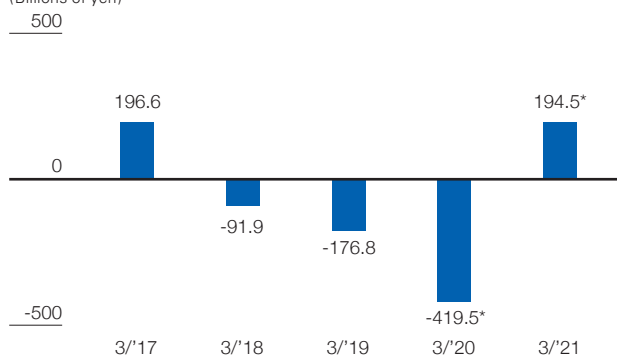
(Billions of yen)



### Net Cash

(Years ended March 31)

(Billions of yen)

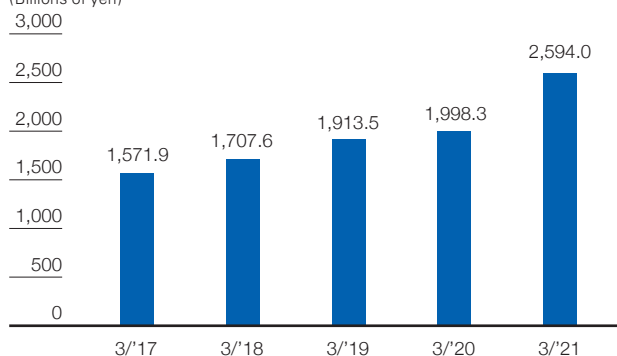


\*Includes lease liabilities owing to the application of IFRS 16 to interest-bearing debt beginning in fiscal 2020

### Panasonic Corporation Stockholders' Equity

(Years ended March 31)

(Billions of yen)



### Credit Ratings (As of August 31, 2021)

Ratings agency	Long-term (Outlook)	Short-term
Rating and Investment Information (R&I)	A (Stable)	a-1
Standard & Poor's	A- (Stable)	A-2
Moody's	Baa1 (Stable)	—

cuted some investments for growth within the scope of cash flow generated. For example, we made a strategic equity investment of acquiring a 20% stake in Blue Yonder. As a result, our financial stability has steadily improved with net cash turning positive and stockholders' equity also increasing to 2,594 billion yen as of the end of fiscal 2021 through the accumulation of net profit.

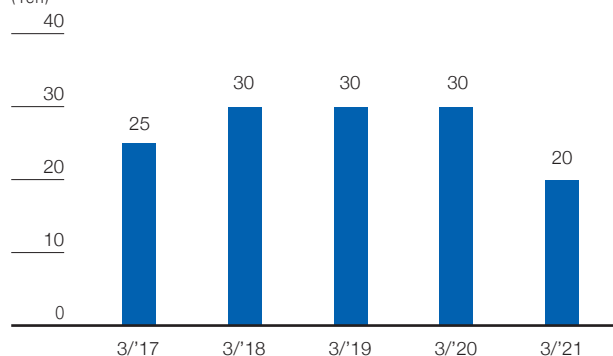
I believe the aforementioned disciplined financial management and progress on improving profitability have been evaluated favorably by credit rating agencies.

As for returning profits to shareholders, because of the decline in net profit attributable to Panasonic Corporation stockholders in fiscal 2021, it is with much regret that we have had to lower the annual dividend by 10 yen year on year to 20 yen in line with our dividend policy of basically distributing profits according to consolidated results. In fiscal 2022 we will continue with efforts from the latter half of last year to improve earnings so that we can return profits to shareholders.

### Dividends (Dividends declared per share)

(Years ended March 31)

(Yen)



### Making necessary investments to capture growth opportunities

As part of Mid-term strategy Panasonic has continued to roll out initiatives with the aim of breaking away from a low-profitability structure. Through these efforts, over the past two years we have pursued co-creation with external partners in order to reform our business portfolio, and we have implemented concrete measures one after the other with a focus on improving profitability, including measures for those businesses having loss-making structures. Meanwhile, so that we might enhance the competitiveness of the entire Panasonic Group and achieve medium- to long-term growth, it is crucial that we accurately identify and never miss growth opportunities and make investments in a well-focused manner in accordance with business conditions.

In the *Gemba* (operational frontlines) Process business—which we consider to be an area of focus—shifting to solutions business and driving growth in recurring business have been a pressing issue. Toward this aim, we have been deepening our strategic partnership with Blue Yonder through setting up a joint venture in 2019 and acquiring a 20% equity stake in the company in 2020.

To further accelerate this initiative, we made the decision to acquire Blue Yonder as a wholly-owned subsidiary for a total acquisition price of approximately 750 billion yen. This move will enable us to quicken the pace of *Gemba* process innovation and reinforce operational capabilities in our own supply chain.

At the same time, it is extremely vital that we are able to maintain a sound financial position even after the deal is closed, in spite of the temporary financial impact from the acquisition and the recording of sizeable intangible assets and goodwill. To that end, from the perspective of financial stability that we emphasize in our basic approach to capital policy, we especially made sure that the acquisition would align with our capital allocation policy, and we also examined the impact it would have on our credit rating. Our capital allocation policy defines our approach to the generation and allocation of cash for the purpose of shifting management resources towards sustainable growth under our Mid-term strategy. Guided by this approach, in addition to the generation of operating cash flow, through the optimization of our business portfolio and the sale of assets, we were able to generate cash flow of about 2,200 billion yen, including a reduction in lease liabilities through divestitures. As a result, after using the necessary capital mainly for investments, dividends, and structural reforms, we have around 1,000 billion yen of excess cash, which means that the amount required for this acquisition is within the range of cash generated. We also carefully examined the acquisition's impact on our credit rating. In order to stably maintain our credit rating after the acquisition and ensure that we still have the capacity to make investments in the future, we are considering the use of hybrid financing in which a certain level of equity value is recognized for credit rating purposes.

Up ahead, after Blue Yonder has been made a wholly-owned subsidiary, we will steadily carry out a PMI (post-merger integration) and set our sights on enhancing the company's business value and generating synergy effects. We will endeavor to strengthen the *Gemba* Process business—a focus area for Panasonic—and by extension, further boost the competitive edge of the entire Group and improve its financial position.

## Transition to a holding company system

The Panasonic Group has made a decision to transition to a new group structure from April 2022. The current Panasonic Corporation will serve as a holding company and seven operating companies will be placed under its umbrella. Each operating company will be empowered to make decisions concerning business matters. By taking autonomous management to the next level like this, we will speed up overall management and enhance the competitiveness of each business.

At the same time, it is also important that the operating companies are disciplined in their use of capital. Each operating company will carry out management that is conscious of capital costs and strive to generate a certain level of return on the capital they have been allocated. Operating

companies can invest the cash generated in excess of capital costs to enhance their own competitiveness within their authority based on the Group's approach to autonomous management. Subsequently, this will further drive growth and improve the corporate value of the entire Group.

Moreover, it is even more important that each operating company, as an independent business entity, is directly accountable to the capital markets as "a public entity of society." They are expected to gain further understanding of their respective businesses by holding strategy and performance briefings in an effort to communicate more proactively.

## Putting our management philosophy into action and aiming to enhance corporate value

We have long undertaken business activities based on the management philosophy that "A company is a public entity of society." In other words, we believe our *raison d'être* is to continually push ahead with efforts to provide solutions to various social issues through our business activities and grow together with society and stakeholders. It is also really important that we deepen our dialogue with stakeholders regarding these kinds of activities.

Currently, the environment surrounding corporate management is changing significantly. Companies are expected to make high-level contributions to the attainment of the Sustainable Development Goals (SDGs), an agenda the international community has its sights set on achieving, mainly in the area of climate change. And calls from investors within and outside of Japan for companies to disclose and discuss ESG information are growing stronger as ESG investing is rapidly increasing worldwide.

Under these circumstances, contributing to the SDGs and undertaking ESG initiatives are precisely about implementing our management philosophy. The entire Panasonic Group, under the leadership of CEO Yuki Kusumi, is united in advancing initiatives toward solving global environmental issues through its business activities. These initiatives will not only improve the sustainability of society, but they will enhance our corporate value from the perspective of stakeholders as well as enterprise value from financial aspects, and lead to the long-term, sustained development of the Company.

As for dialogue with the capital markets, we intend to actively engage in dialogue with our shareholders and investors through the disclosure of information in an integrated manner incorporating our business and management activities as well as ESG. In addition, we plan to hold briefings focusing on ESG topics.

For Panasonic to become a valued company needed by society and in order to enhance our enterprise value, we must return to the basics of, and put into practice, our management philosophy. We must also endeavor to gain the capital markets' understanding of our initiatives and make best use of their valuable opinions to improve our management approach.

I look forward to your continued support of Panasonic going forward.



## Message from the CTO



### Building the pillars of tomorrow's Panasonic businesses with GX and DX, aiming to achieve a society characterized by sustainability and well-being

**Tatsuo Ogawa**

Executive Officer  
Group Chief Technology Officer  
(Group CTO)

#### R&D in the operating company system

I was appointed Executive Officer and CTO in April 2021.

Under the leadership of Group CEO Yuki Kusumi, Panasonic is squarely addressing social issues and working hard to make significant contributions towards the goal of achieving an “ideal society.” This policy is also consistent in how we approach R&D (research and development). I intend to offer my support from a technological perspective to build the pillars of businesses that can help bring about a society characterized by sustainability and well-being.

In April 2022, the Panasonic Group will transition to an operating company system. While each operating company will focus their efforts on research topics that synchronize with the idea of making each business more “specialized and sharpened,” Panasonic Holdings Corporation (hereinafter, “the holding company”) will pursue R&D from a medium- to long-term perspective to contribute considerably to society as a group and reinforce the common foundational technology that underpins each operating company. I intend to support those operating companies that are going to develop a dynamic new business and I will also provide support from technological perspectives to the Group's overall portfolio management.

Furthermore, according to the roles of operating companies and of the holding company, I intend to clarify what will continue and what will be changed going forward in terms of how R&D should be, when compared to the Group's previous Company System.

Technology administration and management at the holding company will become extremely important up ahead and I am keenly aware that these are my roles as Group CTO.

#### R&D outlook

In offering my support from a technological perspective to build the pillars of businesses so that we can envision a society characterized by sustainability and well-being, I especially intend to tackle head-on initiatives related to green transformation (GX) and digital transformation (DX).

In terms of GX, since 2010 we have set our sights on becoming the No.1 Green Innovation Company in the Electronics Industry. Not only do we adopt measures to conserve energy in our own operations, but we have long been engaged in the business of mainly fuel cells and storage batteries, of which the latter contributes greatly to the electrification of vehicles. Moreover, in May 2021 we committed to the target of zero CO<sub>2</sub> emissions (carbon neutral) at all operating companies by 2030. Going forward, we will work towards realizing the Panasonic Environment Vision 2050 (please refer to “Message from the Environmental Compliance Administrator”), which mainly outlines our response to climate change, by designing energy-saving products in order to reduce the amount of energy used, and also by research and development related to energy technology such as battery, hydrogen, and so on, in order to further increase and make use of the energy created.

As for DX, we will continue offering contributions by maintaining the connection with customers through products and services even after shipping with the use of IoT technology and AI. For example, the building of a digital platform that collects digital data-based information about how customers use home appliances as a framework for better understanding the day-to-day lifestyles of customers is almost complete. We intend to utilize the information we accumulate to offer personalized functions with which users can customize IoT-connected home appliance settings, as well as voice-push notification service informing the user that the appliance has completed an operation. In addition to day-to-day lifestyle settings, we hope to expand our IoT and AI capabilities to business and mobility settings. For instance, smart cameras installed in retail stores or facial recognition entry/exit systems.

We are also working to uncover issues by gauging the situation of every user based on information acquired from IoT devices and sensors and then offering improvement measures to create an optimal condition for each user. This will enable us to provide value based on our understanding of users. We are also launching a new service model combining software and people based on the value we provide, instead of the previous concept of enriching people's lives with hardware.

## Converting the diversity of Panasonic into value

Panasonic operates a variety of businesses and we deal with customers in all of our business fields. In the areas

of devices, home appliances, housing, services, and solutions, we hope to establish a unique position by converting the interactions we have with various customers into value. To that end, we need to change the very way we engage in technological development by switching from our mainstay product design approach of mass production and mass consumption to a context design approach under which individual customers can identify and express value. We hope to work on creating value together with customers and continually make contributions to customers in a better way even after they have received our products.

Furthermore, in addition to our diverse business lineup, we will look to draw on our strengths of trust and confidence forged thus far and break away from the conventional notion of vertical integration whereby the Company would carry out all of the work and the roles to take charge of the horizontal division of labor. Instead, we will seek to play a hub-like role in a network-type project best suited to the social contributions we aim to deliver.

Also, as society shifts from mass production and mass consumption to one that is more recycling oriented, we will have to make changes to our R&D portfolio from the viewpoints of ESG and sustainability.

We hope to understand what it is that people essentially need in their lives and place importance on the perspective of how technology can better assist people rather than being at the forefront of everything in place of humans. With this in mind, we intend to embrace a wide variety of challenges going forward.

## Initiatives on intellectual property

In solving the complex problems currently plaguing the global environment, an unprecedented level of diversity is required in terms of the resources required to deliver solutions, including technology, human resources, and intellectual property. Through intellectual property we aim to realize co-creation by building appropriate relationships with stakeholders and we are therefore promoting the merging of these various resources. By setting a policy that these initiatives will lead to solving global environmental issues and in doing so, boosting our business competitiveness, we are stepping up efforts to strengthen relationships and collaborate with customers and partners by utilizing intellectual property.

More specifically, in the field of automotive batteries we are accelerating collaboration and pushing ahead with the building of supply chains as we work towards solving environmental issues by fusing the strengths of our partner companies with the technologies we have developed that balance high quality/reliability with low costs, including related intellectual property.

Through these kinds of initiatives we intend to work hand in hand with partner companies to help solve environmental issues and promote activities even in the area of intellectual property to ensure that our irreplaceable planet remains plentiful and clean.

## Message from the CIO



### DX in the Panasonic Group: Panasonic Transformation (PX)



**Bring happiness to life.  
Bring happiness to work.  
It's digital, it's our value.**

#### Hajime Tamaoki

Executive Officer  
Group Chief Information Officer (Group CIO)

Under a new organizational structure, Panasonic is currently propelling initiatives to exhaustively strengthen its competitiveness by making each business more “specialized and sharpened.” The business environment nowadays is entirely dependent on digital technology and it would be no exaggeration to say that IT is indeed a key pillar of corporate management and the driver of differentiation. Panasonic too must ramp up its Group-wide efforts in the area of digital transformation (DX). However, much of our IT—which a successful DX hinges upon—is unfortunately outdated and still consists of mainly individually optimized or old legacy systems, so it is absolutely essential that we shore up our overall IT framework. Accordingly, in May 2021 we launched in earnest our so-called Panasonic Transformation (PX) project to achieve a DX at the Company.

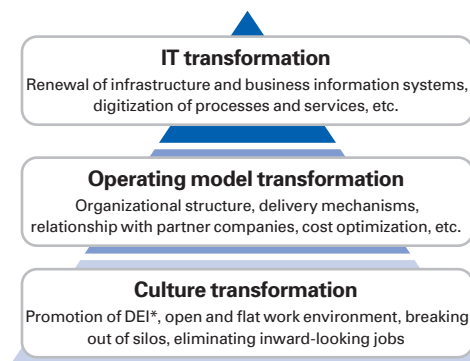
### Transformation framework

The word “transform” basically refers to a change in the true nature of something. As part of the PX, we believe we need to promote genuine transformation on three layers and we have already decided what needs reinforcing on each layer and have started taking concrete action.

At the top is the transformation of business or IT itself. In the middle is the transformation of our operating model needed to deliver it. At the bottom is the most critical and most challenging layer—the transformation of culture that underpins the accomplishment of the two aforementioned transformations. Properly advancing all of these transformations will be crucial. For example, if nothing other than cloud computing installation on the top layer is implemented, changes are unlikely to become entrenched and things will revert back to the old ways of doing things. So in this sense, the transformations on these three layers need to be implemented collectively. To that end, all employees in departments, not just the Information Systems Department, involved in the PX as a Panasonic Group-wide transformation project under the

ownership of CEO Kusumi must work together to drive the project forward.

#### Transformation framework



\* Diversity, Equity & Inclusion

### IT transformation (IT strategy)

Having been subjected to business reorganizations over the years, our IT systems have undergone numerous integrations and separations, while those in charge of information systems have followed suit and successively added new functions on top of old platforms in order to meet worksite requests for completing certain tasks with IT technology. As a result, we have ended up with a disjointed collection of individually optimized systems that are unable to agilely respond to the pace of business and management. But rebuilding everything will require a vast amount of time and money. That is why in the PX, the prerequisite for transforming IT itself will rest on supporting each Panasonic business to become “specialized and sharpened” and making business operations more efficient, and to achieve that, we have selected four optimal programs: (1) modernization of legacy systems; (2) maintenance of master data; (3) use of cloud computing; and (4) SCM streamlining and improvement. We are currently assigning concrete themes to these programs, launching



activities, and deciding on implementation targets. In addition, we are working closely with business divisions and employees at the *gemba* (operational frontlines) to simplify and standardize business processes with a “back-to-basics” approach that is essential to IT implementation.

## Operating model transformation (organizational transformation)

To overhaul the IT supply chain framework that efficiently delivers outputs under the aforementioned IT strategy, we will revamp not only our Information Systems Department, but also all aspects of management resources that encompass it, such as people, goods, and capital. Even though we have carried out large-scale IT innovation projects before, the fact that we are delving deep into this layer is the biggest thing that sets the PX apart from prior projects. As we work towards transforming management, the *gemba*, and processes, we intend to push ahead with seven projects, including the following: mechanism of incorporating IT into the management agenda; personnel management reforms; vendor governance and commercial flow innovation; and transformation of IT subsidiaries as a core of service delivery. We must pay particular attention to the point that “changing how to do things is the same as turning to become more ‘Agile.’” Here, the use of the word agile does not simply refer to the method of IT development—it means switching to an agile working style that can pave the way towards organizational transformation. We will make sure that this transformation drives an acceleration in management and business by emphasizing the following key points: eliminating inward-looking works and shifting thoroughly to a customer perspective; frequently delivering small results instead of a big result over a long term; and flexibly responding to changes rather than executing tasks as planned. We have also linked these activities to the third layer (culture transformation), launched an agile center modelled on our Operational Excellence Company, and commenced trials on a small scale. Based on the outcome of these activities, we intend to gradually have the entire Panasonic Group adopt more agile working styles and culture.

## Culture transformation

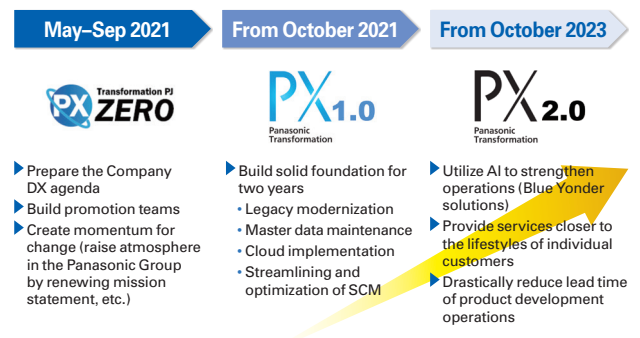
The transformation framework (PX) is supported from the ground up by changes in organizational culture, the mindsets of individuals, and working styles. We believe these sustained transformations are the very reason why we can accomplish the PX for the first time. Accordingly, we have continued to put into practice throughout the Group the plan of One Panasonic IT (breaking out of silos), open and flat work environment, a zero-tolerance policy (ensuring psychological safety at work), and the elimination of inward-looking jobs. Moreover, for the benefit of not just the Information Systems Department, but also for all of the people involved in developing the IT and systems for driving the PX project forward together, for the first time in 13 years we renewed the mission statement of

the Information Systems Department that was formulated in 2008. The department’s vision has been defined as “Bring happiness to life. Bring happiness to work. It’s digital, it’s our value.” We consider both life and work are so important to us all, including our customers, so we are committed to deliver even more happiness to people’s day-to-day lives with digital technology and our own endeavors. It is my wish for everyone in the Panasonic Group to enthusiastically pursue transformation under the PX project to turn Panasonic into a radiant company that makes contributions to society as a whole.



## Two-year roadmap and a further step towards “genuine DX”

We are formulating a new three-year mid-term plan starting in April 2022. For the PX too, we view the current scenario as the first iteration of the project, or PX1.0, which will first shore up our basic footings, much like the seismic retrofitting process. After we have properly consolidated a foundation, we intend to redefine new strategies and value in each business and ensure they are consistent with the new IT strategy for PX2.0, which will evolve and grow into a business model transformation and new value creation, driven by cutting-edge digital technology.



## Aiming to further strengthen security measures

We fully recognize the importance of security measures when undertaking corporate activities such as the DX project discussed above. Alongside countermeasures for addressing a recent case of unauthorized access to one of our file servers, we will endeavor to further strengthen our security measures. Security measures based on a zero-trust network have been also discussed at Group management meetings and a decision has been made to strengthen our approach in fiscal year ending March 2023 (fiscal 2023) by earmarking a security investment budget that is more than double that of previous years. Given the responsibility of the Panasonic Group to protect sensitive customer data, the Company will continue to steadily work on building a safe and secure remote working environment for employees together with a zero-trust network.

## Message from the CHRO



### Spearheading the challenges of operating divisions with people, organizations, and corporate culture that respect diversity

#### Shigeki Mishima

Executive Officer  
Group Chief Human Resources Officer (CHRO)  
In charge of DEI (Diversity, Equity & Inclusion)  
Promotion

— Developing people and making the most of their potential —

The Panasonic Group believes that the backbone of management rests on the development and making the most of valuable human resources present in society. Based on this “people-come-first” thinking, our vision is to become “The Best Place to Work where diverse talents work at their best.” As we set our sights on bringing about an “ideal society” with affluence both in matter and mind, we intend to push ahead with our human resources strategies designed to develop people, organizations, and corporate culture, whilst also spearheading challenges in operating divisions.

#### Environment surrounding human resources and type of employees we seek to develop

The environment surrounding human resources has changed dramatically in recent years, and will most likely continue to evolve going forward. It is expected that the worldwide decline in the working-age population as a percentage of overall population will persist, but at the same time, technology capable of replacing labor, such as AI and robotics, is evolving dramatically. Furthermore, an era in which more people will likely live to the age of 100 is fast approaching with life expectancies in mainly developed countries continuing to increase. As such, prolonged careers and diversified personal values toward working are constantly progressing. And some of these environmental changes have intensified all at once as a result of the spread of COVID-19.

In the midst of such dramatic changes in the operating environment, the Panasonic Group will transition to an operating company system in April 2022. Under this new Group structure, we will thoroughly implement a style of autonomous management whereby each business confronts social and environmental issues on a 10-year time horizon, manages their respective businesses with a view to resolving such issues, and works persistently to

strengthen their competitive edge.

Accordingly, we ask that every employee proactively takes on the challenge of making contributions to society and fully demonstrates their respective capabilities. So that we can continue to be an organization where employees grow and play active roles, I believe it is crucial more than anything else that we build mutually benefiting relationships between the Company and its employees. This should entail the employees autonomously developing their own career by combining the Company’s future direction with their own challenges and the Company providing opportunities for such challenges and fully supporting their endeavors.

#### Building the systems and frameworks best suited for the needs of respective industry



The aim of the new Group structure from April 2022 is to have each operating company thoroughly engage in autonomous management and build a business structure best suited to their respective industry, customers, and competition. Accordingly, each operating company will go about building optimal systems and frameworks for the industry in which they do business, particularly with

regard to acquiring talents necessary for strengthening business competitiveness, establishing evaluation/C&B systems for ensuring performance, and promoting the development of organization and talents that propel business strategies. Meanwhile, the operating companies will be supported by Panasonic Holdings Corporation in terms of a Group-wide human resources strategy and by Panasonic Operational Excellence in terms of efficiency and sophistication of strategy execution.

