

The Panasonic Report

for Sustainability 2008



Panasonic
ideas for life

TOP MESSAGE

What are the requirements of global excellence for a sustainable society?



President,
Matsushita Electric Industrial, Co., Ltd.

Fumio Ohtsubo

Leading by example with "corporate conscience"

Inheriting our founder's management philosophy

Sugimoto Panasonic is continuing to expand globally, and in order to capture and continue its founding principles and management philosophy within the company (and later opened to the public), Panasonic established the House of History, which highlights the life and thinking of the founder. Prior to this dialogue, you visited the House of History in Osaka. How did you like it, Kerstin?

Born I was very impressed with Panasonic founder Konosuke Matsushita's approach to management and corporate social responsibility (CSR) even 60 to 70 years ago, at a time when, in Europe, many people did not even talk about corporate social responsibility. Also, I found the presentation very modest, which made his achievements more impressive. I was encouraged by his philosophy. It's something you can adopt for yourself and for your own professional life and what you want to achieve. This is the advice that he gives to all of us.

Ohtsubo Whenever I visit the House of History, I cannot help but feel deeply moved by the fact that for 90 years Panasonic has carried on our founder's

philosophy of "a company is a public entity" and "we contribute to society through our business activities," and that it has run its business faithfully based on this philosophy. At the same time, I feel a great responsibility to carry our founder's philosophy into the future.

Sugimoto I was in the finance industry for a long time, and I know that even fund managers recognize the importance of CSR. It seems that Europe is leading in terms of how society as a whole is committed to CSR. So, maybe you can tell us what is now being discussed and practiced in Europe.

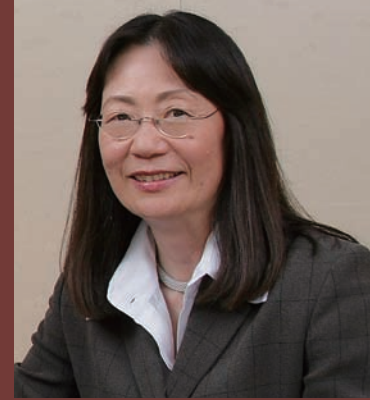
Born I would say that there are three points in terms of CSR in Europe. First, European companies work together; they do not try to do everything on their own. They understand that they can't solve all the issues by themselves. Second, CSR isn't just a corporate issue any more, so companies need to work together with stakeholders – they need to listen to stakeholders. Third, they aim to incorporate CSR into the corporate ethos. It is not just an addendum; it should really be part of the daily operation of the business.

Ohtsubo Our founder wrote that a company shouldn't separate itself from society. It should be a member

Executive Director
CSR Europe

Kerstin Born

Kerstin Born has more than 15 years of international business, NGO, and European political experience including as an accomplished communications professional and project leader. CSR Europe is an organization whose membership comprises European companies that promote corporate social responsibility.



Moderator
Yukiko Sugimoto

Yukiko Sugimoto served as Managing Director in charge of Japanese equity management at an American financial institution. She is now involved in a project to build a children's museum in London.

Turning CSR issues into an opportunity for innovation

of society. If we think in the same way, we should harmonize with society and do what is right for society. I call this type of attitude "corporate conscience." If we act upon corporate conscience, we will be able to practice the three points that Kerstin has just mentioned.

Living in harmony with the global environment: CO₂ emissions reduction as a management indicator

Sugimoto Konosuke Matsushita also talked about environmental issues: The company does not exist solely to make money. The company should help society by contributing to protecting the environment. Surely in Europe, the environment is one of the most important issues, right?

Born It's top of the agenda at the moment all over the world – climate change and reduction of green house gases (GHG). In this regard, Panasonic has been striving to mainstream CSR, and I was very impressed that Panasonic integrated the goal of reducing CO₂ emissions into the management strategy along with increasing sales and profits.

Ohtsubo It is not easy for us to reduce CO₂ emissions while maintaining growth. However, we place great importance on living in harmony with the global environment. Our founder always said that if Panasonic could not harmonize with and contribute to society, we should dissolve the company immediately. We aim to live in harmony with the global environment, not because society demands it but because we believe that we have to. Therefore, we announced that we would decrease our CO₂ emissions by 300,000 tons globally by fiscal 2010, and we clearly stated that we would include our progress toward this goal as part of an evaluation of each business domain company. We are proud of excellent environmental technologies developed in Japan. However, we are not just talking about it; we are setting a clear target.

Born Some companies see GHG emissions reduction as a constraint, but Panasonic sees it as an opportunity to innovate.

Ohtsubo Yes. We will also try to replace all the products that have been designated by a third-party organization as low-energy-efficient products by the end of fiscal 2010.

Born That is taking CSR one step further.

TOP MESSAGE

What are the requirements of global excellence for a sustainable society?

Fumio Ohtsubo
×
Yukiko Sugimoto
×
Kerstin Born



At METEC, used products are recycled and reused in new products.

Ohtsubo Now we are seeing the coming of the "Eco-premium Era," an era in which an eco-friendly activity will become a new business opportunity.

Sugimoto You also visited the Matsushita Eco Technology Center (METEC) in Hyogo.

Born I was impressed by the innovative recycling system. Everything is collected in one place and disassembled, and the parts are used to make new products.

Ohtsubo Last October, when we announced the reduction of 300,000 tons of CO₂ emissions, one European journalist asked me, "I've heard that METEC in fact made a profit. So, why don't you tell people that recycling is a profitable business?" And I replied, "I don't expect the recycling business to be consistently profitable. METEC's aim is to work out how to recycle used products, not to make a profit."

Born I see, but if the recycling business is profitable, that would be an attractive model for other companies. It means recycling won't necessarily be part of the cost of production.

Ohtsubo METEC aims to develop new technology for recycling. If METEC makes a profit, we will reinvest it in the development of new technology. This is our approach.

What can we do for the next generation?

Sugimoto I'm personally involved in building a children's museum in London. London is a big city, but it doesn't have a dedicated children's museum. RiSuPia at Panasonic Center Tokyo is a great example for us.

Ohtsubo In Japan, too, it is becoming a serious issue that fewer and fewer students major in science, math and engineering fields. However, it's not really important whether or not they have a science background, or whether or not they can produce products—the most important thing for a manufacturing company such as ours is that people are interested in our products. It is a very crucial point. I want plenty of young people with enthusiasm for manufacturing to join us to work as a team. A prerequisite for having enthusiasm for

manufacturing is to have an interest in how a product works or how a product is made from an early age.

Born RiSuPia is a very good place for children to get hands-on experience with the latest technology and learn that they can create it themselves. To offer such a place for the next generation is another contribution to society. If Panasonic did not use its technology or expertise to create RiSuPia, children would not have had such opportunities to experience the latest technology.

Ohtsubo We have only one RiSuPia in Tokyo at this moment, but many government officials from foreign countries who visited the facility have asked us to build one in their countries. We would like to fulfill such requests if possible.

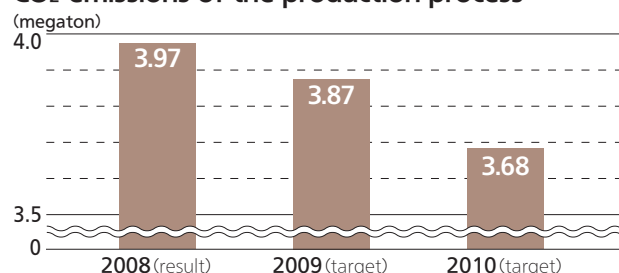
Mixing with each other: Moving toward greater diversity

Sugimoto Diversity is also one of the main issues of CSR in Europe, isn't it?

Born Yes. In Europe, 2007 was the Year of Diversity. There are three main CSR issues that draw the interest of people in Europe. The first is education and employability. The labor market is very tight, and lifelong employment is replaced by employability. So, the companies work with stakeholders on how to tackle this issue. The second is the global supply chain, and the third is diversity.

Diversity is an area that companies should work on with the utmost effort. Since many companies are going global these days, we see different cultures in which

CO₂ emissions of the production process





At the science museum RiSuPia, children can experience the true fascination of math and science.

more women are leaders in operations, and participate or lead in management. Beyond gender equality, however, I think that technology could make a difference in making the lives of people with disabilities much easier so that they can participate more fully in society.

Panasonic has been using its creativity to innovate in many areas. I would like to ask Panasonic to use that creativity also in the field of diversity.

Ohtsubo Our business has become more global than ever, and we can no longer depend merely on Japan's younger generation to run our business. Therefore, we have to understand the importance of diversity, as well as environmental issues, in order to carry on sound business management. One of the key words I keep in my mind is "irimajiru," or "to mix with each other." It means that we should embrace different values, so that people from various countries can mingle and work together.

We have a plant in Osaka where the majority of the employees are seriously physically impaired and are confined to wheelchairs, and they work with a few able-bodied employees. Also in the Okayama plant, west of Osaka, about 100 mentally impaired and physically impaired employees work side by side with other able-bodied employees, and they manufacture Panasonic audio visual products. If you visit these plants, you immediately realize that fundamentally there is no difference in people's ability. Employees with mental disabilities work equally well on quality control tasks for 8 hours a day. In these two plants, people with disabilities and people in wheelchairs are some of our best employees. We are seeking to develop new technologies and ideas for production facilities or production processes that enable them to carry out their tasks without any difficulty. Some of these ideas have already been resulted in new products. For example, we developed a rehabilitation suit for the upper body, and a robot that assists people with disabilities to walk. It might become one of the core businesses for Panasonic in the near future.

We are also proposing the "Eco & Ud House" (Eco and Universal Design House) by making use of our



technology, which is comfortable for everyone and is good for the environment.

Sugimoto The Eco & Ud House is a wonderful model home equipped with an ecological bath room, solar energy generation and fuel-cell co-generation systems, and other facilities based on eco-ideas.

Born Coming from Europe to Japan, frankly, is like entering a new world of technologies. The Eco & Ud House was designed with attention to every little detail, and it uses universal design everywhere. Even being in the kitchen seems like a lot more fun.

Ohtsubo The Eco & Ud House is completely barrier-free. I'm sure that elderly people would be able to live more comfortably in this house.

Born It's really wonderful. I understand that stakeholder engagement will remain a crucial aspect of your company when you go global. And while it is more difficult the more diverse the stakeholders are, I am also sure that if you look at it as an opportunity, you will benefit from their contribution.

Ohtsubo Thank you very much for your valuable advice. Lastly, we are celebrating our 90th anniversary this year, and we will change the name of the company from Matsushita Electric Industrial Co., Ltd. to Panasonic Corporation in October 2008. We are responsible for advancing CSR based on our founder's philosophy that "a company is a public entity of society" and that "we are contributing to society through our business activities." While being aware of our responsibility, I would like to contribute to society.

Born Panasonic's managerial slogan is "rise to the

You can also view this interview on our website at panasonic.net/csr/message/



Accelerating Environmental Management with “eco ideas” Strategy

Panasonic has taken proactive initiatives to realize one of its twin business visions, “Coexistence with the Global Environment.” And these days, a global community starts regarding the global warming issue as a top priority for all mankind. Amid this trend, Panasonic announced its “eco ideas” Strategy in October 2007 and added it to the basic stance of the medium-term plan. This strategy arose from the notion that the growth of business and reduction of the environmental impact are wheels that drive our vehicle, and the Company is tackling the issue more aggressively by setting clear numerical targets for all business sites and reflecting the results in performance evaluations.

Panasonic “eco ideas” Declaration

“eco ideas” for Products

1. We will produce energy-efficient products

We focus on global warming prevention as the most critical issue by increasing the number of products with the No.1 energy-efficient performance and phasing out low energy-efficient products, as well as accelerate the development of environmentally conscious products with recyclable design and careful choices of materials.

“eco ideas” for Manufacturing*

2. We will reduce CO₂ emissions across all our manufacturing sites

Focusing on reduction of CO₂ emissions from factories worldwide in an absolute term, we reduce CO₂ emissions by improving productivity across all manufacturing processes, such as R&D, procurement, manufacturing, sales, logistics, recycling, administration and others.

“eco ideas” for Everybody, Everywhere

3. We will encourage the spread of environmental activities throughout the world

We will spread eco activities to the local communities throughout the world in cooperation with various stakeholders focusing on environmental initiatives by employees and their families.

* Manufacturing stands for the entire business operation delivering value to customers, such as R&D, procurement, manufacturing, sales, logistics, recycling, administration and others.

The Environmental Data Book

Every June we publish the Environmental Data Book, which presents a detailed report of our approach to environmental management. This booklet fulfills accountability of Panasonic's environmental management to our stakeholders, and is intended to generate feedback that will lead to improvements in our environmental management. Included are descriptions of the concepts of “eco ideas” for products, “eco ideas” for manufacturing, and the spreading of “eco ideas” as well as specific examples along with environmental performance data and future issues.



Panasonic's environmental reports win top awards for reporting

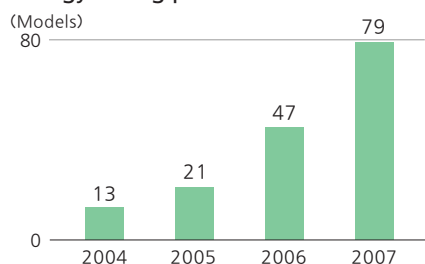
The Panasonic Report for Sustainability 2007 and the Environmental Data Book 2007 won the Grand Prize for Environmental Reporting (Prize of the Minister of the Environment) and the Environmental Reporting Meister Award at the Eleventh Environmental Communication Awards staged by the Ministry of the Environment and the Global Environmental Forum.



