

Sustainability Report 2011

eco
ideas

Panasonic Corporation



Panasonic
ideas for life

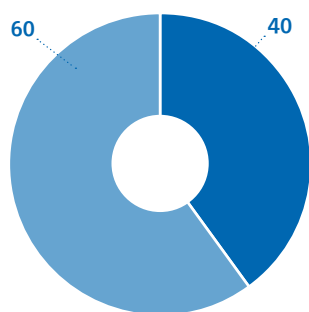
Our Company

Panasonic Corporation is a worldwide leader in the development and manufacture of electric products for a wide range of consumer, business, and industrial needs. Based in Osaka, Japan, the company recorded consolidated net sales of 8.69 trillion yen (US\$105 billion) for the year ended March 31, 2011. The company's shares are listed on the Tokyo, Osaka, Nagoya, and New York (NYSE: PC) stock exchanges.

Our Products and Services

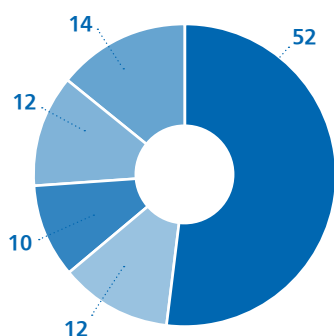
BUSINESS SEGMENT	MAIN PRODUCTS AND SERVICES
Digital AVC Networks	Plasma and LCD TVs, Blu-ray Disc and DVD recorders, camcorders, digital cameras, personal and home audio equipment, SD Memory Cards and other recordable media, optical pickup and other electrooptic devices, PCs, optical disc drives, multi-function printers, telephones, mobile phones, facsimile equipment, broadcast- and business-use AV equipment, communications network-related equipment, traffic-related systems, car AVC equipment, healthcare equipment, etc.
Home Appliances	Refrigerators, room air conditioners, washing machines and clothes dryers, vacuum cleaners, electric irons, microwave ovens, rice cookers, other cooking appliances, dish washer/dryers, electric fans, air purifiers, electric heating equipment, electric hot water supply equipment, sanitary equipment, electric lamps, ventilation and air-conditioning equipment, compressors, vending machines, electric motors, etc.
PEW and PanaHome	Lighting fixtures, wiring devices, personal-care products, health enhancing products, water-related products, modular kitchen systems, interior furnishing materials, exterior finishing materials, electronic materials, automation controls, detached housing, rental apartment housing, medical and nursing care facilities, home remodeling, residential real estate, etc.
Components and Devices	Semiconductors, general components (capacitors, tuners, circuit boards, power supplies, circuit components, electromechanical components, speakers, etc.), batteries, etc.
SANYO	Solar photovoltaic systems, lithium-ion batteries, optical pickups, capacitors, digital cameras, LCD TVs, projectors, showcases, commercial air conditioners, room air conditioners, compressors, medical information systems, Biomedical Equipment, washing machines, refrigerators, car navigation systems, etc.
Other	Electronic-components-mounting machines, industrial robots, welding equipment, bicycles, imported materials and components, etc.

FY2011 EMPLOYEES BY REGION (%)



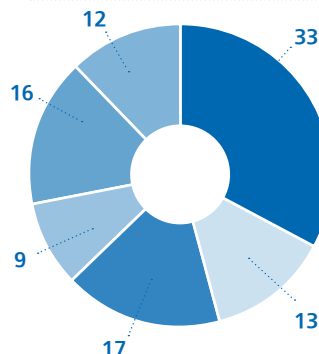
■ Domestic
■ Overseas

FY2011 SALES BY REGION (%)



■ Japan ■ Europe
■ North and South America ■ Asia
■ China

FY2011 SALES BY BUSINESS SEGMENT (%)



■ Digital AVC Networks
■ Home Appliances
■ PEW and PanaHome
■ Components and Devices
■ SANYO
■ Other

As of March 31, 2011, Panasonic Corporation comprised of 634 consolidated companies (including the parent company), 114 associated companies under the equity method, and 366,937 employees worldwide.

Welcome to our Sustainability Report 2011

This report highlights our global sustainability strategies, priorities, and activities and presents our objectives looking forward.

About Our Report

Our Sustainability Report 2011, published in June 2011, covers our performance for fiscal 2011, which started on April 1, 2010, and ended on March 31, 2011. This report is published alongside our Annual Report, which contains information about our business and financial performance, and our 'eco ideas' Report, which provides more details about our environmental performance.

The scope of this report includes data and activities from all global markets, business domains, and companies managed by the Panasonic Group, including recent mergers with SANYO Electric Co., Ltd. and Panasonic Electric Works Co., Ltd. (PEW). All references to "Panasonic," "Panasonic Group," "Group," "company," and "we" within this report refer to Panasonic Corporation and all its business domains and companies.

To select content for this report, we used the Global Reporting Initiative (GRI) Sustainability Reporting Principles of materiality, sustainability context, stakeholder inclusiveness, and completeness. We provide a GRI content index at the back of this report and self-declare at GRI Application Level B. For a detailed explanation of the GRI guidelines, visit: www.globalreporting.org

KPMG AZSA Sustainability Co., Ltd., assured the main parts of the environmental data in this report and its independent assurance report is contained in our 'eco ideas' Report. The balance of the report, while not assured by an external agency, was generated using our internal data management system.

All photographs used in this publication are subject to copyright protection and have been used with the express permission of the copyright owner.

Our Sustainability Communications

We use our Panasonic Universal Design (UD) principles and type fonts to ensure that our report is legible, easy to decipher, and accessible by all people.

We also report our sustainability performance and activities in a number of formats and locations accessible for various audiences. For further details about our CSR activities, visit our Panasonic CSR website at www.panasonic.net/csr. For our 'eco ideas' Report, visit the Environmental Activities section of our website at www.panasonic.net/eco. For our Annual Report, visit the Investor Relations Information section of our website at www.panasonic.net/ir.

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Our Performance

Top Message

First I would like to express my sincere sympathy to those affected by the Great East Japan Earthquake. At the present time, reconstruction efforts are gradually beginning to be made, and we believe that we must go forward looking at this as a starting point toward building a new Japan. In the wake of the recent disaster, there is a great need to realize a "disaster-resistant society," one which is better prepared than in the past. There is also an urgent need to address the shortage of electric power. Panasonic is determined to take a leading role in the reconstruction effort using the technology it has accumulated over the years, and offering solutions related to a "sense of security and safety as well as energy," solutions that only Panasonic can offer.

At the same time, if we look at what is happening around the world, we find that, while emerging countries are achieving spectacular development and many people are striving to attain a higher standard of living, we are also facing many serious social problems, such as the depletion of resources and energy, shortages of food and water, and loss of biodiversity. In this regard, we need to speed up our efforts toward achieving sustainable development throughout society. Panasonic has always followed a management philosophy of contributing to society through its business activities, and has established a close relationship with people around the world by providing truly useful everyday products. In light of the problems we are facing today, we gave consideration to the role we should play, and decided to become the No.1 Green Innovation Company in the Electronics Industry, looking to 2018, the 100th anniversary of our founding. With this vision, we will focus on energy solutions for the entire home, building, and town through energy creation, energy storage, energy saving, and energy management, and we will make proposals to people around the world for sustainable, secure, and comfortable green lifestyles. In this way, we want to bring about an environmental revolution with "lifestyles" as the starting point. In addition, we will make continued efforts to reduce CO₂ emissions in



all processes of our business activities and work to achieve recycling-oriented manufacturing to make the best use of resources.

In April of this year, Panasonic Electric Works Co., Ltd., and SANYO Electric Company Co., Ltd., became wholly-owned subsidiaries of Panasonic Corporation. With this new organization, we will make the most of the unique abilities and talents of all of our employees worldwide to create more value in a wider area, and thus integrate our environmental contribution with our business growth. Going forward, we will continue to open our hearts and minds to the needs of the people in order to fulfill our role as a public entity of society.

Panasonic Corporation
President
Fumio Ohtsubo

F. Ohtsubo

Recovering from The Great East Japan Earthquake

On March 11, 2011, Japan was struck by an unprecedented earthquake off its northeast coast, with untold damage primarily in the northeastern region of the country.

Our hearts go out to those who are suffering from this tragic disaster. We also give our most sincere thanks to everyone around the world that came to our aid.

As a “public entity of society,” Panasonic will do whatever necessary to speed the recovery for all our customers, trading partners, employees, and the communities in that region.

The day after the earthquake, we established an Emergency Response Center and began inquiring after our people in the region—including employees, their families, suppliers, and distributors—and began checking on the status of our facilities.

On the same day, we committed to donating 300 million yen to aid victims and support the recovery effort. We then started to ask for help from all our people around the world, and we raised over 160 million yen from executives and employees in Japan and another 150 million yen from the executives and employees of our affiliated companies overseas. The Panasonic Group Workers Union Association donated 100 million yen, and as of May 2011, donations from the entire Panasonic Group total 700 million yen.

We made in-kind donations of 10,000 radios, 50,000 flashlights, 500,000 dry batteries, 125 televisions, 4,000 solar LED lanterns, and one Life Innovation Container equipped with solar panels and accumulators to provide electric power to communications devices in the affected region. In addition, all Panasonic offices and factories implemented energy conservation measures in consideration of the widespread power shortages, as well as other measures to do our part from the industrial sector.

Many retail stores were damaged in the earthquake. Employees of Panasonic sales companies went around to the retail stores on the day following the earthquake to check on them, and deliver survival kits (consisting of a portable gas stove, blankets, and plastic water tank) and high-demand items like dry batteries, flashlights, and radios for these stores. We also began to offer discount repair services for

Panasonic products damaged in the earthquake, and set up a toll-free telephone number to receive customer inquiries.

Thankfully, all our factories workers were safe, but ceilings and walls had collapsed at some of the factories. Aftershocks also prevented people from entering some of the factories. However, in times of national emergency like this, it is extremely important to keep production moving for the sake of the regional and national economy. Thus, we rushed to produce again and were able to reestablish operations at all our factories in the affected area.

This disaster has more than ever impressed upon us the need to achieve an environmentally-friendly, disaster-resistant society. We will respond to society’s needs by contributing to the creation of safe, secure, and sustainable communities. These efforts are the essence of the Green Innovation Company. We will implement and practice this concept through every person in the Panasonic Group, and project this new lifestyle and new community model to the world. We believe that this is nothing less than the fulfillment of our management philosophy as we work to recover from the earthquake disaster.



Life Innovation Container donated to tsunami-ravaged Minami Sanriku Town in Miyagi Prefecture.



3,660 emergency medical-use dry cell batteries sent to Sendai.

Panasonic and Sustainability

Since our founding in 1918, we have been guided by the same management philosophy: that the mission of an enterprise is to contribute to the progress and development of society and the well-being of people worldwide through its business activities.

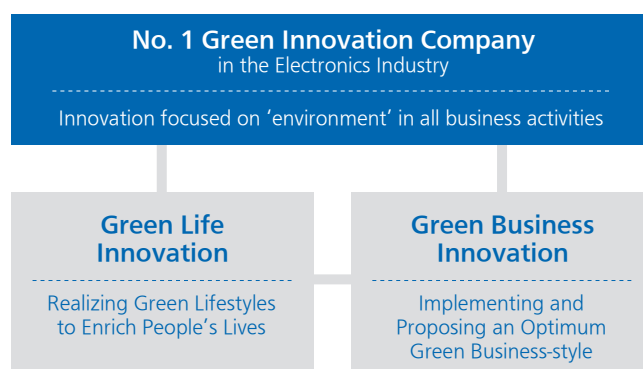
We have interpreted our timeless mission so as to be understood in today's global context. And we have set as our vision becoming the No. 1 Green Innovation Company in the Electronics Industry by fiscal 2019, the 100th anniversary of our founding. In the interim, our three-year midterm management plan, "Green Transformation 2012" (GT12), which began in fiscal 2011, explains how we will lay the foundation to become a globally-oriented, Green Innovation Company.

Vision Looking to the 100th Anniversary of Our Founding:

As global warming becomes more serious, and there arises concern about the depletion of resources, and about the ecosystem being in crisis, global environmental issues have become the biggest social problems we have to address as a global community. We have long been carrying out our business activities following a management philosophy of "contributing to society." In this regard, we at Panasonic want to lead the industry in bringing about a "green revolution," and we also want to make a contribution starting in an area which affects the day-to-day lives of people, a contribution worthy of Panasonic. Having such a goal firmly in mind, we set our vision looking to the 100th anniversary of our founding, and announced it at our Annual Management Policy Meeting on January 8, 2010. By fiscal 2019, the 100th anniversary of our founding, we aim to become the No. 1 Green Innovation Company in the Electronics Industry. We will make the "environment" central to all of our business activities and bring forth "Green Life Innovation" and "Green Business Innovation."

When we made our vision looking to the 100th anniversary of our founding, we set down "Indexes for

Vision Looking to the 100th Anniversary of Our Founding

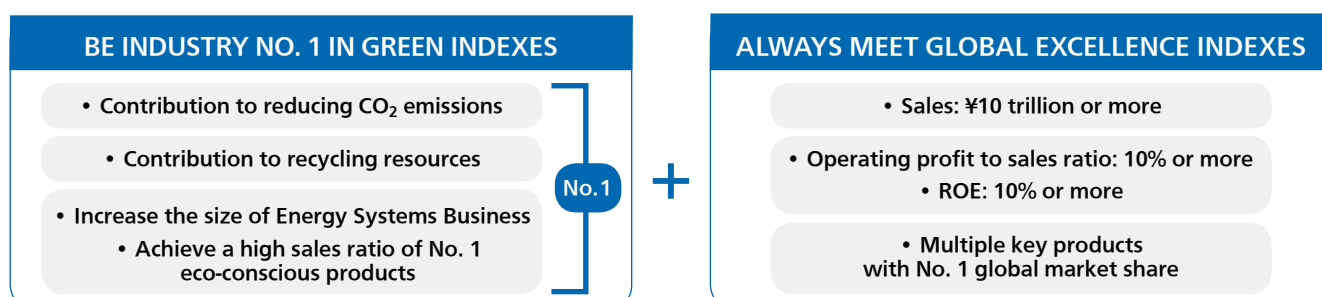


the No.1 Green Innovation Company in the Electronics Industry," consisting of two kinds of management indexes. The first is "Global Excellence Indexes" which contain our global management targets, such as our sales and operating profit ratio. The second is "Green Indexes," which consist of four items, namely our "contribution to reducing CO₂ emissions," our "contribution to recycling resources," the "size of our Energy Systems Business," and the "sales ratio of No.1 eco-conscious products." We will work to always meet the "Global Excellence Indexes," and at the same time we aim to become industry No.1 for the four items in the "Green Indexes" taken as a whole. By simultaneously pursuing these indexes, we will integrate our environmental contribution and our business growth throughout the entire Group.



To learn more about our vision and business strategy, visit:
www.panasonic.net/vision

Indexes for No. 1 Green Innovation Company in the Electronics Industry



Environmental Action Plan—Green Plan 2018:

Green Plan 2018 is Panasonic's environmental action plan that outlines initiatives for all Panasonic Group employees to carry out. Following our previous action plan, the Green Plan 2010, which was established in fiscal 2001 and completed in fiscal 2010 one year earlier than planned, our new Green Plan 2018 provides a clear action plan to take our company forward from fiscal 2011 through fiscal 2019. Our action plan consists of a set of goals and targets

including the four core items from our green indexes, as well as goals for water conservation, use of chemical substances, and other environmental challenges, such as biodiversity. Panasonic employees are committed to the Green Plan 2018 and we will continue to work together with everyone in society to address shared global environmental issues.



