

Panasonic

Panasonic Corporation
Annual Report
2019

Report on Financial Results and ESG
for the year ended March 31, 2019

This PDF contains all contents from the online
Annual Report 2019, merged into a single PDF file
for convenience.

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Links to Presentations of Panasonic IR Day 2019

 Basic Approach to Mid-term Strategy and Progress with Ongoing Initiatives
• [Presentation by CEO](#)

 Fiscal 2020 Second-half and Medium-term Initiatives

- [Appliances](#)
- [Life Solutions](#)
- [Connected Solutions](#)
- [Automotive](#)
- [Industrial Solutions](#)

 Strategic Region Session
• [China & Northeast Asia](#)

Links to Sustainability Data Book

 • [Risk Management](#)
• [Fair Operating Practices](#)
• [System for the Promotion of CSR Activities](#)
• [Human Resources Development and Promoting Diversity](#)

• [Respect for Human Rights](#)
• [Raising Quality Levels and Ensuring Product Safety](#)
• [Environment: Policy](#)

Editorial Policy

Thank you for reading Panasonic's Annual Report 2019. Panasonic positions its Annual Report as an integrated report incorporating management strategies for medium- to long-term growth; environmental, social and governance (ESG) systems and initiatives that provide a foundation for sustained growth; and operating results, financial position and other information. It is published primarily for investors.

The Annual Report 2019 features messages from management. The message from the CEO introduces the Company's view on portfolio management, a key factor in the new Mid-term strategy started in fiscal 2020 (year ending March 2020), which was formulated with the aim of breaking away from the current low-profitability situation and returning to profit growth. The Company's ESG policy, the foundation for sustainable growth, is also included in this section. The message from the CFO describes the Company's capital allocation policy to promote business portfolio reform, in addition to initiatives to improve profitability and strengthen the financial base, as well as the Company's approach toward the return of profits to shareholders. The message from the CTO presents the Company's technological and manufacturing capabilities it has developed over the past 100 years, and initiatives towards creating innovation and speedy commercialization.

As explanations of initiatives for strengthening management foundation through ESG, the message from the Chairman of the Board presents the Company's approach to address social issues through its business activities while taking into account the SDGs and other ESG targets. The messages from the outside directors cover initiatives towards strengthening governance and frank opinions regarding the management issues the Company faces. In addition, messages from the heads of each department are included, discussing specific initiatives for human resources development and environmental activities. The Company hopes that these will provide an understanding of what Panasonic is doing in regards to improving corporate value and actively engaging in ESG, the Company's management base.

Aiming for sustained growth and increased corporate value, Panasonic will actively conduct dialogues with investors and invite opinions to be considered regarding the Company's management. Thank you for your further understanding and support for the Company.

Disclaimer Regarding Forward-Looking Statements

This Annual Report includes forward-looking statements about Panasonic and its Group companies (the Panasonic Group). To the extent that statements in this Annual Report do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Panasonic Group in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Panasonic Group's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Panasonic undertakes no obligation to publicly update any forward-looking statements after the date of this Annual Report. Investors are advised to consult any further disclosures by Panasonic in its subsequent filings under the Financial Instrument and Exchange Act of Japan (the FIEA) and other publicly disclosed documents.

Such risks, uncertainties and other factors are not all-inclusive and further information is contained in the most recent English translated version of Panasonic's securities reports under the FIEA and any other documents which are disclosed on its website.

Management Philosophy

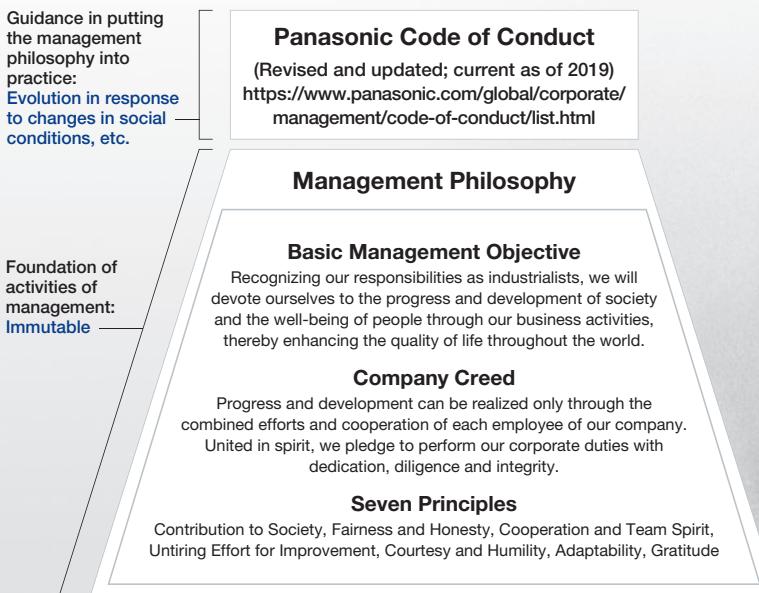
Helping bring about A Better Life, A Better World based on our management philosophy

“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.” This Basic Management Objective embodies our mission and devotion, and as the heart of our management philosophy, it has served as the foundation for all our management activities. In overseas business development as well, the first principle has been to assist in each country’s development in a manner that is truly appreciated.

The Sustainable Development Goals (SDGs) were adopted by the United Nations in 2015, and expectations in the international community have mounted with respect to the role of corporations in solving social issues.

Based on its management philosophy, Panasonic will continue to help solve social issues and contribute to further development in order to bring about a bright new future. We also intend to achieve sustained growth and continue to enhance corporate value.

Panasonic's Management Philosophy Structure



Our Corporate History

-
- 1918** Matsushita Electric Housewares Manufacturing Works (today's Panasonic) established. Two new products, an attachment plug and, a two-way socket, launched on the market.
-
- 1927** Square bicycle lamp launched under the name "National Lamp," reflecting the hope that it would become ***indispensable to the nation's citizens***. The product became popular throughout Japan as a safe light source.^①
-
- 1931** Sales of radios commenced. This radio that "***wouldn't break down***" delighted consumers and it brought news and culture into people's homes.^②
-
- 1932** Trade department established and ***export business commenced***.
-
- 1950s** Washing machines, black and white TVs, refrigerators and other products launched that ***reduced the burden of housework*** and made life easier.^③
-
- 1961** Panasonic's ***first overseas manufacturing facility***, National Thai Manufacturing Company, established. Manufacturing facilities were subsequently established in countries with difficulty importing household appliances due to foreign exchange shortages.^④
-
- 1965** Five-day work week introduced ahead of other companies. With a slogan of "One day of study, and one day of rest," the change played a major role in raising employee ***productivity and motivation***.
-
- 1987** Joint venture to produce picture tubes (CRTs) for color TVs established in Beijing with a view to ***China's modernization***. It was the first joint venture in China for Panasonic.^⑤
-
- 1988** Promoting ***world peace*** through sport. In accord with this philosophy of the Olympic Games, Panasonic has, since the Olympic Winter Games Calgary 1988, supported the Movement over 30 years as the highest ranking sponsor in "The Olympic Partner (TOP)" program.^⑥
-
- 2008** To make the Company ***a truly global corporation***, the company name was changed to "Panasonic Corporation," and its corporate brands were unified as "Panasonic" worldwide.
-
- 2010** Mass production of lithium-ion batteries for hybrid EV automobiles commenced, helping to ***popularize eco-cars***.^⑦
-
- 2014** Fujisawa Sustainable Smart Town established for ***eco-conscious*** and ***comfortable*** lifestyles while ensuring ***safety and security***.^⑧
-
- 2018** Marking ***the 100th anniversary of its founding***, Panasonic introduced "***Lifestyle Updates***** as its future direction to take."

* Please refer to "[Achieving Lifestyle Updates](#)" in the section "[Message from the CEO](#)."



Megatrends

For sustainable growth, face the megatrends

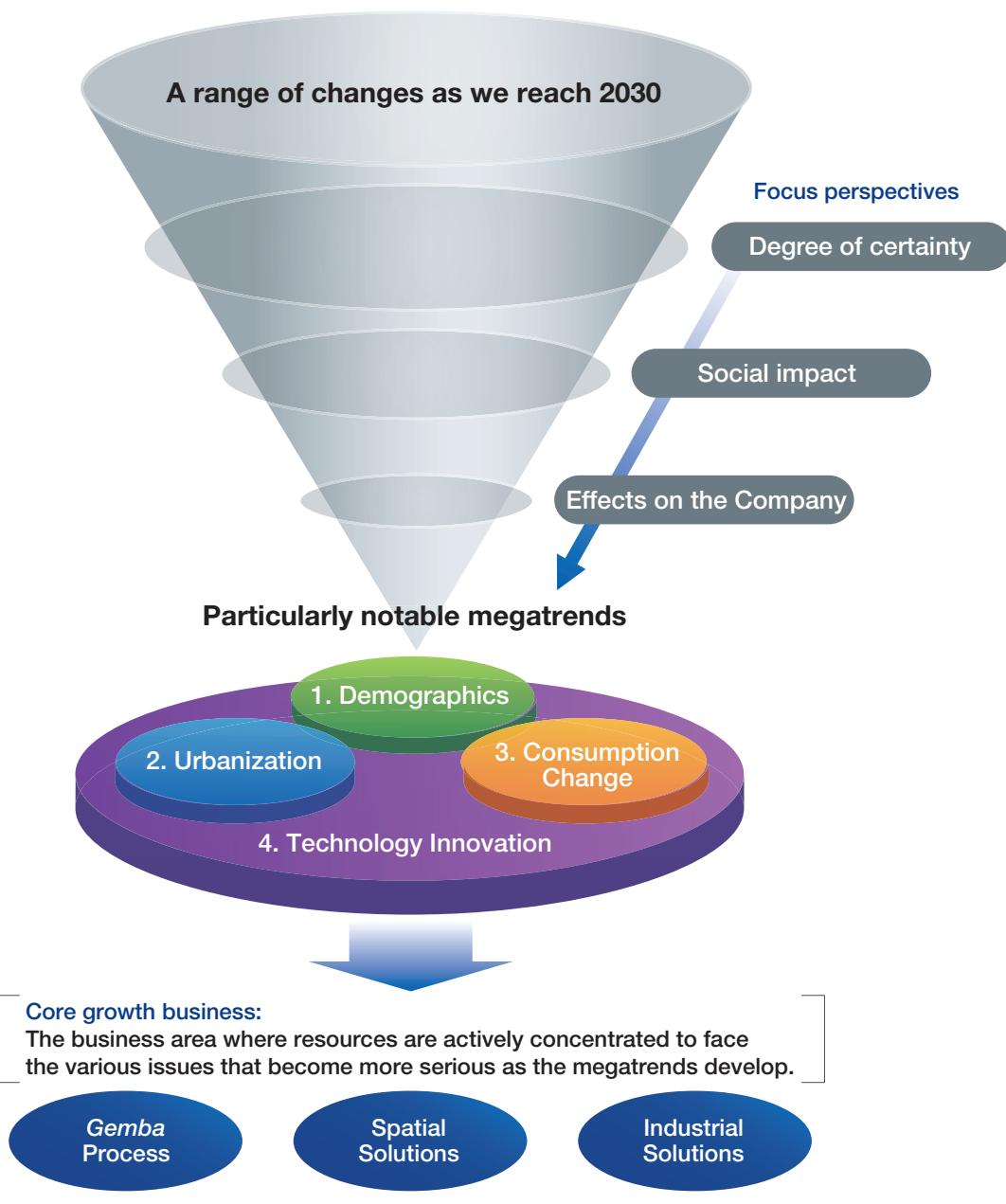
As we approach 2030, and the various social changes that are expected to occur, from the perspective of the degree of certainty, the social impact, and the effects on Panasonic's business, the Company is particularly focusing on the three megatrends of demographics, urbanization, and consumption change. Another, technology innovation, is also a focus as it forms the basis for these social changes.

Panasonic's Core growth business is an area where sustained growth will be possible by actively concentrating resources as businesses that confronts various issues.

In addition, the Co-creation and Revitalization businesses will take on these megatrends, promoting strategies according to business conditions and its characteristics, and working to improve competitiveness.

By facing these megatrends, the Company will move ahead with reforms such as to its business portfolio and business model from the medium- to long-term perspective, aiming to improve its medium- to long-term corporate value and achieve sustainable growth.

* Please refer to the “Points for the New Mid-term Strategy” in the CEO’s message for details of the Core growth, Co-creation, and Revitalization businesses.



1. Demographics

Megatrend

The global population is steadily increasing, especially in newly emerging nations, and China and India, with their massive internal demand, will drive consumption.

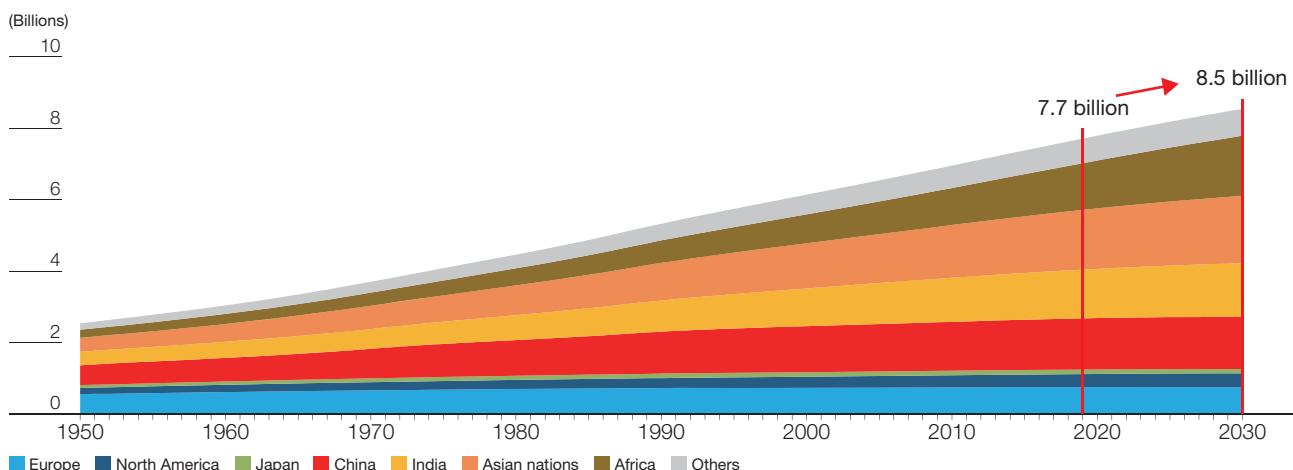
However, China and the current advanced nations will all increasingly face declining birthrates and aging populations, and while the potential for growth in housing, consumer electronics, and so on slows, automation will become increasingly important to cope with labor shortages, beginning with labor-intensive industries such as the service industry.

Panasonic's initiatives

As Panasonic works to expand its businesses in nations and regions where growth is expected in the medium to long term, the Company aims to break away from the conventional style of selling individual products, and establish new business models such as a service business by deepening connections with other companies.

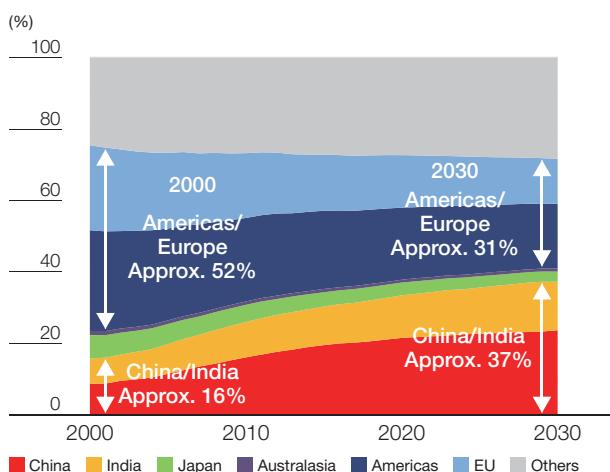
Panasonic will actively obtain new growth opportunities by making industry "smart" (both in manufacturing as well as services such as logistics) and engaging in process innovation in the supply chain through drawing on the manufacturing know-how the Company has accumulated over its history.

World Population



Source: Prepared by Panasonic based on United Nations' predictions

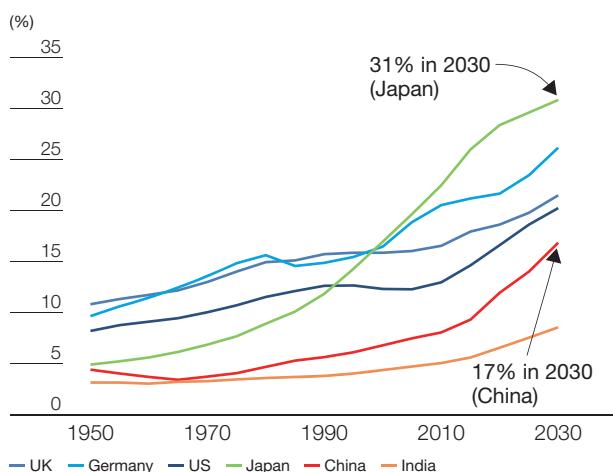
Wealthy and upper middle class households by country



* Excluding the Middle East and part of Africa

Source: Prepared by Panasonic based on Euromonitor International's predictions

Aging rate by country



Source: Prepared by Panasonic based on United Nations' predictions

2. Urbanization

Megatrend

As the world's population becomes increasingly urbanized, infrastructure development and renewal will be unable to keep up, and major social issues such as housing shortages, traffic paralysis, and air pollution will only worsen. In newly emerging nations, environmental awareness will increase as the economy grows, and investments into environmental measures will proceed at the national and the global levels.

Already in the mobility field, the next-generation wave, known as CASE^{*1}, has arrived, and EV, autonomous driving, and MaaS^{*2} will become much more widespread, significantly affecting the automobile industry.

Panasonic's initiatives

Panasonic is focusing on creating spaces for offices, commercial facilities, and housing that uses air-conditioning and air quality technology that can provide both environment friendliness as well as safety, peace of mind, and comfort.

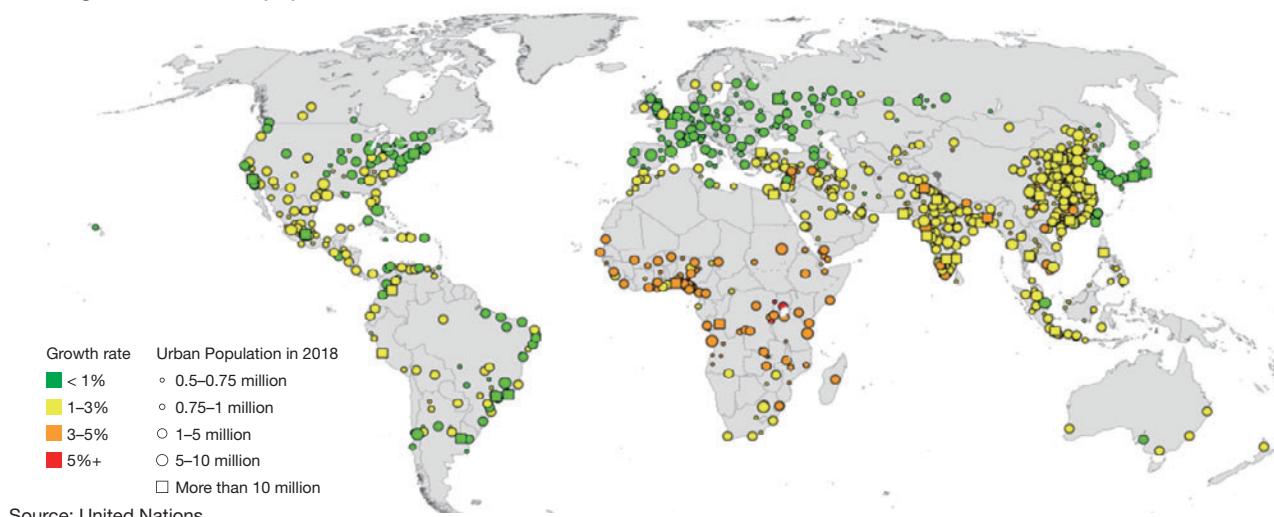
Panasonic considers the evolution of transport services as a vital part of supporting optimal lifestyles for people, and is moving ahead with initiatives such as a range of devices for the autonomous driving, next-generation ITS, and EVs that are behind the expansion of MaaS.

The Company aims to create towns that utilize electronic technologies from the dual aspects of lifestyles and mobility.

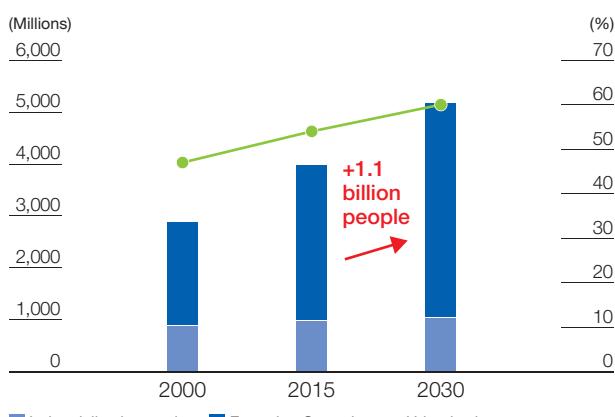
*1 An acronym for Connected, Autonomous, Shared, Electric

*2 An acronym for Mobility as a Service

Urban growth rates and populations 2018→2030

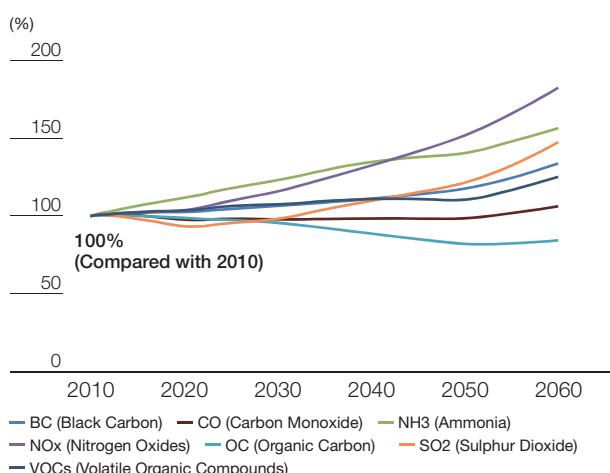


World urban populations and urbanization rates



Source: Prepared by Panasonic based on United Nations predictions

Global air pollutant emissions



Source: Prepared by Panasonic based on OECD predictions

3. Consumption Change

Megatrend

By 2030, Millennials and Generation Z, the so-called “digital natives,” will be more than 70% of the global population, and be the main consumers. The characteristics, unique economic rationality and social awareness that are the values of these generations will spread globally via the internet, accelerating sharing and personalization.

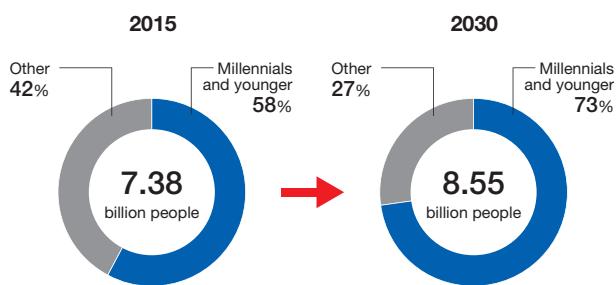
In line with this, companies will also need to transform their business models to keep pace with the shift to the “as a service” business model.

