

Sustainability Leaflet 2012

Panasonic Corporation

eco
ideas



Panasonic
ideas for life

Top Message

The Great East Japan Earthquake, as well as the floods in Thailand which occurred just 4 months later, once again served as a strong reminder to us of the importance of having in place in society a solid system for disaster-readiness. What is more, if we look at what is happening around the world, we find that as emerging countries are achieving spectacular development, we are also facing more serious problems, such as depleting resources and energy, shortages of food and water, and a reduction in biodiversity. The situation surrounding us is changing daily, even hourly, and we have to accelerate our activities more than ever before in order to achieve sustainable development throughout all of society.

With all of these challenges which the global community faces, Panasonic is now moving forward with a Group vision to become the No.1 Green Innovation Company in the Electronics Industry looking to 2018, the 100th anniversary of our founding. Wishing to realize this vision, we want to integrate our environmental contribution with our business growth and thereby accomplish our goal of creating a situation where "The more we contribute to the environment, the more our business will grow." To put it another way, we need to take up the challenge and prove wrong the conventional rule which states: "To improve people's lives, there is no other way than to have an increase in consumption." To that end, we will make value proposals by providing energy solutions for the entire home, building, and town, focusing on energy creation, energy storage, energy saving and energy management, and at the same time, we will offer green lifestyles which are sustainable and which provide people around the world with safety, a sense of security, and comfort. In this way, we want to bring about green innovation which begins with our everyday lives.

Although the fiscal year which ended March 31, 2012 was the 2nd year of our 3-year midterm management plan, Green Transformation 2012 (GT12), which was devised to help us realize our corporate vision, we suffered our largest-ever net loss and are facing the biggest crisis in our history. But on the other hand, we were able to set the foundation to reach our goal of becoming a Green Innovation Company, as for instance, in the launching of our new business organization in January 2012. Our new initiatives, such as those for reducing CO₂ emissions, promoting recycling-oriented manufacturing, and product planning tailored to individual regions around the world, have been showing steady results.

Under our new business organization, we will create new lifestyle value in a comprehensive manner by taking full advantage of the individuality and abilities of our employees all around the world, and as a result of our making a contribution to society, we will overcome our difficulties and improve our financial performance. Moving forward, Panasonic will continue to cooperate with all of its stakeholders, listen sincerely to their voices, and fulfill its mission as a public entity of society, a mission that has remained unchanged since our foundation.

Panasonic Corporation
Chairman
Fumio Ohtsubo

F. Ohtsubo



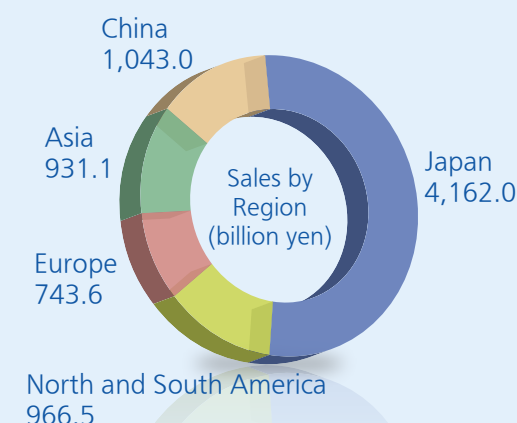
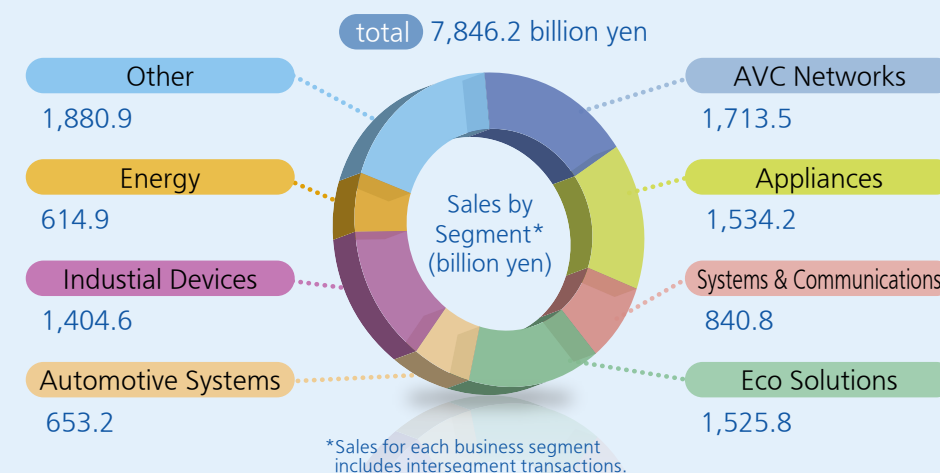
Panasonic Corporation
President
Kazuhiro Tsuga