The awards ceremony

**"eco ideas"
for
Products****Increasing the number of
products with outstanding
energy efficiency**

As a company that manufactures and sells home appliances, it is an important issue to contribute to the reduction of power consumption in households, which has been increasing recently. Panasonic internally certifies products and services that improve its environmental performance as "Green Products" (or GPs), and the company has been certifying GPs that have top environmental performances in their industries as "Superior GPs" since 2005. In fiscal 2008, the number of Superior GPs in terms of energy conservation rose to 79.

**Number of Superior GPs with industry's best
energy-saving performance**

Devices can play a significant role in the energy efficiency of products. One of them is a device to reduce standby power consumption. Nowadays, many products consume power on a standby mode since they are connected to networks or are operated by remote control. It is generally said, that standby power consumption accounts for approximately 7% of the annual power consumption in each household ^{*1}, which would be equivalent to approximately half of the annual power consumption of a refrigerator ^{*2}. Using these estimates as the basis for our calculations, the standby power consumption for all Japanese households yields an estimate of 15.7 billion kWh ^{*3}. Semiconductor switching elements for power supplies, Intelligent Power Devices (IPD), developed by Panasonic, which reduce power consumption levels by means of intermittent oscillation control, have enabled standby power consumption to be reduced from the previous level to one-sixth (from 0.4W to 0.07W). The acclaim for this led Panasonic to the Minister of the Environment's commendation for global-warming prevention activities in fiscal 2008.

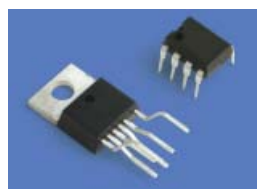
Motors also play a role to reduce energy consumption because they are used in various drive sections and are said to account for approximately half of Japan's total amount of power consumption ^{*4}. For example, the DC flangeless motor used in washing machines can reduce the power consumption to approximately half in comparison with the AC induction motor by the development of new technologies such as high-lamination winding structures.

^{*1} Survey of Standby Power Consumption for FY 2006 by the Energy Conservation Center, Japan

^{*2} Overview of Supply and Demand for Power for FY 2005 by the Agency for Natural Resources and Energy

^{*3} Estimated by Panasonic

^{*4} Estimated by Panasonic



Semiconductor switching element for power supplies (IPD)

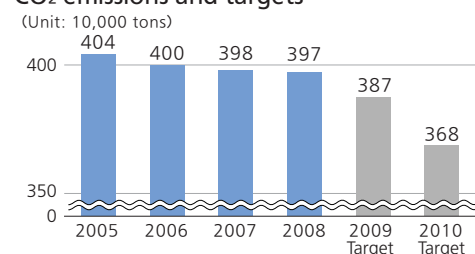


DC flangeless motor

**"eco ideas"
for
Manufacturing****Aiming for reducing CO₂
emissions by 300,000 tons
over three years**

As regards targets of CO₂ emissions reduction from manufacturing sites, we have added a target of a total amount from fiscal 2008 onwards to that of the basic units we have been using up until now. We are aiming to reduce CO₂ emissions by fiscal 2010 by 300,000 tons compared to fiscal 2007, and the entire company is engaging in various activities. One of these activities has involved the introduction of 33 energy conservation items. We have collected and categorized expertise for energy conservation at every factory (in areas such as insulation coating and fuel conversion) into five major groups and 33 items. Each site has set specific numerical targets for each item, and they are regulated on a year-by-year basis. With this approach, one factory's ideas can be developed across all 297 manufacturing sites, and this can also lead to the generation of new ideas for energy conservation.

*CO₂ emissions levels per unit of sales

CO₂ emissions and targets**"eco ideas"
for
Products****Globally promoting an
initiative to properly manage
chemical substances**

Panasonic has been taking a proactive approach in the field of chemical substances management and globally promoting its approach aiming for their appropriate use. For example, Panasonic completely replaced the six substances prohibited in the EU's RoHS (Restriction of Hazardous Substances) directive in all targeted products worldwide nine months before the directive came into force. In order to continue this initiative, Panasonic has globally introduced controlling systems to eliminate the use of these specified chemical substances in all processes (from receipt of components right through to shipping inspection) including a system to train and certify analysts and leaders.

As regards the REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulation that came into force in the EU in June 2007, Panasonic has been participating—as one of the original founding companies—in the planning for the establishment of a mechanism to share information on chemical substances across different industries.

**"eco ideas"
for
Everybody,
Everywhere****Spreading our approach and
eco-awareness to the world**

With its global operations, Panasonic regards spreading its approach to and awareness of "eco ideas" to the world community as a vital contribution to society. Specifically, this is being carried out in various measures, such as environmental activities by employees and their families, environmental communication, marketing, and environmental contribution to society by factories. (Please refer to P27 for an outline of "eco ideas" for Everybody, Everywhere.)



Contributing to the World through Products and Services

When it comes to a sustainable society, the most important role of a manufacturing-oriented company is to contribute to society through its products and services. To address the economic gaps and environmental problems that accompany rapid expansion in developing nations, as well as the declining birth rate and aging society of developed nations, Panasonic is developing people-friendly technology and universal design to enable anyone to reap the benefits of digital networks.

Bringing families closer together through people-friendly digital networks

With today's advanced communications technology and accessible high-quality video technology, some people worry that the relationship created through direct human contact may grow weak.

Currently, Panasonic is developing a wide range of technologies and products to achieve a more simple and convenient lifestyle by connecting AV equipment, security equipment, mobile devices, and the Internet to a flat-panel Hi-definition television that can be controlled with one remote controller.

This will create what we call the Digital Hearth, a TV network around which family and friends gather, and we hope that this will help strengthen the bond within the family.

The entire family can enjoy watching sports and movies, or watching the family's home videos.

The door phone can also be connected to the network, allowing people who are watching TV to check who is at the door, thus increasing security and safety in the home.

In the future, a variety of technology will bring friends and families closer together through entertainment, telecommunications, health, security, and more vivid communications, seamlessly connecting all aspects of life.

For example, Panasonic proposed the concept of the Life Wall, which uses motion sensing technology to enable users to control the system by using hand motion instead of a remote control unit. It also uses face recognition technology to identify who is in front of the TV and then display the menu appropriate to that person. This will enable anyone to easily enjoy the benefits of technology.

Through the Digital Hearth, Panasonic will continue to contribute to the creation of a people-friendly digital network.



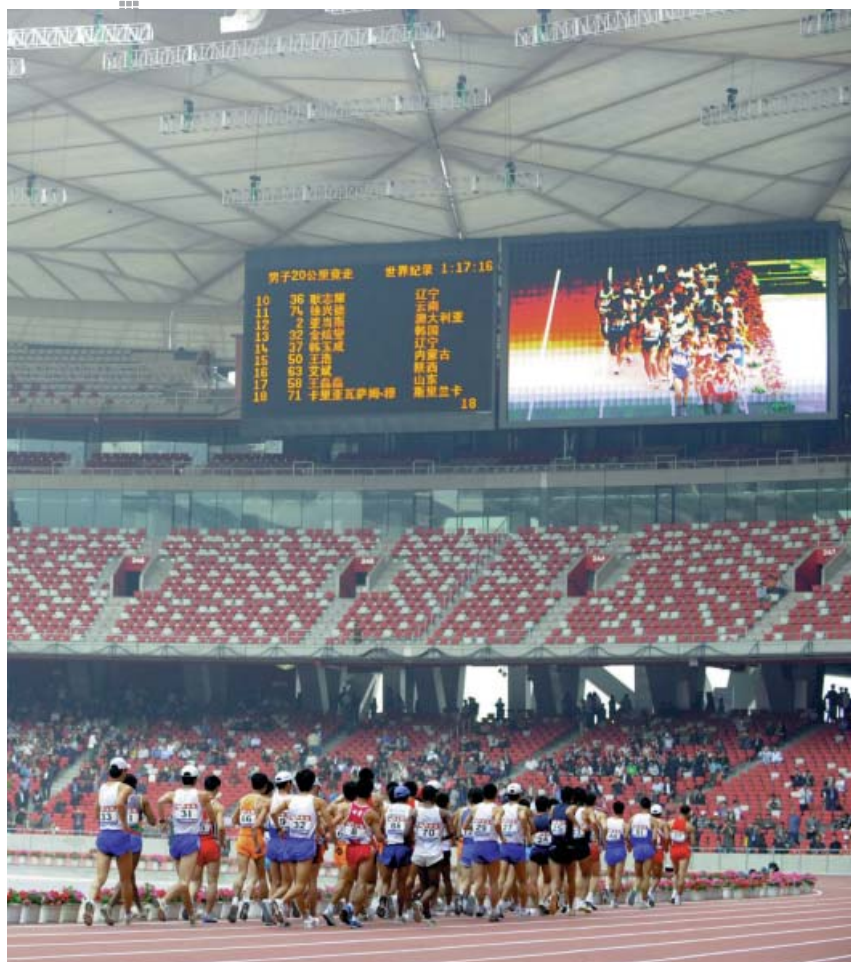
Artist's rendering of the concept of the Digital Hearth

One of the revolutionary features of the Life Wall is a face recognition function that can identify the family members in front of the TV and display the menu appropriate to that person.



For related information, please visit panasonic.net/csr/highlight/

Bringing the passion and excitement of the Olympic Games and Paralympic Games to homes throughout the world



The ASTROVISION large screen display system used at the Main Stadium where Opening and Closing Ceremonies will be held.

Panasonic supports the ideals of the Olympic Movement, which aims to build a peaceful and better world by promoting mutual understanding and peace through sports. Panasonic became an Official Worldwide Olympic Partner in the Video and Audio Equipment category since The Olympic Partner (TOP) Program commenced for the Calgary Olympic Winter Games in 1988. Panasonic will also support the Beijing 2008 Olympic Games with a full lineup of HD* equipment to bring the passion and excitement of the top athletes to the world through high definition images and sounds from the Olympic stadium to your living room.

Panasonic has applied its revolutionary new technologies to improve energy efficiency in the equipment supplied to the Olympic Venues, and the ASTROVISION large screen display system supplied to this year's Games has 1/3 the energy consumption of that supplied to the 1996 Atlanta Olympic Games. Panasonic will also supply the surveillance camera systems used at the competition venues and other places around the city to ensure safety and security for the Games.

To promote world peace and facilitate greater worldwide acceptance of people with disabilities, Panasonic has also become an Official Partner of the Paralympic Games in Beijing in 2008, and Panasonic's audio and visual technology will also bring the excitement of the Paralympic Games to the world.

*Abbreviation for "high definition"

Yoko Nakamizu
F1 Olympic Promotion Office



Panasonic's professional broadcast equipment DVCPRO HD series was selected as the official video recording format for the Olympic Games to broadcast the performance of the top athletes in high definition images.



The International Broadcasting Centre (IBC) will also use Panasonic's broadcast equipment and flat panel displays.

Panasonic has supported the Olympic Games for more than 20 years, since the Calgary Olympic Winter Games in 1988. We will continue to share the passion of the athletes and the excitement of the Olympic Games with the world.



Contributing high definition imaging technology to the Asia Broadband Program



Video of an eye operation displayed on to the screen

March 2008, videos of an eye operation at Asahikawa Medical College being viewed at an international meeting at the Singapore National Eye Centre. The audience is wearing 3D glasses to see the 3D images.

Singapore ↔ Asahikawa

Having access to the latest medical technology gives people a sense of security in their lives. The Asia Broadband Program is a program managed by the Ministry of Internal Affairs and Communications to improve medical technology in Asia, and since fiscal 2006 Panasonic has been contributing technology for transmitting and storing 3D high-definition images. The use of 3D images that can accurately display depth is indispensable for sharing precision ophthalmologic medical technology.

In fiscal 2006, videos of eye surgery being performed at Asahikawa Medical College were transmitted to the Singapore National Eye Centre. Panasonic's 3D high-definition image transmission was lauded as a valuable contribution in remote diagnosis and in transferring medical technology. In fiscal 2007, the same test was successfully conducted between three sites, with the addition of the Chulalongkorn University. Then, in fiscal 2008, Panasonic created a database of existing video footage of operations, and created a system that would allow anyone anywhere in the world to search this database for relevant video footage.



Audience watching a 3D video at the Singapore National Eye Centre's exhibition



Training and education is an important pillar in the practice of medicine. The 3DHD Telemedicine system in ophthalmology developed by Panasonic revolutionizes the way training is conducted. The ability to perceive depth and view precise surgical maneuvers greatly enhances surgical training allowing for more surgeons to learn at one sitting that was otherwise not possible in traditional surgical training. Connectivity via the Asia Broadband facilitates the permeation of quality ophthalmic training potentially benefiting more patients in the future.

Professor Ang Chong Lye
Director
Singapore National Eye Centre
(Current CEO, Singapore General Hospital)

Development of a UD font

Panasonic is devoting a great deal of effort to universal design research. For example, in collaboration with typographers at Iwata Corporation, which is a font manufacturer, we conducted extensive research into operation panel lettering that can be read by a wider range of people, such as people with visual impairments or the elderly. This led to the development of the original PUD font for both English and Japanese, and since fiscal 2008 we have been gradually adopting it for most of the text used on our products. (This font has also been used in this booklet.)