Panasonic's initiatives

Panasonic will propose solutions that fit lifestyle changes by making use of the understanding of consumers and the digital technologies it has accumulated over its history.

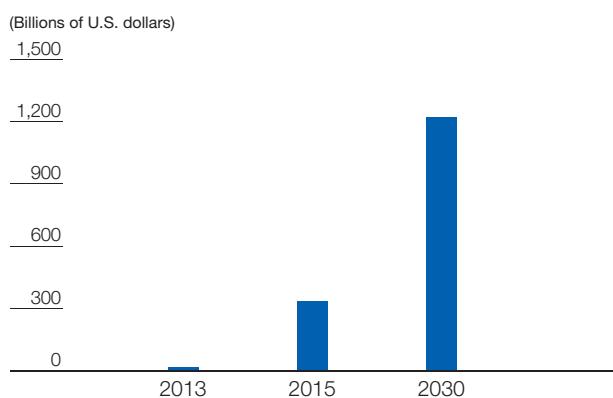
Specifically, along with further deepening understanding of the lifestyles and health of users using sensing technology, Panasonic aims to provide value optimized for each person's individual needs by using AI and IoT.

Changes in global population by generation



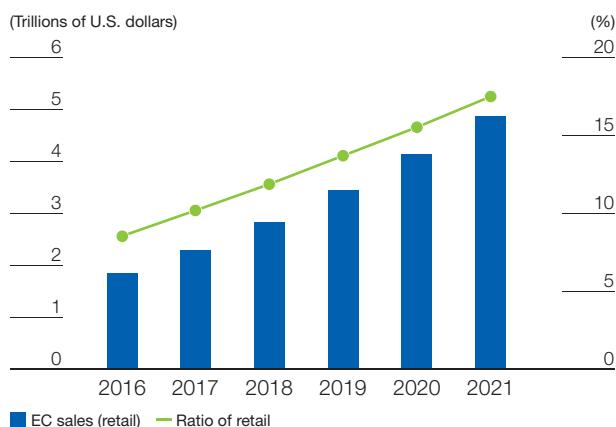
Source: Prepared by Panasonic based on United Nations predictions

Scale of the global sharing economy market



Source: Prepared by Panasonic based on PwC predictions

Scale of the global e-commerce market



Source: Prepared by Panasonic based on eMarketer's
“Retail Ecommerce Sales Worldwide, 2016–2021”

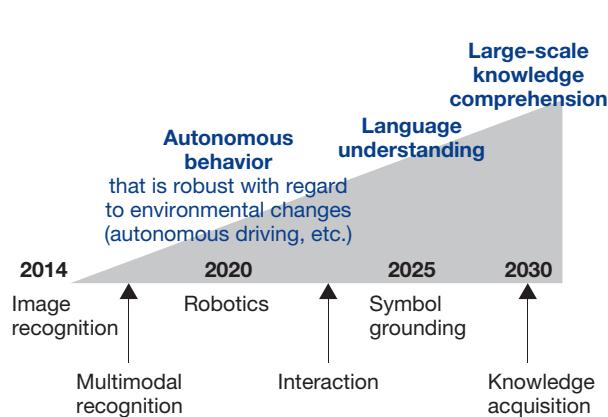
4. Technology Innovation (Digitalization)

Megatrend

With the spread of 5G, network speeds will become even faster, and semi-conductors, software, AI, sensors and other computing technology will evolve as well. These two changes will bring about the IoT society, where everything is interconnected.

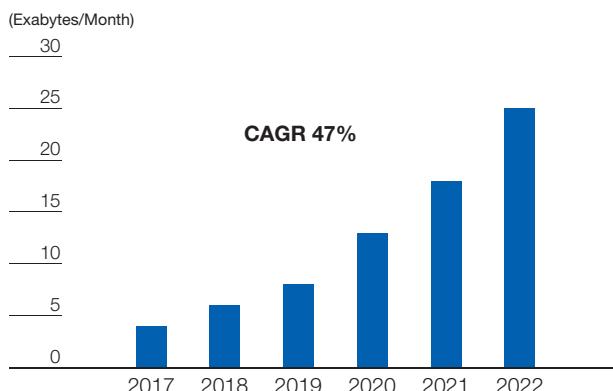
Massive amounts of data obtained from a range of situations will not only pose a threat to existing industries, but contain the possibility of bringing about new value creation. In the manufacturing industry, dramatic improvements in R&D and the production process through simulations are expected.

Technological development of AI based on deep learning



Source: Prepared by Panasonic based on Yutaka Matsuo ("The Future of Artificial Intelligence," Ministry of Internal Affairs and Communications)

Increases in data transmission amounts



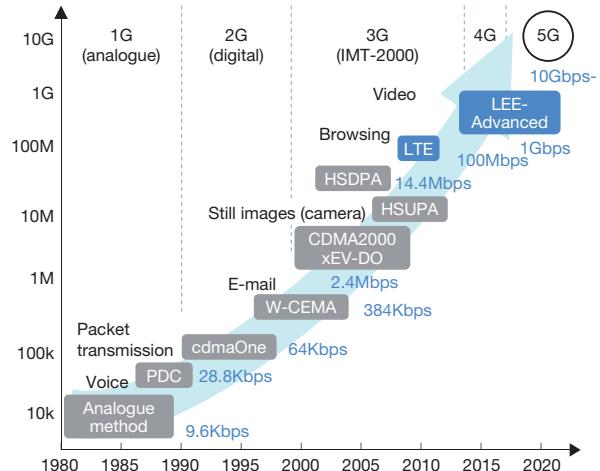
Source: Prepared by Panasonic based on Cisco VNI's "Predictions and Trends 2017–2022"

Panasonic's initiatives

Panasonic is working to innovate its existing processes based on data, such as the development of consumer electronics and devices based around virtual reality simulations, or searching for new materials by utilizing AI. The Company is tackling the challenge of breakthroughs in lead times, costs, and functionality.

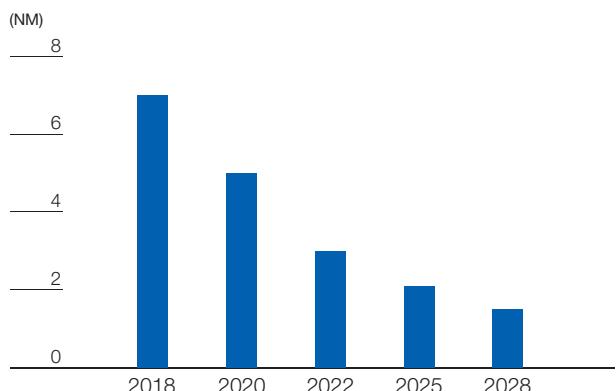
Panasonic is also working on constructing a new business model that will provide solutions and/or services, including things like IoT platforms that respond to business characteristics (B2C/B2B). In addition, the Company is strengthening its initiatives for providing devices and solutions that underpin these technology innovations.

Mobile phone transmission speeds



Source: "White Paper 2015 on Information and Communications in Japan," Ministry of Internal Affairs and Communications

Die shrinkage for semiconductor processes



Source: Prepared by Panasonic based on IEEE International Roadmap for Devices and Systems (IRDS™) 2018 Edition



Kazuhiro Tsuga

Representative Director
President
CEO

Ongoing endeavors to transform, and return to profit growth

During the three years since fiscal 2017, Panasonic has taken a variety of initiatives to create a profit structure that can achieve continuous “profit growth through sales expansion.” In fiscal 2019, we achieved increases in both operating profit and net profit. However, profit excluding one-time effects, which reflects the Company’s true ability to generate profits, was far below our initial forecast. This unsatisfactory result was due to profit struggling to rise in growth-expected businesses, such as automotive-related businesses, and deterioration in the profitability of existing businesses that we had expected to generate stable profits.

To ensure the sustainable development of our Company, we must quickly break away from this low-profitability situation and return to a profit-growth track.

Under the new Mid-term strategy, which started in fiscal 2020, we are determined to carry out portfolio reforms setting three new portfolio classifications transcending the boundaries of the Company and organizations: “Core growth business,” “Co-creation business,” and “Revitalization business.” We aim to achieve both profit growth and profitability improvement by strengthening our

competitiveness through promoting strategies according to each business’s characteristics and situations, while addressing changes in the social environment.

In light of the recent advances in information and communication technologies, as well as increasingly diverse individual preferences and values, manufacturers are facing ever greater changes in the management environment. It is now difficult to continuously generate profits with the conventional business model of mass-producing industrial products. Sensing the urgency of this situation, Panasonic has set a new direction to take: becoming a company that will achieve “Lifestyle Updates” by 2030. Toward achieving sustainable growth, we will shift our business model based on a long-term perspective and strive to transform our profit structure.

We are fully determined to keep working toward higher corporate value, including the promotion of ESG initiatives, which are the foundations for growth. The opinions of investors, which management will take into consideration, are always welcome. I would like to ask for your continued support of our endeavors.

Performance Review

Please refer to [Financial Review \(PDF\)](#) and [Fiscal 2019 Full-year Financial Results Presentation Materials \(PDF\)](#)

Financial results for fiscal 2019 (year ended March 2019)

Overall operating profit increased due to one-time gains despite deteriorated profitability in the automotive, industrial, and consumer electronics businesses

Sales for fiscal 2019 were 8,002.7 billion yen, the same as the previous year's level.

Operating profit increased by 31.0 billion yen, to 411.5 billion yen, due mainly to one-time gains including the partial revision of the pension scheme and disposal of assets. However, profit excluding these one-time effects was far below our initial forecast, due to deteriorated profitability in the automotive, industrial, and consumer electronics businesses, along with the recording of restructuring charges.

During the three years since fiscal 2017, Panasonic has promoted its growth strategy and profitability improvements toward a structure that can achieve continuous "profit growth through sales expansion." However, the Company was unable to accomplish its initial aim.

Net profit attributable to Panasonic Corporation stockholders increased by 48.1 billion yen to 284.1 billion yen due to improvements in income taxes and others. As a result, ROE improved by 1.3 percentage points to 15.7% from the previous year.

Free cash flow was an inflow of 10.3 billion yen, improved by 45.9 billion yen from the previous year. Going forward, the Company will continue to strictly

Fiscal 2019 Results and Fiscal 2020 Forecast (Billions of yen)

	FY2020 forecast	FY2019	vs. FY2019/ Difference
Sales	7,900.0	8,002.7	99% (99%)* -102.7
Operating profit	300.0	411.5	73% -111.5
Other income/loss**	0.0	84.5	- -84.5
Profit before income taxes	290.0	416.5	70% -126.5
Net profit attributable to Panasonic Corporation stockholders	200.0	284.1	70% -84.1
ROE	10.1%	15.7%	- -5.6%
Free cash flow	-	10.3	- -

* In real terms excluding the effect of exchange rates

** Other income/loss = Other income (expenses) +

Share of profit investments accounted for using the equity method

control investments and improve free cash flows by thoroughly generating cash flow from operating activities such as reducing inventory.

Forecast for fiscal 2020 (year ending March 2020)

Operating profit is expected to decrease due to factored-in business risks and restructuring charges

The Company will carry out reform of its business portfolio in fiscal 2020, the first year of the new Mid-term strategy.

Sales are expected to decrease by 102.7 billion yen from the previous year to 7.9 trillion yen, due mainly to a sales decrease in Industrial Solutions reflecting uncertainties in the macro environment, including the situation in the Chinese market, in addition to the impact of the establishment of a joint venture related to the "town development" business.

Operating profit is expected to decrease by 111.5 billion yen from the previous year to 300.0 billion yen, due to factoring in business risks in addition to business restructuring charges. Net profit attributable to Panasonic Corporation stockholders is expected to decrease by 84.1 billion yen from the previous year to 200.0 billion yen. As a result, ROE is expected to be 10.1%.

Points for the New Mid-term Strategy

Please refer to the [new Mid-term strategy presentation material \(PDF\)](#) for details of the new Mid-term strategy that started in fiscal 2020.

Executing portfolio management

Achieve both profit growth and improved profitability by transcending the boundaries of the Company and organizations

The Company recognizes that profit improvement is essential to ensure sustainable growth. Accordingly, under the new Mid-term strategy we will pursue a variety of initiatives aimed at raising profitability and returning to the profit-growth track.

Specifically, we are determined to steadily conduct portfolio management with new classifications: "Core growth business," "Co-creation business," and "Revitalization business." Corresponding to each business's characteristics and situations, we will implement initiatives that transcend the boundaries of the Company and organizations to enhance the competitiveness of individual businesses. In this way, we aim to achieve profit growth and improve profitability.

Core growth business:

Focus resources to drive medium- to long-term profit growth

Core growth business comprises Spatial Solutions, Gemba (operational frontlines) Process, and Industrial Solutions. In fiscal 2020, we expect these businesses to generate EBITDA* of approximately 390.0 billion yen, accounting for about 70% of the Company total. For the past three years, EBITDA margins for these businesses have transitioned at around the 10% level. We regard them as businesses that are highly competitive within the Panasonic Group. By proactively shifting resources into these areas, we aim to add about 100.0 billion yen of EBITDA by fiscal 2022, aiming to lead Company-wide profit growth over the medium to long term.

We view the Core growth business as an area that will enable sustainable value creation and business growth by addressing increasingly severe social issues. In recent years, drastic changes in the social environment, such as labor shortages, energy issues, and a surge in the amount of information being communicated, have prompted a variety of problems. We will strive to make an even larger contribution toward addressing these social issues by concentrating on the solutions and recurring-type businesses, while endeavoring to transform our business model.

* EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization

Co-creation business:

Enhance competitiveness through regional and business collaboration

Panasonic's consumer electronics and housing businesses are positioned within the Co-creation business, which aims to enhance competitiveness through regional and business collaboration.

In the consumer electronics business, the Company will address the Chinese market, where it anticipates major growth over the medium to long term. To step up our focus, we established the China & Northeast Asia Company in April 2019, headed by Tetsuro Homma, representative director and senior managing executive officer. The speed and cost-competitiveness derived from the China operations will be combined with our trustworthiness and high technological expertise developed in Japan, leading to enhanced competitiveness. Looking to the future, the strengths refined from the China and Japan businesses can be leveraged in other Asian businesses.

In the housing business, the Company will establish a joint venture with Toyota Motor Corporation related to the town development business. The Company aims to create "new value for the entire town as a whole" by integrating Toyota's initiatives toward mobility services and Panasonic's initiatives toward "Lifestyle Updates."

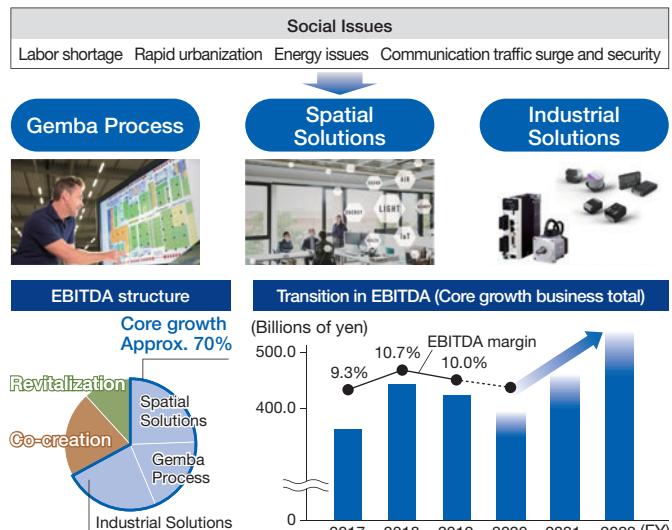
Co-creation business plays the important role of serving as points of contact with our B2C customers. We will continue to enhance competitiveness in these businesses, to further refine the "Panasonic" brand.

New Mid-term portfolio business classification

Core growth business Increase profit	Spatial Solutions	Expand solution-type businesses		
	Gemba Process			
	Industrial Solutions			
Co-creation business Enhance competitiveness	Consumer Electronics	Enhance competitiveness through regional and business collaboration		
	Housing			
Revitalization business Improve profitability	Automotive Solutions	Focus on areas where the Company has an advantage		
	Automotive Batteries			

* Excluding other income/loss

Core growth business



The ratio is the proportion of all three business classifications.

Revitalization business:

Enhance competitiveness into the future while prioritizing profit improvement

Automotive Solutions and Automotive Batteries businesses, in which we have made investments expected to serve as growth drivers, are defined as Revitalization business. Although we are currently facing struggles, these are our significant businesses where we can expect future growth as the automotive industry continues to extensively evolve and change.

Our priority is to improve profits and recover investments, as well as to enhance competitiveness by focusing on areas where we have advantages to rebuild our business base.

In the Automotive Solutions business, Panasonic is prioritizing profit improvement. We will optimize development resources by region and by product to thoroughly control development expenses. In the automotive cylindrical batteries business, the Company will thoroughly improve productivity to gain return on investment. In the automotive prismatic batteries business, the Company will establish a joint venture with Toyota Motor Corporation and strengthen competitiveness by integrating the strengths of both companies to achieve a stable supply of batteries to various automakers.

Enhancing management structure

Reduce fixed costs, aiming at 100.0 billion yen of profit contribution

Panasonic will work on reducing fixed costs such as taking radical measures with loss-making businesses and improving efficiency in indirect operations. In three years, the Company aims for a 100.0 billion yen Company-wide contribution.

For all businesses, the Company will accelerate selection and concentration. The profitability forecast and other indicators will be continuously monitored, and swift action will be taken if a certain business should withdraw, or if a certain business is likely to achieve better growth outside the scope of Panasonic.

Management KPIs

Expand profit amounts in the Core growth business to improve corporate value

For fiscal 2022, the final year of the new Mid-term strategy, and onward, Panasonic will aim toward Company-wide management that can stably achieve the following targets: for the Core growth business, the goals are an EBITDA

growth rate of 5–10% and an EBITDA margin of 10% or more, as well as a Company-wide ROE target of 10% or more.

Management KPIs

	FY2022 onward	
Core growth business	EBITDA growth rate	5–10%
	EBITDA margin	10% or more
	ROE	10% or more

Capital allocation policy

Allocate capital for the new Mid-term strategy with cash flow generated from businesses

The basic policy of capital allocation is allotting the necessary capital to achieve the new Mid-term strategy that will come from cash flow generated from business (operating cash flows, divestiture), while being aware of financial discipline.

The Company will respond flexibly when investment opportunities arise before sufficient cash flow can be generated from business operations.

Achieving “Lifestyle Updates”

Offering the *most suitable* products and services for each customer

In light of the dramatically changing business environment with the recent advances in information and communications technology, as well as diversifying preferences and values of individual customers, Panasonic is ready to take on the new challenge of pursuing products and services *most suitable* for each customer. This will be conducted by leveraging various types of data, state-of-the-art AI and IoT technology, to continue updating products and services after sales, going beyond the conventional method of creating a new model with added technology and features. This is the basic idea of “Lifestyle Updates.”

To achieve the *most suitable* lifestyles, advancements in social conditions such as information networks and transportation services are indispensable. These are also areas where the Company can make further contributions with its B2B businesses. Through these initiatives, Panasonic will transform its business model and aim for sustainable growth.

Environmental, Social, and Governance (ESG) Policy

Promoting effective corporate governance

The Company believes it is important to enhance corporate value by fulfilling accountability through dialogue with various stakeholders such as shareholders and customers, making an effort to execute transparent business activities, and swiftly conducting business activities with fairness and honesty, based on its basic philosophy of "a company is a public entity of society." The Company recognizes that corporate governance is the important basic structure for the aforementioned purpose and is working to enhance its effectiveness.

The Company has worked to strengthen its corporate governance structure based on a structure that includes a Board of Directors, Audit & Supervisory Board members (A&SB Members), and an Audit & Supervisory Board. In fiscal 2016, we voluntarily established the Nomination and Compensation Advisory Committee and put in place the Outside Directors and Outside A&SB Members Committee, and we also began evaluating the Board of Directors' effectiveness. In fiscal 2018, we revised the Board of Directors, to raise the minimum ratio of outside directors to one third, in the aim of improving the Board of Directors' flexibility, transparency, and objectiveness. The Company's Board of Directors welcomes enriched communication from outside directors, incorporating external viewpoints into its exchanges of opinions and discussions when conducting deliberations and making decisions.

Going forward, we will continue to utilize the Nomination and Compensation Advisory Committee and leverage our framework for evaluating the Board of Directors' effectiveness to promote effective corporate governance.

Initiatives for realizing "A Better Life" and "A Sustainable Global Environment"

Based on the Paris Agreement and the Sustainable Development Goals (SDGs), Panasonic has been conducting various activities in the fields of social issues where we can contribute to solutions.

In particular, environment and energy are key global issues. Rising environmental awareness all over the world has begun to affect our business activities in terms of both business risks and opportunities.

In addition to ongoing activities to contribute to the environment through our business, we will exercise our corporate social responsibility through responding to demands for environmental consideration from society and our business partners. Based on the Panasonic Environmental Vision 2050, which was formulated with the aim to realize both "a better life" and "a sustainable global environment" at the same time, Panasonic will work towards creation and more efficient utilization of energy that exceeds the amount of energy used, by developing

products, technologies and solutions relating to creation, storage and energy efficiency, and energy management.

Global human resources strategy to support our management strategies

To create new business and achieve growth by being closer to customers in markets with growth potential, the Company has been reorganizing its working environments and systems that enable each employee to play an active role as well as developing and promoting optimum talents, regardless of nationality or length of service. More specifically, Panasonic has been taking steps to develop managerial talent possessing diverse experience and aptitude for such roles, while also promoting its talent management committees led by local top managements in each region. This has enabled Panasonic to move at a more rapid pace making employee assignments and developing careers that extend across companies and nations. Also, Panasonic is implementing mechanisms including a global talent database system that makes it possible to monitor skills, experience and other attributes of individual employees, as well as a performance management system that gauges results of employees and hastens the process of talent development on the basis of global common policy.



Initiatives to improve profitability and revise our business portfolio while strengthening our financial base

Capital policy and fiscal 2019 financial position

When conducting business, we place emphasis on return on invested capital as well as improving financial stability. With regard to return on invested capital, we are conscious of capital cost, aiming to continuously secure an ROE of 10% or more, thus exceeding the capital market expectations. In terms of financial stability, we are working to increase Panasonic Corporation stockholders' equity through the accumulation of net profit, to establish a strong financial base capable of supporting business structural reform and investment in growth.

Under this policy, we attained an ROE of 15.7% in fiscal 2019, maintaining a level of more than 10%, as in the previous fiscal year. We also succeeded in increasing Panasonic Corporation stockholders' equity, reaching

1,913.5 billion yen at the end of fiscal 2019. The ratio of Panasonic Corporation stockholders' equity was 31.8%.

ROE / Panasonic Corporation Stockholders' Equity to Total Assets Ratio



Environment recognition upon formulating the new Mid-term strategy

Upon formulating our new Mid-term strategy, I gave particular consideration as CFO to two points: our position from a capital market perspective, and the increasingly uncertain financial and economic environments.

