

Risk management

Policy

Risk Management System

Responsible Executive and Framework

Basic Framework

Education and Enlightenment for Our Employees

Reporting/whistleblowing mechanism (external and internal)

Policies on BCM and BCP



Panasonic's founder, Konosuke Matsushita, coined numerous aphorisms which are still used at the company: "Hardship now, pleasure later," "There are signs before all things," and "Small things can create big problems; one must be alert to signs of change and act accordingly," among many others. Inheriting these ideas as the cornerstone of our thinking, we, as Panasonic Group, conduct Groupwide risk management activities. Moreover, based on the principle of "Thinking from a Global perspective, work for the whole world," we began our export business, technical assistance to overseas countries, and construction of overseas factories in 1961. At the same time, while confronting the risks that sometimes arose, we have promoted risk and crisis management initiatives early, including overseas safety policies and emergency response plans.

Policy

The Group considers it a vital management issue to accurately identify risks and take appropriate countermeasures to ensure the achievement of its business objectives and sustainable and stable development. Thus we have formulated the Panasonic Group Operational Rules for Risk Management (the "Basic Rules"), and we promote Group risk management based on these. The Basic Rules list the three objectives of risk management: "ensure the safety and security of our stakeholders and compliance in our business activities," "strengthen our business competitiveness through risk management that treats appropriately both opportunities and threats to the achievement of our business objectives," and "continuously offer products and services by maintaining operating resources and ensuring work effectiveness while fulfilling our social responsibility." In addition to providing guidelines for directors and employees to achieve these objectives, the Basic Rules also clearly define a framework for risk management, as well as the roles and responsibilities of the holdings company, Panasonic Holdings Corporation (PHD), and the Operating Companies.

Risk Management System

The Group considers risk management and formulating and executing strategies as the wheels of business management. As these inseparable wheels function to ensure business objective achievement and corporate value enhancement, risk management plays an important role in our group management.

Risk Management

Policy

Risk Management System

Responsible Executive and Framework

Basic Framework

Education and Enlightenment for Our Employees

Reporting/whistleblowing mechanism (external and internal)

Policies on BCM and BCP

In order to establish an effective risk management system, the Group promotes a process of linking the construction of appropriate frameworks with the PDCA cycle of management and business strategies under the Basic Rules, which reflect the standards of ISO 31000, an international standard for risk management systems, and COSO-ERM (2017), an international risk management framework. Through regular reports to the Board of Directors, we provide risk information to contribute to business and strategy discussions and receive supervision on establishing and operating our risk management systems. By operating and continually improving its risk management systems, the Group will utilize changes in the business environment as opportunities to contribute to the improvement of people's lives and the development of society through our business. We will also appropriately disclose risk information to society and enhance the transparency of our business management to reassure our customers, business partners, neighbors, shareholders, employees, and other stakeholders.



Responsible Executive and Framework

The Group Chief Risk Management Officer (Group CRO), an Executive Vice President, supervises the promotion of risk management within the Group. Moreover, the PHD Enterprise Risk Management Office (PHD ERM), a dedicated risk management department, handles the Group's risk management promotion (as of August 2023).

As an internal system for promoting risk management, the Group has established the PHD Enterprise Risk Management Committee ("PHD ERM Committee")—normally held three times a year and chaired by the Group CRO and comprising individuals representing PHD Legal, HR, Accounting, and other functions—with the PHD ERM Office handling the committee's executive office functions. The PHD ERM Committee's role is to both manage risks related to the advancement of Groupwide functions and to confirm that risks that have the potential to impact the Group as a whole are being addressed. In keeping with the Group's principle of autonomous responsible management at each Operating Company, we have also established Operating Company ERM Committees at each Operating Company, through which each Company works with PHD to manage risks that affect the entire Group while simultaneously managing risks that arise due to the business or work of that Company. Information from risk assessments conducted under these frameworks are also used for internal audits. Based on the results of risk assessments, the Internal Audit Department determines themes to be examined and conducts audits of functional departments using a risk-based approach.

