

# Risk Management

- Policy
- Responsible Executive and Framework
- Basic Framework
- Education & Awareness
- Reporting/Whistleblowing Mechanism (External and Internal)
- BCM • BCP

## Risk Management

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. Inheriting these ideas as the cornerstone of our thinking, we, as Panasonic Group, conduct Groupwide risk management activities.

Moreover, based on the principle of “Thinking from a Global perspective, work for the whole world,” we began our export business, technical assistance to overseas countries, and construction of overseas factories in 1961. At the same time, while confronting the risks that sometimes arose, we have promoted risk and crisis management initiatives early, including overseas safety policies and emergency response plans.

### Policy

The Group has a wide range of businesses, including Lifestyle, Connect, Industry, and Energy Segments, and faces a variety of risks that could affect each of these business activities. We aim to enhance the competitiveness of each business in its respective market and achieve sustainable and stable growth for the entire Group by promoting appropriate countermeasures and risk-taking that may affect the achievement of our business objectives.



Panasonic Group values a Risk Culture in terms of its organizational awareness and behavior toward risk, aiming to enhance its risk management effectiveness (see “Education and Awareness” below). We aim to build on this cultural orientation to ensure that we adequately incorporate responses to changes in the business environment into our strategies and operations.

## Responsible Executive and Framework

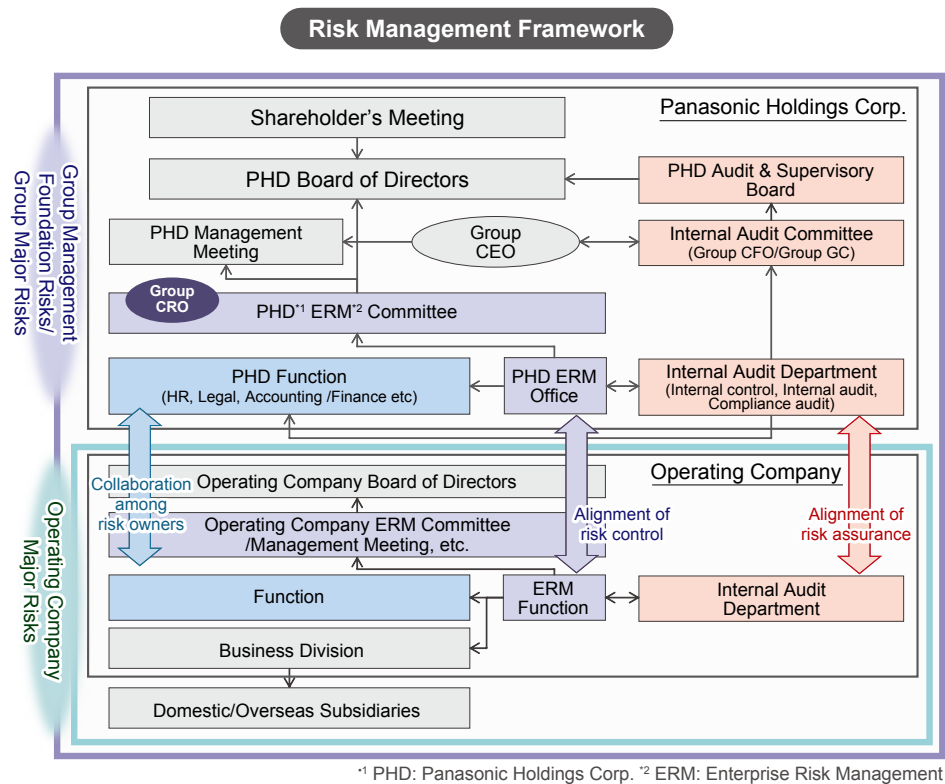
The Group has established a Groupwide risk management system and processes based on the “Panasonic Group Basic Rules for Risk Management” (the “Basic Rules”), which comply with ISO 31000, an international standard for risk management systems, and COSO-ERM (2017), an international framework for risk management.

The Group Chief Risk Management Officer (Group CRO) is responsible for promoting risk management throughout the Group. Moreover, the Enterprise Risk Management Office at Panasonic Holdings Corporation (“PHD ERM Office”), a dedicated risk management department, manages the practical operations of the Group’s risk management processes.