Regarding the capital market perspective, with our growth in profits generated from businesses leveling off, we are behind other competitors in terms of profitability indicators such as operating profit ratio, and the gaps are widening. This means that we must further improve profitability by revising our business portfolio to meet capital market expectations.

As for the financial and economic environments, predicting changes in financial flow and other factors is currently difficult due to trade friction, Brexit and adjustments to monetary policy in major countries. We must strengthen our financial base to prepare for risks arising from these external environments.

Capital allocation policy for the new Mid-term strategy

Under the new Mid-term strategy, we organized our businesses into portfolio classifications of "Core growth," "Co-creation" and "Revitalization." In addition, we will decisively revise our portfolio and aim for higher profitability by promoting the strategic shift of management resources according to each business's characteristics and initiatives that transcend boundaries of the Company and organizations.

Regarding the necessary capital to implement our new Mid-term strategy, we will be conscious in ensuring financial discipline, based on the policy of allocating capital with cash flow generated from business (operating cash flow, divestiture). However, we will respond flexibly when investment opportunities arise before sufficient cash flow is generated from business.

Improving profitability

To generate funds and allocate them strategically, we apply the return on invested capital (ROIC) and weighted average cost of capital (WACC) for each Business Division when making decisions regarding portfolio management or investment. In our Business Divisions, we will aim for ROIC improvements, such as inventory reduction and working capital improvement, as well as profitability improvements through fixed-cost reduction and others. At the same time, we will thoroughly monitor and follow up on the recovery of the 1-trillion-yen strategic investments which started in fiscal 2016.

Through these initiatives, we aim to maintain ROE of 10% or more on a Group-wide basis.

Strengthening our financial base

In preparation for any contingencies caused by factors such as deterioration in financial and economic environments, we issued senior notes denominated in U.S. dollars in July 2019 to diversify our funding sources and strengthen our funding base by gaining access to markets outside Japan, which encompass a broad range of investors. This was our first issuance in overseas markets in 27 years.

Under the new Mid-term strategy, we will strictly adhere to our capital allocation policy and push forward with efforts to improve profitability and strengthen our financial base, which will promote our efforts to revise our business portfolio from a financial perspective.

Approach toward the return of profits to shareholders

Since its foundation, Panasonic has managed its business, recognizing that returning profits to shareholders is one of its most important policies. The Company, in principle, distributes profits to shareholders based on its business performance and strives for stable and continuous dividend payments. We target a dividend payout ratio of approximately 30% with respect to consolidated net profit attributable to Panasonic Corporation stockholders.

In view of this policy, the Company's annual dividend came in at 30 yen per share in fiscal 2019. This was the same amount as the previous fiscal year. Moving forward, we will continue to work to improve net income and generate free cash flows while implementing initiatives aimed at achieving sustainable growth in corporate value and shareholder return.



Yoshiyuki Miyabe

Senior Managing Executive Officer
CTO

Supporting sustainable growth through innovation and speedy commercialization in a super-smart society

R&D and innovation strategies

The major direction indicated by Panasonic's brand slogan, "A Better Life, A Better World," also extends unchanged to technological development. To continue contributing to "A Better Life" and "A Better World" and creating technologies that support "Lifestyle Updates," the Innovation Promotion Sector under the head office formulated what it calls its R&D Vision as a guiding principle for future research and development (R&D). We are now promoting a variety of Group-wide cross-sectional projects in two fields: the IoT/Robotics field and the Energy field. With regard to our development system, we are promoting R&D more closely with our customers, by for example allocating more engineers to

Divisional Companies that are responsible for the commercialization of services and products. Through these initiatives, we aim to achieve more flexible, cross-sectional, speedy management.

Established in April 2017 for the purpose of accelerating the innovation that is indispensable for the sustainable growth of Panasonic into the future, the Business Innovation Division is also one example of a flexible, cross-sectional initiative. This Division serves to accelerate commercialization by developing technologies and seeing them through until they are launched as new businesses.

Social changes and innovation

The future image of society to which Japan should aspire, as advocated in the Science and Technology Basic Plan drafted by the Cabinet Office of Japan, is termed "Society 5.0." This concept incorporates IoT, robots, artificial intelligence (AI) and other cutting-edge technologies to provide goods and services that precisely address a diverse range of needs, thereby aiming to realize a society that balances economic development with the solutions to the issues it faces. Today we are in an era that is undergoing a rapid transition from the industrial society followed by the information society, to the super-smart society advocated by Society 5.0, and amid this, a transformation to digital and IoT is taking place across a range of fields. To survive when faced with dramatic change, we must transform the overall business process in a way that the times demand.

In the past, with mass production and large sales volumes, products became independent of their manufacturers as soon as they were shipped from the factory. However, in the era of IoT, where all kinds of things are connected to the Internet, we can now continue providing usefulness by maintaining the links between manufacturers and customers through products and services even after shipping. It will be not enough that the level of satisfaction is at the highest level for a broad range of customers at the timing when products and services are delivered. We must therefore offer ways to update these products and services during use so that they become the "most suitable" for each customer. In a sense, this is an attempt to rebuild the traditional "bond between the neighborhood store and its community" in a way that today's times demand. By moving quickly to expand those "hardware-fusion-type businesses based on software utilization" that are unique to the manufacturing industry, Panasonic is connecting our wide-ranging accumulation of technological and manufacturing capabilities to the creation of value for our customers.

For this reason, the very way we bring about technological development will itself need to change. Technology in the age of mass production for "unspecified and large numbers" of customers was expected to be perfect. However, in the age of IoT, where it is possible to target a "specified and large number" of customers, the most important aspect will be "innovating the processes for realizing customer value." Demanding perfection from the engineers right from the start, as in the past, is something that will actually impede innovation. To promote innovation, it will be essential to nurture a culture in which "imperfection" will be purposefully allowed. To put this approach into practice, Panasonic β was set up in Silicon Valley. This site serves to deploy initiatives that work across Business Divisions, and thereby expand throughout the Group how we think and act in ways that are suited to this new era.

Technological capabilities and manufacturing capabilities accumulated in consumer electronics

Having diversified from the manufacture of wiring equipment in 1918, Panasonic has been expanding its business scope mainly in consumer electronics. The variety of technological capabilities and range of expertise accumulated and refined in the course of manufacturing that shows a close affinity for the customer are our great strengths.

From visual/imaging, audio/voice to mechatronics (mechanisms), materials/devices, and energy, Panasonic has created a number of products that make society better and more convenient by skillfully combining and amalgamating advanced technologies in a wide variety of fields.

We cannot, however, produce superior products through technological capabilities alone. Advanced manufacturing capabilities are indispensable in the utilization of technology for improving performance, quality and usability. The advanced manufacturing capabilities include coating, molding, measurement, mounting, machine processing, control, CAE (simulation) and quality control, as well as the adjustment and integration of technologies that interlink these processes. These manufacturing capabilities are another major strength that Panasonic has cultivated, and their importance will not change even in the era of IoT and robots.

We will promote innovation based on the two strengths of our technological capabilities, which span a wide range of fields, and manufacturing capabilities, which enable us to make products reliably. In this way, we will continue to create new businesses so that we can offer products and services that are "most suitable" for each individual customer.

Examples of products that have improved Panasonic's technological capabilities and manufacturing capabilities

1927 Launches National Lamp 	1950 Launches Company's first car radio 	1952 Company's first black & white TV 
1958 Launches Company's first household tape recorder 	1961 Launches first Matsushita home 	1963 Launches "National Hi-Top," world's longest-lasting dry cell battery 
1968 Develops first "Panasert" automated resistor mounting machine 	1978 Launches Panasonic's first compact office computer (PC) 	1988 Launches Panasonic's first electronic still camera 
1996 Launches industry's first digital mobile phone weighing less than 100 grams 	2010 Begins mass production of HEV lithium-ion batteries 	2017 Develops facial recognition gate, put into operation at Tokyo International Airport 

Diverse technological capabilities

Visual/ Imaging	Audio/Voice	Light	Connectivity/ Communications
Heat (Thermal Control)	Energy	Mechatronics (Mechanisms)	Materials/ Devices
IoT, Usability			

Manufacturing capabilities that give shape to technologies

Coating	Molding	Measurement	Mounting
Machine Processing	Control	CAE (Simulation)	Quality

A Better Life, A Better World

Aiming to realize "Gemba Process Innovation*" by leveraging technologies in the welding and mounting businesses

Panasonic has operated its welding business for over 60 years, providing welding equipment/robots to such industries as automobiles, construction machinery, and shipbuilding. Over our long history, we have cultivated robotics technology to reproduce a high level of welding craftsmanship and an ability to provide solutions to customers to meet their needs. In the mounting business, we offer to various industries a multitude of product lineups as well as support that extends from production line start-up and process proposals through to the entire lifecycle of solutions. We link together equipment and systems in an effort to transform the overall production site into a "smart factory."

The Gemba (operational frontlines) conditions at manufacturing, logistics and other service providers currently suffer from labor shortages while operational processes have become increasingly complex in order to meet the diversifying needs of consumers. Panasonic will take on the challenge of improving customer productivity and solve social issues by leveraging its expertise in continuous improvement (*kaizen*) developed in the welding and mounting businesses as well as utilizing a wide variety of distinctive devices and robotics technologies.

* Improving productivity and continuously generating value on operational frontlines



Arc welding robot



Modular placement machine

Contributing to greater safety, security, and efficiency through solutions based on the world's highest level of facial recognition accuracy

Facial recognition technology judges whether the individuals in two facial images are the same. Conventionally, there were problems where facial recognition fails when there was an angle over 45 degrees to the left or right of the face, when the face was partially hidden by sunglasses or face masks, or when there were large differences in lighting such as in outdoor environments. Panasonic began researching facial recognition technology at the start of the 1990s. In targeting security applications that rely on surveillance cameras, we utilized airports, retail outlets, and other on-site locations to improve our backlight compensation, noise reduction, and other image processing technologies, and to enhance the effectiveness of our image analysis technology to recognize faces at various angles and degrees of concealment. Moreover, by combining these technologies with deep learning, which has undergone dramatic advancements, we have overcome the problems of these recognition failures. In April 2017 our technology was acknowledged as having the world's highest level of performance at the National Institute of Standards and Technology (NIST) competition in the United States.

Facial recognition technology is a two-step process that first applies a feature extraction algorithm to extract useful recognition features from a facial image and then applies a similarity calculation algorithm to compare facial features in two facial images. In the first step, we also enabled the extraction of features required to judge similarity in images of the side of the face or of a partially hidden face by improving the network structure of the machine learning method called deep learning. Furthermore, in the second step, we succeeded in dramatically improving the precision of facial recognition by integrating technologies

that optimize the facial match similarity calculation to the lighting and other aspects of the photography environment.

The judgment precision of our facial recognition technology already exceeds that of the human eye. As a result, we can now apply our technology to different applications.

For example, the Ministry of Justice of Japan installed facial recognition automated gates that use this technology to verify identity during the departure and return procedures for Japanese nationals and the departure procedures for foreign nationals at Japan's airports. Without the need for prior registration of biometric data, the system compares photographic data of the traveler's face embedded in the IC chip of the person's passport with a photo taken at the facial recognition automated gate to verify the identity. These gates have also been well-received because they can be used without frustration by first-time users and the elderly. In this case, we applied our ability to develop products from the perspective of ordinary customers, one of our strengths acquired through our B2C businesses.

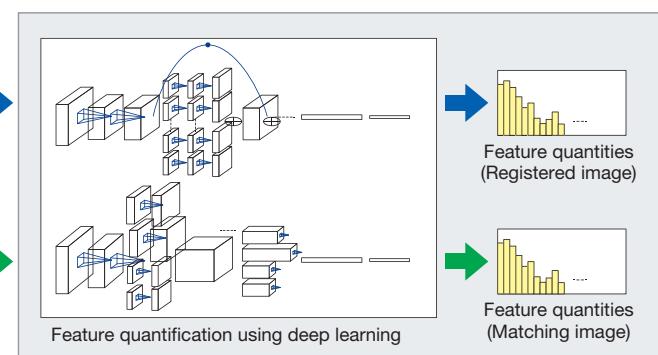
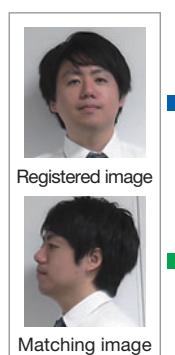
In 2018, we also delivered a facial recognition entry and ticket-less boarding system to the Fuji-Q Highland amusement park, thereby helping to strengthen park security and improve convenience for visitors. We are also working with the FamilyMart convenience store chain to study the use of automated payments based on facial recognition at a store that serves as a demonstration project. This project aims to help resolve labor shortages and other problems.

We will continue to improve recognition performance and ease of use, expanding the usage to areas such as entry control and visitor reception at condominiums, offices, events and more, thus contributing to safety, security, and efficiency in all fields.

Features of Panasonic's Facial Recognition Technology

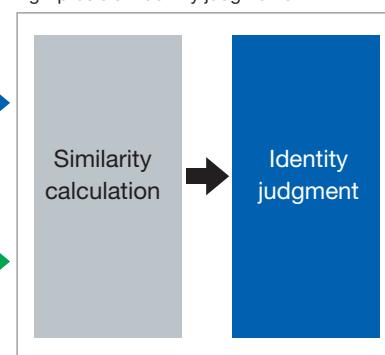
Step 1: Feature Extraction Process

Combining multiple deep learning structures enables quantification of features that can also be recognized from the side of the face



Step 2: Similarity Calculation Process

Making a similarity calculation calibrated to the photography environment enables high-precision identity judgments



Enhancing industry-leading Cybersecurity technical capabilities and helping to realize a safer, more secure society in the IoT era

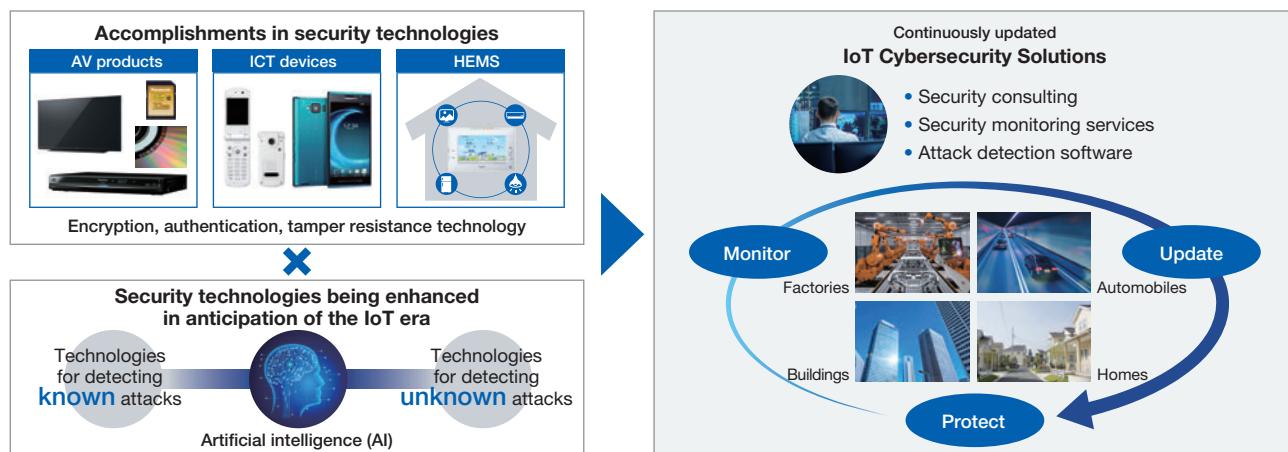
In the Internet of Things (IoT) era, where countless devices are networked together, Cybersecurity is rapidly gaining importance as a means of defending the safety of devices such as personal computers and IT systems. For example, the conversion to smart factories as exemplified by Industry 4.0 and the progression of building automation are seeing broader use of network-based control. These developments are increasing the risk of exposure to cyber-attacks. In the automotive field, although connected cars equipped with networking capability, and the greater use of automated driver assistance systems exemplified by ADAS, offer the advantage of fewer traffic accidents, reports have indicated their vulnerability to unauthorized remote operation. Likewise, these types of cars require security measures because such vulnerabilities can lead to vehicle recalls.

Panasonic has been involved in security technologies for more than 30 years as part of our development of audio visual (AV) equipment and home appliances. Over this time, we have acquired encryption, authentication, hacking countermeasures, and other tamper resistance technologies. In response to the demands of the times, we have more recently placed our focus on developing technologies for the Cybersecurity field in relation to factories, buildings, automotive, homes, and other forms of IoT. In particular, we are going beyond known forms of attacks and are enhancing our ability to monitor communications data over networks and employ AI to judge whether deviations from normal conditions are cyber-attacks, in other words, "technologies to detect unknown attacks." As part of our steady march towards commercializing these technologies, we are conducting proof-of-concepts that analyze and

detect abnormalities among massive amounts of communication logs from Panasonic's factories and buildings, as well as those of other companies. Our technologies have also been recognized by world-leading conferences in automotive security (escar, etc.) and the world's largest conference in the field of ICS security (S4). We made technical presentations at these events in 2015, 2017, and 2019 as one of the leaders in the industry.

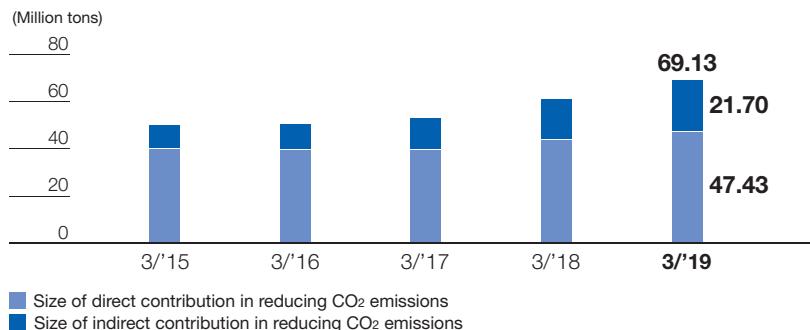
Panasonic continues to evolve our products and services even after sale in aims of realizing "Lifestyle Updates" that offer the "most suitable" option for each customer. Cybersecurity technology serves as a foundation for "Lifestyle Updates" in factories, buildings, automobiles, homes, and many other areas, and is now positioned as a core technology. Likewise, we will continue to refine these strengths into the future. In addition to leveraging these technologies in our own products and services, based on our strengths in a wide range of business fields, we also aim to provide these technologies to our customers. We will contribute to the realization of a safer, more secure society in the IoT era through security consulting, security monitoring services, attack detection software, and other total Cybersecurity solutions.

Panasonic's initiatives in Cybersecurity Solutions



ESG Highlights

Size of Contribution in Reducing CO₂ Emissions through Products and Services

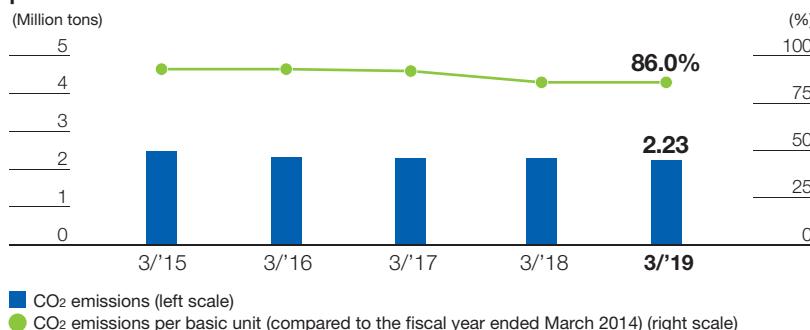


A target of at least 55 million tons in fiscal 2019 has been set, and Panasonic worked to maximize contributions to CO₂ emission reductions through improving the energy-saving performance of products and services. Progress in conversion of lighting to use LEDs, for example, increased CO₂ reduction contributions for fiscal 2019 to 69.13 million tons, allowing Panasonic to achieve its target.

For details:

<https://www.panasonic.com/global/corporate/sustainability/eco/co2.html>

CO₂ Emissions in Production Activities and CO₂ Emissions per Basic Unit

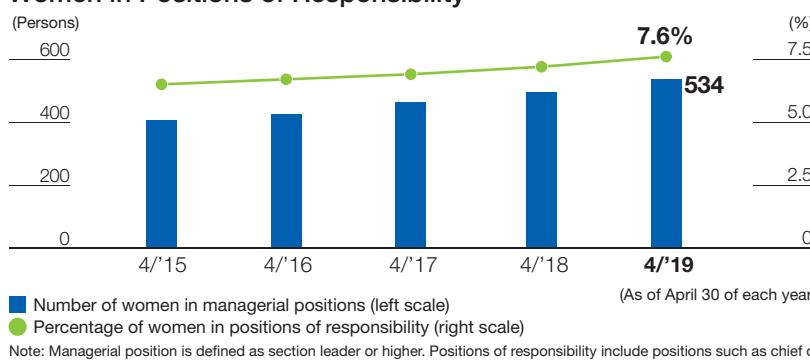


Panasonic set the reduction target for CO₂ emissions volume per basic unit for fiscal 2019 at 5% or more compared to fiscal 2014. At its factories and other facilities, Panasonic promotes energy-saving activities, the utilization of renewable energies, and other initiatives. As a result, there was a 14% reduction per basic unit for this fiscal year, greatly exceeding the target figure.

For details:

<https://www.panasonic.com/global/corporate/sustainability/eco/co2/site.html>

Number of Women in Managerial Positions / Percentage of Women in Positions of Responsibility



Promoting diversity is an important management initiative, and in Japan in particular, the appointment of more women to senior management or other positions with decision-making authority is recognized as necessary. Panasonic continues every year to increase the number of women in managerial positions and the percentage of women in positions of responsibility through various initiatives.

For details:

<https://www.panasonic.com/global/corporate/sustainability/pdf/sdb2019e-07.pdf>

Number of Board Members / Outside Director Ratio



The composition of the Board of Directors was changed substantially in fiscal 2017 to further strengthen corporate governance. As of June 30, 2019, the number of directors is set at 11 and the outside director ratio at 36.4%.

For details:

Please refer to "[Corporate Governance Structure and Initiatives](#)".

Recognition from Outside the Company (Fiscal Year Ended March 2019)

Panasonic has been selected as a component of the FTSE4Good Index Series, the global socially responsible investment index, for the 19th consecutive year. Furthermore, it has been selected as part of the MSCI ESG Leaders Indexes (formerly the MSCI Global Sustainability Indexes), the global ESG investment index, for the 9th consecutive year. Panasonic has also received an A- in the CDP 2018 rankings. The second-highest level of an eight-tier ranking system, this CDP ranking is a measure of the initiatives and comprehensiveness of information disclosed related to climate change. In addition, since 2014, Panasonic has been selected as a component of the new stock index, "JPX-Nikkei Index 400," which is composed of companies with high appeal for investors. And Panasonic has been included in the FTSE Blossom Japan Index and MSCI Japan ESG Select Leaders Index, both of which were created in July 2017.