K. Tsuga

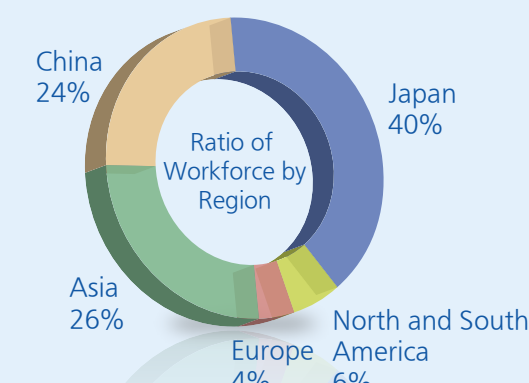


Consolidated Financial Results for Fiscal 2012 ended March 31, 2012

Net Sales : 7,846.2 billion yen (vs. FY11 90%)
Operating profit : 43.7 billion yen (vs. FY11 14%)
Net income attributable to Panasonic Corporation : -772.2 billion yen (vs. FY11 —)



Number of Employees: 330,767 persons
(End of March 2012)



Recognition from Outside the Company



Panasonic has been selected for the Dow Jones Sustainability World Indexes (DJSI World) for 7 consecutive years.



Panasonic has been awarded "SAM Gold Class" for 4 consecutive years by S&P (Sustainable Asset Management).



Panasonic has been selected for the FTSE4Good Global Indexes for 12 consecutive years.

Nikkei's Environmental Management Survey

Panasonic was ranked top for the third consecutive year in the 15th Nikkei Environmental Management Survey.



The 'eco ideas' Report 2011 and Sustainability Report 2011 won Grand Prize for Environmental Reporting (Prize of the Minister of the Environment) for the second consecutive year.



London Blackfriars Station

Networkrail/Solarcentury (redevelop/image CG)

Aiming to Become the No. 1 Green Innovation Company in the Electronics Industry

Panasonic aims to be the No.1 Green Innovation Company in the Electronics Industry in 2018, the 100th anniversary of our founding.

We will make the 'environment' central to all of our business activities and take the lead in promoting the 'Green Revolution' which is taking place around the world for the next generation. Specifically, we will work to realize our vision with these two 'innovations.'

Green Life Innovation

We will offer better living which provides people around the world with a sense of security, comfort and joy in a sustainable way. For example,

- Living with virtually zero CO₂ emissions for the entire home and building.
- Living surrounded by recycling-oriented products.
- Living which sees the evolution and spread of eco cars.

We will realize this green life by creating innovative businesses, products and services one after the other, and offer them throughout the community.

Panasonic's contribution to a sustainable society

As a first step toward becoming the No. 1 Green Innovation Company in the Electronics Industry, we implemented the 2010 – 2012 mid-term plan GT12, which includes three paradigm shifts, "from existing businesses to energy and other new business fields," "from Japan oriented to always globally oriented," and "from individual product oriented to solutions and systems oriented." This is how we will work towards creating a Panasonic filled with significant growth potential and contributing to a sustainable, affluent society.

Contributing to safe and secure living

Panasonic's solutions business contributes to the achievement of safe and secure living. The Fujisawa Sustainable Smart Town, scheduled to open by the end of fiscal 2014, will have efficient energy usage, crime prevention services, network-based health-care management, support for government and financial services, and other features that form a total solution for a safe and secure life.

Participating in an international project for responsible minerals sourcing

Some minerals used in electronic devices—such as tin and tantalum—are feared to be a source of funding for rebel organizations involved in human rights violations, corruption, and other crimes in conflict regions of Africa, and there is a global movement to stop their use. Panasonic is participating in an international project led by organizations such as the Organization for Economic Cooperation and Development (OECD) and the United Nations, with participation by businesses and NGOs to implement responsible procurement along the supply chain.

