

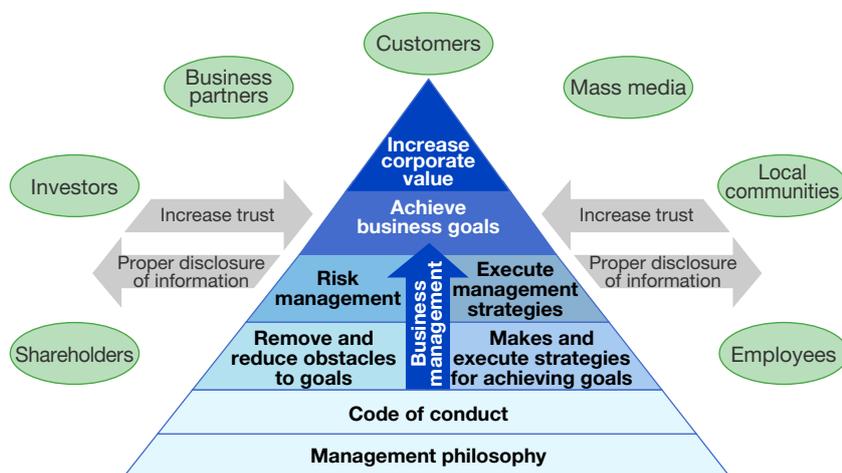
Risk Management

Fundamental Stance

Panasonic’s founder, Konosuke Matsushita, coined numerous aphorisms which are still used at the company: “Hardship now, pleasure later,” “There are signs before all things,” and “Small things can create big problems; one must be alert to signs of change and act accordingly,” among many others. Using these ideas as the cornerstone of our thinking, we conduct Corporate-wide risk management activities covering our operations around the world, with the aim of taking preemptive actions to eliminate any factors that could impede the accomplishment of business goals.

At Panasonic, risk management works in parallel with the development and execution of management strategies. We believe that combining these two functions makes us better positioned to accomplish business objectives and to increase our corporate value. Furthermore, by disclosing appropriate risk information to the public, improving management transparency, and reducing risks through preemptive measures, Panasonic gives its customers and other stakeholders—as well as local communities and the public as a whole—greater confidence in its organization.