FTSE4Good



FTSE Blossom
Japan



JPX-NIKKEI 400



2019 Constituent
MSCI ESG
Leaders Indexes



MSCI Japan ESG
Select Leaders Index

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Addressing ESG initiatives as the foundation of management—toward sustained growth and enhanced corporate value

Working to solve social issues through business activities

Since our founding, we have been engaged in a range of business activities based on the philosophy that “a company is a public entity of society.” Through these activities, we have been taking initiatives toward solving issues related to people’s lives and society, such as labor saving and efficiency improvement in everyday life or at work places.

In 2015, the United Nations adopted the Sustainable Development Goals (SDGs), and corporations have become intensely aware of their responsibility to work toward solving social issues through their business activities. Furthermore, non-financial information on environmental, social, and governance (ESG) issues is also receiving greater attention as one of the indicators used to assess corporate value.

At Panasonic, with the aims of achieving sustained growth and enhancing corporate value, we are actively promoting initiatives such as the following: carrying out reforms to increase the Board of Directors’ effectiveness, implementing cultural reform of our organizations, and offering solutions to global environmental issues.

Continuous governance reform toward increased effectiveness

In serving as Chairman of the Board, I have set various themes each year to promote governance reform. Efforts made to increase the Board’s agility and transparency, as well as the degree of its objectivity, include concrete measures: (1) establishing the Nomination and Compensation Advisory Committee, (2) introducing a system to evaluate the Board of Directors’ effectiveness, (3) reducing the number of directors, and (4) raising the minimum ratio of

outside directors to one-third of the total. I have also worked to energize the Board of Directors meeting such as by newly allotting time to discuss medium- to long-term strategies after reflecting upon the opinions of outside directors, as expressed in their evaluation of the Board of Directors' effectiveness.

From fiscal 2017, outside directors and outside Audit & Supervisory Board members (A&SB members) began making visits to our business sites. Dialogues with employees working at the frontlines enable executives to better understand our business and manufacturing operations. This interaction also leads to more active discussion and deliberations at the Board of Directors meeting. With regard to issues such as M&A, it is important to share information at an early stage and report progress for in-depth discussions. Hence, I intend to take another step forward in providing information to outside directors to further increase the effectiveness of the Board's supervisory function and corporate strategy decision-making function.

Promoting diversity and building a culture to fully deploy one's talents

To promote business model reform and pursue sustained growth, it is essential that we have an organizational culture in which all employees can take on new challenges and fully deploy their talents. In the past, we were considered ahead of the time in Japan in introducing new workstyle rules and systems, such as the five-day work week. Going forward, we will continue to be actively engaged in creating working environments that facilitate productive and satisfying work, in accordance with the changing times.

Human resources are the key to value creation. While top management and employees are expected to refine their own skills, they are also expected to interact with others having diverse perspectives and knowledge, which should strengthen our organizational capability and lead to new value creation.

Changes in society bring about changes in our business and specific working conditions. We will increasingly welcome new employees who already have a certain expertise needed for particular types of business. Envisioning such enriched diversity, our current employees are expected to meet the level of professionalism held by the newly hired "expert" employees.

We are also facing changes in our business models to integration-based and solution-proposal types. Consequently, it becomes difficult for a corporation to comprehensively conduct a certain business on its own. In our Mid-term strategy, we have set the three new portfolio classifications of "Core growth," "Co-creation," and "Revitalization," aiming to achieve both profit growth and profitability improvement. Should it become necessary to bolster our existing functions or resources to achieve our mission or aim, we intend to make swift management decisions, including alliances with other corporations and M&A.

Creating business opportunities through environmental initiatives

By addressing such issues as energy, climate change, and resources, we endeavor to fulfill the social responsibility of a company as "a public entity of society." At the same time, addressing these issues is also essential for continuing to do business in the medium- to long-term future.

Furthermore, we have formulated the Panasonic Environment Vision 2050, and we are striving to make energy created exceed energy used by the year 2050. Among our business operations, energy used mostly comes from manufacturing products and offering services, significantly impacting CO₂ emissions. To reduce energy used, we will continue to be conscious of how our customers use energy and emit CO₂. Accordingly, we will keep aware of this at all stages of our operations, from product design to manufacturing of our products and provision of our services. To increase the amount of energy created, we will expand our energy-related businesses such as by using hydrogen as a new energy source.

Panasonic assesses climate change risks and opportunities and then conducts an analysis of the resulting impact. While each specific natural disaster cannot be proven to have a correlation to climate change, it is known that the risks of natural disasters will increase. Recently, more natural disasters are occurring inside and outside Japan, with unprecedented magnitude that causes serious damage. We believe we have an important role to play in disaster prevention and mitigation, as well as making contributions in the restoration and reconstruction work that inevitably follows natural disasters.

Along with these disaster-related initiatives and our environmental activities, we aim to make contributions, through our solutions and systems businesses, toward a society and a daily life that provide an enhanced sense of safety and security.

Supporting initiatives for profit growth and profitability improvement

Panasonic is currently making efforts toward profit growth and profitability improvement through the reform of its business portfolio described in the Mid-term strategy.

To gain a better understanding from investors, the Board of Directors will further clarify the Company's future aim and strategy, as well as support activities to promote ESG initiatives as the foundation of corporate management.

I would like to ask for your continued support of the efforts we are making in our journey to transformation.

Supporting innovation achievements that expedite solutions to social issues

Kunio Noji

Outside Director

Senior Advisor, Komatsu Ltd.

One of Japan's most noted executives, he built Komatsu into a global corporation. He advocates reform of business management through innovation. He was appointed as an outside director in June 2019.



—Please tell us why you accepted the role of outside director for Panasonic, and about your own role.

The reason I accepted was because I felt I could utilize my own experience and knowledge from being a president in the manufacturing industry in strengthening governance.

I see my role in strengthening governance as twofold.

The first is to ensure governance. Panasonic has already made notable strides in initiatives to strengthen governance, including establishing the Nomination and Compensation Advisory Committee, introducing evaluations of the Board of Directors' effectiveness, and ensuring a ratio of outside directors of at least a third. However, there are other companies that are more advanced than Panasonic in terms of governance, and I think there are some points we should strengthen some more. In addition, while there are a range of themes in governance, such as quality and compliance, I provide advice on these issues based on my own experiences.

The second is support for accelerating growth strategies. Drawing on my experiences as a president in the manufacturing industry, I will offer suggestions based on my perspectives and ideas for studying strategies.

—Could you give us your frank opinion of Panasonic?

Since the Company was founded, employees at the operational frontlines have been thoroughly educated and nurtured attitudes toward manufacturing, so governance is at a high level. This leads to the high levels of trust in Panasonic's hardware thanks to the quality of the Company's products. This gives me a great deal of reassurance. On the other hand, for new businesses such as platforms and software, all employees must understand their aims to the fullest extent.

In addition, while I have only been an outside director

for a short time, I get the feeling that we should be able to create an atmosphere which permits more frank and open discussions. It is very important to have a corporate culture that allows the freedom to say what you want to say.

—Could you tell us about what you expect from Panasonic and the direction the Company should go?

To realize the goal of "Lifestyle Updates" that Mr. Tsuga put forth, I consider that the issue is how each Divisional Company can link this to business strategies and business. In addition, in order to carry out steady management, I believe it is important to clarify the technological, manufacturing, sales, and other strategies that we should continue to protect.

The core of industry globally has moved from the old manufacturing industries to the new software industries. But we have arrived at an era where new industries that combine hardware and software will be required. I believe that now is the time for the Japanese manufacturing industry to provide new values through connecting strong hardware and software, bring about innovations that can solve social problems. In this sense, too, I expect great things of Panasonic.



Yoshinobu Tsutsui

Outside Director

Facing business, compliance, and HRD themes with strong awareness of the issues

Stock prices generally reflect market expectations toward the future growth of a corporation. In light of Panasonic's current situation, to restore market confidence, it is imperative that we communicate to the market our long-term vision of business portfolio reform based on profitability, as well as our concrete roadmap toward this vision.

Since its founding, Panasonic's business areas have expanded vastly. This means that its organizational structure and allocation of human resources is now complex and multi-layered.

My approach as an outside director of this sort of company is to be strongly aware of the following three points:

- (1) Business portfolio reform (how each Business Division's cost structure is visualized and whether profitability targets are carried through)
- (2) Strengthening global compliance structure (how effectiveness is secured at a high level and how much employees are made aware)
- (3) Human resources development (how the corporate culture is reformed and how management personnel are selected)

Panasonic's wide array of systems and products enables the Company to contribute significantly to solving social issues. For example, there is good prospects in enhancing corporate value from the perspective of the SDGs, as the Company is able to strongly commit to each of the goals. In addition, the attitude toward addressing social issues on a global scale can lead to establishing a new type of corporate identity. I would like you to pay close attention from a long-term perspective as to how Panasonic makes its strategic preparations for what it wants to achieve.



Hiroko Ota

Outside Director

Working to solve management issues Company-wide and finding the next promising path of growth

Panasonic is facing a crucial point in its search for its growth pillar. As we approach this point, there is also a shared sense of crisis within the Company, creating an atmosphere prepared to attempt innovation through trial and error. However, to narrow down growth areas and to reach a level of solid profitability, we need to move even faster and create an open-minded corporate culture that is not afraid of failure.

The Board of Directors meetings have a free atmosphere of discussion, and in-depth, frank opinions are exchanged at the Nomination and Compensation Advisory Committee meetings as well. However, being an outside director of a corporation comprising seven Divisional Companies engaged in a diverse array of businesses, I do find it can be hard to be fully aware of the management situation. While serious efforts have already been made to enhance corporate governance, I would like to see the Company do a little bit more to in providing information to its outside directors.

At this major period of transition in our business restructuring, it is important that we squarely face reality, fully understand the roots of the structural problems, and share what needs to be addressed and the direction to be taken with everyone in the Company, including the outside directors. One of the strengths of Panasonic is that, once an issue is identified, it will devote all its efforts to tackling it. The Company has a history of taking innovation seriously. If we can draw on the Company's long experience in this area, I am quite confident that we will forge the next promising path of growth.



Kazuhiko Toyama

Outside Director

Tenaciously promoting structural reform focused on the management succession system

With the backdrop of digital transformation, many business areas are forced to innovate, changing or creating their business models. Amid this business environment, how sustainable can we make our organizational capabilities and the current structure of the Company on a global scale? Panasonic's diversified portfolio of businesses means we need to be tenacious in executing structural reform. It will be a challenging management task to do this while responding to geopolitical uncertainties, but if we cannot, there will be no future for Panasonic.

Choosing the next CEO and CxOs who will take the lead in transforming the Company should be considered from the long-term perspective, and not just the next term. Hence, consistent and sustainable reform is necessary for the selection and development system, as well as the upper management structure and governance structure where selection takes place.

Our founder established an innovative company structure, management philosophy and business model. To enhance corporate value, these need to be realized in a modern way through "deconstruction and creation" within the 21st century business environment. This is a challenge shared among traditional companies in Japan. I have high expectations that Panasonic will become a role model in this sort of management innovation.

Directors, Audit & Supervisory Board Members and Executive Officers

(As of Oct. 1, 2019)

Directors



Laurence W. Bates
Director

Hirokazu Umeda
Director

Tetsuro Homma
Representative Director

Yasuyuki Higuchi
Representative Director

Kazuhiro Tsuga
Representative Director,
President

Shusaku Nagae
Director,
Chairman of the Board

Mototsugu Sato
Representative Director

Yoshinobu Tsutsui
Outside Director

Hiroko Ota
Outside Director

Kazuhiko Toyama
Outside Director

Kunio Noji
Outside Director

Audit & Supervisory Board Members



Toshihide Tominaga

Senior Audit &
Supervisory Board Member

Yoshio Sato

Outside Audit &
Supervisory Board Member

Mitsuko Miyagawa

Outside Audit &
Supervisory Board Member

Toshio Kinoshita

Outside Audit &
Supervisory Board Member

Mamoru Yoshida

Senior Audit &
Supervisory Board Member

Directors

Director, Chairman of the Board



**Shusaku
Nagae**

Representative Director, President



**Kazuhiro
Tsuga**
President / CEO

Apr. 1972 Joined Matsushita Electric Works, Ltd. (MEW)
Dec. 2004 Managing Executive Officer, MEW
June 2007 Managing Director, MEW
June 2010 President, Panasonic Electric Works Co., Ltd. (former MEW)
Apr. 2011 Senior Managing Executive Officer of the Company / In charge of Lighting Company and Panasonic Ecology Systems Co., Ltd.
Jan. 2012 In charge of Solution Business / President, Eco Solutions Company
June 2012 Executive Vice President of the Company / In charge of Corporate Division for Promoting Energy Solution Business
June 2013 Chairman of the Board of Directors (current position)

Representative Directors



**Yasuyuki
Higuchi**

Senior Managing Executive Officer / CEO, Connected Solutions Company

May 2003 President and Representative Director, Hewlett-Packard Japan, Ltd.
May 2005 President and Representative Director, The Daiei, Inc.
Mar. 2007 Representative Executive Officer and COO, Microsoft Kabushiki Kaisha (now Microsoft Japan Co., Ltd.)
Apr. 2008 Representative Executive Officer and President, Microsoft Kabushiki Kaisha (now Microsoft Japan Co., Ltd.)
July 2015 Representative Executive Officer and Chairman, Microsoft Japan Co., Ltd.
Apr. 2017 Senior Managing Executive Officer of the Company / President (now CEO), Connected Solutions Company (current position)
June 2017 Representative Director of the Company (current position) / Senior Managing Executive Officer of the Company (current position)



**Tetsuro
Homma**

Senior Managing Executive Officer / CEO, China & Northeast Asia Company

Apr. 1985 Joined the Company
June 2012 General Manager, Corporate Planning Group
Oct. 2013 Executive Officer of the Company
Apr. 2015 Managing Executive Officer of the Company / President, Appliance Company
June 2015 Managing Director of the Company
Apr. 2016 Senior Managing Director of the Company
June 2017 Senior Managing Executive Officer of the Company (current position)
Apr. 2019 CEO, China & Northeast Asia Company (current position)
June 2019 Representative Director of the Company (current position)

Representative Director



**Mototsugu
Sato**
Executive Vice President

Apr. 1979 Joined Matsushita Electric Works, Ltd. (MEW)
Apr. 2008 Executive Officer, MEW
Apr. 2011 Senior Executive Officer, Panasonic Electric Works Co., Ltd. (former MEW)
Oct. 2013 Executive Officer of the Company / In charge of Planning
June 2014 Director of the Company
Apr. 2015 Managing Director of the Company
Apr. 2016 Senior Managing Director of the Company / In charge of Human Resources
Mar. 2017 CEO, Panasonic Holding (Netherlands) B.V.
June 2017 Representative Director of the Company (current position) / Senior Managing Executive Officer of the Company / Chief Strategy Officer (CSO) / Chief Human Resources Officer (CHRO)
Apr. 2019 Executive Vice President of the Company (current position)

Directors



**Hirokazu
Umeda**

Managing Executive Officer / CFO

Apr. 1984 Joined the Company
Oct. 2012 General Manager, Corporate Management Support Group, Corporate Strategy Division
Apr. 2017 Executive Officer of the Company / In charge of Accounting and Finance
June 2017 Director of the Company (current position) / Executive Officer of the Company / Chief Financial Officer (CFO) (current position)
Apr. 2018 Managing Executive Officer of the Company (current position) / President, Panasonic Equity Management Japan Co., Ltd. (now Panasonic Equity Management Japan G.K.) (current position)



**Laurence W.
Bates**

Managing Executive Officer / GC / CRO / CCO

Mar. 1987 Admitted to New York State Bar (current position)
Sep. 1998 General Counsel-Japan, General Electric Company, Tokyo
Apr. 2014 Senior Managing Director and Chief Legal Officer, LIXIL Group Corporation, Tokyo
Apr. 2018 Executive Officer of the Company / General Counsel (GC) (current position) / Chief Risk Management Officer (CRO) (current position) / Chief Compliance Officer (CCO) (current position)
June 2018 Director of the Company (current position)
Apr. 2019 Managing Executive Officer of the Company (current position)

Audit & Supervisory Board Members

Outside Directors



**Yoshinobu
Tsutsui**

(Independent director)

- Apr. 2011 President, Nippon Life Insurance Company
June 2015 Director of the Company (current position)
Apr. 2018 Chairman, Nippon Life Insurance Company (current position)



**Hiroko
Ota**

(Independent director)

- Sep. 2006 Minister of State for Economic and Fiscal Policy
Aug. 2008 Professor of National Graduate Institute for Policy Studies
June 2013 Director of the Company (current position)
Apr. 2019 Senior Professor of National Graduate Institute for Policy Studies (current position)



**Kazuhiko
Toyama**

(Independent director)

- Apr. 2003 Senior Representative Director (COO), Industrial Revitalization Corporation of Japan
Apr. 2007 Representative Director (CEO), Industrial Growth Platform, Inc. (current position)
June 2016 Director of the Company (current position)



**Kunio
Noji**

(Independent director)

- June 2007 President and Representative Director, and CEO, Komatsu Ltd.
Apr. 2013 Representative Director and Chairman of the Board, Komatsu Ltd.
June 2019 Senior Advisor, Komatsu Ltd. (current position) / Director of the Company (current position)

Senior Audit & Supervisory Board Members



**Mamoru
Yoshida**

- Apr. 1979 Joined the Company
Apr. 2008 Vice President, Panasonic AVC Networks Company / Director, Network Business Group
Apr. 2009 Executive Officer of the Company / Senior Vice President, AVC Networks Company
Apr. 2012 Managing Executive Officer of the Company / President, AVC Networks Company
June 2012 Managing Director of the Company
Apr. 2013 In charge of Technology, Intellectual Property and Information Systems
Apr. 2015 Senior Vice President, Appliances Company
June 2015 Managing Executive Officer of the Company
June 2016 Senior Audit & Supervisory Board Member of the Company (current position)



**Toshihide
Tominaga**

- Apr. 1980 Joined the Company
Jan. 2013 Senior Councilor, Accounting Center, Industrial Devices Company
June 2016 President, Panasonic Industrial Devices SUNX Co., Ltd.
June 2018 Corporate Advisor, Panasonic Industrial Devices SUNX Co., Ltd.
June 2019 Senior Audit & Supervisory Board Member of the Company (current position)



**Yoshio
Sato**

(Independent Audit & Supervisory Board member)

- July 2007 President and Director, Chief Executive Officer (Representative Director) of Sumitomo Life Insurance Company
July 2011 President and Representative Director, Chief Executive Officer of Sumitomo Life Insurance Company
Apr. 2014 Chairman and Representative Director of Sumitomo Life Insurance Company
June 2014 Audit & Supervisory Board Member of the Company (current position)
July 2015 Chairman of the Board of Sumitomo Life Insurance Company (current position)



**Toshio
Kinoshita**

(Independent Audit & Supervisory Board member)

- July 1983 Registered as Certified Public Accountant (Japan) (current position)
June 1994 Senior Partner of Chuo Audit Corporation
July 1998 Managing Partner for Japanese Business Network of PricewaterhouseCoopers LLP National Office
July 2007 Chief Executive of The Japanese Institute of Certified Public Accountants
July 2013 Council Member of The Japanese Institute of Certified Public Accountants
June 2014 Audit & Supervisory Board Member of the Company (current position)



**Mitsuko
Miyagawa**

(Independent Audit & Supervisory Board member)

- Apr. 1986 Registered as Attorney at Law (Japan) (current position)
Apr. 1995 Partner, TMI Associates (current position)
June 2016 Audit & Supervisory Board Member of the Company (current position)

Executive Officers

President

Kazuhiko Tsuga

Chief Executive Officer (CEO)

Executive Vice President

Mototsugu Sato

Director, Corporate Strategy Division
CEO, US Company
General Affairs and Social Relations

Senior Managing Executive Officers

Yoshiyuki Miyabe

Chief Technology Officer (CTO)
Chief Manufacturing Officer (CMO)

Tetsuro Homma

CEO, China & Northeast Asia Company
Regional Head for China & Northeast Asia

Masahisa Shibata

In charge of Automotive Sales

Yasuyuki Higuchi

CEO, Connected Solutions Company

Shinji Sakamoto

CEO, Industrial Solutions Company

Managing Executive Officers

Takashi Toyama

Representative in Tokyo
In charge of Government and External Relations
Director, Government and External Relations Division
In charge of Tokyo Olympic & Paralympic Business Promotion

Hirokazu Umeda

Chief Financial Officer (CFO)
In charge of Groupwide Cost Busters Project and BPR Project
CEO, Panasonic Holding (Netherlands) B.V.
President, Panasonic Equity Management Japan G. K.

Yuki Kusumi

CEO, Automotive Company

Masahiro Shinada

CEO, Appliances Company
In charge of Consumer Business and FF Customer Support & Management

Laurence W. Bates

General Counsel (GC)
Chief Risk Management Officer (CRO)
Chief Compliance Officer (CCO)
Director, Legal & Compliance Division

Masaharu Michiura

CEO, Life Solutions Company
In charge of Construction Safety Regulations Administration Department

Executive Officers

Eiichi Katayama

Chief Strategy Officer (CSO)
In charge of Business Development

Manish Sharma

President, Panasonic India Pvt. Ltd.

Shigeki Mishima

Chief Human Resources Officer (CHRO)
General Manager, Corporate Human Resources Strategy Department,
Corporate Strategy Division

Corporate Governance Structure and Initiatives

The Company considers corporate governance to be a key foundation for increasing its corporate value and will continue strengthening governance, including enhancing the discussion of business strategies by the Board of Directors.

Basic policy

The Company, since its establishment, has operated its business under its management philosophy, "contributing to the progress and development of society and the well-being of people worldwide through its business activities."

Also, the Company believes it is important to enhance corporate value by fulfilling accountability through dialogue with various stakeholders such as shareholders and customers, making an effort to execute transparent business activities, and swiftly conducting business activities with fairness and honesty based on its basic philosophy of "a company is a public entity of society."

The Company recognizes that corporate governance is an important structure for this purpose, and is working to build and enhance an effective corporate governance structure.