UD

Examples of UD Font Development

The shape is clarified by giving ample space

G → G

The shapes of the letters themselves are differentiated to help people who are unable to distinguish between letters of the same shape that face the opposite direction.

96 → 96

Pursuing universal design for mobile phones

Since joining the Panasonic Design Company, Junichi Oshiro who has hearing impairment himself, has been involved with applying universal design concepts to the graphical user interface (GUI) of mobile phones with the objective of making them more user friendly for people with hearing impairments.

People with hearing impairment have not been able to enjoy the use of the telephone, but the development of mobile phone mail services, cameras, and other features is gradually reducing this barrier in daily life. The focus of universal design has thus far has been on improving the physical aspects of using the phone, such as by making the buttons larger. However, people with hearing impairments cannot hear voices or audible indicators, and thus Oshiro thought of using accompanying light and vibrations because "it is important to consider the physical features and ease of use along with the GUI design, and try to make it easy to see, easy to understand, and easy to use."

The P906i mobile phone (shown on the left in the picture) made for NTT DoCoMo, which Oshiro was in charge of, uses graphics and light in conjunction with sounds to make audio information visible.



Junichi Oshiro of Panasonic Design Company

Improving the design of everyday products to reflect customer lifestyles



Panasonic Design Centre Europe offices

Since the home appliances that we sell worldwide are an integral part of everyday life, our customers will only be satisfied if these products have a design and functionality that fits with their lifestyle and values. To this end, we have established design development and lifestyle research facilities in locations such as China and other Asian countries, which have enabled us

to develop products based on the lifestyles in these regions. Subsequently, as of April 2008, we have established design centers in London and New York. In cooperation with local designers from Europe and North America, we have in the past been able to develop designs that meet the needs of local customers. However, product development must now be more firmly rooted in specific localities in order to meet the

requirements of local cultural and lifestyle patterns.

We are aiming to use these new design centers in Europe and the USA to understand the lifestyles and values of our customers and thus devise cutting-edge designs that will set the Panasonic brand apart. Specifically, the London design center will focus on the development of designs of home appliances for comprehensive roll-out in Europe.

We teamed up with Panasonic Design Centre Europe to design products that use cutting-edge technology and design but are still easy to operate, for the satisfaction of our European customers.

Nathalie Lor
European Home Appliance Project member
Panasonic France, Home Appliances



What We Would Like to Communicate

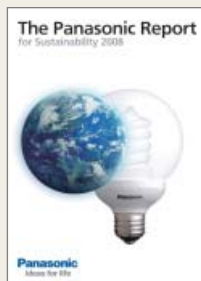
In order to strengthen our CSR accountability to our stakeholders, the fiscal 2008 reporting process was conducted with reference to global standards and guidelines, and the concerns of our stakeholders. We will continue to work to improve our standard of information disclosure.

Reporting that combines information from the booklet and website

At Panasonic we have developed a new approach to reporting that provides timely information on the results of our CSR activities, because reporting only once a year is not enough to fulfill our reporting responsibilities. In addition to improved reporting on the Website, we will be releasing the digital version of the Panasonic Report For Sustainability 2008 (Full version) on the Web, which will enable us to give more up-to-date information and better readability, and to reduce the environmental burden of printing and shipping.

CSR Report Highlights (this booklet)

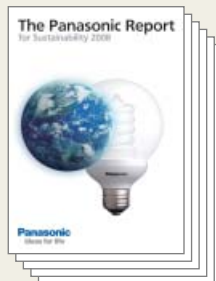
Reporting on material themes



This booklet uses Panasonic's Universal Design (PUD) font.

Full CSR Report (Introduced this fiscal year)

Reporting all CSR information
(Posted to the website)



Can be viewed or downloaded
via the Web
e-Report (PDF)

Website

panasonic.net/csr/
Providing more detailed reports in
a timely fashion throughout the year



- Reports are released for all countries on the Panasonic global site (or on each regional site)
- The Panasonic website complies with the Panasonic Universal Design Policies in accessibility and usability standards such as for audio browsers

Panasonic's approach to reporting

With its diverse operations, sustainability issues cover a wide spectrum for Panasonic. We have picked out, analyzed, and reported on the most important of these, with reference to sources such as the third version of our Global Reporting Initiative's Sustainability Reporting Guidelines Version 3.0 (GRI G3), which reflect the opinions of the various stakeholders worldwide, and the Environmental Reporting Guidelines issued by the Japanese Ministry of the Environment. Notably, we have made use of AA1000* as a practical method for selecting items on which to report.

* The UK firm AccountAbility has developed standards for the disclosure of information. The 3 principles on the right form the basis of Panasonic's CSR reporting

Materiality

Whether the necessary information for stakeholders' activities and decision-making is included

Completeness

The degree to which important aspects related to the sustainability of the organization are properly identified and understood

Responsiveness

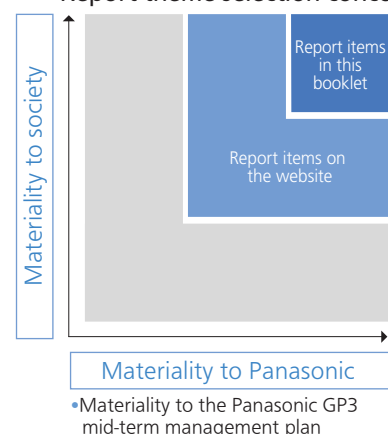
Whether the stakeholders' concerns are appropriately addressed and the attendant ramifications disclosed

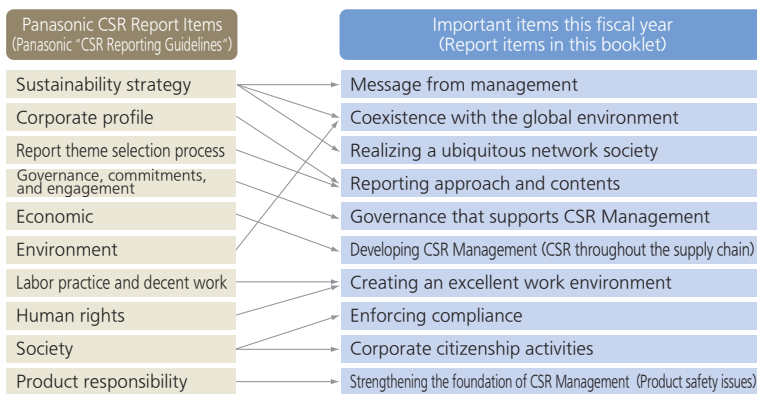
1. What should be disclosed? (Materiality and deciding criteria)

Panasonic has examined the various social and environmental issues to determine which are closely related to, and strongly affected by, Panasonic's business activities using the five tests of materiality proposed by AccountAbility. Using widely available global sources, such as surveys and reports by the WBCSD and the UN, and through consultation with specialists, Panasonic has sifted through the various CSR issues to select important report items that have a high relevance to Panasonic, our stakeholders, or society. (See figure on the right)

- The feedback from stakeholders in different fields (customers, employees, business partners, investors, etc.)
- International standards and guidelines
 - United Nations Global Compact
 - The OECD Guidelines for Multinational Enterprises
 - Charter of Corporate Behavior set out by Nippon Keidanren, etc.

Report theme selection concept



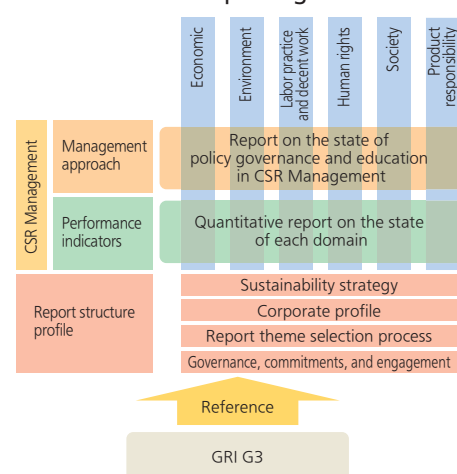
For related information, please visit panasonic.net/csr/approach/

2. How much should be disclosed? (Completeness)

Range of report topics

In the CSR report, Panasonic does not just address matters that it finds convenient to discuss, but has taken care to deal with matters of over-arching importance. In order to ensure that report items meet this criterion, Panasonic bases its reports on its proprietary Panasonic CSR Reporting Guidelines, which was created with reference to GRI G3 and other documents.

Panasonic's CSR Reporting Guideline



* See the Panasonic website for a summary of the guidelines.

Scope of this report

The extent to which a subject is reported is determined by weighting it according to its level of compliance with certain items, its relevance to management issues, and the extent of its effect on society and the environment.

All Panasonic-affiliated companies—both domestic and foreign—are included in the scope of the report. In some instances, however, data applies only to the principal Panasonic group companies. For more details, please refer to the section entitled "Scope of this report."

3. How should it be disclosed (Responsiveness)

Based on the management principles of "customer first," "co-prosperity," and "participative management through collective wisdom," Panasonic values open dialogue with customers, trading partners, employees, and other stakeholders. A wide range of methods is employed for engaging stakeholders, such as convening specialist committees with concerned parties from within and outside the company, and conducting opinion polls of customers and employees.

Having adopted a new approach to reporting, we are aware that there will be numerous outstanding issues to address. To properly respond to the stakeholders associated with all the Panasonic activities in a variety of countries and regions, we believe that we will have to create our own proprietary framework for engagement with stakeholders. We will continue to include dialogue with stakeholders in the daily activities of individual employees, and to incorporate CSR issues into our business activities.

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Scope of this report

Reporting period: The performance data are primarily from fiscal 2008 (April 1, 2007, to March 31, 2008). However, some activities from fiscal 2009 are included. The years shown in graphs are fiscal years.

Organization: Matsushita Electric Industrial Co., Ltd. and its affiliated companies in Japan and other countries.

Data: The data are primarily from consolidated group companies; however, the Environmental Report covers all business sites that make up the environmental management system.

Corporate Profile

Company Name: Matsushita Electric Industrial Co., Ltd.

Headquarters: 1006 Kadoma, Kadoma City, Osaka 571-8501, Japan

Tel: +81-6-6908-1121

Consolidated companies: 556, companies reflected by the equity method: 139 Employees: 305,828 (as of the March 31, 2008)

About Panasonic: Best known for its Panasonic brand name, Matsushita Electric Industrial Co., Ltd. is a worldwide leader in the development and manufacture of electronic products for a wide range of consumer, business, and industrial needs. The Company's shares are listed on the Tokyo, Osaka, Nagoya and New York (NYSE: MC) stock exchanges. For more information on the Company and the Panasonic brand, visit the Company's website at <http://panasonic.net/>

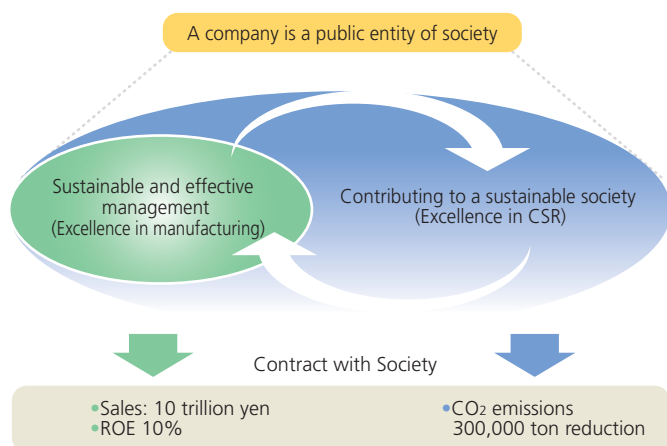
CSR Management Founded on the Company as a "Public Entity of Society"

Ever since its foundation, Panasonic has worked to "contribute to society through our business activities" based on its founding management philosophy. For Panasonic, our unchangeable management philosophy is also the best corporate governance. As globalization accelerates in the 21st century, the social environment becomes more diverse. We think that coexistence with the global environment is a common issue worldwide, and we are implementing Global Panasonic's CSR management with a corporate conscience that goes beyond laws and rules.

Contributing to society through our business activities as an advanced CSR company

Our mid-term management plan, the GP3 Plan, was implemented in fiscal 2008 with the core goal of winning the right to challenge global excellence by achieving a manufacturing-oriented company. However, while environmental problems on a global scale were becoming more serious, the "eco ideas strategy" was introduced in October 2007, and we adopted two vital goals of "steady growth with profitability" and "reducing the environmental burden in every operation." One of the concrete targets of this goal was to reduce CO₂ emissions by 300,000 tons below the fiscal 2007 level from its manufacturing operations, and every division is working toward this goal.

Contributing to Society through Our Business Activities as an Advanced CSR Company



Major initiatives and achievements of fiscal 2008

In implementing CSR management, Panasonic continued to use the framework introduced in fiscal 2008, which is shown on the right. The basic management philosophy of the "company as a public entity of society" is unchanging, but the method of implementing this concept must change with the changes in society and the environment.