## Group-wide strategy

### Development of management executives

For the sustained development of each operating company, a diverse pool of managers that can drive business forward is absolutely essential. To that end, we are working to create a pipeline of successors over the medium to long term. Each operating company is responsible for promoting the development of senior management and successor candidates, but for the nurturing of the next generation of operating company presidents—some of the most important management postings in the Group—we are currently promoting the development of a diverse pool of management executives irrespective of nationality, work history, gender, age, or other attributes based on a policy of fast-tracking and “the right person for the right job,”\*1 all the while paying particular attention to the following values as a Group-wide approach.

- (1) Provide career opportunities at a stage earlier than when such opportunities were afforded to oneself in order to develop leaders better than oneself
- (2) Provide extremely challenging roles
- (3) Secure a diverse candidate pool

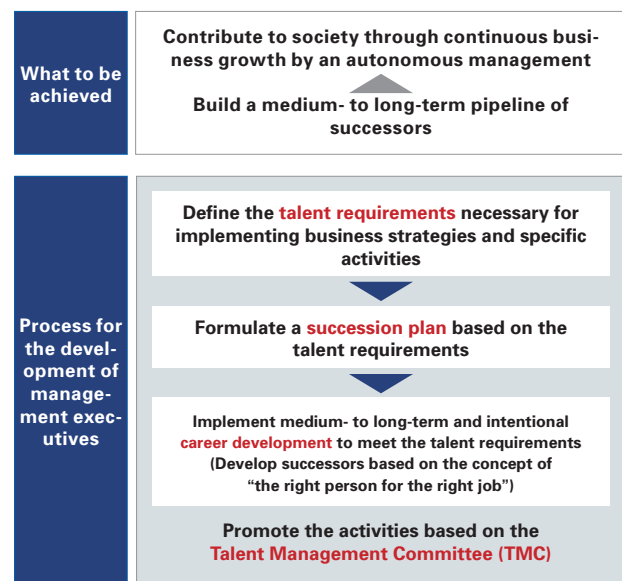
Other components that make up the Group’s common platform include the assessment of management executives and executive candidates, the monitoring process for training progress, and the discussion/determination process concerning the selection and appointment of executive candidates by the Group Talent Management Committee.

As for training sessions for executive candidates, we are currently preparing optimum programs to be hosted within and outside of the Company. We also continue to run the two programs we launched in fiscal year ended March 2021 (fiscal 2021): Launching Executive Leaders\*2 and Creating Executive Leaders\*3. Moreover, in fiscal 2022 we are endeavoring to enhance the content of training by organizing the Learning Program for Newly Appointed Panasonic Group Executive Officers as well as the Panasonic Group Business Philosophy and Management Workshop.

These systems for developing management executives are now delivering results from the perspective of “the right person for the right job.” There have been more cases that the human resources we have hired from outside the Company play active roles as a leader of business management or of a certain function. We have also standardized how we assess human resources in the Group

based on the following considerations: Competencies, Traits & Drivers, Performance, and Experience & Skills. To facilitate the process, we have developed assessment tools and already assessed hundreds of executive candidates. We have also finished formulating future candidate selection and career development plans. These career development plans have been reviewed by the Group Talent Management Committee and reflected into our new Group structure as October 1, 2021.

### Basic process for the development of management executives



### Promotion of DEI (Diversity, Equity & Inclusion)

The Panasonic Group has thus far been a pioneer in society in terms of introducing various working styles, including telecommuting, and rolling out various systems for childcare, nursing care, and for the benefit of employees who identify as LGBTQ. And in this day and age of a rapidly evolving social environment in which values are growing increasingly diversified, continuing to replicate the initiatives we have implemented thus far will not be sufficient enough going forward. In October 2021 we formulated the Panasonic Group DEI (Diversity, Equity & Inclusion) Policy by incorporating “Equity,” our views on seeking fairness in providing opportunities for each person, into our existing policy on diversity & inclusion and embarked on a new challenge of articulating the position of the new policy as a Group strategy. By leveraging the diverse opinions of a diverse workforce in the management of the Company, we will seek to generate greater value and continue to make contributions to society.

\*1 Nominating a person that is most qualified for the position from within or outside the Company (the right person for the right job).

\*2 Training that aims to have participants comprehensively leverage their competency to think and act in a way that is conducive to change and put management principles into action.

\*3 Training that aims to have participants equip themselves with self-awareness of the management skills to adopt a customer-oriented approach, think strategically, and execute reforms by leveraging management literacy.

# ESG Positioning and Initiatives (Opportunities and Social Responsibilities)

In keeping with its Basic Business Philosophy, Panasonic aims to help achieve an “ideal society” with affluence both in matter and mind, or in other words, a sustainable society. And so that we can gain the acknowledgment of customers and society, we are working hard to strengthen our competitiveness. By generating profits as a reward for the contributions we make and enhancing our corporate value, we aim to make management itself “sustainable.” This is also known as ESG management or sustainability management and we consider this is precisely about implementing our Basic Business Philosophy.

Main opportunities and social responsibilities	<b>Opportunity</b>	Items that contribute to the enhancement of corporate value
	<b>Social responsibility</b>	Items that minimize the risk of damage to corporate value

<b>Environment</b>	<b>Opportunity</b>	Contribute to growth in businesses related to the environment and energy with the use of clean technology, such as energy-saving, battery, and hydrogen technologies
	<b>Social responsibility</b>	<p>Energy: Combat climate change in various ways, including compliance with more stringent regulations mainly on energy efficiency</p> <p>Resources: Promote manufacturing to achieve a recycling-oriented society, including the recycling of factory waste</p>
<b>Human resources</b>	<b>Opportunity</b>	Contribute to strengthening business competitiveness through the development of management executives, human resources development and promotion of diversity, and the creation of organizations and culture
<b>Corporate citizenship activities</b>	<b>Opportunity</b>	As corporate citizens, the Company and its employees work on solving social issues and contribute to business growth mainly by enhancing brand value and tapping new markets
<b>Human rights and occupational health and safety</b>	<b>Social responsibility</b>	Abide by all labor laws and regulations, respect basic human rights, including the prohibition of forced labor, child labor, and all forms of discrimination, and develop safe and comfortable workplace environments
<b>Responsible procurement</b>	<b>Social responsibility</b>	Establish sustainable supply chains by working together with suppliers to promote procurement activities that fulfill social responsibilities concerning mainly legal compliance, human rights and labor issues, health and safety, and global environmental conservation
<b>Product quality</b>	<b>Social responsibility</b>	Improve product quality and ensure product safety, observe product quality compliance, and engage in optimal manufacturing for every product
<b>Compliance</b>	<b>Social responsibility</b>	Establish a global infrastructure, foster a compliance culture, and promote the use of a global hotline, aimed at preventing compliance violations such as competition law violation, bribery and corruption
<b>Risk management</b>	<b>Social responsibility</b>	Perform risk assessments to identify major risks that may affect business management and strengthen corporate-wide risk response capabilities through a process of reporting to the Board of Directors, monitoring the progress of countermeasures, and making improvements
<b>Corporate governance</b>	<b>Opportunity</b>	Transfer considerable authority to Divisional Companies (from April 2022, operating companies) and facilitate more efficient and timely decision making by having the Board of Directors (from April 2022, the Board of Directors of Panasonic Holdings Corporation) concentrate on determining Group management policies, such as Group strategies and reforms to the basic organizational structure
	<b>Social responsibility</b>	Contribute to solving social issues as a Group by incorporating into Group management such elements as stronger sustainability in Group governance with more effective function-focused governance and Group audit structure, the promotion of diversity, inclusion, and equity (DEI), and respect for human rights



For more details, please refer to the material “Group CEO Briefing (Sustainability Management)” held on January 6, 2022.

<https://www.panasonic.com/global/corporate/ir/presentation.html>

The Basic Business Philosophy of the Panasonic Group is posted on our website at the following address.

<https://www.panasonic.com/global/corporate/management/philosophy.html>

## Related information

### This Annual Report

#### Message from the Environmental Compliance Administrator (p.55)

Contributing to solving climate change issues in the fields of energy and resources

#### Initiatives towards the Environment (p.56-58)

Environmental sustainability management / Energy-related initiatives / Resources-related initiatives / Response to TCFD

#### Message from the CHRO (p.37-38)

Spearheading the challenges of operating divisions with people, organizations, and corporate culture that respect diversity

#### Initiatives regarding People, Organizations, and Corporate Culture (p.59-60)

Self-determined career formation / Promoting DEI / Creating safe and secure workplaces

#### Responsible Procurement Activities (p.61-62)

Procurement policy / Panasonic Supply Chain CSR Promotion Guidelines / CSR self-assessments / Clean procurement / Responsible minerals procurement / Environmental Initiatives

#### Message from the CIO (p.35-36)

DX in the Panasonic Group:  
Panasonic Transformation (PX)  
Bringing happiness to life. Bringing happiness to work. It's digital, it's our value.

#### Message from the Chairman of the Board (p.7-8)

Continuing to reform governance for sustainable growth and enhancement of corporate value

#### Messages from Outside Directors (p.41-44)


#### Directors, Audit & Supervisory Board Members, and Executive Officers (p.45-48)

#### Corporate Governance Structure and Initiatives (p.49-54)


The Company considers corporate governance to be a key foundation for increasing its corporate value and will continue to strengthen governance, including enhancing the discussion of business strategies by the Board of Directors


### Other

#### Sustainability Data Book

 [Environment: Policy](#)

#### Sustainability Data Book

 [System for the Promotion of CSR Activities](#)

 [Human Resources Development and Promotion of Diversity](#)

 [Respect for Human Rights](#)

 [Occupational Health and Safety](#)

 [Responsible Supply Chain](#)

 [Raising Product Quality Levels and Ensuring Product Safety](#)

 [Fair Operating Practices](#)

 [Risk Management](#)

 [Information Security and Protection of Personal Information](#)

#### Website

[Corporate Citizenship Activities](#)

 [Corporate Governance Report](#)

## Messages from Outside Directors



### Contributing to reform by realizing DEI

#### Shinobu Matsui

Outside Director

Director, Uzabase, Inc. After working as an accounting auditor and consulting manager of international taxation, Matsui joined the company and served as COO, etc. as an executive officer. Appointed outside director of Panasonic in June 2021.

#### — For what reasons did you accept the position of outside director at Panasonic and what do you think is your role on the Board of Directors?

To be honest, I was in two minds about accepting the position of outside director partly because the timing of when I was offered the role coincided with my appointment as a director of Uzabase. On the other hand, I have felt that interest in society about sustainability is growing, particularly the awareness among business leaders. This got me thinking about the social significance of corporations and the purpose of Uzabase.

At Panasonic, which is about to change, if I can play a part in contributing value to society, I can make a big impact on society. This also represents a rather big challenge for me personally. Considering the significance of this endeavor, I decided to accept the offer.

Yuki Kusumi was appointed Panasonic's new Group CEO this year—the first change in Group CEO position took place in a while. At the timing of the top management's rejuvenation, my opinions from the viewpoints of child-rearing generation, which may be different from those of highly experienced outside directors, could be of some help. And given my experience thus far at an IT startup, I believe one of my roles at Panasonic, a manufacturing company, is to bring simple questions and a new way of thinking to the Board based on a completely different culture and basic assumptions.

#### — What is your impression of the Company?

My impression is that the Company is certainly in the thick of major changes. It is no easy feat for a corporation with some 240,000 employees to make changes, but that is the very reason why I think Panasonic can have an enormous impact on society when those changes materialize. That's why it is very important that the Company changes

for the better, as the impact brought by the changes is so huge. For this reason, I think the Company's basic business philosophy\* that a company is a public entity of society is a really great premise for change. If Panasonic can really achieve a situation in which all 240,000 employees are always aware of earnestly seeking to contribute value to society in their day-to-day work, I believe it can definitely create a lot of positives for society and fulfil its corporate social responsibilities.

\*The Basic Business Philosophy  
<https://www.panasonic.com/global/corporate/management/philosophy.html>

#### — What are your expectations of the Company?

I believe there are some tasks only Panasonic is capable of achieving to help bring about society's vision of a sustainable planet. Those environmental initiatives outlined in the Panasonic Environment Vision 2050 are surely the ones that only Panasonic can accomplish, so I certainly want to see the Company vigorously push forward and achieve its targets.

I also think it is important for Panasonic to thoroughly promote diversity, equity, and inclusion (DEI). So that every employee in its diverse workforce can fully unleash their potential, I think the Company needs to instigate a major change to drastically overhaul its existing organizational culture because simply switching systems and the like is not good enough. Finding out which direction to take is impossible without recognizing the issues at hand, but Panasonic has a solid understanding of the gap between its vision for DEI and the status quo, so all it needs to do now is work on bridging that gap. I see this as a positive. Going forward, I want to see the Company leverage its experience and expertise to realize DEI, and I hope the active participation of a diverse workforce generated from that will translate into more value for society.





**Yoshinobu Tsutsui**  
Outside Director

### Management philosophy

Panasonic has a management philosophy to be proud of from the time of the Company's founder. It incorporates long-term perspectives and concepts rooted in the Japanese business principle of *sanpo-yoshi* (three-way satisfaction for seller, buyer, and society), and even has direct ties to modern-day ESG issues. Constant communication of this philosophy by the CEO is most important if it is to be realized in all of the Company's global business operations. I am confident that the way our new Group CEO, Yuki Kusumi, has gone about instilling an awareness of this philosophy since taking office will create a firm foundation for enhancing the Company's corporate value.

### Governance concerning nomination and compensation

When nominating the new CEO, in addition to excellent decision-making skills and a sense of responsibility as a leader, among other factors, I attached particular importance to the candidate's ability to globally communicate the Company's philosophy and strategy, as well as visionary foresight to calmly take stock of the ever-changing operating environment. On these points, Group CEO Kusumi possesses unquestionable leadership potential and I believe he is the right person to front the management team and live up to the expectations of investors by enhancing medium- to long-term corporate value.

### Environment

Panasonic must place ESG issues, especially those relating to the environment, at the very center of its medium- to long-term strategy. As a member of the global business community, the Company is expected to play an extremely significant role in contributing to the well-being of various stakeholders and society as a whole. I believe that tackling environmental issues from a broad-ranging scope is in itself the Company's business calling and the most important medium- to long-term strategy for enhancing corporate value.



**Hiroko Ota**  
Outside Director

### Governance concerning nomination and compensation

Whoever is at the top of the new structure must possess a certain degree of toughness and composure to entrust management operations to each operating company and sternly ask them to be accountable for their business results. I believe our new Group CEO, Yuki Kusumi, has the toughness and flexibility required for the job. I expect he will lead the Group's transformation up ahead with a considerable sense of speed and create businesses boasting overwhelming profitability.

### Governance in the organization

Handing over authority and responsibility to each operating company will certainly reinforce business operations as part of Group management, but at the same time, it is important that the business portfolio is optimized so that the Group as a whole is geared up for growth. For that to happen, governance of a more robust nature is required. Risks must be controlled in light of the Group's overall management strategy and risk awareness must be shared with all employees of each operating company in every corner of the workplace. In other words, the Group must enhance both inward and outward forces.

### Innovation (digital transformation, etc.)

The Company has thus far undertaken initiatives geared towards enhancing its technological capabilities and powers of innovation. However, disruptive innovation based on discontinuous concepts that break from the past is driving today's digital transformation. I hope the Company can foster a flexible organizational culture that is welcoming of new ideas and different ways of thinking without being bound by continuity and strengths from days gone by.

## Messages from Outside Directors



**Kazuhiko Toyama**  
Outside Director

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### Governance in the organization

With the transition to a holding company system, establishing a framework that allows governance to function effectively whilst maximizing the objectives and benefits of the new structure will present a major challenge. In the midst of destructive environmental changes and future unpredictability and increasing complexity, the burdens that future management executives will have to bear are growing heavier. For this reason, it is important to develop a group of outstanding CxO candidates to tackle and solve various issues.

### Governance concerning nomination and compensation

In Panasonic's case, each operating company is a corporate entity of roughly the same size and facing the same level of strategic difficulty as other listed global companies. Moreover, we are now in an era of ESG and sustainability management, which demands that business leaders are even more proficient. In that sense, we need to develop a better pool of human resources with an eye to the future 10 or 20 years from now. The Nomination and Compensation Advisory Committee and departments executing business are therefore working as a team to address this challenge.

### Innovation (digital transformation, etc.)

When looking ahead to a post-COVID-19 operating environment, it is increasingly likely that innovation stemming from digital transformation (DX) efforts pursued thus far, as well as innovation with origins in the so-called "green transformation" (GX) in connection with environmental issues, will newly wield disruptive influences. I intend to be supportive of the management reforms undertaken by the new Group CEO and management team going forward in order for the Group to exploit the disruptive changes generated by DX and GX and turn them into drivers of growth.



**Kunio Noji**  
Outside Director

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### Innovation (digital transformation, etc.)

To generate innovation, management executives must discuss the goals associated with solving social issues, but at the same time, they must take risks and provide a setting in which younger employees can play an active role. I expect the Company to generate innovation in the supply chain field, in particular, by solving the numerous issues that arise in the course of working together with Blue Yonder to build a platform and utilize data in order to give tangible shape to solutions that can transform supply chains.

### Environment

Carbon neutrality is not something we can achieve by executing one major plan. Instead, every employee at all worksites must come up with ideas and put them into practice. In terms of renewable energy, the development of new technology that is long-lasting is crucial, and above all, it is important that we break away from the concept of saving energy and make improvements to the way we go about reducing the amount of "energy used" by, for example, setting a bold reduction target of one third and comprehensively visualizing the energy we currently consume.

### Governance in the organization

With the holding company focusing its attention on dealing with compliance issues and risks, it is important that the operating companies steadily take on board external opinions, including those of outside directors at Board of Directors meetings and those of external experts by way of advisory board systems.



**Michitaka Sawada**

Outside Director

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### **Environment**

Sustainability management that strings together people, the planet, and society will become extremely important going forward. In particular, there is presently no time to waste in responding to climate change. I believe it is crucial that the Company works towards achieving its stated goal of carbon neutrality whilst keeping in mind the ideas of placing a sustainability strategy at the core of its management strategy, adopting the initiatives for addressing climate change at worksites and linking them to the management philosophy, promoting such initiatives at full speed from the outset, and collaborating even with competitors.

### **Diversity**

In sustainability management, harnessing the power of diversity to invigorate the organization and accelerate business activities is key. Rather than gradually encouraging a change in mindset, I definitely want to see the Company give tangible shape to its management that understands personalities, provides opportunities, and leverages the individuality of all employees by taking bold measures that trigger changes in behavior.

### **Management philosophy**

To achieve a management philosophy that forms the very basis of the Company's activities, it must be incorporated into daily tasks and worksite operations at all Group bases around the world. Also, if the practical implementation of the management philosophy fails to contribute to both the benefit of society and profitable growth of the Company, it is unlikely it will enhance corporate value. I would like to see the entire Company pull together as a team and go the extra mile to implement a management philosophy that is in step with the current times.

# Directors, Audit & Supervisory Board Members, and Executive Officers (As of June 24, 2021)

For details regarding the Company's executive structure from October 1, 2021, please refer to the press release, announced on July 29, 2021, "[Panasonic Announces Group's New Structure and Personnel Changes on Executive Officers and Others Effective October 1, 2021.](#)" and "[Transition to an Operating Company System](#)" in this Annual Report.

## Directors

### Director, Chairman of the Board



Kazuhiro Tsuga

- Apr. 1979 Joined the Company
- June 2001 Director, Multimedia Development Center
- June 2004 Executive Officer of the Company / In charge of Digital Network & Software Technology
- Apr. 2008 Managing Executive Officer of the Company / President, Panasonic Automotive Systems Company
- Apr. 2011 Senior Managing Executive Officer of the Company / President, AVC Networks Company
- June 2011 Senior Managing Director of the Company
- June 2012 President of the Company
- June 2017 Representative Director, President of the Company / President of the Company / Chief Executive Officer (CEO)
- June 2021 Director, Chairman of the Board (current position)

### Representative Directors



Mototsugu Sato  
Executive Vice President /  
CEO, US Company

- Apr. 1979 Joined Matsushita Electric Works, Ltd. (MEW)
- Apr. 2008 Executive Officer, MEW
- Apr. 2011 Senior Executive Officer, Panasonic Electric Works Co., Ltd. (former MEW)
- Oct. 2013 Executive Officer of the Company / In charge of Planning
- June 2014 Director of the Company
- Apr. 2015 Managing Director of the Company
- Apr. 2016 Senior Managing Director of the Company / In charge of Human Resources
- Mar. 2017 CEO, Panasonic Holding (Netherlands) B.V.
- June 2017 Representative Director of the Company (current position) / Senior Managing Executive Officer of the Company / Chief Strategy Officer (CSO) / Chief Human Resources Officer (CHRO)
- Apr. 2019 Executive Vice President of the Company (current position)
- Aug. 2019 CEO, US Company (current position)

### Representative Director



Yuki Kusumi  
President / CEO

- Apr. 1989 Joined the Company
- Oct. 2012 Director, TV Business Division, Network Business Group, AVC Networks Company
- Apr. 2014 Executive Officer of the Company / Senior Vice President, Appliances Company / In charge of Home Entertainment and Beauty Living Business / Director, Home Entertainment Business Division
- Nov. 2015 Vice President, Appliances Company / In charge of Home Appliances Business
- Apr. 2017 Vice President, Appliances Company / In charge of TV, Imaging Products Business / In charge of Major Appliances Business
- Jan. 2018 Vice President, Automotive & Industrial Systems Company / Director, Rechargeable Battery Business Division, SANYO Electric Co., Ltd.
- Apr. 2018 Vice President, Automotive & Industrial Systems Company / Director, Automotive Energy Business Division, SANYO Electric Co., Ltd.
- Apr. 2019 Managing Executive Officer of the Company / In charge of Automotive Segment / CEO, Automotive Company
- Apr. 2021 Chief Executive Officer (CEO) (current position)
- June 2021 Representative Director (current position) / President of the Company (current position)



Yasuyuki Higuchi  
Senior Managing  
Executive Officer /  
CEO, Connected  
Solutions Company

- May 2003 President and Representative Director, Hewlett-Packard Japan, Ltd.
- May 2005 President and Representative Director, The Daiei, Inc.
- Mar. 2007 Representative Executive Officer and COO, Microsoft Kabushiki Kaisha (now Microsoft Japan Co., Ltd.)
- Apr. 2008 Representative Executive Officer and President, Microsoft Kabushiki Kaisha (now Microsoft Japan Co., Ltd.)
- July 2015 Representative Executive Officer and Chairman, Microsoft Japan Co., Ltd.
- Apr. 2017 Senior Managing Executive Officer of the Company / President (now CEO), Connected Solutions Company (current position)
- June 2017 Representative Director of the Company (current position) / Senior Managing Executive Officer of the Company (current position)



Tetsuro Homma  
Executive Vice President /  
CEO, China & Northeast  
Asia Company

- Apr. 1985 Joined the Company
- June 2012 General Manager, Corporate Planning Group
- Oct. 2013 Executive Officer of the Company
- Apr. 2015 Managing Executive Officer of the Company / President, Appliances Company
- June 2015 Managing Director of the Company
- Apr. 2016 Senior Managing Director of the Company
- June 2017 Senior Managing Executive Officer of the Company
- Apr. 2019 CEO, China & Northeast Asia Company (current position)
- June 2019 Representative Director of the Company (current position)
- Apr. 2020 Chairman, Panasonic Corporation of China (current position)
- Apr. 2021 Executive Vice President of the Company (current position)