Role of Risk Management in Business Management

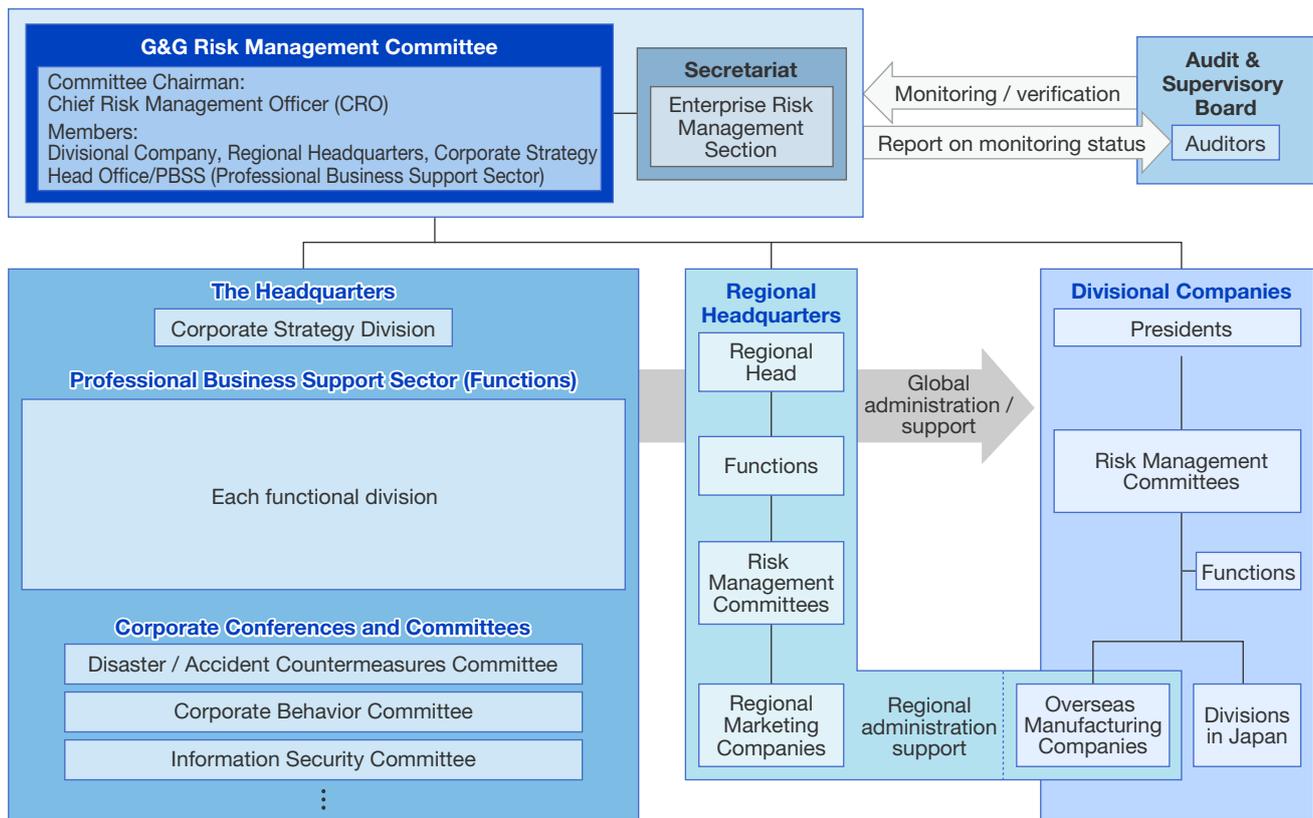


Organizational System

Panasonic first established the Global and Group Risk Management Committee (G&G Risk Management Committee) in April 2005, which promotes risk management across the entire Panasonic Group. This committee is chaired by the Chief Risk Management Officer, who is nominated by Senior Management, and is composed of Company Chief Risk Officers (CROs) and managers from regional headquarters, the Corporate Strategy Headquarters, and functional divisions. The Enterprise Risk Management Office serves as the committee’s secretariat.

The G&G Risk Management Committee identifies critical risks for the entire Group based on the results of risk assessments conducted by Panasonic Headquarters, regional headquarters, and Divisional Companies. This is part of Panasonic’s corporate compliance with legal requirements. The committee also monitors the progress of countermeasures based on the action plans against major risks formulated by Panasonic Headquarters, regional headquarters, and Divisional Companies and promotes continuous improvement by providing direction to various functional divisions and committees and support to Panasonic Headquarters, regional headquarters, and Divisional Companies. The activities of the G&G Risk Management Committee are regularly reported at management meetings and Board of Director meetings, and Corporate Auditors also observe and oversee monitoring alongside the Board of Directors.

Panasonic Global and Group Risk Management Promotion Framework (as of August 2021)



Basic Framework

At Panasonic, risk management is divided into three levels: the G&G Risk Management Committee, the Divisional Companies, and business divisions. Risk assessment for the Group as a whole involves an annual cycle in which comprehensive assessment of risk factors (both internal and external) that could potentially impact business operations are identified, evaluated, and then ranked by countermeasure priority. The individuals responsible for the relevant areas are at the cores of the teams who draw up and execute plans, monitor the status of countermeasures, and execute initiatives for continuous improvement with regard to the risks that were identified as critical based on this list.

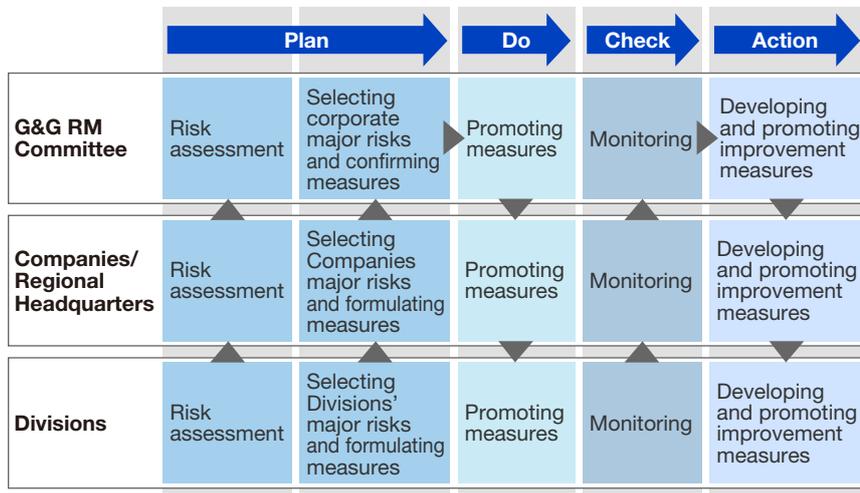
Panasonic has also established a risk management committee (or equivalent body) for each Divisional Company and regional headquarters, which will conduct a risk assessment similar to that done on the Corporate-wide level, with countermeasures against those risks being taken against critical risks and works to reduce their impact on business or sales. These bodies report risks that have the potential to impact the Panasonic Group as a whole to the G&G Risk Management Committee so that Panasonic can make Corporate-wide efforts to reduce those risks.