To view our Green Plan 2018, visit:
www.panasonic.net/eco/vision/green_plan2018

Green Plan 2018

TARGETS FOR 2018		OUR ACTIONS
CO ₂ Reduction	Make net CO ₂ emissions peak and decline thereafter (Emissions from production activities and product use)	<ul style="list-style-type: none"> Maximize a size of contribution in reducing CO₂ emissions from production activities and product use (120 million tons compared to FY2006) Reduce CO₂ emissions per basic unit in logistics (Reduction in CO₂ emissions per basic unit of weight: By 46% or more compared to FY2006) Reduce CO₂ emissions from offices (Own buildings in Japan: Reduction by 2% or more on yearly average) Promote CO₂ reduction in cooperation with procurement partners Promote the Business of Energy Conservation Support Service for Entire Factory
	Expand the sales of Energy Systems business to ¥3 trillion or more	<ul style="list-style-type: none"> Globally develop energy management systems for an entire home and building Win the world top-class share in solar cell business (Top three rank in 2015) Win the world's top share in fuel cell cogeneration systems Globally expand stationary lithium-ion battery systems Vastly expand Eco-car related business (Batteries, thermal management systems, power supply management systems and power charging infrastructure)
Resources Recycling	Pursue recycling-oriented manufacturing to make the best use of resources	<ul style="list-style-type: none"> Reduce total resources used and increase recycled resources used (Ratio of total recycled resources used to total resources used: more than 16%) Achieve "zero-waste emission" from production activities at all sites (Waste recycling rate: 99.5% or more) Promote resource recycling together with procurement partners
Water	Minimize the amount of net water consumption	<ul style="list-style-type: none"> Increase products to save water and contribute to the water recycling Reduce water consumption in production activities and increase the use of recycled water
Chemical Substance	Minimize environmental impact caused by chemical substances	<ul style="list-style-type: none"> Develop alternative technologies for environmentally-hazardous substances Discontinue the use of substitutable environmentally-hazardous substances in products Minimize environmentally hazardous substances released from factories
Biodiversity	Identify impact on biodiversity and contribute to conservation	<ul style="list-style-type: none"> Increase products contributing to the biodiversity conservation Encourage greening in business sites and surrounding areas Promote the sustainable use of forest resources Promote biodiversity conservation together with procurement partners
Increase the percentage of No. 1 eco-conscious product sales to 30% (Double FY2010 level)		<ul style="list-style-type: none"> Provide top-class eco-conscious products in all business areas Promote 'eco' marketing firmly rooted in each region and country
Increase environmental contribution through collaboration with stakeholders		<ul style="list-style-type: none"> Research and propose green lifestyles Foster human resources leading green innovation Promote Panasonic ECO RELAY for Sustainable Earth Provide environmental education to 2 million children around the world Plant 10 million trees around the world together with stakeholders Accelerate environmental contribution through collaboration with suppliers

Materiality Assessment

We conducted a materiality assessment to identify the most significant sustainability issues for Panasonic and continue down the path toward creating lasting business and social value.

To conduct this assessment, we first reviewed external trends and opportunities to develop a comprehensive list of global sustainability issues that are relevant to Panasonic. We then analyzed these relevant sustainability issues based on their influence on our business success and their importance to sustainable development. As an example, our materiality assessment confirmed that the issue

of climate change and reducing our CO₂ emissions ranks high in terms of business influence and importance to sustainable development.

As a result of this assessment, we narrowed our focus to a core set of material issues across four aspects of our company: our customers, our operations, our supply chain, and our people and communities. By focusing on the material issues that are most important to our business and to sustainable development, we believe we are in a strong position to leverage our core strengths as a global electronics manufacturer to create a more sustainable society.

Our Sustainability Framework	Our Customers	Our Operations	Our Supply Chain	Our People and Communities
Economic	<ul style="list-style-type: none"> Access to products Customer use and satisfaction 	<ul style="list-style-type: none"> Risk management Information security 	<ul style="list-style-type: none"> Ethical procurement of raw materials 	<ul style="list-style-type: none"> Global talent and diversity
Environmental	<ul style="list-style-type: none"> Product energy efficiency and solutions Research and development for sustainability Sustainable product design Resource conservation in products 	<ul style="list-style-type: none"> CO₂ emissions Environmental management systems Waste, water, and chemical use Biodiversity 	<ul style="list-style-type: none"> Environmental impacts in the supply chain Transport and logistics 	<ul style="list-style-type: none"> Partnership and collaboration Local sustainability impacts
Social	<ul style="list-style-type: none"> Product labeling Product safety Ethics and integrity 	<ul style="list-style-type: none"> Transparency and accountability 	<ul style="list-style-type: none"> Social impacts in the supply chain 	<ul style="list-style-type: none"> Labor rights Health and safety
	 READ MORE ON PAGE 10	 READ MORE ON PAGE 20	 READ MORE ON PAGE 32	 READ MORE ON PAGE 36

Looking forward, we plan to conduct a more in-depth review to ensure that all relevant sustainability risks and opportunities are identified and managed across our newly integrated company. Our objective will be to inform the creation of a

focused sustainability strategy in which the issues of greatest significance to the integrated company are prioritized. We will also take into account the perspectives of internal and external stakeholders in different regions around the world.

Implementing Sustainability

To implement sustainability at Panasonic, we have further integrated CSR into our governance and management structure. Key features of this integration include:

- **Key Management Indicators:** In fiscal 2009, CO₂ emissions reduction was added as a core management indicator along with revenue and profit, and has been added to the performance indicators of each business domain.
- **Remuneration:** The remuneration of Panasonic Corporation Directors and Executive Officers is linked to our domain companies' performance based on three criteria: capital cost management (an indicator created by Panasonic to evaluate return on capital), sales, and CO₂ emissions. By implementing these performance evaluation criteria, we promote continuous growth, enhance profitability, and create synergies between environmental management and business success.
- **Panasonic Code of Conduct:** This code establishes our basic approach and expectations regarding sustainability. It is a unified global standard, published in 22 languages, that explains how our management philosophy should be implemented. Our code incorporates the essence of, among other things, Universal Declaration of Human Rights, the International Labour Organization Declaration on Fundamental Principles and Rights at Work, and the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises.

In addition, numerous committees support the integration of CSR and sustainability into Panasonic's business:

- **Environmental Innovation Subcommittee:** This subcommittee reports to the Group Management Innovation Division—which is directed by Panasonic's President—and is responsible for overseeing the Corporate CO₂ Reduction Committee and the Corporate Recycling Promotion Committee. The Corporate CO₂ Reduction Committee promotes CO₂ emissions reduction in products, production, the office, and logistics. The Corporate Recycling Promotion Committee promotes recycling materials, minimizing material loss, and using recyclable resources across the Panasonic group.

- **Global and Group Risk Management Committee:** This committee is chaired by Panasonic's President and includes Directors and Executive Officers who oversee corporate functions and divisions, including both CSR and environmental affairs. (For more details about this committee and our approach to risk management, see page 29.)
- **Environmental Working Committee:** Led by the director in charge of environmental affairs, this committee includes environmental compliance administrators from across the company and ensures the thorough implementation of our environmental management policies.
- **Compliance Committee:** Chaired by Panasonic's President and attended by Directors and Executive Officers, this committee meets annually to discuss current global compliance issues that are relevant to the company. In fiscal 2011, this committee discussed how Panasonic must continue to take firm measures against bribery and corruption, particularly in emerging countries.
- **Panasonic CSR Board Meeting:** Chaired by Panasonic's President and attended by Directors and Executive Officers, this board meets annually to discuss global trends in CSR. In fiscal 2011, the CSR Board discussed ways to deepen the company's understanding of CSR initiatives in the supply chain and to accelerate its management of CSR in overseas locations.

Looking forward, we will review our CSR governance structure and, if necessary, revise our structure to suit the needs and priorities of our newly integrated company.



To view our Basic Concept of Corporate Governance, structure, and remuneration policy, visit:
www.panasonic.net/corporate/governance

To view our Code of Conduct, visit:
www.panasonic.net/corporate/philosophy/code

Stakeholder Engagement

We engage with a range of stakeholders from around the world to receive diverse perspectives on global sustainability challenges and their relevance to Panasonic.

Key stakeholders that are critical to the success of our business include customers, employees,

investors, suppliers, governments, NGOs, and local communities. We consult with these different stakeholders in a variety of ways—summarized in the table—and integrate their insights into our business planning process. An important objective of these engagements is to support our transition to a globally-oriented company.

Stakeholder	Communication Method	Insights
Customers	<ul style="list-style-type: none"> We engage with our customers to research the usability and accessibility of our products and services for seniors and people with disabilities We conduct branding research with our customers to understand the link between our brand and product quality 	<ul style="list-style-type: none"> Customers inform how we improve the functionality and safety of our products and services, as well as how we develop products, implement Universal Design (UD), and address environmental issues Customers characterize our corporate brand and reputation as quality, durable, and reliable
Employees	<ul style="list-style-type: none"> We evaluate the core elements of our human resource policies and activities by obtaining feedback from our employees through our satisfaction survey system We discuss in advance important management issues with our labor unions, and we establish Management-Labor Committees forums for labor union members to express their opinions on these issues 	<ul style="list-style-type: none"> Employees are providing feedback that help develop and refine core elements of our human resource policies and activities Employees are joining the decision-making process to improve labor relations
Investors	<ul style="list-style-type: none"> President Ohtsubo presents our business strategy and discusses with investors at our investor relations meetings in Japan, the United States, and Europe We communicate with more than 600 corporate investors globally We provide our environmental business strategy at our investor relations meetings 	<ul style="list-style-type: none"> Investors have a clearer understanding of our business strategy and objective to become the No. 1 Green Innovation Company in the Electronics Industry
Suppliers	<ul style="list-style-type: none"> We collaborate with our suppliers to enforce activities that we have developed that support REACH regulation* in the European Union We share our expectations with suppliers through our Panasonic Excellent Partners Meeting and other events 	<ul style="list-style-type: none"> Suppliers cooperate with us, as well as promote cross-industry initiatives to produce and use all chemical substances properly
Governments	<ul style="list-style-type: none"> We analyze policy developments around the world and their impacts on Panasonic, including those related to our environmental performance 	<ul style="list-style-type: none"> Governments want private sector participation in national economic stimulus programs
NGOs	<ul style="list-style-type: none"> We gather opinions from NGOs, independent institutions, and influential individuals to inform our environmental activities We conducted a product biodiversity assessment with BirdLife Asia, an independent, third-party organization focused on global environmental issues We defined our “Green Procurement Guidelines for Wood” with World Wide Fund for Nature (WWF) Japan 	<ul style="list-style-type: none"> NGOs and other stakeholders provide us with ideas for our implementation of our environmental action plan, Green Plan 2018.
Local Communities	<ul style="list-style-type: none"> We employ our local teams to engage with community organizations and civic leaders 	<ul style="list-style-type: none"> Local communities are interested in partnering with companies to spur regional economic development

* Regulations on the registration, evaluation, authorization, and restriction of chemical substances.

Global Advisors Conference: An important external influence on our business planning is the Global Advisors Conference, an annual two-day meeting held by Panasonic's Global Advisory Committee that started in fiscal 2009. This committee is a group of senior opinion formers highly qualified to bring expert economic, political, and environmental perspectives into Panasonic.

From Panasonic, the President, Executive Officers, regional division directors, and other senior employees participate in this conference. The conference and committee play key roles in our effort to globalize Panasonic and become more responsive to global and regional trends and issues.

When the committee met in September 2009, the theme was "Crisis and Structural Changes in the Global Economy," and the discussion focused on Panasonic's global business strategies, environmental issues, and sustainable growth. In September 2010, under the theme of "Changes in Market Structures after the Economic Recovery," the committee discussed global business and marketing strategies, the changing nature of consumption behavior in the countries and regions represented by the global advisors, and ways to improve Panasonic's global competitiveness.

Our global advisors include:

Mr. Paul Tagliabue (USA)

Former commissioner of the National Football League and current chair of Georgetown University's board of directors

Mr. Ajay Dua, PhD (India)

Former Secretary to the Government of India (Vice Minister) in the Ministry of Industry and Commerce

Mr. Luiz Fernando Furlan (Brazil)

Minister of Development, Industry, and Foreign Trade of Brazil from 2003 to 2007

Mr. Alexander Voloshin (Russia)

Chief of Staff of the Presidential Executive Office and member of the Russian National Security Council, serving Presidents Boris Yeltsin and Vladimir Putin from 1999 to 2003

Mr. Toshihiko Fukui (Japan)

Governor of the Bank of Japan (BOJ) from 2003 to 2008 and President of the Canon Institute for Global Studies since December 2008

Mr. Yukio Okamoto (Japan)

Special Advisor to Prime Ministers Ryutaro Hashimoto from 1996 to 1998 and Junichiro Koizumi from 2003 to 2004

Looking forward, we will broaden our engagement with global stakeholders to better understand their expectations. These engagements will support our GT12 midterm management plan to grow our key business fields and deliver products and services that address global sustainability challenges.



Our global advisors meet annually to bring expert economic, political, and environmental perspectives into Panasonic.

Our Customers

From addressing climate change to closing the technology divide, we understand that meeting our local customers' sustainability needs will play a critical role in driving our long-term growth.

As a global company with customers around the world, we have ambitious plans to grow our business by offering comprehensive solutions through our key business fields.

With a focus on expanding our business in emerging countries, spurring innovation and offering locally-oriented products and services will enable us to enrich our customers' lives and meet our 100th anniversary vision to become the No. 1 Green Innovation Company in the Electronics Industry.

OUR COMMITMENTS

We will sell products and services that are accessible and that provide sustainability opportunities for our local customers.

We will deliver and invest in the green innovations of the present and future.

We will deliver our products and services responsibly and in a manner that is adapted to local customs.

OUR OBJECTIVES

To fulfill our commitments, we will pursue the following objectives, goals, and priorities in the near term:

- To accelerate locally-oriented consumer research and development in key emerging countries and business fields
- To contribute to people's lives through CO₂ emissions reduction initiatives involving the use of our products (in addition to the initiatives we carry out in our production activities)
- To expand the sales of our Energy Systems Business to 3 trillion yen or more in fiscal 2019
- To pursue recycling-oriented manufacturing to make the best use of resources for our products
- To ensure that all product-related ethics policies are adapted to local customs and meet the highest levels of integrity

OUR APPROACH

We take a rigorous approach to achieve our objectives and ensure that our innovations meet our customers' sustainability needs. In this section, we discuss:

Locally-Oriented Products

We employ a globally-connected consumer research program with on-the-ground resources and methodologies to learn about our local customers. This program provides us with insights to create products that are locally oriented, are accessible, and meet specific sustainability opportunities.

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Sustainable Products and Solutions

We use a product environmental assessment system and accreditation criteria to develop products and innovations with industry-leading energy efficiencies and environmental capabilities.

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Product Responsibility

Delivering products and services to our customers in a responsible and ethical manner is critical to our business success. We carefully implement our environmental labeling initiatives, our product quality and safety initiatives, and our steadfast rules around ethics and integrity in all regions where we do business.

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Locally-Oriented Products

Our founder envisioned a company that delivers modern innovations that are accessible and designed from a local point of view. As we approach our 100th anniversary, this principle remains at the heart of our customer-oriented mission.

