

# Sustainability Report 2012 – 2013



Panasonic

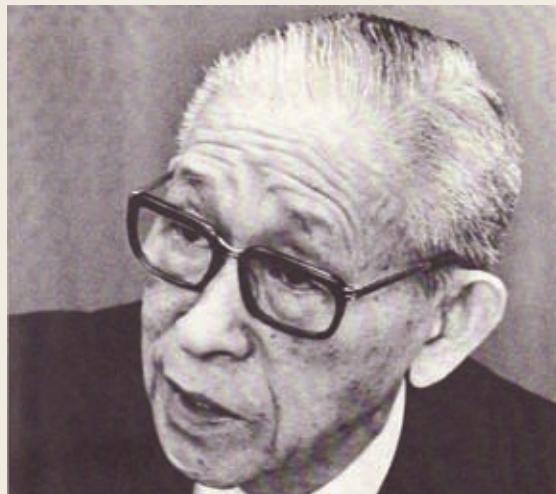
# Founder's Message

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"There is much discussion today regarding 'social responsibility,' but while the meaning of that concept can be wide-ranging depending on social conditions at a particular time, the fundamental social responsibility of a corporation, in any era, should be to improve society through its business activities. It is extremely important to manage all business activities based on this sense of mission."

-Konosuke Matsushita, Founder of Panasonic Corporation, My Management Philosophy (issued in June 1978)

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In all things, we at Panasonic are guided by our Basic Management Objectives and Company Creed. The objective recognises our responsibility that as industrialists we must 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. Our Creed states that progress and development can be realised only through the combined efforts and cooperation of each employee of our company.

United in spirit, we pledge to perform our corporate duties with dedication, diligence, and integrity. In this, our second sustainability report, we seek to imbibe this philosophy in our social and environmental pursuits.

# Welcome to Our Sustainability Report 2012-2013

## Report Profile and Scope

In this next edition of the sustainability report for Panasonic India, we describe the progress we have made in our sustainability activities, performance and the priorities we have set going forward. This report is our constant barometer in assessing our current sustainability efforts and setting a path for continuous improvement.

We have structured the report to align with the Government of India's National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business. Issued in July 2011, these guidelines urge all businesses to become responsible towards society, so that their every action leads to sustainable growth and economic development. This message is directly in line with the business philosophy of Panasonic's founder, Konosuke Matsushita, and is reflected in Panasonic's core management principles.

In creating this sustainability report, the time period we have taken under consideration is fiscal 2012-2013, which started on April 1, 2012 and ended on March 31, 2013.

Building on our previous year's effort, the report continues to form a basis for open and transparent communication with our stakeholders. The systems and processes set in motion last year serve us in good stead as the backbone for our current and future reporting efforts. The report also serves as a management tool to help us identify gaps in our data measurement efforts and in our ability to improve our overall performance and impact on the environment and local communities. This report reflects the journey of the organisation as a truly Indian entity.

## Reporting Principles

The National Voluntary Guidelines on Social, Environmental & Economic Responsibilities have shaped the structure and content of this report. The guidelines are based on the following nine principles:

**Principle 1:** Businesses should conduct and govern themselves with ethics, transparency, and accountability.

**Principle 2:** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

**Principle 3:** Businesses should promote the well-being of all employees.

**Principle 4:** Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable, and marginalised.

**Principle 5:** Businesses should respect and promote human rights.

**Principle 6:** Business should respect, protect, and make efforts to restore the environment.

**Principle 7:** Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

**Principle 8:** Businesses should support inclusive growth and equitable development.

**Principle 9:** Businesses should engage with and provide value to their customers and consumers in a responsible manner.

These principles are already intrinsic to how Panasonic India conducts its business. While we are dedicated to enacting these principles throughout our operations, we are also dedicated to creating and implementing policies that help us to accurately measure and continuously improve our focus on social and environmental responsibility in the coming years. Towards this objective, we have also aligned our efforts with the Millennium Development Goals (MDGs) identified by the United Nations as the blueprint for sustainable development.

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# Being Indian

Panasonic commenced its operations in India in 1972 and has shown a remarkable growth over the past five years. Our business in India comprises of multiple sister companies, divisions and manufacturing units, through which we offer a wide range of products and solutions across consumer segments and industries. Our aim is to become India's largest electronics and durables brand.

Mr. Daizo Ito, President of Panasonic India, envisions making Panasonic an Indian company in India. Under his aegis and able guidance, this vision comes through our strategy of Localisation.

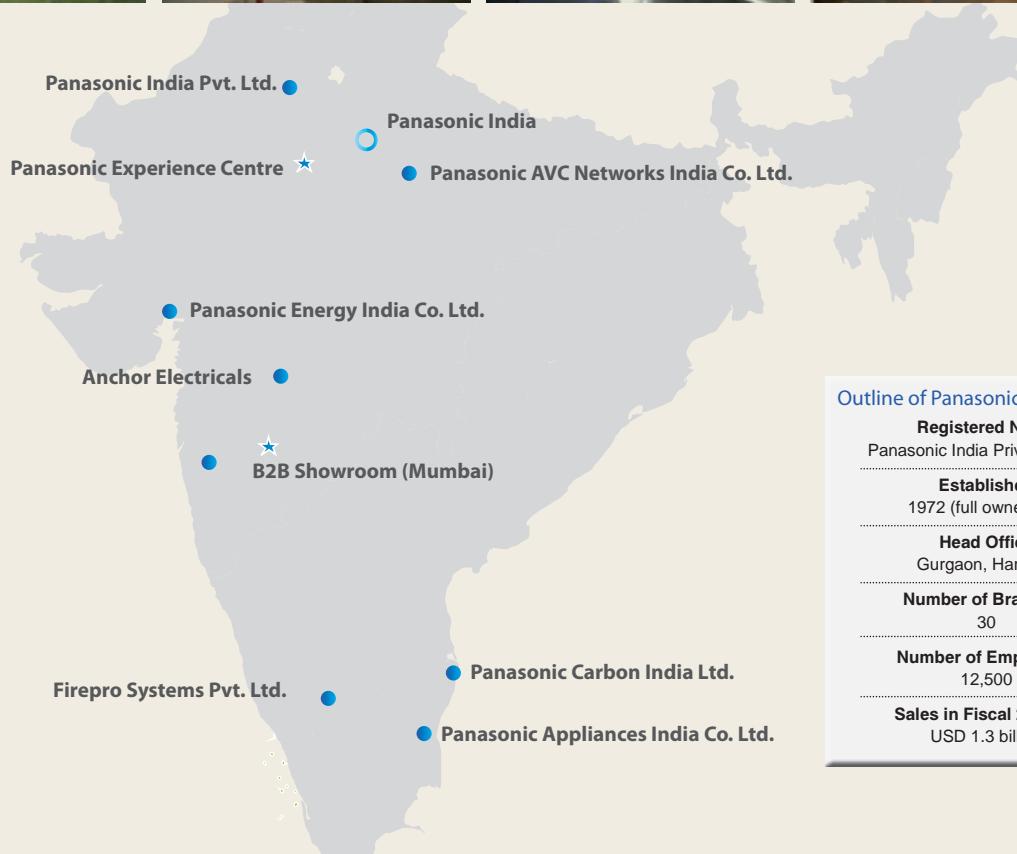
A key to our success, Localisation is reflected in our people, products, operations and in the way we conduct business. Panasonic India has a team that has an in-depth understanding of the Indian market. Our emphasis on being a company entrenched in Indian ethics and insights have prompted key Indian appointments in our leadership.

Panasonic India's organisational culture and management practices echo the Localisation ethos. The organisation thrsts on having the right person for the right job, irrespective of nationality, region, gender, or any other classification.

Panasonic India also pursues Localisation in the products it develops. We know that Indian consumers have unique requirements that need specific focus. Through "Indovation"—that is, Indian-inspired innovation—we focus on developing products that specifically meet the needs of Indian consumers. In addition, our Volume Zone Market Research Centre team visits households in India and works towards marrying their insights with the strength of our technology expertise to develop locally inspired innovations that are integral to Indian life.