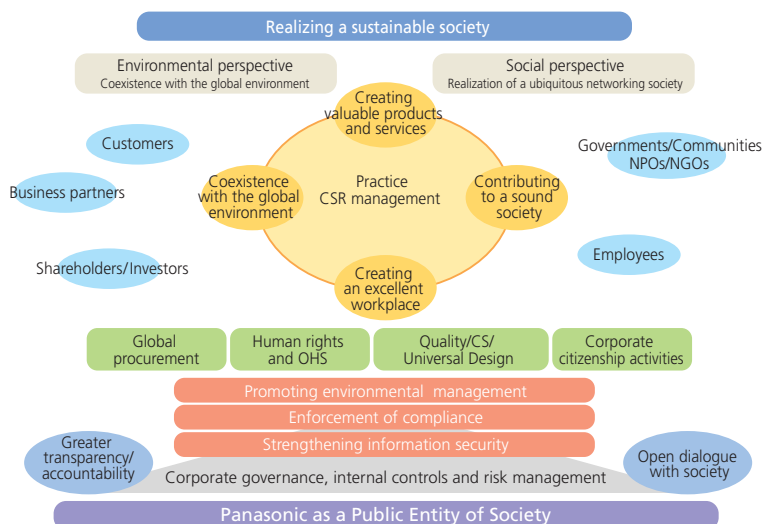
To respond to the social and environmental issues in different locations around the world and fulfill our corporate social responsibility, it is necessary to have an open dialogue with the stakeholders in each area. In Europe, we have had discussions with many different stakeholders about the environment, labor, and other fields, and in April 2008, we

joined CSR Europe, a business network that promotes CSR in Europe. We continue to promote discussion with our stakeholders.

There is a growing interest in CSR among investors as evidenced by the emergence of socially responsible investment (SRI). Panasonic is also responding to the concerns of investors by providing them with information and actively engaging them in dialogue. As a result, Panasonic continues to appear on the world's SRI indexes, including the Dow Jones Sustainability Indexes (DJSI), FTSE4Good, and ETHIBEL Investment Register. Then, in January 2008 at the World Economic Forum in Davos, Panasonic was selected as one of the "Global 100 Most Sustainable Corporations in the World."

As a manufacturer doing business globally, Panasonic has a responsibility for its broad supply chain as well. Panasonic has taken the lead in fulfilling its social responsibility in the areas of the environment and human rights, among others, and is helping to create a healthy society with the cooperation of our business partners and suppliers. As a part of these efforts, Panasonic began to identify its important CSR issues with cooperation from our business partners. (For details, see page 19 to 22.)

Groupwide CSR Promotion Framework



Panasonic has been selected as a component in global SRI* indexes and register.

*SRI: Socially Responsible Investment



CSR activities in fiscal 2009

There is only so much one company can do to contribute to the realization of a sustainable society. In fiscal 2009, we increased the dialogue with our stakeholders worldwide and are planning new initiatives that go beyond the boundaries of countries and companies. As part of Panasonic's CSR initiatives, the company will take the important CSR issues ferreted out in 2008, and address them on a broader range of

business domains while enlisting the cooperation of companies on Panasonic's supply chain. It is also important to take the efforts to resolve the issues of sustainability and integrate them with marketing and business activities. We would like to take the successful environmental contributions integrated with marketing in Japan and expand them to a wider range of activities and regions.

Third Party Opinion

Business Competitiveness of Panasonic's CSR Initiatives

Strengthening intangibles such as brand, customer satisfaction, environmental commitment, and the development of the knowledge base and human capital of the company are determinant for ensuring sustainable growth. Intangibles are keys for differentiating products and services beyond functionality and scope. The electronics and appliances markets are characterized by quick changes in tastes and trends, and the ability to constantly innovate is highly required. Understanding local needs and lifestyles is also key. Decentralization of R&D and design centers is a rewarding strategy, where Panasonic is in the forefront, increasing the chance of being aligned with local cultures. Furthermore, shorter product lifecycles contribute to an increase of waste volumes and demand of scarce raw materials. Since 2000 Panasonic through its subsidiary METEC (Matsushita Eco Technology Center) engages in the recycling of four major electric appliances (televisions, washing machines, refrigerators and air conditioners). Extending the recycling program to other electric appliances and electronic components would be consequent and an essential development. In addition, the inclusion of an improved management of the environmental challenges throughout the whole product life into corporate strategy would contribute to a durable differentiation from competitors.

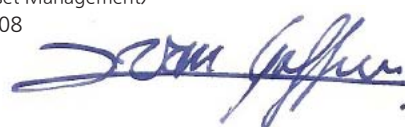
Panasonic's commitment toward sustainability is constantly growing over time, underlying the efforts of the management to let sustainability permeate into the corporate culture and daily activities. In the environmental dimension, the company demonstrated over the years several improvements. Panasonic reduced its own production emissions, those of its supply chain, as well as the impact of its products. In addition to an increasing number of highly ranked energy-efficient products, Panasonic is engaged in promoting the adoption of environmentally sustainable products, and these initiatives

have a dramatic influence on energy efficiency.

To make sure that the sustainability engagement of a company is perceived accordingly by stakeholders, internal structures and organization need to be aligned to the sustainability strategy. Therefore communication within the group should be open and transparent. Panasonic sets its priorities in enabling correct interaction between management and employees. Transparency of human resources management is realized by using key performance indicators. Appropriate skill development of Panasonic's human capital is ensured by an evaluation system introduced back in 1996. The next challenge for Panasonic's human capital development would be to actively and regularly measure the results of the skill development strategy in term of impact on corporate returns and profitability. This would allow Panasonic to fine tune efforts and align them to the long term strategy.

Overall Panasonic is successfully devoting several efforts and resources to improve its sustainability performance. The sustainability strategy goes far beyond being compliant with laws and regulations worldwide, engaging in corporate citizenship activities and offering attractive opportunities for employees, or generally avoiding potential risks related to sustainability. Strategies and structures are in place to gain from the opportunities arising from a changing environment and stakeholders' perceptions. Panasonic is on the best way to deliver sustainable value to stakeholders and reflect it in the Panasonic brand, leading to a long lasting competitive advantage.

Jvan Gaffuri
Senior Equity Analyst
SAM (Sustainable Asset Management)
Zürich, April 25, 2008



Basic Concept of Corporate Governance

The foundation of “CSR Management” is a healthy management system. Panasonic has a clear separation of functions between the Directors and Executive Officers, effective monitoring by auditors, and implementation of Labor-Management Councils, and through these and other actions, Panasonic is building a balanced corporate governance system. The management is also establishing a number of committees to discuss sustainability issues such as the environment.

The Board of Directors and Executive Officer System

Matsushita's corporate governance system is based on 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 the Board of Corporate Auditors, which is independent from the Board of Directors. The Corporate Auditors and the Board of Corporate Auditors are responsible for auditing the performance of duties by Directors.

Matsushita has an optimum management and governance structure tailored to the Group's business domain-based organizational structure. Under this structure, Matsushita has empowered each of its business domain companies through delegation of authority. At the same time, the Company employs an Executive Officer System to provide for the execution of business at various domestic and overseas Matsushita Group companies. This system facilitates the development of optimum corporate strategies that integrate the Group's comprehensive strengths.

In addition, Matsushita realigned the role and structure of the Board of Directors to ensure swift and strategic decision-making, as well as the optimum monitoring of Groupwide matters. Specifically, the Board of Directors concentrates on corporate strategies and the supervision of business domain companies, while Executive Officers handle responsibilities relating to day-to-day operations. Taking into consideration the diversified scope of its business operations, Matsushita has opted to maintain a system where Executive Officers, who are most familiar with the specifics of their respective operations, take an active part in the Board of Directors. Furthermore, to clarify the responsibilities of Directors and create a more dynamic organization, the Company has limited the term of each Director to one year.

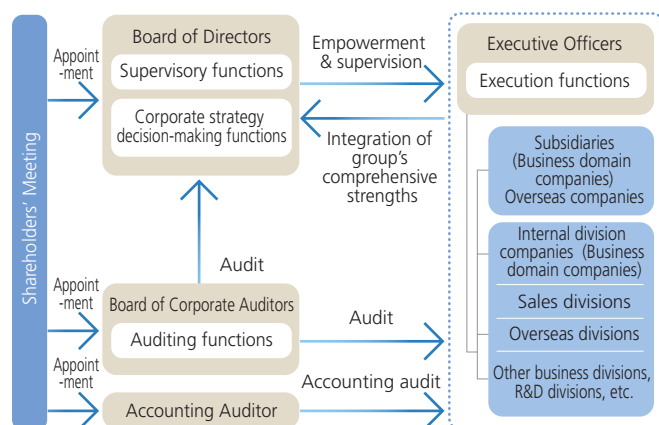
Corporate Auditors and the Board of Corporate Auditors

Pursuant to the Company Law, Matsushita has appointed Corporate Auditors and established a Board of Corporate Auditors, made up of Corporate Auditors. The Corporate Auditors and Board of Corporate Auditors monitor the status of corporate governance and keep abreast of the day-to-day activities of management, including the Board of Directors. As of June 26, 2008, the Company had five Corporate Auditors, including three Outside Corporate Auditors.

Corporate Auditors participate in shareholders' meetings and Board of Directors' meetings, and have legal authority to receive reports from Directors, employees and accounting auditors. Full-time Senior Auditors also attend important meetings and conduct checks in order to ensure effective monitoring. To augment internal auditing functions in the Group, Matsushita has assigned eight non-statutory full-time senior auditors at internal divisional companies to assist in audits by Corporate Auditors. Matsushita also inaugurated regular Group Auditor Meetings (comprising 18 full-time senior auditors and non-statutory full-time senior auditors from main Company subsidiaries) chaired by the Chairman of the Board of Corporate Auditors of the Company to enhance collaboration between the Company's Corporate Auditors, non-statutory full-time senior auditors of internal divisional companies and Corporate Auditors of the Company's subsidiaries. In addition, as part of their audit duties, Corporate Auditors maintain close contact with the Internal Audit Group to ensure effective audits. Moreover, in order to enhance the effectiveness of audits conducted by Corporate Auditors and ensure the smooth implementation of audits, Matsushita has established a Corporate Auditor's Office with a full-time staff of five under the direct control of the Board of Corporate Auditors.

Internal controls

Guided by its management philosophy and the basic policy adopted relating to the construction of internal control systems, Panasonic continues to develop a system of internal controls to provide a safe, reliable management platform to support global business strategy and activities. Specifically, three entities with complementary functions (the Compliance Committee, the G&G (Global & Group) Risk Management Committee, and the Disclosure Committee) coordinate ongoing efforts to develop internal controls. They are working not only to organize management-level systems for internal



A CSR seminar at the Corporate Industrial Marketing & Sales Division

control, but also to raise employee awareness, establish behavior aligned with the internal control system and cultivate the necessary corporate culture.

The Matsushita Group Code of Conduct

This code establishes common group-wide standards to guide employees in the practical implementation of Panasonic's management philosophy. Translated into 21 languages and formally adopted by board resolutions at each company within the Group, the code applies to 300,000 Directors, Executive Officers and employees of Panasonic worldwide. We have also developed an educational and training framework and related initiatives to support increased internal compliance with the code.

G&G risk management activities

Using its global assessment standard, Panasonic collects and centrally assesses a comprehensive collection of risk information, and integrates business management with risk

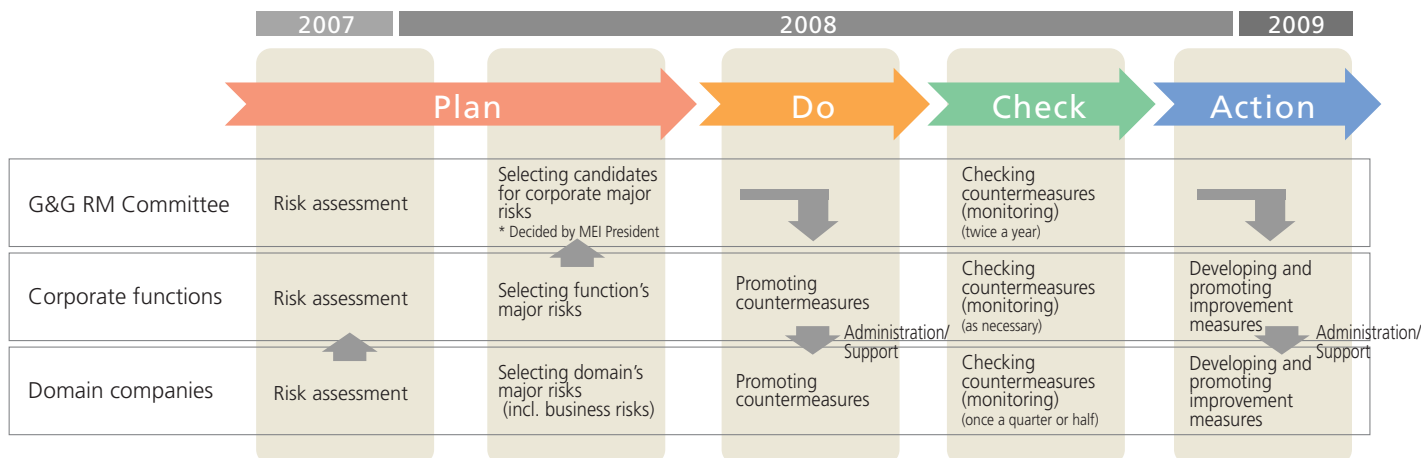
management activities. The organization established to do this consists of the G&G Risk Management Committee, which is made up of the Directors and Executive Officers that oversee the functions and divisions at the head office, and there is also a similar committee established at each of the business domain companies and related companies. This system enables Panasonic to effectively act globally and group wide.

Specifically, as shown in the diagram below, the G&G Risk Management structure performs a risk assessment on all business domain companies, subsidiaries, related functions, and G&G Risk Management Committee once a year integrated with the formulation of annual business plans, and the major risks for each are determined. High-priority risks are determined, and a plan for swift, precise action is established, and its progress monitored in close coordination among each other.