Vision Looking to the 100th Anniversary of Our Founding

No. 1 Green Innovation Company in the Electronics Industry

Make the "environment" central to all our business activities and bring forth innovation

Green Life Innovation

Realizing Green Lifestyles to Enrich People's Lives

Offer better living which is sustainable and which provides people around the world with a sense of security, comfort and joy

- Living with Virtually Zero CO₂ Emissions for the Entire Home and the Entire Building
- Living Surrounded by Recycling-oriented Products
- Evolution and Expansion of Eco-cars
- Wider Use of Eco-conscious Products in Emerging Countries

Green Business Innovation

Implementing & Offering an Optimum Green Business-style

Pursue Ideal Manufacturing Operations
Zero Cost, Zero Time,
Zero Inventory + Zero Emissions

- Minimizing CO₂ Emissions in the Entire Business Process
- Pursue a Green Work-style
- Recycling-oriented Manufacturing
- Offering Environmental Solutions Which Make the Most of Our Own Expertise

Green Business Innovation

There is the concept that the ideal goal of a manufacturer is to realize 'Zero cost, Zero time, and Zero inventory.' Zero represents the ideal, and our aim is to get as close to this ideal as we possibly can. We will add 'zero emissions,' in other words, zero emissions of CO₂ and other wastes are to be considered equal in importance to the other 'zeroes.' For example,

- We will minimize the amount of CO₂ emissions throughout the entire business process.
- We will implement recycling-oriented manufacturing which generates minimum waste.
- This know-how will be offered to and shared with the public.

Contributing to the efficient and optimum use of energy

Panasonic is committed to developing energy creation, storage, and saving through its solar business, lithium-ion batteries, energy efficient home appliances, and other products and solutions, and through an energy management system that can combine all these elements for the entire house, entire building, and entire town, and thus, we will achieve the most efficient and comfortable use of energy.

Contributing to better living all over the world

To contribute to better living all over the world, we must provide products and services that are customer-oriented and that fit in seamlessly with local customs and society. Panasonic has increased its lifestyle research activities in emerging markets and is putting much effort into the development of products that match the lifestyles of the local people.



(TOKYO SKYTREE® Overview)
Operating body: TOBU RAILWAY CO., LTD.
TOBU TOWER SKYTREE CO., LTD.
Design and supervision: Nikken Sekkei Ltd.
Construction work: OBAYASHI CORPORATION
Lighting equipment work: Denki Kogyo Co., Ltd.
Lighting consultant: Sirius Lighting Office Inc.
(Design and simulation)

©TOKYO-SKYTREE
*The tower is a CG illustration.

Photos: ① 4,410 Panasonic solar battery modules which will be installed at a station in London (artist rendition) ② Fujisawa Sustainable Smart Town (artist rendition) ③ Panasonic rice cooker that cooks rice and a side-dish simultaneously. Comes with special recipes created specifically for Costa Rican tastes and is very popular ④ Panasonic employees using their professional skills to make pro bono contribution to NGOs in developing countries ⑤ TOKYO SKYTREE® using Panasonic LED lights ⑥ Energy efficiency technology developed for home appliances is applied to vehicle on-board systems and contributes to spread of electric vehicle ⑦ Glass wool from reclaimed cathode-ray tubes, and the engineer who developed it ⑧ Audio-visual education using electricity produced by Life Innovation Container ⑨ The space design exhibition using LED light bulbs and organic EL panels was a bright spot in the Milano Salone (Photo: LED lights exhibited in Milano) ⑩ Eco Picture Diary global contest awards ceremony at UNESCO headquarters in Paris ⑪ Kasai Green Energy Park, where we engage in comprehensive energy management by controlling energy production, storage, and conservation ⑫ Panasonic binocular 3D camcorder used on the space shuttle



Launch of “Resources Recycling-oriented Products” series

Panasonic is putting its weight into Recycling-oriented Manufacturing, which makes careful use of limited resources. In 2012, we launched the “Resources Recycling-oriented Products” series (refrigerators, washing/drying machines, vacuum cleaners, and rice cookers) that incorporate recycled resources. The refrigerators use insulation material made from glass wool, which has been recovered from CRT television tubes, while the washing/drying machines, rice cookers, and vacuum cleaners use plastic recovered from air conditioners and other products. Technological developments have finally allowed us to use recycled plastic for parts that must be heat resistant and non-combustible and for external parts as well—which has been difficult up to now—giving it a longer useful life.