We have also established the PHD Enterprise Risk Management Committee (the “PHD ERM Committee”), which holds regular meetings chaired by the Group CRO and comprising the heads of PHD Legal, Human Resources, Accounting, and other functional departments. The PHD ERM Committee focuses on risks that could have a significant impact on the Group’s management. It monitors changes in risks and countermeasures, and confirms the risks are effectively controlled. If necessary, it issues directives on revisions or stricter implementation of countermeasures.

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## Basic Framework

The Group defines risk scenarios for the purpose of risk management, based on their respective scope and time horizon. Any uncertain events that could result in “Loss” or “Threat” to the execution of short-term business plans and daily operations are defined as “Operational Risks”, and while uncertain events that could result in “Opportunities” or “Threats” to be considered in execution of medium- to long-term business objectives are defined as “Strategic Risks”. The PHD ERM Office annually identifies risks that could impact the entire Group considering in the external and internal environmental changes, as well as management’s risk awareness.

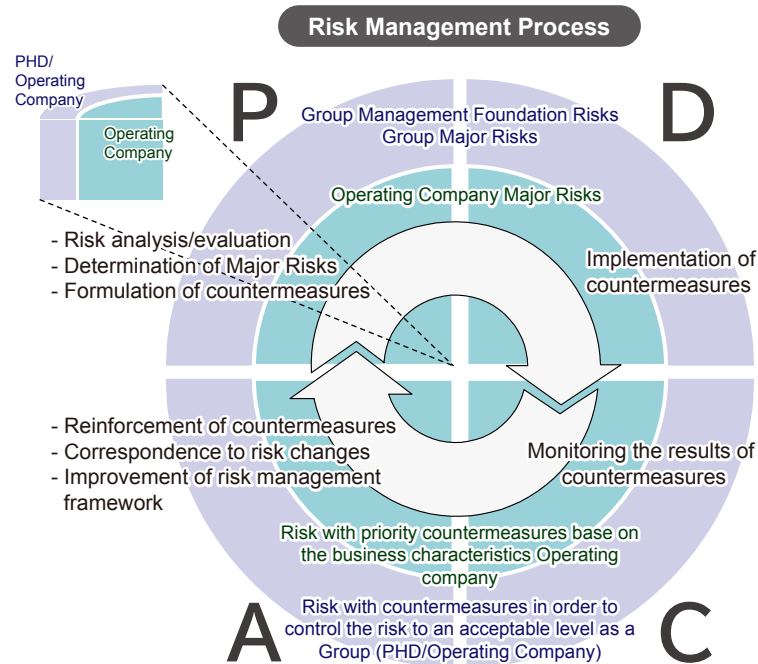
Among the identified risks, Operational Risks are assessed by the relevant functional departments based on their likelihood of occurrence and the associated financial and non-financial impacts. The PHD ERM Committee determines “Group Management Foundation Risks” and “Group Major Risks” from the perspective of the Group’s management and social responsibilities, and the relevant functional departments take any necessary countermeasures. For Strategic Risks, in view of promoting appropriate risk-taking aligned with the Group’s risk tolerance, the relevant functional departments identify and evaluate events that could result in

“Opportunities” or “Threats” or both, based on key agenda scenarios positioned as “PHD Major Strategic Risks”.

Among events, those with low uncertainty are immediately subject to countermeasures. For other events, leading indicators established to detect early signs of occurrence, allowing for the consideration of countermeasures in response to changes in uncertainty. The PHD ERM Office monitors changes in risks and the progress of countermeasures to confirm the effectiveness of risk control efforts.

The PHD ERM Committee regularly reports on material risks and the progress of countermeasures to the Group Management Meeting and the Board of Directors. Each Operating Company under the jurisdiction of PHD has also established an “Operating Company ERM Committees” to promote risk management activities focusing on important risks for each company and in their respective business areas. The Internal Auditor conducts risk-based approach audits focusing on critical risks.

In recent years, in light of the growing importance of corporate social responsibility (CSR), SDGs, ESG, and other social expectations, we have incorporated into our activity framework items related to risks arising from failure to meet these expectations (including human rights and labor compliance or environmental issues) and evaluation factors related to the Group’s social impact (e.g., our reputation).