There is also a Business Continuity Plan (BCP) to counter the risk of large natural disasters. By fiscal 2010, all business domain companies should have a BCP in place for at least one location.

Panasonic will also formulate BCP for other risks that may threaten business operations, such as a pandemic flu outbreak.

Basic Framework for G&G Risk Management Activities



Participation of employees in important management decisions

At Panasonic, important management issues are discussed in advance with the labor union, and Management-Labor Committees are established as forums for people to express their opinions on these issues. Important decisions are explained to labor union leaders, and Labor-Management Councils are held to provide an opportunity for people to express their approval or dissent.

Both the Management-Labor Committees and Labor-Management Councils are held regularly at the corporate level, business domain level, and business unit level. The top-management level Management-Labor Committee is held once a month and is attended by the President, Executive Officer in charge of personnel, and the head of the labor

union's Central Executive Committee. The top-management level Labor-Management Council is held twice a year and is attended by all Executive Officers at the level of Managing Director or above and the members of the labor union's Central Executive Committee.

In-house hotlines

As part of ensuring an open and transparent corporate culture, Panasonic operates six head office-based hotlines in Japan covering the areas of business ethics, fair trade, equal opportunities, fair business, global business ethics, and auditing or accounting issues. Business domain companies, subsidiaries and regional headquarters have also established and operate separate hotlines to aid swift resolution of issues.

Product Safety Problems and Factory Fire Report

Panasonic would like to deeply apologize for the inconvenience and trouble caused to a great many people, not only by the FF-type kerosene heater problem but also the microwave oven, battery pack, and other product safety problems, and the factory fire. To establish sustainable CSR management, it is necessary to secure a solid foundation, and with this understanding, we continue to take action to release information quickly to the public, respond professionally and promptly to our customers, and prevent these situations from occurring again.

Voluntary exchange of mobile phone battery packs and company response to the factory fire

In August 2007, Panasonic announced a voluntary exchange of mobile phone battery packs in response to a quality problem, then in September of the same year, there was a fire in the lithium-ion battery factory of Matsushita Battery Industrial Co., Ltd. Panasonic would like to apologize again for the inconvenience and concern that we caused our customers and society at large.

As a result of these two serious incidents, Matsushita Battery Industrial is taking action to thoroughly review its production processes and to strengthen management.

The BL-5C battery packs produced between December 2005 and November 2006 by Matsushita Battery Industrial for use in Nokia phones would become hot and expand during charging, and the battery could potentially become dislodged from the phone itself. Thus, we initiated voluntary exchange of 46,000,000 units globally. This quality problem has several overlapping causes, including materials and manufacturing process.

Panasonic established the Corporate Lithium-ion Battery Customer Support & Management Division and took other actions group-wide to initiate a quick voluntary exchange of batteries globally and ensure that our customers can use safe and worry-free products.

Then, on September 30, 2007, Matsushita Battery Industrial experienced a fire in its lithium-ion battery plant, located at the headquarters complex, causing a great deal of trouble to many people, including our neighbors, customers, and trading partners.

As a result, the Corporate Lithium-ion Battery Customer Support & Management Division was restructured to respond to both the battery recall and the fire and get production restarted, while taking action to prevent these incidents from occurring again.

Production of lithium-ion batteries to be delivered to our customers was moved to Wakayama Prefecture or China. And the affected factory was brought back online in stages starting in November 2007, and by March 2008, it was restored to its pre-fire condition. In May, a new building was added to the Wakayama Factory, and similar actions will be taken to continue and strengthen our production system.

Factory safety is important, and our basic approach to fire is to protect human life first, try to extinguish the fire early, and prevent it from spreading. We are working to ensure that a fire does not occur again by implementing a multifaceted safety

policy, increasing and improving our fire fighting equipment, reviewing our fire preparedness system, and improving training.

To coordinate the replacement of lithium-ion batteries in Japan, the Voluntary Replacement Promotional Council for Portable Device-use Lithium-ion Batteries was established with 22 member companies, including battery makers, device makers, and communications carriers, and Matsushita Battery Industrial is serving a leading role.



On-site safety inspection at Matsushita Battery Industrial

Progress on FF-type kerosene heater recall

Panasonic would like to thank everyone for their support and cooperation in responding to the emergency regarding the accidents caused by the FF-type kerosene heaters.

This is the third winter since problems with FF-type kerosene heaters prompted an emergency order in 2005 that required the effort of the entire company to handle, and "efforts to prevent a similar incident from ever happening again continue" today centered on the Corporate FF Customer Support and Management Division.

In fiscal 2008, focus was put on the Hokkaido, Tohoku, Greater Tokyo, Hokuriku, and Kansai regions, and the staff of the Corporate FF Customer Support and Management Division organized local search activities to find products, to locate customers who had their units repaired in the past and recover those products, and to inspect products before the cold-weather season, among other activities.

The local search activities consisted of several approaches to search out FF-type kerosene heaters: (1) they targeted vacation homes located in cold regions and mountainous areas, (2) they re-canvassed apartment buildings (door-to-door survey of apartment complexes where several registered customers already existed), (3) they followed up with customers who had their units repaired in the past but whose information lacked a model number or address, (4)

they followed up people based on the sales information of home automation adapters (a part used in central control systems that are used to control air conditioners, including FF-type kerosene heaters), and (5) they surveyed retail stores that were contacted by fax or phone from the sales company's contact centers. In fiscal 2008, they conducted approximately 320,000 inspections, found 179 products, and confirmed the disposal of 3,228 units. (In total, there were approximately 930,000 inspections conducted, 337 products found, and 3,832 disposals confirmed.)

We also continued to run ads and notices, particularly at the beginning and the end of the cold-weather season, which consisted of nationwide TV and radio ads, newspaper ads, newspaper inserts, ads on the back of receipts issued by gas stations, and drug stores, and ads in the Japanese Deaf News. In fiscal 2008, we increased our name list, and out of 4,709 units listed, we found 724, and confirmed that 3,985 have been discarded.

We still find more products on a monthly basis, and this unpredictable situation continues to unfold. With the help and cooperation of those involved, we will continue these inspections until we find every last unit.

The table below details our progress to date.

Status of recalls, inspections and repairs

(as of March 31, 2008)

Units sold		(units)
Units recorded		152,132
1. Replaced or discarded		110,728
2. Recovered or inspected/repaired		34,322
(1) Recovered		76,406
(2) Inspected/repaired		74,738
(3) Awaiting inspection		1,634
		34

Percentage of units assessed and recorded as of March 31, 2008: 72.8%

Company announcement about microwave ovens, freezer refrigerators, and electric clothes dryers

To ensure public safety, Panasonic issued warnings regarding several products and is repairing these products free of charge. The products included 12 microwave oven models produced between December 1988 and December 1993, 5 freezer refrigerator models produced between February 1989 and October 1992, and 8 electric clothes dryer models produced between August 1993 and December 2001.

In response to the quality problems discovered with the FF-type kerosene heaters in 2005, Panasonic established the Product Safety Administration Center and other bodies focused on product safety. Panasonic also stepped up product safety assurance efforts such as reassessing and enhancing product safety standards, creating an early warning system to detect early signs of serious problems, and establishing a

project to deal with long-term product use. We are also reviewing past accidents to ensure customer safety.

Investigations conducted at the time of the accidents did not reveal a common source and so the problems with the microwaves, freezer refrigerators, and electric clothes dryers were considered unrelated. However, investigations into these incidents were reopened with new information collected since the latter half of 2006, and this time they revealed a common source of the problem. It was determined that the problem could occur again, and so for public safety, Panasonic issued a notice about the three products. Customers who have these products are kindly requested to contact the store where they purchased them or the Panasonic Aftercare Service Company for a free repair.

We apologize for the inconvenience and ask for your understanding and cooperation.

Contact details for inquiries:

Free-dial telephone

Microwave ovens 0120-871-682 (Japanese only)

Freezer refrigerators 0120-871-337 (Japanese only)

Electric clothes dryers 0120-871-399 (Japanese only)

For details on models and other information, follow the website link given below.

panasonic.co.jp/appliance/pro/ (in Japanese only)

Quick and determined response to safety issues by the whole company

Panasonic centrally manages all information related to product safety incidents at the Corporate Quality Administration Division, and Panasonic has always filed the required reports with the related government ministries, but as a result of the Amendment of Consumer Products Safety Law enacted in Japan in 2007, we have had to improve our system of collecting and monitoring information to make it quicker and more accurate, while the entire company continues to strengthen product safety measures. With "don't hide, don't be quick to dismiss, and do not hesitate to consult the Corporate Quality Administration Division" as our watchwords, Panasonic is not only training its own staff but is also demanding safety measures from its external retail companies and stores, repair companies, and installation companies. Company regulations were also revised in light of the new law. With our philosophy of "quickly revealing information related to accidents," we are releasing the appropriate accident information to customers quickly.

At Panasonic, safety and quality are the top priority. To avoid product safety problems, our policy is to work hard to ensure consistent safety through the entire product life cycle, from development to disposal. To handle any future incidents, should they occur, we are building an even better problem response system.

Implementing CSR throughout the Supply Chain

Today, Panasonic's CSR efforts must go beyond our group companies to include all the companies we do business with throughout our supply chain. Panasonic has always tried to compete fairly within the rules of society, and in addition, Panasonic has had "mutual prosperity" as a basis for doing business so as to contribute to the sound development of society through mutual growth with our business partners. This is the essence of supply chain CSR, in which all companies involved in the business process—from development to production to sales and service—cooperate to respond to the demands of society. We will continue to aim to be a company that all our stakeholders worldwide can trust as we embark on new efforts in CSR management in fiscal 2008.

The story behind our initiatives

In recent years, the need to address environmental problems on a global scale has reached a crescendo while awareness of human rights and labor issues has risen around the world. Along with that awareness has come the demand on companies to take action. In response, the Electronic Industry Code of Conduct (EICC) was created primarily for the US electronics industry, and a self-assessment tool for CSR was developed by the Global e-Sustainability Initiative (GeSI), primarily for the info-communications industry of Europe and the United States, with the goal of contributing to sustainable development.

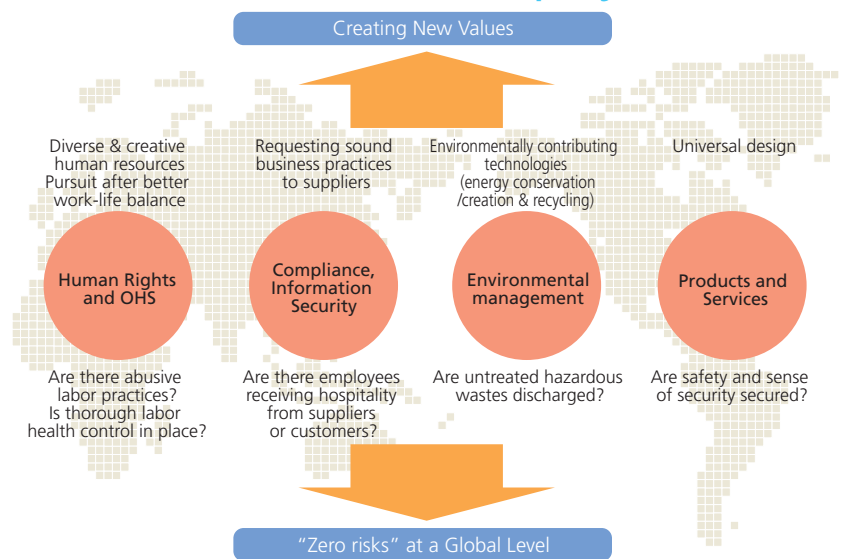
Panasonic has reinforced its management system in the areas of management philosophy, codes of conduct, labor and occupational health and safety, compliance, environmental management, and customer relations management. In order to respond quickly to these types of societal trends, we need to strengthen and further develop our existing management system group-wide and globally.

Global CSR Management

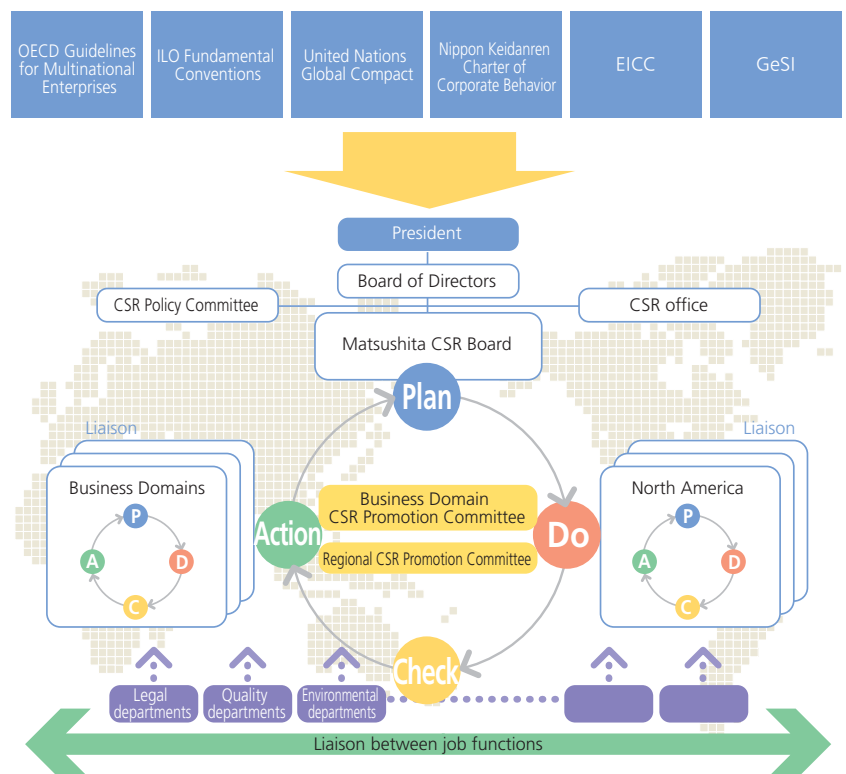
Implementing CSR management globally is a matter of ensuring that the 300,000 group employees of Panasonic worldwide undertake sound measures in the course of daily business activities. We have developed global structures to promote group-wide adoption of CSR-related measures around the world. Besides systems to facilitate rapid global transmission of CSR-related messages from senior management, we have also established systems to ensure that the demands and expectations of stakeholders in various sectors and regions are reflected in business activities in a timely manner. The Matsushita CSR Board, which is chaired by the President, and other bodies coordinate the adoption and implementation of PDCA cycle-based CSR initiatives within each region and at each business domain company.