Our GT12 midterm management plan calls for a shift toward a globally-oriented company. In line with this strategy, we aim to expand our overseas business, particularly in key emerging countries. (Key Panasonic emerging countries include Brazil, Russia, India, China, Vietnam, Mexico, Indonesia, Nigeria, Turkey, Saudi Arabia, and the Balkans.)

To succeed with our plan, we must understand the sustainability needs of our customers at the local level. We can gain greater insight into our customers by strengthening our local presence, improving our on-the-ground consumer research and product development capabilities, and creating a global hub to collaborate, share knowledge, and standardize best practices across regions.

IN ACTION

In India's growing economy, local citizens are looking for new technology solutions that will improve their quality of life at an affordable price. In December 2010, we launched the CUBE, an air conditioner that was designed and developed in India specifically for those who could not afford Panasonic's high-end products. Our local team of product developers conducted extensive consumer research among Indian families and local dealers and then designed an energy and noise-efficient air conditioner that adapted to local needs. The attractive pricing and smart design not only enabled us to reach a new customer segment in India, but also provided a good case experience in the electronics industry for designing products targeted to address local needs.

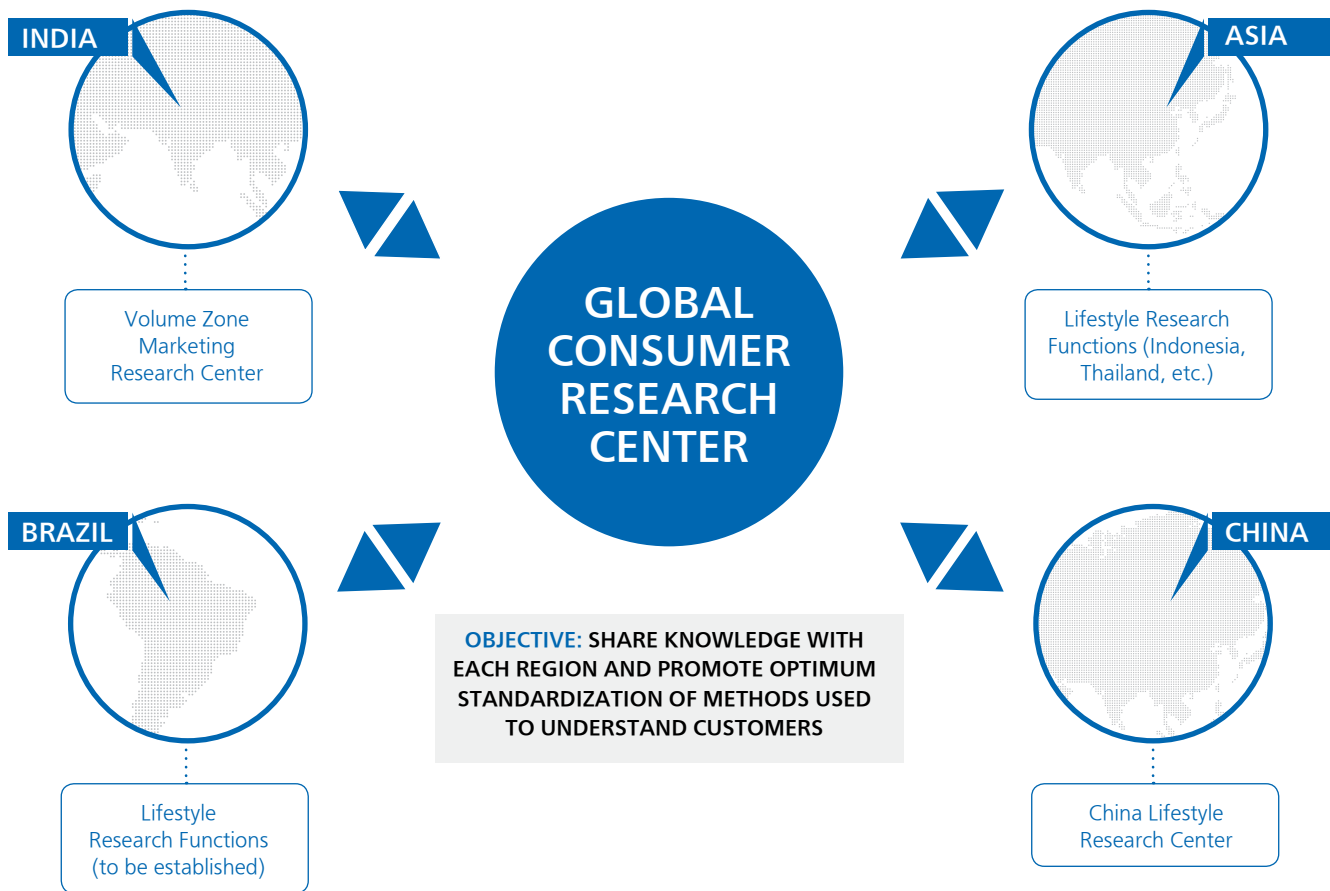
OPPORTUNITIES

We remain committed to accelerating our consumer research and development investments in key emerging countries and business fields to develop the next generation of locally-oriented innovations. To support this commitment, we continue to strengthen our existing consumer research centers, as well as establish new ones in key strategic regions.



We launched the CUBE, an energy and noise-efficient air conditioner specially designed for the Indian market, in December 2010. (Photo: Our customers in India who purchased the CUBE.)

Strengthening Global Lifestyle Research



In fiscal 2011, we established a Global Consumer Research Center in Japan to support regional research activities while strengthening collaboration across the organization. Looking forward, our goal is to expand our overseas sales ratio to 55% and total sales of consumer and systems products in key emerging countries by 330 billion yen in fiscal 2013. Included in this goal are sales of sustainable innovations such as solar-rechargeable lanterns, water purification systems and well-water pumps, and energy-efficient food refrigeration units, all of which will contribute to local economic development.

Sustainable Products and Solutions

To become the No. 1 Green Innovation Company in the Electronics Industry, we deliver high-performing, sustainable products that enable our customers to reduce their environmental impact when using our products.

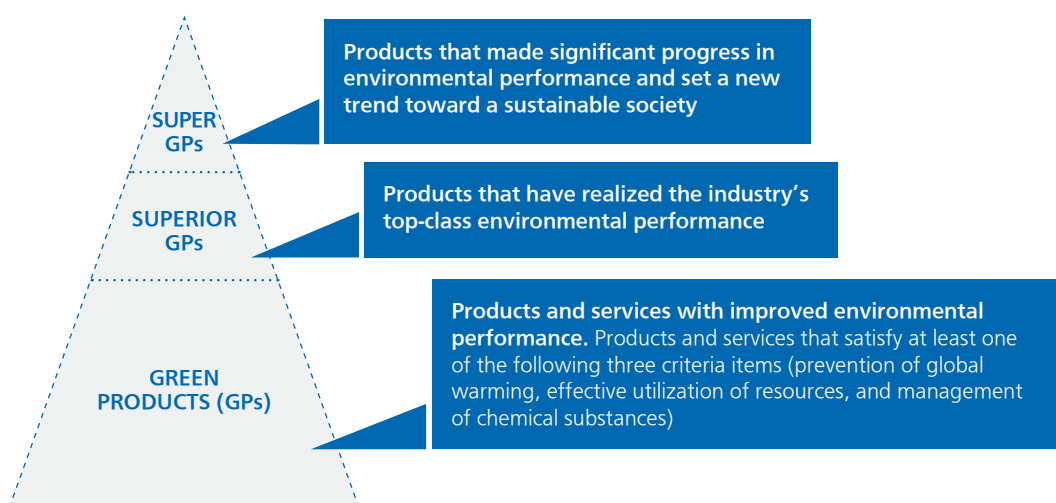
Initiatives for Eco-conscious Products—Green Products

Panasonic uses a product assessment system that evaluates the environmental impacts of our products and services starting at the planning and design stages. Based on our criteria, we accredit our products and services that achieve high environmental performance as Green Products (GPs). Furthermore, we accredit our products that have achieved top environmental performance in the industry as Superior GPs. Products with trend-setting

environmental performance toward achieving a sustainable society are accredited as Super GPs.

In the GP Assessment System, we assess the performance of our products in terms of prevention of global warming, effective utilization of resources, and management of chemical substances by comparing them against not only our own products, but also against our competitors' products. From fiscal 2012, to enable a wider range of Green Products, we will add product performance in water conservation and biodiversity to our accreditation criteria.

Green Product Accreditation Criteria



IN ACTION

After certifying 19 models in fiscal 2005, we achieved 338 Superior GP models in fiscal 2011 as a result of promoting Superior GP development. To maintain our "Industry No. 1" status as long as possible, we also raised our standards in fiscal 2011 to gain a 10% and more eco-performance advantage compared to competitors when products are launched. We will maintain or further expand the number of Superior GPs while focusing on increasing the sales ratio of Superior GPs. In fiscal 2011, 10% of our sales came from our No. 1 eco-conscious products, making progress toward one of our Green Indexes, which is to achieve 30% of our sales from our No. 1 eco-conscious products by fiscal 2019.

In addition, our HIT® solar cell module (HIT-N240SE10), which achieved the world's No. 1* cell conversion efficiency of 21.6%, was accredited as a Super GP.

OPPORTUNITIES

To learn more about our targets and actions looking forward, view our Green Plan 2018 on page 5 of this report.

* Based on an internal Panasonic survey conducted on December 3, 2010.



To learn more about our environmentally-conscious products, visit: www.panasonic.net/eco/products/gp

Environmental Product Innovations

With global energy consumption on the rise, the way we create, store, and save energy, as well as the way we collaborate with key partners to deliver the environmental product innovations of the future will be critical to our business success.

IN ACTION

Energy Creation: We actively develop our energy creation business to maximize the size of contribution in reducing CO₂ emissions. By delivering solar panel energy generation and household fuel cell cogeneration systems as means to create necessary electricity with few CO₂ emissions, we reduce CO₂ emissions in society.

The size of contribution in reducing CO₂ emissions through energy-creating products that we achieved was 1.9 million tons in fiscal 2011. Approximately 99% of this was driven by our solar panel products in Japan, Europe, and North America.

We will continue to make progress toward achieving our CO₂ emissions reduction contribution targets through energy-creating products of 3 million tons in fiscal 2012 and 3.3 million tons in fiscal 2013.

- **Solar Panel Energy Generation System:** Solar power is generated by transforming solar light energy into electricity by semiconductors. The amount of power generation depends on season, weather, and time, but unlike thermal power generation in which fossil fuels are burned to generate electricity, no CO₂, exhaust gas, or ash is emitted during solar power generation.

Panasonic Group's HIT®*¹ solar panels provide high-power generation efficiency and output per unit area and are lightweight and compact, allowing sufficient power generation even with narrow roofs. This led to a contract with British Gas in February 2011 to offer our solar panels to

their customers. In March 2011, we launched a residential solar power system called the HIT230® Series, which is a line of household solar panels that has low energy-generation loss and current resistance, and boasts the world's highest energy conversion efficiency rate*² at 17.9%.



HIT230® series residential solar power system.

- **Fuel Cell Cogeneration System:** Fuel cell cogeneration systems provide high-power energy efficiency and conservation by generating electricity through an electrochemical reaction between oxygen in the atmosphere and hydrogen extracted from city gas, and using heat from boiled water in the chemical reaction.

In May 2009, we launched our household fuel cell cogeneration system named the ENE FARM in partnership with domestic gas companies to lead the world in bringing fuel cell cogeneration technology into the home for residential use. By January 2011, we shipped a total of approximately 5,000 units. As of April 2011, we have reached a power-generating efficiency rate of 40% (LHV)*³, the highest*⁴ in the world, and have further simplified our system, as well as reduced the size of key components. As a result, we have begun selling an improved model that is also better priced and requires the least*⁴ installation space in the industry.



Household fuel cell cogeneration system.

*¹ HIT® is a registered trademark and stands for "Heterojunction with Intrinsic Thin-Layer."

*² Based on a production household model as of January 2011, surveyed by Panasonic.

*³ LHV: lower heating value. This denotes the value determined by subtracting latent heat of the water vapor from the amount of heat generated when the fuel gas is fully combusted. In contrast, HHV (higher heating value) includes the condensing latent heat of the vapor generated by combustion. City gas has an LHV/HHV ratio of approximately 0.9.

*⁴ Based on a household fuel cell cogeneration system as of February 9, 2011, surveyed by Panasonic.

Energy Storage: Energy-storing products, in which power is stored and used when needed, play an essential role for stable power supplies of power generation through renewable energy such as solar and wind power.

In December 2010, we provided solar modules equipped with lithium-ion battery systems for power storage to a convenience store, LAWSON, INC.,*¹ in Kyotanabe City, Japan. The power generated by the solar modules supplements the energy requirements of the convenience store during peak time. By storing less-expensive, night-time power for use during the day, our system reduces the use of commercial power and lessens costs. Additionally, the energy stored in the battery system can be used as a backup power supply in times of emergency.



The LAWSON convenience store with solar modules equipped with lithium-ion battery systems for power storage in Kyotanabe City.

Energy Saving: Our goal is to increase the size of CO₂ emissions reduction contribution through energy-saving products to 32.0 million tons in fiscal 2012 and 45 million tons in fiscal 2013. In fiscal 2011, thanks to the Japan government's Eco-point

incentive program, we achieved 31.17 million tons in CO₂ emissions reduction contribution. Our air conditioners, plasma televisions, and LCD televisions helped increase the size of our CO₂ emissions reduction contribution, and most of this contribution occurred in Japan, Asia/Oceania, and North America.

Since fiscal 2010, we have also been promoting our ECONAVI (eco-navigation) functionality, in addition to increasing the energy efficiency of our products. Home appliances equipped with ECONAVI, with its Panasonic original sensor technology and program control software, are able to automatically identify the surrounding situation and save energy. Sixteen Panasonic product lines are equipped with the ECONAVI functionality. As of March 2011, we have introduced this feature in products in the Asian market. We will continue to develop and disseminate energy-saving products and promote CO₂ emissions reduction.

In Japan, we continue to work toward increasing the percent of industry-leading, energy-efficient products while reducing the percent of low energy-efficient products, in accordance with the Energy Conservation Performance Catalog*². In fiscal 2011, 23% of our products were classified as industry-leading and almost no products*³ were ranked as low energy-efficient, except for one compact fluorescent lamp model.

*¹ One of Japan's major convenience store chains.

*² Published twice a year (summer and winter) by the Agency for Natural Resources and Energy and Ministry of Economy, Trade, and Industry of Japan.

*³ Excludes SANYO brand products.

Plasma TV: By improving cell accuracy in the panels, the level of gas discharge, and the use of fluorescent materials, Panasonic developed the “Neo Plasma Panel” to provide increased luminous efficiencies compared to previous models. We reduced the annual power consumption per year by 65% compared to our fiscal 2008 model.



TH-P42V20A (Australia)

Annual Power Consumption*:

FY2008 Model: 1,495 kWh (TH-42PZ700A)

FY2011 Model: 511 kWh (TH-P42V20A)

*Based on the Australian Star Rating standard.

