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The Promotion of Sustainability Management

The Advancement of Sustainability Management

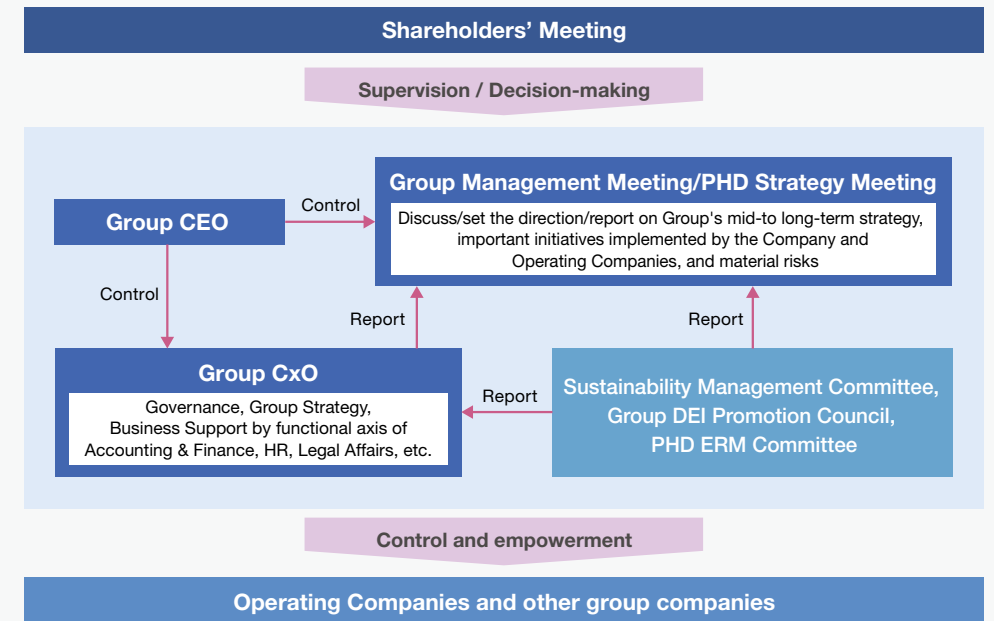
In April 2022, the Panasonic Group transitioned to an operational company system (holding company system) in order to thoroughly implement autonomous responsible management and strengthen the competitiveness of our business from a medium- to long-term perspective.

Each Operating Company, which will be spun off as a result of the transition to an operating company system, will be able to make decisions quickly in response to changes in the external environment and flexibly design systems according to business characteristics, etc., with greatly expanded authority and responsibilities, thus significantly strengthen our competitiveness.

The holding company monitors non-financial indicators, or competitiveness KPIs, to enhance the competitiveness of each Operational Company.

In addition, various committees were set up to deal with the group’s major issues, and in these committees, we openly discuss and set the direction for specific measures, actively support the strengthening of the competitiveness of each Operational Company, and develop growth strategies from a Group-wide perspective. Through those activities, we strive to improve corporate value as a group.

The Promotion Structure of Sustainability Management (as of Aug. 2023)



- Group Management Meeting: Chaired by Group CEO, consisting of about 20 Executive members including the presidents of Operating Companies, heads of each function (held monthly in principle)
- PHD Strategy Meeting: chaired by Group CEO, consisting of ca. 10 Executive members, including the head of functions such as HR, accounting, legal, and others (held twice a month in principle)
- PHD: Panasonic Holdings Corporation
- ERM: Enterprise Risk Management

Materiality

■ Purpose of identifying materiality

We have identified important opportunities and risks related to sustainability as priority issues (materiality) from the two perspectives of “financial effects on the Company” and “impact on society.” We aim to improve our sustainability management by promoting materiality initiatives, creating new business opportunities, and lowering risks.

Materiality will be reviewed as appropriate based on changes in the business environment and dialogues with stakeholders.

■ Process of identifying materiality

From a list of items that included demands from society and foreseeable future challenges, we selected issues that could represent opportunities and risks for the Group. Next, we assessed them from the two perspectives of the Group and its stakeholders, and 11 priority issues were extracted.