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## Group Major Risks in Fiscal 2026

\* Group Management Foundation Risks: Risks expected to be of high importance to the Group's management and business foundations

Risk factors	Risk scenarios	Key initiatives (references)
Disasters & accidents*	• Earthquakes, tsunamis, floods, and other natural disasters or workplace fires and other industrial accidents result in harm to employees, facilities, materials, and finished products due to inadequate countermeasures, firefighting delays, or impacts exceeding reasonable expectations, leading to suspended operations, production or shipment delays, and repair costs.	—
Compliance*	• Serious compliance violations (e.g., violations of antitrust or competition laws, bribery or corruption) or other compliance issues may arise, resulting in administrative penalties (e.g., fines), criminal penalties, or civil litigation for damages. They may also harm the Group's reputation.	"Compliance" 🔗 Sustainability website Sustainability Data Book 2025, <a href="#">page 145-</a>
Information security & cybersecurity*	• Trade secrets (e.g., technical information), customer privacy, or credit-related information may leak due to intentional acts (e.g., cyberattacks) or negligence by employees or business partners, resulting in a decline in social trust and liability for damages.	"Cyber Security and Data Protection" 🔗 Sustainability website Sustainability Data Book 2025, <a href="#">page 151-</a>
	• Information systems, production equipment, products, or services may become targets of cyberattacks, leading to business process disruptions, suspension of product or service provision, and liability for damages.	
	• Cybersecurity vulnerabilities discovered in products or services result in large-scale recalls, long-term suspension of provision, or significant countermeasure costs.	
	• Cybersecurity incidents occurring in the Supply Chain disrupt the procurement of raw materials or components, causing suspension or delay in the supply of the Group's products.	
Quality*	• Product defects result in quality issues (including dangerous accidents), and the resulting damages (including indirect damages) exceed the coverage provided by product liability insurance, resulting in significant compensation liabilities or response costs. It may also lead to a decline in the Group's image and reputation or the loss of customers.	"Raising Product Quality Levels and Ensuring Product Safety" 🔗 Sustainability website Sustainability Data Book 2025, <a href="#">page 116-</a>
Terrorism, war, civil unrest & political instability	• Political instability, military tensions, terrorism, war, or other events occur in countries or regions where the Group or our Supply Chain has facilities, resulting in disruptions to business operations or situations threatening the lives of employees or stakeholders.	—
Occupational accidents	• Serious accidents occur due to inadequate workplace working conditions, work procedures, or inappropriate labor management, resulting in physical or mental harm to employees or stakeholders. • Violations of labor-related laws and regulations (such as the Labor Standards Act and the Industrial Safety and Health Act). result in criminal penalties, administrative penalties, or damage claims for failure to fulfill safety obligations. They may also harm the Group's reputation.	"Maximizing the Potential of Diverse Talent and Organizations" 🔗 Sustainability website Sustainability Data Book 2025, <a href="#">page 95-</a>
Human rights & labor compliance	• The Group causes or becomes involved in, or is complicit in, human rights violations within the Group or its value chain, it may lead to the Group to be subjected to administrative penalties (such as fines), criminal penalties, or damage claims, which could harm our reputation. It could also lead to a decline in the Group's image and reputation, customers suspending transactions, or consumer boycotts.	"Respect for Human Rights" 🔗 Sustainability website Sustainability Data Book 2025, <a href="#">page 89-</a>