LED Light: LED light bulbs consume about 1/5 of the power of traditional bulbs and are expected to quickly find their way into homes thanks to their long lives. However, existing LED bulbs are limited because of their narrow light dispersion (compared to traditional incandescent bulbs). Our fiscal 2011 model (LDA7D-G) is a “double-reflector type” (two-layer reflector) bulb that has a larger “globe” (or light-emitting face) and boasts the widest light distribution angle in the industry of approximately 300 degrees, which is nearly equivalent to the angle of traditional incandescent bulbs*.

Air Conditioner: With our highly efficient air circuits, compressors, heat exchangers, and inverter controls, we improved the energy-efficiency ratio of our air conditioner by 8% (12.12 Btu*/Wh) compared to our fiscal 2006 model. Our technology obtained the highest level of efficiency rank (Level 5) by the Electricity Generating Authority of Thailand.



CS-S13MKT (Thailand)

Energy Efficiency Ratio:

FY2006 Model: 11.22 Btu/Wh (CS-C12DKT)

FY2011 Model: 12.12 Btu/Wh (CS-S13MKT)

*Btu: British thermal unit.

Luminous Efficacy:

FY2006 Model: 13.5 lm/W
(Incandescent LW100V36W)

FY2011 Model: 67.4 lm/W
(LDA7D-G)

*Based in comparison to a normal bulb-type LED (E26 cap) surveyed by Panasonic on January 26, 2011.



LDA7D-G (Japan)

Virtually Zero CO₂ Emissions Throughout the

Entire House: With economic growth spurring an increase in the number of households, CO₂ emissions from the household sector will rise even further. From stand-alone home appliances to integrated solutions for the entire house, Panasonic provides a range of products and services to help our customers reduce their CO₂ emissions at home in a unique way that no other company can provide. We call our unique way: "throughout the entire house."

We drive the reduction of CO₂ emissions throughout the entire house through four concepts: "create energy," "store energy," "save energy," and "manage energy." We generate energy saving by increasing energy efficiency of devices and insulation efficiency of houses. For energy that is needed even after saving, we create energy by promoting low-emissions solar power and fuel cells. We also store energy by drawing on our family of lithium-ion batteries. Finally, we connect devices and manage all sources of energy to achieve virtually zero CO₂ emissions throughout the entire house.

To achieve virtually zero CO₂ emissions throughout the entire house, having a system for energy management is important. One way we improve the efficient use of power and "connect" our equipment and devices is through our home energy management system (HEMS). This system contributes to CO₂ emissions reduction by controlling the equipment smartly in the house. Smart Energy Gateway (SEG) plays a key role in HEMS. In addition to energy-saving and energy-storing equipment, SEG connects Smart Meter (an electricity meter

that incorporates a telecommunication function), gas meter, water meter, and domestic appliances and monitors their energy flow and consumption on television displays. Furthermore, SEG judges the efficient use of electricity and heat and can recommend optimal use depending on each family's daily patterns. SEG enables the realization of environmental lifestyles by controlling electricity and heat of equipments and connecting them to the network.

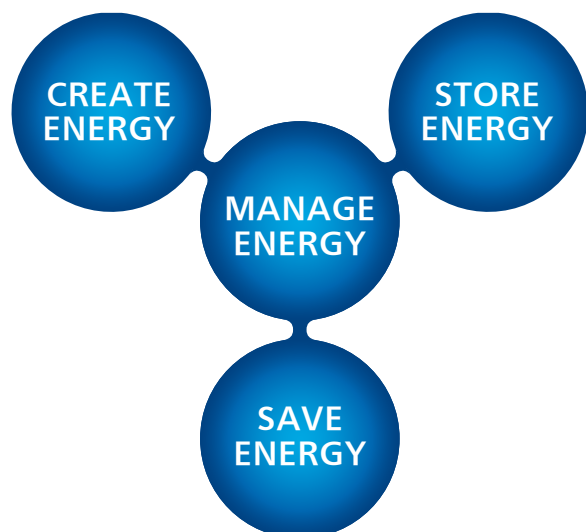
Energy Systems Business Expansion: To further expand the scope of our concept of "virtually zero CO₂ Emissions throughout the entire house" and enhance our industry position in energy systems with solar power and fuel cells, we are promoting our "Comprehensive Solutions for the Entire Town." In Japan, we have an ongoing project in Fujisawa City to create the "Fujisawa Sustainable Smart Town." Overseas, we are partnering with the Chinese and Singaporean governments and Hitachi, Ltd., a leading Japanese technology company, to develop the Sino-Singapore Tianjin Eco-city.

In fiscal 2011, we achieved 550.8 billion yen in sales of our Energy Systems Business, and we continue to make progress toward our fiscal 2019 goal of 3 trillion yen in sales.

OPPORTUNITIES

To learn more about our targets and actions looking forward, view our Green Plan 2018 on page 5 of this report.

Energy Management



Product Responsibility

Bringing our products to our customers in a responsible and ethical manner is our way of doing business. Our top priority is to ensure that our customers, no matter where they are in the world, are confident that our products are delivered to them with the highest level of integrity.

Embedded in our Panasonic Code of Conduct is our guiding philosophy for how we responsibly keep our customers informed, how we create quality and safe products, and how we ensure our ethics and integrity.

IN ACTION

Environmental labels: We indicate that a given product is environmentally conscious by displaying environmental labels on our products and in our catalogues. This labeling is designed to convey our environmental technology information on the product in an easy-to-understand manner to help our customers make smart choices when considering which products to purchase. We introduced a new design for Type II labels, carrying the phrase, 'eco ideas'. We are currently working on all three types of environmental declaration category.

By acquiring the International Energy Star label, well-recognized in Europe and North America, as well as Chinese environmental labels, Panasonic aims to offer environmentally-conscious products that surpass the certification standard for these labels and to provide greater opportunities to convey our products' environmental information on a global basis.



Type I
Ecomark



Type III
declaration Eco-Leaf label



Energy Star
declaration mark

Note: ISO (International Standardization Organization) defines three categories of environmental label or declaration for environmentally-conscious products: products accredited by each country's accreditation organization (Type I); products self-declared by the manufacturer as environmentally conscious (Type II); and products displaying quantitative environmental impact data (Type III).

Product Quality and Safety: We employ a variety of quality management (QM) systems at Panasonic. For example, we implement a process called the Global Quality Risk Management System that enables quick gathering of product quality information from anywhere in the world. In addition, we address product quality and safety from the early stages of product development, and we continuously improve our design quality by instituting global design training.

Ethics and Integrity: Our Panasonic Code of Conduct outlines how we embed ethics and integrity into every phase of our product life cycle, from research and development to marketing and sales. No matter how severe competition may be, we will always pursue fair business practices, and will not engage in bribery and corruption, as well as cartel.

OPPORTUNITIES

As we pursue our objective to become a globally-oriented company and expand our business into key emerging countries, we have a responsibility to understand and align our global ethics and integrity policies and procedures with local regulations, customs, and risks. Looking forward, our aim is not simply to meet minimum standards but rather to promote the highest levels of ethics and integrity in all regions where we conduct business.

Our Operations

From how we run our factories and offices to how we ensure our safety and protection, our operations encompass all aspects of our business.

To become the No. 1 Green Innovation Company in the Electronics Industry, we integrate sustainable manufacturing processes and environmental management systems and policies into all aspects of our operations. We also understand that we need to remain competitive in the marketplace. Securing our operations from unexpected events and protecting our data are vital to our business continuity.

OUR COMMITMENTS

We will promote activities that contribute to CO₂ emissions reduction in our business operations. We will also pursue "recycling-oriented manufacturing" in our production process and use resources effectively.

We will manage local water resources and chemical materials responsibly, and encourage biodiversity efforts in areas where our operations are located.

We will manage risks and protect our data with the utmost rigor and enforcement.

OUR OBJECTIVES

To fulfill our commitments, we will pursue the following objectives, goals, and priorities in the near term:

- To maximize the size of contribution in reducing CO₂ emissions through production activities
- To reduce total resources used and increase recycled resources used; to achieve “zero waste emissions” from production activities at all sites
- To minimize the amount of net water consumption
- To minimize the environment impact caused by chemical substances
- To identify impacts on biodiversity and contribute to conservation
- To review our corporate major risks annually based on the latest external global trends
- To ensure information security measures align with national and regional risks

OUR APPROACH

We employ a comprehensive management system and standard to achieve our objectives and ensure that our company meets the highest levels of operational excellence. In this section, we discuss:

Sustainable Operations

We drive green manufacturing by implementing environmental assessments at our manufacturing locations. We also expand our use of recycled materials, reduce our waste materials, and pursue “recycle-oriented manufacturing.”

 [READ MORE ON PAGE 22](#)

Local Environmental Stewardship

Being a responsible neighbor means being mindful of our impact on the local environment. We have local programs in place to manage our use and discharge of water, manage chemical materials, and protect biodiversity.

 [READ MORE ON PAGE 26](#)

Global Risk Management

Managing risks is vital to our business continuity and success. We employ a company-wide risk management organization and framework to safeguard our operations from major global risks.

 [READ MORE ON PAGE 29](#)

Information Security

We enforce our information security strategy, as well as use best practice management systems, programs, and technologies to secure our data and earn the trust of our stakeholders.

 [READ MORE ON PAGE 31](#)

Sustainable Operations

From reducing our impact on climate change to materials recycling to minimizing our waste, we make the environment central to how we manage our operations. Through our green manufacturing, we make progress toward achieving our ambitious environmental goals.

Initiatives for Eco-conscious Factories—Green Factories

We aim to reduce our environmental impact to as close to zero as possible, and our Green Factories (GF) are engaged in activities that will help us achieve this goal. Minimizing our factories' CO₂ emissions, total waste generation, and chemical substance releases and transfers are central to our plan to reduce the environmental impacts of our production activities.

We started our internal Green Factory (GF) Accreditation System in fiscal 2006 to evaluate the activities of our factories and we certify factories that meet certain standards as Green Factories. After achieving a fiscal 2011 target of 90% or higher GF accreditation rate for all factories in fiscal 2009 and 2010, we upgraded the GF Accreditation System to the GF Assessment System to further improve the standard of measures implemented across our factories.

Under the upgraded system, our factories evaluate themselves on a one-to-five scale across 15 environmental activity items classified into five groups and visualize progress to address issues and make improvements. Under this system, factories evaluate themselves in the areas of "emissions reduction," "environmental performance strengthening," "reduction activities," "risk reduction," and "HR development."

In fiscal 2011, we achieved a "Level 3.8" average score across the entire Panasonic Group, and we continue to make progress toward achieving a "Level 4" average score in fiscal 2013.

IN ACTION

Kasai Green Energy Park (GEP): In October 2010, Panasonic opened the Kasai Green Energy Park (GEP)—its newest production factory for lithium-ion batteries for environmentally-conscious vehicles—a leading example of an eco-conscious factory that

uses advanced environmental technologies and systems. At Kasai GEP, we installed a one megawatt Mega Solar System comprising our industry-leading* HIT® solar battery, a 1.5 megawatt-hour lithium-ion Mega Battery System, an energy management system that controls each piece of equipment, and a smart energy system that links and coordinates all systems to optimize performance. We conduct substantive experiments at Kasai GEP. We also use Kasai GEP as a place for product and system development, as well as a place to showcase innovations to customers.

Panasonic LCD Himeji Plant: Panasonic Liquid Crystal Display's Himeji Plant, another example of a leading eco-conscious factory, started mass production of the IPS Alpha liquid crystal display (LCD) panels in April 2010. The Himeji Plant aims to be the "most advanced recycling eco-factory," delivering high production efficiency while achieving environmental contributions and business growth. The Himeji Plant increases production efficiency by implementing the latest equipment to yield 18, 32-inch panels, streamlining processes with an "exposure step," and reducing the overall number of core processes. As a result, the Himeji Plant has dramatically improved processing times and yields. Compared to our existing plant, the Himeji Plant has shown a 1.6 times greater return on investment, has reduced CO₂ emissions by 33% and water



A symbol of Kasai GEP, the solar charging station "solalib" is equipped with solar and lithium-ion batteries.

* Based on an October 2010 industry survey by Panasonic of energy storage battery systems that combine lithium-ion batteries for consumer use.

consumption by 35%, and is leading efforts toward achieving a water recycling rate of 100%.

Both factories have received the highest evaluation rank of "S" based on the CASBEE (Comprehensive Assessment System for Built Environment Efficiency) scale, a methodology that comprehensively assesses and ranks the environmental performance of buildings.

Climate Change in Our Operations

In our last round of CO₂ targets, we achieved 840,000 tons in CO₂ emissions reduction in our production activities by fiscal 2010, far exceeding our target of 300,000 tons from fiscal 2006. Starting in fiscal 2011, we aim to maximize our CO₂ emissions reduction contribution through our production activities, pursue continuous improvement of our energy management capabilities, and lower our CO₂ emissions intensity.

In terms of measures to reduce our CO₂ emissions, we promote our CO₂ ITAKONA*¹ initiative, "top runner" factories for saving and creating energy, energy audit measures, and staff professional development to expand CO₂ emissions reduction measures across our company. As a result, we increased our contribution to CO₂ emissions reduction in fiscal 2011 to 2.11 million tons. We will continue to make progress toward achieving our targets for CO₂ emissions reduction contribution through production activities of 2 million tons in fiscal 2012 and 1.7 million tons in fiscal 2013.

IN ACTION

Promotion of CO₂ ITAKONA Initiatives: To ensure the reduction of CO₂ emissions at our factories, we track the energy consumption of each factory, as well as the effects of specific emissions reduction measures, understanding that energy consumption visualization is important. To date, we have introduced more than 40,000 measurement systems and Factory Energy Management Systems (FEMS) at all of our global manufacturing sites and we have continued to promote our CO₂ METAGEJI*² initiative. From fiscal 2011, we promoted our CO₂ ITAKONA initiative to visualize energy waste, develop ideas to further reduce waste, and increase our CO₂ emissions reduction through the best use of METAGEJI. Through our CO₂ ITAKONA initiative, we will be able to use the data and results visualized through METAGEJI to troubleshoot and classify our consumed energy and implement measurable reduction activities more efficiently.

In addition, we have set up regular seminars to expand our CO₂ ITAKONA initiative and educate our

people about this initiative across our business. We invite participants from all parts of our domain companies. Moreover, we document the procedures of our CO₂ ITAKONA initiative based on the activities at our model factories and we use this information to develop other factories within the Panasonic Group.

Promotion of "Top Runner" Factories for Saving and Creating Energy:

To further promote energy conservation and reduce CO₂ emissions across our company, since fiscal 2011, we have selected "top runner" factories in each of our domain companies that carry several types of products to provide a model for other factories in the domain to follow. Top runner factories make investments in energy conservation and create three-year implementation plans that are used to raise the environmental performance of all companies within the domain. These plans provide guidance in six areas:

- 1 Introducing top-level production process innovations
- 2 Maintaining and managing highly efficient manufacturing equipment
- 3 Pursuing the top-level rate of CO₂ emissions reduction per basic unit
- 4 Implementing a system for energy consumption visualization
- 5 Promoting factory-wide CO₂ emissions reduction efforts in production processes
- 6 Introducing our solar energy system

Selected top runner factories are required to have outstanding and specialized features in energy conservation. Through this initiative, top runner factories share their specialized environmental efforts, as well as develop No. 1 energy-saving technologies for their specialized set of products and activities. Top runner factories also develop best practices within their domain that can be rolled out across the company gradually. In fiscal 2011, our top runner factory in our Home Appliance Company provided a production process innovation and reduced the amount of CO₂ emissions by 57% by using a firing method to change the thermal insulation molding process and taking advantage of hot air to shorten the process.