Bringing product development and production closer to home, our factory, Technopark in Jhajjar, Haryana, was inaugurated in December 2012, to support our on-going efforts to be a positive force in the Indian society.

In many aspects of everyday life, Panasonic products, services, and solutions are becoming a common sight. Our goal is to deliver innovations that will not only be of service to individuals, but will also help in making new contributions to Indian society and businesses across India.



# Company Profile, Vision, and Strategy

## Panasonic Headquarters

Headquartered in Osaka, Japan, Panasonic Corporation is a leading global manufacturer of electronic products and solutions for consumer, business, and industrial needs based on innovative and energy-efficient technologies. Panasonic strongly believes in designing products and solutions that keep the environment in mind. To achieve this vision, the company develops energy-efficient, state-of-the-art products and encourages customers to live eco-conscious lifestyles with an aim to reduce carbon emissions in households and manufacturing units.

Panasonic's global strategies are driven by the core business philosophy of being a responsible—and successful—corporate citizen and contributing to the progress and development of society at all levels. We are working to expand our business by creating products that meet local needs, a goal that requires the insights and skills of a local workforce. By designing and manufacturing products locally, we can leverage Panasonic's know-how to solve local social and environmental challenges.

We have recently formulated our new Sustainability Policy that outlines how we will contribute to the development of a sustainable future through our business, while being in harmony with society and the global environment.

Emphasising on steady business growth, innovation, local products to meet local needs, and equitable development, we will establish a foundation for Panasonic to become a successful and socially responsible global enterprise.

## Panasonic India

Commencing operations in the country in 1972, Panasonic has grown to currently employ approximately 12,500 employees across the country. Over the past five years, we have driven remarkable growth in the business, and continue to make strong strides towards the goal of becoming India's most trusted electronics and durables brand. Today, the company owns 30 branches and 250 outlets, which includes 165 exclusive Brand Shops in tier-I cities and 84 P4 (Panasonic Premium Partner Programme) outlets in tier-II and tier-III cities. Panasonic India also has 1,115 service centres for its consumer and business divisions providing one-stop solutions.

In the coming times, we plan to grow by integrating Indian expertise into product design and manufacturing processes, and increasing focus on rural development to ensure that Panasonic India performs as a responsible corporate entity contributing to the equitable growth of the entire Indian society.

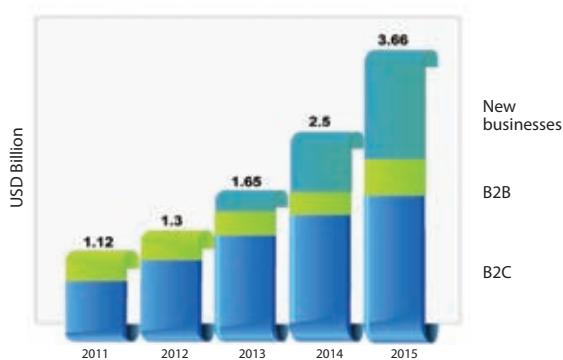
India is a high growth market for Panasonic globally and we are stepping up our commitments vis-a-vis investment in this region on products, talent, marketing and manufacturing. Focusing on local manufacturing and expansion of production processes, the company will continue to develop India-specific product innovations as well as smart solutions catering to domestic needs.

Under our Localisation strategy, we are creating systems, processes, products and content that should satisfy both the language and cultural differences of the targeted market. While working on providing localised products, there is a huge emphasis on local manufacturing going forward to meet up with the competitive Indian



# Company Profile, Vision, and Strategy

**Chart annual revenue**

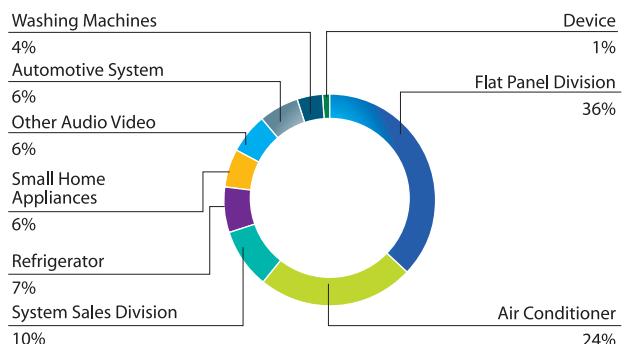


market and this has been the purpose of building the Technopark in Jhajjar, Haryana, to create products specific to the Indian market.

Panasonic India has outlined three core strategies for sustainable growth. The first strategy is to create new product categories in both consumer and business segments. This will be done by forging strategic partnerships. Secondly, to promote the India-led local management as well as to ensure that our business grows its footprint in West Asia, Middle East and Africa, Panasonic India is realigning its business structure with the new direction that the company is taking. The third imperative that we have set is to pursue the strategy of autonomous management in India. This will be followed in product development originating in India as well as in new business incubation activities in the establishment of strategic partnerships.

Panasonic India will grow its business just as India's economy and society grow and expand. We aim to reach out to our stakeholders with the wide range of products and solutions for which we are

**Chart breakdown of revenue by product**



known, and to prioritise products that are specially designed keeping the consumers' requirements and the environment in mind.

This growth must happen at all levels of Indian society, in rural and urban environments. For instance, our approach to rural development aims to apply technology to socially beneficial goals, creating economically viable, sustainability-focused projects to improve the quality of life and state of infrastructure in many rural areas across India. These projects include renewable energy generation and storage, and introducing Panasonic Kiosks that can be used for long-distance education and medical diagnosis needs.

Panasonic has deep roots throughout India, with a broad array of companies and divisions that manufacture goods inspired by Indian needs. Panasonic India comprises of six group companies, four sales divisions and five manufacturing divisions in our operations.



# Company Profile, Vision, and Strategy

## Group Companies

### - Panasonic Appliances (PAPIN):

Established in 1988 to manufacture, import, market, and sell kitchen appliances and small domestic appliances. PAPIN is based in Chennai, Tamil Nadu.

### - Panasonic AVC India (PAVCI):

Established in 1996 to manufacture CRT TVs and Flat Panel TVs. PAVCI is based in Noida, UP.

### - Panasonic Energy India (PECIN):

Established in 1972 to manufacture and sell dry cell batteries. PECIN is based in Baroda, Gujarat.

### - Panasonic Carbon India (PCIN):

Established in 1982 to manufacture and sell carbon rods. PCIN is based in Chennai, Tamil Nadu.

### - Anchor Electricals:

Established in 2007 (as a wholly owned subsidiary of Panasonic Corporation) to manufacture over 3,000 products under five major product groups, including wiring devices, wires and cables, circuit breakers and protection devices, fans, lights, and luminaries.

### - Firepro Systems Pvt. Ltd:

Incorporated in 1992 and acquired by Panasonic in 2012, Firepro Systems has been at the forefront of integrated solutions for fire protection, security and building management systems, fire alarm and detection, fire suppression, access control, video surveillance, intrusion alarms. It is present in 14 locations across India.

## Divisional Sales under Panasonic India

### - Panasonic Marketing India (PMIN):

Consumer electronics, including televisions, audio systems and home theatres; home appliances, including air conditioners, washing machines, refrigerators, microwave ovens, beauty care products, vacuum cleaners and water purifiers; and digital imaging products, including digital still and video cameras.

### - System Sales Division (SSD):

Displays, projectors, telephones, PBX/KTS, fax machines, security, and networking products.

### - Panasonic Automotive Systems India (PASI):

In-car equipment and systems that provide comfort, such as multimedia equipment, safety, environmental protection, and power management solutions.

### - Panasonic Industrial Devices Sales India (INDD):

Compressors, motors for air conditioners and refrigerators, batteries for various applications, components for printed circuit boards, flat and plasma display panel for televisions, heat exchangers for BTS relating applications, welding, and surface-mount technologies.

## Divisional Factories under Panasonic India

### - Appliances Company India:

Factory for manufacture of kitchen appliances and small domestic appliances.

