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.
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.

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).
### Examples of initiatives to address priority issues

<table>
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<th>Materiality</th>
<th>Main initiatives</th>
<th>Targets</th>
<th>Reporting on related items</th>
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| **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 technology innovation (water electrolysis, perovskite solar cells, DERMS)  
- Reduction of in-house CO₂ emissions (expansion of zero-CO₂ factories, expansion of energy-saving equipment)  
- Expansion of circular economy businesses and products |  
- 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 P8  
- Sustainability site  
- Environment |
| **Each customers’ life-long health, safety and comfort** | 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** | 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 |  
- 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  
- Business Ethics P137  
- Intellectual Property P121 |
| **Supply chain management** | Elimination of waste and stagnation in the supply chain  
- Strengthening of supply chain by promoting multiple suppliers and review of manufacturing sites |  
- Each customers’ life-long health, safety and comfort  
- Business integrity  
- Supply chain management  
- Employee well-being  
- Corporate governance  
- Respect for human rights  
- Cyber security  
- Preparedness for geopolitical risks  
- Preparedness for infectious diseases and pandemics  
- Preparedness for natural disasters | — |
| **Employee well-being** | 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) |  
- Linkage of non-financial KPIs to executive remuneration  
- Corporate governance (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” |
| **Corporate governance** | 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 governance (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** | 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 |  
- Corporate governance (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” |
| **Cyber security** | 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 |  
- Corporate governance (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” |
| **Preparedness for geopolitical risks** | 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 |  
- Corporate governance (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” |
| **Preparedness for infectious diseases and pandemics** | 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 |  | Corporate information site  
- Panasonic Holdings Corporation “Corporate Governance” |
| **Preparedness for natural disasters** | 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 |  | — |
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.

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.

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.