*¹ ITAKONA refers to a process by which we review stages prior to production to study raw materials and to ensure waste is minimized and quality is maintained. We apply a similar review process for our CO₂ emissions reduction efforts and call these our CO₂ ITAKONA initiatives.

*² METAGEJI refers to visualizing energy consumption and implementing measurable reduction initiatives by introducing measurement instruments, such as meters and gauges.

Factory Energy Conservation Support Services:

We provide our technologies, knowledge, and experience related to the environment as a packaged service offering to enterprises outside our company looking to improve the environmental performance of their factories. Our Total Environmental Package Solutions for Entire Factories offers environmental solutions in energy conservation, waste water treatment and recycling, gas treatment, resource recycling, soil and groundwater remediation, and energy creation such as solar power. These solutions were all instrumental in our own efforts to achieve an 840,000 ton CO₂ emissions reduction in the previous three-year period.

In addition, in April 2010, we started the Factory Energy Conservation Support Service to provide further guidance in energy consumption visualization, energy conservation diagnoses, practical measures for energy conservation, and overall implementation support for factories. Through these services, we provide proposals for energy conservation improvement, including providing energy conservation diagnoses, technologies for energy consumption visualization, our technical expertise, and our original simulations for air conditioning, furnaces, and factory ventilation piping systems. These proposals outline how we can help improve coordination and efficiency in the manufacturing process, as well as how technologies can be better employed to coordinate power supply for production activities in an on-demand manner. To promote energy conservation, we also provide comprehensive management support by sharing our operational expertise in energy conservation and how we share information, by offering personnel training, by providing comprehensive energy conservation equipment, and by providing

ongoing guidance in four areas: technology, equipment, human resources, and finance for energy conservation in factories.

CO₂ Emissions Reduction at Non-Manufacturing Sites:

Since fiscal 2009, we have also focused on reducing CO₂ emissions at our non-manufacturing facilities, as well as promoting energy conservation. Specifically, we set out a three-year CO₂ emissions reduction target for 76 of our self-owned office buildings in Japan and have implemented diagnoses and visualization of waste by energy “tuning.” As a result, we reduced CO₂ emissions at these non-manufacturing sites in Japan by about 9% compared to the fiscal 2008 baseline level, an average reduction of 2% per year.

From fiscal 2011, we started to check the progress of 119 sites—43 sites are owned by other companies—on a monthly basis. We also introduced our Green Office Assessment to evaluate and upgrade our environmental management practices at non-manufacturing sites. An annual evaluation process, this assessment is composed of a section with 40 items in which a maximum score of 50 can be obtained and a second section that is focused strictly on CO₂ emissions reduction in which a maximum score of 50 can be obtained. In fiscal 2011, we achieved a “Level 3.1” average (total score: 62/100) across the entire Panasonic Group. We continue to aim toward achieving a “Level 4” (total score: 80 or more/100) performance average at our non-manufacturing sites in fiscal 2013.

OPPORTUNITIES

To learn more about our targets and actions looking forward, view our Green Plan 2018 on page 5 of this report.

Recycling-Oriented Manufacturing

With swift economic growth advancing worldwide, bringing heightened attention to concerns over resources, the sourcing of new resources and materials will not only impact our global environment, but minerals resource depletion and materials pricing run-up will also become big issues that impact company management.

To address these concerns, along with CO₂ emissions reduction, Panasonic selected resource recycling as an underlying theme, promoting our “recycling-

oriented manufacturing” concept. Under this concept, we minimize the amount of total resources used and maximize the amount of recycled materials, as well as aim toward “zero waste emissions” by reducing our final disposal of waste from production activities. We continuously look to make our products lighter and smaller to reduce our total resource used, and we employ new technologies that maximize the collection of recycled resources and expand their use. We also look to eliminate the waste generated at our factories, and by promoting the use of recycled resources, we aim to reduce the waste we send to landfills to as close to zero. We will contribute to creating a more sustainable society, as well as

achieve business growth by globalizing total materials recycling. Our total recycling system addresses the resources we work with during development, production, and logistics, as well as the resources we receive from used product collection.

We use many kinds of resources due to our wide range of products and businesses, from semiconductor parts to houses. We use recycling-oriented manufacturing to promote the reduction of new raw materials. At the same time, to expand our usage of recycled resources, we develop a recycling process according to the specific characteristics of each resource.

We review the volume of each type of resource used across our Panasonic Group by input and continuously clarify recycled resource utilization issues. For example, in the case of plastic, we identify the volume of plastic by understanding the characteristics of each product that require this resource, and then we secure a stable supply and research how to recycle it and develop new recycling technologies for it. As a result, we created and used approximately 6,000 tons of recycled plastic for our products in fiscal 2011. In another example, we created the Panasonic Group Green Procurement Guidelines for Wood. These guidelines promote the purchase of materials that are considered the most sustainable (i.e., Category 1). In fiscal 2011, we used a total of about 165,000 tons of recycled wood.

Our recycling-oriented manufacturing focuses not only on recovering and renewing materials and resources, but also promoting the use of recycled materials in our products to go one step further.

IN ACTION

Reducing Product Mass: To reduce the use of new resources for production, we continuously look to reduce the weight of our products. We downsize our products by using thinner and lighter materials and parts, as well as by promoting an approach to product design that encourages minimal resource use.

Using Recycled Resources: We promote the use of recycled resources by making the best use of them in the creation of new products, in addition to recycling resources, such as plastic. In fiscal 2011, we created a guideline for understanding how to utilize recycled resources by material and started a system that promotes the use of recycled resources. We build infrastructures like our quality assurance systems

to promote recycled resource use and develop technologies on how to use recycled resources.

Developing Recycling Technologies: Collecting more resources from used products is very important to expand the use of recycled resource. We focus on developing more effective recycling technologies through coordination with each related division internally to expand the amount of recycled resources we collect.

Globalizing Product Recycling: In efforts to use natural resources more effectively and prevent environmental pollution, a growing number of recycling laws have been enacted in various countries throughout the world. Examples include the Home Appliances Recycling Law and the Law for the Promotion of Effective Resources in Japan, the Waste Electrical and Electronic Equipment Directive in the European Union, and recycling laws in many states in the United States. In China, similar laws have taken effect since January 2011. In addition to complying with recycling laws in each country, Panasonic attempts to go further. We endeavor to play an active role in creating the most efficient recycling system in each country in view of local recycling infrastructures.

Achieving “Zero Waste Emission”: Waste generated at our Panasonic factories is classified into: recyclable waste (including waste that can be sold and that which can be transferred free of charge or by paying a fee); waste that can be reduced by incineration or dehydration; and final disposal (waste with no option other than sending to landfills). We reduce the emission of waste by boosting yield in our production process and increasing the recycle rate of our waste materials. Accordingly, we strive toward achieving our “zero waste emission*” goal by reducing the amount of waste we send to landfills to nearly zero by fiscal 2013. Specifically, we aim to achieve a factory waste recycling rate of 98.5% in fiscal 2012 and 99% or more in fiscal 2013. In fiscal 2011, our waste recycling rate was 97.4%, a 1.1 point improvement from the previous year.

OPPORTUNITIES

To learn more about our targets and actions looking forward, view our Green Plan 2018 on page 5 of this report.

*“Zero waste emission” is a Panasonic definition and refers to a recycling rate of 99% or higher. Recycling rate = amount of resources recycled/(amount of resources recycled + amount sent to landfills)

Local Environmental Stewardship

With operations sites around the world, we must be mindful of our impact on the local environment. We take our local responsibility seriously by managing our use and discharge of water and chemical materials and by working with our partners to conserve biodiversity.

Water Use

It is said that available fresh water is only about 0.01% of the Earth's total water resources. To save this resource, we develop products that help customers conserve and recycle water. We also use recycled water over and over in our production activities.

IN ACTION

Water Resource Conservation Through

Products: By analyzing the use of water through our products, we have developed functionalities that enable our customers to control and maximize their water conservation. In fiscal 2011, we introduced water use as a new item in our Green Product Accreditation Criteria, improving our efforts to develop industry-leading products that contribute to water conservation.



NA-168VG3 (Europe)

Water Resource Conservation Through

Manufacturing: By recycling water and collecting and treating waste water in our manufacturing processes and air conditioning systems, we reduce the amount of water use and wastewater effluent, as well as ease our requirement for new water resources. With many regions around the world threatened by water shortages, we carefully select which regions to focus on to address the use of water in our manufacturing activities.



Wastewater reuse equipment

OPPORTUNITIES

To learn more about our targets and actions looking forward, view our Green Plan 2018 on page 5 of this report.

Chemical Use

As represented by the enforcement of the REACH regulation in the European Union, the world is moving toward the goals agreed at the World Summit on Sustainable Development (WSSD) held in 2002, which is to produce and use all chemical substances in a manner that minimizes their impact on human health and the environment by 2020. In support of the precautionary approach proposed in the Rio Declaration made at the Earth Summit in 1992, Panasonic has been manufacturing products in line with its basic policy of minimizing the use of chemical substances that might adversely affect human health and the environment throughout their life cycles. Specifically, we aim to minimize the environmental impacts of our products by 1) identifying hazardous substances contained in our products, 2) evaluating these substances on their environmental impact, and 3) voluntarily reducing or discontinuing their use in case of any environmental risks.

IN ACTION

Participating in Cross-industry Initiatives: We manufacture electrical and electronic products in a long supply chain, which comprises manufacturers of raw materials, structural components, and parts. To contribute to the achievement of the global goals set at the WSSD, it is important for us to disclose and communicate information about the chemical substances used in our products across the supply chain, as well as promote cross-industry initiatives to establish and disseminate an effective system. Panasonic is a member of the Joint Article Management Promotion consortium (JAMP) together with about 370 major companies from various industries, such as chemical, component, and equipment manufacturers. We are proactively formulating, utilizing, and disseminating chemical substance management standards and systems through this organization. (JAMP: www.jamp-info.com)

Partnering with Suppliers to Identify Chemical Substances in Products:

We have been utilizing our chemical substance management system called "GP-Web" since fiscal 2005. Through GP-Web, components and parts manufacturers provide information about the use of chemical substances in the products supplied to Panasonic. In July 2009, to support REACH regulation, we revised the system of referring proposals to JAMP and started to communicate information based on common standards, such as using standardized communication formats across the supply chain, from upstream materials manufacturers to our customers.

In addition, an e-learning site is available in Japanese, English, and Chinese on the management of chemical substances for the purpose of efficiently requesting upstream suppliers, including both those who directly deal with us and those who do not, to provide us with necessary information. We now have about 10,000 registered users of this system. Users will learn Panasonic's ideas on chemical management and how we communicate information about the use of chemical substances in our products through JAMP's system. We also deepened our suppliers' understanding on the handling of chemical substance information by offering explanatory meetings. In December 2010, we offered eight explanatory meetings in five cities in China in which 1,973 individuals from 1,148 Chinese supplier companies attended. In March 2011, we offered another session in China to provide training on practical operation using PCs. This training session was attended by 341 individuals from 238 Chinese supplier companies.



Explanatory meeting for suppliers in China to deepen their understanding of the handling of chemical substance.

OPPORTUNITIES

To learn more about our targets and actions looking forward, view our Green Plan 2018 on page 5 of this report.

Biodiversity

Our society benefits from a thriving biodiversity, but with losses in biodiversity occurring at an unprecedented pace, companies need to take action on biodiversity conservation and sustainable resource use. We collaborate with our stakeholders, from local partners and environmental NGOs to other professionals and issues experts, to achieve our goal of contributing to biodiversity conservation.

IN ACTION

Promoting our Biodiversity Project: To promote biodiversity initiatives in our business activities, we established the Biodiversity Project to implement concrete measures in three important areas that affect biodiversity: land use, products, and procurement.

Initiatives in Land Use: We aim to contribute to the conservation of biodiversity in the areas where our business sites are located. As a first step to achieve our land use goals, we developed tools to quantitatively evaluate our potential impact per site.

Initiatives in Products: We receive third-party assessments from BirdLife Asia, an independent, global NGO that provides useful product information to help customers distinguish products that contribute positively to biodiversity conservation. Some examples of these products are our bamboo-fiber speakers, which are made from sustainable and recyclable bamboo and provide high-quality sound; our “Mushi-Veil” interior light, which provides low insect-attracting features to not disrupt the ecosystem of insects; and our “Tafna-Ray” lighting system, which prohibits powdery mildew from forming and reduces the amount of chemical pesticide use.

Initiatives in Procurement: In February 2010, through consultations with the World Wide Fund for Nature (WWF) Japan, Panasonic created the Panasonic Group Green Procurement Guidelines for Wood to conserve biodiversity and promote sustainable resource usage. The guidelines divide various wood and wooden materials that may be procured into three categories: Priority procurement (Category 1), Acceptable procurement (Category 2), and Avoiding procurement (Category 3). In fiscal 2011, we used approximately 390,000 m³ of wood and wooden materials. Of this, 71% (a 21-point year-on-year increase) was from Category 1, 28% from Category 2 (a 19-point year-on-year decrease), and 1% (a 2-point year-on-year decrease) from Category 3. We continue to aim toward reducing our procurement of Category 3 materials to nearly zero by fiscal 2013.

Partnership with The World Wide Fund for Nature (WWF): Since 2007, we have been promoting the Yellow Sea Ecoregion Support Project, a seven-year partnership with WWF Japan. The project aims to implement measures required for the sustainable use and conservation of the Yellow Sea Ecoregion, a body of sea water enclosed by China and the Korean peninsula and noted for its high biodiversity value.



Yellow Sea Ecoregion Support Project with WWF.



OPPORTUNITIES

To learn more about our targets and actions looking forward, view our Green Plan 2018 on page 5 of this report.

Global Risk Management

Our success depends on ensuring that our company-wide risk management activities work in tandem with the execution of our core business and management strategies. In March 2011, the Great East Japan Earthquake tested our resolve and approach to risk management in the most dramatic way.