## PHD Major Strategic Risk in Fiscal 2026

Risk factors	Risk scenarios	Key initiatives (references)
Geopolitical & economic security	<b>Threats</b> <ul style="list-style-type: none"><li>• Trade friction may trigger conflicts and market fragmentation between countries and regions, including the United States and China, and increase uncertainty regarding policies and regulations, such as trade and economic retaliatory measures accompanying changes in US administrations, which further strengthen trade restrictions, economic sanctions, and tariff barriers.</li><li>• As conflicts and the use of force between countries and within regions intensify, political and social turmoil caused by administrative changes and policy shifts in various countries may spread, fueling abrupt changes in the business environment.</li><li>• Specifically, the increase of additional tariffs based on policy and regulatory changes by the new government in the US, as well as the slowdown in EV sales due to abolishing mandatory requirements or reducing EV subsidies, may harm our automotive battery-related business.</li></ul>	—
	<b>Opportunities</b> <ul style="list-style-type: none"><li>• Utilize tax-related measures and subsidies based on each country's economic security policies.</li></ul>	
Environmental issues & climate change	<b>Threats</b> <ul style="list-style-type: none"><li>• Delays in environmental measures may result in lost business opportunities or suspended transactions in markets such as Europe.</li><li>• Increased energy procurement costs due to introducing carbon pricing (e.g., carbon taxes, emissions trading systems) and increased procurement and manufacturing costs due to the shift to materials with lower environmental impact.</li><li>• Increased production costs or production delays due to rising prices or supply shortages of recycled materials and reusable raw materials.</li><li>• Product demand declines below expectations, affected by the repeal or reduction of climate change-related laws and regulations, including the US Inflation Reduction Act (IRA).</li></ul>	"Environment" 🔗 Sustainability website Sustainability Data Book 2025, <a href="#">page 13-</a>
	<b>Opportunities</b> <ul style="list-style-type: none"><li>• Expanded opportunities for new technology and business development in response to environmental policies and regulations.</li><li>• Increased demand for environmentally friendly products and services driven by shifts in consumer awareness toward sustainable and ethical consumption.</li><li>• Development of new markets for high-efficiency solar cells and other products driven by the growing demand for renewable energy.</li><li>• Utilization of tax credits, subsidies, and other incentives based on energy security and climate change-related laws and regulations in various countries.</li></ul>	
Attracting, acquiring & retaining human resources	<b>Threats</b> <ul style="list-style-type: none"><li>• Efforts to secure talented personnel are not progressing, resulting in the departure of existing employees or the inability to acquire personnel necessary to promote management strategies.</li></ul> <b>Opportunities</b> <ul style="list-style-type: none"><li>• Increased opportunities to acquire and promote diverse talent, enhancing the competitive strength of the Group's businesses.</li></ul>	"Maximizing the Potential of Diverse Talent and Organizations" 🔗 Sustainability website Sustainability Data Book 2025, <a href="#">page 95-</a>
Effective utilization of artificial intelligence (AI)	<b>Threats</b> <ul style="list-style-type: none"><li>• Failure to effectively utilize or develop AI as planned, resulting in lost business opportunities, or reduced competitive edge of products and services.</li><li>• Utilizing AI may cause privacy, security, fairness, copyright infringement, and other compliance issues, which could harm the Group's brand image and credibility.</li></ul> <b>Opportunities</b> <ul style="list-style-type: none"><li>• Improved productivity, generating new business ideas, and enhanced business competitiveness from utilizing AI.</li></ul>	"AI Ethics" 🔗 Sustainability website Sustainability Data Book 2025, <a href="#">page 121-</a>

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## Education & Awareness

The Group is promoting initiatives to foster a Risk Culture where each employee possesses appropriate risk literacy and is committed to sound risk-taking. Training programs for new employees and those preparing for overseas assignments (in the Japan region) is designed to help participants develop the mindset necessary to avoid excessive fear of risks and to turn them into opportunities for organizational and personal growth. The training also aims to equip participants with basic response skills in the event of a crisis.

As part of our corporate social responsibility, we conduct external lectures titled “Risk Management that Supports Organizational and Individual Growth” at universities to help develop the young people who will lead the future through risk management.



A lecture at a university

## Reporting/Whistleblowing Mechanism (External and Internal)

The Group maintains a global hotline to allow domestic and overseas bases and business partners to report potential risks, including compliance violations, diverse types of harassment, and issues related to procurement activities. For more details, please see the “Compliance” chapter ([page 145-](#)).

## BCM • BCP

The Group is committed to enhancing operational resilience through business continuity management (BCM) activities to ensure business continuity in the event of crises such as natural disasters, terrorism, war, pandemics, and cyberattacks.

We have established basic policies, organizational structures, roles, and initial response measures for emergencies that could significantly impact the entire Group, as outlined in the “Panasonic Group Emergency Response Rules”. We also conduct annual Group disaster drills and work to strengthen disaster prevention and mitigation measures in normal times, thereby bolstering the effectiveness of emergency response systems and coordination based on these regulations.

Moreover, we implement risk-based measures at the Group and in our Supply Chain based on hazard studies of natural disasters (e.g., earthquakes, floods, and tsunamis). We have also conducted impact analyses using the Nankai Trough Earthquake and the Tokyo Inland Earthquake as stress events with high likelihood, assuming these natural disasters will have a particularly severe impact on the Group’s business. We are improving measures deemed necessary based on the analysis results.

Finally, the Group is working to continuously enhance the entire Group’s resilience by deploying the Guidelines for Building Business Continuity Management (BCM). These guidelines outline the approach to identifying priority businesses for recovery in the event of an emergency and establishing business recovery processes. We also encourage each Operating Company and business site to formulate and appropriately revise their business continuity plans (BCPs).