### - Panasonic Welding Systems India:

For manufacture of arc welding equipment and related products.

We also operate significant office space and other facilities across India, but for the purposes of this sustainability report, data on those facilities are not included.



# President's Message

## Taking sustainability reporting to the next level



Welcome to the second edition of the sustainability report of Panasonic India. We are part of a globally respected and admired brand that stands for innovation and sustainable solutions. Sustainability is in all aspects very important for us at Panasonic, because it ensures that the credibility and trust that people bestow on us continues to rise across the world. Panasonic has always placed people at the centre of all its activities and focused on people's lives. This is the unchanging commitment we at Panasonic have had over many years.

Across the world, people know that when they associate with Panasonic—as customers, partners, employees or even as members of the community where we are present—there is a value system and integrity that comes with it. It is a legacy that comes down from our Founder, and it places us in a position where we are proud of our achievements, but more importantly, aware of our responsibility as a corporate citizen.

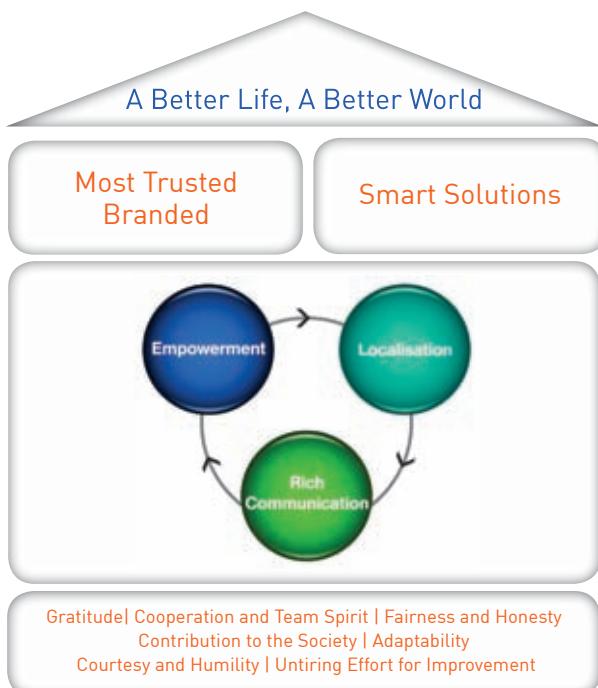
Continuing in its efforts to do better and to contribute more, Panasonic has created a vision for itself, which is to build A Better Life, A Better World. Achieving this requires commitment, involvement and collaboration of all stakeholders and we have embraced this global philosophy to evolve the motto for India wherein we believe that the surest way to achieve success is to ensure the success of our customers and the society in which we function.

Panasonic has a long history in India. Our journey has been insightful and we have been on a high growth trajectory for the past five years. In terms of product categories in the market, geographies covered, people employed and customers impacted, our footprint has risen rapidly. We simultaneously work to bring equitable growth to all Indians, while trying to cement our place as the most admired, desired and respected electronics brand in India. To align Panasonic India to the organisation's new vision, we have embarked on a three-pronged strategy: create new product categories; reform the business structure; and pursue autonomous management.

We will enter new businesses and product categories and launch products suited for the Indian market. In the B2C segment, we want to leverage the lifestyle research from our Volume Zone Market Research Centre to develop products that Indian consumers need. We will continue to expand the capacity of Technopark as well as join hands with external suppliers to bring these products to the market. In the B2B segment, we will promote strategic collaborations with key partners.

Entering new business categories requires an in-depth understanding of the Indian market. For that we need India-led local

# President's Message



management. Partnering with companies that are familiar with the intricacies of the Indian market, like we did in the case of Anchor Electronics, is the way we are reforming our business structure.

Lean and speedy decision-making is the hallmark of an organisation that wants to succeed. From developing new products suited to the Indian market, to incubating new businesses and forging strategic alliances, Panasonic India will pursue autonomous management in all activities.

Panasonic is powered by the efforts of thousands of employees around the world who are driven towards building the Panasonic brand by creating real value for its customers. We would also like to influence all stakeholders through value creation and innovation, by driving excellence in products and solutions, service support and employees. In order to achieve these goals and succeed, we will continue to rely on our three core pillars that have held us in good stead so far—Empowerment, Localisation and Rich Communication.

Empowerment of our employees, particularly in promoting local talent to leadership positions within Panasonic India, is critical to our growth. Localisation continues to be our core strength. Through value-driven frugal innovation, we will create products within India that meet the specific needs of our customers.

Through Rich Communication, we embrace a spirit of transparency and openness about not just our sustainability work, but also about the role that Panasonic plays in improving living standards in the Indian society.

Business growth can only be achieved through the combined efforts and cooperation of each employee. Together, we can achieve anything if we all commit to be the best we can in every sphere of life and conform to seven core values: gratitude, cooperation and team spirit, fairness and honesty, contribution to the society, adaptability, courtesy and humility, and an untiring effort for improvement.

Environmental efficiency and community development are part of Panasonic India's DNA. It is critical for us that as we pursue growth for our business plans, we have minimal impact on the environment. Our other significant focus is on spreading awareness about the need to conserve and protect the environment.

Panasonic India is very conscious of its role as a responsible corporate citizen. Community development activities—particularly in the areas of education, livelihood generation, women empowerment and environment conservation—are central to our strategic plans. You will find more about these activities later in the report.

I look forward to your suggestions and comments on how we can make Panasonic India improve on its goals and grow successfully and sustainably.

Daizo Ito  
President  
Panasonic India Pvt. Ltd.  
September, 2013



# Our Sustainability Priorities

Sustainability is ensured when there is an alignment between the goals of the private sector and the needs of the Indian society. In the words of Konosuke Matsushita, Founder of Panasonic, "A company is a public entity of society." The sustainability efforts of Panasonic India are guided by this simple yet profound philosophy. It recognises that in everything it does, the resources entrusted to it by the society—in the form of people, land, buildings, funds, knowledge information and time—must be used in the most efficient and sustainable manner. Sustainability therefore includes not just initiatives for the environment and the community, but also encompasses business practices, products and solutions created, the development of people and the overall strategy for making the organisation a growing, successful entity.

## Our Priorities

With an enduring commitment to 'Promoting equitable growth throughout Indian society' as our guiding principle, we have classified our priorities under business goals, environmental commitments and corporate responsibility initiatives.

Our business has grown significantly in the past few years and by 2015, we aim to grow three times of where we are today to cross USD 3.66 billion in revenue. To achieve this, we have a robust business strategy. The strategy includes creating new business categories in both, our consumer and business segments—especially the latter. We will do this by basing our decisions on consumer insights and business collaborations. Our second thrust is on reforming our business structure to ensure we promote the production and consumption of products and solutions in India. This will be done through collaborations with those who understand the nuances of the Indian market. Thirdly, our thrust is on empowering our management in India for swifter decision-making in all matters relating to product development, collaborations, alliances and other strategic imperatives for India.

The growth of our business has to be congruent with the maturity of our organisation as a corporate citizen. Panasonic partners India in its endeavours to grow sustainably, especially in the case of environmental conservation and community development. We are guided by the laws of the land, the National Voluntary Guidelines on Social, Environmental & Economic Responsibilities as well as the Millennium Development Goals set by the United Nations in setting down our sustainability priorities.

Panasonic India will continue to lay emphasis on ensuring that both, our products as well as our manufacturing practices hold up

to high standards of environmental efficiency. While our products create smart solutions that are energy efficient, our factories follow the guidelines for Green Factory Assessment. Setting benchmarks and best practices in this area, we will be creating our corporate environment policy in the coming year. In particular, Panasonic India lays emphasis on education, livelihood generation, women empowerment and environment conservation. Our Ecoskool programme reaches out to students to sensitise them towards the environment so that as citizens of tomorrow, they lay the foundation for a greener planet. Through the vocational training centre at our Technopark at Jhajjar we are providing skills and livelihood to the youth so that they can become self-reliant and self-assured about their place in the work force.