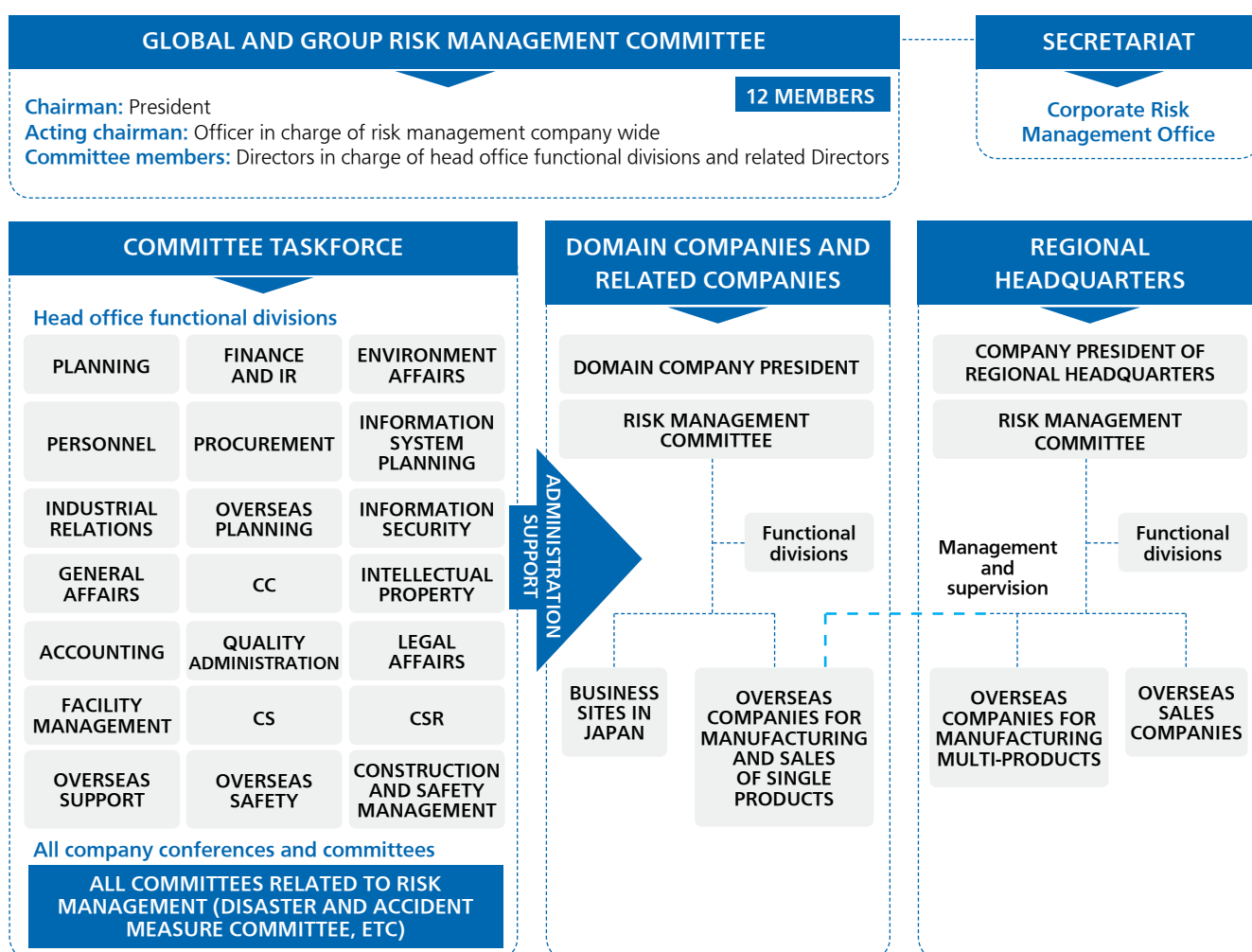
To ensure the business continuity of our operations, managing risks and taking preemptive actions to eliminate potential sources of failure is fundamental to achieving our business objectives and increasing our corporate value.

IN ACTION

Global and Group (G&G) Risk Management: We established the G&G Risk Management Committee to guide our basic approach to risk management, determine preemptive actions to eliminate potential

sources of failure, and implement activities across our company. The G&G Risk Management Committee is chaired by Panasonic's President and includes Directors and Executive Officers who oversee corporate functions and divisions. These corporate functions and divisions also coordinate their efforts through conferences and committees related to risk management. Collectively, our risk management organization provides a foundation to manage global risks for the entire Panasonic Group.

Global and Group Risk Management Promotion Framework



Basic Framework for Risk Management:

We conduct risk assessments once a year in an integrated and comprehensive manner. We first identify global risks that are relevant to our business. We then evaluate them in terms of the probability of them occurring and the potential impact these risks may have on our operations. The G&G Risk Management Committee, corporate functions, and domain companies cooperate with one another and use our Plan, Do, Check, and Action (PDCA) framework to execute risk management countermeasures with speed, accuracy, and consistency across the company.

Corporate Major Risks: Disclosing our major risks to the public is a key component of improving our transparency. Each year, we publish a set of Corporate Major Risks, a list determined by the G&G Risk Management Committee that describes our highest priority global risks. For fiscal 2012, we added natural disasters (earthquakes, tsunamis, etc.) to our list of Closely Monitored Major Risks due to the Great East Japan Earthquake disaster, and we initiated a medium-term plan to review our earthquake and tsunami countermeasures at our coastal area factories. In addition, we increased the scope of our management of risks related to wars, civil strife, and conflicts (including terrorism).

OPPORTUNITIES

Looking forward, we will continue to update our Corporate Major Risks list each year to ensure that our approach to risk management addresses the most current trends and risks. We will also review our Business Continuity Plan and update them, if necessary, based on our newly integrated company and recent natural disasters.



To learn more about our approach to risk management, visit: www.panasonic.net/csr/risk_management

Corporate Major Risks for FY2011

Closely Monitored Major Risks

Quality problems (safety incidents)
Terrorist attacks and abduction overseas
Leakage of trade secret (technical, private information)

Other Major Risks

Fires or large-scale accidents
Rising raw materials prices
Cartels
Violation of export control laws
Insufficient response to risk occurrence

Corporate Major Risks for FY2012

Closely Monitored Major Risks

Quality problems (safety incidents)
Wars, civil strife, conflicts (including terrorism)
Leakage of trade secret (technical, private information)
Natural disasters (earthquakes, tsunamis, etc.)

Other Major Risks

Rising raw materials prices
Cartels
Violation of export control laws
Insufficient response to risk occurrence

Information Security

As a company with business activities across the world, securing our customers' personal and transactional information is a fundamental objective.

Keeping our customers' personal and transactional information secure throughout our various business activities is an important aspect of our global company and operations. As we expand globally, the need to continuously improve the level of security of our customers' information is essential. This is an expectation that our customers continue to demand.

To generate market competitiveness and grow as a global company, the need to develop, manufacture, and deliver products and services to our customers with speed and flexibility—all while protecting our data, technologies, and methodologies—is essential.

Panasonic is also working to enforce the proper sharing and management of information across our company to ensure consistency in how we secure information and how we use data internally.

IN ACTION

With today's ever-evolving, IT-based society, we aligned our information security activities and measures to be based more on the current business environment. For instance, we started to review the business risks in emerging countries and have begun to manage our local information security activities based on these regional trends. We also continued to work toward securing and maintaining ISO/IEC 27001 certifications, an international standard for information security.



Our employees continuously review and update our approach to information security based on the latest regional and global trends and risks.

OPPORTUNITIES

We continue to make information security a high priority to support our business operations and to protect the integrity of our IT-based society. Looking forward, we will focus on the following objectives:

- 1 Improve our information security response measures if and when incidences unexpectedly occur
- 2 Maintain the level of our information security as the use of new IT systems and tools expand (e.g., cloud computing, SaaS, Twitter, etc.)
- 3 Ensure that the information we provide to our contractors—from personal data to information about our technologies—is protected, and expectations around how our contractors use this information are met
- 4 Enhance our expert capabilities in information security

Our Supply Chain

With more than 10,000 suppliers located around the world, Panasonic understands the need to place greater emphasis on working with suppliers, partners, and stakeholders to conduct fair and ethical procurement and minimize environmental impacts throughout the supply chain.

Growing stakeholder demands for supply chain transparency and accountability create an opportunity to strengthen our supply chain partnerships and expand our efforts to identify and address social and environmental concerns. We are engaging with suppliers and other stakeholders to identify and address critical supply chain needs.

OUR COMMITMENTS

We will use a CSR-conscious approach to identify social and environmental impacts along our supply chain.

We will work with suppliers to ensure that they implement our basic procurement guidelines.

We will share best practices with our suppliers to help them reduce their environmental footprint.



OUR OBJECTIVES

To fulfill our commitments, we will pursue the following objectives, goals, and priorities in the near term:

- To build supply chain transparency initiatives that reduce the likelihood of procuring materials associated with significant social and environmental impacts
- To expand our direct engagement with suppliers to enhance our focus on environmental issues, including working with suppliers to raise the ratio of recycled resources used in the manufacturing of Panasonic products
- To expand our global system and structure for managing green logistics

OUR APPROACH

Panasonic partners with businesses that have outstanding technologies and quality, along with a strong commitment to CSR. We collaborate with our suppliers to put our CSR policies into practice, and all new business partners must understand and agree with Panasonic's management philosophy and procurement guidelines. We review these relationships periodically by performing reviews that evaluate our (1) Quality, Cost, Delivery, and Service (QCDS) criteria, (2) management performance, and (3) CSR activities. In this section, we discuss:

Fair and Ethical Procurement

We ensure fair and ethical procurement by complying with relevant laws and working with our suppliers to help them to do the same. We employ our steadfast supply chain management approach to fulfill our company mission of delivering high-quality products and services to our customers.

 [READ MORE ON PAGE 34](#)

Environment in the Supply Chain

We work with our suppliers to conserve resources, use recycled materials in manufacturing, eliminate the use of hazardous substances, and optimize green logistics.

 [READ MORE ON PAGE 35](#)

Fair and Ethical Procurement

Governments, NGOs, and investors are demanding greater transparency and accountability in global corporations' supply chains. We are meeting this challenge by using our CSR-conscious approach in managing our procurement and supply chain activities.

We are dedicated to complying with all relevant laws, regulations, and social standards around the world governing procurement and subcontracting. We are also committed to procuring based on fair and unrestricted competition among our business partners.

IN ACTION

We conduct employee training to ensure that our procurement standards are upheld. We also expect our suppliers to do the same.

Our Procurement Policy guides our activities, as well as our expectations of our suppliers to meet our CSR requirements. Our Procurement Policy specifically outlines our basic procurement guidelines, which include how we select and work with our suppliers and how we gather and use information. Our Clean Procurement Declaration helps us ensure that we have a genuine partnership with our suppliers based on fair and ethical procurement.

Both guidelines provide us and our suppliers with the foundation to undertake fair and ethical procurement activities.

OPPORTUNITIES

As we develop a fully integrated Panasonic Group, we must ensure consistency in supply chain practices across all of our operations. In this way, we can properly manage supply chain risks and strengthen engagement with our suppliers. Looking forward, we will continue to integrate our procurement policies and practices into our newly merged company.

Approach to CSR Procurement

An enterprise that fails to practice CSR procurement will be neglected by society today

"Super Honesty" based on sincerity and a consideration for others

Unflagging pursuit of environmental innovations

Partnerships based on trust and responsibility

BECOME A CSR-CONSCIOUS COMPANY

Clean Procurement

- Practicing ethical conduct and correct transactions

Green Procurement

- Resource conservation/recycling (recycling-oriented manufacturing)
- Elimination of prohibited substances

Compliance

- Compliance with laws and social rules

Information Security

- Trusted by customers and society
- An absolute condition for participating in design

Human Rights, Labor, and Occupational Health and Safety

TRADE WITH COMPANIES THAT PRACTICE CSR

CSR-conscious Procurement Evaluation System

Start

Preliminary review

Business partners must understand and agree with our management philosophy and CSR-conscious procurement.

Contract

Signing

A Basic Purchasing Agreement is used for all business partners globally. This forms the basis for all transactions.

Assessment

Audit/Evaluation

During the contract period, the relationship is reviewed with regular audits evaluating:

1. QCDS criteria
2. Management performance
3. CSR-related activities

Concentrate business on business partners that contribute to a sustainable society



To learn more about our approach to CSR procurement, visit: www.panasonic.net/csr/procurement

Environment in the Supply Chain

With a large and diverse supplier base in many countries with varied environmental challenges, we have a responsibility to work with our suppliers on these issues. We also see opportunities to co-create solutions that enhance our business activities and the products and services we deliver to our customers.

Panasonic's suppliers are an integral part of our efforts to become the No. 1 Green Innovation Company in the Electronics Industry, and we have significant business opportunities to collaborate and reduce our supply chain's environmental impacts. Our design and manufacturing teams work with suppliers to share leading technical capabilities and co-create mutually beneficial eco-innovations. We are particularly focused on our recycling-oriented manufacturing, reducing CO₂ emissions, eliminating hazardous substances, and enhancing our green logistics initiatives.

IN ACTION

ECO-VC Activity: Our ECO-VC*¹ Activity, a supply chain program we began in fiscal 2010, focuses on environmentally-conscious efforts in parts and materials procurement. From energy and resource conservation and recycled material use to the development of smaller and lighter components, we receive hundreds of developed activities from our suppliers around the world through this initiative. We select the best and most advanced activities and share them with our global suppliers at our annual Panasonic Excellent Partners Meeting.

Reducing CO₂ Emissions in Logistics: To promote green logistics on a global scale, Panasonic has set the target of reducing its CO₂ emissions by 46% by fiscal 2019 (from fiscal 2006 level) and a midterm goal of reducing its CO₂ emissions per basic unit*² by at least 1% year-on-year for both international and domestic transportation through activities in five major initiatives. In fiscal 2011, our global CO₂ emissions from logistics activities came to 0.87 million tons, of which international transportation accounted for 50% and domestic transportation accounted for 20%. Global CO₂ emissions per basic unit from international and domestic transportation decreased by 2% (compared to the fiscal 2010 level) due to modal shift activities. In fiscal 2012, we plan to collaborate with our logistics partners to expand our ECO-VC Activity to align negative environmental

impacts with cost rationalization, as well as share more results globally.

Green Logistics Seminar in Asia: We developed our Green Logistics Manual as a tool to promote green logistics activities outside of Japan, visualize CO₂ emissions, and offer educational campaigns to promote green logistics activities. In November 2010, we held our first overseas Green Logistics Seminar in Singapore and we plan to hold more logistics seminars at our sites outside of Japan moving forward to promote green logistics globally.



Our Panasonic Excellent Partners Meeting held on November 5, 2010.

OPPORTUNITIES

Looking forward, we will continue to focus on our recycling-oriented manufacturing and partner with our suppliers to increase the use of recycled resources and prevent waste from entering landfills. We will also work with our logistics partners to use more alternative fuels, switch to more efficient transport modes, and create more opportunities for joint transportation. Finally, we will continue to improve our communications and data reporting systems so that we can better inform our suppliers about our requirements and track progress in CO₂, water, waste, and chemical management, as well as other environmental issues in the supply chain.



To learn more about our approach to green logistics, visit: www.panasonic.net/eco/factory/green_logistics

*¹ VC: value creation.

*² CO₂ emissions per transportation weight.

Our People and Communities

We believe that our people are the foundation of our business—we must develop and invest in our people before making products to meet our business goals. We also understand that our local communities are an extension of Panasonic. We are dedicated to sharing our products and expertise to positively impact the communities where we do business.

With more than 360,000 employees around the world, Panasonic requires an integrated approach to understand the needs of our workforce, markets, and communities.

To achieve this, we must evolve from a Japan-oriented company to a globally-oriented organization that provides opportunities for all employees to learn, engage, collaborate across business units and geographies, and reach their full potential.

We must also invest in educating our future leaders and protect our environment through mutually beneficial partnerships with external organizations.

OUR COMMITMENTS

We will provide a business environment that respects our employees' diverse personalities and enables them to maximize their potential.

We will ensure that labor rights are protected, and that all our employees have a safe, comfortable, and healthy work environment.

We will partner with global and local organizations to create safe and sustainable communities where we do business.

OUR OBJECTIVES

To fulfill our commitments, we will pursue the following objectives, goals, and priorities in the near term:

- To recruit and retain more overseas employees and increase the number of women employees in managerial positions
- To continue to employ our health and safety management systems to ensure a working environment that promotes regular health check-ups, support for long working hours, and open communication
- To develop close and mutually advantageous relations with key environmental and education-related organizations to deepen our community impact
- To boost the overseas proportion of our corporate citizenship expenditure to 70% by fiscal 2013

OUR APPROACH

Our approach to ensuring that our employees achieve their full potential is based on three Panasonic management standards: participative management, evaluation based on performance, and respect for employees. This is how we go about making Panasonic a worker-friendly and fulfilling environment. In this section, we discuss:

Global Talent and Diversity

We offer training and professional development opportunities and a personnel rotation program to encourage employees to learn about and contribute to different parts of the company. To promote diversity in our workforce, we institute numerous initiatives to recruit overseas employees to work in Japan, support the advancement of women, and employ people living with disabilities.