Outline of structure (As of June 27, 2019)

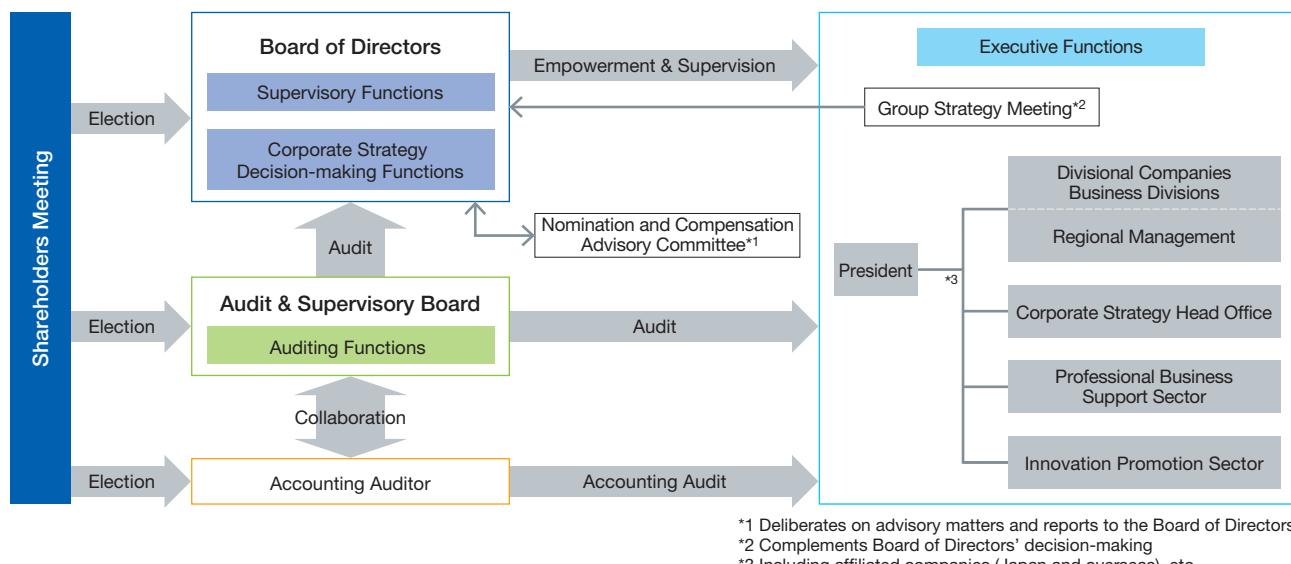
The Board of Directors

- The Board of Directors is composed of 11 directors including four outside directors, of whom one is a woman (outside director).
- The chairperson of the Board is the chairman (inside director).
- The Company elects outside directors from among managers of external entities, who have extensive managerial experience in various careers and deep insight, and are expected to provide valuable opinions as supervisors of decision-making related to business execution and the execution of directors' duties.
- All directors are reelected at the annual general meeting of shareholders.

Main items discussed by the Board of Directors in fiscal 2019

In addition to discussions on business policy, the Board of Directors deliberated on and decided matters related to medium- to long-term strategy, including the establishment of a joint venture with an external partner and large-scale capital investment projects, as well as important aspects of business execution, such as dividend policy and executive HR issues. In addition, it received business reports from Divisional Company CEOs and region representatives, conducted oversight of the execution of duties, and verified the operational status of the internal control system. The Board of Directors also discussed business portfolios, human resources strategies, and financial strategies. In addition, the significance of possessing strategic shareholdings was examined by the Board of Directors.

Corporate Governance Structure



Audit & Supervisory Board members (A&SB members) and Audit & Supervisory Board (A&SB)

- The A&SB is composed of five A&SB members including three outside A&SB members, of whom one is a woman (outside A&SB member).
- The Company sets A&SB members who are able to exert their monitoring functions according to their individual discretionary decision, but not to majority vote decision. The A&SB members are also able to independently act upon their own decision in pursuing liabilities of directors.
- The Company sets full-time senior A&SB members who are well versed about corporate operations and are able to comprehend actual condition of businesses by exercising their right to visit and investigate operating sites. The senior A&SB members are elected from among those who have experience in positions equivalent to or higher than managing director
- The Company elects outside A&SB members from among managers, lawyers, and certified public accountants, who have extensive expertise with various careers and deep insight and can be expected to conduct valuable audits of the execution of business by directors.

Optional Nomination and Compensation Advisory Committee

- Chaired by an independent outside director
- Majority of members are independent outside directors.
- Deliberates on the results of internal reviews of the nomination of candidates for director, executive officer, and audit & supervisory board member and on the appropriateness of the Company's director and executive officer compensation system, and reports on these matters to the Board of Directors
- Monitors the candidates for the CEO successor and can propose the replacement timing of CEO
- In fiscal 2019, the committee deliberated on the result of internal discussion regarding candidates such as Directors and reported to the Board of Directors.

Group strategy meeting

- Meetings are held about twice monthly in principle to discuss and set the direction of the Group's medium- to long-term strategy and priority issues.
- Around 10 members of upper management participate, including the CEO, Divisional Company CEOs, and non-Japanese executive officers.
- Managers of related business and functional divisions in positions of responsibility also participate in discussions depending on the matter considered.

Utilization of outside directors

Policy for nominating independent outside director candidates and their qualifications

The Company nominates independent outside director candidates from the standpoint that there be no conflict of interest between the Company and the outside directors, and the Company can increase and enhance the effectiveness of the monitoring of the Board based on an objective and neutral point of view.

Candidates for independent outside director who satisfy the following independence standards are elected from among those who have extensive knowledge and expertise, such as managers or experts of external entities.

The Board of Directors resolved that the minimum ratio of outside directors should be one third on and after June 29, 2017. Based on this, we nominate candidates for outside director and appoint them at the ordinary general meeting of shareholders, thereby enhancing the objectivity and neutrality of the Board of Directors and strengthening the supervisory function.

The Company's Outside Directors



Yoshinobu Tsutsui

Chairman of the Board, Nippon Life Insurance Company

He brings extensive experience at the highest level of management along with expertise in domestic and international financial developments.



Kazuhiko Toyama

Representative Director (CEO), Industrial Growth Platform, Inc.

A leading figure in corporate governance in Japan, he is involved in numerous corporate revitalization projects as the former COO of Industrial Revitalization Corporation of Japan.



Hiroko Ota

Professor, National Graduate Institute for Policy Studies

A specialist in public economics and economic policy, she is involved in national economic policy as the former Minister of State for Economic and Fiscal Policy.



Kunio Noji

Senior Advisor, Komatsu Ltd.

One of Japan's most noted executives, he built Komatsu into a global corporation. He advocates reform of business management through innovation.

Independence standards for independent directors / Audit & Supervisory Board members (A&SB members)

The Company established independence standards for independent directors/A&SB members based on independence standards required by financial instruments exchanges such as the Tokyo Stock Exchange. For example, the following persons are not considered independent.

- Major business partner of the Company or said executing person (including those who had fallen under this category in the past)
- Consultants, accountants or attorneys (or, in the case of companies, people who belong or belonged to such companies) who receive a significant amount of money from the Company
- The aforementioned close relative (a second-degree or closer relative) or a close relative of an executing person of the Company or subsidiary

Also, "past" shall mean "within the last three years" and "major business partner" shall mean the annual amount of transaction exceeds 2% of either of their annual consolidated sales. "Significant," in the case of individuals, shall be judged as 12 million yen. For a detailed definition of the Company's independence standards please refer to the [PDF "Corporate Governance Report."](#)

Provision of information and assistance to outside directors

The division in charge provides support to outside directors, such as prior explanation of agendas of the Board meeting and provision of information to enable effective discussions

by the Board of Directors. In addition, the Company provides them with the opportunity to visit major operating sites and plants.

Implementation and utilization of evaluation of the Board of Directors effectiveness

Once a year, the Board of Directors administers a questionnaire to all its members in order to further enhance the Board's effectiveness.

Analysis of the responses to the fiscal 2018 questionnaire showed that the effectiveness of the Board was generally considered appropriate as it currently is. It also showed that some opinions and proposals suggested expanding discussions regarding medium- to long-term strategies and compliance. Based on this, in fiscal 2019, in addition to continued discussions on the medium- to long-term strategy, other discussions such as business reports from each Divisional Company, compliance, and risk management were further enhanced.

An effectiveness evaluation in fiscal 2019 showed the effectiveness of the Board in its current state was generally considered appropriate, as were the Board's supervisory and decision-making functions.

The Company continues to conduct evaluations of the effectiveness of its Board of Directors and improve the evaluation methods.

Activities Aimed at Strengthening Governance

Evaluating the effectiveness of the Board of Directors started in fiscal 2016. Governance has been strengthened while incorporating opinions and proposals from questionnaires.

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	As of June 30, 2019
Board of Directors	Appointed a female director		Began evaluating the effectiveness of the Board of Directors	Increased the number of outside directors from three to four	Reduced the number of directors from 17 to 12	Appointed a non-Japanese director		<p>Number of board members 11</p> <p>Outside director ratio 36.4%</p>
Nomination and Compensation Advisory Committee		Established (Number of outside members/ Total number of members)	1/3	2/4	3/5			
Initiatives and other mechanisms	Introduced stock-type compensation SOs*	* Stock options	Established the Outside Directors and Outside A&SB Members Committee	Outside directors as well as outside A&SB members began visiting business sites	Reviewed the conferring of representation rights	Reviewed the corporate advisor system	Introduced restricted stock compensation	<p>* The Policy toward Large-Scale Purchases of Panasonic Shares</p>

Compensation

Performance-based compensation

The Company implemented performance-based compensation as a short-term incentive to provide incentive to boost business performance, and it shall be determined in conjunction with performance evaluation for Panasonic as a whole and the specific businesses a director is in charge of, based on performance indicators, such as net sales and operating profit, free cash flow.

Restricted stock compensation

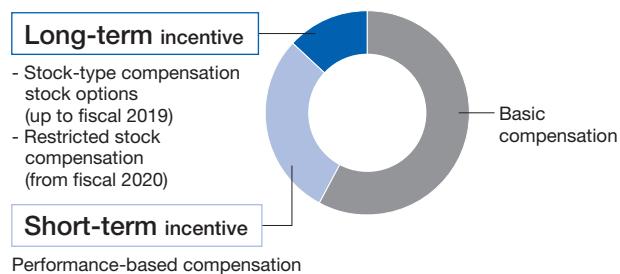
The Company implemented stock-type compensation stock options as a long-term incentive. Starting in fiscal 2020, it will replace the stock-type compensation stock options with restricted stock compensation. This is to both provide an incentive to ensure that the Company's corporate value continues to rise, and to promote further value sharing with the Company's shareholders.

Reflecting on the reasons for introducing the stock-type compensation stock options and the restricted stock compensation, the ratio of the incentive option to the overall compensation package is designed to be higher the higher up the position of the director or executive officer receiving it. In addition, the total amount is set based on overall considerations of matters such as the duties of each director or executive officer, and the balance with monetary compensation.

Procedure for determining compensation

Compensations of directors and executive officers are decided by the representative director and president, who was given the authority by the Board of Directors, based on the Company's director and executive officer compensation system. In November 2015, the Company has established an optional Nomination and Compensation Advisory Committee, majority-staffed and chaired by independent outside directors. In response to inquiries from the Board, this committee deliberates and reports on the appropriateness of the Company's director and executive officer compensation system.

Illustration of Compensation Structure



Performance-based compensation

Amount of Compensation for Directors and A&SB Members for Fiscal 2019 (ended March 2019)

Classification	Number of persons	Amount (million yen)		
		Basic compensation	Performance-based compensation	Stock-type compensation stock options
Directors (other than outside directors)	9	1,085	583	337
A&SBMs (other than outside A&SBMs)	2	80	80	—
Outside directors	4	65	65	—
Outside A&SBMs	3	39	39	—

Note: One director who retired at the conclusion of the 111th Ordinary General Meeting of Shareholders held on June 28, 2018 is included in the above.

Directors Who Received Compensation over 100 Million Yen

Name	Classification	Amount (million yen)		
		Basic compensation	Performance-based compensation	Stock-type compensation stock options
Shusaku Nagae	Director	118	100	—
Kazuhiro Tsuga	Director	255	104	84
Yoshio Ito	Director	161	79	58
Mototsugu Sato	Director	141	69	55
Yasuyuki Higuchi	Director	151	75	57

Note: Yoshio Ito retired at the conclusion of the 112th Ordinary General Meeting of Shareholders held on June 27, 2019.

Information disclosure / Dialogue

Information disclosure approach and system

The Company's basic policy concerning information disclosure is as follows.

We will provide our various stakeholders, including customers and shareholders, with fair and accurate information on corporate financial affairs, our Basic Business Philosophy, business policies and activities, as well as environmental, social, and governance activities in a timely, understandable and appropriate manner. At the same time, we will listen to our customers' requests and comments and reflect them in our business policies and activities. We will seek to be an enterprise with high transparency.

(From the Panasonic Code of Conduct)

The Company clearly defines its policy on information disclosure in the Panasonic Code of Conduct, the guideline for putting the Group's Basic Business Philosophy into practice. The Company also publishes relevant practical standards, methodologies, internal processes, etc. as its Disclosure Policy. In accordance with this Policy, the Company pursues constructive dialogue with all its shareholders and investors. ([For more details, please visit the Disclosure Policy page on the Company's website.](#))

Under this basic policy, we disclose information where disclosure of this information is required by securities-related laws and regulations of all relevant countries and regions as well as other information that is deemed as necessary to disclose in a fair and timely manner while at the same time endeavoring to disclose accurately, fairly, and sufficiently.

Moreover, the Company has established disclosure control procedures and in the preparation and submission of annual securities reports, quarterly reports, etc., the Disclosure Committee, which is comprised of general managers from principal departments that handle relevant information, confirms the validity of the descriptive content and the appropriateness of the disclosure procedures under the supervision of the CEO and chief financial officer (CFO).

Based on listing regulations, Company information that requires timely disclosure shall be immediately reported to the Corporate Finance & IR Department or the Financial & Accounting Department and disclosed timely and appropriately.

Internal control for financial reporting

The Company has documented the actual status of its internal control system from the control infrastructure to actual internal control activities, with integrated control provided by the Internal Control Promotion Office, in order to ensure reliability in the financial reporting of the Panasonic Group including its subsidiaries.

Specifically, the Company has reinforced its internal controls by implementing self-checks and self-assessment programs at each of the Divisional Companies and Business Divisions, etc. Then, internal auditing managers of the Divisional Companies appointed by the Company at each of the Divisional Companies, etc. conduct audits. Based on the audits, the Internal Control Promotion Office supervises the Group-wide internal control audits in order to confirm its effectiveness. In fiscal 2019, Panasonic had a total of 400 personnel assigned to conduct internal audits in the entire Group.

Constructive dialogue with shareholders and investors

The CFO is responsible for investor relations (IR) activities. The CEO, CFO, and each CEO of Divisional Companies mainly engage in dialogue with shareholders and investors. This includes announcements of financial results and individual meetings. Also, the IR staff members in the Corporate Finance & IR Department are in charge of day-to-day communication with shareholders and investors.

For IR geared toward institutional investors and securities analysts, the Company conducts presentation meetings of quarterly financial results announcements, annual presentations regarding business policy of the Company and Divisional Companies, and other activities. Also, for overseas investors, the Company holds presentation meetings utilizing conferences hosted by financial institutions.

Views and management issues obtained from shareholders and investors through IR activities are appropriately relayed to senior management and the relevant departments including Divisional Companies in internal meetings such as the Group Strategy Meeting and are utilized to improve the quality of management of the entire Group.

Creating an environment where talents who will drive new growth can develop autonomously and flourish

Shigeki Mishima

Executive Officer
Chief Human Resources Officer (CHRO)



For Panasonic to grow sustainably, we need to move away from existing business models and create an environment where talents who will drive new business growth can develop and flourish through their own initiatives.

One of the policies to achieve this is “reform of the business management structure,” presented on October 1, 2019 ([see p. 40, “A new executive officers structure \(reform of the business management structure\)”](#)).

Previously, executive officers were required to play two roles: Group-wide optimization, steering the overall Group; and individual optimization, for each individual business. To that end, they need high levels of management decisiveness and ability for managing one’s own business area of responsibility on a global scale while carefully determining the status of the business and market for each business within the Group and the core competitiveness and positioning overall priorities. To respond even better to the expectations of the capital market, the Panasonic Group has made the decision to split the management level into the executive officers, who will consider overall optimization, and the business execution layer, who will increase revenue in individual businesses.

To encourage the people who will lead individual business management as the business execution layer, Panasonic is revising its appointment and dismissal system and its evaluation system into ones that are more transparent and more attractive, and promoting the assignment of people to challenging yet appropriate positions. In addition, people who will become responsible for Group management in the future will be selected from among these leaders. Four things are expected of people who will be responsible for Group management: in addition to “overall optimization,” they are “have a wealth of individual experience,” “be able to strategically respond to new business fields they have no experience in,” and “have the charisma to attract people with ambition.” In

addition, people with knowledge, experiences, or connections that the Group lacks will continue to be actively recruited from outside the Company. One person alone cannot reform Panasonic. But the aspiration is management as a team through combinations of diverse talents, where the knowledge of dyed-in-the-wool management executives is blended with the strengths of people hired from outside the Company.

In addition to this, Panasonic is promoting a range of initiatives from the perspectives of employees’ taking on challenges, learning, and growing. For example, as of fiscal 2019 the Company has started offering external working experience and concurrent postings within the Company which is called “In-company Multitasking” ([see p. 41, “Support for employees taking on challenges, learning, and growing”](#)). The purpose of these is to break down the uniform style of talent development, and refine the diverse perspectives and skills of a diverse range of people. Through In-company Multitasking, employees will have the opportunity to be involved in various themes in a range of departments within Panasonic, and will be able to help drive new projects even afterwards thanks to the informal connections they made during their posting. Employees who apply for external working experience will be able to come back with the perspectives of venture corporation managers. In addition to these measures which are the same throughout the Company, each Divisional Company within Panasonic is moving ahead with reforms to its own unique organizational culture, systems, and ways of doing things.

I believe that at the end of these initiatives there will be the creation of new businesses and sustained growth for Panasonic, and will accelerate reforms to talent management even more as we move into the future.

Human Resources Initiatives

A new executive officers structure (reform of the business management structure)

Panasonic has defined new portfolio classifications looking toward profit growth and profitability improvement beyond the boundaries of the Company and organizations.

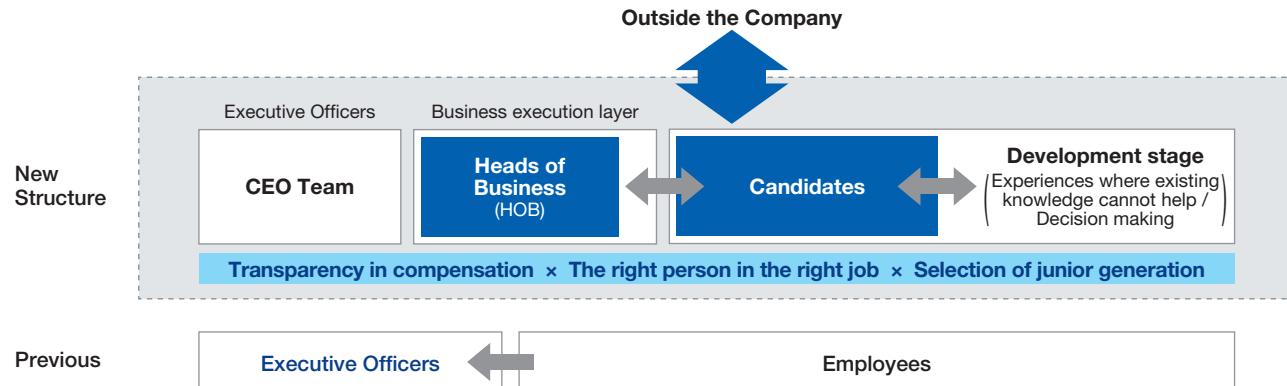
Panasonic has worked to reform its business management structure with the aim of establishing a more flexible and robust business structure in the drastically changing business environment. Specifically, in order to clarify the management roles and responsibilities, the management structure has been reorganized into a group of executive officers, who will lead the reform of the Panasonic Group's business structure for the Group-wide optimization, and a business execution layer, which will lead the transformation of individual businesses for strengthening respective businesses.

Executive officers will assume responsibility for managing the Panasonic Group, strengthen the strategic functions for Group-wide optimization, including the reform of the Group's portfolio and bold resource shifts, and set the direction of and implement the Group-wide business structural reform toward a new Panasonic. That is, they will be positioned as members of the same team as the CEO.

The business execution layer, on the other hand, comprises the Business Division Directors and the heads of each job function. As the core of Panasonic's business management, the employees in this layer will take responsibility for improving the profitability of their respective businesses and securing future competitive advantages. There are about 140 people in this business execution layer. Personnel required based on future business environments will be appointed on a timely and flexible basis from the perspective of the right person for the right place, including being selected from outside the Company, or from candidates in the junior generation. In addition, a more transparent, achievement-oriented evaluation and compensation system will be adopted to create a corporate culture that encourages relentlessly taking up challenges.

Reforming the business management structure

- Create a flexible and robust business structure in the drastically changing business environment
- Work to increase motivation for business transform with management suited to roles



Development of management executives / talent management

For management executives, transforming and creating businesses is an important mission, up there with the stable growth of business. However, development of management executive candidates in the Panasonic Group up until now has been focused on developing those types who will upgrade existing businesses, and there has been no focus on unearthing new business opportunities or majorly transforming business models themselves.

As the necessity of business transformation becomes ever more pressing, Panasonic considers the creation of management executives who have the traits to play a range of roles a vital issue. So, starting from fiscal 2020, the overall scheme of the executive development system has been significantly revised.

Specifically, "identification and acquisition of diverse development targets" and "diverse job experiences" will be combined to promote a PDCA cycle for career development optimized for the individual. Here, "identification and acquisition of diverse development targets" refers to a shift to selecting from the junior generation, bringing in talents from outside the Company, or acquiring talents globally, regardless of age, years of service, or nationality, and without being bound by the old focus on regular recruitment of Japanese employees. In contrast, "diverse job experiences" refers to granting people a decision-making role in a position of responsibility for up to five years, rotating them to positions throughout the Company or giving them experiences in other Business Divisions, and is a departure from the old style of career development within the same business model. The Company is seeking out and developing talents with strong abilities to deal flexibly with and learn from changes in roles and assignments.

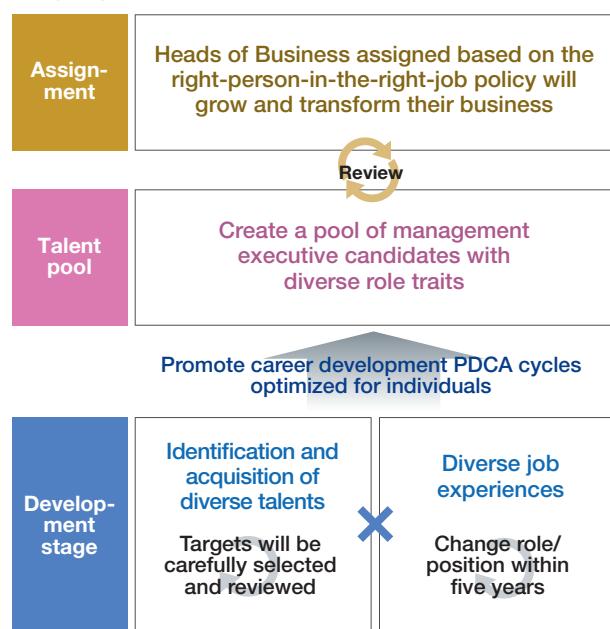
By providing a range of job experiences to the diverse development targets, Panasonic can develop management executive candidates who have diverse role traits and

perspectives, thereby enriching the pooling of talents.

These initiatives are led by the Heads of Business in the new business execution layer. Panasonic expects them to develop management executives beyond themselves who will succeed as management assets for the next generation.

System for developing management executives

By providing a range of job experiences to the carefully chosen diverse development targets, Panasonic will create management executive candidates with diverse role traits and perspectives.