## Directors



**Hirokazu Umeda**  
Senior Managing  
Executive Officer / CFO

- Apr. 1984 Joined the Company
- Oct. 2012 General Manager, Corporate Management Support Group, Corporate Strategy Division
- Apr. 2017 Executive Officer of the Company / In charge of Accounting and Finance
- June 2017 Director of the Company (current position) / Executive Officer of the Company / Chief Financial Officer (CFO) (current position)
- Apr. 2018 Managing Executive Officer of the Company / President, Panasonic Equity Management Japan Co., Ltd. (now Panasonic Equity Management Japan G.K.) (current position)
- Sep. 2019 CEO, Panasonic Holding (Netherlands) B.V. (current position)
- Apr. 2021 Senior Managing Executive Officer of the Company (current position)



**Laurence W. Bates**  
Managing Executive  
Officer / GC / CRO / CCO

- Mar. 1987 Admitted to New York State Bar (current position)
- Sep. 1998 General Counsel-Japan, General Electric Company, Tokyo
- Apr. 2014 Senior Managing Director and Chief Legal Officer, LIXIL Group Corporation (now LIXIL Corporation), Tokyo
- Apr. 2018 Executive Officer of the Company / General Counsel (GC) (current position) / Chief Risk Management Officer (CRO) (current position) / Chief Compliance Officer (CCO) (current position)
- June 2018 Director of the Company (current position)
- Apr. 2019 Managing Executive Officer of the Company (current position)

## Outside Directors



**Yoshinobu Tsutsui**  
(Independent director)

- Apr. 2011 President, Nippon Life Insurance Company
- June 2015 Director of the Company (current position)
- Apr. 2018 Chairman, Nippon Life Insurance Company (current position)



**Hiroko Ota**  
(Independent director)

- Sep. 2006 Minister of State for Economic and Fiscal Policy
- Aug. 2008 Professor of National Graduate Institute for Policy Studies
- June 2013 Director of the Company (current position)
- Apr. 2019 Senior Professor of National Graduate Institute for Policy Studies (current position)



**Kazuhiko Toyama**  
(Independent director)

- Apr. 2003 Senior Representative Director (COO), Industrial Revitalization Corporation of Japan
- Apr. 2007 Representative Director (CEO), Industrial Growth Platform, Inc.
- June 2016 Director of the Company (current position)
- Oct. 2020 Chairman, Industrial Growth Platform, Inc. (current position)
- Dec. 2020 Representative Director, President, Japan Platform of Industrial Transformation, Inc. (current position)



**Kunio Noji**  
(Independent director)

- June 2007 President and Representative Director, and CEO, Komatsu Ltd.
- Apr. 2013 Representative Director and Chairman of the Board, Komatsu Ltd.
- June 2019 Senior Advisor, Komatsu Ltd. (current position) / Director of the Company (current position)



**Michitaka Sawada**  
(Independent director)

- June 2012 Representative Director, President and Chief Executive Officer, Kao Corporation
- June 2020 Director of the Company (current position)
- Jan. 2021 Director, Chair, Kao Corporation (current position)



**Shinobu Matsui**  
(Independent director)

- Oct. 1999 Joined Ota Showa & Co. (current Ernst & Young ShinNihon LLC)
- Oct. 2001 Joined PricewaterhouseCoopers Tax Office (current PwC Tax Japan)
- Mar. 2014 Corporate Auditor, Uzabase, Inc.
- Aug. 2015 Joined Uzabase, Inc. (retired as Corporate Auditor, Uzabase, Inc.)
- Jan. 2018 Executive Officer (Head of Corporate Division), Uzabase, Inc.
- Jan. 2019 Executive Officer, Chief Operating Officer, Uzabase, Inc.
- Jan. 2020 Executive Officer, Chief People and Administration Officer, Uzabase, Inc.
- Mar. 2021 Director, Chief People and Administration Officer, Uzabase, Inc. (current position)
- June 2021 Director of the Company (current position)



# Directors, Audit & Supervisory Board Members, and Executive Officers

## Key knowledge and experience of Directors

Name	Management experience	Expertise						Internationality / Diversity
		Manufacturing / R&D / IT	Finance / Accounting	Legal	Planning	Governance	Economy	
Kazuhiro Tsuga	N	●	●					●
Yuki Kusumi	N	●	●					●
Mototsugu Sato		●		●				●
Yasuyuki Higuchi		●	●					●
Tetsuro Homma		●			●			●
Hirokazu Umeda		●		●				●
Laurence W. Bates				●		●		●
Yoshinobu Tsutsui	I O N	●			●			●
Hiroko Ota	I O N *					●	●	●
Kazuhiko Toyama	I O N	●				●		●
Kunio Noji	I O	●	●					●
Michitaka Sawada	I O	●	●					●
Shinobu Matsui	I O	●		●				●

I Independent director    O Outside director    N member of Nomination and Compensation Advisory Committee (\*chairperson)

Note : Up to three of the knowledge and experience each Director possesses are listed. The above table does not represent all of the knowledge and experience each Director possesses.

## Audit & Supervisory Board Members

### Senior Audit & Supervisory Board Members



Toshihide Tominaga

Apr. 1980 Joined the Company  
 Jan. 2013 Senior Councilor, Accounting Center, Industrial Devices Company of the Company  
 June 2016 President, Panasonic Industrial Devices SUNX Co., Ltd.  
 June 2018 Corporate Advisor, Panasonic Industrial Devices SUNX Co., Ltd.  
 June 2019 Senior Audit & Supervisory Board Member of the Company (current position)



Eiji Fujii

Apr. 1984 Joined the Company  
 July 2015 Managing Officer, Automotive & Industrial Systems Company of the Company / Director, Engineering Division  
 Apr. 2017 Executive Officer of the Company / Vice President, Automotive & Industrial Systems Company / In charge of Technology and Director, Engineering Division  
 Apr. 2019 Executive Officer of the Company / Vice President, Industrial Solutions Company / In charge of Technology and Director, Engineering Division / In charge of Intellectual Property  
 June 2020 Senior Audit & Supervisory Board Member of the Company (current position)

### Outside Audit & Supervisory Board Members



Yoshio Sato  
 (Independent Audit & Supervisory Board member)

July 2007 President and Director, Chief Executive Officer (Representative Director) of Sumitomo Life Insurance Company  
 July 2011 President and Representative Director, Chief Executive Officer of Sumitomo Life Insurance Company  
 Apr. 2014 Chairman and Representative Director of Sumitomo Life Insurance Company  
 June 2014 Audit & Supervisory Board Member of the Company (current position)  
 July 2015 Chairman of the Board of Sumitomo Life Insurance Company  
 Apr. 2021 Director, Sumitomo Life Insurance Company (current position)



Toshio Kinoshita  
 (Independent Audit & Supervisory Board member)

July 1983 Registered as Certified Public Accountant (Japan) (current position)  
 June 1994 Senior Partner of Chuo Audit Corporation  
 July 1998 Managing Partner for Japanese Business Network of PricewaterhouseCoopers LLP National Office  
 July 2007 Chief Executive of The Japanese Institute of Certified Public Accountants  
 July 2013 Council Member of The Japanese Institute of Certified Public Accountants  
 June 2014 Audit & Supervisory Board Member of the Company (current position)



Setsuko Yufu  
 (Independent Audit & Supervisory Board member)

Apr. 1981 Registered as Attorney at Law (Japan) (current position)  
 Sep. 1986 Joined Loeffl Claeys Verbeke (Brussels) (now Allen & Overy (Brussels))  
 Jan. 2002 Partner, Atsumi & Usui (now Atsumi & Sakai Janssen Foreign Law Joint Enterprise) (current position)  
 June 2020 Audit & Supervisory Board Member of the Company (current position)



## Executive Officers

### President

#### Yuki Kusumi

Chief Executive Officer (CEO)

### Executive Vice Presidents

#### Mototsugu Sato

Director, Corporate Strategy Division  
CEO, US Company  
In charge of Procurement and Logistics  
Occupational Safety and Health Director

#### Tetsuro Homma

CEO, China & Northeast Asia Company  
Regional Head for China & Northeast Asia  
Chairman, Panasonic Corporation of China

### Senior Managing Executive Officers

#### Yoshiyuki Miyabe

Representative in Tokyo  
In charge of Government and External Relations  
In charge of Tokyo Olympic & Paralympic Business  
Promotion  
Director, Tokyo Olympic & Paralympic Enterprise Division  
In charge of Solution Sales  
Director, Business Solutions Division  
Director, Integrated Resort Business Promotion Division

#### Yasuyuki Higuchi

CEO, Connected Solutions Company

#### Shinji Sakamoto

CEO, Industrial Solutions Company

#### Hirokazu Umeda

Chief Financial Officer (CFO)  
In charge of Groupwide Cost Busters Project,  
BPR Project and Facility Management  
CEO, Panasonic Holding (Netherlands) B.V.  
President, Panasonic Equity Management Japan G.K.

#### Masahiro Shinada

In charge of the Appliances Segment  
CEO, Appliances Company  
In charge of Consumer Business and FF Customer  
Support & Management

#### Masahisa Shibata

In charge of Automotive Sales

### Managing Executive Officers

#### Laurence W. Bates

General Counsel (GC)  
Chief Risk Management Officer (CRO)  
Chief Compliance Officer (CCO)  
Director, Legal & Compliance Division

#### Eiichi Katayama

Chief Strategy Officer (CSO)  
In charge of Business Development and Sports  
Management Business

#### Masashi Nagayasu

In charge of the Automotive Segment  
CEO, Automotive Company

#### Masaharu Michiura

In charge of the Life Solutions Segment  
CEO, Life Solutions Company  
In charge of Construction Safety Regulations  
Administration Department

#### Yoko Matsuoka

Director, Lifestyle Business Strategy Division

### Executive Officers

#### Manish Sharma

President, Panasonic India Pvt. Ltd.

#### Shigeki Mishima

Chief Human Resources Officer (CHRO)  
In charge of General Affairs and Social Relations,  
CSR and Corporate Citizenship Activities

#### Tatsuo Ogawa

Chief Technology Officer (CTO)  
In charge of Pharmaceutical Affairs

#### Yoshihiro Morii

In charge of Brand Strategy  
Director, Groupwide Brand Strategy Division  
General Manager, Brand Strategy Management  
Department

#### Shigeo Usui

In charge of Design  
Director, Design Division

#### Hajime Tamaoki

Chief Information Officer (CIO)

# Corporate Governance Structure and Initiatives

The Company considers corporate governance to be a key foundation for increasing its corporate value and will continue strengthening governance, including enhancing the discussion of business strategies by the Board of Directors.

## Basic policy

The Company, since its establishment, has 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, the Company 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.”

The Company recognizes that corporate governance is the important basic structure for the aforementioned purpose, and endeavors to establish and strengthen the effective corporate governance structure based on the Audit & Supervisory Board System composed of the Board of Directors which is responsible for deciding important operational matters for the whole Group and monitoring the execution of business by Directors, and Audit & Supervisory Board Member (A&SB Member) / Audit & Supervisory Board (A&SB) which are independent from the Board of Directors and responsible for auditing the performance of duties by Directors.

## Outline of structure (As of June 24, 2021)

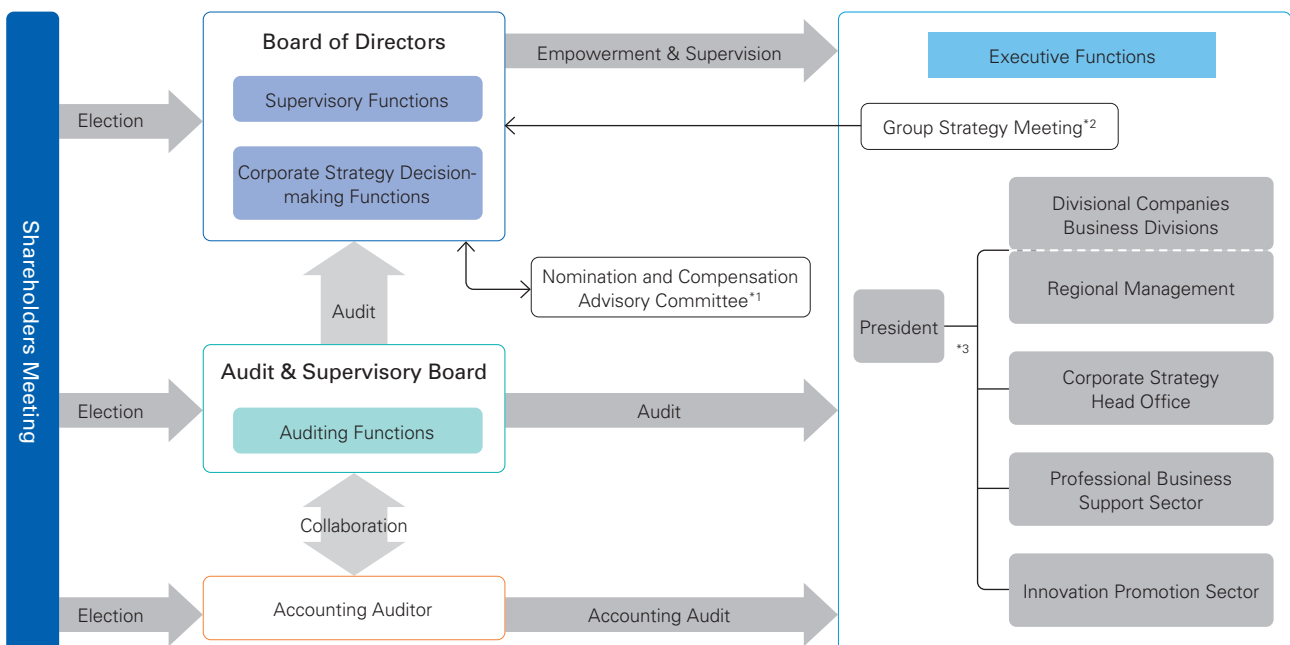
### The Board of Directors

- The Board of Directors is composed of thirteen directors including six outside directors, of whom two are women (outside director).
- The chairperson of the Board is the chairman who does not execute duties (inside director).
- The Board of Directors focuses on “corporate strategy decision-making” and “company oversight” as a corporate decision-making body.
- The Company elects outside directors from among managers of external entities, who have extensive managerial experience in various careers and deep insight, and are expected to provide valuable opinions as supervisors of decision-making related to business execution and the execution of directors’ duties.
- All directors are reelected at the annual general meeting of shareholders. (Directors’ term of office is one year)

### Main topics discussed by the Board of Directors in fiscal year ended March 2021 (fiscal 2021)

The Board of Directors discusses and deliberates key issues for the purpose of fulfilling its role of making decisions on corporate strategy and executing Company oversight. In partic-

## Corporate Governance Structure



\*1 Deliberates on advisory matters and reports to the Board of Directors

\*2 Complements Board of Directors’ decision-making

\*3 Including affiliated companies (Japan and overseas), etc.

ular, with regard to the Company's scheduled transition to a holding company system in April 2022, the Board of Directors discussed the matter from multiple angles, including its purpose, benefits, and governance, before coming to a final decision. And with respect to the acquisition of Blue Yonder as a wholly-owned subsidiary, the Board of Directors was briefed on multiple occasions before engaging in wide-ranging discussions and making the decision in April 2021 to acquire all of that company's shares. Other than this, the Board shared and discussed issues affecting the entire Panasonic Group, including Group compliance, environmental initiatives to lower CO<sub>2</sub>

emissions, and innovation and technology portfolio strategies.

During these discussions, the Board's outside directors draw on their respective skills and experience in areas such as management and governance to contribute greatly to the Board's decision making by actively offering up their opinions and asking questions from an independent, third party point of view regarding various issues, including the holding company's governance, the Blue Yonder acquisition scheme and management policy following its consolidation, Group compliance, and the environment.

### Themes discussed in fiscal 2021

Deliberation/decision	<ul style="list-style-type: none"> <li>• Transition to a holding company system</li> <li>• Acquisition of all shares of Blue Yonder and other M&amp;A deals</li> <li>• Personnel affairs of officers, including the president, and dividend policy</li> </ul>
Monitoring status of business execution	<ul style="list-style-type: none"> <li>• Performance and initiatives by company</li> <li>• Risk management, Group compliance, product quality, and environmental initiatives</li> <li>• Operational status of internal control system</li> </ul>
Debate	<ul style="list-style-type: none"> <li>• Panasonic Group basic structural reforms</li> <li>• HR strategies for achieving new management strategy</li> <li>• Approach to capital policy and governance</li> <li>• Innovation and technology portfolio strategy</li> </ul>
Other	<ul style="list-style-type: none"> <li>• Significance of possessing strategic shareholdings</li> <li>• Effectiveness evaluations of Board of Directors</li> </ul>

### Audit & Supervisory Board members (A&SB members) and Audit & Supervisory Board (A&SB)

- The A&SB is composed of five A&SB members including three outside A&SB members, of whom one is a woman (outside A&SB member).
- The Company sets A&SB members who are able to exert their monitoring functions according to their individual discretionary decision, but not to majority vote decision. The A&SB members are also able to independently act upon their own decision in pursuing liabilities of directors.
- The Company sets full-time senior A&SB members who are well versed about corporate operations and are able to comprehend actual condition of businesses by exercising their right to visit and investigate operating sites. The senior A&SB members are elected from among those who have experience in positions equivalent to or higher than managing director.
- The Company elects outside A&SB members from among managers, lawyers, and certified public accountants, who have extensive expertise with various careers and deep insight and can be expected to conduct valuable audits of the execution of business by directors.

### Optional Nomination and Compensation Advisory Committee

- Composed of five members, the majority of whom are independent outside directors.

- Chaired by an independent outside director.
- Deliberates on the results of internal reviews of the nomination of candidates for director, executive officer, and audit & supervisory board member and on the appropriateness of the Company's director and executive officer compensation system, and reports on these matters to the Board of Directors.
- Monitors the candidates for the CEO successor and can propose the replacement timing of CEO.
- Convened five meetings in fiscal 2021 to deliberate and report to the Board of Directors the results of considering the timing for replacing the CEO, candidates for CEO successor, and candidates for directors.

### Group strategy meeting

- Meetings are held about twice monthly in principle to discuss and set the direction of the Group's medium- to long-term strategy and priority issues.
- Chaired by Representative Director, President and Chief Executive Officer, around 10 members of upper management attend, including, Divisional Company CEOs, and non-Japanese executive officers.
- Managers of related business and functional divisions in positions of responsibility also attend in discussions depending on the matter considered.

## Corporate Governance Structure and Initiatives

### Utilization of outside directors

#### Policy for nominating independent outside director candidates and their qualifications

The Company nominates independent outside director candidates from the standpoint that there be no conflict of interest between the Company and the outside directors, and the Company can increase and enhance the effectiveness of the monitoring of the Board based on an objective and neutral point of view.

Candidates for independent outside director who satisfy the following independence standards are elected from among those who have extensive knowledge and exper-

tise, such as managers or experts of external entities.

The Board of Directors resolved that the minimum ratio of outside directors should be one third on and after June 29, 2017. Based on this, we nominate candidates for outside director and appoint them at the ordinary general meeting of shareholders, thereby enhancing the objectivity and neutrality of the Board of Directors and strengthening the supervisory function.

#### The Company's Outside Directors



##### Yoshinobu Tsutsui

Chairman of the Board, Nippon Life Insurance Company  
Tsutsui brings extensive experience at the highest level of management along with expertise in domestic and international financial developments.  
(Appointed in June 2015)



##### Hiroko Ota

Professor, National Graduate Institute for Policy Studies  
A specialist in public economics and economic policy, Ota is involved in national economic policy as the former Minister of State for Economic and Fiscal Policy.  
(Appointed in June 2013)



##### Kazuhiko Toyama

Chairman, IGPI (Industrial Growth Platform, Inc.) Group  
A leading figure in corporate governance in Japan, Toyama is involved in numerous corporate revitalization projects as the former COO of Industrial Revitalization Corporation of Japan.  
(Appointed in June 2016)



##### Kunio Noji

Senior Advisor, Komatsu Ltd.  
One of Japan's most noted executives, Noji built Komatsu into a global corporation. Noji advocates reform of business management through innovation.  
(Appointed in June 2019)



##### Michitaka Sawada

Director, Chair, Kao Corporation  
Leading a global company, Sawada achieved continuous profit growth and prioritizes ESG-focused management to realize a sustainable society.  
(Appointed in June 2020)



##### Shinobu Matsui

Director, Uzabase, Inc.  
After working as an accounting auditor and consulting manager of international taxation, Matsui joined the company and served as COO, etc. as an executive officer.  
(Appointed in June 2021)

#### Independence standards for independent directors / Audit & Supervisory Board members (A&SB members)

The Company established independence standards for independent directors/A&SB members based on independence standards required by financial instruments exchanges such as the Tokyo Stock Exchange. For example, the following persons are not considered independent.


(i) Business executives of the parent company and/or sister companies

(ii) Major business partner of the Company or said executing person (including those who had fallen under this category in the past)

(iii) Consultants, accountants or attorneys (or, in the case of companies, people who belong or belonged to such companies) who receive a significant amount of money from the Company

(iv) Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a legal entity)

(v) A close relative (a second-degree or closer relative) of a person listed in (i)–(iv) above, or a close relative of an executing person of the Company or subsidiary

“Major business partner” shall mean the annual amount of transaction exceeds 2% of either of their annual consolidated sales, and “past” shall mean “within the last three years.” Also, “significant,” in the case of individuals, shall be judged as 12 million yen. “Major shareholder” refers to a shareholder who holds 10% or more of the Company’s voting rights. For a detailed definition of the Company’s independence standards, please refer to the  “[Corporate Governance Report](#).”

### Provision of information and assistance to outside directors

The division in charge provides support to outside directors, such as prior explanation of agendas of the Board meeting and provision of information to enable effective discussions by the Board of Directors. In addition, the Company provides them with the opportunity to visit major operating sites and plants (Outside directors’ visit to business sites) for the purpose of deepening understanding about the Company’s businesses.

#### Fiscal 2021 visits to business sites by outside directors and outside Audit & Supervisory Board members

Date	Business site
July 14, 2020	Suminoe Factory (production of automotive and consumer cylindrical lithium-ion batteries)
October 16, 2020	Panasonic Ecology Systems Co., Ltd. Kasugai Head Office (development and production of air purification and water-related equipment)
November 10, 2020	Panasonic Laboratory Tokyo (Co-creation LAB)



Exchange of opinions following a business site visit

## Implementation and utilization of evaluation of the Board of Directors effectiveness

Once a year, the Board of Directors administers a questionnaire to all its members in order to further enhance the Board’s effectiveness. The results and evaluations of the questionnaire are reported to the Board of Directors.

The following items were surveyed in the fiscal 2021 effectiveness evaluation.

#### Items of the survey in fiscal 2021

- Verification of the Board of Directors operation policy for fiscal 2021
- The role of the Board of Directors in a holding company
- The role of the Directors in a holding company
- Others, including effectiveness evaluation methods

Upon analyzing the results of the survey, the Company’s findings with respect to the effectiveness of the Board of Directors are such that the current state of the Board is essentially appropriate in terms of its monitoring and decision-making function. Findings with respect to the transition to a holding company system, however, included opinions that discussion on the role of the Board of Directors, and on other needed issues should be further studied. As such, the Company is methodically addressing such issues and implementing improvements.

### Activities Aimed at Strengthening Corporate Governance

Evaluating the effectiveness of the Board of Directors started in fiscal 2016. Corporate Governance has been strengthened while incorporating opinions and proposals from questionnaires.