The PHD ERM Committee regularly reports to the PHD Strategy Committee and the Board of Directors on important risks to the group's management and countermeasure progress using the PDCA cycle of risk management. Based on these reports, the Board of Directors and Audit & Supervisory Board Members supervise and verify the status of risk monitoring and the effectiveness of the risk management process. All Operating Companies also have ERM committees that regularly report to their management teams and the Board of Directors.

Risk Management

Policy

Risk Management System

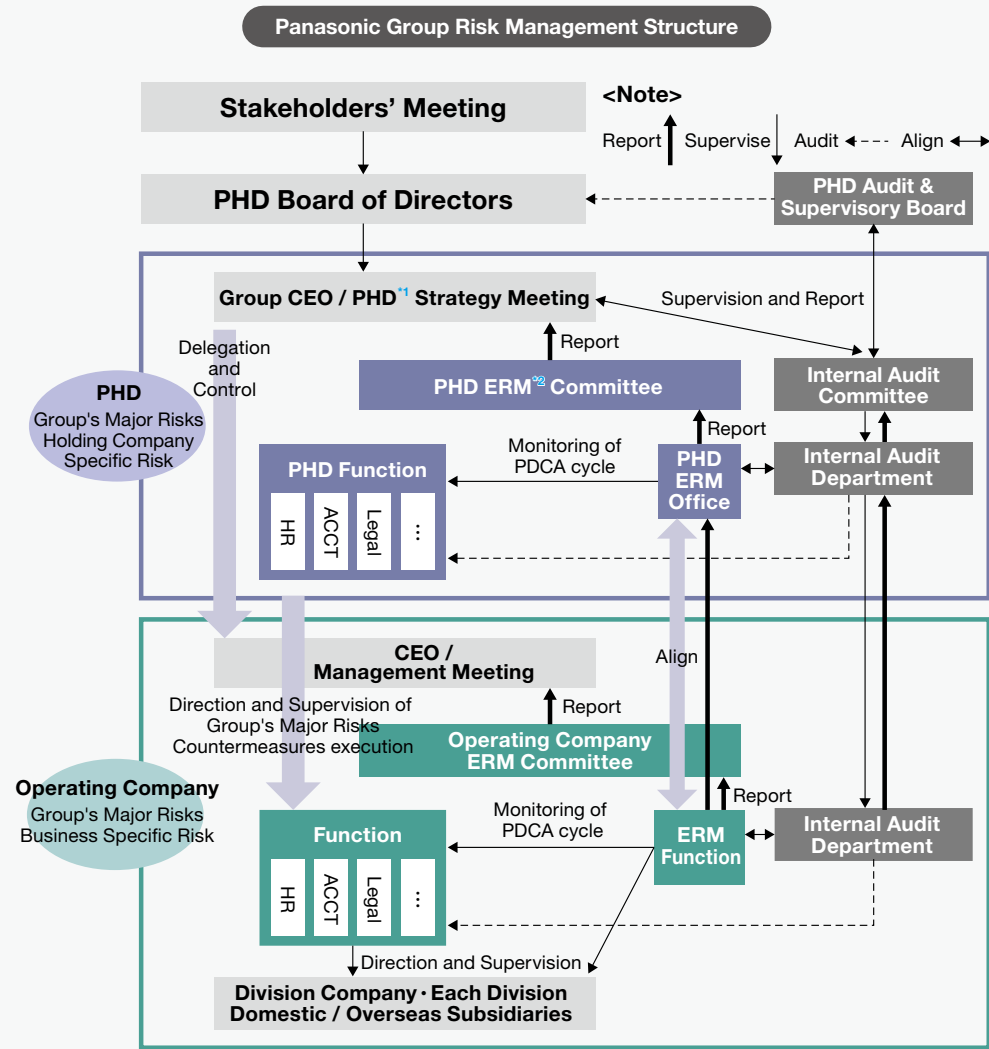
Responsible Executive and Framework

Basic Framework

Education and Enlightenment for Our Employees

Reporting/whistleblowing mechanism (external and internal)

Policies on BCM and BCP



*1 PHD: Panasonic Holdings *2 ERM: Enterprise Risk Management

Basic Framework

The Group promotes risk management based on an identical process at PHD and the Operating Companies.

