

# 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)

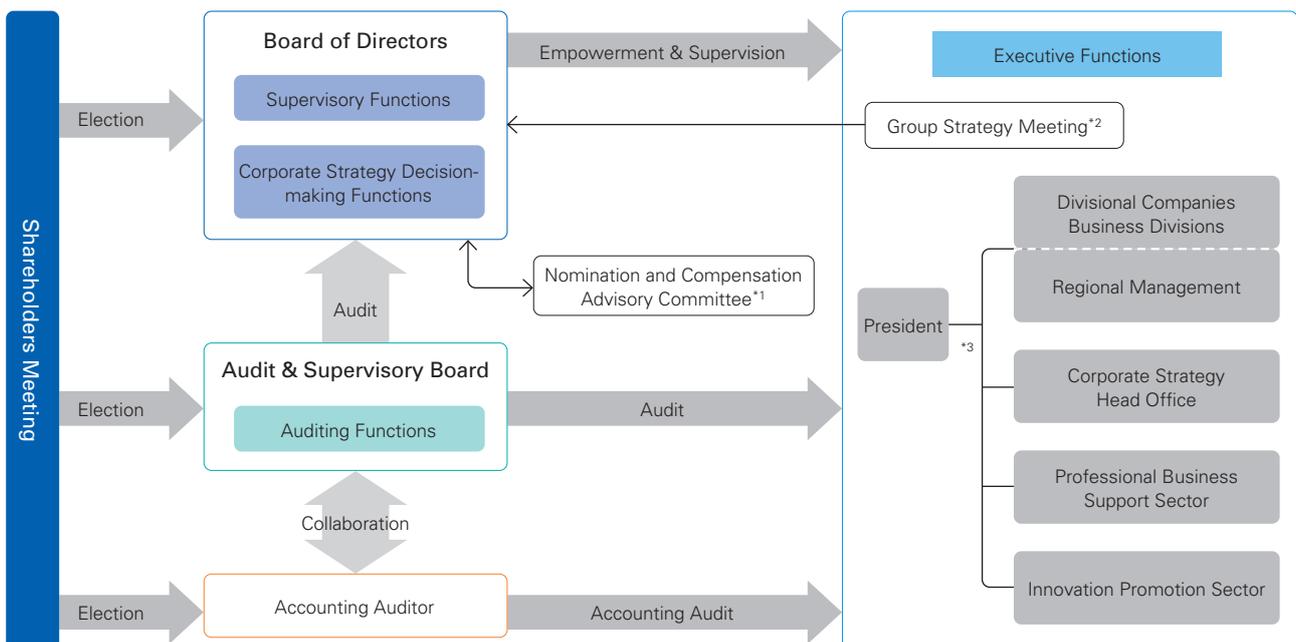
### The Board of Directors

- 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-

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\*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.

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### 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

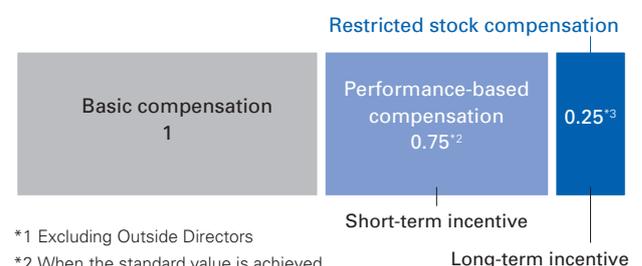
Restricted stock compensation is a long-term incentive and is a type of stock compensation in which the restriction of transfer of shares is lifted subject to Directors serv-

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.