^{*1} Ratio of recycled material used in glass wool for vacuum insulation material.

^{*2} Ratio of recycled plastic (containing at least 80% recycled materials) within the plastic components used in the product.

^{*3} Ratio of recycled plastic (containing at least 65% recycled materials) within the plastic components used in the product's body.

^{*4} Ratio of recycled plastic (containing at least 89% recycled materials) within the plastic components used in the product's body.

Using sunlight to deliver electric power to villages for the first time

The Life Innovation Container is a stand-alone power system equipped with solar panels and rechargeable batteries. It was developed to deliver electricity to areas without access to electricity throughout the globe and thus contribute to a better standard of living and the creation of a sustainable society. In October 2011, Panasonic donated the container, a TV, a DVD player and a refrigerator to the Millennium Village of Mbola, Tanzania, through Millennium Promise, an NPO dedicated to ending extreme poverty and working towards the achievement of the United Nations Millennium Development Goals. The container was set up near the elementary school where the children used the power generated by the container to receive audiovisual education provided by the TV and the DVD player. It is also being used for mobile phone charging business.



Stakeholders Round Table

Panasonic holds regular discussions with its stakeholders on a variety of topics to inform them about our CSR activities and to hear their opinions about how we can improve these activities. For example, in Europe in fiscal 2012 Panasonic held two round tables to find out what companies like Panasonic can do to contribute to the development of a sustainable society. These round tables were attended by public groups like government agencies, local municipalities, NGOs, and consumer groups, while Panasonic was represented by managing executives such as Panasonic's Managing Executive Officer, Regional head for Europe and CIS Laurent Abadie, and the head of the Environmental Affairs Group in Europe. The discussion ranged from how to shift to renewable energy to how Panasonic can contribute to the creation of smart cities. Panasonic Europe plans to have follow-up meetings with the participants to probe deeper into these topics.

LED light bulbs contribute to energy conservation in Europe

In Europe where environmental awareness is high, incandescent light bulbs are being gradually phased out. Panasonic's “Nostalgic Clear” LED light bulb, which went on sale in Europe in July 2011, has the same size, shape, light-source position, color, and brightness of an incandescent bulb, and with Panasonic's proprietary light diffusion and heat radiation technology, it produces the same scintillating illumination of clear light bulbs. This has made them quite popular. Panasonic will continue to adapt to the lifestyles of our customers worldwide and offer lighting that is both comfortable and ecological, and contributes to energy conservation in all regions of the world.



Award winning “Nostalgic Clear” LED light bulb

Creating secure work places globally

Panasonic has introduced the Overseas Occupational Health and Safety Assessment to ensure occupational health and safety globally. This assessment is an adaptation of the highly refined Occupational Health and Safety Assessment used in Japan, adjusted to accommodate local laws outside Japan. An Occupational Health and Safety Officer from the parent domain company in Japan or from another site will visit each manufacturing site and verify that health and safety PDCA (Plan, Do, Check, Act) is being properly managed. Up through fiscal 2012, China was addressed as an important region, and an occupational health and safety management system was established with the involvement of top management, and other measures were implemented as well, such as equipment improvements to prevent accidents, and improved work procedures and training for workers.



Occupational Health and Safety Assessment in China

Disaster Resistant Manufacturing

Both the Great East Japan Earthquake and the floods in Thailand damaged Panasonic factories and created problems for many of our customers. We are learning from these experiences and are currently improving our business continuity management (BCM).

For example, at our factory in Fukushima Prefecture we updated our business continuity plan to include reinforcing the building, anchoring equipment to prevent it from falling over, and treating the windows so that the glass will not scatter when broken, among other measures. In procurement of important parts, we have adopted a policy of using multiple parts manufacturers located in different regions. We will apply this knowledge to other locations as well. With climate change, we can also expect more frequent flooding and other natural disasters, and an increase in their scale, and so we are in the process of re-assessing the threat of natural disaster in regions throughout the world.