## Our Future Plans

Although we have a long history in India and commitment to India, Panasonic India is beginning to accelerate its sustainability efforts. We are working to increase the transparency in our operations and improve our social and environmental performance. We are developing and structuring formal policies in each of the core functions designated in the National Voluntary Guidelines: supply chain, product responsibility, environment, corporate governance, stakeholder engagement, and employee engagement. Our overall goal is to contribute to Indian society with a focus on inclusive growth throughout the nation.

## Our Stakeholder Engagement

In fiscal 2012-2013, we used our sustainability reporting process to engage with key internal partners and external sustainability experts. This helped us to establish a clear sustainability vision and set of goals and to reveal both the achievements and gaps that are reflected in this report. The key areas in the internal review process included: human resources, corporate citizenship, corporate governance, the president's office, logistics, marketing and communications, corporate planning, and the heads of each Panasonic India division.

Our goal in engaging with various stakeholders is to remain a responsible corporate citizen—a goal that requires us not only to abide by all laws and regulations, but also to understand how we can leverage our position to improve Indian society.

# Governance and Ethics

## Code of Conduct

A company wholly owned by Panasonic Corporation, Panasonic India is guided by the larger company charter. The Panasonic Code of Conduct provides a practical guide to our employees and embodies our management philosophy. Published in 22 languages for easy dissemination, the Code of Conduct applies to all employees of Panasonic and all companies and controlled subsidiaries. The company has appointed a Director to ensure compliance with the Code, and frequently conducts training for employees.

## Management Structure

All Panasonic India sales and manufacturing divisions are led by a Divisional Managing Director. To ensure that the management team is making decisions in the best interest of all stakeholders, there is a quarterly convening of all Managing Directors, chaired by our President, to provide updates on each business unit's progress against goals. The Board, as part of Panasonic India's Localisation strategy includes Manish Sharma, who is the Managing Director of the company since 2012.

## Audit and Independence

In order to supervise the Directors' execution of their duties, Panasonic also has an Auditors system that is independent from the Board of Directors. The Internal Audit Group (IAG) of the Regional Headquarters is responsible for Asia Pacific, the Middle East, and Africa (APMEA) supports Panasonic India in this mission. IAG is an independent, objective assurance and consulting body that performs internal audits to ensure the accuracy of financial reporting, and discloses the adequacy and effectiveness of internal controls.

## Risk Management

Panasonic Headquarters has established the Global & Group (G&G) Risk Management Committee that governs Panasonic India along with all other Group companies. This committee is chaired by the Corporate Risk Management Executive Officer and includes Companies, Regional Headquarters, Corporate Strategy Head Office and Professional Business Support Section.

The Risk Management Committees established under this system oversee activities by all companies, and regional headquarters, and span the entire Panasonic Group.

## Whistle Blowing

We have made every effort to provide all employees with avenues to raise their concerns about potential business risks in their workplaces. Panasonic India's human resources functions have created a reporting system to manage any ethical incidents that arise. Employees can also use the whistle blower system operated by APMEA, as well as a global hotline provided by Panasonic Corporation to raise concerns confidentially and without fear of retaliation.

## Ethics and Integrity

In the past financial year, there were no cases pertaining to ethics and integrity. In order to maintain the status quo and raise awareness about anti-corruption practices, September last year was declared the Compliance Awareness Month across Panasonic India. A Compliance Awareness Survey for the APMEA Region was held during the month, which saw 100 per cent participation with a total of 857 employees participating in the survey.

## Respecting Human Rights

Panasonic India embraces the comprehensive human rights policy set forth by our global headquarters in Japan. Human rights are central to our Code of Conduct, as well as to our core values. We comply with all local laws and we require each of our business partners throughout the value chain to do so as well. In the coming year, we will develop our own human rights policy, based on our basic business policy of respect for all of our employees, and will make this policy publicly available on our website and referred to in all our contracts.

# Highlight

## Panasonic's commitment to India: Technopark, Jhajjar



Panasonic strengthened its relationship and roots in India with the inauguration of its Technopark, in Jhajjar Model Economic Township (MET), Haryana in December 2012. The Technopark is Panasonic India's largest manufacturing unit and the country's first eco ideas factory. The factory is a testimony to Panasonic India's manufacturing prowess and is also a living example of the company's sustainability strategy. The Technopark is the first environmentally friendly model factory in India and only the sixth in the Asia Pacific region, taking the company's green innovation for lifestyles and business operations further. It will form the basis of Panasonic India's plans for creating India-specific products. By providing employment and support to the community, the factory has become the hallmark of Panasonic India's Localisation strategy. In these ways and more, the Technopark at Jhajjar forms the centrepiece of Panasonic India's growth, both as a manufacturing company as well as a company dedicated to the equitable growth of the Indian society.

### Manufacturing Hub

Spread over 307,000 square meters in the Model Economic Township in Jhajjar, the Technopark entails an investment of about USD 200 million over a period of five years. The unit is designed to house facilities that can manufacture an estimated 1,000,000 sets of air conditioners, 400,000 sets of washing machines and 25,000 sets of welding and cutting machines per annum. The products shall cater to the domestic market in India and the unit will become a central manufacturing hub for Panasonic India in the years to come.

### People Power

The Technopark is expected to provide employment to approximately 3,500 staff in two phases once it is fully developed and operational. The first phase would utilise an investment of USD100 million and employ 1,500 people and in the second phase, at another investment of USD 100 million, it will employ 2000 people.

Further to this, as a model 'eco ideas' factory, it will not only manufacture eco-friendly products with sustainable industry practices, but will also serve as an outreach platform for environmental education activities, in an effort to raise the level of eco-consciousness within the community.

### Model Eco Factory

The Technopark embodies Panasonic's environment strategy, incorporating it to create green lifestyles and drive continuous improvement of environmental performance with green manufacturing processes. The Technopark integrates environment with business growth through various green initiatives such as carbon dioxide emission reduction, waste management system and recycling, solar power generation and a 100 per cent water recycling system.

# Panasonic Technopark at a Glance



## Green Features

Energy management with energy monitoring system  
28.29 kWp solar modules installation  
100% water recycling

## Number of Employees

Air conditioner factory: 650  
Washing machine factory: 100  
Welding: 125  
Total number of employees to reach 3,500 people over 5 years

## Expected Revenue Rise

Target of USD 3.66 billion by 2015

## Location

Dadri Toi,  
Jhajjar Model  
Economic Township  
(MET),  
Haryana, India

## Inaugurated

December 2012  
(production started in January 2013)

## Investment

USD 200 million from 2010 to 2015

## Building Area

Air conditioner: 25,000 square meters  
Washing machine: 12,000 square meters  
Welding: 7,900 square meters

## Market Distribution

Domestic sales in India  
Export to Middle East and Africa (5% in 2013, increased to 20% by 2015)

## Sustainable Manufacturing

Carbon dioxide (CO<sub>2</sub>) emissions reduction  
Waste management and recycling

## Production Capacity

1,000,000 sets of air conditioners, 400,000 sets of washing machines and 25,000 sets of welding and cutting machines per annum

## Total Land Area

307,000 square meters



# Activity Highlights by Category



Product  
Responsibility  
**P15**



Environment  
**P18**



Supply Chain  
**P26**



Employees  
**P23**

Communities  
**P28**



# Product Responsibility

With technologies that are innovative as well as efficient, Panasonic is taking the lead in an eco-friendly style. At Panasonic, designers and engineers constantly endeavour to ensure that each evolution of product is better than its previous version by following stringent processes to develop products that are more energy efficient, water efficient and long lasting. It is committed to design products that are apt for Indian conditions, while placing a premium on durability and providing the maximum value.

## Creating a Dialogue with Consumers

Our commitment is well supported and furthered by our brand and marketing communication strategy that believes in talking to consumers about the best features of our products. We follow a two-pronged approach of creating more equity for brand Panasonic in India and aligning all marketing communication activities with the business objectives across divisions.