The Group defines “operational risks” as operational “losses” or “threats” that potentially affect the Group’s business activities. The Group updates its “risk inventory” annually by comprehensively identifying possible operational risks based on external and internal changes. It conducts risk assessments according to financial and non-financial evaluation criteria for all risks in the inventory. The PHD ERM Committee considers the Group’s management, business strategy, and social responsibility when deliberating on these assessments to determine significant risks to the Group’s management (the “Group’s Major Risks”).

Each Operating Company conducts risk assessments and determines the significant risks to its management (the “Operating Company Major Risks”) using the Group’s common evaluation criteria and a risk inventory that includes risks specific to the Operating Company with the Group’s common risks. PHD ERM reports each Operating Company’s risk assessment results and the Operating Company Major Risks to the PHD ERM Committee to determine the Group’s Major Risks.

Once the Group determines its and its Operating Company Major Risks, PHD and each Operating Company work toward continuous improvement to formulate and implement countermeasures and monitor their progress. Especially for the Group’s Major Risks, the functional divisions in charge of each risk at Operating Companies formulate and implement their own countermeasures according to their business profiles and the Group’s common countermeasures, in cooperation with PHD’s functional divisions. The PHD functional divisions monitor the progress of the Group’s common and each Operating Company’s individual countermeasures to ensure a thorough response by the entire Group.

In our risk assessments, we have traditionally evaluated materiality based on financial impact and frequency of occurrence. However, we have added human life as an impact factor in our risk assessment with recent outbreaks of infectious diseases, increasingly intense natural disasters, and heightened geopolitical tensions. Considering the importance of corporate social responsibility (CSR), the SDGs, ESG, and other social imperatives, we also incorporate items related to the risk of not meeting these expectations (including human rights, labor compliance, and environmental issues) and evaluation factors related to the Group’s social impact (including our reputation) into our risk assessment framework. Our risk management efforts will strengthen our efforts to comply with laws and regulations, a prerequisite for business activities. At the same time, we will continue to aim for a high level of integrated risk management for the entire Group, treating it as an opportunity to contribute to society and our customers.