Performance Indicators

Our Customers		FY2008	FY2009	FY2010	FY2011	FY2012
Overseas Sales Percentage		50%	47%	46%	48%	47%
Our Operations		FY2008	FY2009	FY2010	FY2011	FY2012
CO ₂ Emissions in Production Activities (ten thousand tons) ¹		473	423	394	400	356
Emissions of GHG other than CO ₂ in Production Activities (CO ₂ -equivalent) (ten thousand tons) ²		30	20	17	14	12
CO ₂ Emissions from Non-Manufacturing Sites (self-owned office buildings in Japan) (ten thousand tons) ³		20.9	19.9	18.9	19.2	18.0
Our Supply Chain		FY2008	FY2009	FY2010	FY2011	FY2012
ECO-VC Activities Proposed by Suppliers ⁴		N/A	N/A	512	668	901
Our People and Communities		FY2008	FY2009	FY2010	FY2011	FY2012
Percentage of Women in Positions of Responsibility (as of April in each fiscal year) ⁵		4.2%	4.5%	4.7%	5.1%	5.4%
Number of Women in Managerial Positions (as of April in each fiscal year) ⁶		131	169	209	236	258
Percentage of Locally Hired Company Presidents of Overseas Companies		25%	25%	24%	24%	29%
Disabled Hiring Rate ⁷		2.10%	2.05%	2.00%	2.05%	2.07%
Number of Employees Working at Home ⁷		3,000	5,000	5,500	7,000	7,000
Incidence Rate of Work-Related Accidents (accidents/one million working hours) ⁷		0.05	0.12	0.08	0.12	0.15
Time-lost due to Work-Related Accidents (days) ⁷		368	4,269	1,773	245	732
Severity Rate of Accidents (proportion of time-lost per thousand hours of total working hours) ⁷		0.003	0.039	0.014	0.002	0.006
Overseas Percentage of Corporate Citizenship Expenditure		21%	46%	49%	55%	54%

1. The factors related to fuels are based on the Guidelines for Calculation of Greenhouse Gas Emissions (version 2.2) published by the Japanese Ministry of the Environment. The CO₂ emission factor for electricity purchased in Japan (kg-CO₂/kWh) is fixed at 0.410. The factors above are also used for electricity purchased from power producers and suppliers (PPS). The GHG Protocol factors for each country are used for electricity purchased outside Japan.

2. Emissions of each gas were converted into CO₂ emissions using the Global Warming Potentials.

3. Scope of the data: Non-manufacturing sites with 100 or more employees. CO₂ emission factor used for electricity purchased: 0.410kg-CO₂/kWh.

4. ECO-VC Activity started in fiscal 2010.

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

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

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

Green Indexes

Items and Details		Results	Targets			
		FY2012	FY2012	FY2013	FY2019	
Contribution to reducing CO ₂ emissions	Size of contribution in reducing CO ₂ emissions*	40.37 million tons	37.00 million tons	41.00 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	37.87 million tons	35.00 million tons	38.45 million tons		
	Energy saving	35.05 million tons	32.00 million tons	34.85 million tons		
	Energy creation	2.82 million tons	3.00 million tons	3.60 million tons		
	Production activities	2.50 million tons	2.00 million tons	2.55 million tons		
Contribution to recycling resources	Total recycled resources used/Total resources used	14.7%	>12% in FY2013		>16%	
	Waste recycling rate	98.9%	98.5%	≥99%	≥99.5%	
Size of Energy Systems Business		¥519.3 billion	¥850 billion in FY2013		¥3 trillion or more	
Percentage of sales for No.1 eco-conscious products		Approx 13%	30% in FY2019 (Double FY2010 level)			

* Affected by restructuring of the TV business that has major influence on CO₂ reduction per unit, the FY2013 target in CO₂ reduction contribution has been revised. For a full description of how we define the size of contribution in reducing CO₂ emissions, see page 11 of 'eco ideas' Report 2012.

Online Reports

Detailed reports about Panasonic's CSR activities can be found on the Panasonic website at the following URL.

CSR Website

<http://panasonic.net/csr/>



Sustainability Report (PDF)



'eco ideas' Report (PDF)

The 'eco ideas' Report 2012 can be found on the Environmental Activities section of Panasonic's website.

Environmental Activities
<http://panasonic.net/eco/>



Annual Report (PDF)

Report for fiscal year ended March 2012 can be found on the IR Information section of Panasonic's website.

IR Information
<http://panasonic.net/ir/>