In our new brand proposition we are saying to our consumers - say yes to less, and more to life. This is in line with Panasonic's eco-friendly motto that encourages the preservation of our natural resources including water and electricity. We have done this by educating the consumer about how they can achieve these goals with Panasonic's products.

In line with our Localisation strategy, we have focused on product differentiation for consumers by developing India-specific products with emphasis on high-volume segments. To gather insights on products that could be more closely entwined with peoples lives, Panasonic established a new Volume Zone Marketing Research Centre in India. The Centre has researchers who visit consumer households to gather feedback about products and identify the requirement gaps that could help in developing tailor-made products for the Indian market. We focus on market research for consumers especially in tier-II and tier-III cities to understand the needs and aspirations.

Panasonic is also committed to creating inroads in the heart of India through road shows across cities. The result of this can be seen in an increasing awareness of our product range, especially in the air conditioner and home theatre segments.



econ – air conditioner with ECONAVI

## Eco-friendly and Safe Products

Environment-friendly practices and awareness have seeped into our everyday lives, right from closing water taps when not in use, to switching off lights and appliances when no one is in the room. Consumers are also demanding products that are energy and water efficient, and will last a long time.

According to the Greendex 2010: Consumer Choice and the Environment - a worldwide tracking survey conducted by the National Geographic Society and polling firm GlobeScan - Indian consumers' lifestyle emerged as the most environmentally sustainable with 62.6 per cent claiming to care about the environment.

This choice has been made easier as the Government of India has made it mandatory for home appliances to have Energy Star ratings, which is an international standard for energy efficient consumer products that originated in the US. Thus, devices carrying the Star logo, such as air conditioners, refrigerators and other products, are certified to use about 20-30 per cent less energy than the set standards.

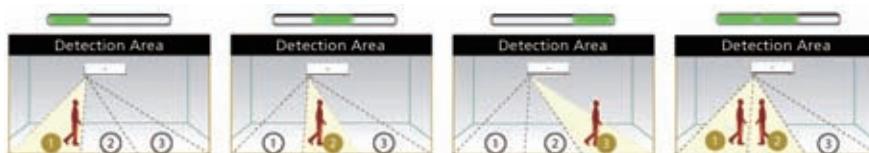
## ECONAVI and Inverter Technologies

Panasonic offers its consumers products that help them maintain lifestyles that are energy efficient. As an example, we have a new range of home appliance products such as washing machines, refrigerators, air conditioners and microwaves that are equipped with the revolutionary Inverter Technology, which helps the unit reach the desired temperature faster than other units, and it constantly works towards decreasing energy wastage. In air conditioners, for instance, Inverter Technology helps save 30 per cent energy, because it is otherwise wasted on unmethodical constant cooling.

Our latest ECONAVI AC models, introduced in the Indian market in 2010, are a global ecological standard innovation, furthering our objective of going green in our products while ensuring a comfortable lifestyle for our consumers. With this new technology, Panasonic has set new benchmarks in energy-saving measures and environment protection in India. The Human Sensor and Control Programme in the air conditioner scans the whole area for occupancy thereby throwing air only at the area which is occupied; thus helping in energy savings of 30 per cent.

### ECONAVI Human Activity Detection

One of the ways in which ECONAVI reduces waste is by detecting changes in activity levels and directing airflow only to occupied or high activity zones. This avoids cooling or heating when not needed and can result in an up to 30% increase in energy savings.



# Product Responsibility

## Case Study

### Product Responsibility in Action

#### Adapting to Societal Needs: Toughpad™

With changing lifestyles, consumers' needs also keep changing. Entering new product categories that cater to these evolving needs is a key strategy at Panasonic. This year we launched a range of 'ruggedised' mobile computing devices, called the Toughpad™ that will come handy for those working in challenging outdoor environments—including the automotive, aviation, telecom and utility sectors. The additions to the Toughpad™ family include the world's first Windows 8 enterprise-grade ruggedised Toughpad™ FZ-G1, and the Android tablet Toughpad™ JT-B1.

These devices boast a build that can withstand the harshest business environments, sunlight-readable screen for outdoor viewing, connectivity options for always-connected access and long battery life for uninterrupted usage on-the-go.

Keeping in step with the growing requirements of the logistics industry in India, we have also introduced two handheld computers - JT-H300 and JT-H320H. Based on Panasonic's 'TSA OR Total Shock Absorbing design' developed over its 30 years of experience in the logistics industry, they can withstand tough working conditions so that consumers can work without interruption.



Toughpad

#### Aquabeat Washing Machines

Earlier in 2012, Panasonic introduced a new range of Intelligent Washing Machines under its Eco Aquabeat range. The Aquabeat Technology uses the power of water flow to penetrate deep into fibres and beat out ingrained dirt. Working together with the innovative Foam Wash, this removes stubborn stains for fresh, clean washing every time.

All models in this range come equipped with ECONAVI technology combined with Inverter Technology, which enables them to use exact compressor control and detect the wash load to determine the optimum operation time that will be required to thoroughly clean the clothes. Additionally, no power is used when the machine is on standby thus helping reduce the energy consumption and amount of money spent on bills. The Intelligent washing machine saves gallons of water by detecting the wash load and regulating the water level accordingly.



Aquabeat Washing Machine

## Products for the Indian Market

Keeping in mind the unique needs of the Indian consumer, Panasonic India has a range of innovative products that have been developed to suit specific Indian choices and preferences. These are aptly named 'Indovations'.

**CUBE Air Conditioners:** Innovating to give its consumers the products that best suit their requirements, Panasonic India launched CUBE ACs – a product range created especially for India. A unique product, the CUBE AC retains the best features of both split and window ACs – stronger air throw with reduced noise levels, quick cooling, unique and stylish looks. The unit is mounted on the wall.

The product gives consumers more choice and is also a part of Panasonic India's strategy to increase its reach in tier-II and tier-III markets. Cube ACs offer features that were developed and refined with the benefit of field studies, market surveys, focus groups, discussions and product trials in New Delhi, Mumbai and Chennai to ensure that the product truly meets the expectations and demands of Indian consumers.

**Hair Dryer:** Panasonic India has an India-specific range of hair dryers that have adjustable heat settings, negative ions that lock in the moisture in hair, and a unique cool air selection that suits the tropical Indian climate. These features are available at extremely competitive prices, making each product in the range deliver high value to the consumer.

## New Product Development: Smart phone

One of the products to be launched in the next year – the smart phone marks Panasonic's entry into the mobile phone segment in India. The P51 is a premium Android™ based smart phone, and comes bundled with features and specifications that will appeal to the youth and premium executive alike who is always on the lookout for better, faster and savvier gadgets.

It comes packed with features such as a powerful Quad Core 1.2GHz ultra-fast processor, sleek and light weight body, 5" HD screen with a wide viewing angle for sharp and clear pictures, protective oleophobic coating, two cameras and great battery life.



CUBE Air Conditioner



Hair Dryer

P51 Smartphone

# Environment

## Sustainable Operations

Panasonic takes the lead in being environmentally sustainable. This means not only developing energy-efficient, state-of-the-art products, but also requires looking internally at our operations. In our 40<sup>th</sup> year of work in India, we are taking stock of how we can minimise our environmental impact, while maximising our productivity, and our benefits to society.

To achieve these goals, we have put the environment at the centre of our business decisions. Panasonic Headquarters has also created a number of commitments to achieve these top-level goals.