Risk Management

Policy

Risk Management System

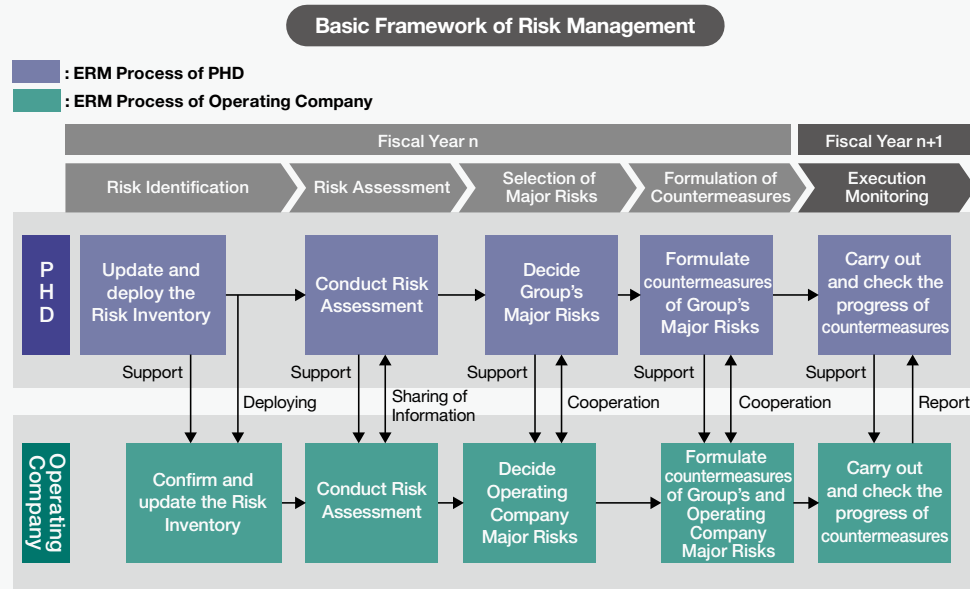
Responsible Executive and Framework

Basic Framework

Education and Enlightenment for Our Employees

Reporting/whistleblowing mechanism (external and internal)

Policies on BCM and BCP



FY2024 Group Major Risks/ PHD Major Strategic Risk

■ Group Major Risks (Operational Risk)

- Earthquakes, tsunamis^{*1}
- Infectious disease outbreaks/pandemics^{*2}
- Terrorism, war, riots, and political unrest
- Trade regulations/Economic sanctions
- Antimonopoly Act violations/Any bribery involving government officials
- Cyberattacks
- Any wrongdoing and/or scandals involving suppliers (Information leakage, product security, environmental protections, human right compliance)
- Floods and landslide disasters^{*1}
- Occupational accidents

■ PHD Major Strategic Risks (Strategic Risk)

- Climate change response · Environmental regulations/Development of a circular economy
- Geopolitical risks and economic security issues
- Attracting, acquiring, and retaining human resources

^{*1} Refer to the BCM/BCP policies

^{*2} Refer to our Response to the COVID-19 Pandemic

■ Group Major Risks in Fiscal 2024

Related to “operational risks” that may be operational “losses” and “threats” and potentially affect the Group’s business activities, we have identified the following major risks to the Group’s management in fiscal 2024:

Terrorism, war, riots, and political unrest

In preparation for the emergence of political unrest or military tension in countries or regions with Group sites, or in the event of terrorism or riots, the Group is promoting the development of BCP that takes geopolitical risk response into consideration and the safety measures at normal time by each function in order to strengthen the response to emergency situations giving the utmost priority on human lives.

Occupational accidents

In accordance with laws and regulations and the Panasonic Group’s Basic Business Philosophy, we promote health and safety initiatives with the establishment of the Occupational Safety and Health Policy and the Occupational Health and Safety Management Regulations, which have set forth standards for ensuring employees’ safety and health, achieving a comfortable workplace, and preventing workplace accidents. Moreover, we have established the Central Health and Safety Committee under the Group Health and Safety Management department. This committee discusses, sets, implements, and monitors material health and safety policies and strategies for the health and safety organizations established at Operating Companies and workplaces it supervises.

In addition, we hold the Health and Safety Forum, which those responsible for health and safety at each Operating Company attend to promote autonomous health and safety management throughout their organizations, as well as training sessions for management to share knowledge and foster awareness. For more details, see the “Work in safe, secure and healthy state” section (on [page 83](#)).

Trade regulation/Economic sanctions

Laws and regulations in various countries are changing continuously; the Group closely monitors these trends and collects information on a daily basis through global cooperation to quickly identify new trade restrictions and sanctions that may affect our business, and responds by updating our global policies and guidance as necessary. We also thoroughly assess how new regulations may apply to cargo and technologies. Moreover, we work to further strengthen compliance by raising awareness among employees in Japan and overseas and disseminating internal information and countermeasures to avoid transaction risks. Once we have this understanding, we respond by updating our global policies and guidance as needed and assess

Risk Management

Policy

Risk Management System

Responsible Executive and Framework

Basic Framework

Education and Enlightenment for Our Employees

Reporting/whistleblowing mechanism (external and internal)

Policies on BCM and BCP

whether our goods or technologies are in fields subject to new restrictions. We are also raising awareness among employees in Japan and overseas to further improve compliance, with efforts including sharing information internally and disseminating countermeasures to avoid transaction risks. For more details, see the “Trade Compliance” section (on [page 142](#)).