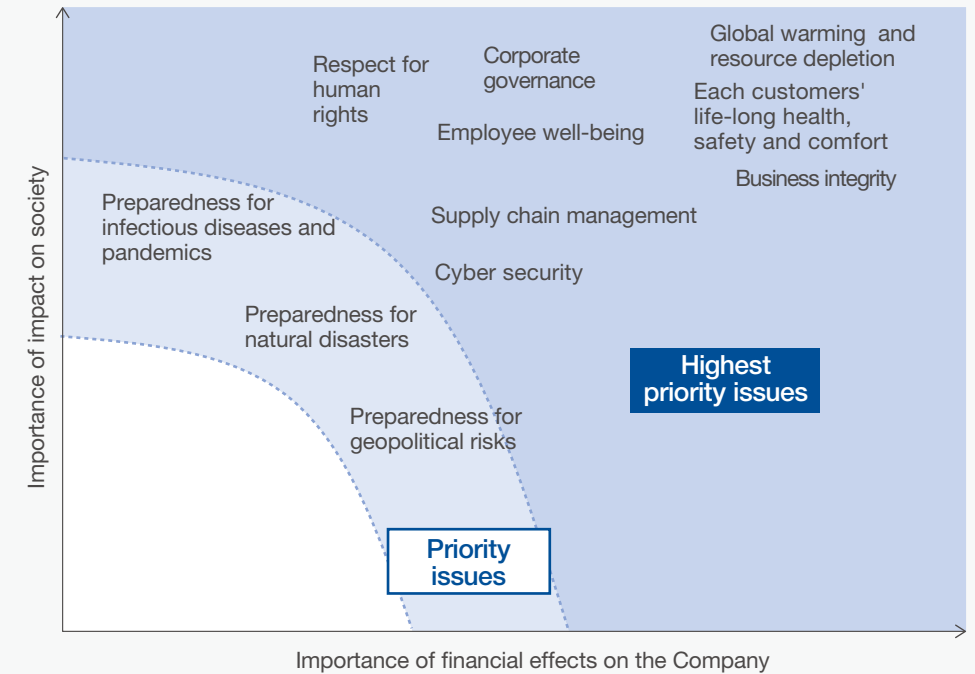
We confirmed the validity of these analysis processes and the priority issues we extracted through dialogue with external experts.

The materiality was identified after deliberation at the meetings of the Group’s Sustainability Management Committee, the Group Management Meeting, and the Board of Directors of the Company.

STEP 1	Extract sustainability-related items	Among current and future sustainability issues, selected issues that could represent opportunities and risks for the Group (based on analysis of trends in international standards and regulations, stakeholder concerns, megatrends, etc.)
STEP 2	Assess importance of items	Assessed the level of importance of “ financial effects on the Company ” and “ impact on society ” for each selected issue from the perspectives of the Group and its stakeholders
STEP 3	Select priority issues	Based on the assessment results in STEP 2, extracted 11 priority issues
STEP 4	Validate processes and results	Consulted sustainability experts on the validity of the analysis processes and the priority issues we extracted
STEP 5	Deliberate and identify	Identified materiality after deliberation at the meetings of the Sustainability Management Committee, the Group Management Meeting, and the Board of Directors of the Company

■ Materiality assessment results

We assessed the level of importance of each item from the perspective of the Group and its stakeholders and identified 11 material issues.



Note: Some of the materiality items are similar to the names of “Group Major Risks / PHD Major Strategic Risks” determined by risk management activities; however, due to different objectives and identification processes, their corresponding initiatives are partly different. For more details, see “Risk Management” chapter (on [page 130](#)).

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■ Examples of initiatives to address priority issues