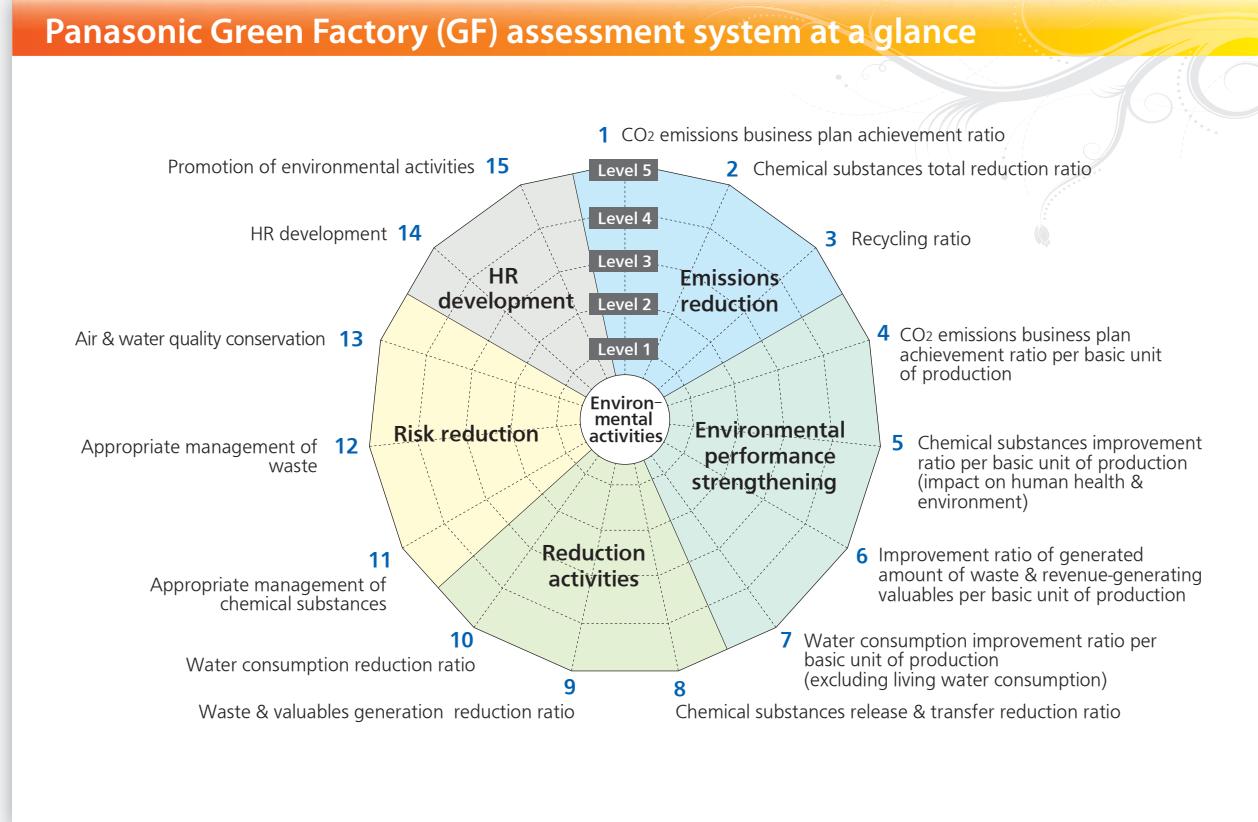
## Environmental Action Plan

After the completion of the Green Plan 2010, which was established in 2001, the Green Plan 2018 was established in 2010 to clarify our targets for fiscal 2019 (from April 1, 2018 to March 31, 2019) and actions to be taken in order to achieve the targets. Furthermore, the Green Plan 2018 shall be revised in July 2013, which would be followed by the newly-established Environmental Action Guidelines.

The revised Green Plan 2018 will continue our initiatives in five areas: mainly CO<sub>2</sub> reduction and resources recycling, and water, chemical substances, and biodiversity. With the new business policy, we will further focus on maximising the size of contribution in reducing CO<sub>2</sub> emissions, which is an index unique to Panasonic that indicates efforts for CO<sub>2</sub> reduction, while maintaining our stance towards contribution in making net CO<sub>2</sub> emissions from the international community peak and decline thereafter at an earlier timing. As for resources recycling, we will continue to enhance the promotion of recycled resource utilisation ratio and factory waste recycling rate, as well as create more Resources Recycling-oriented Products to further actualise Recycling-oriented Manufacturing.

In addition, with respect to eco-conscious products and businesses, we will expand the range of activities to products, services, and solutions in the B2B sector, while keeping strengths in the home appliances field, to continuously provide products and services that create environmental value for our customers. Panasonic will deepen the collaboration with various partners across the supply chain and accelerate environmental contributions to extend better impact on the society.

We will steadily execute this Environmental Action Plan towards achieving our fiscal 2019 targets.



# Environment

## Environmental Performance of Our Factories

Currently, there are several factories operating under the Panasonic India group of companies:

- Panasonic Energy India Company Limited (PECIN), based in Baroda, Gujarat
- Panasonic Carbon India Company Limited (PCIN), based in Chennai
- Panasonic Appliances India Company Limited (PAPIN), based in Chennai
- Panasonic AVC India Company Limited (PAVCI), based in Noida
- Anchor Electricals Private Limited, based in Mumbai, which has 17 facilities across India

In continuation of our goals from last year, our top-level goal is to minimise our environmental impact to as close to zero as possible across all our factories. We are on the road to achieving this goal by following the Panasonic Green Factory (GF) assessment system. Under this system, our factories evaluate themselves on a one-to-five scale across 15 environmental activity items classified into five groups: emissions reduction, environmental performance strengthening, reduction activities, risk reduction, and human resources development. This system allows us to visualise the progress to address issues and make improvements. In fiscal 2012-2013, we achieved a Level 3.8 average score across all factories in the Panasonic Group, and we are working to earn a Level 4 average score across our factories.

Factory wise, our results for the last fiscal year are as follows

- PECIN achieved a 4.02 GF score.
- PCIN achieved a 4.53 GF score.
- PAPIN achieved a 4.25 GF score.
- PAVCI achieved a 4.27 GF score.

### Environmental Performance at Factories

Metric	2012-13	2012-13	2013-14
	Target	Result	Goal
<b>PAVCI</b>			
CO2 Reduction	40 T	39.84 T	18 T
Energy Reduction	43 MWh	42.99 MWh	19.5 MWh
Water Reduction	640 KL	616 KL	576 KL
Waste Reduction	9.6 T	14.5 T	14.6 T
Recycling Rate	100%	100%	100%
GF Score	4.53	4.27	4.53
<b>PAPIN</b>			
CO2 Reduction	35 T	411 T	10 T
Energy Reduction	0.66 MWh	97 MWh	10.5 MWH
Water Reduction	13,400KL	Maintain the same consumption in 2011-2012	Maintain the same consumption in 2012-2013
Waste Reduction	23.7 T	31.5 T	15 T
Recycling Rate	98%	99.72%	98 %
GF Score	4.12	4.25	4.20
<b>PCIN</b>			
CO2 Reduction	70 T	839	24
Energy Reduction	180.5 MWh	665.94	187.120
Water Reduction	267 KL	720	100
Waste Reduction	48 T	47	40
Recycling Rate	99%	99	99.3
GF Score	4.83	4.53	4.53
<b>PECIN (PEIN)</b>			
CO2 Reduction	2853 T	2841	3224
Energy Reduction	5111 MWh	4070	4515
Water Reduction	59620 KL	38729	44425
Waste Reduction	321.86 T	371.51	437
Recycling Rate	95.88%	99.22	99.55
GF Score	3.98	4.02	4.02

Note: Each factory sets its annual targets/goals individually.

## Case Study

### Technopark Environment Sustainability Initiatives

The Technopark at Jhajjar, Haryana is Panasonic's first model eco factory in India and sixth in the Asia Pacific region. The factory has integrated a number of environment-friendly practices into its structure as well as processes. Given the extensive efforts and systems that have gone into making the Technopark an environmentally efficient and sustainable factory, we have applied for ISO 14001:2004 and OHSAS 18001 certifications and are likely to achieve them by the fourth quarter of FY2013-14.

The environment sustainability initiatives in the Technopark are as follows:

#### Energy Saving Activity

Energy consciousness and saving is one of the most critical aspects of being environmentally sustainable, and the Technopark has several measures in place to optimise the use of energy in its premises. The consumption of electricity is one of the areas where the Technopark works most efficiently. By just ensuring that lights are switched off when not required across the AC factory, the washing machine factory as well as the street lights, the factory is expected to save almost USD 10,000 per year.