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	As of June 30, 2021
Board of Directors	Appointed a female director.		Began evaluating the effectiveness of the Board of Directors	Increased the number of outside directors from 3 to 4	Reduced the number of directors from 17 to 12 Raised the minimum ratio of outside directors to one third	Appointed a non-Japanese director		Increased the number of outside directors from 4 to 6	Number of Directors 13 Outside director ratio 46.2%
Nomination and Compensation Advisory Committee		(Number of outside members/ Total number of members)	Established 1/3	2/4	3/5				
Initiatives and other mechanisms		Introduced stock-type compensation SOs* * Stock options	Established the Outside Directors and Outside A&SB Members Committee	Outside directors as well as outside A&SB members began visiting business sites Discontinued the ESV Plan*	Reviewed the conferring of representation rights Clarified the roles of directors and executive officers	Reviewed the corporate advisor system		Introduced restricted stock compensation Reviewed the business execution system	

\* The Policy toward Large-Scale Purchases of Panasonic Shares

# Corporate Governance Structure and Initiatives

## Compensation

The Company's remuneration system for Directors comprises a fixed remuneration which is the "basic remuneration," a short-term incentive which is the "performance-based remuneration," and a long-term incentive which is the "restricted stock as remuneration," based on the duties of Directors. The ratios between the basic remuneration, the performance-based remuneration (when standard values were achieved), and the restricted stock compensation are set at 1:0.75:0.25 generally. Outside Directors and A&SB Members receive only a fixed compensation or the "basic remuneration" in the form of monthly monetary remuneration.

The optional Nomination and Compensation Advisory Committee, majority-staffed and chaired by independent Outside Directors, deliberates on the appropriateness of the Company's policy and system for determining remuneration of Directors and reports the results to the Board of Directors. The Board of Directors makes a resolution on the policy for determining the remuneration based on the report. The outline is provided below.

### Basic remuneration

The Company determines the amounts of fixed basic remuneration, which is fixed compensation, based on the roles of recipients, taking also into account the management environment, their responsibilities and the remuneration trends of other companies.

### Performance-based remuneration

The "performance-based remuneration" is a short-term incentive and is provided to boost motivation to improve business performance, and its amount is determined based on a single-year performance evaluation of the entire Company and a specific business of which a Director is in charge. The "performance-based remuneration" is designed in a way that the amount of payment will increase according to the results. The payment rate of the basic remuneration ranges from 0% to 150% (when the standard value is achieved: 75%). The performance is measured using a combination of key management indicators which the Company should continue to attach importance to, such as adjusted operating profit (Note), net profit attributable to Panasonic Corporation stockholders and operating cash flows. Specifically, the performance of Directors is evaluated based on the comparison between the results of each of such indicators in the previous fiscal year and numerical targets of the fiscal year in which they are evaluated.

(Note) A management indicator for Panasonic calculated by subtracting Cost of sales and Selling, general and administrative expenses from Net sales.

### Restricted stock compensation system

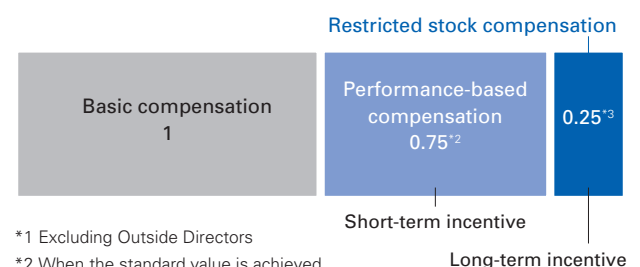
Restricted stock compensation is a long-term incentive and is a type of stock compensation in which the restriction of transfer of shares is lifted subject to Directors serv-

ing the Company for a specified period of time, and is allocated with the aim of providing an incentive to continuously improve corporate value and promote further value sharing with the Company's shareholders. The ratio of the incentive option to the overall remuneration package is designed to increase as the position of the recipient Director gets higher. In addition, the amount for each recipient is set based on overall considerations of various factors, such as duties of each Director and the balance with monetary remuneration.

### Method for determining amounts of remuneration

Remuneration for Directors is determined within the framework of the maximum total amounts of remuneration for Directors which was determined by resolution of a general meeting of shareholders. As to the amounts of basic remuneration and performance-based remuneration to be paid and the number of shares to be allocated to each recipient, the Nomination and Compensation Advisory Committee examines whether these amounts and number are appropriate in light of the policy for determining the remuneration, and reports the results to the Board of Directors. The Board of Directors has left the decision-making on the remuneration solely to Representative Director, President of the Company who objectively comprehends and supervises overall business execution of the Panasonic Group. As Representative Director, President of the Company makes decisions as to basic remuneration, performance-based remuneration, and restricted stock compensation to each recipient in accordance with the results of deliberation at the Nomination and Compensation Advisory Committee, the Board of Directors believes his decision is in line with the policy for determining remuneration. Five members of the Nomination and Compensation Advisory Committee, Outside Director Hiroko Ota (Chair), Outside Director Kazuhiko Toyama, Outside Director Yoshinobu Tsutsui, Director and Chairman of the Board Shusaku Nagae, and Representative Director, President Kazuhiro Tsuga, held a meeting to discuss the remuneration for fiscal 2021. As a result, Representative Director, President Kazuhiro Tsuga determined the details of the remuneration based on the results of the discussion. (The Committee members and positions are at that time.)

### Illustration of Compensation Structure\*1



\*1 Excluding Outside Directors

\*2 When the standard value is achieved

\*3 Average compensation of applicable directors.

The percentages vary according to the role and position.



### Amount of Compensation for Directors and A&SB Members for Fiscal 2021 (ended March 2021)

Classification	Number of persons	Amount (million yen)			
		Basic compensation	Performance-based compensation	Restricted stock compensation	
Directors (other than outside directors)	7	914	507	307	100
A&SBMs (other than outside A&SBMs)	3	78	78	—	—
Outside directors	6	80	80	—	—
Outside A&SBMs	4	40	40	—	—

Note: Two A&SB members who retired at the conclusion of the 113th Ordinary General Meeting of Shareholders held on June 25, 2020 are included in the above. Restricted stock compensation in the above table corresponds to non-monetary compensation.

### Directors Who Received Compensation over 100 Million Yen

Name	Classification	Amount (million yen)			
		Basic compensation	Performance-based compensation	Restricted stock compensation	
Shusaku Nagae	Director	108	96	—	12
Kazuhiro Tsuga	Director	219	96	76	47
Mototsugu Sato	Director	147	75	56	16
Yasuyuki Higuchi	Director	137	70	54	13
Tetsuro Homma	Director	131	77	54	—

Note: Restricted stock compensation in the above table corresponds to non-monetary compensation.

## Information disclosure / Dialogue

### Information disclosure approach and system

The Company clearly defines its policy on information disclosure in the Panasonic Code of Conduct, the guideline for putting the Group's Basic Business Philosophy into practice. The Company also publishes relevant practical standards, methodologies, internal processes, etc. as its Disclosure Policy. In accordance with this Policy, the Company pursues constructive dialogue with all its shareholders and investors. ([For more details, please visit the Disclosure Policy page on the Company's website.](#))

We will provide our various stakeholders, including customers and shareholders, with fair and accurate information on corporate financial affairs, our Basic Business Philosophy, business policies and activities, as well as environmental, social, and governance activities in a timely, understandable and appropriate manner. At the same time, we will listen to our customers' requests and comments and reflect them in our business policies and activities. We will seek to be an enterprise with high transparency.

(Quotes from the Panasonic Code of Conduct)

Under this basic policy, we disclose information where disclosure of this information is required by securities-related laws and regulations of all relevant countries and regions as well as other information that is deemed as necessary to disclose in a fair and timely manner while at the same time endeavoring to disclose accurately, fairly, and sufficiently.

Moreover, the Company has established disclosure control procedures and in the preparation and submission of annual securities reports, quarterly reports, etc., the Disclosure Committee, which is comprised of general managers from principal departments that handle relevant information, confirms the validity of the descriptive content and the appropriateness of the disclosure procedures under the supervision of the CEO and chief financial officer (CFO).

Based on listing regulations, Company information that requires timely disclosure shall be immediately reported to the Corporate Finance & IR Department or the Financial & Accounting Department and disclosed timely and appropriately.

### Internal control for financial reporting

The Company has documented the actual status of its internal control system from the control infrastructure to actual internal control activities, with integrated control provided by the Internal Control Promotion Office, in order to ensure reliability in the financial reporting of the Panasonic Group including its subsidiaries.

Specifically, the Company has reinforced its internal controls by implementing self-checks and self-assessment programs at each of the Divisional Companies and Business Divisions, etc. Then, internal auditing managers of the Divisional Companies appointed by the Company at each of the Divisional Companies, etc. conduct audits. Based on these audits, the Internal Control Promotion Office supervises the Group-wide internal control audits in order to confirm its effectiveness. In fiscal 2021, Panasonic had a total of 400 personnel assigned to conduct internal audits in the entire Group.

### Constructive dialogue with shareholders and investors

The CFO is responsible for investor relations (IR) activities. The CEO, CFO, and each CEO of Divisional Companies mainly engage in dialogue with shareholders and investors. This includes announcements of financial results and individual meetings. Also, the IR staff members in the Corporate Finance & IR Department are in charge of day-to-day communication with shareholders and investors.

For IR geared toward institutional investors and securities analysts, the Company conducts presentation meetings of quarterly financial results announcements, annual presentations regarding business policy of the Company and Divisional Companies, and other activities.

Also, for overseas investors, the Company holds presentation meetings utilizing conferences hosted by financial institutions. Views and management issues obtained from shareholders and investors through IR activities are conveyed to senior management and the relevant departments including Divisional Companies in internal meetings such as the Group Strategy Meeting and are utilized to improve the quality of management of the entire Group.

## Message from the Environmental Compliance Administrator



### Contributing to solving climate change issues in the fields of energy and resources

**Hirotohi Uehara**

Director, Quality & Environment Division

As climate change continues to wreak greater havoc worldwide, all of the countries attending the COP26 summit in November 2021 pledged to step up their efforts on limiting the global average temperature increase to 1.5°C above pre-industrial levels—as set out under the Paris Agreement—and work towards achieving ambitious greenhouse gas (GHG) emission reduction targets.

Ever since the founding of the Panasonic Group, we have gone about solving social issues in line with our management philosophy of contributing to the development of people's lives and society through our business activities. In 2017 we formulated the Panasonic Environment Vision 2050 and we continue to actively work towards solving climate change issues mainly in the fields of energy and resources.

In the Environment Vision 2050, we set a target of expanding “energy created” to exceed the amount of “energy used” by 2050 in all of our business activities, including those that fall under Scope 3. In other words, the Panasonic Group, through business development and expansion, will contribute to solving climate change issues by adopting measures in the energy field to curb CO<sub>2</sub> emissions.

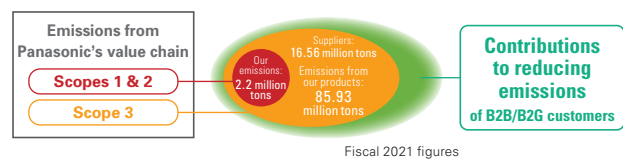
In order to realize our vision as soon as possible, in May 2021 we announced the milestone target of net-zero CO<sub>2</sub> emissions (Scopes 1 and 2) at all operating companies by 2030. As a first step, we will work towards reaching carbon neutrality at Panasonic.

More specifically, we will make thoroughgoing use of energy-saving measures and effective use of renewable energy generation systems, while accelerating the procurement of renewable energy at our own sites. One example of this is that Panasonic Energy (Wuxi) Co., Ltd. in China realized a zero-CO<sub>2</sub> model factory which became our fourth manufacturing site in March 2021 through the installation of state-of-the-art energy-saving technology and the effective use of renewable energy. In addition, at our fuel cell factory in Kusatsu (Shiga Prefecture) we are focusing on hydrogen as a new source of carbon-free energy; thus, we are promoting an “RE100” solution (solution for business operation with 100% renewable energy) to cover all of the electricity used in the factory's manufacturing processes with a mix of pure hydrogen fuel cells, solar power generation, and

storage batteries.

Moreover, we will push ahead with the continuous development of energy-saving products in an effort to lower CO<sub>2</sub> emissions (Scope 3) generated by the products we manufacture and sell. On top of this, we will look to contribute to the reduction of CO<sub>2</sub> emissions at our customers and in society in general by creating clean energy with the use of hydrogen, developing automotive batteries that cater to the growing shift towards EVs, and offering energy-saving products and services and renewable energy-powered solutions.

We will harness these initiatives in a bid to make bigger contributions towards reducing emissions of our B2B and B2G customers and seek to deliver reductions that outweigh our own emissions in Scopes 1, 2, and 3, all of which we consider to be our responsibility.



Meanwhile, as part of our efforts in the resources field, we are taking steps to lower CO<sub>2</sub> emissions across the lifecycle of our products by incorporating our views on a circular economy in a bid to achieve sustainable growth without relying on the consumption of resources. For example, as part of our efforts to create circular economy businesses, we are currently trialing a bicycle sharing service with IoT-linked electrically-assisted bicycles with power-saving smart lock at Tsunashima Sustainable Smart Town (SST). We are also continuing to develop materials that have little impact on the environment. We successfully developed the processing technology to mix into resin a high concentration—70% to be precise—of cellulose fibers made from natural materials, as well as the molding technology to turn that resin into products.

The Panasonic Group, through these kinds of business activities, is committed to helping lower GHG emissions in society at large and solving the issues of climate change.

# Initiatives towards the Environment

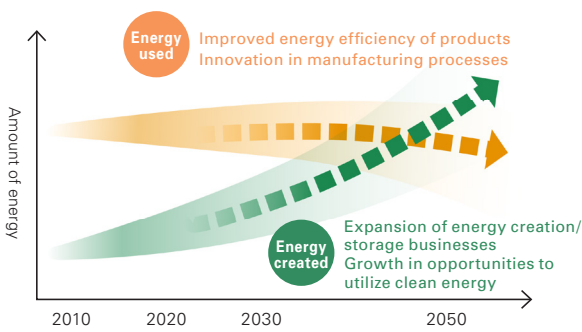
## Environmental sustainability management

### Environment Vision 2050

To achieve “a better life” and “a sustainable global environment,” Panasonic will work towards creation and more efficient utilization of energy which exceeds the amount of energy used, aiming for a society with clean energy and a more comfortable lifestyle.

**Energy used < Energy created**

### Realizing our Environment Vision



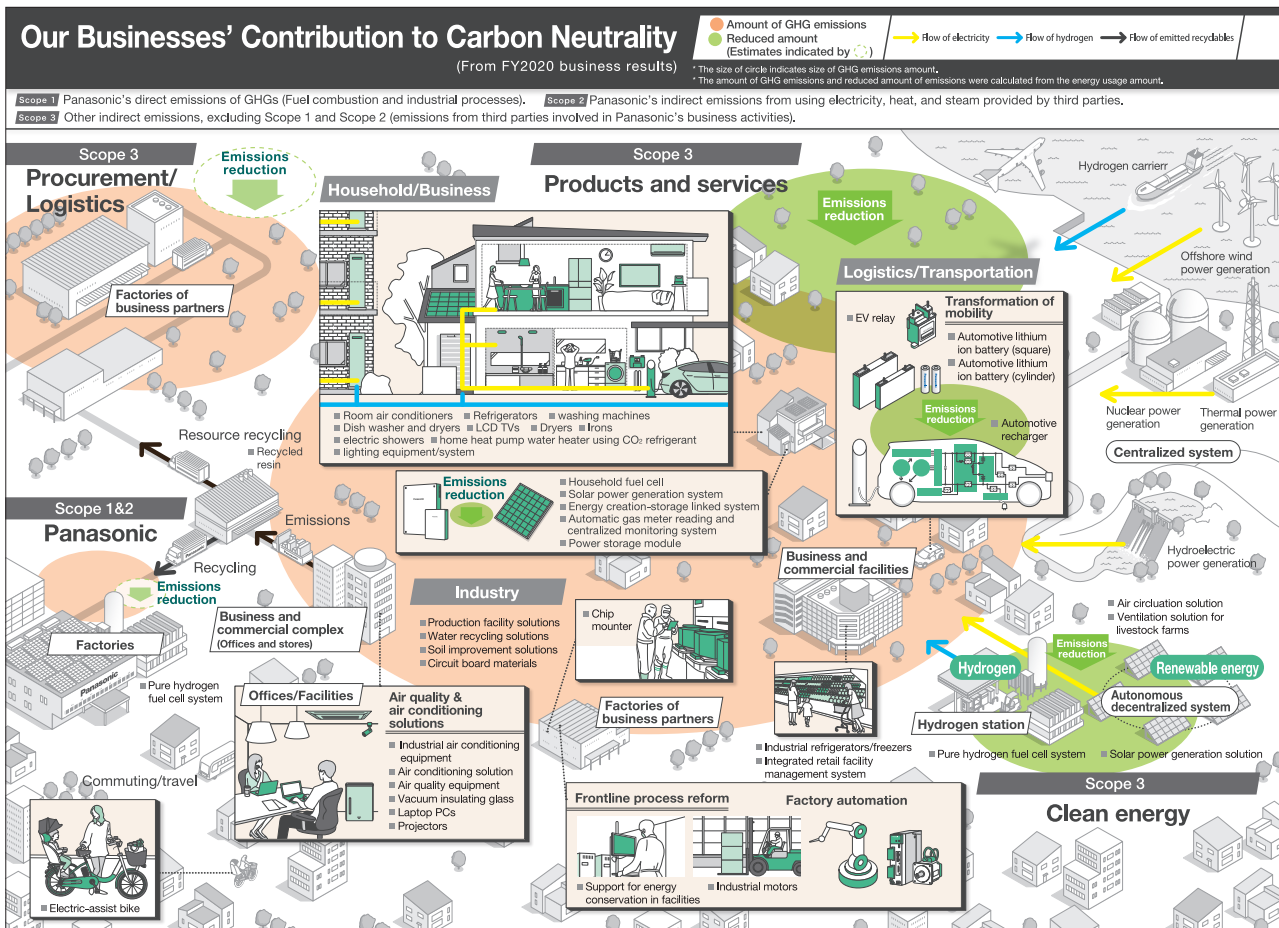
### GX (green transformation)

We estimate that CO<sub>2</sub> emission amount is around 86 million tons annually when the Panasonic Group’s products consume power. We therefore intend to reduce these so-called Scope 3 emissions by pursuing greater energy efficiency.

Also, in terms of quantifying our contributions to reducing emissions, which is something the International Electrotechnical Commission is currently discussing, we will aim to further strengthen our proposals to B2B and B2G customers regarding how to curb their CO<sub>2</sub> emissions through our products and services and seek to deliver reductions that outweigh our own emissions by the year 2050.

We intend to accelerate the pace of initiatives designed to curtail not only our own CO<sub>2</sub> emissions, but also those of our customers and society as a whole.

Our approach to reducing CO<sub>2</sub> emissions in the various industries in which we do business will have an impact on accelerating the global shift towards carbon neutrality. We refer to these reduction contributions as “Panasonic GREEN IMPACT,” which we aim to expand throughout the Group.



# Initiatives towards the Environment

## Environmental sustainability management

### Environmental action plan — “Green Plan 2021” (extract)

Category	2021 targets		FY2021		
Material Issues	Energy	<b>Increase the ratio of total energy created to total energy used</b>	<b>Total energy created : total energy used = 1: 8.5</b>	<b>1: 14.5</b>	
		Products & Services	Increase amount of energy created	Amount of energy created: 30 TWh or more	<b>16 TWh</b>
			Increase the size of contribution toward energy savings through products and services	Size of contribution toward energy savings through products and services: Direct: 25 TWh or more Indirect: 2 TWh or more	<b>Direct: 30 TWh Indirect: 1.8 TWh</b>
			Expand energy creation businesses	—	—
			Expand energy efficient products and services business, focusing on products and services utilizing IoT/AI	—	—
		Factories	Promote zero-CO <sub>2</sub> model factories • Establish model factory using advanced hydrogen technology • Establish at least one zero-CO <sub>2</sub> model factory in each region	—	—
	Increase the use of renewable energy through the generation of renewable energy on-site and procurement of renewable energy		Renewable energy generated on our sites: 40 GWh or more	<b>35 GWh</b>	
	Promote energy efficiency in production • Reduce energy loss through IoT • Improve productivity through manufacturing innovation		—	—	
	Resources	Create circular economy business models	Analysis of the development of circular economy options for existing businesses: 100%	—	
		Reduce resource consumption and increase the use of sustainable materials	Recycled resin usage: 42 kt or more (2019 to 2021 total)	<b>28 kt</b> (2019 to 2020 total)	
Achieve Zero Waste Emissions from factories globally		Factory waste recycling rate: 99% or more	<b>98.7%</b>		

## Energy-related initiatives

### Zero-CO<sub>2</sub> model factories

Six factories across four global manufacturing sites have achieved zero-CO<sub>2</sub> model factory status. By making these factories leading models and by providing the accumulated know-how to other factories around the world, we will steadily propel manufacturing activities that do not emit CO<sub>2</sub>.

#### Panasonic Energy (Wuxi)

In March 2020, Panasonic Energy (Wuxi) effectively reduced to zero its emissions of around 44,000 tons by promoting production activities that use minimum energy, installing photovoltaic power generation systems, procuring I-REC certified energy, and utilizing carbon credits trading to offset emissions of fossil fuel-derived CO<sub>2</sub> and a rooftop-leasing scheme.



### Hydrogen energy

With our sights set on realizing a carbon-free society, the Panasonic Group is pursuing the development of fuel cell technology using hydrogen as a new source of energy. At the Kusatsu Factory—our fuel cell plant—full-scale operations powered by 100% renewable energy sources will come online from April 2022.

#### Kusatsu Factory, Smart Energy System BD

With a mix of hydrogen fuel cells, solar power, and storage batteries, plus the creation of its own renewable energy, the factory is promoting an RE100 solution with the use of 100% renewable energy to cover all of the electricity used in its manufacturing processes. Through repeated substantiation, the Kusatsu Factory will seek to further enhance this project as a RE100 solution business.



## Resources-related initiatives

### Creation of circular economy businesses

In order to effectively utilize resources and maximize customer value, we are working to create circular economy businesses, such as sharing services, products as a service, repair/maintenance, refurbishing, and remanufacturing.

#### IoT-linked electrically-assisted bicycles with power-saving smart lock

For one of our sharing services, we are testing an optimal management system for bicycle operations by gauging demand for IoT-linked electrically-assisted bicycles with power-saving smart lock and collecting and analyzing data mainly on areas of movement and travel distances at Tsunashima Sustainable Smart Town (SST).



### Evolution of recycling-oriented manufacturing

We continue to develop materials that have less of an impact on the environment. As a way of reducing the amount of resin used in our products, we are developing and commercializing a composite polypropylene (PP) resin that contains plant-derived cellulose fiber as an additive.

#### Reusable cups made with cellulose fibers

We have developed the processing technology to mix plant-based cellulose fibers into resin at a concentration of up to 70% (previously 55%), as well as the molding technology to turn the resin into products such as reusable cups, which we have now started selling.





## Response to TCFD

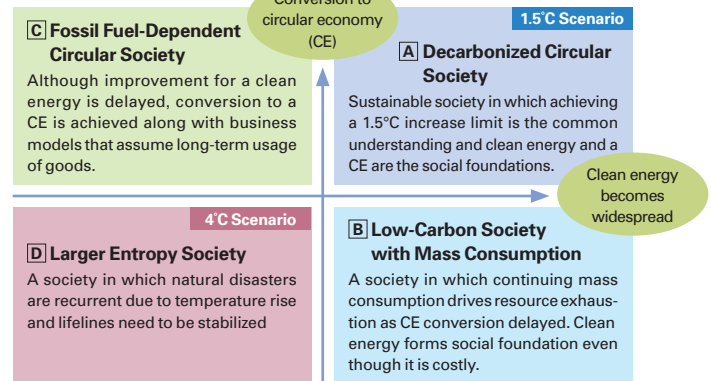
### Disclosures in line with the recommendations of the TCFD in our [Sustainability Data Book 2021](#)

<b>Governance</b>	Disclosing information regarding our system for promoting environmental sustainability management spear-headed by the Board of Directors, as well as the meeting bodies required to engage in such management
<b>Strategy</b>	Gauging risks and opportunities, performing impact analyses of items which may give impact on the Company's business, formulating scenarios for society in the year 2030, considering strategies from a climate change point of view in line with such scenarios, and examining the resilience of the Company's strategies.