 [READ MORE ON PAGE 38](#)

Community Impact Through Collaboration

Our corporate citizenship initiatives focus on the environment and educating the next generation. We partner with several local and global organizations to share our products and expertise and maximize social investment opportunities in the communities where we do business.

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A Business Environment for Success

We not only respect human rights, we also practice labor management based on the laws and regulations, labor practices, and labor-management relations of every country where we do business. We also implement global occupational health and safety initiatives and use a number of tools and resources to ensure their quality and ongoing implementation.

 [READ MORE ON PAGE 40](#)

Global Talent and Diversity

To be successful, we need to develop our global talent and create a corporate culture that encourages diversity and respects differences in perspectives. As Panasonic becomes a globally-oriented company, we will create opportunities for our employees to achieve their full potential and strengthen our diversity initiatives.

Training Our Talent

Developing our talent around the world is as important as ensuring a diverse workforce. As we continue to do more business in key emerging countries, developing all our employees, no matter where they are located in the world, will be integral to our future as a globally-oriented company.

IN ACTION

We provide educational and professional development opportunities, from formal corporate training programs, classes, and workshops to regional skills development seminars. These opportunities help our employees and our business partners enhance their skills in an ever-changing global economy.

Localized Training: We focus our training in emerging countries by providing customized training to our local employees. For instance, in May 2010, to support our growth in the Indian market, we provided our local manager-level marketing employees with training courses in "management philosophy and business policy," "fundamentals of creating products," "logistics and promotions," and "PSI basics." In other emerging countries, we provided marketing training to improve local employees' capabilities and help them increase their sales performance. In addition, we provided training in "management philosophy" to our local and Japanese employees who work in emerging countries.

Talent for Tomorrow: In Europe, we continue to promote Talent for Tomorrow (TfT), a two-year program created by our European Human Resources team that provides opportunities for any member of our European staff below the grade level of manager to be selected to participate in CSR-related projects while improving company knowledge and building important business and managerial skills.



Our Talent for Tomorrow (TfT) program provides opportunities for selected staff members to work on CSR-related projects.

Global Opportunities: Beyond our specialized training and professional development programs, we continue to offer our employees the opportunity to rotate among business segments and manufacturing processes and across different regions.

OPPORTUNITIES

Looking forward, we will continue to strengthen our overseas training and development opportunities and improve our internal collaboration to ensure that best practices are being shared across the newly integrated company.

Promoting Diversity

As a global corporation, we recognize different values and work to create a climate of rich diversity. We also promote a corporate culture in which everyone can participate fully without regard for gender, age, or nationality. We provide executive training and promotion programs that are open to all employees regardless of nationality or position.

IN ACTION

To create a comfortable work environment for overseas employees in Japan, we established the Irimajiro (to mix with each other) community website, and we hold Global Irimajiro Networking meetings for overseas employees and their immediate superiors and colleagues at work.

We have also implemented several initiatives to increase the participation of women in management. These include promoting top-down changes in corporate culture and actively promoting women to executive posts. We also accelerated a telecommuting system and special work arrangements that support both child rearing or nursing care with work to support diversified and flexible work style.

These efforts have produced two overseas executives at Panasonic Corporation, and this fiscal year we appointed the first female executive.

We have consistently employed a higher percentage of employees (in Japan) living with disabilities than the legally mandated level. We have also designed our workplaces to be comfortable and accessible for those with disabilities. We have ensured the placement of parts and materials and adjustments to work surfaces allow those in wheelchairs to work effectively.

OPPORTUNITIES

We understand that to be fully inclusive and on the forefront of global business practices, we need to strengthen our diversity policy and initiatives. Hiring more women and becoming more globally oriented are two key areas of opportunity. Looking forward, we will develop and strengthen our policies and initiatives by collecting data on our progress and activities.



Our employees discuss and learn how to communicate effectively with people from different backgrounds.

A Business Environment for Success

Creating a business environment that enables our people to meet their full potential is vital to our success. We ensure that our business environment is safe and comfortable and promotes wellness. We also support the labor rights of our employees in all regions of the world.

Health, Safety, and Wellness

Through our occupational health and safety management system (OSHMS), we employ our basic policies on health, safety, and wellness throughout our company to provide a working environment that is safe and comfortable.

IN ACTION

Occupational Health and Safety Management System (OSHMS): OSHMS is built to define the roles and responsibilities of safe and healthy activities, and to promote safe and healthy activities systematically through continuous improvement and regular inspections. OSHMS is implemented in all locations of Panasonic Corporation and its key affiliates in Japan. We maintain OSHMS appropriately and are implementing similar initiatives in places outside of Japan to raise standards globally.

Occupational Health and Safety Committee:

We established an Occupational Health and Safety Committee with members from both labor and management at each business location to investigate and deliberate health and safety management issues that affect all employees. The Occupational Health and Safety Council was also established for contractors working on site, and to ensure compliance with health and safety policies and disseminate information, among other activities.

Employee Health Management Policies and Initiatives:

We are implementing initiatives to achieve "greater health for employees" through health management measures for those working long hours, a higher level of worksite communication, and activities to promote and maintain health centered on regular health checkups. Important aspects of health management include activities that promote overall mental and physical health.

OPPORTUNITIES

To provide best-in-class products and services to our customers globally, creating a healthy and safe working environment for our employees is a prerequisite. Looking forward, as we continue to expand our business into global markets, we will maintain our basic principles and standards on occupational health and safety no matter where we operate, but we will also take into account local regulations and customs to adapt our approach.



Panasonic Group employees regularly convene to review our OSHMS and related activities to ensure a safe and healthy work environment.

Labor Relations

We respect the human rights of all people, and we are committed to prohibiting discrimination and forced labor, respecting the freedom to associate and organize, and supporting the right to collective bargaining. We also conduct our recruitment and labor management based on the laws and regulations, labor practices, and labor-management relations of each country, and we regularly engage in direct and transparent dialogues with our unions.

IN ACTION

Overseas Human Resource and Labor

Assessment: In fiscal 2009, we introduced our Overseas Human Resource and Labor Assessment initiative to strengthen compliance with labor and human rights requirements at locations outside of Japan and to bolster labor risk management. A self-administered checklist, based on local labor laws and employment regulations, determines whether locations are following proper labor practices and uncovers potential labor risks. To strengthen these assessments' effectiveness, we provide regular training sessions for our assessors. This program is vital to our objective of expanding our business into key emerging countries.

Labor-Management Engagement: In China, most of Panasonic Group's companies maintain unions or labor associations, and we regularly hold joint labor-management discussions and activities to improve working conditions for our local employees. These interactions have provided us with useful insights about how to partner with our employees. Some of these insights include:

- Holding regular opinion exchange meetings with labor associations
- Conducting satisfaction surveys and interviews
- Providing employees with opinion boxes
- Improving management of overtime work
- Reviewing wage and wage systems
- Improving employee facilities such as cafeterias and shops
- Establishing mutual aid funds
- Hosting mental health seminars and establishing hotlines

OPPORTUNITIES

We believe we continuously have opportunities to enhance our engagement with employees on management decisions and labor-management dialogues. As we continue to expand our business, we will ensure our respect for labor rights and strengthen labor-management dialogues in all places where we operate. Looking forward, we will communicate more fully about how we formalize and implement our labor and human rights policies, how we train our employees on these issues, and how we measure our progress.



Engaging in proactive dialogues with our employees globally is essential for creating a foundation for business growth.

Community Impact Through Collaboration

We focus our corporate citizenship activities on two areas: protecting the environment and educating the next generation. We achieve our goals through strategic partnerships with external organizations, as well as support from our employees.

Protecting the Environment

Panasonic supports activities that promote the ways in which people and communities interact with the environment. We partner with established environmental organizations and support environmental education efforts to cultivate greater awareness of the environmental challenges we face today.

IN ACTION

Panasonic ECO RELAY for Sustainable Earth:

We created a global ECO RELAY activity committee to help organize and support the efforts of our employees around the world in taking specific environmental actions in their local communities. As a global citizen, our commitment to protecting the environment and building a sustainable society for the next generation begins by empowering our employees around the world to take specific environmental actions. In fiscal 2011, with biodiversity as a core theme, 269 business functions and divisions participated in 754 activities in 32 countries and regions. For example, our Panasonic and SANYO teams in Thailand partnered to conserve the local marine wildlife in the Chonburi Province by cleaning and releasing sea turtles to their natural habitat. In total, 430 employees and their family members participated in this activity. Over the course of the activity, volunteers learned about marine turtle biology and cleaned the beach to protect sea turtles from harmful pathogens.

Earth Lunch Hour: On October 6, 2010, we coordinated a 24-hour global event, arranging for Panasonic plants and general participants from around the world to spend their lunchtime in the most eco-conscious way possible. From how they selected and prepared their food to how they cleaned up and disposed of their scraps, all participants were asked to make eco-conscious choices at every moment of their one-hour lunch meal. More than 90 countries participated in this event with more than 400,000 supporters worldwide.

Eco Education Program: One of the newest Panasonic Group members, SANYO, actively offers environmental education on site for elementary school children. The main purpose of this education is to teach children the importance of protecting the environment and using energy wisely. We use the example of our "eneloop" rechargeable battery, which can be reused approximately 1,000 times, to educate children about the concept of reuse. We also use the example of our solar batteries to teach children about the value of energy. From fiscal 2011, with Panasonic and SANYO joining together, based on our concepts of "energy creation," "energy storage," and "energy saving," we have started classes on a trial basis to promote the efficient use of energy. In the future, we aim to provide these educational opportunities to more locations around the world.

OPPORTUNITIES

Looking forward, we will continue to create environmental programs to exemplify our green innovation company and support local requirements through our civic activities. With Panasonic employees joining together in fiscal 2011 to implement our ECO RELAY program, provide environmental education to the next generation, and promote biodiversity conservation, we will go forward as a green innovation company.



Panasonic ECO RELAY for Sustainable Earth supports the efforts of our employees around the world in taking specific environmental actions in their local communities.

Educating the Next Generation

We also want to provide the next generation with the education and support they need to become the model citizens and leaders of tomorrow. As a public entity of society, we are responsible for improving education. To fulfill this responsibility, we partner internally, as well as with various external organizations, to create activities that will maximize our children's capabilities and potential.

IN ACTION

Funding, Scholarships, and Foundation for Education:

Around the world, we have provided funding and scholarships and established foundations to promote education and develop our future global leaders:

- **Panasonic Thailand's Educational Support**

Fund: Since 2007, Panasonic Thailand has provided food services to elementary school children in impoverished regions. We also realized that our primary goal is to support the education of children, and so, starting in fiscal 2011, Panasonic Thailand began to support children not only by continuing food services, but also by providing books, TVs, and mini-home theaters in schools to support their education.

- **Panasonic Scholarship:** Our Panasonic Scholarship aims to develop the future leaders of Asia and promote mutual friendships between their home countries and Japan. We provide scholarships to students from eight countries and regions throughout Asia (China, Indonesia, Malaysia, Philippines, Thailand, Taiwan, Vietnam, and India) to pursue science, technology, and engineering master's courses at universities in Japan. In 2010, 22 students graduated from these programs, bringing our total to 301 participants to date.

- **Panasonic Foundation USA:** Our mission is to raise the academic performance of all students regardless of their race, economic background, or previous abilities. To meet this goal, we established a committee of dedicated advisors to partner with public schools, local school boards, teachers' unions, and other parties to make a ten-year plan to improve the public educational system. Since its establishment, this committee has helped to make considerable achievements with local school boards in 28 school zones and five states throughout the United States.

Panasonic Risupia Vietnam: In September 2010, we established "Panasonic Risupia Vietnam" in Hanoi to provide children in Vietnam with the opportunity to learn more about science and mathematics. The second exhibit of its kind in the world, the purpose of Panasonic Risupia Vietnam is to impact children's "five senses" and spark interest and passion among children in Vietnam in science and mathematics.

Panasonic's Kid Witness News (KWN): KWN is a global education program supported by Panasonic with the aim of boosting creativity and communication skills and fostering teamwork through video production by children at the elementary and secondary school levels. To date, nearly 30 countries and regions and more than 650 schools have participated in this program. In fiscal 2011, two schools that joined KWN entered an environmental film festival held by Vietnam's Environment Ministry and two film projects won prizes. Judges were impressed by film projects that depicted children contributing to environmental conservation efforts by applying their fresh view points and original methods.



Nearly 30 countries and regions and more than 650 schools have participated in Panasonic's Kid Witness News program to date.

OPPORTUNITIES

Looking forward, we will continue to engage with local education partners and experts to improve existing programs, as well as develop new initiatives and opportunities for the next generation of citizens and leaders. We will continue to contribute to local communities by understanding their needs and creating mutual partnerships. As part of our midterm management plan, GT12, we aim to increase the overseas percentage of corporate citizenship expenditures to 70% by fiscal 2013.



To learn more about our corporate citizenship activities, visit: www.panasonic.net/citizenship

Progress Responding to Accidents Involving FF-type Kerosene Heaters

In 2005, five product safety incidents occurred, involving FF-type kerosene heaters we produced from 1985 to 1992, exposing customers to carbon monoxide poisoning that resulted in severe hospitalization and accidental deaths. Panasonic has taken these incidents very seriously and been taking every possible measure and precaution to prevent their reoccurrence.

Following these incidents, we started the investigation, inspection and repair, and recall of the products, as well as making public announcements and various notices to ensure our customers stopped using these potentially harmful products. We have resolved to continue these activities until we find every last unit. Panasonic is grateful to everyone involved for their support and cooperation with these activities.

IN ACTION

In fiscal 2011, led by the staff of the Corporate FF Customer Support & Management Division*, local search activities were conducted to find products that had not yet been located, to step up the recovery of products from customers who had their

units inspected or repaired in the past, and to inspect products before the winter arrived. The local search activities focused on the following:

- 1 Surveys of stores that handled products
- 2 Additional surveys of the register of unknown owners
- 3 Door-to-door surveys in specified regions with many elderly citizens

We also continued to run announcements, particularly at the beginning and the end of the winter, which included nationwide TV commercials, newspaper inserts, and notices in other media outlets.

In fiscal 2011, we added 1,103 units to our list of products sold, of which 229 units were still in use and 874 units were discarded. In total, 114,800 units were recorded, bringing the percentage of total units assessed to 75.5% as of March 31, 2011.

We are still finding products every month, some of which customers have continued to use un-repaired and without realizing their potential harm. With the help and cooperation of those involved, we will continue our search activities until we find every last unit.

* We changed the name of our special committee in 2006 to the Corporate FF Customer Support & Management Division to solidify its long-term position within the company.

Fair Trade Compliance

The Company entered into plea agreements with the United States Department of Justice (in September 2010) and the Canadian Competition Bureau (in October 2010), and paid fines to resolve claims that its household refrigerator compressor business unit engaged in cartel activity.