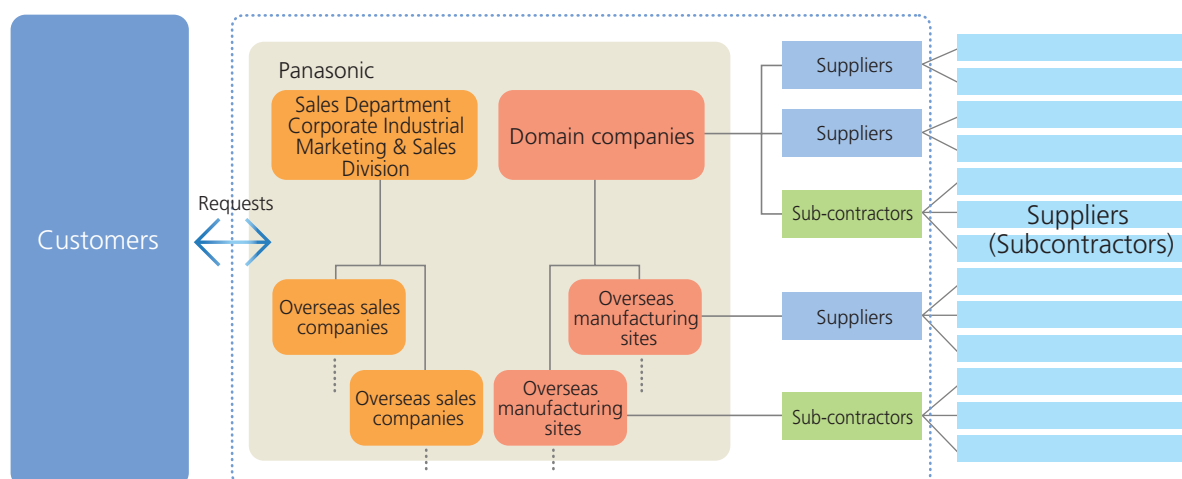
Raising the value of the company, and being a company that customers can trust

Value-added Company



Understanding the demands of society, adhering to the principles of global standards



For related information, please visit panasonic.net/csr/highlight/

Reference: Scope of CSR-oriented procurement requested by EICC

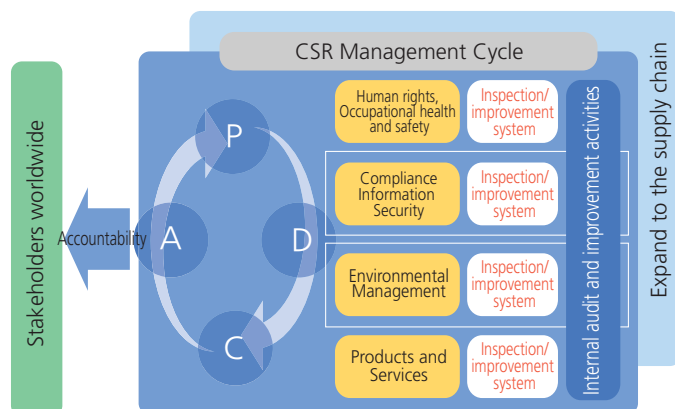
Dialogue with stakeholders and benchmarking

In order to understand the changing demands of society and respond appropriately, we first exchanged information with a variety of stakeholders and conducted benchmark surveys globally.

For example, we exchanged information with the EICC and GeSI board members, and conducted benchmark surveys with multi-national companies that were early adopters of CSR activities in their supply chain, and through these actions we deepened our understanding of society's concern for human rights, occupational health and safety, the environment, compliance, and other global issues, or special situations related to these areas in other countries or regions.

The new viewpoint we developed through these activities was used to integrate our code of conduct, corporate regulations, and management system, and they were also reflected in the mechanisms we built and strengthened to respond to the new requirements of society.

Efforts to strengthen global CSR management



Based on information from stakeholders and benchmark surveys, we set the global standard as our target.

Identifying issues through internal audits and self-assessments, we are working to improve by reflecting these issues in work flow, checking systems, and other operations.

Group-wide promotional activities and support system improvements

In fiscal 2008, the Panasonic CSR Board, the highest decision-making body for CSR management in Panasonic and chaired by President Fumio Ohtsubo, decided to conduct a general inspection of all CSR structures company-wide. As a result, Panasonic performed a company-wide inspection and then took action to strengthen the system in order to be able to respond to customer requests in a timely and accurate manner and be completely accountable. This effort was led by the device business domain, which has been engaging in CSR procurement with our business partners in the information communications industry in Europe and the United States.

For example, first we established a fulltime management structure in the Corporate Industrial Marketing & Sales Division that oversees the device business domain, and then exchanged information with the related marketing departments in each country and region.

Following this, the Corporate Legal Affairs Division, Corporate Personnel Group, Corporate Environmental Affairs Division, and Corporate Procurement Division, played a central role in identifying the global CSR issues from several angles and began initiatives to implement self-assessments and internal audits at each business site. These actions were based on the Global CSR Checklist. Especially in China and the Asian region, where Panasonic has a great many production sites, there is a rapidly growing concern over human rights, labor and occupational health and safety, the environment, and compliance, and Panasonic is responding to these issues at a level that lives up to our management philosophy. The checklist is being provided to managers of each business location worldwide to enable them to perform self-evaluations on the progress of their initiatives within their division. In addition to defining standards and check points, the checklist provides examples of situations that may lead to violations; and we are using these and other methods to try to achieve a deeper, practical and concrete understanding of CSR.

Developing CSR Management

In addition, as our business becomes more global, it is necessary to respond even more rapidly to the laws and regulations of each country around the world. In order to accelerate our efforts based on the cultures and laws of other regions and countries, we must work together on these efforts, even in the Global Legal Conference, which is attended by those in charge of legal affairs from each region.

These initiatives are not only an opportunity to strengthen internal CSR management but also an opportunity to objectively examine the CSR implementation demanded by our customers and to raise our level of accountability.

Working CSR into daily production activities

For the Corporate Industrial Marketing & Sales Division and business domains related to the device business, we held the Industrial Business Group Global CSR Conference, attended by senior managers of each business domain company. Senior Managing Director Koshi Kitadai (currently serving as Executive Vice President), head of the device business, gave an opening speech in which he asked for the commitment of all participants by way of this strong declaration: "The promotion of CSR will be the basis of partnerships in global business, and it is largely premised on the trust and reliability of the company. Above and beyond that, we should strengthen our CSR management and aim to be a value-added company by all of our business partners." CSR seminars are also being conducted for all employees to reinforce practical points of application in daily operations.



The Industrial Business Group Global CSR Conference

Through steady efforts such as these, we aim to create an organization that is responsive to the needs of customers and society, and we are improving our ability to establish operating rules or mechanisms when we find areas that need improvement through daily CSR self-assessments, internal audits, or inspections by customers. In February 2008, Panasonic Electronic Devices (Beijing) Co., Ltd. (PEDBJ) underwent a CSR inspection by a customer that revealed several issues related to occupational health and safety. In addition to immediately addressing these issues, we shared the issues found with all group companies through our headquarters. In the future, these types of initiatives will be

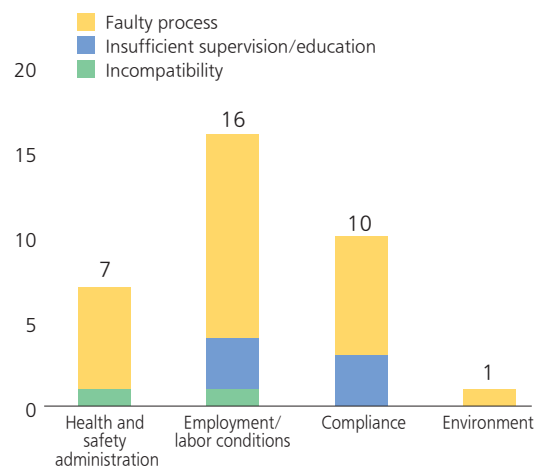
broadened to encompass other business domains, and with similar initiatives targeting suppliers and subcontractors, we will promote CSR throughout our supply chain.



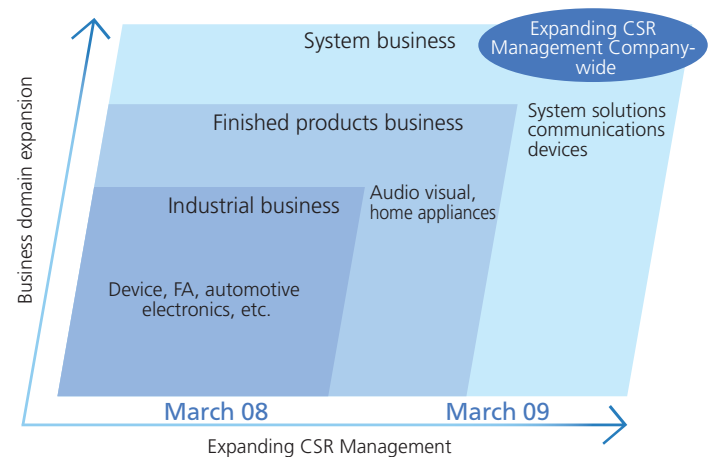
An audit at Panasonic Electronic Devices (Beijing) Co., Ltd. (PEDBJ)

Number of problems discovered through self-assessments

(Sampling performed at production sites of 16 companies in Asia, China, Europe, and North America)



CSR Management Development Plan



Fiscal 2008 was the year this was launched first in the device business domain. We will implement this in the future in the audiovisual equipment, home appliances, and other finished products businesses, followed by system solutions and other business domains.

For related information, please visit panasonic.net/csr/highlight/

Preparing for terrorism or natural disasters by building full backup of information systems

Starting in fiscal 2007, Panasonic has been implementing a backup system as part of the risk management plan for the information systems that support our sales, procurement, and other transactions. The system in Japan was completed in February 2008, and system recovery times for systems supporting transactions with about 10,000 companies were reduced to 10% of what they were. Initiatives to improve efficiency while building in system redundancy have improved energy efficiency by 30%

compared with fiscal 2007. Our target is to complete this program for all transactions worldwide by the year 2010. This is just one example of how Panasonic is building a better infrastructure to be a company that our trading partners, suppliers, and customers can trust more and more.

*Number of EDI registered companies with Corporate Information Systems Company as of March 31, 2008

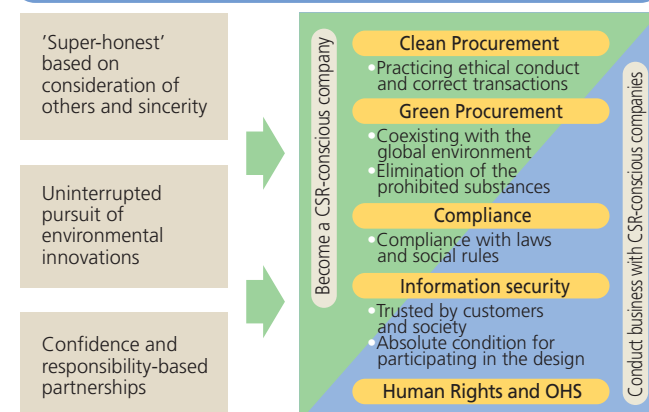
Working with suppliers to implement CSR

In order to promote CSR procurement globally, we conduct the CSR-conscious Procurement Conferences. Launched in China in March 2007, these conferences were organized in various regions of the world where we are developing our business, and they have been attended by approximately 6,000 people from 4,366 companies.

At the conferences we announced the Clean Procurement Declaration, which describes Panasonic's commitment to building fair and equitable global trade relationships through an unbiased procurement process. We explained Panasonic's CSR concepts regarding legal and regulatory compliance, information security, the environment, and human rights, and sought their understanding on CSR procurement. We also expressed our expectation for our suppliers to become CSR companies in order to have continued relations as the best partners and deliver the highest satisfaction to our customers world-wide.