### Impact analysis

Risk categories related to climate change	Markets		• Conversion to a circular economy	
	Policies/laws and regulations		• Acceleration of carbon pricing • Progressive shift to electric vehicles → Spread of clean energy	
	Technologies	• Expansion of carbon free power generation	• Expansion of renewable energy usage • Replacement with low-carbon products • Streamlining of supply chain	
	Reputation		• Rise of environmental awareness among consumers • Increase of reputational risks	
	Acute		• Physical risk management related to climate change	
	Chronic	• Constant temperature rise		
		Strong	Impact on our businesses	Extremely strong

### Four scenarios



### Some of our climate change-focused strategies

#### 1. Home appliance business

- Attain energy conservation performance in our products that surpass those of competitors, and offer energy saving value in customers' daily lives by utilizing IoT/AI.
- Increase usage of recycled materials and employ recycling-oriented manufacturing.

#### 2. Air quality and air conditioning business

- Create safe and secure, clean and comfortable spaces with our exclusive clean technologies in homes, shops, workplaces, transportation, public areas, and many other locations.

#### 3. Food distribution business

- Promote energy conservation offering comprehensive support for our energy monitoring system, which covers system installation to operations and maintenance. The equipment refurbishing service prolongs the system's usage, while contributing to material recycling.

#### 4. Smart Energy System business

- Demonstrate energy management through practical and full usage of hydrogen energy and roll out the RE100 solution business.

#### 5. Electrical facility materials business

- Reduce energy consumption by producing more energy-efficient equipment and installing energy management systems in houses and buildings.

#### 6. Gemba process innovation business

- Reduce waste energy and waste goods by supply chain orchestration, such as streamlining corporate customers' logistics and responsive tuning of demand and supply.
- Offer solutions to improve energy efficiency and automation at corporate customers.

#### 7. Automotive device business

- Expand assortment of products that contribute to electrification and weight reduction of vehicles.
- Expand the number of products made from recycled resin materials.

#### 8. Automotive battery business

- Encourage shift to electric vehicles through further performance enhancement, cost reduction, and production expansion.
- Reduce energy usage in material procurement, by reducing or making usage of rare metals zero (e.g. cobalt) and promoting recycling of battery materials.

#### 9. System device business

- Provide devices and modules that contribute to electrification and enhanced power usage efficiency of vehicles.
- Contribute to peak shaving of data centers etc. by strengthening our skills to offer the optimum power storage systems.

The scenario analysis has found that, regardless of whichever societal scenario materializes, one or more businesses are capable of taking action and verified the resilience of our business strategies.

<b>Risk management</b>	Disclosing information about Panasonic's risk management systems and activities for each operating company, as well as from a Company-wide standpoint
<b>Metrics and targets</b>	Setting short-term targets based on the amount of energy as metrics in our Green Plan 2021 Setting medium- to long-term targets based on GHG emissions as metrics (approved Science Based Targets (SBTs))

	Target (set in October 2017)*	Progress
Emissions from business activities (Scope 1 and 2)	30% reduction by 2030 (vs. fiscal 2014) Zero by 2050	123% 37%
Emissions from use of Panasonic products (Scope 3)	30% reduction by 2030 (vs. fiscal 2014)	11%

\* In May 2021, we announced our target of zero CO<sub>2</sub> emissions (Scopes 1 and 2) at all operating companies by 2030.

# Initiatives regarding People, Organizations, and Corporate Culture

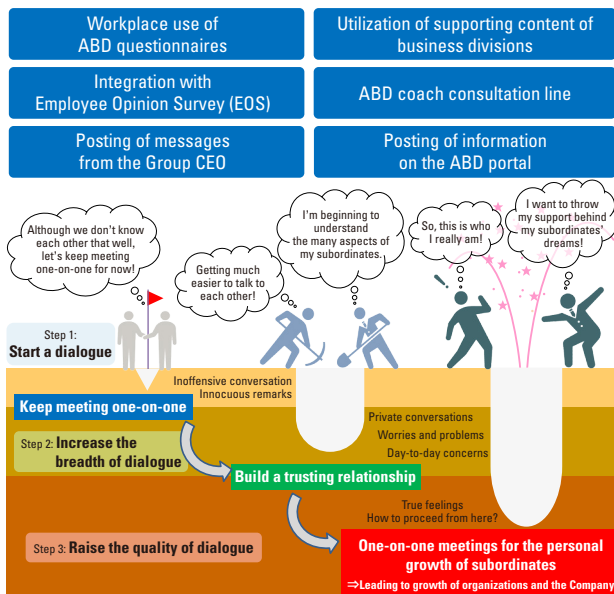
For the purpose of boosting self-motivation, a readiness to take on challenges, and greater participation by each and every employee in a safe and secure workplace, we continue to undertake initiatives from the following points of view: self-determined career formation, promoting DEI, and creating safe and secure workplaces.

## Self-determined career formation

The Panasonic Group encourages its employees to seize the initiative and take on challenges and we have a number of systems that support the self-motivated endeavors of employees. For example, in Japan we offer job transfers within the Group and external working experience (secondment to external start-ups, etc.), as well as in-company multitasking (offering concurrent postings within the Company). Approximately 1,000 to 2,000 employees every year put their hand up for these programs, and around 300–500 actually taking part in a new challenge. Even after we transition to an operating company system, we intend to keep running and further developing the system of job transfers within the Group across all operating companies as a Group-wide common program.

One other Group-wide initiative is the “A Better Dialogue” project, which supports every employee’s personal growth and challenges by enhancing the quality and quantity of dialogue with their respective managers. In addition to one-on-one meetings that bring out the aspirations of each and every employee, this project is comprised of three other components: development of individual career and capabilities, goal setting & management, and competency review. Since the Company-wide launch of this initiative in 2019, satisfaction levels of one-on-one meetings have risen every year to roughly 77% in Japan in fiscal year ending March 2022 (fiscal 2022).

### A Better Dialogue (ABD)



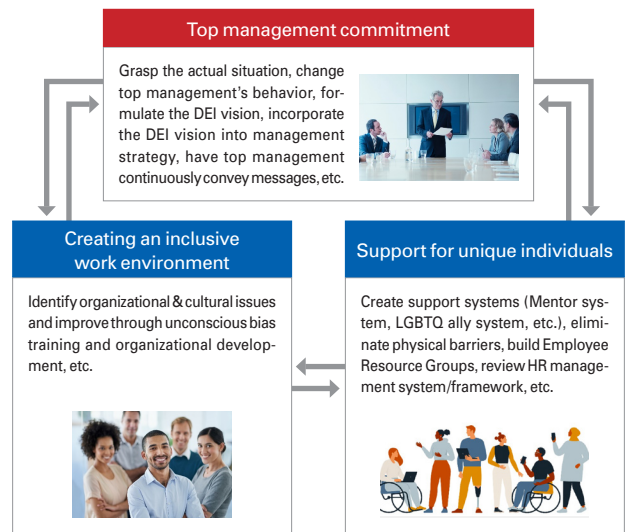
Every year we conduct the Employee Opinion Survey (EOS) targeting all Group employees as an initiative for conducting a fixed-point observation of the awareness levels of every employee concerning mainly employee

engagement as an indicator of employee self-motivation, employee enablement, and respect for the individual. The results are shared in the workplace and utilized in the development of human resources and organizations. Accordingly, the results of the survey are improving in terms of the number of favorable responses we receive.

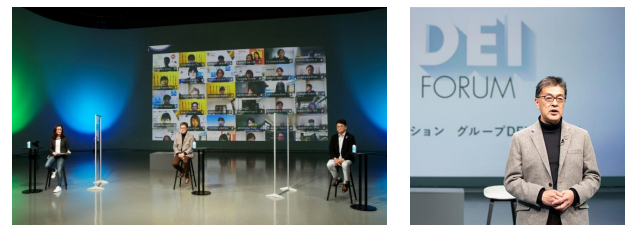
## Promoting DEI (Diversity, Equity & Inclusion)

We are currently promoting DEI from three perspectives based on the Panasonic Group DEI Policy. The first is “top management commitment.” This means management members themselves are committed to promoting DEI and do so by incorporating it into business strategies. Starting in 2022, we plan to accelerate the pace of our strategic initiatives by convening Group DEI Promotion Council meetings, for example. Furthermore, we are actively expressing our support for, and providing assistance to, various movements in society. For instance, the 30% Club Japan, a global campaign that aims to raise the proportion of women in critical decision-making roles in business, and Equality Act Japan, a signatory campaign that calls on the Japanese government to enact legislation protecting the LGBT community from discrimination. We utilize our support of these programs in Group initiatives.

### Promoting DEI from three perspectives



The second perspective is “creating an inclusive work environment.” It is about building a management and organizational environment where diverse individualities are valued and fully utilized. In October 2021 we hosted the Group DEI Forum. This event featured a live video feed broadcasted to around 6,700 participants, along with the streaming of pre-recorded videos. Each participant’s understanding of, and identification with, DEI



Group DEI Forum



was deepened thanks to a message from the CEO and a discussion session. It also gave them an opportunity to take action. Moreover, we continue to roll out unconscious bias training sessions in each geographical region in which we have a business presence. In Japan we are training ambassadors\* at all of our business sites in a bid to continuously expand these sessions to every organization manager and employee in the Group.

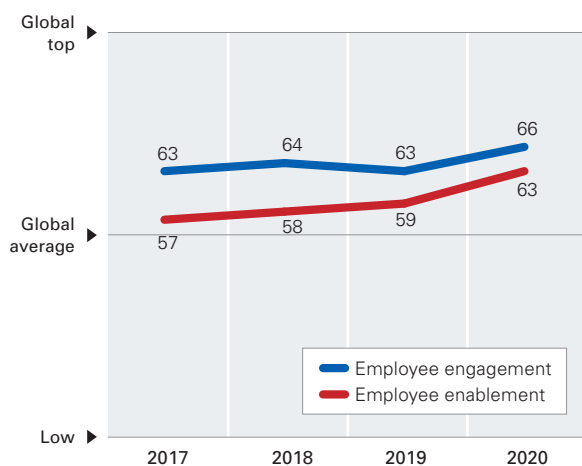
The third one is “support for unique individuals.” We are developing a support system and improving HR management systems and frameworks, among other measures, in an effort to provide support so that each person can make full use of their diverse individuality to have opportunities to grow. For example, in North America we support groups of women, ex-servicemen, people who identify as LGBTQ, millennials, and people with non-white ethnic backgrounds, which is driving the hiring, retainment, and employment of a more diverse workforce. In Europe we are rolling out a framework designed to support the empowerment of women mainly with a HR development program called Women in Leadership (WIL). And in Japan too we are engaged in activities to facilitate networking according to the various attributes of employees. This includes people with a disability, foreign nationals, women, and those who identify as LGBTQ.

In order to measure the results and progress of these initiatives, we intend to emphasize the positive response rate in the aforementioned Employee Opinion Survey (EOS). In the EOS, the scores in the category of respecting for the individual have improved in recent years, but by steadily propelling DEI initiatives up ahead, we will aim to lift the scores in other categories, particularly employee engagement and employee enablement, from around the global average at present to some of the highest levels in the world.

\*Unconscious bias ambassadors:

Trainers that run training sessions in the workplace to educate employees so that employees can be alert for the appearance of unconscious bias. Following an in-house application process, employees who have undergone the prescribed training are then internally certified as an “ambassador.”

#### Favorable response rate in Employee Opinion Survey (EOS) (Panasonic Group)



\*Percentage of favorable responses only, excluding “neutral” and “unfavorable” responses

\*Based on global survey results of the third party organization that conducts the Employee Opinion Survey

## Creating safe and secure workplaces

Safety and compliance are the major premises of business management. When it comes to occupational health and safety, we aim to create workplace environments in which employees can work safely and with peace of mind amid growing diversification among the type of people working on the manufacturing sites and how they are employed. We continuously promote equipment safety measures by training employees and making them aware of the Equipment Safety Standards, we guarantee safety during nonstationary operations, and we thoroughly manage the chemical substances we use. As for employee health, as an activity geared towards realizing health management, the Company, labor unions, and health insurance organizations have joined forces to encourage and roll out so-called “Healthy Panasonic Actions.” We are raising awareness about such actions and providing opportunities for employees to engage in them, based on the recognition that in particular, adopting appropriate lifestyle habits can boost the health and performance of employees. On top of this, we periodically check the stress levels of individuals and organizations and urge each workplace to make improvements.

As part of our response to COVID-19, we were quick to roll out workplace vaccinations in a bid to minimize the risk of infection at work or at home. Thanks to an education campaign led by the CEO and infectious disease experts, approximately 112,000 vaccinations have been administered throughout the Panasonic Group.

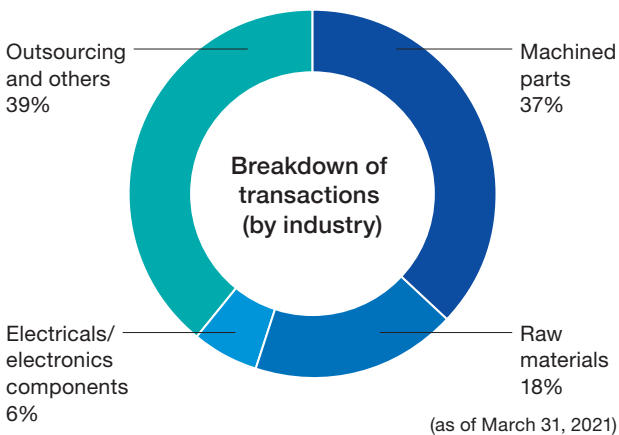
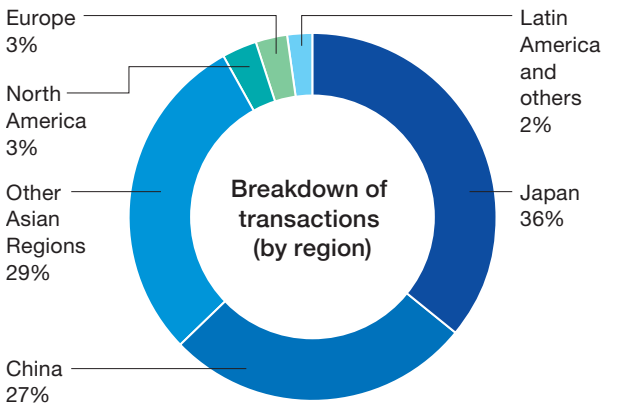
Also, with regard to compliance, we are encouraging employees to ensure that they have a correct understanding of relevant laws and regulations pertaining to their business and region and that they know about our global hotline “EARS” and how it can be used to detect issues from an early stage and prevent incidents from occurring. We are also stepping up awareness activities aimed at eradicating various forms of harassment in the workplace.

We are also continuously promoting the diversification of workstyles at our work sites. In Japan we have long encouraged the use of a work-from-home system. Given that COVID-19 has prompted us to adopt new workstyles leveraging the use of IT and digital technology, in April 2021 we set up a remote work system as a new option. The system abolished the premise that employees must always report to work. At this point in time, approximately 15,000 people are utilizing this system. At the same time, from the perspective of maintaining the health of employees and boosting their motivation, we are taking extra steps to set up a system for accurately gauging the working hours of employees working remotely and running training sessions to improve the communication skills of organization managers.

Also, on the issue of human rights, we comply with international norms. But above all, we are strengthening our stance on the prohibition of forced labor at corporations, the prohibition of child labor, the elimination of discrimination, the freedom of association, and the acknowledgement of the right to collective bargaining.

## Responsible Procurement Activities

Panasonic currently does business with around 10,000 suppliers worldwide, roughly 60% of which are located in Japan and China. Industry-wise, 37% of them supply machined parts. We aim to establish fair, equitable, and sustainable supply chains by realizing co-existence and mutual prosperity with suppliers who can share our values on fulfilling social responsibilities regarding not just economic relationships, but also the environment, CSR, and society. Fulfilling our social responsibilities together with our suppliers is in itself the practical implementation of our management philosophy, and we consider the establishment of sustainable supply chains to be a key initiative if we are to steadily undertake procurement activities in the future and guarantee excellent product quality and competitive prices in order to deliver product value that is acceptable to our customers.



### Procurement policy

Driven by the concept that, based on relationships of mutual trust and through diligent study and cooperation, our suppliers are invaluable partners in creating the values our customers demand, Panasonic's Procurement Policy revolves around the following three points.

#### 1. Implementation of global procurement activities

The Company globally establishes partnerships with suppliers to respond to production activities on a global scale, and works to create the functions and values our customers demand based on relationships of mutual trust and through diligent studies and cooperation.

#### 2. Implementation of CSR procurement

Complying with laws and regulations, social norms, and corporate ethics, the Company promotes procurement activities together with suppliers that fulfill their social responsibilities, such as human rights, labor, safety and health, global environmental conservation, and information security.

#### 3. Procurement activities working closely with suppliers

In order to achieve product values expected by customers, the Company serves as the contact point of suppliers with respect to information, such as the market trends of materials and goods, new technologies, new materials, and new processes, and works to ensure and maintain the quality of purchased goods, realize competitive prices, and respond to market changes.

### Panasonic Supply Chain CSR Promotion Guidelines

In March 2016, the Panasonic Group released the first edition of its Supply Chain CSR Promotion Guidelines (hereafter, "CSR Guidelines"), a set of CSR requirements the Group requests its suppliers to comply with. The CSR Guidelines reference international benchmarks and standard views in the industry. The CSR Guidelines also communicate the Panasonic Group's approach to CSR procurement whilst taking into account the CSR requirements of NGOs and client companies. The second edition was released in July 2018. The Panasonic Group requests all of its suppliers to comply with the CSR Guidelines when commencing transactions.

The CSR Guidelines prescribe the following.

- 1) **Labor rights:** Prohibition of forced labor or child labor, appropriate working hours, decent wages, humane treatment, elimination of discrimination, and freedom of association
- 2) **Occupational health and safety:** Training to ensure workplace safety and emergency preparedness, safety measures for machinery and equipment, and occupational health and safety rules for facilities
- 3) **Environment:** Compliance with the latest edition of Panasonic's Green Procurement Standards
- 4) **Ethics:** Prohibition of corruption and bribery, and promotion of fair business and responsible mineral procurement
- 5) **Information security:** Prevention of information leaks and protection against computer and network threats
- 6) **Product quality and safety:** Creation of a product quality management system, provision of accurate product and service data, and maintenance of product safety
- 7) **Contributions to society:** Contributions to society and local communities
- 8) **Management systems**

## CSR self-assessments

In fiscal year ended March 2016 (fiscal 2016) we started requesting that our suppliers complete a CSR self-assessment based on our CSR Guidelines regarding how they address issues concerning human rights, health and safety, the environment, and ethics. The CSR self-assessment includes items for confirming that the supplier does not engage in child labor or forced labor practices. Panasonic asks its suppliers to hire workers in accordance with the laws and regulations of each country and that workers are not forced to work against their own volition. We prioritize self-assessments in regions where CSR risks are greater; in fiscal 2021 we requested the completion of the self-assessment from new suppliers and approximately 1,500 major existing suppliers with whom we continue to do business. If any issues are identified in the CSR self-assessment, we use various methods to urge the supplier in question to make improvements. Also, if necessary, we conduct on-site audits and encourage the supplier to redress the issue. By doing so, we are promoting fair, impartial, and sustainable business transactions. Similarly, up until fiscal 2020 we had visited around 100 companies to conduct on-site audits centering on suppliers in Malaysia and China where risks were considered high in terms of human rights, labor, and the environment. If a supplier is unable to rectify legal violations or other important issues like the prohibition of child labor or forced labor, or in cases where no improvements to other issues can be seen despite ongoing efforts, we will consider the suspension of business transactions. However, given that we consider co-existence and mutual prosperity with our suppliers to be part of our social responsibility, our basic approach is to seek to resolve issues through a process of continual guidance if less urgent issues have been identified.

The results of CSR self-assessments are also recorded on a common platform and shared throughout the Group. This not only strengthens Group-wide governance, but also lets each business division utilize the results when selecting suppliers.

## Clean procurement

We are also endeavoring to forge relationships with suppliers based on higher standards of moderation and ethics by, for example, issuing a Clean Procurement Declaration—which prohibits any employee from accepting money, gifts, entertainment, or meals from suppliers—and establishing a global hotline.

## Responsible minerals procurement

Panasonic recognizes that the issue of conflict minerals—such as tin, tantalum, tungsten, gold, and cobalt—is a matter of grave concern for society, given the risk that they become the source of funds for armed insurgents in conflict-torn regions and the various risks of child labor and other human rights abuses, harsh working

conditions, environmental destruction, and corruption in high-risk regions. In order to promote the responsible sourcing of minerals, we participate in the Responsible Minerals Trade Working Group of the Japan Electronics and Information Technology Industries Association (JEITA) to raise awareness and improve the efficiency of surveys. Furthermore, since July 2017 we have been a member of the Responsible Minerals Initiative (RMI), through which we deploy industry-wide initiatives.

Moreover, Panasonic continues to implement initiatives in line with the Due Diligence Guidance of the Organization for Economic Co-operation and Development (OECD). The Company requires all related suppliers to provide information on smelters/refineries through the supply chain, and aims to procure minerals from smelters/refineries that present no issues. In fiscal 2021 the Company surveyed around 3,270 suppliers concerning conflict minerals and collected responses from 95% of them. The Company has confirmed that none of the minerals it sourced from them is financing armed forces either directly or indirectly. There are also concerns about cobalt, which is used in lithium-ion batteries and other products, owing to human rights issues such as child labor at mining sites. Panasonic continually conducts initiatives such as cobalt supply chain surveys and identification and investigation of smelters/refineries. In fiscal 2021, we conducted cobalt surveys for 474 suppliers and collected responses from 90% of those surveyed.

## Environmental initiatives

Panasonic asks its suppliers to actively engage in global environmental conservation and environmental management and also deliver their goods in accordance with its green procurement policy. We ask our suppliers to reduce their environmental impact by establishing environmental management systems, ensuring comprehensive chemical substance management, lowering GHG emissions, promoting the recycling of resources and water, engaging in biodiversity conservation, sharing results of collaborations (ECO-VC Activity), and urging upstream suppliers in the supply chain to do the same.

The ECO-VC Activity recognizes outstanding initiatives and ideas aimed at generating added value. Panasonic, in its procurement activities, works closely with suppliers from the development stage to not only streamline costs, but also reduce CO<sub>2</sub> emissions, minimize the total resources used, and utilize recycled resources. The Activity receives around 700 applications on average every year. Through partnerships with suppliers, the Company is helping to mitigate climate change by contributing to the reduction in CO<sub>2</sub> emissions.

Panasonic continues to promote responsible procurement and fulfill its social responsibilities together with suppliers. At the same time, by establishing stable and sustainable supply chains, the Company will continue to underpin enhancements in corporate value in the future.

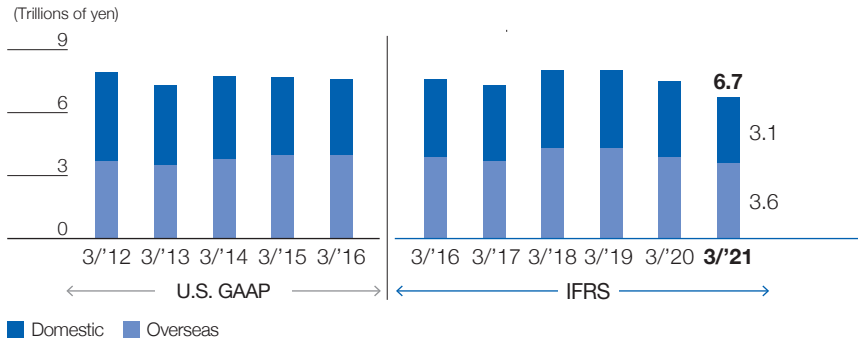
## Financial Highlights

Panasonic Corporation and subsidiaries, years ended March 31

Panasonic began applying International Financial Reporting Standards (IFRS) on a voluntary basis in the fiscal year ended March 2017.