In addition to this, by reducing the running hours of the generator in the welding factory, a total of 125 running hours will be saved per month, leading to 1,350 litres of fuel saved per month. For the months of February and March 2013, the actual energy cost saved was almost USD 2500.

#### Renewable Energy Use

The Technopark lowers its carbon footprint by reducing its dependence on conventional energy, and instead using renewable energy options wherever possible. It has solar energy systems installed in the parking area as well as the headquarters, which have a combined power production capacity of 29 KWh.



# Environment

## Waste Disposal Flow

An effective waste management system is possible only when there is ownership of responsibility at every level. At the Technopark, the unit that generates the waste, whether it is a factory or a building, is responsible for the flow until the generated waste has been disposed properly.

## Rainwater Harvesting System

Panasonic has put in place a rainwater harvesting system in the premises of the Technopark to reduce its impact on the water table. The system recharges 79,430.5 m<sup>3</sup>/year, which can be put to use for various purposes, instead of using water from external sources.

## Waste Water Recycling

At the Technopark, the aim is to recycle 100 per cent of the domestic and industrial water used on-site. A Sewage Treatment Plant with a capacity of 91.2 kilo litres and an Effluent Treatment Plant with a capacity of 26.5 kilo litres have been installed to ensure that this target is achieved. Together these plants recycle 117.7 kilolitres on a daily basis.



Effluent Treatment Plant

## Safety Section Overview

The health and safety of its employees at the Technopark is of paramount importance to Panasonic India. Several activities and systems have been established for this. The activities undertaken include launch of a Health and Safety Policy, formation of a Safety Committee, which meets on a monthly basis, collection of all MSDS, and securing a Safety Checklist for the fire fighting system.

## Case Study

### I-Recycle Programme



In May 2012, Panasonic India launched its comprehensive electronic waste recycling programme called I-Recycle. The programme is being executed through an agreement with an authorised recycler, and ensures environmentally sound recycling.

The products that can be recycled are office e-waste, e-waste generated from service and repair of products of Panasonic India; and end-of-life (EOL) products—Panasonic India products that have run out their utility, received from the consumers.

**Awareness through user manual:** To make consumers aware of the programme, the wheelie bin logo has been put in all the product user manuals along with instructions on how they shouldn't mix the e-waste with municipal waste while disposing and what to do to recycle it instead. A toll-free number: 1800 103 1333 has also been provided for the consumers to help them through the process.

**Impact:** The programme has achieved 100 percent recycling rates for damaged or repaired products. The focus now is on achieving the same for consumer end-of-life products as well. The I-Recycle programme also ensures awareness among stakeholders. It works on a hub-spoke model of the collection of e-waste, channelisation of e-waste to the authorised recycler and compliance with legal requirements.

# Environment

## Green Community Initiatives

An environment conscious company, Panasonic has undertaken numerous initiatives towards increasing awareness about preserving our environment and natural resources.

### Corporate Initiatives

**Clean and Green:** Contributing towards a cleaner and greener tomorrow, Panasonic India has strategically placed dustbins at key areas in Gurgaon, IFFCO Chowk and Cybercity, to encourage citizens to keep the city clean and litter-free. Panasonic is also supporting in the maintenance of the HUDA Green Belt in front of its headquarters in Gurgaon.



Dustbin in Gurgaon

### Factory Initiatives

Across our factories we have kept the environment and the good of the society high on our areas of focus. We have undertaken activities that don't just raise awareness but also help us minimise our impact on the environment.



Tree plantation at PAPIN

### Panasonic Ecoskool

Under Panasonic's Ecoskool programme, we have partnered with the future leaders and caretakers of the environment in order to take the message of environment conservation into every home.

A nature empowerment programme was rolled out to impart knowledge about global warming and climate change using theatre as the mode of communication. Other programmes included Eco Picture Diary (EPD), which involved creating pictures, photographs or illustrations on serious approaches towards eco activities undertaken by children, their family or friends within the space around them like home or schools. Another programme called Kids Witness News (KWN) was initiated in 2011 to develop creativity and communication skills in elementary and junior high school children and foster their

ability to work in teams through video production. Participants were required to research, write, act in, produce and direct videos on topics that were relevant to students and their community.

A unique Eco Relay programme was also conducted at the PCIN factory. Eco awareness activities were conducted in and around the factory. The activities included: cleaning campaign at the Sullurpet bus stand, tree plantation at the government school, provision of dustbins for the Sullurpet bus stand, railway station and government school, provision of eco banians (vests) to school students, rally for the environmental awareness of the local people and environment education to school children.



Tree plantation by school students at PECIN



Eco product awareness with school students at Technopark



Eco Relay activities at PCIN

# Employees

Panasonic recognises its employees are the pillars of its success and a foundation for its growth. Panasonic India's business strategy, which rests on the three principles of Empowerment, Localisation, and Rich Communication, also guides us in managing our workforce and helping them develop. We are committed to developing a workforce that is involved, committed and has empathy; the three qualities that will help us build a long-term relationship with every one of our stakeholders. This is how we will create A Better Life, A Better World.

At Panasonic, we are defined by our values. To be a successful company, we realise that our people need to have gratitude, cooperation and team spirit, adaptability, fairness and honesty, courtesy and humility, contribution to the society and untiring effort for improvement. Panasonic also promotes diversity and is creating a corporate culture that respects different values. We would like to work towards equal employment opportunity for all; respect and recognise people from different backgrounds, opinions and talent and not tolerate discrimination on the basis of caste, colour, creed, nationality, religion or sex.

## Talent Development

Panasonic India is a rapidly growing company, and our employees are at the centre of this growth. Forming the base of Panasonic India's Empowerment pillar of strategy, talent development of our employees in India receives critical emphasis. In fiscal 2012-13, our employee turnover rate was 12 per cent, as compared to 20 per cent in 2011-2012.

To achieve our goals of solidarity within the company and to increase customer satisfaction in our business relationships, Panasonic engages with its employees consistently. This helps the company to create a uniform employee and customer experience and an entrepreneurial spirit in its workforce. An additional level of complexity has arisen in building this level of engagement with our talent base due to the rapid growth that Panasonic India has witnessed. Our efforts to build a new Panasonic mindset, in a rapidly growing workforce, are focused on a number of activities that includes the following:

**Founder's philosophy:** Our workforce is made up of young professionals and 85 per cent of our workforce has less than two-three years of experience at Panasonic India. We make a concerted effort to enlighten our employees on the philosophy of our founder, Konosuke Matsushita. We regularly convene meetings to train our employees about his philosophy, which is focused on the importance of each individual's and every company's integrity, courtesy, humility, and positive contributions to the society.

**Spirit of entrepreneurship:** To meet our ambitious growth targets, we need to instill in our employees the spirit of entrepreneurship. We do this by encouraging innovation and risk-taking, and

empower our employees to take the initiative in decision-making. We also steadily seek out employees that embody the passion and entrepreneurial spirit required for Panasonic India's continued success. We have also made changes to our hiring practices to further emphasise on engaging the right person for the right job, and in particular, to highlight the importance of our Basic Business Philosophy for all new hires.

**Training and capability-building:** We dedicate tremendous resources to build capabilities in our employees at both the functional and behavioural levels. Last year, we conducted regular trainings in sales and marketing across India, and invited our Japanese colleagues to visit our facilities all around the nation to provide trainings on skills ranging from showroom display techniques to self-management practices. We have also created a Career Navigator to help employees identify a clear, logical progression of responsibilities within Panasonic over time, giving every employee and his or her supervisors the ability to plan a long future within the organisation.

At Panasonic India, we consider our learning interventions to be critical for the sustainable growth of our employees and for the overall growth of the company. Developing skills on the job is, therefore, a cornerstone of our growth strategy. In the past fiscal year, we conducted almost 78,000 person-hours of training, which translates into more than 9,700 person-days of training. On an



average each Panasonic India employee underwent approximately 8.5 person-days of training.

## Talent Engagement

The company's Employee Relation Objective is at the core of our human resource policy. Employee Relation Objective represents the company's all-encompassing commitment to building mutually fruitful relationships with employees. In the process, the Objective is instrumental in creating a positive and conducive work environment that supports Panasonic India's efforts to achieve its business goals.

