

Sustainability Report 2011 (Digest)

Panasonic Corporation

eco
ideas



Full CSR Report

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

Panasonic
ideas for life

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

GREEN INNOVATION

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 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

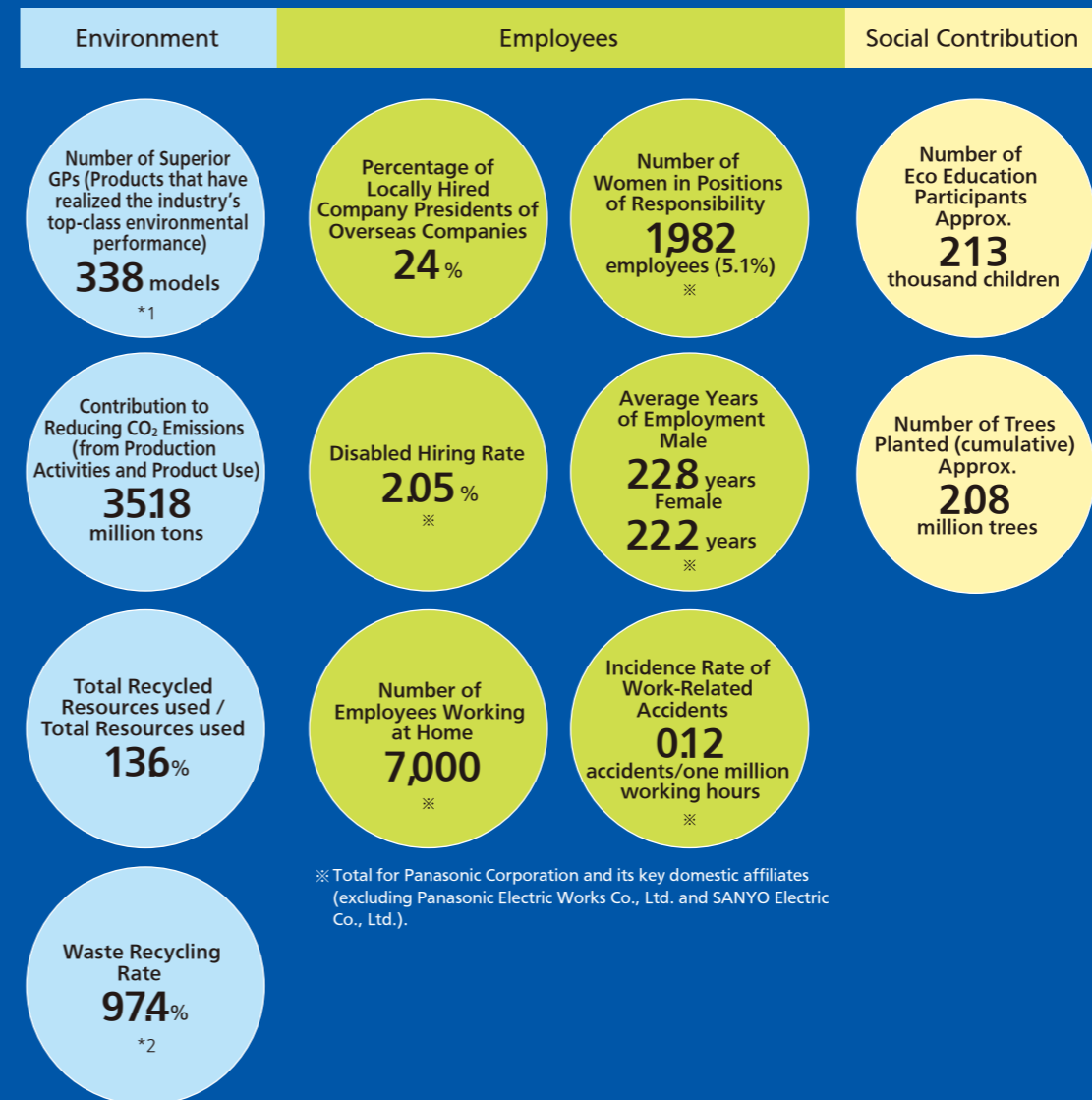
F. Ohtsubo



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Panasonic CSR in Numbers (FY2011)



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

*1 Accredited by Panasonic's Green Products assessment criteria

*2 Recycling rate = Amount of resources recycled / (Amount of resources recycled + Amount of final disposal)