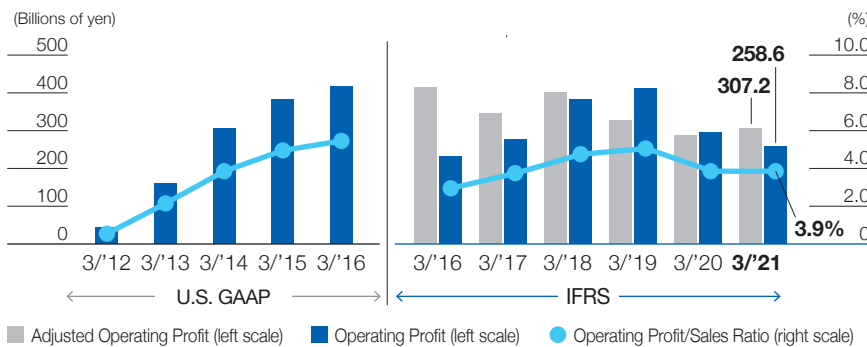
Financial figures for the fiscal year ended March 2016 are also presented in accordance with IFRS in addition to conventional U.S. GAAP standards.

### Net Sales



Sales decreased overall due mainly to the impact of the spread of COVID-19 as well as the impact of deconsolidation in housing related businesses in Japan. This was despite increased domestic sales in products such as air purifiers and increased overseas sales in products such as mounting machines at Process Automation, power storage systems for information- and communication-infrastructure as well as industrial-use motors.

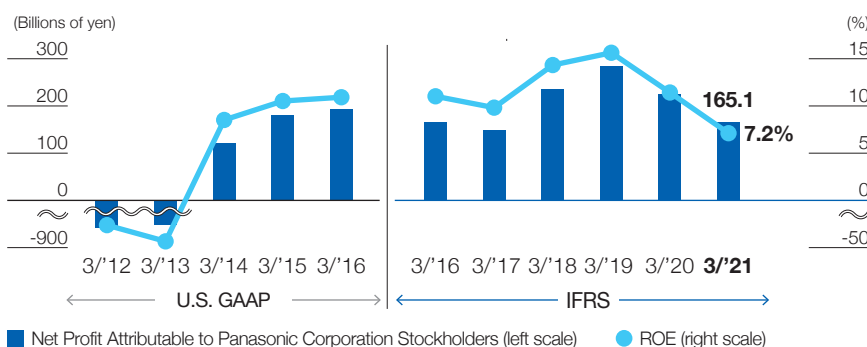
### Operating Profit and Ratio to Sales



Adjusted operating profit increased due to fixed cost reductions for management structure enhancement as well as increased sales for businesses such as air-conditioning and indoor air quality, automotive batteries and information- and communication-infrastructure, which capture business opportunities reflecting changes in society from a medium- to long-term perspective. Operating profit, however, decreased due largely to the impact of gain from business transfer in the previous year in addition to sales decline.

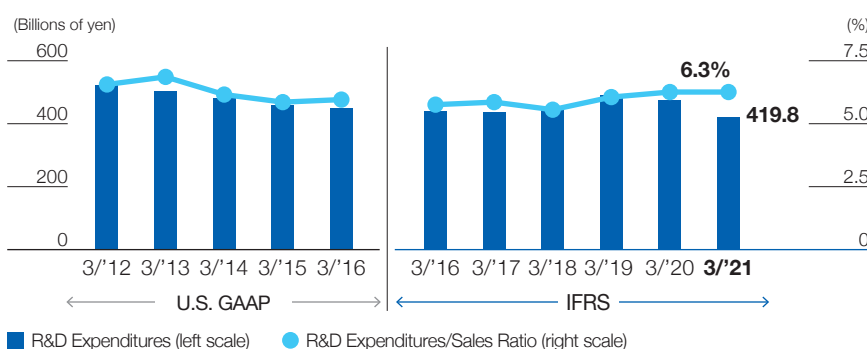
Note: Adjusted operating profit: sales - cost of sales - SG&A

### Net Profit Attributable to Panasonic Corporation Stockholders and ROE



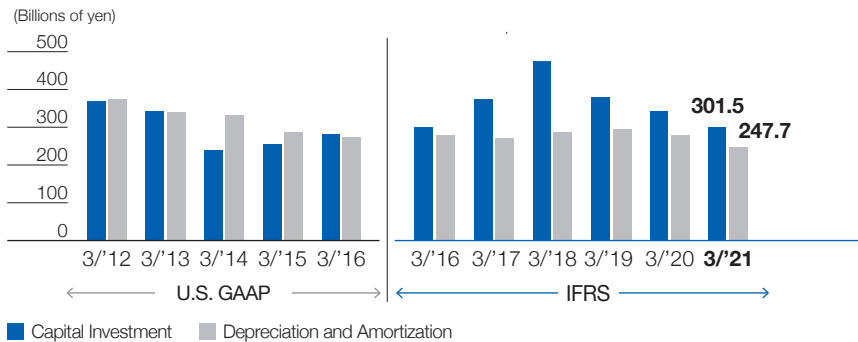
Net profit attributable to Panasonic Corporation stockholders declined as a result of lower operating profit and the dropout of the year-earlier improvement in corporate income taxes owing to tax benefits associated with the reorganization of subsidiaries. As a result, ROE ended the year at 7.2%.

### R&D Expenditures and Ratio to Sales



The Panasonic Group concentrated on development of new technologies and new products to underpin its future based on the growth strategies for the major business fields. In addition, the Group developed technologies such as IoT and artificial intelligence (AI), solved social issues in the new normal era, and contributed to sustainable energies. R&D expenditures totaled 419.8 billion yen in fiscal 2021.

## Capital Investment, Depreciation and Amortization

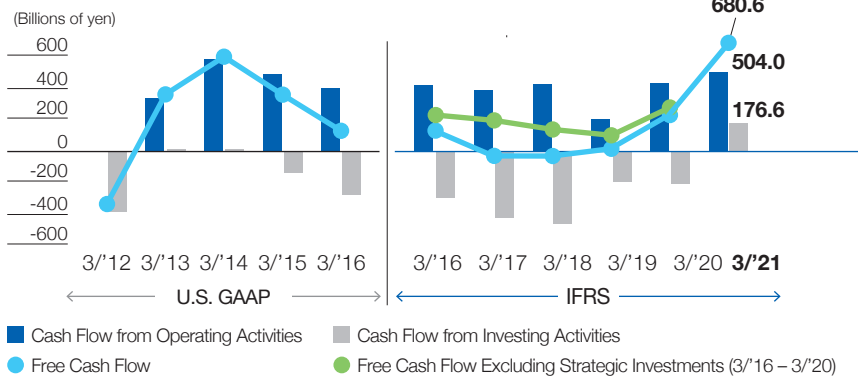


The Panasonic Group makes capital investment based on a policy of steady investments primarily in key businesses for future growth. In fiscal 2021 the main capital investments have been made in production facilities for lithium-ion batteries for automotive use, in production facilities for electronic components and control equipments.

Note: The figures for "Capital investment" are amounts on an accrual basis for property, plant and equipment and intangible assets. (Excludes increases due to business combinations)

"Depreciation and Amortization" include depreciation of property, plant and equipment and amortization of intangible assets.

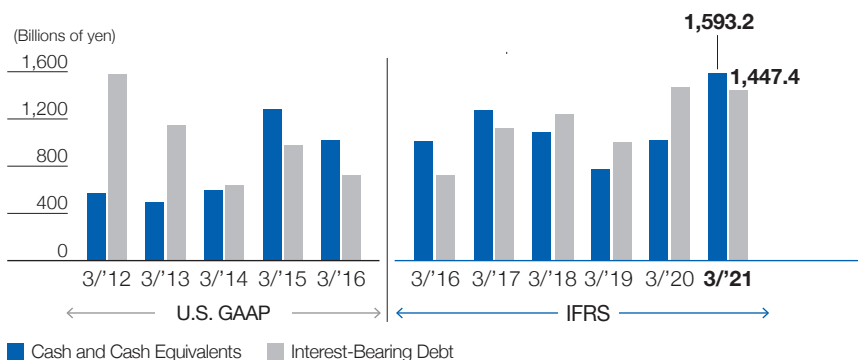
## Free Cash Flows



Free cash flow improved significantly year on year to 680.6 billion yen, mainly due to cash flows from investing activity in the form of proceeds from the establishment of a joint venture in the automotive prismatic battery business as well as transfer of assets.

Note: Lease receivables collected as a result of application of finance lease accounting as lessor—based on product supply contracts determined to contain leases—are included in cash flows from investing activities. (Lease receivables collected amounted to 6.8 billion yen in fiscal 2021, 37.2 billion yen in fiscal 2020, 167.3 billion yen in fiscal 2019, and 19.3 billion yen in fiscal 2018.)

## Cash and Cash Equivalents and Interest-Bearing Debt

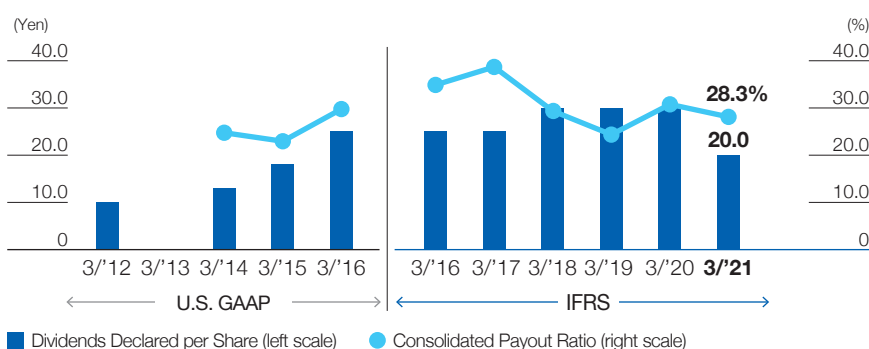


Cash and cash equivalents as of March 31, 2021 increased by 576.7 billion yen due primarily to the improvement in free cash flow.

Interest-bearing debt decreased by 23.9 billion yen. This is due to the repayment of Commercial Paper (CP) and other factors despite the issuance of unsecured straight bonds.

Note: Interest-bearing debt includes lease liabilities (257.9 billion yen at March 31, 2021, 266.9 billion yen at March 31, 2020).

## Dividends Declared per Share and Consolidated Payout Ratio



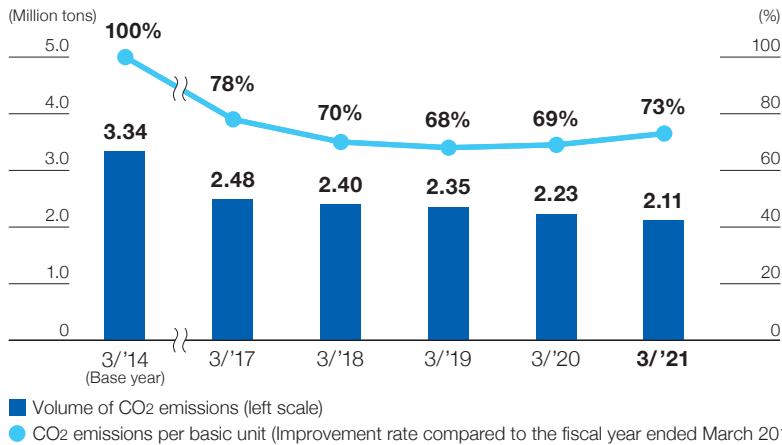
Panasonic's policy is to provide a stable, sustained dividend based on a target consolidated payout ratio of approximately 30%. In fiscal 2021, Net profit attributable to Panasonic Corporation stock holders decreased. Reflecting these operating results, in view of this basic policy as well as its current financial position, the annual dividend was set at 20 yen per share for fiscal 2021.

Note: The dividend payout ratio is not calculated in fiscal years when net income attributable to Panasonic Corporation is negative.



## Non-Financial Highlights

### CO<sub>2</sub> Emissions in Production Activities and CO<sub>2</sub> Emissions per Basic Unit

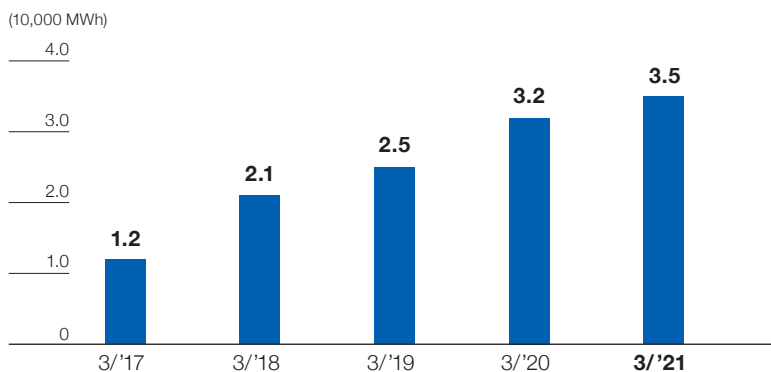


At its factories in Japan and countries outside Japan, Panasonic is pushing ahead with the promotion of zero-CO<sub>2</sub> model factories and working to increase the use of renewable energy. Total CO<sub>2</sub> emissions in fiscal 2021 amounted to 2.11 million tons, while the volume of emissions per net sales had decreased 27% compared to the fiscal year ended March 2014.

For details:

<https://www.panasonic.com/global/corporate/sustainability/eco/co2/site.html>

### Amount of In-house Renewable Energy Adoption

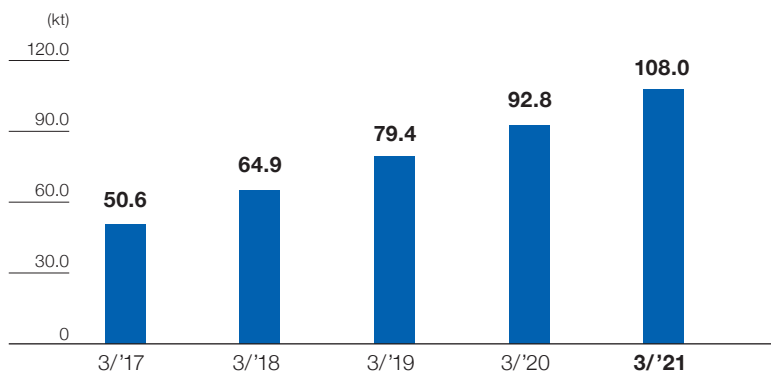


Owing to the solar photovoltaic systems newly adopted at our business sites in Japan and Malaysia and the commencement of full-scale operations of existing photovoltaic systems, the amount of in-house renewable energy adoption in this fiscal year reached 35,000 MWh. We are steadily making progress towards the fiscal 2022 target of 40,000 MWh.

For details:

<https://www.panasonic.com/global/corporate/sustainability/eco/co2/site.html>

### Results of Recycled Resin Usage (Cumulative total from FY2015)

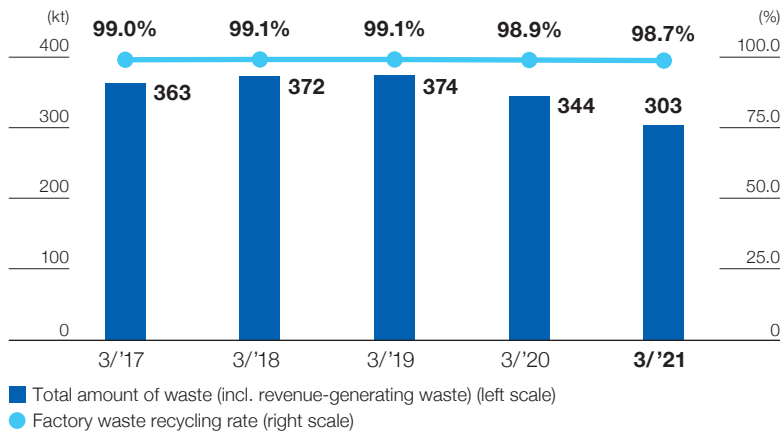


As part of our recycling-oriented manufacturing approach, we are working to reduce the input of virgin resources and expand our use of recycled resources. In fiscal 2021 we used 15.2 kt of recycled resin in our products by tackling such issues as compatibility with features required for certain components used and the securing of a stable supply. We have now used a total of 28.6 kt since fiscal 2020 and we are making steady progress towards our target of 42 kt or more for the three-year period through fiscal 2022.

For details:

[https://www.panasonic.com/global/corporate/sustainability/eco/resource/recycling\\_oriented\\_manufacturing.html](https://www.panasonic.com/global/corporate/sustainability/eco/resource/recycling_oriented_manufacturing.html)

### Amount and Recycling Rate of Total Wastes Including Revenue-generating Waste

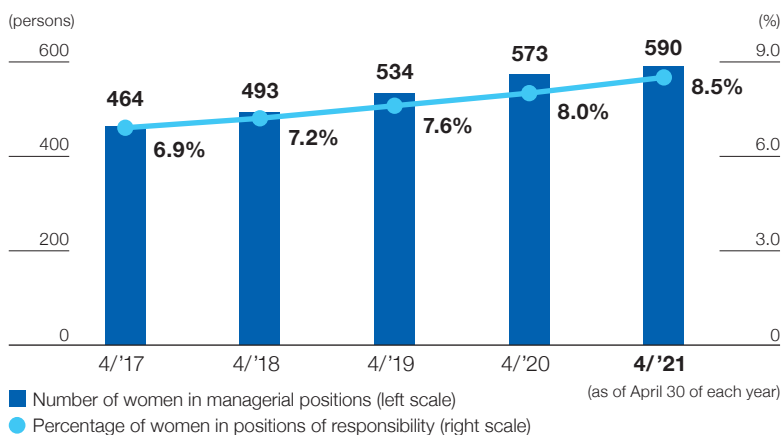


In addition to improving yields from materials and minimizing waste generated (including revenue-generating waste) in our production processes, we are aiming to achieve zero waste emissions from factories by increasing the recycling rate of our waste materials. The factory waste recycling rate in fiscal 2021 was 98.7%, which was below the target of at least 99%. We will step up our initiatives on recycling waste plastic in an effort to maintain and improve our factory waste recycling rate.

For details:

[https://www.panasonic.com/global/corporate/sustainability/eco/resource/recycling\\_oriented\\_manufacturing.html](https://www.panasonic.com/global/corporate/sustainability/eco/resource/recycling_oriented_manufacturing.html)

### Number of Women in Managerial Positions/ Percentage of Women in Positions of Responsibility



Note: Figures are based on the persons in managerial positions (section leader or higher) and persons in positions of responsibility (including chief and assistant chief positions) at Panasonic Corporation and its key domestic Group companies.

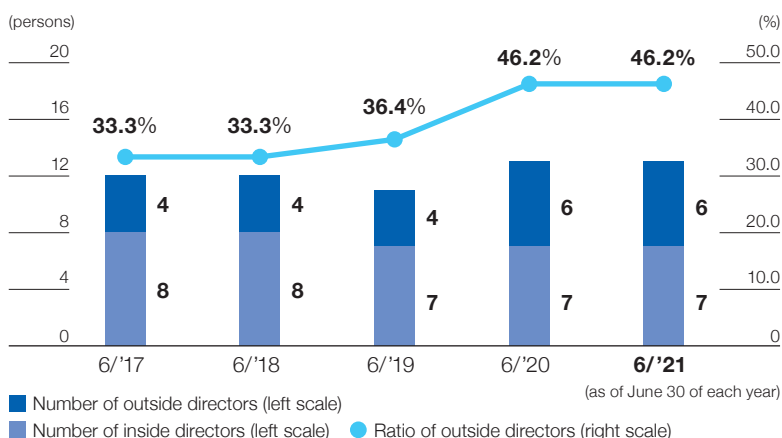
Promoting diversity is one of our key management initiatives and we are cognizant of the fact that there is a pressing need to appoint more women to managerial or responsible positions. As a result of various initiatives, both the number of women in managerial positions and the percentage of women in positions of responsibility are rising year on year at Panasonic.

In addition to above, in 2021 Panasonic signed on with "30% Club Japan" which aims to raise the proportion of women in the board of directors and other critical decision-making bodies in business. With these efforts, Panasonic aims to further boost diversity in the Group.

For details:

<https://www.panasonic.com/global/corporate/sustainability/pdf/sdb2021e-employee.pdf>

### Number of Board Members/Outside Director Ratio



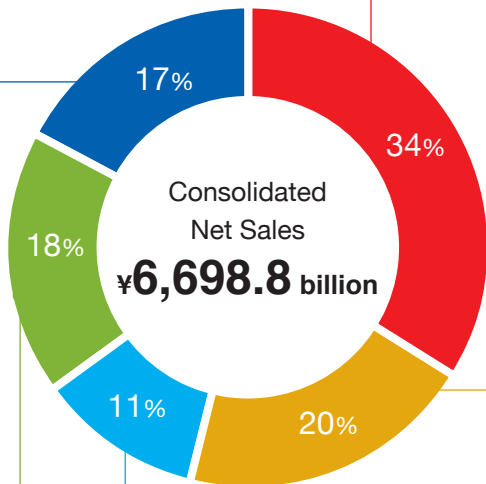
We ensure that the Board of Directors possesses a broad cross-section of knowledge, experience, and capabilities as a whole and endeavor to optimize the number of Board members so that the Board's functions can be demonstrated effectively and efficiently. Also, to enhance the Board's objectivity and neutrality and to strengthen its supervisory function, we adhere to an outside directors ratio of at least one third. As of June 30, 2021, the Board comprises 13 directors, 46.2% of which hail from outside of the Company.

For details:

<https://www.panasonic.com/global/corporate/management/governance.html>

# At a Glance

## Fiscal 2021 Net Sales Composition Ratio



Note: Net sales composition ratio is calculated by dividing the sales of each reportable segment by the total of reportable segment sales (excluding "Other" and "Eliminations and Adjustments").

### Reportable Segment

## Appliances



Front loading washer/dryer



Europe: Hot water heat pump system



Refrigerator

## Life Solutions



Spatial sterilizing/deodorizing equipment (Ziaino)



Wiring device (SO-STYLE)



Exterior spotlight

## Connected Solutions



Expansion of a strategic partnership with a major company specializing in supply chain software



Electronic component mounting machine (NPM-DX)



Entrance/exit security & office visualization system using facial recognition (KPAS)

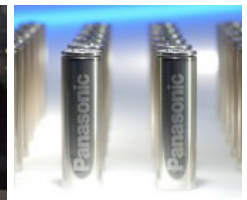
## Automotive



Car cockpits



Head-up display example (Photo courtesy of Nissan Motor Corporation)



Cylindrical lithium-ion battery

## Industrial Solutions



Industrial motor



Power storage module



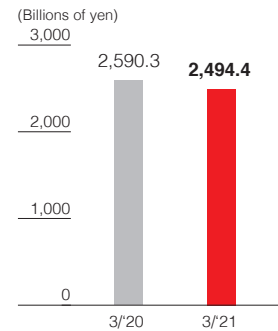
Capacitor

## Fiscal 2021 Operating Results

Sales decreased by 4% to 2,494.4 billion yen from a year ago. This is due mainly to the impact of deteriorating market conditions during the first half as well as the impact of streamlining in product lines for TVs and digital cameras, despite continued steady sales in products such as room air-conditioners, refrigerators and washing machines in Japan and China, and other regions saw signs of recovery.

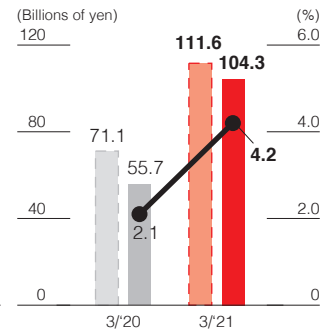
Operating profit increased 48.6 billion yen to 104.3 billion yen from a year ago, as a result of the effect of improved profitability outside Japan and reductions in fixed cost and sales promotion expenses, in addition to solid performance of domestic businesses, especially of the home appliances business.