Antimonopoly Act violations/Any bribery involving government officials

The Panasonic Group Code of Ethics & Compliance stipulates our commitment to fair business practices as a “company as a public entity of society,” clearly stating our compliance with laws, regulations, and corporate ethics, and shares the Group’s basic stance with all directors and employees. Furthermore, we are working to prevent and detect bribery and corruption early through training programs meant to ensure thorough compliance based on global regulations and compliance audits based on a risk-based approach. In addition, we are working to strengthen awareness of ethics and legal compliance by implementing compliance measures for employees throughout the year in response to various risks.

Additionally, as a centralized whistleblower contact point, we have established a global hotline to receive reports from domestic and overseas bases and business partners. We are working to detect and correct problems early through appropriate internal investigations. For more details, see the “Business Ethics” chapter (on [page 137](#)).

Cyberattacks

We are working to ensure the soundness of the IT environment and improve its cyber resilience to achieve a higher level of information security. Specifically, we are implementing measures to further expand anomaly monitoring on networks, servers, and PCs, including infrastructure at Japanese and overseas subsidiaries; integrate security monitoring with internal factory monitoring; and strengthen global and centralized security monitoring systems.

In April 2023, we established the Cyber Security Supervisory Office as a new organization to promote a centralized, integrated response to complex cyber security risks involving data, products, factory security, and the overall supply chain. We also appointed cyber security general managers at all Operating Companies to oversee their responses to complex cyber security risks. For more details, see the “Cyber Security and Data Protection” chapter (on [page 143](#)).

Any wrongdoing and/or scandals involving suppliers

The Group makes purchases from roughly 13,000 suppliers globally. In recent years, the calls for social responsibility on the part of corporations with regard to their supply chains have grown stronger with each passing day, and this trend can also be seen in legal regulations with new regulations being drafted and going into effect.

We have established the Rules on Supply Chain Compliance stipulating the system and basic

policy for promoting responsible procurement activities.

We have also issued the Panasonic Supply Chain CSR Promotion Guidelines stipulating the CSR requirements (including human rights and labor, health and safety, global environmental conservation, information security, and corporate ethics) that we expect our suppliers to comply with. Moreover, we are working to ensure CSR throughout the supply chain by promoting initiatives such as CSR Self-Assessments and audits. For more details, see the “Responsible Supply Chain” chapter (on [page 102](#)).

PHD Major Strategic Risks in Fiscal 2024

Along with operational risk management, we are promoting appropriate risk-taking activities using degree-based metrics by considering uncertain events that may become “opportunities” or “threats” to the achievement of business objectives over the medium to long term as “strategic risks” in formulating management and business strategies and making decisions.

We manage strategic risks to enhance the quality of business strategy formulation and decision-making and better ensure that we achieve our business objectives. When faced with changes in the external environment, we consider the direction of risk-taking and implementing countermeasures against these “opportunities” or “threats” in reviewing our business strategy and promoting the initiatives we have taken.

Among the various strategic risks, we select major risks to the Group management (“PHD Major Strategic Risks”) from the viewpoint of necessity for cross-PHD/Operating Companies efforts to realize our vision and mission, and we work to subdivide these risks into units of events that may be “opportunities” or “threats”. We then share these details with the relevant functional divisions, which monitor them in their respective areas of expertise and promote initiatives designed based on this monitoring.

Similarly, each Operating Company defines and manages its “Operating Company Major Strategic Risks” from among the strategic risks related to their respective business strategies.

Climate change & Environmental regulations/Development of a circular economy

With regard to climate change response, we are working to focus on the introduction and expansion of environmental regulations and policies, making the most of the opportunities in related business markets born of changing demand for certain products and services as global warming progresses and the growing awareness of environmental issues while simultaneously reducing losses by strengthening our responses to these issues as threats.