Support for employees taking on challenges, learning, and growing

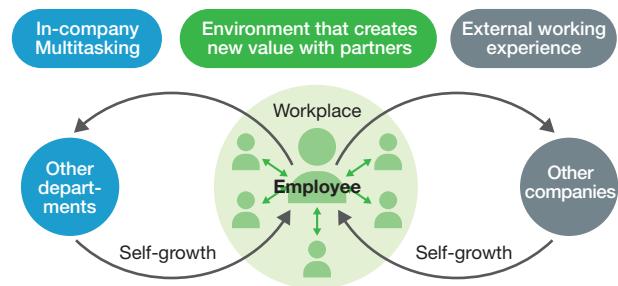
Today, as environmental changes become increasingly severe, the Panasonic Group sees each employee, with their own individualities, thinking and acting on their own as the driving force that will, along with management executives, propel the Company's transformation and growth. Panasonic will provide a better environment for employees to develop themselves autonomously, while the employees will grow by being able to choose better working styles, giving them more job satisfaction. By repeating this cycle, the aim is to achieve both development of the individual and growth of the Company. This is the "A Better Workstyle" the Panasonic Group advocates.

One part of this initiative is "connect with outside and create opportunities for growth." This is the idea that each employee forms more connections with the world, and grows by becoming aware of more things, by learning together, and then creates opportunities to generate new businesses, new innovations. The Panasonic Group already has the "e-Challenge System," a system whereby

employees could apply for new postings within the Company themselves and expand their areas of activity. This system has proven very successful. Other systems Panasonic has started include external working experience, in which employees master new skills through working at other companies, such as venture corporations, which have completely different corporate cultures and values, and In-company Multitasking, where employees can experience new fields within Panasonic while still remaining assigned to their current departments.

As a global initiative, Panasonic is promoting "A Better Dialogue" to improve employee and manager relationship in terms of both quality and quantity. The purpose is to provide a working environment that enables ongoing growth of the employee, by laying out specifically what the employee aims to become and what the employee wants to do. In addition, there is a system of global core common knowledge that is targeted at all employees of the Panasonic Group, in which learning opportunities are provided for the 23 global common knowledge categories that should be mastered.

System to create growth opportunities connected with the outside



Preparing a platform for global talents

Panasonic is constructing a global talent platform as a way to strengthen the development of people who can play global roles, regardless of years of service or nationality. Specifically, the Company is constructing an IT system, systems, and approaches for talent management shared globally, by, for example, constructing a global talent database, a talent management system that allow talent management information to be made visible and to be utilized. This will allow postings and appointments beyond the boundaries of nations, regions, or Group companies, developing careers and skills. By standardizing at a high level talent management globally, Panasonic aims to improve its organizational abilities.

Focusing efforts on preventing global warming and resource recycling

Hirotoshi Uehara

Director, Quality & Environment Division



The focus on the Sustainable Development Goals (SDGs) set by the United Nations and the Paris Agreement, through which a number of countries have allied together to work towards global warming prevention, indicates the seriousness of issues surrounding the environment and energy worldwide. In addition, Panasonic considers the declaration by the Task Force on Climate-related Financial Disclosures (TCFD), set up by the Financial Stability Board (FSB) in response to a request by the G20 Finance Ministers and Central Bank Governors. By carrying out scenario analysis and being aware of the effects of identifying risks and opportunities on climate change, Panasonic has confirmed the resilience of the Group's strategy.

Since its founding, the Panasonic Group has had as its corporate philosophy the idea of contributing to the development of peoples' lives and society, and has been actively addressing global environmental issues. In 2017 the Company formulated the Panasonic Environment Vision 2050, a goal that requires the Company to work towards the creation and more efficient utilization of energy that exceeds the amount of "energy used" in order to balance the demands for better lifestyles with the need to ensure a sustainable global environment. In addition, the Company formulated the Green Plan 2021 with focus on "energy" and "resources," which are material to realize Environment Vision 2050. Panasonic will accelerate the development of products, technologies, and solutions related to the four viewpoints of energy creation, energy saving, energy storage, and energy management.

First, in the initiative for reducing "energy used," Panasonic has made "the size of contribution toward energy savings" a goal within its main products, and is working on energy-saving designs. In production activities, the Company is working to achieve zero-CO₂ factories on a global basis. In fiscal 2019, plants in Japan, Belgium, and Brazil achieved zero-CO₂ factory status. Panasonic

intends to build zero-CO₂ factories in other regions that will serve as models for those regions.

Next, in the initiative for expanding "energy created," the Company is developing fuel cell technologies that use hydrogen as their energy source. At HARUMI FLAG, a new residential compound that will be built on the site of the Olympic Village for the Tokyo 2020 Games, pure hydrogen fuel cells will supply power for the street lighting, information infrastructure and security systems. In addition, city gas will be refined to create hydrogen that will be used to power household fuel cells in each residential unit (approx. 4,000).

On the other hand, for "resources," as customers lifestyles change from "own" to "use," the Panasonic Group is aiming to create circular economy businesses such as a sharing service whereby a single product is shared by multiple persons, and a repair/maintenance, refurbishing, and remanufacturing business that makes the maximum use of the functions, values, and lifespans of both products themselves and the parts used in them by recycling and reusing them.

Through initiatives like these, Panasonic is aiming to achieve Environment Vision 2050 by expanding and accelerating its initiatives related to energy and resources.

Initiatives towards the Environment

Environmental sustainability management

Vision and action plan

In the Panasonic Environment Vision 2050 formulated by the Panasonic Group, Panasonic will endeavor to make “energy created” exceed “energy used” toward the year 2050.

“Energy used” refers to the energy used in our operation, and energy used when products are used by our customers. “Energy created” refers to clean energy that is created and/or made available by Panasonic products and services, such as photovoltaic power generation systems, storage batteries, and energy solutions.

The Green Plan 2021, an environmental action plan formulated towards realizing Panasonic Environment Vision 2050, lays out clearly the targets that need to be

achieved within the three years until 2021 and the action plan for all employees.

Panasonic Environment Vision 2050

To achieve “a better life” and “a sustainable global environment,”
**Panasonic will work towards
creation and more efficient utilization of energy
which exceeds the amount of energy used,**
aiming for a society with clean energy and
a more comfortable lifestyle.

Energy used < Energy created

Environmental Action Plan “Green Plan 2021” (Extract)

Category	2021 targets (fiscal 2022)	
Material issues	Energy	Increase the ratio of total energy created to total energy used
		Increase amount of energy created
		Increase the size of contribution toward energy savings through products and services: Direct: 25,000 GWh or more Indirect: 2,000 GWh or more
		Expand energy creation businesses
		Expand energy efficient products and service business, focusing on products and service utilizing IoT/AI
	Factories	Promote zero-CO ₂ model factories • Establish model factory using advanced hydrogen technology • Establish at least one zero-CO ₂ model factory in each region
		Increase the use of renewable energy through the generation of renewable energy on-site and procurement of renewable energy
		Promote energy efficiency in production • Reduce energy loss through IoT • Improve productivity through manufacturing innovation
	Resources	Create circular economy business models
		Reduce resource consumption and increase the use of sustainable materials
		Achieve Zero Waste Emissions from factories globally

Initiatives

In August 2019, Panasonic Corporation has joined RE100, the Climate Group’s global initiative bringing together the world’s most influential businesses committed to 100% renewable power. By 2050, Panasonic will switch the electricity used globally in its operations to 100% renewable energy, and aim for manufacturing that does not emit CO₂.

Moreover, Panasonic is also participating in other initiatives. Based on the Recommendation by TCFD, Panasonic has identified climate change risks and opportunities, including for businesses that it judges are vulnerable to the effects of climate change, and analyzed our business based on the scenarios. The details are included in the [Sustainability Data Book 2019](#).



Energy-related initiatives

Zero-CO₂ factories

In fiscal 2019, three manufacturing sites achieved zero-CO₂ factory status. By making these factories leading models and by gradually expanding the number of zero-CO₂ factories around the world, Panasonic will steadily promote manufacturing that does not emit CO₂.



Europe



Panasonic Energy Belgium

Panasonic Energy Belgium installed wind power generation systems in its factory, and has been utilizing electricity derived from renewable energy. It has also replaced purchased electricity with the electricity derived from renewable energy.

Japan



Panasonic Eco Technology Center

Panasonic Eco Technology Center has realized all operations using 100% electricity derived from renewable energy. The Panasonic Eco Technology Center also offsets the remaining CO₂ emissions derived from fossil fuel with carbon credits. Accordingly, Panasonic Eco Technology Center has become a zero-CO₂ factory.

South America



Panasonic Brazil

Panasonic Brazil's three factories in San Jose, Manaus, and Extrema have realized all manufacturing operations using 100% electricity derived from renewable energy, making them the first such for Panasonic.

Hydrogen energy

The Panasonic Group is using hydrogen as a new energy source as a way to bring about the carbon-free society the Japanese government has called for. To achieve a carbon-free society, Panasonic is contributing to creating a society that enjoys peace of mind because it uses clean energy.

HARUMI FLAG

The infrastructure of the urban area that will be built on the site of the Tokyo Olympic Village will be supplied with power from pure hydrogen fuel cells. Each future household will have its own fuel cell to generate power using hydrogen formed from city gas. Panasonic's hydrogen energy technology will bring about a sustainable urban lifestyle.



Kusatsu Farm (Hydrogen station)

The hydrogen station in the grounds of the Kusatsu Factory produces hydrogen using electrolysis powered by renewable energy, then compresses and stores it. By supplying fuel-cell-powered forklifts, it contributes to making site logistics carbon-free.



Resource-related initiatives

Cellulose fibers

As an initiative to reduce resin consumption, a compound resin that includes plant-derived cellulose fibers has been developed and commercialized.

An example of use in products is its use in the main body of the cordless stick vacuum cleaner that was launched in August 2018. By adding cellulose, it is possible to reduce the amount of resin used while maintaining both lightness and strength.

As an example of technical development, molding materials which contain a high 55% concentration of cellulose fibers have been developed. They can be easily made into different colors, and can be given a wood feel through the molding process. Panasonic is developing eco-friendly reusable cups in collaboration with Asahi Breweries, Ltd.



High-density cellulose fiber molding material



High degree of freedom of coloring



Low environmental impact beer cups "Tumbler in the forest"

Refurbishing business

Panasonic Commercial Equipment Systems Co., Ltd. is constructing a refurbish scheme for refrigerators and freezers (showcases) installed in retail chains. Relatively new equipment that is discarded when a prosperous store is remodeled is refurbished and provided to aging stores within the same retail chain that still have older equipment.

This allows the overall retail chain to both increase its energy efficiency and effectively use resources.



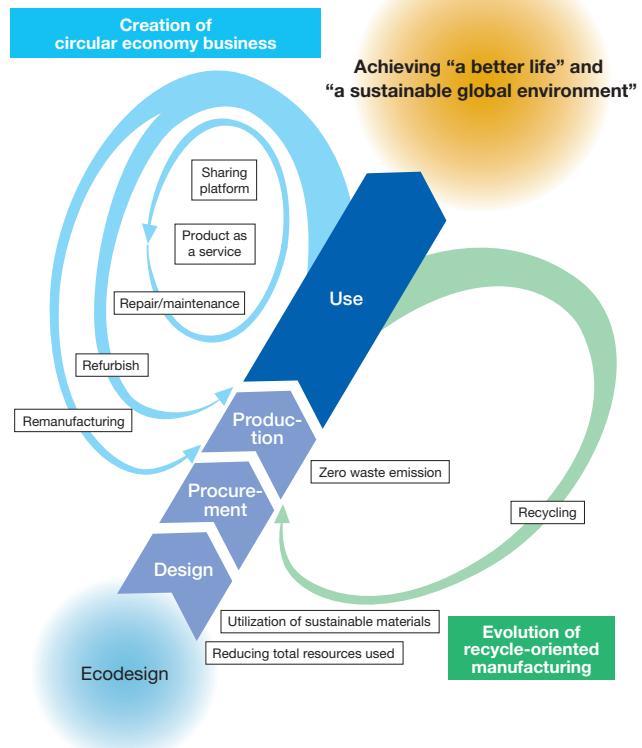
Showcases for supermarkets

Circular economy

While evolving recycling-oriented manufacturing, Panasonic is engaged in creating circular-economy businesses.

The creation of circular-economy businesses, which aim for sustainable economic growth without having to rely on resource consumption, and initiatives to evolve recycling-oriented manufacturing through utilizing the latest in digital technology and new materials, are being promoted based on the concept of eco-design that maximizes value when used by customers. This will allow Panasonic to achieve both a better life and a sustainable global environment that are part of its Environment Vision 2050.

Concept of activities for a circular economy



Examples of Initiatives Aimed at Addressing Social Issues (Relationship with SDGs)

Based on its management philosophy, Panasonic is committed to resolving social issues through its business activities.

Engaged in a wide range of businesses worldwide, the Company is also working to help achieve the Sustainable Development Goals (SDGs) adopted by the United Nations.

Example Initiatives	Main Activities	SDGs to Which We Contribute	Detailed Information
Contributions to Creation of Clean Energy Society While reducing the amount of energy that we use, we are promoting the creation and utilization of clean energy and aiming to realize a society with clean energy and a more comfortable lifestyle. Looking ahead to 2050, Panasonic works toward the creation of energy which exceeds the amount of energy used.	<ul style="list-style-type: none"> Reduction of energy used: Provision of products featuring high energy-saving performance and energy management systems, promotion of energy saving at our factories and offices Expansion of energy created (increase in opportunities to utilize clean energy): Provision of battery systems for eco-cars, photovoltaic systems and fuel cells 		Annual Report 2019 Message from the Environmental Compliance Administrator / Initiatives towards the Environment Website Panasonic Environment Vision 2050 CO2 Reduction
Providing A Better Life in Entire Towns To resolve social issues and improve the value of entire communities, we are promoting the creation of towns that continue to develop through co-creation with partner companies, public organizations, universities and residents.	<ul style="list-style-type: none"> Having established Sustainable Smart Towns (SSTs) in the cities of Fujisawa and Yokohama (Tsunashima) in Japan, we provide solutions that contribute to energy, security, mobility, wellness and community We are now deploying the knowhow gained from having established the SSTs on a global basis, including in Europe and the Americas (for example in Denver in the United States), China, India and Southeast Asia 		Website Fujisawa SST Tsunashima SST CityNOW Project
Contributions to Creation of Safe Transportation Societies We develop and provide solutions that make driving safer and more secure by combining highly developed technologies, for example in sensing, image recognition and communications, and conveying easily understood information to users	<ul style="list-style-type: none"> Provision of Advanced Driver Assistance System (ADAS), for which we utilize camera/sensing technologies and image processing technology Further safety improvements through the development of communications technology that focuses on connectivity, whereby cars and networks are interlinked Provision of ITS solutions that support safety 		Website Bringing Personal Safety to Our Driving Society
Improving the Productivity of Corporate Customers Drawing on the know-how amassed in the manufacturing industry as well as robotics technologies, we are working to innovate the production, transportation, and selling processes of customers, who confront such wide-ranging challenges as increasingly diverse and sophisticated consumer needs and a shortage of labor. At the same time, we are endeavoring to improve productivity on the operational frontlines and continuously create value.	<ul style="list-style-type: none"> Manufacturing: Improving productivity by visualizing real-time production frontline operating status and other data to secure improvements in a timely manner Logistics: Working to increase efficiency and save labor in the fields of onsite warehousing, transportation, and delivery in the logistics industry, which is experiencing a sharp increase in items handled Distribution: Co-developing new business models and services in the distribution industry based mainly on systems solutions that are supported by advanced products and ICT 		Website Business Solutions (Japanese Version Only)
Contributions to Creation of Recycling-Oriented Society As the duty of a manufacturer who uses a large volume of resources, we are promoting the reduction of the total resources used, product recycling, expanding the amount of recycled resources used in our products with the aim of contributing to the sustainable use of resources.	<ul style="list-style-type: none"> To minimize total resources used, we promote reductions in the size and weight of our products Globally promoting the recycling of home appliances that are no longer used Providing products whose resources (including plastic and iron) are recovered from used products under the concept "Product to Product" Reduction in amount of waste generated at factory, improvement of recycling rate 		Annual Report 2019 Message from the Environmental Compliance Administrator / Initiatives towards the Environment Website Resources Recycling
Contributions to Creation of Societies That Respect Human Rights As a corporate group that conducts business on a global basis, we are promoting initiatives aimed at respecting human rights and decent work that take entire supply chains into consideration.	<ul style="list-style-type: none"> Initiatives to prevent forced labor, child labor Protecting rights of workers, including foreign migrant workers Occupational health and safety management 		Website Respect for Human Rights Responsible Supply Chain
Contributions to Creating Societies in Which Diverse People Actively Participate While respecting people's diversity, we are working to become a corporate group where people who have diverse characters and abilities get together and actively participate through a variety of systems and efforts geared toward inclusion.	<ul style="list-style-type: none"> Promotion of women's participation in management (including the holding of study groups for female employees, career advancement seminars for female managers) Creation of workplaces that facilitate work regardless of employees' sexual orientation/gender identity Creation of workplaces that enable employees with disabilities to actively participate 		Annual Report 2019 Message from the CHRO / Human Resources Initiatives Website Human Resources Development and Promoting Diversity Inclusion & Diversity (Japanese Version Only)
Being of Service through Corporate Citizenship Activities By donating our own products and by providing management expertise to organizations working on solving social issues, we aim to eliminate poverty and increase educational opportunities in emerging and developing countries, while we are helping to build a sustainable society in which each of the individuals can become independent.	<ul style="list-style-type: none"> 100 Thousand Solar Lanterns Project / Off-grid Solutions Project / Bringing Light to People (helping to solve social problems in developing countries by solar power generation) Panasonic NPO/NGO Support Fund for SDGs (support for strengthening the organizational capacity of NPOs and NGOs aiming to eliminate poverty) Sustainable Seafood (protection of fisheries resources by the utilization of certified marine products) 		Website 100 Thousand Solar Lanterns Project Off-grid Solutions Project Bringing Light to People Panasonic NPO/NGO Support Fund for SDGs (Japanese Version Only) Sustainable Seafood (Japanese Version Only)

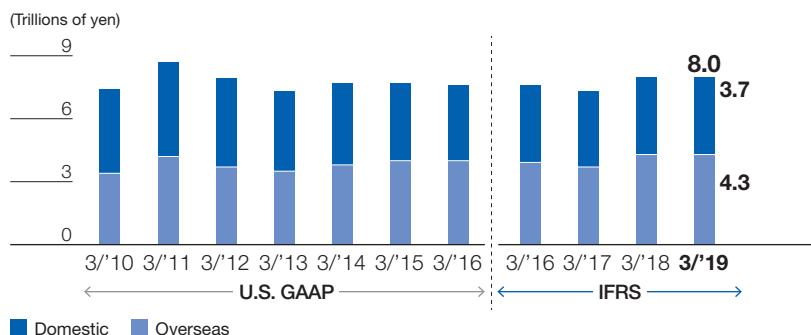
Financial Highlights

Panasonic Corporation and subsidiaries, years ended March 31

Panasonic began applying International Financial Reporting Standards (IFRS) on a voluntary basis in the fiscal year ended March 2017.

Financial figures for the fiscal year ended March 2016 are also presented in accordance with IFRS in addition to conventional U.S. GAAP standards.

Net Sales



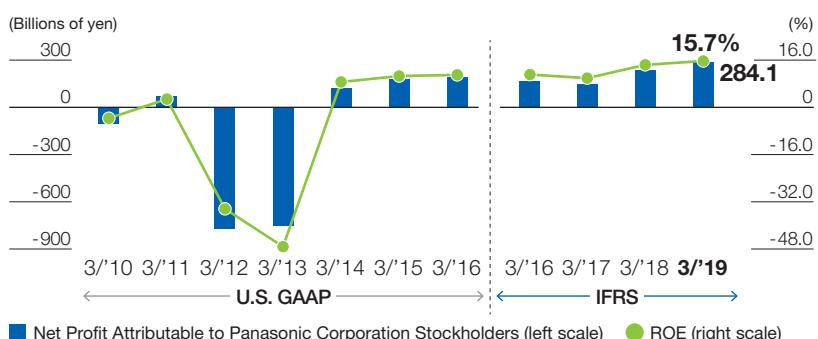
Overseas sales increased due to continuing favorable sales of the automotive-related business as well as Commercial Refrigeration & Food Equipment in North America, and the mounting equipment business of Process Automation. Overall sales were the same level as last year due mainly to a sales decrease for consumer products in Appliances in Japan.

Operating Profit and Ratio to Sales



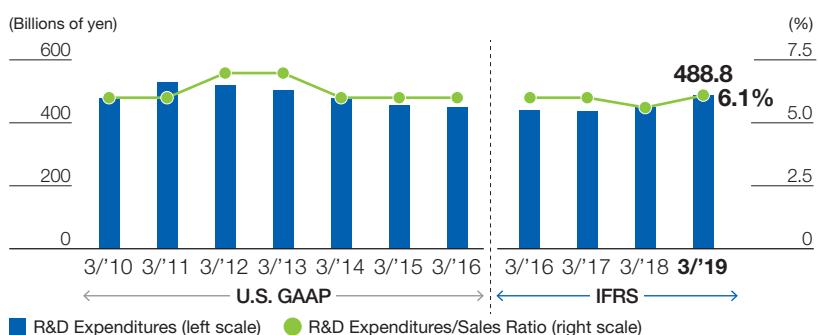
Sales increases in businesses including Automotive and Energy, and one-time gains including disposal of assets and the revision of the pension scheme offset the negative impacts from raw material cost hikes, increased fixed-costs due to upfront investments and recording the restructuring charges.

Net Profit Attributable to Panasonic Corporation Stockholders and ROE



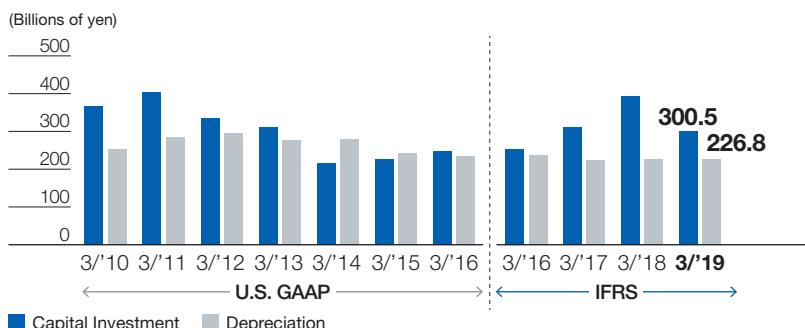
Operating profit increased, and income tax improved due mainly to a one-off effect resulting from the reorganization of subsidiaries. Accordingly, net profit attributable to Panasonic Corporation stockholders showed an increase. As a result, ROE was 15.7%, an improvement of 1.3 percentage points over the previous year.