## Sales (Years ended March 31)



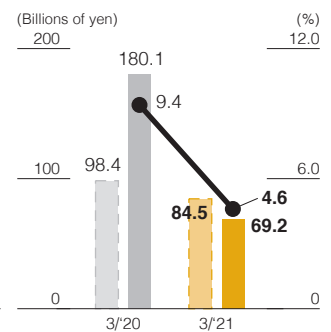
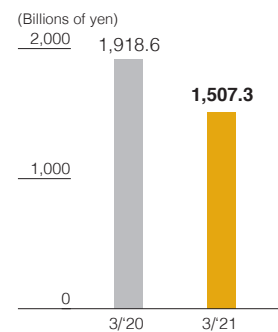
## Operating Profit (Years ended March 31)

□ Adjusted operating profit (reference)  
● Operating profit/sales ratio



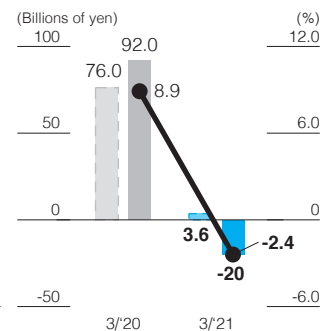
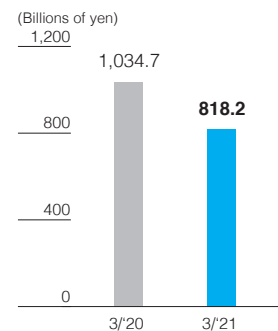
Sales decreased by 21% to 1,507.3 billion yen from a year ago, because, in addition to the deconsolidation of the housing related businesses, sales of wiring devices and lighting fixtures decreased in the domestic non-residential market, while overseas sales also declined due to lockdowns in India and Malaysia, despite strong performance of the IAQ (Indoor Air Quality) business.

Operating profit decreased 110.9 billion yen to 69.2 billion yen from a year ago, due to impact of decreased sales resulting from weak overall demand, the recording of restructuring expenses, and the recording of the gain from business transfer of the housing related businesses in the previous fiscal year, despite favorable effects of higher profit from sales in the IAQ business and fixed-cost reduction.



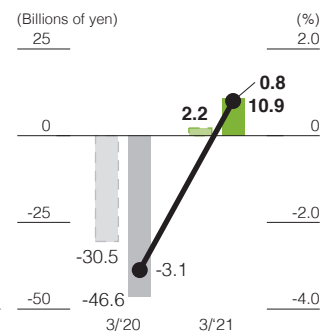
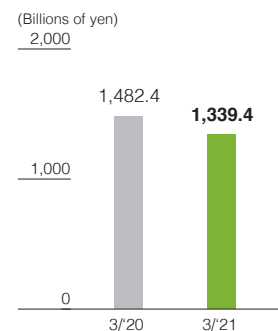
Sales decreased by 21% to 818.2 billion yen from a year ago, declining overall because strong sales in the process automation business fell short of offsetting the adverse impact on other businesses of the market downturn caused by the spread of COVID-19.

The segment recorded an operating loss of 20.0 billion yen, 112.0 billion yen down from a year ago, mainly because of the impact of declined sales in such businesses as avionics, the recognition of impairment losses, and the recording of the gain from business transfer of the security systems business in the previous fiscal year.



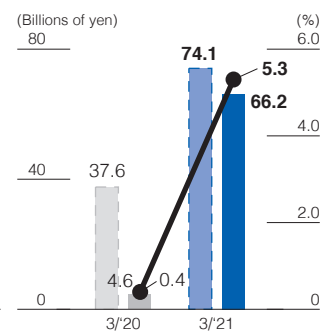
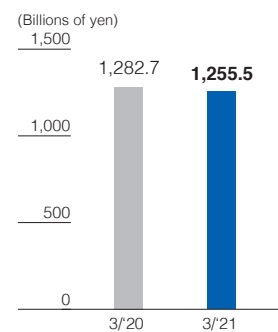
Sales decreased by 10% to 1,339.4 billion yen from a year ago. Both the automotive solutions business and the automotive batteries business saw a decline in sales on a full year basis as a result of a significant decrease in automotive production in the first half of the fiscal year due to the spread of COVID-19, despite a rapid recovery in demand thereafter.

The segment recorded an operating profit of 10.9 billion yen, 57.5 billion yen up from a year ago, in spite of decreased sales due to the spread of COVID-19, mainly because the automotive solutions business saw an increase in profit as a result of substantial reduction in fixed costs; the automotive batteries business also saw an increase in profit because of the rationalization of materials for cylindrical lithium-ion batteries and gains from establishment of prismatic lithium-ion batteries joint venture. Furthermore, the automotive cylindrical battery business recorded a profit on a full year basis for the first time since the establishment of the North America factory for batteries.



Sales decreased by 2% to 1,255.5 billion yen from a year ago. In the main business, sales of industrial motors expanded due to the recovery in demand for production facilities, and sales of capacitors and power storage systems for data centers were strong due to the expansion of data communication demand. Sales of automotive components also recovered in the second half, following the adverse impact of the spread of COVID-19 in the first half of the fiscal year. However, overall sales declined mainly due to the effects of the transfer of the semiconductor business.

Operating profit increased 61.6 billion yen to 66.2 billion yen from a year ago, mainly due to a rebound from the recording of restructuring expenses in the previous fiscal year, in addition to increases in sales and profit of industrial motors, power storage systems, capacitors, etc., and efforts to reduce fixed costs and promote the rationalization of materials.

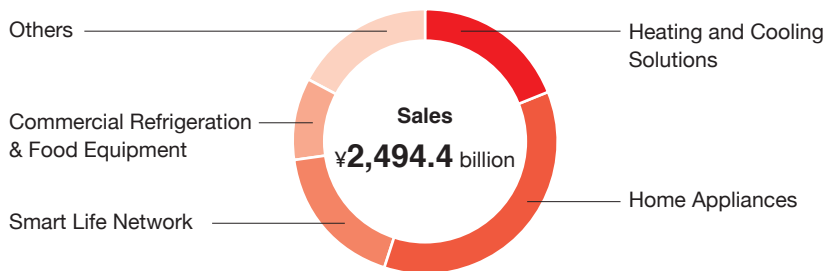


# At a Glance

Sales Composition (Based on Fiscal 2021 results)

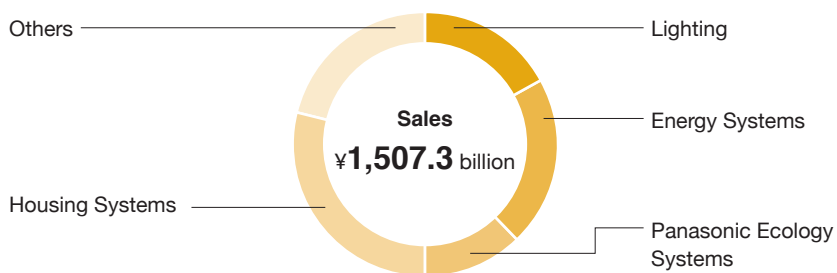
Sub-segments

## Appliances



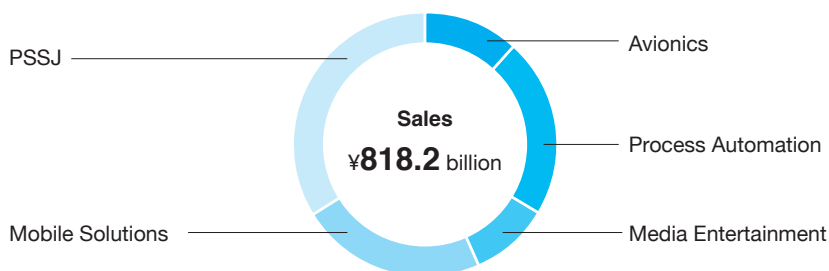
Heating and Cooling Solutions
Home Appliances
Smart Life Network
Commercial Refrigeration & Food Equipment
Others

## Life Solutions



Lighting
Energy Systems
Panasonic Ecology Systems
Housing Systems
Others

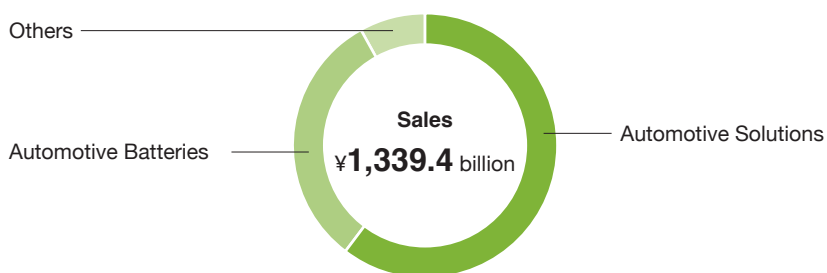
## Connected Solutions



Avionics
Process Automation
Media Entertainment
Mobile Solutions
PSSJ
Others

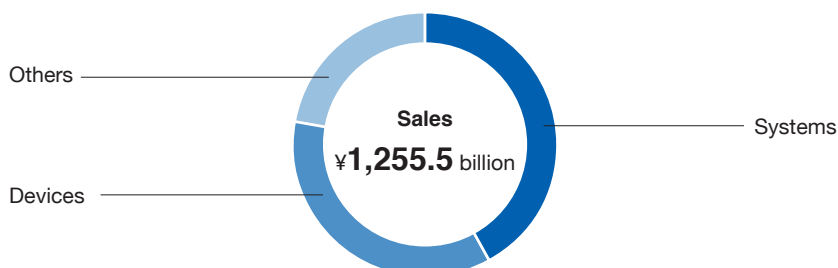
The "Others" sub-segment is not shown in the pie chart because the amount has been negative due to the effects of eliminations and adjustments.

## Automotive



Automotive Solutions
Automotive Batteries
Others

## Industrial Solutions



Systems
Devices
Others



## Major Business Divisions, etc.

## Main products and services (as of March 31, 2021)

Heating and Cooling Solutions BD

Kitchen Appliances BD, Laundry Systems and Vacuum Cleaner BD, Beauty and Personal Care BD

Smart Life Network BD

Cold Chain BD, Hussmann Corporation

Refrigeration and Air-Conditioning Devices BD, Smart Energy System BD, sales of other Divisional Company products, headquarter-related, eliminations, etc.

Room air-conditioners, large-sized air-conditioners, refrigerators, microwave ovens, rice cookers, washing machines, vacuum cleaners, personal-care products, TVs, digital cameras, video equipment, home audio equipment, fixed-phones, showcases, compressors, fuel cells

Lighting BD

Energy Systems BD

Panasonic Ecology Systems Co., Ltd.

Housing Systems BD

Bicycle, nursing-care, sales & marketing, eliminations, etc.

Lighting fixtures, lamps, wiring devices, solar photovoltaic systems, ventilation and air-conditioning equipment, air purifiers, spatial sterilizing/deodorizing equipment, kitchen & bath, interior furnishing materials, exterior finishing materials, bicycles, nursing care service

Panasonic Avionics Corporation, Avionics BU

Process Automation BD

Media Entertainment BD

Mobile Solutions BD

Panasonic System Solutions Japan Co., Ltd.

Other businesses, eliminations, etc.

Aircraft in-flight entertainment systems and communications services, electronic component mounting machines, welding equipment, projectors, professional AV systems, PCs and tablets, solutions for various industries, installation/operation/maintenance services

Infotainment Systems BD, HMI Systems BD, Automotive Systems BD, Ficoso International, S.A.

Tesla Energy BD, Automotive prismatic battery business

Sales of other Divisional Company products, etc.

Automotive-use infotainment systems, head-up displays, automotive audio systems, automotive switches, vehicle camera modules, advanced driver assistance systems (ADAS), devices and systems for electric automobiles, automotive mirrors, cylindrical and prismatic lithium-ion batteries (Prismatic batteries are manufactured by Prime Planet Energy & Solutions, Inc.)

Electromechanical Control BD, Industrial Device BD, Energy Solutions BD

Device Solutions BD, Energy Device BD, Electronic Materials BD

Semiconductor, LCD, sales of other Divisional Company products, eliminations, etc.

Relays, switches, power supply, motors, sensors, small lithium-ion batteries, power storage modules, capacitors, coils, resistors, dry batteries, micro batteries, electronic circuit board materials, LCD panels

Note: Semiconductor was deconsolidated in September 2020.

# 10-Year Financial Summary

Panasonic Corporation and Subsidiaries, Years ended March 31

Panasonic began applying International Financial Reporting Standards (IFRS) on a voluntary basis in the fiscal year ended March 2017.

Financial figures for the fiscal year ended March 2016 are also presented in accordance with IFRS in addition to conventional U.S. GAAP standards.

## U.S. GAAP

	3/2012	3/2013	3/2014	3/2015	3/2016
<b>For the Year (Millions of yen)</b>					
Net sales	7,846,216	7,303,045	7,736,541	7,715,037	7,553,717
Operating profit	43,725	160,936	305,114	381,913	415,709
Income (loss) before income taxes	(812,844)	(398,386)	206,225	182,456	217,048
Net income (loss) attributable to Panasonic Corporation	(772,172)	(754,250)	120,442	179,485	193,256
Capital investment	369,676	342,713	239,127	253,610	279,993
Depreciation and amortization	374,263	338,955	330,786	286,326	274,401
R&D expenditures	520,217	502,223	478,817	457,250	449,828
Free cash flow	(339,893)	355,156	594,078	353,455	124,406

## At Year-End (Millions of yen)

Cash and cash equivalents	574,411	496,283	592,467	1,280,408	1,014,264
Total assets	6,601,055	5,397,812	5,212,994	5,956,947	5,596,982
Interest-bearing debt	1,575,615	1,143,395	642,112	972,916	725,919
Panasonic Corporation shareholders' equity	1,929,786	1,264,032	1,548,152	1,823,293	1,705,056
Total equity	1,977,566	1,304,273	1,586,438	1,992,552	1,854,314

## Per Share Data (Yen)

Net income (loss) attributable to Panasonic Corporation per common share:					
Basic	(333.96)	(326.28)	52.10	77.65	83.40
Diluted	—	—	—	77.64	83.39
Dividends declared per share	10.00	—	13.00	18.00	25.00
Panasonic Corporation shareholders' equity per share	834.79	546.81	669.74	788.87	734.62

## Financial Indicators

Operating profit/sales (%)	0.6	2.2	3.9	5.0	5.5
Income (loss) before income taxes/sales (%)	(10.4)	(5.5)	2.7	2.4	2.9
ROE (%)	(34.4)	(47.2)	8.6	10.6	11.0
Net income (loss) attributable to Panasonic Corporation/sales (%)	(9.8)	(10.3)	1.6	2.3	2.6
Total asset turnover ratio (Times)	1.1	1.2	1.5	1.4	1.3
Financial leverage (Times)	3.2	3.8	3.8	3.3	3.3
Interest-bearing debt/total assets (%)	23.9	21.2	12.3	16.3	13.0
Panasonic Corporation shareholders' equity/total assets (%)	29.2	23.4	29.7	30.6	30.5
Payout ratio (%)	—	—	25.0	23.2	30.0

## Exchange Rate (Yen)

1 USD	79	83	100	110	120
1 EUR	109	107	134	139	133
1 RMB	—	13.3	16.4	17.7	18.9

## Note to U.S. GAAP

- The Company's financial statements were prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) until the fiscal year ended March 2016.
- In order to be consistent with generally accepted financial reporting practices in Japan, operating profit, a non-GAAP measure, is presented as net sales less cost of sales and selling, general and administrative expenses. The Company believes that this is useful to investors in comparing the Company's financial results with those of other Japanese companies. See the Company's annual securities report and financial announcements for the details.
- The figures for "Capital investment" are amounts on an accrual basis for property, plant and equipment and intangible assets.
- "Depreciation and amortization" include depreciation of property, plant and equipment and amortization of intangible assets.
- "Dividends declared per share" reflect those declared by Panasonic in each fiscal year and consist of interim dividends paid during the fiscal year and year-end dividends paid after the fiscal year-end.
- Exchange rate is the average rate for the fiscal year.
- "Diluted net income (loss) attributable to Panasonic Corporation per common share" from fiscal 2012 to fiscal 2014 has been omitted because the Company did not have potential common shares that were outstanding for the period.
- Effective from the beginning of fiscal 2013, investments and depreciation expenses in molding dies are included in "Capital investment" and "Depreciation," respectively. Accordingly, the amounts of "Capital investment" and "Depreciation and amortization" for fiscal 2012 are changed.
- Payout ratios have not been presented for those fiscal years in which the Company incurred a net loss attributable to Panasonic Corporation.
- "Interest-bearing debt" is equal to the sum of short-term debt, including current portion of long-term debt, and long-term debt.
- Formulas for financial ratios are as follows:  
 Operating profit ratio = Operating profit / Net sales  
 ROE (Return on equity) = Net income (loss) attributable to Panasonic Corporation / Average Panasonic Corporation shareholders' equity at the beginning and the end of each fiscal year  
 Total assets turnover = Net Sales / Average total assets at the beginning and the end of each fiscal year  
 Financial leverage = Average total assets at the beginning and the end of each fiscal year / Average Panasonic Corporation shareholders' equity at the beginning and the end of each fiscal year  
 Payout ratio = Dividends declared per share / Basic net income attributable to Panasonic Corporation common shareholders per share

## IFRS

	3/2016	3/2017	3/2018	3/2019	3/2020	3/2021
<b>For the Year (Millions of yen)</b>						
Net sales	7,626,306	7,343,707	7,982,164	8,002,733	7,490,601	<b>6,698,794</b>
Adjusted operating profit	413,246	343,616	401,202	327,032	286,663	<b>307,155</b>
Operating profit	230,299	276,784	380,539	411,498	293,751	<b>258,600</b>
Profit before income taxes	227,529	275,066	378,590	416,456	291,050	<b>260,820</b>
Net profit attributable to Panasonic Corporation stockholders	165,212	149,360	236,040	284,149	225,707	<b>165,077</b>
Capital investment	299,881	373,208	475,187	380,678	342,098	<b>301,494</b>
Depreciation and amortization	277,716	269,998	287,324	295,694	279,184	<b>247,651</b>
R&D expenditures	438,851	436,130	448,879	488,757	475,005	<b>419,764</b>
Free cash flow	125,551	(34,746)	(35,646)	10,290	224,207	<b>680,634</b>
<b>At Year-End (Millions of yen)</b>						
Cash and cash equivalents	1,012,666	1,270,787	1,089,585	772,264	1,016,504	<b>1,593,224</b>
Total assets	5,488,024	5,982,961	6,291,148	6,013,931	6,218,518	<b>6,847,073</b>
Interest-bearing debt	724,841	1,124,004	1,239,444	998,721	1,471,311	<b>1,447,423</b>
Panasonic Corporation stockholders' equity	1,444,442	1,571,889	1,707,551	1,913,513	1,998,349	<b>2,594,034</b>
Total equity	1,647,233	1,759,935	1,882,285	2,084,615	2,155,868	<b>2,768,502</b>
<b>Per Share Data (Yen)</b>						
Earnings per share attributable to Panasonic Corporation stockholders:						
Basic	71.30	64.33	101.20	121.83	96.76	<b>70.75</b>
Diluted	71.29	64.31	101.15	121.75	96.70	<b>70.72</b>
Dividends declared per share	25.00	25.00	30.00	30.00	30.00	<b>20.00</b>
Panasonic Corporation stockholders' equity per share	622.34	673.93	732.12	820.41	856.57	<b>1,111.73</b>
<b>Financial Indicators</b>						
Operating profit/sales (%)	3.0	3.8	4.8	5.1	3.9	<b>3.9</b>
Profit before income taxes/sales (%)	3.0	3.7	4.7	5.2	3.9	<b>3.9</b>
ROE (%)	11.1	9.9	14.4	15.7	11.5	<b>7.2</b>
Net profit attributable to Panasonic Corporation stockholders/sales (%)	2.2	2.0	3.0	3.6	3.0	<b>2.5</b>
Total asset turnover ratio (Times)	1.3	1.3	1.3	1.3	1.2	<b>1.0</b>
Financial leverage (Times)	3.8	3.8	3.7	3.4	3.1	<b>2.8</b>
Interest-bearing debt/total assets (%)	13.2	18.8	19.7	16.6	23.7	<b>21.1</b>
Panasonic Corporation stockholders' equity/total assets (%)	26.3	26.3	27.1	31.8	32.1	<b>37.9</b>
Payout ratio (%)	35.1	38.9	29.6	24.6	31.0	<b>28.3</b>
<b>Exchange Rate (Yen)</b>						
1 USD	120	108	111	111	109	<b>106</b>
1 EUR	133	119	130	128	121	<b>124</b>
1 RMB	18.9	16.1	16.8	16.5	15.6	<b>15.7</b>

## Note to IFRS

- The Company's consolidated financial statements are prepared in conformity with International Financial Reporting Standards (IFRS).
- Adjusted operating profit = Net sales - Cost of sales - SG&A
- The figures for "Capital investment" are amounts on an accrual basis for property, plant and equipment and intangible assets. (Excludes increases due to business combinations)
- "Depreciation and amortization" include depreciation of property, plant and equipment and amortization of intangible assets.
- "Dividends declared per share" reflect those declared by Panasonic in each fiscal year and consist of interim dividends paid during the fiscal year and year-end dividends paid after the fiscal year-end.
- Exchange rate is the average rate for the fiscal year.
- "Interest-bearing debt" is equal to the sum of short-term debt, including current portion of long-term debt, long-term debt, and lease liabilities.
- Formulas for financial ratios are as follows:
  - Operating profit ratio = Operating profit / Net sales
  - ROE (Return on equity) = Net profit attributable to Panasonic Corporation stockholders / Average Panasonic Corporation stockholders' equity at the beginning and the end of each fiscal year
  - Total assets turnover = Net Sales / Average total assets at the beginning and the end of each fiscal year
  - Financial leverage = Average total asset at the beginning and the end of each fiscal year / Average Panasonic Corporation stockholders' equity at the beginning and the end of each fiscal year
  - Payout ratio = Dividends declared per share / Basic earnings per share attributable to Panasonic Corporation stockholders

# Financial Review

Panasonic Corporation and subsidiaries  
Fiscal year ended March 2021

## Operating Results

### Business Overview

During the year ended March 31, 2021 (fiscal 2021) under review, the global economy saw a decline in consumption and investment due to the prolonged impact of COVID-19. Despite the economic measures taken in various countries and the recovery of share prices, the economic outlook remained difficult to predict, given the growing uncertainties over the political and financial circumstances as well as the risk of trade stagnation. Japan was also affected by these global conditions to no small extent.

Under such a management environment, the Company has been capturing opportunities reflecting changes in society brought about by COVID-19 and promoting measures for solutions. At the same time, initiatives such as reducing fixed costs have been taken in line with business conditions. In addition, based on the Mid-term strategy started from fiscal 2020, the Company has steadily continued to promote business portfolio reform and enhance its management structure to break away from a low-profitability structure.

More specifically, with regard to the investment for growth in the *Gemba* (operational frontlines) Process business, the Company made a strategic equity investment obtaining 20% of the voting rights in Blue Yonder Holding, Inc. ("Blue Yonder"), a U.S.-based specialized supply chain software provider, in July 2020<sup>(Note 1)</sup>. Furthermore, in the automotive prismatic battery business, Prime Planet Energy & Solutions, Inc. which is a joint venture with Toyota Motor Corporation, has started its operation since April 1, 2020. The joint venture is working to develop highly competitive batteries that have excellent quality, performance and cost effectiveness, and to provide a stable supply of batteries. In addition, as a means for improving profitability, the Company has pushed ahead with individual business portfolio reforms with a particular focus on geographical regions and products. For example, the Company has made a decision to transfer shares in its lighting device businesses in Europe and North America.

To enhance its management structure, the Company has made significant progress on reducing fixed costs, so much so that it achieved the medium-term target of 100.0 billion yen ahead of schedule in fiscal 2021. Also, as a measure for dealing

with businesses that have loss-making structures, the Company completed the transfer of its semiconductor business to Nuvoton Technology Corporation, a Taiwan-based semiconductor company in September 2020. Also, in the solar business, for the purpose of optimization in the development and production capability, the Company ceased its U.S. production of photovoltaic cells and modules at the plant in Buffalo (New York, U.S.) in June 2020. The withdrawal was completed in September 2020. Additionally, the Company announced in February 2021 to withdraw from its in-house photovoltaic production for residential, public and industrial-usage during fiscal 2022<sup>(Note 2)</sup>.