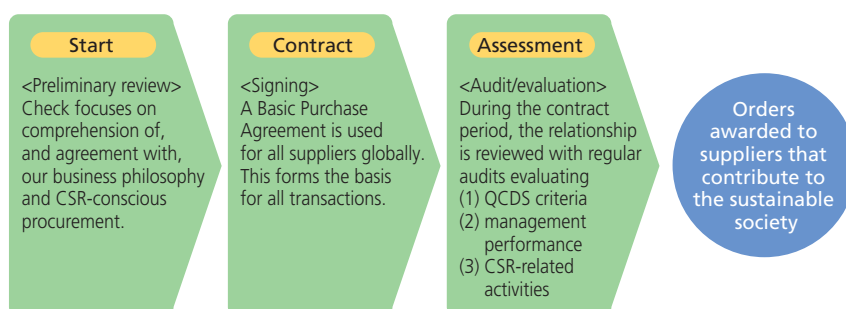
CSR Procurement Concept

Without practicing CSR procurement, an enterprise is neglected by society today



Introducing the CSR-conscious Procurement Implementation System

Panasonic places its purchase orders with suppliers that contribute to the sustainability of society. If for some reason a supplier violates the CSR requirements of the basic purchase agreement, we ask them to take immediate action to solve the issue and report to Panasonic, and based on the content of that report, Panasonic may take action to reduce or suspend business with that supplier.



Comment from a business partner

HP and Panasonic concluded SER* agreement in 2007. We believe that SER agreement between HP and Panasonic will lead to the success across the electronics industry's global supply chain.

HP's commitment to Corporate Social Responsibility extends to our global supply base and we expect Panasonic to conduct their worldwide operations in socially and environmentally responsible manner. Our goal is to work collaboratively with Panasonic to encourage compliance with the following principles;

- Legal and Regulatory Compliance

Panasonic to ensure the operations and the products supplied to HP comply with all national and other applicable laws and regulations.

- Continual Improvement

Panasonic to integrate environmental, occupational health and safety, and human rights and labor policies into your business and decision-making processes.

And also HP expects Panasonic to maintain effective management systems that are based on sound business and scientific principles, which include establishing appropriate objectives and targets, regularly assessing performance and practicing continual improvement.

We continue to work together and we believe that our efforts will reflect our global citizenship principles and meet mutual stakeholder expectations.

*SER: Social and Environmental Responsibility

Hewlett-Packard Development Company, L.P.



Management Trusted by Society

Panasonic is a public entity that engages in business while adhering to a common group management philosophy of “contributing to society through our business activities.” As an integral part of this philosophy, we approach our business activities with the goal of achieving “management trusted by society,” and all of our 300,000 group employees work to comply with laws and regulations and maintain a high standard of corporate ethics.



Yukio Nakamura
Director, Corporate Legal Affairs Division

Achievements and ongoing challenges in fiscal 2008

Panasonic has declared October of each year to be “Compliance Awareness Month,” during which group-wide compliance activities are performed. These activities, which were first implemented in Japan during fiscal 2007 and subsequently expanded worldwide in fiscal 2008, are announced annually through a poster campaign and in a message from the president that is broadcasted globally, as well as through “Compliance Comprehensive Tests” and “Compliance Awareness Surveys” conducted in each country and region. During fiscal 2008, over 84,000 employees within Japan and 8,500 employees outside of Japan participated in these tests and surveys. A Compliance Guidebook was also created for China and the Asian region to reinforce important compliance-related points that employees need to apply in their daily operations. Two other important areas that we focused on during fiscal 2008 were fair trade, with particular focus on compliance with anti-trust laws, and compliance with trade laws, with particular focus on security export control law and customs law compliance issues.

In fiscal 2009, we will continue to promote these compliance activities through a unified global framework.

Fair trade

In today’s business world, free and fair competition on a global scale is the order of the day, and anti-trust laws have become the legal standard worldwide.

Unfortunately, Panasonic activities have drawn the attention of antitrust regulators in the past. Last November, the Japan Fair Trade Commission initiated an investigation into alleged antitrust violations in the CRT industry, and similar governmental investigations have been initiated in the United States, the European Union and other jurisdictions. We are cooperating with these investigations.

To assure that Panasonic remain in compliance with all applicable anti-trust laws, a new Guideline for external activities, like industry associations and others, will be formulated and used to help marketing and technical divisions ensure that their practices comply with fair trade principles and legal requirements. In addition, Panasonic will enhance systematic education and awareness raising activities using IT—online training, and will conduct more intensive monitoring.

Compliance with trade laws

As a global manufacturer with business activities the world over, Panasonic has an important responsibility to maintain a high level of compliance with security export control and customs laws as a key component of its trade compliance efforts. With respect to security export control, during fiscal 2008, we enhanced our export and re-export control efforts by conducting field examinations in China, Central America, and the Middle East. With respect to customs laws, in fiscal 2008, we established a Trade Compliance Center at our global headquarters and appointed customs law compliance officers within each business domain in order to promote compliance activities in this area. In Japan, Panasonic has been recognized as a “specified exporter”—a business with a good compliance record—which gives us preferential treatment in customs.

In fiscal 2009, we will promote even stricter compliance in these areas through audits, practical education and instruction activities, and by reviewing those operational processes that are focused on security export control and customs law compliance from the viewpoint of front-line management.

Promoting regional and global compliance

With business activities in 46 countries and regions, Panasonic has a number of programs to ensure compliance with the laws of each country and region.

In North America



Legal Affairs Managers
Panasonic Corporation of North America

In North America, a legal coordinator has been appointed at each group company to act as a hub for legal and compliance promotion. The Legal Department of Panasonic Corporation of North America (PNA) holds a quarterly legal review

with the top management and legal coordinator of each company to exchange information on legal issues affecting the company, give advice and support, and thus discuss compliance-related issues and find solutions to them. Compliance with the anti-trust laws and U.S. export control regulations is particularly important. An online legal and ethical education program, known as Panasonic Legal Awareness on the Net, or the acronym "PLAN", is being used to educate employees in these areas as well as other topics of concern. On-site group training for employees also reinforces these points.

In Europe

Panasonic has subsidiaries in most European countries, and the Corporate Legal Affairs Division of Panasonic Europe Ltd. has been working to strengthen compliance, first by ensuring that each company appoints a Legal Affairs Manager. Each company also performs regular legal risk assessments and takes remedial action as necessary. Where common compliance issues are revealed, regional initiatives are taken, as with EU competition law, which has been an important focus for compliance activities for many years. Employees of group companies in Europe receive regular training about EU competition law, both in seminars and by online training.



Legal Affairs Managers
Panasonic Europe Ltd.

Global compliance efforts

As Panasonic's business continues to expand globally and our compliance activities cross regional borders, it is vital that we also continue to promote compliance with a global policy and objective by employing a common process throughout our business, and working in concert to implement that process. For many years now this approach has been widely discussed and consistently implemented across our global headquarters, business domain companies and regional headquarters. Compliance Awareness Month is a key part of our efforts in this area. Additionally, a Global Legal Conference was held in March 2008 with the goal of creating specific measures adapted to the unique situations at each business domain company and regional headquarters from the viewpoint of front-line management. Each participant brought their own business plan-based Legal Action Plans to the conference, and members of the legal divisions of each business domain discussed the various compliance issues faced by their particular region or business domain, as well as measures being, or to be, taken to address those issues with members of the legal divisions of the regional headquarters. This discussion was followed by further discussion of how the legal divisions of the various business domain companies and regional headquarters can work together to quickly, efficiently and comprehensively address the compliance issues that they each face. We intend to continue to expand our compliance network globally and increase its functionality to adhere to even stricter compliance standards in every corner of every worksite.



Instructional poster: Five ways to look at compliance
Translated into 9 languages, including Japanese



Chinese Compliance Guidebook



Creating a Comfortable, Employee-friendly Workplace

"People are the foundation of business. Develop people before making products." This has been our basic philosophy since our inception, and we have emphasized human resource development so that our people understand our basic business philosophy, and constantly accomplish their mission accordingly. We are actively creating a corporate environment that makes effective use of our diversity, and are rolling out a variety of human resources policies globally.



Executive Officer in charge of Human Resources, Masatoshi Harada (Second from the right. Seen here with the heads of the Diversity Promotion Offices from each domain company. From the right is Ms. Soma from Panasonic AVC Networks Company, Mr. Harada, Ms. Fukuda from headquarters, Ms. Iwasaki from Matsushita Home Appliances Company, and Mr. Higuchi from e-Work Promotion Office.)

Fiscal 2008 achievements and ongoing challenges

In fiscal 2008, we made effective use of information and communications technology and implemented the e-Work program, which permits a variety of flexible work arrangements not constricted by time or location. We are also working to enhance our personnel globally. For example, for key personnel working at companies outside of Japan, there is the Working in Japan program, whose purpose is to train and

groom people for executive positions by having them work and study in Japan from several months to a year.

Fiscal 2009 falls in the middle of the GP3 Plan, and in order to advance toward the achievement of true global management, we are continuing to strengthen personnel training and the corporate environment, and are promoting personnel exchanges between countries, regions, businesses, and jobs.

Respect for fundamental human rights and compliance with laws and ethics

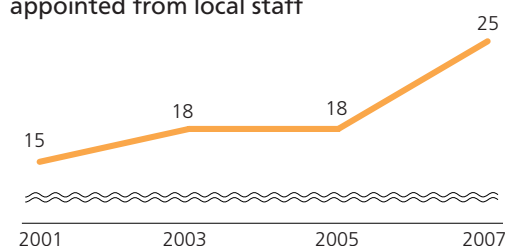
When carrying out business activities globally, it goes without saying that we must comply with laws, regulations and ethics relating to employment and labor in each country where we do business. The fundamental policies of the entire Panasonic are not only to respect basic human rights, namely, the prohibition of discrimination, the right to freedom of association, the guarantee of the right to organize, the guarantee of the right of collective bargaining, and the prohibition of forced labor, but also to practice appropriate recruitment and labor management based on the laws and regulations, labor practices, and labor-management relations of each country.



Global human resources development

To become a company that achieves global excellence in the truest sense, it is necessary to recruit the best human resources from around the world, regardless of race, nationality, age, or gender, and to properly develop and position them within the Group. Amid the increasing globalization of management environments and markets and the emergence of a borderless world, Panasonic is striving to attract and foster personnel that can play an active role on a global basis.

Percentage of presidents of companies outside Japan appointed from local staff



*The boundary of this statistic was revised this fiscal year and the data has been restated retroactively.

On our website you will find information on the number of woman and local staff in management and the number of employees with disabilities, and reports on labor-management talks, labor health and safety management, the number of accidents, and much more.

For related information, please visit panasonic.net/csr/employee/

Panasonic is applauded for its work-at-home system and diversity in the work place

- Panasonic's e-Work initiative was recognized with the Eighth Annual Telework Award received from the Japan Telework Association.
- Panasonic's initiatives to promote diversity in the work force in its factories was recognized with the J-WIN Semi-finalist Award, presented by NPO Japan's Women's Innovative Network.

Creating a corporate culture that makes effective use of diversity

In order for Panasonic to provide products and services that satisfy customers all over the world, it is essential that the Company create a corporate culture that allows its diverse employees to fully exercise their capabilities and to play an active role in the Company, regardless of gender, nationality, or age. Panasonic endeavors to provide a wide range of opportunities for its motivated and skilled personnel, and strives to create a structure and environment that is easy to work in.

As one part of this effort, Panasonic is promoting the e-Work program, which uses information and communications technology to enable people to work from anywhere, and in April 2007, Panasonic introduced the e-Work@Home program applicable to 30,000 employees. As of the end of March 2008, there were about 3,000 people working from home either once a month or one or two times a week. A survey of the people on this program showed that 75% of them felt their productivity improved, and 72% felt that their personal lives were also enriched. Panasonic also established "spot offices"—places where employees can work when traveling on business—at nine locations, and thus far over 3,500 people a month have been using them. The spot offices have reduced travel time and sped up customer service, so we plan to expand the number of these offices in the future. Panasonic will increase productivity and improve the work-life balance for its employees by accelerating the implementation of a number of flexible work styles.

Equal employment opportunities in North America

Panasonic Corporation of North America (PNA), the company that oversees Panasonic's businesses in North America, has instituted intercultural communications training based on its Equal Employment Opportunity (EEO) policies and related laws against discrimination. This training is being provided to promote understanding of the laws related to discrimination in employment, and to prevent harassment in the workplace. This training has the additional goal of teaching employees how to deal with fellow employees, customers, and trading partners, and of creating an open and fair work environment. It also raises awareness among managers and executives of their responsibility to take the necessary actions to comply with EEO policies in the workplace and with the law.

Implementing the overseas labor assessment

Against a backdrop of expanding global business activities, Panasonic introduced in fiscal 2008 the Overseas HR & Labor Assessment, whose goal is to strengthen compliance with labor and human rights requirements at companies outside of Japan, and to bolster labor risk management. The Overseas HR &

Labor Assessment is used at companies outside of Japan and is a self-administered checklist of 300 items whose purpose is to determine if proper labor practices based on local labor laws and employment regulations are being followed, and to determine if there are latent labor risks that will affect business or create problems later. The initial assessment is done by the company itself, and a final assessment is performed by assessors from the business domain company in Japan. Panasonic also provides regular assessor training to raise the effectiveness of assessments. Panasonic is working to strengthen labor management at the global level while deepening relations between companies in Japan and other countries.

Panasonic discusses labor-management talks at ILO Forum



ILO Forum in Geneva



Director Kalman of Panasonic Europe giving a presentation

Panasonic Europe's Danny Kalman, Director in Charge of Human Resources, spoke at the forum celebrating the 30th anniversary of the ILO's Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, held at ILO headquarters in Geneva, Switzerland, in November 2007. Mr. Kalman spoke about labor-management talks in China as an example of best practices, and one person commented that Panasonic's efforts to hold labor-management talks are a practical implementation of the "harmonious worker-management relations" that the ILO is advocating.