R&D Expenditures and Ratio to Sales



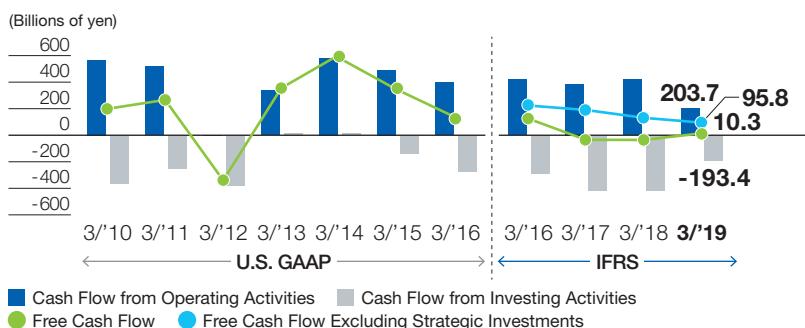
Panasonic concentrated on development of new technologies and new products to underpin the future based on the growth strategies for the major business fields. In addition, the Company developed technologies such as IoT, artificial intelligence, and big data, and also actively worked to create new businesses that make use of such technologies. As a result, R&D expenditures totaled 488.8 billion yen.

Capital Investment and Depreciation



Panasonic makes capital investment based on a policy of steady investments primarily in key businesses for future growth. The major capital investment for fiscal 2019 was for production facilities (U.S. and China) for automotive lithium-ion batteries.

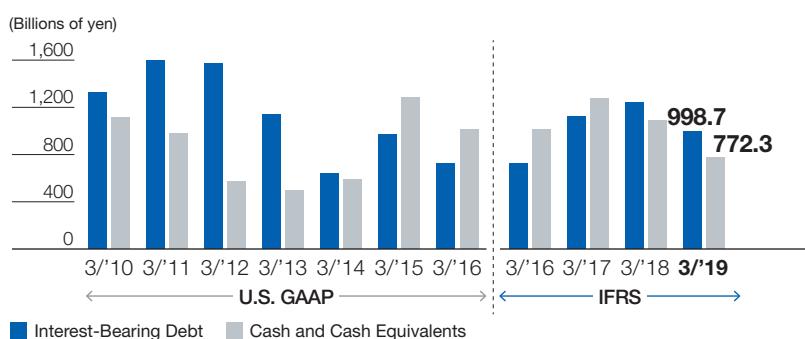
Free Cash Flows



Free cash flow was an inflow of 10.3 billion yen, improved by 45.9 billion yen from the previous year. Free cash flow excluding strategic investments was 95.8 billion yen.

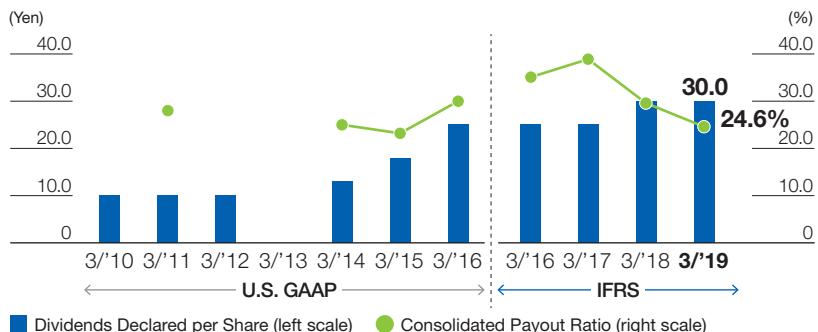
Note: Collection of lease receivables that comes under lease accounting for the lessor (167.3 billion yen in FY2019, 19.3 billion yen in FY2018) is included in cash flows from investment activities.

Interest-Bearing Debt and Cash and Cash Equivalents



Interest-bearing debt decreased due to repayments of straight bonds and other factors. Cash and cash equivalents decreased due to a decreased balance of short-term straight bonds and other factors.

Dividends Declared per Share and Consolidated Payout Ratio



Panasonic works to provide a stable, sustained dividend based on a target consolidated payout ratio of approximately 30%. According to this policy and its current financial position, the annual dividend per share for fiscal 2019 was set at 30 yen per share, the same as the previous year.

Note: The dividend payout ratio is not calculated in fiscal years when net income attributable to Panasonic Corporation is negative.

10-Year Financial Summary

Panasonic Corporation and Subsidiaries, Years ended March 31

Panasonic began applying International Financial Reporting Standards (IFRS) on a voluntary basis in the fiscal year ended March 2017.

Financial figures for the fiscal year ended March 2016 are also presented in accordance with IFRS in addition to conventional U.S. GAAP standards.

U.S. GAAP

	3/2010	3/2011	3/2012	3/2013	3/2014	3/2015	3/2016
For the Year (Millions of yen)							
Net sales	7,417,980	8,692,672	7,846,216	7,303,045	7,736,541	7,715,037	7,553,717
Operating profit	190,453	305,254	43,725	160,936	305,114	381,913	415,709
Income (loss) before income taxes	(29,315)	178,807	(812,844)	(398,386)	206,225	182,456	217,048
Net income (loss) attributable to Panasonic Corporation	(103,465)	74,017	(772,172)	(754,250)	120,442	179,485	193,256
Capital investment	385,489	403,778	333,695	310,866	217,033	226,680	248,794
Depreciation	251,839	284,244	295,808	277,582	278,792	242,149	235,033
R&D expenditures	476,903	527,798	520,217	502,223	478,817	457,250	449,828
Free cash flow	198,674	266,250	(339,893)	355,156	594,078	353,455	124,406
At Year-End (Millions of yen)							
Interest-bearing debt	1,327,992	1,595,269	1,575,615	1,143,395	642,112	972,916	725,919
Cash and cash equivalents	1,109,912	974,826	574,411	496,283	592,467	1,280,408	1,014,264
Total assets	8,358,057	7,822,870	6,601,055	5,397,812	5,212,994	5,956,947	5,596,982
Panasonic Corporation shareholders' equity	2,792,488	2,558,992	1,929,786	1,264,032	1,548,152	1,823,293	1,705,056
Total equity	3,679,773	2,946,335	1,977,566	1,304,273	1,586,438	1,992,552	1,854,314
Per Share Data (Yen)							
Net income (loss) attributable to Panasonic Corporation per common share:							
Basic	(49.97)	35.75	(333.96)	(326.28)	52.10	77.65	83.40
Diluted	—	—	—	—	—	77.64	83.39
Dividends declared per share	10.00	10.00	10.00	0.00	13.00	18.00	25.00
Panasonic Corporation shareholders' equity per share	1,348.63	1,236.05	834.79	546.81	669.74	788.87	734.62
Financial Indicators							
Operating profit/sales (%)	2.6	3.5	0.6	2.2	3.9	5.0	5.5
Income (loss) before income taxes/sales (%)	(0.4)	2.1	(10.4)	(5.5)	2.7	2.4	2.9
ROE (%)	(3.7)	2.8	(34.4)	(47.2)	8.6	10.6	11.0
Net income (loss) attributable to Panasonic Corporation/sales (%)	(1.4)	0.9	(9.8)	(10.3)	1.6	2.3	2.6
Total asset turnover ratio (Times)	1.0	1.1	1.1	1.2	1.5	1.4	1.3
Financial leverage (Times)	2.6	3.0	3.2	3.8	3.8	3.3	3.3
Interest-bearing debt/total assets (%)	15.9	20.4	23.9	21.2	12.3	16.3	13.0
Panasonic Corporation shareholders' equity/total assets (%)	33.4	32.7	29.2	23.4	29.7	30.6	30.5
Payout ratio (%)	—	28.0	—	—	25.0	23.2	30.0
Exchange Rate (Yen)							
1 USD	93	86	79	83	100	110	120
1 EUR	131	113	109	107	134	139	133
1 RMB	—	—	—	13.3	16.4	17.7	18.9

Note to U.S. GAAP

- The Company's financial statements were prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) until the fiscal year ended March 2016.
- In order to be consistent with generally accepted financial reporting practices in Japan, operating profit, a non-GAAP measure, is presented as net sales less cost of sales and selling, general and administrative expenses. The Company believes that this is useful to investors in comparing the company's financial results with those of other Japanese companies. See the Company's annual securities report and financial announcements for the details.
- The Company defines capital investment as purchases of property, plant and equipment based on an accrual basis which reflects the effects of timing differences between acquisition date and payment date.
- Capital investment and depreciation do not include intangibles.
- Dividends per share reflect those declared by Panasonic in each fiscal year and consist of interim dividends paid during the fiscal year and year-end dividends paid after the fiscal year-end.
- Exchange rate is the average rate for the fiscal year.
- SANYO Electric Co., Ltd. (SANYO) and its subsidiaries became consolidated subsidiaries of Panasonic in December 2009. The operating results of SANYO and its subsidiaries prior to December 2009 are thus not included in Panasonic's consolidated financial statements.
- "Diluted net income (loss) attributable to Panasonic Corporation common shareholders per share" from fiscal 2010 to fiscal 2014 has been omitted because the Company did not have potential common shares that were outstanding for the period.

- Effective from the beginning of fiscal 2013, investments and depreciation expenses in molding dies are included in "Capital investment" and "Depreciation (tangible assets)," respectively. Accordingly, the amounts of "Depreciation (tangible assets)" and "Capital investment" for fiscal 2012 are changed.
- Payment ratios have not been presented for those fiscal years in which the Company incurred a net loss attributable to Panasonic Corporation.
- Interest-bearing debt is equal to the sum of short-term debt, including current portion of long-term debt, and long-term debt.
- Formulas for financial ratios are as follows:
Operating profit ratio = Operating profit / Net sales
ROE (Return on equity) = Net income (loss) attributable to Panasonic Corporation / Average Panasonic Corporation shareholders' equity at the beginning and the end of each fiscal year
Total assets turnover = Net Sales / Average total assets at the beginning and the end of each fiscal year
Financial leverage = Average total assets at the beginning and the end of each fiscal year / Average Panasonic Corporation shareholders' equity at the beginning and the end of each fiscal year
Payout ratio = Dividends declared per share/Basic net income attributable to Panasonic Corporation common shareholders per share

IFRS

	3/2016	3/2017	3/2018	3/2019
For the Year (Millions of yen)				
Net sales	7,626,306	7,343,707	7,982,164	8,002,733
Adjusted operating profit	413,246	343,616	401,202	327,032
Operating profit	230,299	276,784	380,539	411,498
Profit before income taxes	227,529	275,066	378,590	416,456
Net profit attributable to Panasonic Corporation stockholders	165,212	149,360	236,040	284,149
Capital investment	252,905	311,641	392,234	300,450
Depreciation	238,214	224,405	226,576	226,788
R&D expenditures	438,851	436,130	448,879	488,757
Free cash flow	125,551	(34,746)	(35,646)	10,290
At Year-End (Millions of yen)				
Interest-bearing debt	724,841	1,124,004	1,239,444	998,721
Cash and cash equivalents	1,012,666	1,270,787	1,089,585	772,264
Total assets	5,488,024	5,982,961	6,291,148	6,013,931
Panasonic Corporation stockholders' equity	1,444,442	1,571,889	1,707,551	1,913,513
Total equity	1,647,233	1,759,935	1,882,285	2,084,615
Per Share Data (Yen)				
Earnings per share attributable to Panasonic Corporation stockholders:				
Basic	71.30	64.33	101.20	121.83
Diluted	71.29	64.31	101.15	121.75
Dividends declared per share	25.00	25.00	30.00	30.00
Panasonic Corporation stockholders' equity per share	622.34	673.93	732.12	820.41
Financial Indicators				
Operating profit/sales (%)	3.0	3.8	4.8	5.1
Profit before income taxes/sales (%)	3.0	3.7	4.7	5.2
ROE (%)	11.1	9.9	14.4	15.7
Net profit attributable to Panasonic Corporation stockholders/sales (%)	2.2	2.0	3.0	3.6
Total asset turnover ratio (Times)	1.3	1.3	1.3	1.3
Financial leverage (Times)	3.8	3.8	3.7	3.4
Interest-bearing debt/total assets (%)	13.2	18.8	19.7	16.6
Panasonic Corporation stockholders' equity/total assets (%)	26.3	26.3	27.1	31.8
Payout ratio (%)	35.1	38.9	29.6	24.6
Exchange Rate (Yen)				
1 USD	120	108	111	111
1 EUR	133	119	130	128
1 RMB	18.9	16.1	16.8	16.5

Note to IFRS

- The Company's consolidated financial statements are prepared in conformity with International Financial Reporting Standards (IFRS).
- Adjusted operating profit = Net sales - Cost of sales - SG&A
- The Company defines capital investment as purchases of property, plant and equipment based on an accrual basis which reflects the effects of timing differences between acquisition date and payment date.
- Capital investment and depreciation do not include intangibles.
- Dividends per share reflect those declared by Panasonic in each fiscal year and consist of interim dividends paid during the fiscal year and year-end dividends paid after the fiscal year-end.
- Exchange rate is the average rate for the fiscal year.
- Interest-bearing debt is equal to the sum of short-term debt, including current portion of long-term debt, and long-term debt.
- Formulas for financial ratios are as follows:
Operating profit ratio = Operating profit / Net sales
ROE (Return on equity) = Net profit attributable to Panasonic Corporation stockholders / Average Panasonic Corporation stockholders' equity at the beginning and the end of each fiscal year
Total assets turnover = Net Sales / Average total assets at the beginning and the end of each fiscal year
Financial leverage = Average total assets at the beginning and the end of each fiscal year / Average Panasonic Corporation shareholders' equity at the beginning and the end of each fiscal year
Payout ratio = Dividends declared per share/Basic earnings per share attributable to Panasonic Corporation stockholders

Operating Results

Business overview

During the year ended March 31, 2019 (fiscal 2019), the global economy continued to perform steadily, supported mainly by spending in the U.S. and a favorable employment environment in Japan. On the other hand, the Chinese economy saw a slowdown in spending and investment. Furthermore, imports and exports from/to various countries saw signs of economic slowdown in the second half of the fiscal year.

Under such business conditions, Panasonic promoted its strategies for sustainable growth. In particular, for the automotive battery business, which involves key devices for the electrification of automobiles, the Company came to an agreement with Toyota Motor Corporation to establish a joint venture, with the aim of achieving high-capacity and high-output automotive prismatic batteries that lead the industry in terms of both performance and cost.

In its annual business policy for fiscal 2017, Panasonic had set Company-wide targets of operating profit and net profit attributable to Panasonic Corporation stockholders for fiscal 2019. While the Company did not achieve this operating profit target due to deteriorated profitability, mainly in automotive-related businesses which were expected to drive growth, profit increased from the previous year

due mainly to one-time gains including the partial revision of the pension scheme and disposal of assets. The fiscal 2019 target of net profit attributable to Panasonic Corporation stockholders was achieved due mainly to the reduction of income taxes.

Net sales

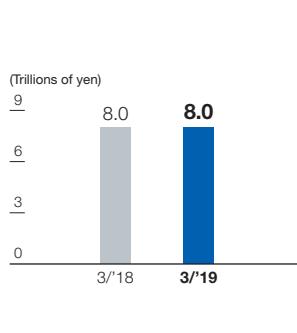
Sales for fiscal 2019 were 8,002.7 billion yen, the same as the previous year's level. Domestic sales were the same level as last year due mainly to favorable sales of automotive-related products and Panasonic Homes Co., Ltd., despite a sales decrease for consumer products in Appliances. Overseas sales increased due mainly to continuing favorable sales of the automotive-related businesses including Energy and Automotive, as well as Commercial Refrigeration & Food Equipment in North America, and the electronic-component-mounting-equipment business of Process Automation.

Financial Results

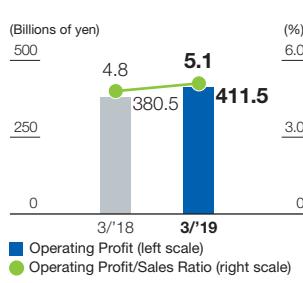
(Billions of yen)

	3/2018	3/2019	vs. 3/2018 %/amount	
Net sales	7,982.2	8,002.7	100%	+20.5
Operating profit	380.5	411.5	108%	+31.0
Profit before income taxes	378.6	416.5	110%	+37.9
Net profit attributable to Panasonic Corporation stockholders	236.0	284.1	120%	+48.1
ROE	14.4%	15.7%	—	+1.3%
Exchange rates	1 USD	111 yen	111 yen	
	1 EUR	130 yen	128 yen	
	1 RMB	16.8 yen	16.5 yen	

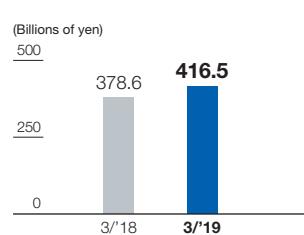
Sales (Years ended March 31)



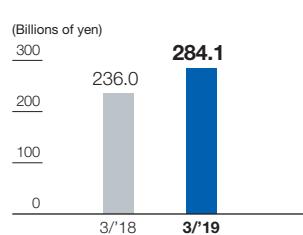
Operating Profit Operating Profit/Sales Ratio (Years ended March 31)



Profit before Income Taxes (Years ended March 31)



Net Profit Attributable to Panasonic Corporation Stockholders (Years ended March 31)



Overview by geographic region

By geographic region, overall sales in Japan were 3,724.1 billion yen, generally the same as the previous fiscal year's 3,724.1 billion yen. Sales overseas increased by 1% to 4,286.1 billion yen, from 4,258.1 billion yen a year ago. In real terms, excluding the impact of exchange rates, sales increased by 2% year on year. In North and South America, sales totaled 1,529.8 billion yen, a year-on-year increase of 12% in real terms. In Europe, sales in real terms remained generally the same as the previous fiscal year, at 807.3 billion yen. In Asia, sales were 1,015.0 billion yen, a 5% decrease in real terms, and China, sales were 934.0 billion yen, a 4% decrease in real terms.

Sales by Region

	(Billions of yen)		
	3/2018	3/2019	Local currency basis vs. 3/2018
Japan	3,724.1	3,716.6	100%
Americas	1,368.3	1,529.8	112%
Europe	821.0	807.3	100%
Asia	1,087.1	1,015.0	95%
China	981.7	934.0	96%
Total	7,982.2	8,002.7	101%

Operating profit

Cost of sales increased from 5,643.0 billion yen a year ago to 5,736.2 billion yen. Selling, general and administrative expenses totaled 1,939.5 billion yen, an increase from 1,938.0 billion yen a year ago. Share of profit of investments accounted for using the equity

method increased from 10.1 billion yen a year ago to 10.9 billion yen. Other income (expenses), net, amounted to a gain of 73.6 billion yen, compared to a loss of 30.7 billion yen the previous fiscal year, due mainly to one-time gains including the partial revision of the pension scheme and disposal of assets.

As a result, operating profit totaled 411.5 billion yen, an increase from 380.5 billion yen the previous fiscal year. Sales increases in businesses including Automotive and Energy, and the one-time gains mentioned above offset the negative impacts from raw material cost hikes, increased fixed costs due to upfront investments and recording the restructuring charges. The operating profit ratio also improved to 5.1%, from 4.8% a year ago.

Profit before income taxes

Finance income increased from 22.8 billion yen the previous fiscal year to 25.6 billion yen. Finance expenses decreased from 24.7 billion yen to 20.6 billion yen.

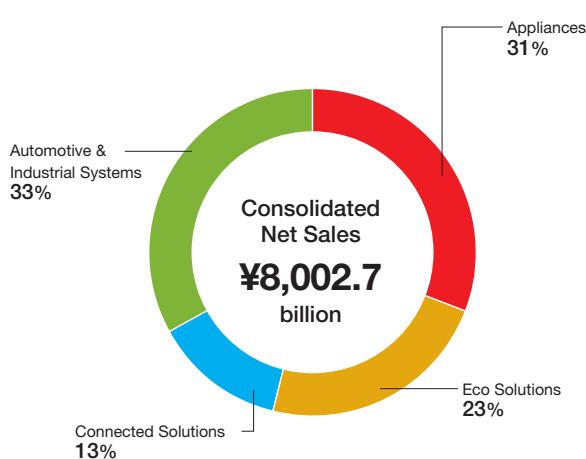
As a result, profit before income taxes was 416.5 billion yen, compared to 378.6 billion yen the previous fiscal year.

Net profit attributable to Panasonic Corporation stockholders

Income taxes were 113.7 billion yen, compared to 126.6 billion yen a year ago. As a result, net profit attributable to Panasonic Corporation stockholders totaled 284.1 billion yen, compared to 236.0 billion yen a year ago. Also, net profit attributable to Panasonic Corporation stockholders per share was 121.83 yen, against 101.20 yen the previous fiscal year.

Segment Information

Fiscal 2019 Net Sales Composition Ratio

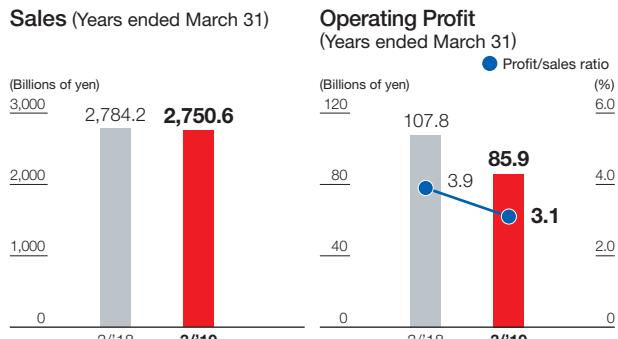


Breakdown by Segment

	Net Sales (Billions of yen)	Operating Profit
Appliances	2,750.6	85.9
Eco Solutions	2,036.1	64.6
Connected Solutions	1,127.7	94.4
Automotive & Industrial Systems	2,983.1	56.4
Reportable segments total	8,897.5	301.3
Other	309.5	1.4
Eliminations and adjustments	(1,204.3)	108.8
Consolidated total	8,002.7	411.5

Note: Net sales composition ratio is calculated by dividing the sales of each reportable segment by the total of reportable segment sales (sales in the "Reportable segments total" column).

Appliances (AP)



Sales decreased overall by 1% to 2,750.6 billion yen from a year ago, due mainly to lower sales amid downturns in the TV business and the Imaging Network Business resulting from price competition.

Looking at the main Business Divisions (BDs) of this segment, the Air-Conditioner Company saw sales remain at the same level as a year ago, with brisk sales of both room air-conditioners and large air-conditioners in Japan, despite sluggish sales of room air-conditioners in Asia and the Middle East.

In the Laundry Systems and Vacuum Cleaner BD, sales increased due to brisk sales of washing machines in Japan and China, and also due to steady sales in China of warm-water bidet toilet seats.

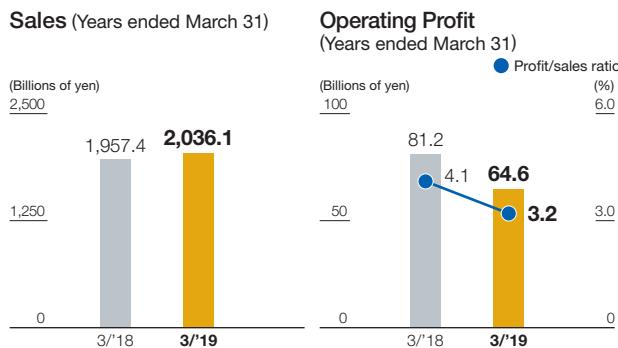
In the TV BD, sales decreased due to price competition, particularly in Asia and India.

In the Beauty and Living BD, sales remained at the same level as a year ago due to brisk sales of beauty appliances, particularly in China, despite a downturn in inbound tourism demand in Japan.