In order to assure that no further cartel activity will occur, the Company has enhanced its long-standing antitrust compliance policy by implementing a global compliance program specifically designed to prevent cartels. In 2008, the Company introduced "Rules Concerning Activity and Relationship with Competitors" to clearly set forth the rules employees must follow when contacting competitors. It also implemented a prior approval system, which requires directors and employees to obtain prior approval from their Division Directors and Legal Managers

before contacting competitors. In 2009, it further strengthened the Rules to tighten the procedures for prior approval applicable to employees in divisions with high risks such as sales and marketing, introduced an in-house leniency system to encourage employees with knowledge of possible cartel activity to disclose the relevant facts to management, and conducted extensive training and education focusing on management level employees.

Taking the plea agreement very seriously, in 2010, Panasonic top management sent a message to all employees requiring them to uncover and eliminate any remaining cartel activity and it simultaneously reinforced the prior approval system.

In 2011, the top management will again strongly restate that it is the company's policy not to engage in cartel activities.

Performance Indicators

This table summarizes our results, organized by our core business activities of delivering products to our customers, minimizing our operation's and our supply chain's impacts, and building productive relationships with our people and local communities. For more information about our environmental performance, including detailed explanations of the scope (e.g., areas covered) of the data and the methodologies used to determine the data, view our 'eco ideas' Report 2011.

KEY: Economic Environmental Social

OUR CUSTOMERS	FY2007	FY2008	FY2009	FY2010	FY2011
Overseas Sales Percentage	49%	50%	47%	46%	48%
Sales in Emerging Countries (billion yen)* ¹	N/A	N/A	N/A	N/A	505.1

OUR OPERATIONS	FY2007	FY2008	FY2009	FY2010	FY2011
CO ₂ Emissions in Production Activities (ten thousand tons)* ²	464	473	423	394	400
Emissions of GHG other than CO ₂ in Production Activities (CO ₂ -equivalent) (ten thousand GWP tons-CO ₂)* ³	38	30	20	17	14
CO ₂ Emissions from Non-Manufacturing Sites (company-owned office buildings in Japan) (ten thousand tons)* ⁴	N/A	18.7	17.7	16.8	17.1

OUR SUPPLY CHAIN	FY2007	FY2008	FY2009	FY2010	FY2011
ECO-VC Activities Proposed by Suppliers* ⁵	N/A	N/A	N/A	512	668

OUR PEOPLE AND COMMUNITIES	FY2007	FY2008	FY2009	FY2010	FY2011
Percentage of Women in Positions of Responsibility (as of April in each fiscal year)* ⁶	4.0%	4.2%	4.5%	4.7%	5.1%
Number of Women in Managerial Positions (as of April in each fiscal year)* ⁷	108	131	169	209	236
Percentage of Locally Hired Company Presidents of Overseas Companies	N/A	25%	25%	24%	24%
Disabled Hiring Rate* ⁸	2.10%	2.10%	2.05%	2.00%	2.05%
Number of Employees Working at Home* ^{8, *9}	N/A	3,000	5,000	5,500	7,000
Incidence Rate of Work-Related Accidents (accidents/one million working hours)* ⁸	0.11	0.05	0.12	0.08	0.12
Time-lost due to Work-Related Accidents (days)* ⁸	584	368	4,269	1,773	245
Severity Rate of Accidents (proportion of time-lost per thousand hours of total working hours)* ⁸	0.005	0.003	0.039	0.014	0.002
Overseas Percentage of Corporate Citizenship Expenditure	N/A	21%	46%	49%	55%

GREEN INDEXES		RESULTS	TARGETS			
		FY2011	FY2012	FY2013	FY2019	
Contribution to reducing CO ₂ emissions	Size of contribution in reducing CO ₂ emissions	35.18 million tons	37.00 million tons	50.00 million tons	• Increase the size of contribution in reducing CO ₂ emissions to 120 million tons • Make net CO ₂ emissions peak and decline thereafter (emissions from production activities and product use)	Be industry No. 1 as a whole
	Products	33.07 million tons	35.00 million tons	48.30 million tons		
	Energy saving	31.17 million tons	32.00 million tons	45.00 million tons		
	Energy creation	1.90 million tons	3.00 million tons	3.30 million tons		
	Production activities	2.11 million tons	2.00 million tons	1.70 million tons		
Contribution to recycling resources	Total recycled resources used/ Total resources used	13.6%	>12% in FY2013		>16%	
	Waste recycling rate	97.4%	98.5%	≥99%	≥99.5%	
Size of Energy Systems business		¥550.8 billion	¥850 billion in FY2013		¥3 trillion or more	
Percentage of sales for No.1 eco-conscious products		Approx 10%	30% in FY2019 (double FY2010 level)			

NOTES TO DATA

*1 Panasonic sales in consumer and system in emerging countries: BRICs + V (Brazil, Russia, India, China, and Vietnam) and MINTS + B (Mexico, Indonesia, Nigeria, Turkey, Saudi Arabia, and the Balkans).

*2 Factors related to fuels are based on the Guideline for Calculating Greenhouse Gas Emissions (version 2.2) published by the Ministry of the Environment, Japan. The factor for electricity purchased in Japan is set at 0.410 kg CO₂/kWh. This factor is also used for electricity purchased by PPS (Power Producer and Supplier). The GHG Protocol's CO₂ emissions factors for each country are used for electricity purchased outside Japan.

*3 GWP (Global Warming Potential): a measure to describe the greenhouse gas impact in CO₂ equivalency.

*4 Scope of the data: non-manufacturing sites with 100 or more employees. CO₂ emissions factor used for electricity purchased: 0.410 kg CO₂/kWh.

*5 ECO-VC Activity started in fiscal 2010.

*6 Positions of responsibility include positions such as coordinator or councilor. This figure is for Panasonic Corporation and its key domestic affiliates (excluding Panasonic Electric Works Co., Ltd. and SANYO Electric Co., Ltd.).

*7 Managerial position is defined as section leader or higher. This figure is for Panasonic Corporation and its key domestic affiliates (excluding Panasonic Electric Works Co., Ltd. and SANYO Electric Co., Ltd.).

*8 Total for Panasonic Corporation and its key domestic affiliates (excluding Panasonic Electric Works Co., Ltd. and SANYO Electric Co., Ltd.).

*9 Working at Home program started in fiscal 2008.

GRI Content Index

This report is aligned with the GRI G3 Sustainability Reporting Guidelines. The GRI promotes a standardized approach to sustainability reporting and the G3 guidelines provide the framework for this approach. We self-declare our reporting to be Application Level B. For a detailed explanation of the GRI reporting guidelines, visit: www.globalreporting.org

STANDARD DISCLOSURES PART I: Profile Disclosures			Location and Notes
Strategy and Analysis	1.1	Message from our President	2
	1.2	Key impacts, risks, and opportunities	4–9
Organizational Profile	2.1–2.7	Organizational profile	Inside front cover
	2.8–2.9	Reporting scale and changes to organization	1
	2.10	Awards received in the reporting period	Back cover
Report Parameters	3.1–3.3, 3.6–3.8	Reporting parameters	1
	3.4	Contact point	Back cover
	3.5	Process for defining report content	1, 6
	3.9	Data measurement techniques	We have used data measurement techniques consistent with global standards. More information on specific measurements and calculations is included in the performance indicator section and in our other annual reports.
	3.10–3.11	Significant changes or re-statements from previous reporting periods	45–46
	3.12	Standard report disclosure	47–49
	3.13	External assurance policy and practice	1
	3.14	External assurance scope and coverage	1
Governance, Commitments and Engagement	4.1–4.7, 4.9–4.10	Corporate governance structure, policies, and arrangements	7, www.panasonic.net/corporate/governance
	4.8	Statements of mission or values, codes of conduct, and principles	4, 7, www.panasonic.net/corporate/governance
	4.11	Precautionary approach or principle	7, 29–30
	4.12	Endorsement of externally developed charters and principles	7
	4.13	Memberships in associations and advocacy organizations	We exercise leadership in the Nippon Keidanren, Japan Electronics and Information Technology Industries Association, CSR Europe, Japan Business Council in Europe, and Business for Social Responsibility.
	4.14	List of stakeholder groups engaged by the organization	8-9, 27-28, 38, 41. We do not provide a full list.
	4.15–4.17	Stakeholder engagement	8–9
	4.18	Stakeholder engagement process	8–9

STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMA)			Location and Notes
DMA	Economic	Economic performance and market presence	Inside front cover, 45-46
		Indirect economic impacts	3, 4, 8
	Environment	Materials	25–26, 'eco ideas' Report
		Energy	'eco ideas' Report
		Water	26, 'eco ideas' Report
		Biodiversity	28, 'eco ideas' Report
		Emissions, effluents and waste	24–27, 'eco ideas' Report
		Products and services	14–18, 'eco ideas' Report
		Compliance	7, 19, 'eco ideas' Report
		Transport	35, 'eco ideas' Report
		Overall	4–5, 'eco ideas' Report
	Labor	Employment	38–39
		Labor/management relations	41
		Occupational health and safety	40
		Training and education	38
		Diversity and equal opportunity	39

DMA	Human Rights	Investment and procurement practices	34
		Non-discrimination	39
		Freedom of association and collective bargaining	41
		Child labor and forced and compulsory labor	41
		Security practices	31
		Indigenous rights	Not available
	Society	Community	42–43
		Corruption	7
		Public policy	8
		Anti-competitive behavior	30, 44
		Compliance	7
	Product Responsibility	Customer health and safety	19, 44
		Product and service labeling and marketing communications	19
		Customer privacy	31
		Compliance	7, 19

STANDARD DISCLOSURES PART III: Performance Indicators				Location and Notes
Economic	EC1	Direct economic value generated and distributed		Inside front cover, 45–46, Annual Report
	EC2	Financial implications and other risks due to climate change		'eco ideas' Report, Carbon Disclosure Project (CDP) investor response (visit www.cdproject.net to view Panasonic's past CDP responses)
	EC3	Coverage of the organization's defined benefit plan obligations		Annual Security Report (in Japanese only)
	EC4	Financial assistance received from government		Not applicable
	EC6	Policy, practices, and proportion of spending on locally-based suppliers		We publicize our supplier selection, procurement policies and expectations, and openly recruit suppliers from around the world. The proportion of spending on locally-based suppliers is not available.
	EC7	Local hiring and proportion of management from the local community		46
	EC8	Infrastructure investments provided primarily for public benefit		www.panasonic.net/citizenship
	EC9	Descriptions of significant indirect economic impacts		www.panasonic.net/citizenship
Environmental	EN1	Materials used by weight or volume		'eco ideas' Report
	EN2	Percentage of materials used that are recycled input materials		'eco ideas' Report
	EN3–EN4	Direct and indirect energy consumption by primary source		'eco ideas' Report
	EN5	Energy saved due to conservation and efficiency improvements		22–24, 'eco ideas' Report
	EN6	Initiatives for energy-efficient or renewable energy based products		14–18, 'eco ideas' Report
	EN7	Initiatives for indirect energy consumption reductions		35, 'eco ideas' Report
	EN8	Water withdrawal by source		'eco ideas' Report. Source not provided.
	EN10	Water recycled and reused		26, 'eco ideas' Report
	EN11	Location and size of land in areas of high biodiversity value		www.panasonic.net/eco/communication/biodiversity
	EN12–EN14	Approach to biodiversity		28, 'eco ideas' Report
	EN16–EN18	Greenhouse gas emissions by weight		45–46, 'eco ideas' Report
	EN18	Initiatives for greenhouse gas emissions reductions		22–24, 'eco ideas' Report
	EN19	Emissions of ozone-depleting substances by weight		www.panasonic.net/eco/products/chemical_substance
	EN20	NOx, SOx, and other significant air emissions by type and weight		'eco ideas' Report
	EN21	Water discharge by quality and destination		'eco ideas' Report. Quality and destination not provided.
	EN22	Waste by type and disposal method		'eco ideas' Report. Type and disposal method not provided.
	EN23	Significant spills		www.panasonic.net/eco/factory/factory_environment
	EN26	Initiatives to mitigate environmental impacts of products		14–18, 'eco ideas' Report
	EN27	Percentage of products sold and their packaging materials reclaimed		www.panasonic.net/eco/products/resource_conservation
	EN28	Significant fines and non-monetary sanctions for non-compliance		www.panasonic.net/eco/factory/factory_environment
	EN29	Environmental impacts of transporting products		35, 45–46, 'eco ideas' Report
	EN30	Environmental protection expenditures and investments by type		www.panasonic.net/eco/vision/env_accounting

Labor Practices and Decent Work	LA1	Workforce by employment type, employment contract, and region	Inside front cover. We provide a breakdown of our workforce by region.
	LA2	Employee turnover by age group, gender, and region	Not available
	LA4–LA5	Collective bargaining agreements and minimum notice period(s)	We exercise employment and labor management on a global basis while taking into account the laws, labor practices, and labor-management relations in each country. We also take a corporate-wide approach by complying with the basic principles of labor and global diversity policies.
	LA6	Workforce represented in formal joint management–worker health and safety committees	41
	LA7	Injury, occupational diseases, lost days, absenteeism, and work-related fatalities	40, 45–46
	LA8	Programs for serious diseases	40
	LA9	Health and safety topics covered in formal agreements with trade unions	41
	LA10	Employee training	Our employee training program consists of a common global program for the entire organization as well as unique programs for domain companies and regional headquarters. We do not tabulate the total figures on a global level.
	LA11	Programs for skills management and lifelong learning	38
	LA12	Regular performance and career development reviews	We evaluate skills continuously and provide opportunities for employees to switch activities to refine their skills.
	LA13	Composition of governance bodies and breakdown of employees	We do not provide a full breakdown of employees by category.
	LA14	Basic salary of men to women	We have historically adopted the “wage by job” system. Our reward structure does not discriminate by gender.
Human Rights	HR1	Investment agreements that include human rights clauses	7. Percentage is not provided.
	HR2	Suppliers and contractors that have undergone screening on human rights	34. Percentage is not provided.
	HR4	Incidents of discrimination	39. We do not provide a total number of incidents.
	HR5–HR7	Freedom of association, collective bargaining, child labor and forced or compulsory labor	41
Society	SO1	Practices that assess impacts of operations on communities	22–28
	SO2	Business units analyzed for risks related to corruption	7, 29–30, www.panasonic.net/csr/one/glo/index.html
	SO3	Anti-corruption policies and procedures	7, 29–30
	SO4	Actions taken in response to incidents of corruption	7, 29–30
	SO5	Public policy engagement	By exercising leadership in the Nippon Keidanren, Japan Electronics and Information Technology Industries Association, CSR Europe, and Japan Business Council in Europe, we participate in developing public policies.
	SO8	Significant fines and non-monetary sanctions for non-compliance	Violations are reported through our annual reports and press releases.
Product Responsibility	PR1	Assessment of health and safety impacts of products	19. Percentage is not provided.
	PR3	Type of product and service information required by procedures	19, www.panasonic.net/eco/products/greening
	PR5	Customer satisfaction	8, 12–13
	PR6	Marketing communications	19, www.panasonic.net/csr/one/advertisement/index.html
	PR9	Significant fines and non-monetary sanctions for non-compliance	Not available



Global Recognition for Panasonic's CSR Activities



Global 100

Panasonic received a number of global sustainability recognitions and awards in fiscal 2011, including selection into the Dow Jones Sustainability World Indexes, the FTSE4Good Global Indexes, and the Global 100 Most Sustainable Corporations in the World list. Panasonic also received the Sustainable Asset Management Gold Class distinction. To learn more about our recognitions from outside the company, visit: www.panasonic.net/csr/recognition.

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