Panasonic will continue to enhance healthy labor-management relations by engaging Panasonic employees in meaningful discussions.

Proactive labor-management talks implemented in China

Though the ratio of union organizations varies among private companies in China, 55 of the 59 Panasonic group companies have unions, and there are labor-management talks every couple of months. China is rapidly developing, and the expansion in the number of production facilities sometimes affects the work environment, but through labor-management talks, Panasonic is steadily working to improve the work environment. In fiscal 2008, one of the Panasonic group companies producing compressors added equipment, and this raised the temperature of the factory, but with the coordinated effort of both labor and management, the situation was quickly resolved, and a more comfortable work environment was restored. This solid labor-management relationship is the key to creating an excellent work environment.



Global Panasonic Coexisting with Local Communities

Panasonic is engaged in corporate citizenship activities attuned to the demands placed on global enterprises in the 21st century. Panasonic actively works with NPOs and NGOs, and supports individual employees in their volunteer activities. In addition to the detailed information provided in the Panasonic Report on Global Corporate Citizenship Activities and the Corporate Citizenship Activities section on the CSR website, we would like to introduce a few highlights of our global activities here.

"eco ideas" for everybody, everywhere

Individual's personal efforts to save energy is an important element in preventing global warming. As one of the three key initiatives of the "eco ideas" Strategy, we are working on "eco ideas" for Everybody, Everywhere to spread eco activities throughout local communities and the world. Actively promoting the Love the Earth Citizens' Campaign as a basis, which is a vehicle for employees and their families to participate in practical ecological activities, the initiative includes the "eco ideas Contest" targeting all group employees worldwide, environmental volunteer activities, environmental protection activities linked to marketing, introduction of our environmental technologies used in factories to the public, and other activities to raise environmental awareness. And we are aiming to collaborate with external organizations, too. Panasonic provides support and cooperation to NPOs and participates in the national campaign led by the Japanese government "Team - 6%", the goal of which is to raise people's awareness for the environment and achieve the targets of the Kyoto Protocol.

The Love the Earth Citizens' Campaign has been conducted in Japan since 1998, and to celebrate the campaign's tenth anniversary, it was extended to China in fiscal 2008.



Group employees making the "Declaration of Eco Activities" in China

Approximately 67,000 group employees in China signed the "Declaration of Eco Activities" and are implementing environmentally conscious activities, such as the "Household Eco-account Book" initiative, the no commuting by car campaign, and the campaign to replace incandescent bulbs with fluorescent bulbs. In July, Panasonic held the Japanese-Chinese joint "CO₂ Reduction Eco Challenge by 100,000-employees!" Campaign. 130,000 employees in China and Japan participated in this event, and the estimated amount of CO₂ reduction was approximately 180 tons in one week. In a survey after the event, 70% of the employees said that they want to continue energy-saving activities.

"Buy a home appliance, plant a tree" Planting trees with our customers through our business activities

Panasonic is working to plant more trees around the world through its business activities. Starting in 2003, for example, Panasonic began offering environmentally friendly products, and we began to think about the environment with our customers and embarked on a marketing campaign that would help promote the planting of trees. In fiscal 2008, we rolled out the "buy a home appliance, plant a tree" campaign. Each time a customer purchases a product included in this campaign, Panasonic will plant a tree in Tuyen Quang Province in Vietnam. We chose this region because it saw severe deforestation during the Vietnam War and excessive logging and slash-and-burn farming after the war. In accordance with local demand, we planted white magnolias and acacia mangium, which take root well and grow quickly. During the campaign, we planted about 500,000 trees. This campaign received the support of local people, and so this activity is contributing to the protection of national lands as well as stimulating economic activity. Panasonic has continued to conduct these types of campaigns, and we are currently

targeting to plant 250,000 trees in China's Inner Mongolian Autonomous Region in the first half of fiscal 2009.



Planting trees in Vietnam with the help of local people

"Buy a home appliance, plant a tree" campaign poster

Contributing to the healthy development of children

Panasonic has several initiatives underway to support the healthy development of children around the world under the banner of "happy children bring a bright future." For example, Panasonic Kids School is a series of events held by Panasonic to teach sports, ecology, culture, science, art, and a variety of other subjects to children. In fiscal 2008, 148 events were held and attended by more than 28,000 children.

The program in fiscal 2009 has more activities that get the kids involved, such as sports and ecology. To teach kids about the eco ideas in their environment, Panasonic will hold Eco Kids School events, where children can study ecology, participate in practical activities, and create a picture diary. Sports events included the Kanto Boys League Panasonic Cup, a baseball competition for elementary and junior high school kids. This event was attended by 136 teams and 3,800 players, and contributed to the development of children through sports. Panasonic will use this experience with Kids School in Japan to hold Kids School events all over the world.



Nature Activities Class
(Iriomote Island)



Little League Baseball, Kanto Boys League
opening ceremony (Seibu Dome)

International exchanges through company choir

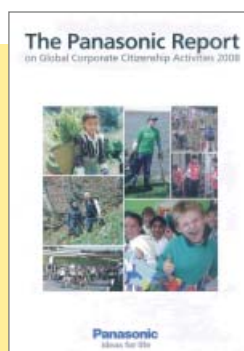
Contributing to international exchanges is one of the important corporate social responsibilities of a global company like Panasonic. Panasonic's company choir, Matsushita Chuo Chorus is one example of these activities. The choir was formed in 1974 and has approximately 100 members from Panasonic group companies. The group is highly professional and has won the gold medal 17 times at the JCA National Choral Competition. In September 2005 the group performed in New York both to commemorate the victims of the terrorist attacks in 2001 and Hurricane Katrina in 2005 and to pray for world peace. In April 2008, on the occasion of the thirtieth anniversary of signing of the Treaty of Peace and Friendship between Japan and the People's Republic of China, they were invited as cultural ambassadors by the Chinese People's Association for Friendship with Foreign Countries to perform in Beijing and Dalian. The Matsushita Chuo Chorus will continue to act as a bridge of friendship to the world.



Matsushita Chuo Chorus performing with the Red Star Chorus in Beijing

Corporate Citizenship Activities Report 2008

The details of our corporate citizenship activities are issued every year in June through the Panasonic Report on Global Corporate Citizenship Activities. This booklet provides a variety of information, including examples of activities around the globe in the three key initiatives, programs to support the activities of NPOs and company volunteers, as well as disaster support.



A Company is a Public Entity of Society

This year, we celebrate the ninetieth anniversary of our founding.

Since our founding in 1918, we have received tremendous support from numerous people and the patronage of our customers, and we would like to extend our heartfelt thanks to all of you.

Our founder Konosuke Matsushita believed that

"Matsushita Electric was something entrusted to us by society."

This view of our corporate social responsibility has informed our management approach throughout our history, and in this auspicious year that marks a major turning point for the company, we would like to look back over our corporate social responsibility in the past, and explain about our social responsibility for the future.

A company is a public entity of society

So in one respect a business endeavor, whether it is a one-person business or a huge corporation, can be seen as belonging to the people or person who conceived it and wanted to pursue the idea. On another level, however, that enterprise exists because of and for the sake of sustaining society. Its justification is in part to advance and elevate culture. From that perspective, a business or enterprise of any sort is, without question, a public entity.

Our founder believed that since all those things necessary to a company—people, money, land, and goods—come from society, then the company itself is something entrusted to us by society, and is actually of the society, and is thus a public entity. He also believed that, as a public entity of society, companies should contribute to society through business activities in a variety of forms, and thus it is the company's social responsibility to improve the quality of life of society.

The mission of a corporation

The social responsibility of an enterprise can be conceived in any number of ways, but whatever the approach, the fundamental element is its contribution to society through the work that it is set up to do.

The mission of enterprises that manufacture and supply goods, on the other hand, is to gear production to demand by developing superior products that will be truly useful to people; to manufacture them as efficiently as possible; and supply the necessary volume at a reasonable price.

Our founder believed that the mission of manufacturers is to produce an abundance of goods and supply them to society and thus give people more freedom and eradicate poverty. In order to keep this mission forever in the forefront of the minds and hearts of all employees, the company developed "the business principles," and these tenets live today in the basic philosophies of all group companies.

Existing harmoniously with each community and the environment

Insofar as an enterprise is a public entity that carries on its work within a social context, it is essential that the company or firm create a harmonious place within the community where it is located and maintain a balanced relationship with the environment.

When a business of some kind moves in, it occupies a large amount of land, and it employs numerous people. That company must be ready to make some commitments — a promise to become a genuine part of the local community and the environment, to maintain harmony with both, and to make a significant contribution to the life of the community.

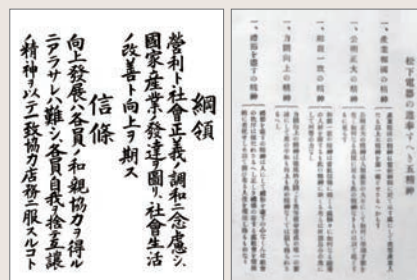
Our founder believed that eradicating poverty and coexisting with the global environment are important aspects of our corporate social responsibility and our corporate mission. He also believed that industry and the economy exist to create true wealth and well-being for people. People do not exist for industry. Thus, companies should take the lead in protecting the irreplaceable environment by putting their power to use in this area. Without doing so, a company can not truly prosper and expand.



Corporate mission revealed
The company's first founding ceremony held in 1932



Enriching the lifestyle of society
Major household appliance lineup



Code of Conduct for implementing management philosophy. Basic Management Objective, Company Creed, The Business Principles

Free competition and co-prosperity

A business has to expand and develop all the time, but the prosperity that results can not be enjoyed solely by the company itself — it must be shared with society. Even if a company prospers while thinking only of itself, this situation will never last. True prosperity comes only with co-prosperity and coexistence.

Our founder believed that business transactions in which two independent businesses considered the position and development of the other as well as responding to the needs of society would lead to prosperity for all concerned. He believed that achieving co-existence and mutual prosperity, eradicating monopolistic practices and excessive competition, and promoting "rule-based, free, and fair competition," were necessary to the prosperity of the industry and society.

Fulfilling corporate social responsibility in the 21st century

Our founder tried to "start anew every day," and created a number of innovative activities that were ahead of their time. One of these was the introduction of the five-day workweek system announced in 1960. At that time, there were very few companies on the five-day workweek system, and there were even many within the company who questioned the workability of this system. To raise awareness and motivate the employees, the founder said, "Implementing the five-day workweek system at a time when the country is facing difficult economic conditions will not be easy. Let's do all we can to make our management even more rational than that of any U.S. corporation." Over the next five years, the company rolled out a campaign to double productivity, and eventually, the company was strong enough to support a five-day workweek, and the system was implemented.

Panasonic adopted CO₂ emission reduction as a key management index, and to fulfill its public promise, all business activities were reviewed. We adopted this index because, just as Panasonic introduced the five-day workweek system ahead of most other companies more than forty years ago, we also wanted to address environmental problems early on because we believe we

can create a company that reduces CO₂ while continuing to grow.

The phrase "a company is a public entity of society" was first used in July 1946. It was used at the first sales manager conference after the war.

"Production, sales, and profits are vital. However, these represent only the first step. What is even more important is to commit to the ethos and management philosophy of Matsushita Electric. If we do, our customers will feel this through our products. In this way, we will develop a trust that goes beyond our products and extends to the National brand."

The founder believed that it is important to build a company that could reform itself quickly in accordance with its management philosophy in the event that, for example, a defective product was produced. This would raise confidence among consumers and raise the brand image, effectively embedding the management philosophy in the brand.

In October of this year, the company will change its name to Panasonic Corporation and merge the National brand into the Panasonic brand. Konosuke Matsushita treasured the ideas of "a company as a public entity of society," "customer comes first," and "start anew every day," but an "open mind" is an important state that underlies these. If the founder considered the current situation of the company and the acceleration of globalization with an "open mind," he would undoubtedly agree with the decision to change the name.

Even if the name changes, the company management philosophy will never change in any future age. Precisely because we are living in an age of rapid and dramatic change, employees must refer often to our founding spirit and practice the management philosophy in their individual jobs without resting on the laurels of the past 90 years.

It is now the 21st century, and we believe that we need to take a global view in our corporate social responsibility as well. This concept is also contained in our brand slogan, "Panasonic ideas for life." Panasonic generates ideas for life...today and tomorrow. Through innovative thinking, we are committed to enriching people's lives around the world. This is our brand promise that we make to all our customers throughout the world. We will continue to work hard under the Panasonic brand to contribute to the preservation of the global environment and the development of society and fulfill our corporate social responsibility in the 21st century.



When producing radios, we acquired and publicly released important patents for the benefit of the entire industry

Panasonic
ideas for life

Brand promise

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Panasonic

ideas for life



On the Cover

The improved attachment plug (photo at left), which went on sale shortly after Konosuke Matsushita founded the company, could be screwed into a light socket that, at that time, also served as a power outlet in the home, and thus allowed other electrical products to be used. Konosuke Matsushita reused the metal caps of old light bulbs, and was thus able to develop this new, inexpensive, easy-to-use product, which became a hit. This approach has continued to evolve, and today, Panasonic is contributing to improving the global environment of the 21st century through energy-efficient, long-life, fluorescent light bulbs.