In the Imaging Network BD, sales decreased due to price competition, particularly in Europe.

Operating profit decreased by 21.9 billion yen to 85.9 billion yen from a year ago, as rationalization initiatives did not make up for the decline in profitability due to price competition among home appliances such as refrigerators, and losses on lower TV sales.

Eco Solutions (ES)



Sales increased overall by 4% to 2,036.1 billion yen from a year ago, due mainly to developments in Japan that include growth of the new construction orders business along with an upturn in orders and sales of large projects in the environmental engineering business, in addition to developments overseas that include brisk sales in the electrical construction materials business, particularly in India and China.

Looking at the main BDs of this segment, Panasonic Homes Co., Ltd. saw an increase in sales due mainly to the favorable new construction orders business and strong sales in the ready-built housing business.

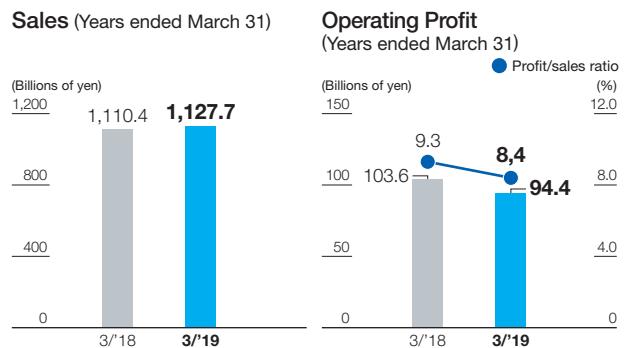
At Panasonic Ecology Systems Co., Ltd., sales rose due mainly to orders and sales of large projects in the environmental engineering business.

In the Energy Systems BD, sales increased due to brisk sales overseas mainly in the electrical construction materials business, along with strong sales in Japan.

In the Housing Systems BD, sales increased due to brisk sales of new products for water-related equipment and building materials, along with higher sales of roofing materials and rain gutters associated with reconstruction demand following natural disasters.

Operating profit decreased by 16.6 billion yen to 64.6 billion yen from a year ago. Increased sales mainly in the electrical construction materials business and engineering business, along with rationalization efforts such as cost improvements, absorbed the negative effects of a downturn in sales prices and raw material cost hikes. However, the impact of impairment loss on fixed assets significantly reduced operating profit.

Connected Solutions (CNS)



Sales increased overall by 2% to 1,127.7 billion yen from a year ago, due mainly to brisk sales in the Process Automation Business and the Mobile Solutions Business, despite sluggish sales in the Avionics Business and the Media Entertainment Business.

Looking at the main BDs of this segment, at Panasonic Avionics Corporation, sales decreased overall due to a downturn in aircraft in-flight entertainment and communications systems amid diminished demand for large aircraft, despite solid performance from communications and maintenance services.

In the Mobile Solutions BD, sales increased mainly due to growth in sales of notebook PCs and rugged mobile terminals, despite a downturn in sales of payment terminals as a consequence of brisk sales in the previous fiscal year.

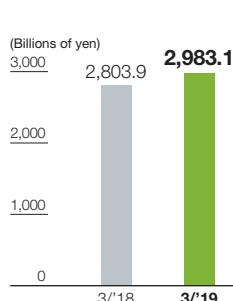
In the Process Automation BD, sales increased due to brisk sales of mounting equipment for the automotive and device-related industries, as well as welding equipment for the automotive industry.

In the Media Entertainment BD, sales decreased due to a downturn in sales of production cameras, despite solid performance from high-brightness projectors.

Operating profit decreased by 9.2 billion yen to 94.4 billion yen from a year ago, due mainly to losses on lower sales in the Avionics Business and the Media Entertainment Business, and also due to having recorded a gain on reversal of the reserve for legal costs in the previous fiscal year.

Automotive & Industrial Systems (AIS)

Sales (Years ended March 31)



Operating Profit (Years ended March 31)



Sales increased overall by 6% to 2,983.1 billion yen from a year ago, due mainly to brisk sales related to electrification and automation in the automotive field involving lithium-ion batteries for eco-cars, automotive infotainment systems, advanced driver assistance systems (ADAS), and on-board charging systems, despite a downturn in sales of motors and other devices due to deteriorating market conditions in China.

Looking at the main businesses of this segment, the Automotive Business saw sales increase due to brisk sales of infotainment systems in Japan and the U.S., as well as strong sales of cameras, sonars and other ADAS products, and automation-related products such as on-board charging systems.

In the Energy Business, sales increased as a result of escalating demand for eco-cars spurring substantial growth of automotive cylindrical lithium-ion batteries amid increasing production of new-model cars by an electric vehicle manufacturer in the U.S., with prismatic batteries for Japanese automakers also achieving growth.

In the Industrial Business, sales decreased due to a downturn in the sales of motors and other products amid slowing capital investment in China, despite growth achieved particularly in capacitors for data centers and base stations, and automotive coils.

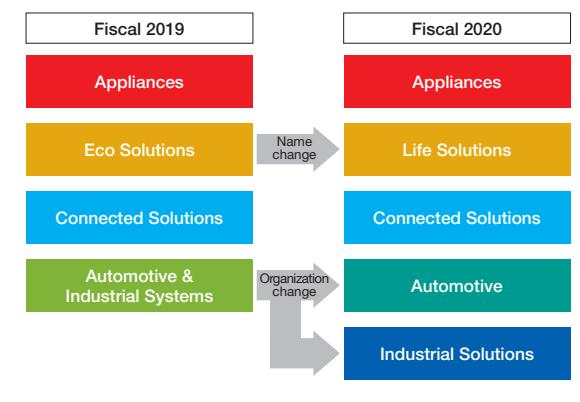
Operating profit declined by 37.0 billion yen to 56.4 billion yen from a year ago, due mainly to loss on lower sales of motors and other products, as well as impairment loss recognized on capitalized

development expenses for the automotive-related business in Europe, despite an increase in sales centered on the automotive-related business, such as infotainment systems, ADAS and automotive lithium-ion batteries.

Reportable Segment Changes

In fiscal 2020, the reportable segments have been changed as follows:

- (1) Eco Solutions has been renamed Life Solutions.
- (2) Automotive & Industrial Systems has been reorganized into two segments: Automotive, catering to vehicle manufacturers, and Industrial Solutions, centered on competitive devices.



Business Division Information for Fiscal 2019 (Sales)

		1st quarter (Apr.–June)	2nd quarter (July–Sep.)	3rd quarter (Oct.–Dec.)	4th quarter (Jan.–Mar.)	(Billions of yen)	
						Full year (Apr.–Mar.)	Percentage 2019/2018
AP ^{*1}	Air-Conditioner Business	158.3	117.3	102.5	116.9	495.0	101%
	Small & Built-in Appliance Business	102.9	98.4	113.8	89.5	404.6	99%
	Major Appliance Business	127.9	138.7	132.6	116.3	515.5	101%
	AVC Business	167.1	154.1	202.4	130.0	653.6	94%
	Commercial Refrigeration & Food Equipment Business	71.2	70.8	78.3	72.5	292.8	106%
ES	Lighting BD	70.8	76.0	88.1	78.7	313.6	99%
	Energy Systems BD	81.6	88.1	92.4	93.9	356.0	102%
	Housing Systems BD	82.6	85.8	96.8	89.0	354.2	102%
	Panasonic Ecology Systems Co., Ltd.	41.7	42.6	45.2	48.3	177.9	107%
	Panasonic Homes Co., Ltd.	69.6	101.0	81.9	122.5	375.0	105%
CNS ^{*2}	Avionics Business	63.2	66.2	63.0	68.5	260.9	96%
	Process Automation BD	58.8	53.8	47.7	44.0	204.3	111%
	Media Entertainment BD	30.5	32.8	30.2	30.6	124.2	93%
	Mobile Solutions BD	62.3	54.5	55.3	68.8	240.9	104%
	PSSJ	64.4	67.5	70.5	119.1	321.5	106%
AIS ^{*3}	Automotive Business	243.3	236.6	247.1	262.5	989.5	107%
	Energy Business	154.5	177.7	190.1	174.3	696.5	124%
	Industrial Business	240.2	230.6	231.4	213.6	915.8	97%

*1 Each business in Appliances consists of the following BDs. The figures of BDs are production and sales consolidated basis.

- Air-Conditioner Business: Air-Conditioner Company
- Small & Built-in Appliance Business: Kitchen Appliances BD, Beauty and Living BD
- Major Appliance Business: Refrigerator BD, Laundry Systems and Vacuum Cleaner BD
- AVC Business: TV BD, Imaging Network BD, Home Entertainment BD, Communication Products BD
- Commercial Refrigeration & Food Equipment Business: Cold Chain BD, Hussmann Corporation

*2 Each business in Connected Solutions consists of the following BDs.

- Avionics Business: Panasonic Avionics Corporation, Avionics BU
- Process Automation BD
- Media Entertainment BD
- Mobile Solutions BD
- PSSJ: Panasonic System Solutions Japan Co., Ltd.

*3 Each business in Automotive & Industrial Systems consists of the following BDs.

- Automotive Business: Automotive Infotainment Systems BD, Automotive Electronics Systems BD, Ficosa International, S.A.
- Energy Business: Energy Device BD, Energy Solutions BD, Tesla Energy BD, Automotive Energy BD
- Industrial Business: Electromechanical Control BD, Panasonic Semiconductor Solutions Co., Ltd., Device Solutions BD, Electronic Materials BD, Panasonic Liquid Crystal Display Co., Ltd.

Financial Conditions and Liquidity

Liquidity and capital resources

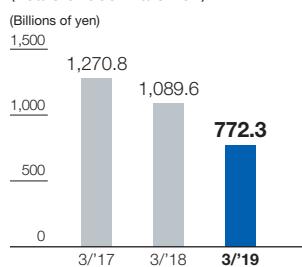
The Panasonic Group has a basic policy of generating funds needed for business activities from internal sources. Funds generated are efficiently utilized through intra-Group financing. Based on this, when funds are needed for working capital or business investment, external financing is obtained through appropriate means based on financial strength and financial market conditions.

Cash and cash equivalents as of March 31, 2019 were 772.3 billion yen, decreased from 1,089.6 billion yen at the end of the previous fiscal year.

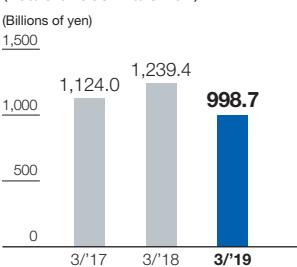
Interest-bearing debt decreased to 998.7 billion yen as of March 31, 2019 from 1,239.4 billion yen at the end of the previous fiscal year due to repayments of straight bonds and other factors. Panasonic entered into three-year commitment line agreements* with several banks in June 2018, in order to prepare for contingencies such as potential deterioration of the financial and economic environment. The upper limit for unsecured borrowing based on the agreements is a total of 700.0 billion yen, but there is no borrowing under these agreements.

* Commitment line agreements: Contracts made with financial institutions to secure financing subject to pre-agreed limits on the time period and commitment line.

Cash and Cash Equivalents (Years ended March 31)



Interest-Bearing Debt (Years ended March 31)

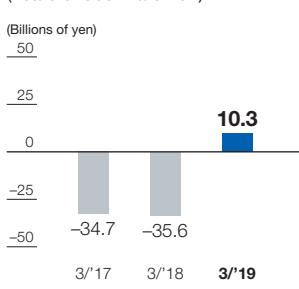


Cash flows

The Company recognizes the importance of increasing free cash flow by strengthening business profitability and developing businesses over the medium to long term. The Company also works simultaneously to create cash flows through continuous reductions of working capital, revisions of asset holdings and other measures.

Net cash provided by operating activities for fiscal 2019 was 203.7 billion yen and net cash used in investing activities was 193.4 billion yen. Free cash flow, the total of the two, was an inflow of 10.3 billion yen. The free cash flow for fiscal 2019 improved by 45.9 billion yen from the previous year. This was due mainly to improved working capital, decreased capital expenditures, and proceeds from the sale of land, in spite of the payment of one-off legal costs.

Free Cash Flows (Years ended March 31)



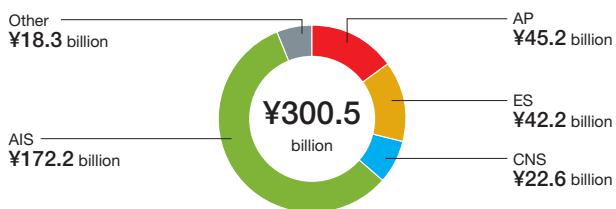
Capital investment and depreciation

The Panasonic Group makes capital investment based on a policy of steady investments primarily in key businesses for future growth.

Capital investment in fiscal 2019 (tangible assets only) decreased to 300.5 billion yen from 392.2 billion yen a year ago. Major capital investments were made at production facilities (U.S. and China) for automotive lithium-ion batteries.

Depreciation (tangible assets only) was 226.8 billion yen, the same level as the previous year.

Fiscal 2019 Capital Investment by Segment (Tangible Assets Only)



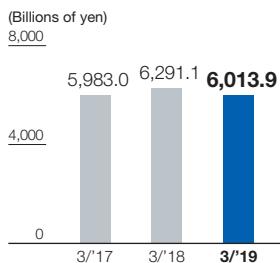
Assets, liabilities and equity

The Company's consolidated total assets as of March 31, 2019 were 6,013.9 billion yen, a decrease of 277.2 billion yen from March 31, 2018. This was due mainly to a decrease in cash and cash equivalents, in spite of increases in trade receivables in line with B2B business expansion.

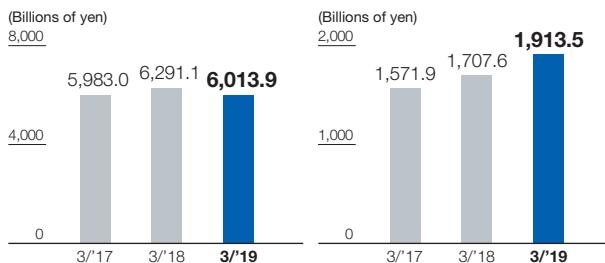
The Company's consolidated total liabilities were 3,929.3 billion yen, a decrease of 479.5 billion yen from March 31, 2018. This decrease was due mainly to the repayments of straight bonds.

Panasonic Corporation stockholders' equity increased by 206.0 billion yen compared to March 31, 2018 to 1,913.5 billion yen due to recording of net profit and other factors. As a result, the ratio of Panasonic Corporation stockholders' equity was 31.8%, increasing from 27.1% on March 31, 2018. With noncontrolling interests added to Panasonic Corporation stockholders' equity, total equity was 2,084.6 billion yen.

Total Assets (Years ended March 31)



Panasonic Corporation Stockholders' Equity (Years ended March 31)



For details regarding consolidated financial statements, please refer to the Company's [Annual Securities Report \(Yukashoken Hokokusho\)](#)

- [Consolidated Statements of Financial Position](#)
- [Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income](#)
- [Consolidated Statement of Changes in Equity](#)
- [Consolidated Statements of Cash Flows](#)

Corporate Data (As of March 31, 2019)

Panasonic Corporation and Subsidiaries
Years ended March 31

Corporate Data

Company Name: Panasonic Corporation
(TSE Securities Code: 6752)

Founded: March 1918 (Incorporated in December 1935)

Head Office Location:
1006, Oaza Kadoma, Kadoma-shi, Osaka
571-8501, Japan

Stated Capital: 258,740 million yen

Consolidated Companies (including parent company):
582 companies

Associated Companies under the Equity Method:
87 companies

Number of Employees: 271,869 persons

Share Data

Number of Shares Issued: 2,453,053,497 shares
(Including 120,663,025 shares held by Panasonic)

Number of Shareholders: 505,402

TSE Securities Code: 6752

Unit of Stock: 100

Stock Exchange Listings: Tokyo, Nagoya

Transfer Agent for Common Stock:

Sumitomo Mitsui Trust Bank, Limited
5-33, Kitahama, 4-chome, Chuo-ku, Osaka-shi,
Osaka 540-8639, Japan
Phone: +81-3-3323-7111

Depository for American Depository Receipts (ADRs)

Stock Exchange: U.S. Over-the-Counter (OTC) Market
ADR Ratio: 1 ADR = 1 Share
Symbol: PCRFY

Stock Transfer Handling Office

J.P. Morgan Chase Bank, N.A.
P.O. Box 64504
St. Paul, MN 55164-0504, U.S.A.
Phone: +1-800-990-1135 (U.S.: toll free)
+1-651-453-2128 (International)

	3/2010	3/2011	3/2012	3/2013	3/2014	3/2015	3/2016	3/2017	3/2018	3/2019
Number of Shares Issued (in thousands of shares)	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053
Number of Shareholders	316,182	364,618	557,102	577,756	499,728	469,295	514,129	486,489	485,053	505,402
Distribution by Type of Shareholders (%)										
Japanese Financial Institutions, etc.	30.8	30.9	34.2	28.3	27.2	30.1	30.6	30.8	31.9	34.8
Overseas Investors, etc.	25.3	22.7	21.9	25.3	33.2	32.9	31.2	32.6	33.4	28.9
Other Corporations	7.1	7.1	8.4	8.3	7.4	7.1	6.9	7.0	6.8	6.8
Individuals and Others	21.2	23.7	29.7	32.3	26.4	24.1	25.9	24.7	23.0	24.6
Treasury Stock	15.6	15.6	5.8	5.8	5.8	5.8	5.4	4.9	4.9	4.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Major Shareholders

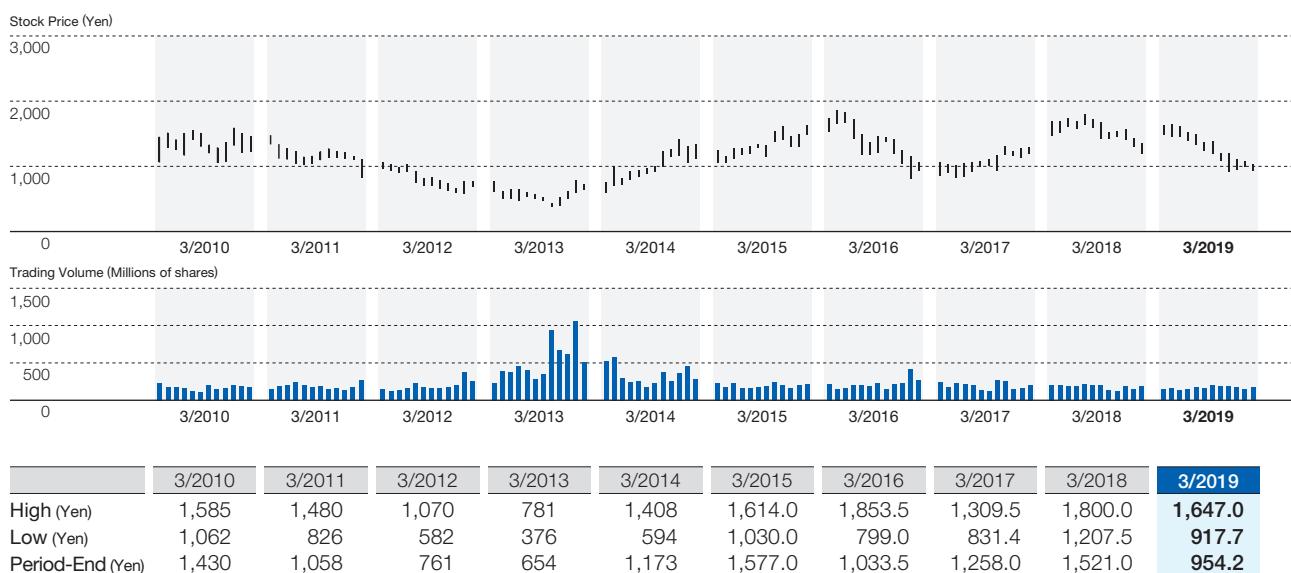
Name	Share ownership (in thousands of shares)	Percentage of total issued shares (%)
Japan Trustee Services Bank, Ltd. (trust account)	182,669	7.83
The Master Trust Bank of Japan, Ltd. (trust account)	161,292	6.91
NIPPON LIFE INSURANCE COMPANY	69,056	2.96
Japan Trustee Services Bank, Ltd. (trust account 5)	44,829	1.92
JP MORGAN CHASE BANK 385151	42,488	1.82
Panasonic Corporation Employee Shareholding Association	41,344	1.77
SUMITOMO LIFE INSURANCE COMPANY	37,465	1.60
STATE STREET BANK WEST CLIENT - TREATY 505234	34,671	1.48
Japan Trustee Services Bank, Ltd. (trust account 7)	34,218	1.46
JP MORGAN CHASE BANK 385632	33,435	1.43

Notes: 1. The figures in share ownership are rounded down to the nearest thousand shares.

2. Shareholding ratio is calculated by deducting the Company's treasury stock (120,663,025) and rounded down to two decimal places.

3. The English names of foreign shareholders above are based on the General Shareholders Notification notified by Japan Securities Depository Center, Inc.

Company Stock Price and Trading Volume (Years ended March 31) Tokyo Stock Exchange monthly basis



Corporate Bonds (As of July 31, 2019)

Unsecured Straight Bonds in Japan

Series	Years	Coupon rate (per annum)	Aggregate principal amount of issue	Maturity date
12th	5	0.387%	220 billion yen	March 19, 2020
13th	7	0.568%	80 billion yen	March 18, 2022
14th	10	0.934%	100 billion yen	March 19, 2025
15th	5	0.190%	200 billion yen	Sept. 17, 2021
16th	7	0.300%	70 billion yen	Sept. 20, 2023
17th	10	0.470%	130 billion yen	Sept. 18, 2026

USD-Denominated Senior Notes

	Years	Coupon rate (per annum)	Aggregate principal amount of issue	Maturity date
Due 2022	3	2.536%	US\$ 1 billion	July 19, 2022
Due 2024	5	2.679%	US\$ 1 billion	July 19, 2024
Due 2029	10	3.113%	US\$ 500 million	July 19, 2029

Investor Relations Offices

Osaka

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Corporate Finance & Investor Relations Department
Panasonic Corporation
1006, Oaza Kadoma, Kadoma-shi, Osaka
571-8501, Japan
Phone: +81-6-6908-1121

Europe

Investor Relations
Panasonic Business Support Europe GmbH
(UK branch)
Maxis 2, Western Road,
Bracknell, Berkshire, RG12 1RT, United Kingdom
Phone: +44-1344-853135

Tokyo

Investor Relations
Corporate Finance & Investor Relations Department
Panasonic Corporation
TOKYO MIDTOWN HIBIYA 14F,
1-1-2 Yuraku-cho, Chiyoda-ku, Tokyo
100-0006, Japan
Phone: +81-3-3437-1121

IR and Sustainability Websites

IR Please refer to Panasonic's IR site for information on the Company including financial results and presentation materials.
<https://www.panasonic.com/global/corporate/ir.html>

Sustainability Please refer to the "Sustainability" section of the Company's website for more information regarding environmental and social initiatives.
<https://www.panasonic.com/global/corporate/sustainability.html>

Panasonic

<https://www.panasonic.com/global>