

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.

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Kazuhiko Toyama
Outside Director

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

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

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.