With the development of circular economies due to shortages and restrictions on resources, we are seeking to expand our opportunities for improving corporate value through our proactive

Risk Management

Policy

Risk Management System

Responsible Executive and Framework

Basic Framework

Education and Enlightenment for Our Employees

Reporting/whistleblowing mechanism (external and internal)

Policies on BCM and BCP

use of renewable energy, while at the same time anticipating greater demand for low-carbon products that use circulative resources. Meanwhile, there is also the possibility that higher production costs and production delays will become frequent or constant due to the increased costs and short supply of circulative resources (recycled materials and raw materials to be recycled). The Group is aiming to expand our business by responding appropriately to both the opportunities and threats presented by the situation.

Geopolitical risks & economic security issues

Through our monitoring of international affairs and trends in national and regional policies, laws, and regulations, we are trying to understand their impact on the Group's business and respond to them promptly. The Group is also working to inspect and restructure its production system from a medium- to long-term perspective, with an eye to diversifying supply chains and considering local production for local consumption. We will also continue to closely monitor the rapid changes in the business environment caused by market decoupling, strengthening of National economic and security policies, and polarizing public opinion, including the threats to our business and opportunities to leverage tax measures based on economic security policies.

Attracting, acquiring, and retaining human resources

As a common Group human resource strategy, we are committed to realizing "Employee Well-Being" so that each and every employee is healthy in mind and body and feels happy and fulfilled in their work through challenging opportunities. Thus, we create safe, secure, and healthy workplaces; support employees' independent motivation to take on challenges and develop their careers; and promote diversity, equity, and inclusion (DEI). Meanwhile, competition to secure competent human resources is intensifying, and we will continue to closely monitor trends in policies and legislation related to human resources, diversity, and promoting women in the workforce in all countries and our competitors. For more details, see the "Employee Well-Being" chapter (on [page 80](#)).

Education and Enlightenment for Our Employees

The Group has also established the Panasonic Group Operational Rules for Risk Management ("Operational Rules"), which are subordinate to the Basic Rules and define the standard procedures for the Group with regard to promoting risk management. The Group aims to achieve centralized risk management and its advancement by defining specific procedures for identifying and assessing risks, selecting Major Risks, and formulating and implementing countermeasures. Additionally, we annually update and deploy a risk management guide based on Operational Rules to managers and other personnel in charge of risk management at each Operating Company. This guide aims to share the priority issues, initiatives, and points

for process improvement to be promoted during the fiscal year. We hold several briefings each year for personnel in charge of risk management at each Operating Company to share their perspectives and information, aiming to improve their skills and promote effective risk management processes.

Moreover, in Japan, we provide training for new employees, newly assigned CEOs at subsidiaries outside Japan, and employees who will be dispatched to locations abroad on basic knowledge of risk management and how to respond to crisis-related risks to improve their ability to respond to risks when working outside of Japan.

Reporting/whistleblowing mechanism (external and internal)

The Group also maintains a global hotline for domestic and international offices and business partners to report issues related to compliance violations, any type of harassment, procurement, and the like as a means for employees to report hidden risks.

Policies on BCM and BCP

Since 2005, we have been promoting and improving our business continuity management (BCM) efforts to ensure that our production and sales will not be interrupted in the event of an emergency and to resume necessary functions as soon as possible in the event that we are forced to suspend our business activities.

In particular, if a disaster, accident, or other unforeseen event occurs in the Group's supply chain, including at parts suppliers and product delivery destinations, it will affect not only supply shortages and interruptions of parts from suppliers but also the BtoB field. Therefore, we strengthen our BCM initiatives, as we consider it a crucial issue under normal circumstances for the entire supply chain.