Given the significant changes in the risk environment throughout the world in the previous fiscal year, Panasonic has revisited its approach to risk management. To begin with, while conventionally the level of importance had been determined based on financial impact and frequency of occurrence when choosing corporate major risks, due to the recent more extreme impacts of the pandemic and other disasters, this assessment now also takes human lives into account. This selection process also now includes risk assessment items and evaluation standards for risks that can impact society to be more aligned with calls for greater corporate social responsibility (CSR) as well as societal demands related to SDGs, ESGs, and the like. Panasonic is working especially hard on the latter of these in our risk management activities, approaching this as an opportunity for Panasonic to serve society while simultaneously striving to bolster compliance with laws, regulations, and the like.

As a result of this review, Panasonic has selected the following list of seventeen corporate major risks for FY2022 and has been drafting and implementing plans for countermeasures against them. We have also tried to make the countermeasures for natural disasters more concrete and specific, dividing them into earthquakes/tsunamis and flooding/landslides. With regard to Panasonic’s response to climate change, we are working to approach it as both an opportunity and a loss,

striving to bolster growth due to technical innovation and business creation that will occur in light of societal trends related to the environment while also making sure that we are able to keep up in compliance with carbon restricting regulations and policies when it comes to our products, services, and business activities. We are also identifying risks and implementing preemptive countermeasures for risks that make keep things from going according to plan as Panasonic Corporation makes the transition to being a holding company beginning in FY2023.

Basic Framework for Risk Management



FY2022 Critical Corporate-wide Risks Set at end of July

- Response to climate change
 - Infectious diseases/pandemics
 - Earthquakes/Tsunami
 - Floods and landslide disasters
 - Any bribery involving government officials
 - Antimonopoly Act violations
 - Trade regulations/Economic sanctions
 - Cyberattacks
 - Quality issues
- and more
in total 17

Increasing Risk Sensitivity

The G&G Risk Management Committee systematically educates and raises awareness among Panasonic Group employees to ensure the thorough dissemination of knowledge regarding basic policies on risk management and for these to be put into practice. In addition to disseminating information to all employees through internal communications on its activities (selected important risks of the entire Group and the progress of measures for handling those risks), the G&G Risk Management Committee provides annual seminars on risk assessment for managers in charge of risk management promotion. The Committee aims to increase their skill level in order to increase the effectiveness of risk assessments by explaining Panasonic’s basic policy on risk management as well as the content of the “Risk Management Guidelines.”

In addition, to prevent risks from worsening after they have manifested and responses have been insufficient, the Committee issues “Guidelines for Business Unit Directors on Responding to Risk Occurrences” to the business unit directors and ensures that these Guidelines are thoroughly put in place. The Committee provides training on matters such as the essentials of risk management and how to respond when risks have manifested for newly appointed presidents of overseas affiliates and for employees who are about to be posted overseas in order to improve their ability to handle risks on the ground.

We have established global hotlines as a mechanism for employees to report potential risks regarding matters such as compliance violations, various forms of workplace harassment and improprieties in procurement processes. Employees and suppliers are able to report any perceived problem independently and at any time, with assurance that their privacy will be protected. The company has also established a mechanism by which all employees can voluntarily report latent

compliance-related risks in the workplace through annually conducted compliance awareness surveys. Feedback concerning reported risks is channeled back to each workplace for them to handle.