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



Panasonic and Sustainability



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,

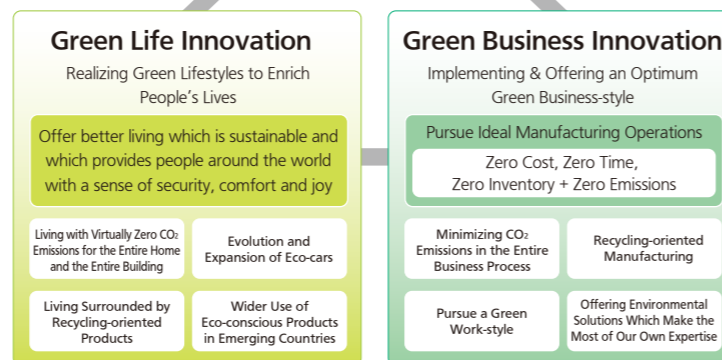
- Living with virtually zero CO₂ emissions for the entire home and building.
- Living surrounded by recycling-oriented products.
- Living which sees the evolution and spread of eco cars.

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

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.



Our Customers

Panasonic strives to enrich people's lives through the products and services that we provide. One part of this effort is our development of Universal Design and devices for people with disabilities. For example, Let's Chat is a portable voice output communication aid that allows people with linguistic and upper limb disabilities to compose sentences and even have them read aloud to convey their thoughts in words by simply pressing an input switch using the smallest bodily movement.



Our Supply Chain

To promote environmentally friendly manufacturing at Panasonic with our suppliers, we released the Green Procurement Standards Manual (ver. 5 released in February 2010). Through the Green Procurement Standards Manual, Panasonic hopes to promote an understanding of our environmental activities and philosophy among our suppliers, and we urge them to establish an environmental management system through ISO14001 certification, and to reduce the environmental impacts of parts and materials.

Our Business Activities

Today we are losing biodiversity at a rate never seen before. A major part of our efforts to preserve biodiversity is the Green Procurement Guidelines for Wood, which were designed in cooperation with the World Wildlife Fund Japan to promote biodiversity and sustainable use. The guidelines promote green procurement by putting procurement items into three categories: priority procurement, acceptable procurement, and avoiding procurement. Panasonic is working to eliminate items in the avoiding procurement list by fiscal 2013.

Our People and Communities

Since the company's founding we have actively pursued a human resources policy of personnel development, which in turn was based on the philosophy that "people are the foundation of business. Develop people before making products." In our corporate citizen activities as well, we have focused on support for developing the next-generation through various activities. The Panasonic Scholarship was established in 1998 to develop leaders for Asia in the twenty-first century and to develop friendly relations between Japan and other Asian countries, which it does through grants for Asian students enrolled in master's programs at Japanese universities. In fiscal 2012, 23 new grants were approved, bringing the cumulative total to 322.

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 the production moving for the sake of the regional and national economy. Thus, we rushed to get producing 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 nothing less than the fulfillment of our management philosophy through recovery from this 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.



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Regional Contributions in Emerging Countries

While a growing number of people in India are now looking for a higher standard of living, there is also a growing concern about the environment. The "CUBE" Air Conditioner launched in December 2010 was the result of detailed market research performed by an R&D team comprising mostly of local employees. It is thus able to successfully fulfill the local customers' needs for reasonable pricing, energy efficiency, and lower noise level. At the Panasonic Experience Center in Gurgaon, the suburbs of Delhi, we showcase a safe, comfortable, and enjoyable lifestyle through Panasonic products and introduce people to our environmental activities and management philosophy. At the Panasonic Techno Park, our consolidated manufacturing facility scheduled to open in 2012, we will thoroughly focus on environmental technologies such as solar power generation, zero emission technologies etc.



Opening ceremony of Panasonic Experience Center, Mumbai. Actress Dia Mirza and President Ohtsubo.



"CUBE", the split air conditioner being sold in India.

Love the Earth Citizen Activities

Panasonic has been promoting the Love the Earth Citizens' Campaign (LE Campaign) since 1998. In 2008, we introduced the Panasonic Eco Relay event, in which employees in all regions of the world take the initiative and implement environmental activities in their areas. These events include adults and children in each region who join the Panasonic employees and their families in eco-friendly activities, and over the last three years, there have been more than 1,800 events held. Because these activities are built around the concepts of people, regions, action, and connecting the next generation globally, the campaign will be renamed the Panasonic ECO RELAY for Sustainable Earth, and its goal is to contribute to a sustainable society and the preservation of the global environment as responsible Earth Citizens. In October 2010, we introduced the Earth Lunch Hour, which focuses on ecology in our immediate environment by looking at how we spend our lunch time, what we eat, how we prepare food, and how we clean up afterward. We invite the participation of employees, their families, lunchroom staff, and local residents to expand our contributions to preserving the environment.