Major Efforts

The Group has established Corporate Emergency Management Rules wherein we define policies for emergency response, the organizations that should respond, initial response, reporting routes, and the like. We have established the Guidelines on Business Continuity Management (the Guidelines) and have formulated BCPs for each business site; we also formulate BCPs specific to the supply chain, logistics networks, and IT security for each function, including procurement, logistics, and information security. We review the BCP based on the Guidelines as appropriate to improve our Groupwide BCPs and resilience. In fiscal 2023, we revised the Guidelines to incorporate the Japanese Cabinet Office's latest damage projections for a Nankai Trough earthquake and an earthquake with an epicenter in the Tokyo metropolitan area. We included disaster prevention and mitigation measures in response to these projections and clarified the

Risk Management

Policy

Risk Management System

Responsible Executive and Framework

Basic Framework

Education and Enlightenment for Our Employees

Reporting/whistleblowing mechanism (external and internal)

■ Policies on BCM and BCP

connections between the BCPs for each function to improve their effectiveness.

In particular, we have conducted a hazard survey about various risks posed by natural disasters such as earthquakes, floods, and tsunamis. We have also shared these findings with each of the Operating Companies and have put priority measures in place, both within our own Group and in our supply chain. The Group is also analyzing the impact of a Nankai Trough earthquake and an earthquake with an epicenter in the Tokyo metropolitan area, treating them as stress events expected to significantly impact the Group's business. Based on the results of these analyses, we enhance the required countermeasures, raise appropriate risk awareness within the Group, and improve risk communication. We have also created a Groupwide Fire and Disaster Prevention Committee to help both strengthen our readiness before contingencies arise and transition rapidly to emergency response systems when an incident does occur. We have created fire and disaster prevention task forces under the Fire and Disaster Prevention Committee, and these task forces work to conduct disaster prevention studies and strengthen our response capabilities, including stockpiling systems. In particular, given the strain that has been placed on the power supply by disasters in the past, we have incorporated emergency power supply equipment into BCPs to ensure business continuity. The Group also runs annual disaster prevention drills based on disaster scenarios. In January 2023, we conducted a Groupwide disaster drill that the Group Emergency Headquarters created based on a Nankai Trough earthquake scenario. Based on the expected difficulties for members of the Corporate Emergency Headquarters to assemble due to the devastating nature of the disaster, we conducted the drill under the assumption that employees who could come together without using public transportation would set up the Corporate Emergency Headquarters. Coordinating with local municipalities, Operating Companies and business divisions conduct annual disaster preparedness and emergency evacuation training drills at each business site as needed.

We also actively work to both prevent incidents and prepare for emergencies when it comes to fires as well, based on the Global Fire Prevention Rules, which govern fire risk assessments, fire prevention and fire extinguishing equipment, fire brigades and firefighting, recurrence prevention, autonomous inspections, fire prevention drills, awareness raising, auditing, and more.

■ COVID-19 Response

When the World Health Organization (WHO) declared COVID-19 a public health emergency on January 31, 2020, the Group created a Groupwide Emergency Response Headquarters.

Management, procurement, public relations, and other functions responded to issues under the Corporate Emergency Headquarters in cooperation with the emergency headquarters at each Operating Company, ensuring the safety of employees' lives and health as the top priority. As Japan and other nations have eased their COVID-19 restrictions, and Japan has downgraded it to a Class 5 infectious disease under the Act on the Prevention of Infectious Diseases

and Medical Care for Patients with Infectious Diseases, the Group has also gradually eased behavioral restrictions while maintaining basic infection control measures. Meanwhile, we will continue to monitor infections in Japan and overseas and administrative trends in each country, responding appropriately to any infection increases or mutant strain outbreaks within cities that may occur due to these measures or loosened behavioral restrictions. Furthermore, as part of our infectious disease preparations during normal times, we are working to maintain employee health and safety and business continuity systems by formulating a BCP for infectious diseases at all business sites and ensuring that we keep appropriate stocks of masks, rubbing alcohol, thermometers, and other similar products.