Notes 1. At the Board of Directors' meeting held on April 23, 2021, the Company resolved to acquire additional 80% of the shares of Blue Yonder to make it a wholly-owned subsidiary.

2. The Company will continue the sales of photovoltaic modules under the Panasonic brand in Japan by subcontracting production to its manufacturing partners. For the global market outside Japan, the Company will also continue to sell outsourced photovoltaic modules as it has been doing in North America and other regions.

### Net Sales

The Company's consolidated group sales for fiscal 2021 decreased by 11% to 6,698.8 billion yen from a year ago. Domestic sales decreased due mainly to the impact of the spread of COVID-19 as well as the impact of deconsolidation in housing related businesses, despite increased sales in products such as air purifiers. Overseas sales decreased due largely to the impact of the spread of COVID-19, despite increased sales in products such as mounting machines at Process Automation, power storage systems for information- and communication-infrastructure as well as industrial-use motors.

### Overview by Geographic Region

By geographic region, overall sales in Japan decreased by 14% to 3,113.3 billion yen. Sales overseas decreased by 8% to 3,881.5 billion yen. In real terms, excluding the impact of exchange rates, sales decreased by 7% year on year. In North and South America, sales totaled 1,117.1 billion yen, a year-on-year decrease of 20% in real terms. In Europe,

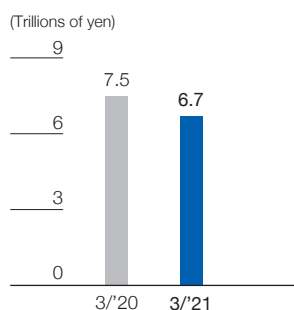
### Financial Results

(Billions of yen)

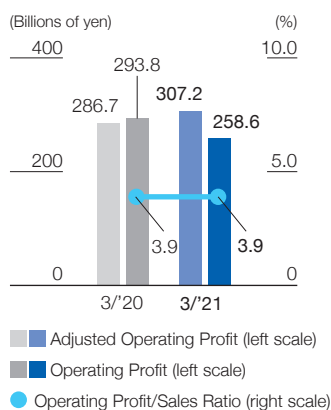
	3/2020	3/2021	vs. 3/2020 %/amount	
Net sales	7,490.6	6,698.8	89%	-791.8
Adjusted operating profit	286.7	307.2	107%	+20.5
Operating profit	293.8	258.6	88%	-35.2
Profit before income taxes	291.1	260.8	90%	-30.3
Net profit attributable to Panasonic Corporation stockholders	225.7	165.1	73%	-60.6
ROE	11.5%	7.2%	—	-4.3%
Exchange rates	1 USD	109 yen	106 yen	
	1 EUR	121 yen	124 yen	
	1 RMB	15.6 yen	15.7 yen	

**Net Sales**

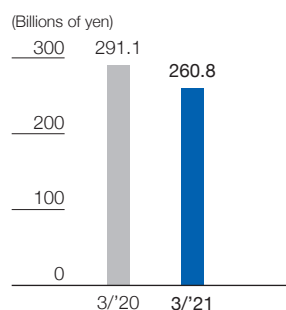
(Years ended March 31)

**Operating Profit  
Operating Profit/Sales Ratio**

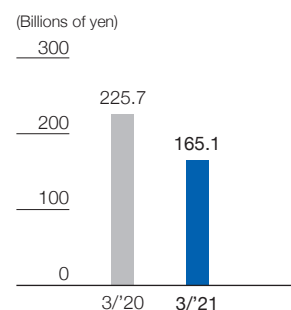
(Years ended March 31)

**Profit before Income Taxes**

(Years ended March 31)

**Net Profit Attributable to  
Panasonic Corporation  
Stockholders**

(Years ended March 31)



sales totaled 662.0 billion yen, a year-on-year decrease of 10% in real terms. In Asia, sales were 943.7 billion yen, a 1% decrease in real terms, and in China, sales were 862.7 billion yen, a 14% increase in real terms.

**Sales by Region**

	(Billions of yen)		
	3/2020	3/2021	Local currency basis vs. 3/2020
Japan	3,609.1	3,113.3	86%
Americas	1,442.3	1,117.1	80%
Europe	720.6	662.0	90%
Asia	963.8	943.7	99%
China	754.8	862.7	114%
Total	7,490.6	6,698.8	90%

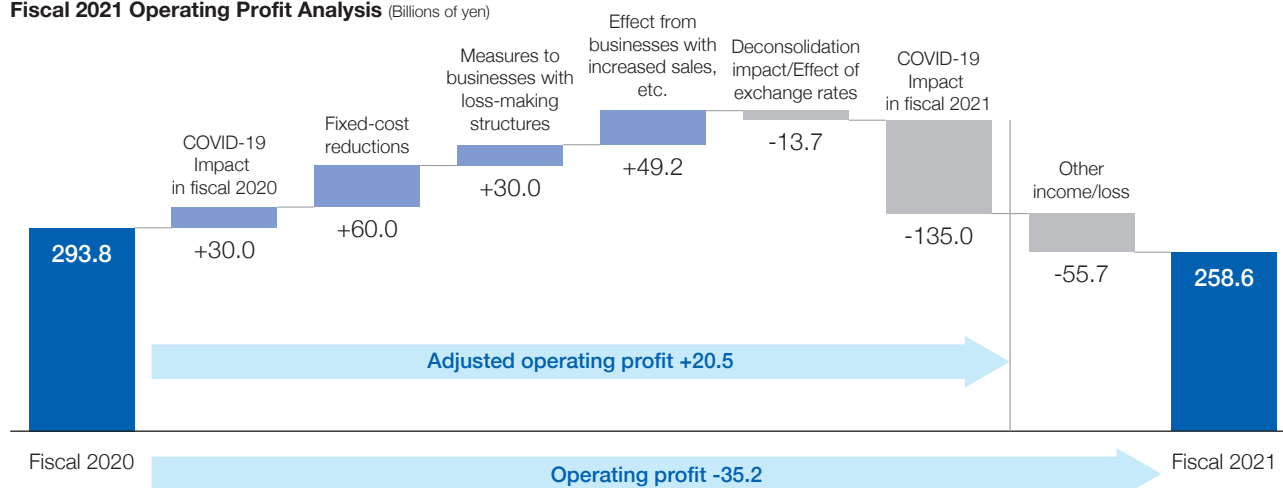
**Operating Profit**

Operating profit decreased by 12% to 258.6 billion yen from a year ago. Adjusted operating profit<sup>(Note)</sup> increased by 20.5 billion yen due to fixed cost reductions for management structure enhancement as well as increased sales for businesses such as air-conditioning and indoor air quality, automotive batteries and information- and communication-infrastructure, which capture business opportunities reflecting changes in society from a medium- to long-term perspective.

Other income (expenses) decreased to 55.7 billion yen due largely to the impact of gain from business transfer in the previous year. Overall operating profit decreased by 35.2 billion yen.

The operating profit ratio remained the same as the previous fiscal year at 3.9%.

Note: Adjusted operating profit: sales - cost of sales - SG&A

**Fiscal 2021 Operating Profit Analysis** (Billions of yen)



## Financial Review

### Profit before Income Taxes

Finance income decreased from 31.4 billion yen the previous fiscal year to 20.8 billion yen. Finance expenses decreased from 34.1 billion yen the previous fiscal year to 18.6 billion yen. As a result, profit before income taxes was 260.8 billion yen, compared to 291.1 billion yen the previous fiscal year.

### Net Profit Attributable to Panasonic Corporation Stockholders

Income taxes were 76.9 billion yen, compared to 51.0 billion yen a year ago. As a result, net profit attributable to Panasonic Corporation stockholders totaled 165.1 billion yen, compared to 225.7 billion yen a year ago. Also, net profit attributable to Panasonic Corporation stockholders per share was 70.75 yen, against 96.76 yen the previous fiscal year.

## Financial Conditions and Liquidity

### Liquidity and Capital Resources

The Panasonic Group's basic policy is to generate necessary funds for its business activities through its own efforts. The generated funds are utilized efficiently through internal Group finance operations. In cases when it becomes necessary to secure funds for purposes such as for working capital or business investments, corporate financing is secured from an external source by appropriate means after due consideration of the Group's financial standing and financial market conditions.

Cash and cash equivalents as of March 31, 2021 were 1,593.2 billion yen, increased by 576.7 billion yen compared with the end of the previous fiscal year. During fiscal 2021, the Group raised working capital, etc., mainly by issuing Commercial Papers (CPs). The Group has secured cash and cash equivalents over one trillion yen as a reserve for risks of aggravating financial economy environments, etc. The Group issues the unsecured straight bonds of 200.0 billion yen in December 2020 and allots redemption flows from the CPs to ensure medium- to long-term financing. As a result, the balance of unsecured straight bonds was 880.0 billion yen, the balance of unsecured USD-denominated straight bonds was USD 2.5 bil-

lion as of March 31, 2021.

Interest-bearing debt decreased to 1,447.4 billion yen as of March 31, 2021 from 1,471.3 billion yen at the end of the previous fiscal year. This is due to the repayments of Commercial Paper (CP) and other factors despite the issuance of unsecured straight bonds. Panasonic entered into three-year commitment line agreements<sup>(Note)</sup> with several banks in June 2018 to prepare for financing risk in the precarious financial and economic environment. The upper limit for unsecured borrowing based on the agreements is a total of 700.0 billion yen, but there is no borrowing under this agreement.

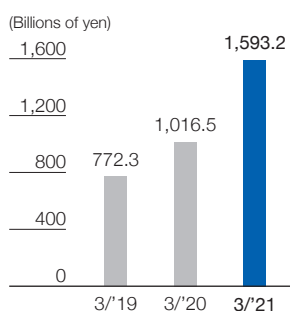
Note: Commitment line agreements: contracts made with financial institutions to secure financing subject to pre-agreed limits on the time period and commitment line. The contract dated June 2018 recently expired and was therefore renewed in June 2021 for a total of 600.0 billion yen.

### Cash Flows

The Company recognizes the importance of increasing free cash flow by strengthening business profitability and developing businesses over the medium- to long-term. The Company also works simultaneously to create cash flows through continuous reductions of working capital, revisions of asset holdings and other measures.

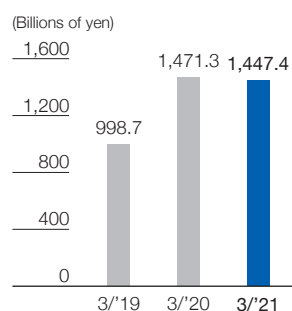
#### Cash and Cash Equivalents

(Years ended March 31)



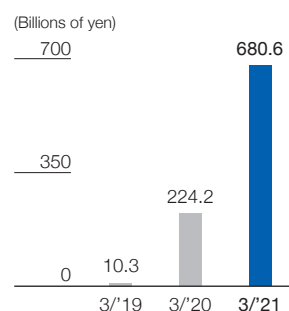
#### Interest-Bearing Debt

(Years ended March 31)



#### Free Cash Flows

(Years ended March 31)



Net cash provided by operating activities for fiscal 2021 was 504.0 billion yen and net cash provided by investing activities was 176.6 billion yen. Free cash flow, the total of the two, improved by 456.4 billion yen from the previous year to an inflow of 680.6 billion yen.

The sharp improvement compared to previous fiscal year mainly due to proceeds from the establishment of a joint venture in the automotive prismatic battery business as well as transfer of assets.

## Capital Investment, Depreciation and Amortization

The Panasonic Group makes capital investment based on a policy of steady investments primarily in key businesses for future growth. Capital investment in fiscal 2021 decreased by 40.6 billion yen to 301.5 billion yen, from 342.1 billion yen a year ago. The main capital investments have been made in production facilities in the U.S. for lithium-ion batteries, etc. for automotive use in the Automotive segment, in production facilities for electronic components, control equipments, etc. in the Industrial Solutions segment, and in production facilities for electric appliances for home use in the Appliances segment.

Depreciation and amortization decreased by 31.5 billion yen to 247.7 billion yen, from 279.2 billion yen a year ago.

Note: The figures for "Capital investment" are amounts on an accrual basis for property, plant and equipment and intangible assets. (Excludes increases due to business combinations)

"Depreciation and amortization" include depreciation of property, plant and equipment and amortization of intangible assets.

Fiscal 2021 Capital Investment by Segment		(Billions of yen)
	Capital Investment	
Appliances		45.7
Life Solutions		86.8
Connected Solutions		18.4
Automotive		63.2
Industrial Solutions		54.5
Other / Eliminations and Adjustments		32.9
<b>Total</b>		<b>301.5</b>

## Assets, Liabilities and Equity

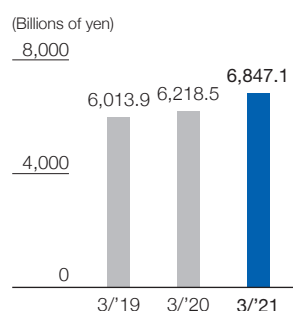
The Company's consolidated total assets of March 31, 2021 were 6,847.1 billion yen, an increase of 628.6 billion yen from March 31, 2020. This is due mainly to an increase in cash and cash equivalents as well as an equity investment in Blue Yonder, despite decreased assets as a result of the establishment of a joint venture in the automotive prismatic battery business and the transfer of Company's semiconductor business.

The Company's consolidated total liabilities were 4,078.6 billion yen, an increase of 15.9 billion yen from March 31, 2020. This is due mainly to an increase of income taxes payable.

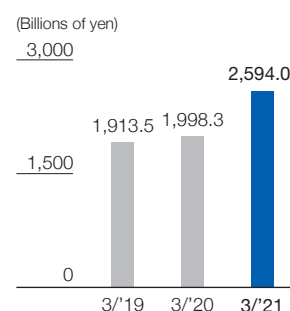
Panasonic Corporation stockholders' equity increased by 595.7 billion yen to 2,594.0 billion yen, compared with March 31, 2020. This is due mainly to recording of Net profit attributable to Panasonic Corporation stockholders and Other comprehensive income. With non-controlling interests added to Panasonic Corporation stockholders' equity, total equity was 2,768.5 billion yen.

As a result, the ratio of Panasonic Corporation stockholders' equity was 37.9%, increasing from 32.1% on March 31, 2020.

**Total Assets**  
(Years ended March 31)



**Panasonic Corporation Stockholders' Equity**  
(Years ended March 31)



For details regarding consolidated financial statements, please refer to the Company's [Annual Securities Report \(Yukashoken Hokokusho\)](#)

- [Consolidated Statements of Financial Position](#)
- [Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income](#)
- [Consolidated Statement of Changes in Equity](#)
- [Consolidated Statements of Cash Flows](#)

# Corporate Data (As of March 31, 2021)

Panasonic Corporation and Subsidiaries

Years ended March 31

## Corporate Data

**Company Name:** Panasonic Corporation  
(TSE Securities Code: 6752)

**Founded:** March 1918 (Incorporated in December 1935)

**Head Office Location:** 1006, Oaza Kadoma, Kadoma-shi,  
Osaka 571-8501, Japan

**Stated Capital:** 258,981 million yen

**Consolidated Companies (including parent company):**  
523 companies

**Companies under the Equity Method:**  
69 companies

**Number of Employees:** 243,540 persons

## Share Data

**Number of Shares Issued:** 2,453,563,397 shares  
(Including 120,239,132 shares held by Panasonic)

**Number of Shareholders:** 477,323

**TSE Securities Code:** 6752

**Unit of Stock:** 100

**Stock Exchange Listings:** Tokyo, Nagoya

**Transfer Agent for Common Stock:**  
Sumitomo Mitsui Trust Bank, Limited  
5-33, Kitahama, 4-chome, Chuo-ku, Osaka-shi,  
Osaka 540-8639, Japan  
Phone: +81-3-3323-7111

### American Depositary Receipts (ADRs)

Depository Bank: J.P. Morgan Chase Bank, N.A.  
Stock Exchange: U.S. Over-the-Counter (OTC) Market  
ADR Ratio: 1 ADR = 1 Share  
Symbol: PCRFY

### Stock Transfer Handling Office

Shareowner Services  
P.O. Box 64504  
St. Paul, MN 55164-0504, U.S.A.  
Phone: +1-800-990-1135 (U.S.: toll free)  
+1-651-453-2128 (International)

	3/2012	3/2013	3/2014	3/2015	3/2016	3/2017	3/2018	3/2019	3/2020	3/2021
Number of Shares Issued (in thousands of shares)	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053	2,453,326	<b>2,453,563</b>
Number of Shareholders	557,102	577,756	499,728	469,295	514,129	486,489	485,053	505,402	488,540	<b>477,323</b>
Distribution by Type of Shareholders (%)										
Japanese Financial Institutions, etc.	34.2	28.3	27.2	30.1	30.6	30.8	31.9	34.8	34.7	<b>35.0</b>
Overseas Investors, etc.	21.9	25.3	33.2	32.9	31.2	32.6	33.4	28.9	30.3	<b>31.8</b>
Other Corporations	8.4	8.3	7.4	7.1	6.9	7.0	6.8	6.8	6.1	<b>6.2</b>
Individuals and Others	29.7	32.3	26.4	24.1	25.9	24.7	23.0	24.6	24.0	<b>22.1</b>
Treasury Stock	5.8	5.8	5.8	5.8	5.4	4.9	4.9	4.9	4.9	<b>4.9</b>
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	<b>100.0</b>

## Major Shareholders

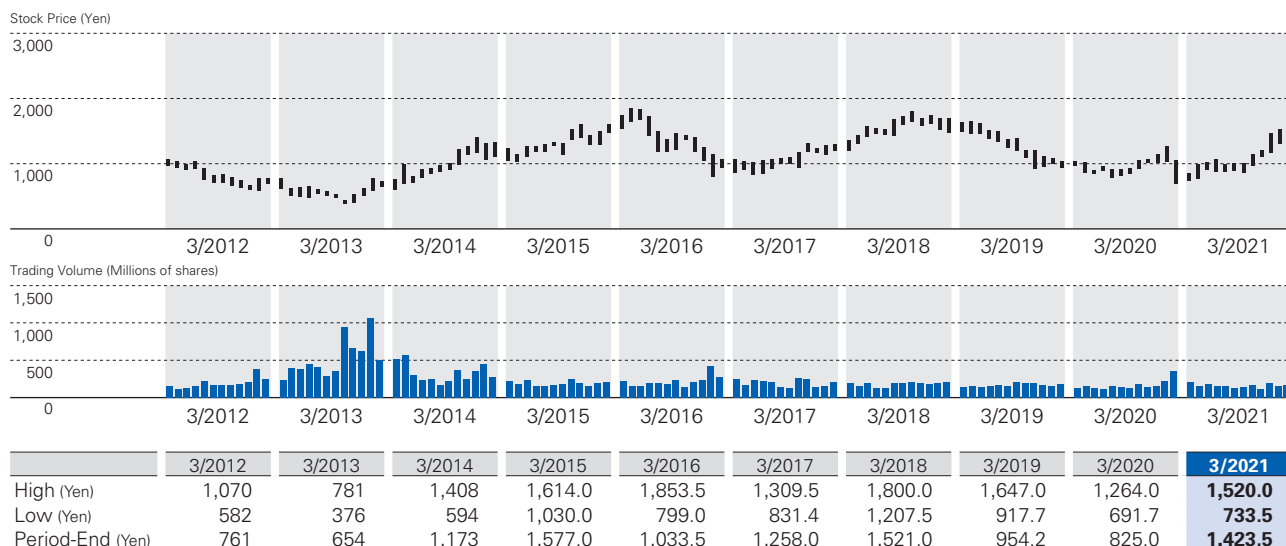
Name	Share ownership (in thousands of shares)	Percentage of total issued shares (%)
The Master Trust Bank of Japan, Ltd. (trust account)	207,193	8.87
Custody Bank of Japan, Ltd. (trust account)	174,974	7.49
NIPPON LIFE INSURANCE COMPANY	69,056	2.95
Custody Bank of Japan, Ltd. (trust account 7)	46,859	2.00
Panasonic Corporation Employee Shareholding Association	38,992	1.67
SUMITOMO LIFE INSURANCE COMPANY	37,465	1.60
MOXLEY AND CO LLC	35,324	1.51
STATE STREET BANK WEST CLIENT - TREATY 505234	34,165	1.46
Custody Bank of Japan, Ltd. (trust account 5)	32,701	1.40
Matsushita Real Estate Co., Ltd.	29,121	1.24

Notes: 1. The figures in share ownership are rounded down to the nearest thousand shares.

2. Shareholding ratio is calculated by deducting the Company's treasury stock (120,239,132) and rounded down to two decimal places.

3. The English names of foreign shareholders above are based on the General Shareholders Notification notified by Japan Securities Depository Center, Inc.

## Company Stock Price and Trading Volume (Years ended March 31) Tokyo Stock Exchange monthly basis



## Corporate Bonds

### Unsecured Straight Bonds in Japan

Series	Years	Coupon rate (per annum)	Aggregate principal amount of issue	Maturity date
13th	7	0.568%	80 billion yen	March 18, 2022
14th	10	0.934%	100 billion yen	March 19, 2025
15th	5	0.190%	200 billion yen	Sept. 17, 2021
16th	7	0.300%	70 billion yen	Sept. 20, 2023
17th	10	0.470%	130 billion yen	Sept. 18, 2026
18th	6	0.230%	30 billion yen	March 5, 2026
19th	10	0.370%	70 billion yen	March 5, 2030
20th	3	0.080%	80 billion yen	Dec. 22, 2023
21st	5	0.190%	70 billion yen	Dec. 24, 2025
22nd	7	0.290%	20 billion yen	Dec. 24, 2027
23rd	10	0.390%	30 billion yen	Dec. 24, 2030

### USD-Denominated Senior Notes

	Years	Coupon rate (per annum)	Aggregate principal amount of issue	Maturity date
Due 2022	3	2.536%	US\$ 1 billion	July 19, 2022
Due 2024	5	2.679%	US\$ 1 billion	July 19, 2024
Due 2029	10	3.113%	US\$ 500 million	July 19, 2029

## External Recognition (As of August 31, 2021)

The Company has been selected as a constituent stock in the following indices.



FTSE4Good



FTSE Blossom Japan



2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

THE INCLUSION OF PANASONIC CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF PANASONIC CORPORATION BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.



Please also refer to our Sustainability Data Book for more information about our approach to social and environmental initiatives.

<https://www.panasonic.com/global/corporate/sustainability/downloads.html>



<https://www.panasonic.com/global>

### **Investor Relations Offices**

#### **Osaka**

Investor Relations  
Corporate Finance & Investor Relations Department  
Panasonic Corporation  
1006, Oaza Kadoma, Kadoma-shi, Osaka 571-8501, Japan  
Phone: +81-6-6908-1121

#### **Tokyo**

Investor Relations  
Corporate Finance & Investor Relations Department  
Panasonic Corporation  
TOKYO MIDTOWN HIBIYA 14F,  
1-1-2 Yuraku-cho, Chiyoda-ku, Tokyo 100-0006, Japan  
Phone: +81-3-3437-1121

#### **Europe**

Investor Relations  
Panasonic Business Support Europe GmbH  
(UK branch)  
Maxis 2, Western Road,  
Bracknell, Berkshire, RG12 1RT, United Kingdom  
Phone: +44-1344-853135

### **IR and Sustainability Websites**

**IR** Please refer to Panasonic's IR site for information on the Company including financial results and presentation materials.  
<https://www.panasonic.com/global/corporate/ir.html>

**Sustainability** Please refer to the "Sustainability" section of the Company's website for more information regarding environmental and social initiatives.  
<https://www.panasonic.com/global/corporate/sustainability.html>