ECO-VC Activity

Since fiscal 2010 Panasonic has been implementing ECO-VC Activity with its suppliers. This program seeks out ways in our parts procurement activities to save energy and resources or use recycled materials, which at the same time aims to rationalize costs. In fiscal 2011, we expanded the focus on recycling-oriented manufacturing in addition to the original objective of reducing CO₂ emissions, and we received 668 suggestions from suppliers around the world on ways to reduce energy consumption in products and factories, as well as suggestions about how to make products smaller and lighter, and to

use fewer parts. We wanted to share the best of these suggestions with all our suppliers, and so we established the Panasonic Excellent Partners Meeting, which is attended by all our suppliers worldwide. In the future, we will implement this ECO-VC Activity throughout the supply chain—from procurement to distribution—to reach many more suppliers and reduce CO₂, lower costs, and promote recycling-oriented manufacturing (minimizing resources used, recycling, and switching to non-petroleum materials). * "VC" is an abbreviation for "value creation."

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

programs 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 foreign executives at Panasonic Corporation, and this fiscal year we appointed the first female executive.

Our Unchanging Management Philosophy and CSR

Our mission at Panasonic is to contribute to the advance of world culture by working to improve society through the products we produce and sell. Panasonic's Basic Management Objective clearly expresses the purpose of our business activities as well as the purpose of our existence. Since the company's founding in 1918, this management philosophy has formed the foundation of all our business activities. As the key element of this philosophy, we have the basic concept of the "company as a public entity of society." All the management resources of a company—including the people, money, and commodities—all come from society. While the company engages in business activities using the resources entrusted by society, it

also develops along with society, and so the company's activities must be transparent, fair, and just. The entire Panasonic Group takes care to ensure that our management and business activities are appropriate for "a public entity of society," and we will continue to implement this management philosophy through manufacturing as our primary business. This is also the very essence of the Panasonic Group's CSR. As we stand at historical turning points in many areas today—society, economy, global environment—the Panasonic Group will continue to promote CSR management globally and to contribute to the future of society and the world by proposing the lifestyles of tomorrow.

Basic Management Objective

Recognizing our responsibilities as industrialists, we will devote ourselves to the progress and development of society and the well-being of people through our business activities, thereby enhancing the quality of life throughout the world.

Recognition from Outside the Company

Global 100

Panasonic Named to 2011 Global 100 Most Sustainable Corporations in the World



Panasonic has been selected for the Dow Jones Sustainability World Indexes (DJSI World) for 6 consecutive years, and was selected as a Super Sector Leader for the 2010/2011 fiscal year.



The 'eco ideas' Report 2010 and Sustainability Report 2010 won the 14th Grand Prize for Environmental Reporting (Prize of the Minister of the Environment).



Panasonic Selected Again for the FTSE4Good Global Indexes



Panasonic has been awarded "SAM Gold Class" for 3 consecutive years by SAM (Sustainable Asset Management).

METI Career Education Award

In March 2011, the Ministry of Economy, Trade and Industry (METI) awarded Panasonic the Grand Prize in the First Annual Career Education Award for our *Eco-Monogatari* (Eco story) program, one of Panasonic's environmental learning programs.

Nikkei BP's Eco Brand Survey

Panasonic was ranked top in the Nikkei BP 11th Annual Eco Brand Survey for fiscal 2010.

Nikkei's Environmental Management Survey

Panasonic was ranked top for the second consecutive year in the 14th Nikkei Environmental Management Survey for fiscal 2010.

Performance Indicators

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%

1. Panasonic sales in consumer and system in emerging countries; BRICs + V 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 0.410kgCO₂/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 emission factor used for electricity purchased: 0.410kgCO₂/kWh.

5. ECO-VC Activity started in fiscal 2010.

6. Positions of responsibility include positions such as coordinator or counselor. 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.

Green Indexes

Panasonic established our new environmental action plan Green Plan 2018 effective from FY2011.

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)				

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/>



'eco ideas' Report (PDF)

The 'eco ideas' Report 2011 is scheduled to be released early in August on the Environmental Activities section of Panasonic's website.

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



Annual Report (PDF)

Report for fiscal year ended March 2011 is scheduled to be released mid-July on the IR Information section of Panasonic's website.

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

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