Policies on Business Continuity Management (BCM) and Business Continuity Plans (BCP)

As a public entity of society and as part of its management philosophy, Panasonic has established that it will contribute to the progress and development of society as well as the well-being of people by working to improve the quality of life of society through its products. Since 2005, Panasonic has been keenly aware of the necessity of activities relating to business continuity—one of the company’s duties to society. The company thus engages in business continuity management (BCM), whose goal is to prevent a halt to the supply of products or the provision of services when contingencies such as disasters occur, or, in the rare event that services have halted, to restart operations as quickly as possible.

Specifically, if disasters or other incidents were to occur within our supply chain, they would impact the production or sales of our Group Companies. In the case of B-to-B operations, this impact would also affect the production and sales of companies to which we deliver. This is why Panasonic believes it is critical that our BCM includes not only our Group Companies but our supply chain as well.

Major Efforts

Based on our Risk Management Regulations and Corporate-wide Emergency Response Regulations, we established the Guidelines on Business Continuity Management (BCM) and have formulated BCPs for each business site. The BCM Guidelines rest on the three pillars: Business Continuity Management Policies (business covered by BCM and business recovery steps), Emergency Responses (initial responses and recovery responses), and Disaster Prevention & Mitigation Responses. We have established a BCM (Business Continuity Management) development guideline and established BCP for each business unit. Based on these BCM Guidelines, each business site reassesses BCPs as needed and works to bolster its resiliency.

For this reason, we have conducted a hazard survey in several countries around the world about various risks posed by natural disasters such as earthquakes, floods, tropical depressions, tsunamis, naturally occurring fires, landslides, tornadoes, and volcanic eruptions. We have also shared these findings with each of the four Companies and have put priority measures in place, both within our own Group and in our supply chain. We also strive to obtain information on disasters and incidents, and try to respond swiftly in real time, both in order to confirm the safety of our employees and to provide uninterrupted supply to customer companies.

Forecasts indicate a high probability of a major earthquake in Japan, directly under the Tokyo metropolitan area or in the Nankai Trough, within the next 30 years. In response to these predictions, Panasonic has established a cross-Company task force to promote earthquake resistance and disaster responses, based on the latest government damage predictions. The task force conducts annual Corporate-wide disaster-preparedness training drills.

Further, given the fact that flooding happens in a variety of locations every year due to super tropical storms and cloudbursts owing to extreme weather due to global warming in recent years, while we are bolstering drills to defend against flooding, we have also conducted flooding risk surveys for each business site and is working to bolster its defenses.

Panasonic is also working to maintain and improve its capacity for initial response by conducting Corporate-wide disaster drills annually. This includes establishing an emergency response headquarters at every level across the Group, within all Divisional Companies, and within all business divisions, and confirmation of the safety of employees and reporting among different emergency response headquarters. Coordinating with local municipalities, the Panasonic conducts annual disaster preparedness and emergency evacuation training drills at each business site as needed. Since FY2021, drills have been conducted under the assumption that many may be working from home when a disaster occurs and so have been conducting drills using remote meetings, anticipating the teleworking environments being used to help prevent the spread of the coronavirus.

COVID-19 Response

Panasonic has established Corporate-wide Emergency Response Regulations for handling serious impacts to business continuity from events such as natural disasters and epidemic diseases. Based on these Regulations, we created a Corporate-wide Emergency Response Headquarters when the World Health Organization (WHO) declared COVID-19 a public health emergency on January 31 2020. The Headquarters consists of nine teams covering personnel, sales, procurement, distribution, and other areas, with one secretariat serving as the central, fact-gathering contact point. We also established response centers in each Divisional Company engaged in business operations. The secretariats of these response centers coordinate with the Emergency Response Headquarters and implement response measures.

In particular, these responses include reporting essential matters to executive officers from the perspective of maintaining employee health and ensuring business continuity. At the same time, we are making Corporate-wide announcements and using other types of communication to help secure the health and safety of employees and stakeholders. Concrete measures also include reducing the number of employees in offices by utilizing remote working options—as urged by both social and government bodies—while also formulating and disseminating guidelines for preventing infection in the workplace.

We have also thoroughly surveyed suppliers and products that would be impacted by the crisis, including identifying possible issues and securing alternative suppliers and switching to alternative supply locations. Cognizant of the need to support our suppliers' subcontractors as well, we have raised our level of information coordination to greater heights. At present, we have ensured the continuity of nearly all our supply requirements.