● Increase positive impact ● Mitigate negative impact

	Materiality	Main initiatives	Targets	Reporting on related items
Highest priority issues	Global warming and resource depletion	Panasonic GREEN IMPACT ● Expansion of automotive batteries for EVs, Air to Water heat pump (hot-water and heating system with heat pump), and hydrogen fuel cells ● Environmental energy technology innovation (water electrolysis, perovskite solar cells, DERMS) ● Reduction of in-house CO ₂ emissions (expansion of zero-CO ₂ factories, expansion of energy-saving equipment) ● Expansion of circular economy businesses and products	<ul style="list-style-type: none"> • CO₂ reduction impact of 300 million tons (by 2050) • Net-zero CO₂ emissions from all factories (by 2030) • Waste recycling ratio of 99% or more (by 2024) 	Sustainability Data Book 2023 ● Environment P9 Sustainability site ● Environment
	Each customers' life-long health, safety and comfort	<ul style="list-style-type: none"> ● As a "lifestyle solutions provider" that delivers value tailored to each customer, we combine our diverse customer touchpoints with digital technology to contribute to each customer's life-long health, safety and comfort 		—
	Business integrity	<ul style="list-style-type: none"> ● Promoting understanding of and confirming compliance with the Panasonic Group Code of Ethics & Compliance and internal rules, and complying with relevant laws ● Dissemination and appropriate operation of the whistleblowing system ● Protection and utilization of our intellectual property and respect for the intellectual property of third parties 		Sustainability Data Book 2023 ● Business Ethics P137 ● Intellectual Property P121
	Supply chain management	<ul style="list-style-type: none"> ● Elimination of waste and stagnation in the supply chain ● Strengthening of supply chain by promoting multiple suppliers and review of manufacturing sites 		Sustainability Data Book 2023 ● Risk Management P130
	Employee well-being	<ul style="list-style-type: none"> ● Creating a safe, secure, and healthy workplace (thorough implementation of safety and compliance, promotion of health initiatives) ● Encouraging employees' self-motivated endeavors and supporting their self-determined career formation (Allowing side jobs and provide opportunities for skill development, providing wider options for working time and place to work remotely, and personnel exchanges in the Group through open recruitment) ● Promoting DEI (Diversity, Equity & Inclusion) (top management commitment, creating an inclusive work environment, support for each individual) 	<ul style="list-style-type: none"> • Eradication of serious workplace accidents and injuries • Global top level in the Employee Opinion Survey score categories of employee engagement and employee enablement (by 2030) 	Sustainability Data Book 2023 ● Employee Well-being P80
	Corporate governance	<ul style="list-style-type: none"> ● With the transition to a holding company system, significant authority was delegated to the operating companies, with officers of the Panasonic Holdings Corporation participating in the management of the operating companies as directors ● Linkage of non-financial KPIs to executive remuneration 		Corporate information site ● Panasonic Holdings Corporation "Corporate Governance"
	Respect for human rights	<ul style="list-style-type: none"> ● Promoting initiatives based on the Panasonic Group Human Rights and Labour Policy ● Implementing human rights due diligence based on global standards for the Group's own operations and in the supply chain ● Promotion of engagement with stakeholders and appropriate disclosure of information 		Sustainability Data Book 2023 ● Respect for Human Rights P74 ● Responsible Supply Chain P102 ● AI Ethics P112
	Cyber security	<ul style="list-style-type: none"> ● Centralization of common cyber security functions across manufacturing, information systems, and product areas to strengthen countermeasures during normal times and incident responses during emergencies ● Gradual expansion of scope of cyber security countermeasures, including to supply chains 		Sustainability Data Book 2023 ● Cyber Security and Data Protection P143
Priority issues	Preparedness for geopolitical risks	<ul style="list-style-type: none"> ● Monitoring of international situation and trends in policies, laws, and regulations in each country and geographic region to ascertain the impact on the Group's business and respond in a timely manner ● Closely monitoring and responding to changes in the business environment caused by economic security policies in each country in terms of business threats and opportunities 		Sustainability Data Book 2023 ● Risk Management P130
	Preparedness for infectious diseases and pandemics	<ul style="list-style-type: none"> ● Formulating Group policies for each country based on analysis of its government policies, regulatory trends, infection conditions, etc., and setting and implementing detailed rules at each business site 		
	Preparedness for natural disasters	<ul style="list-style-type: none"> ● Enhancement of stockpiling and drills during normal times and establishment of a safety confirmation system; establishment of a Groupwide Emergency Response Headquarters system in the event of an emergency 		

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Respecting Applicable Legislation, Global Standards, Norms, Guidelines, and Initiatives.

Panasonic Group conducts its business based on applicable legislation, as well as global standards, specifications, norms, guidelines, and various initiatives. The Panasonic Group signed the United Nations Global Compact.

These concepts are reflected in the Basic Business Philosophy and the Panasonic Group Code of Ethics & Compliance that form the guidelines for the company’s business activities.

Global Standards, Norms, Guidelines and Initiatives		
OECD Guidelines for Multinational Enterprises on Responsible Business Conduct	ISO26000	UN Global Compact
Code of Conduct of RBA (Responsible Business Alliance)	Japan Business Federation Charter of Corporate Behavior	Global Reporting Initiative (GRI) Standards
TCFD (Task Force on Climate-related Financial Disclosures)	RE100	Race To Zero
Universal Declaration of Human Rights	ILO Core Labour Standards	UN Guiding Principles on Business and Human Rights

In addition, Panasonic Holdings Co., Ltd. has joined the Responsible Business Alliance (RBA) as the Panasonic Group in order to strengthen CSR procurement initiatives in the supply chain.

Promoting Initiatives Based on Dialogues with Stakeholders

Panasonic Group conducts dialogues with its wide range of stakeholders around the world—including customers, investors, suppliers, governments, industry bodies, NPOs, NGOs, local communities, and employees—on various aspects of its business. The company incorporates the opinions it receives into its business activities and product creation.