Communication and an open environment are integral to the success of any relationship. We, therefore, encourage direct

# Employees



communication between employees at every level of the company with President Daizo Ito through our CONNECT2PRESIDENT forum. The President reads all communication material and directly responds to each message. Employees also have access to a forum that allows them to submit anonymous feedback to company leaders.

Our many successes in the past few years include the restructuring of our compensation practices as a result of an appraisal and compensation survey and improved employee health insurance plans. Like in the previous year, in 2012 we conducted a salary survey and an employee opinion survey to measure the progress in our employee welfare processes. Based on the outcomes of the salary survey, we have been able to take very crucial and beneficial decisions regarding compensation, roles and designations of our employees. These decisions will have long-term impact on the growth and satisfaction of our employees. In 2012-13, employees expressed satisfaction with the level of communication, support for success and quality and customer focus that were present in the organisation. We have also undertaken several programmes to align our workforce with Panasonic's vision and culture; and our goals for society.

Some of the changes we have instituted are aimed at creating better communication amongst employees, including the use of information technology systems to improve productivity within offices and enabling video-based communications between 28 of our branches across India, including the corporate office and the Technopark. We also recognise that providing training and promotion opportunities are important to retaining the most talented employees, so we have created programmes to develop our future leaders from within Panasonic India. These programmes



include overseas development trainings for high-potential candidates, internal and external coaches for employees in critically important positions, and the promotion of the Panasonic Young Leaders and Technical Leaders programme, which provide mentorship to the next generation of Panasonic leaders.

Based on the results of our employee opinion survey, we have also implemented a number of changes to our policies and benefits. The notable improvements in our benefits include a nearly 10 per cent increase in the paid maternity leave we offer, as well as the addition of 90 days of unpaid leave time, giving our employees as much as six months of time at home before returning to work. We have instituted a drop-off programme that gives an employee who is working late the chance to get a free ride home, no matter how far he or she lives from office.

## Health, Safety, and Wellness

To achieve our goals of solidarity within the company and to increase our operations in India and throughout the globe, the health, safety and welfare of our employees is at the top of our priority list. We have created health and safety objectives that have equal status with our primary business objectives, and we have empowered every employee to implement these objectives at their respective workplaces.

The objectives, which are guided by the ultimate goal of zero major industrial accidents, include the following:

- Full compliance with the Factory Act 1948 legislative requirements;
- Creating a safe and healthy working place for our employees;
- Ensuring safe working practices;
- Preventing all occupational diseases and promoting the health of our employees;
- Preventing all industrial accidents; and
- Developing individual personal responsibility for occupational safety and health.

We take the health of our employees very seriously, and therefore ensure that they use proper protective gear in the factories and warehouses, including lifting belts, gloves and protective glasses. We take this commitment a step further by encouraging healthy lifestyles in our day-to-day routine as well.

Major safety and health risks that our employees and suppliers face are during the transport of goods and in the operation of our manufacturing facilities. We are proud to report that there have been zero safety violations in the last fiscal year at any of our facilities. We place the utmost importance on the safety of our employees, and this year too, we plan to continue with our rigorous safety and health practices.

# Employees

## Building Relationships

Panasonic India has created policies and practices to address human resource-related concerns that may arise, even though none of our employees are covered by collective bargaining agreements. We believe that providing forums for our employees to engage and interact with us on issues related to their work provides a fair and mutual platform to address broad as well as specific issues, swiftly and effectively.

We have also created a three-step procedure to address and redress any grievances that arise in the course of our work. Any employee at any level of Panasonic India is entitled to raise a concern and can expect it to be resolved fairly. In the process of addressing such grievances, representatives of various rungs of hierarchy within the organisation get involved for its quick and amicable resolution.

In fiscal 2012-2013, we did not have any labour disputes. We neither had any violations of human rights reported through our feedback mechanism, nor did we have any incidents of discrimination

reported.

In the previous year, we launched the women's communication forum, a voluntary forum convened by Panasonic India's President. We heard employee concerns about a range of issues, such as a desire for better workplace cleanliness, arranging for more affordable, safer parking and transportation options for our office, flexible work schedules, and longer maternity leave. Action was taken on these issues and more, creating a pilot test at the headquarters for a two-day per week remote work programme, a free shuttle to the nearby Metro station for late-staying employees, and trainings on appropriate office decorum. The company's maternity policy was also enhanced to enable women to take up to six months instead of three months of maternity leave, and we formed a committee to examine issues related to sexual harassment, as well as developed a formal policy. We will continue to hold this forum once a year to ensure that Panasonic India remains a great place to work for women.

### Case Study

#### Talent Recruitment and Development for the Technopark

Keeping the equitable growth agenda at the forefront, Panasonic India in 2012 focused its energies on readying the Technopark for regular operations. The effort was successfully completed and now Technopark is fully operational and manufactures air conditioners, washing machines and welding equipment.

Technopark is a greenfield project that was designed to that effect from scratch. Recruitment of talent was critical and very high on the priority list. For the purpose of recruitment, Panasonic India organised a job fair in various cities of north India. It was a unique approach, but was very well received by all and attracted extremely talented individuals for multiple positions across departments. All new hires were also educated and aligned with the overall business philosophy of the company. This is very important as the employees need to be completely in sync with the company philosophy to be able to achieve their productive best. Not just the management, but the factory workers were also rigorously trained to ensure the standards of quality that Panasonic sets for itself. A set of workers were also taken to Malaysia, the regional manufacturing hub, to be trained in Panasonic's production systems and processes.

Panasonic India believes in taking care of the quality of life of its employees and in contributing to the society. There is a lot of focus on issues surrounding safety, environment and related ideas. This aspect formed an important part of our new hire trainings for Technopark.

It is of utmost importance for Panasonic India to be able to contribute to the community it works with. The establishment of the Technopark has resulted in the creation of jobs in the community surrounding it.



# Supply Chain

A strong, efficient and sustainable supply chain is critical for Panasonic India to support its growth. The company is committed to ensure responsible business practices throughout the supply chain, with a strong view on environmental efficiency and ethics. During FY 2012-13, Panasonic India's focus was infrastructure development, which included multiple factories and warehouses in one location. The main objective during the last year was to consolidate the operations and bring all the activities under one roof, as well as optimise the distribution strategy.

## Increased Emphasis on Logistics

With an eye on achieving and going beyond business goals as well as minimising negative environmental impacts, Panasonic India is increasing its focus on the logistics required to manufacture and sell Panasonic products in India. Over the years, the company has increased the number of warehouses and distribution centres in India to 28 warehouses as on March 31, 2013.

In order to increase the efficiency of the warehouse staff and workers, the main objective was to ensure hygiene across the warehouses and impart training to all employees to ensure that hygiene is strictly monitored and implemented. To ensure this happens, there are daily morning meetings held across warehouses, where issues such as safety and hygiene are discussed.

Panasonic India is also trying to ensure that all its warehouses are energy efficient. This is achieved through measures such as the use of sky lights during the day and recycling of waste material.

In continuation of its endeavour from last year, the company is trying to reduce the carbon footprint of its logistics by undertaking a shift in the mode for shipping wherever possible. Between Mumbai and Delhi, the products now travel by rail instead of truck, leading to reduced CO<sub>2</sub> emissions while also optimising delivery times and reducing costs. Since the rail network from Chennai remains insufficiently developed, Panasonic will continue to evaluate its suitability in the coming years.

The supply chain has already been using Compressed Natural Gas (CNG) vehicles in Delhi, where all shipments are delivered through CNG vehicles, reducing to nearly zero the emissions from shipping operations. Mumbai and Bangalore also offer CNG refilling stations, and over time, the company is committed to adopting CNG technology in all major Indian cities as soon as it becomes possible.

Panasonic India is also a strong supporter of Panasonic's global procurement policy ([www.panasonic.net/procurement/procurement\\_policy.html](http://www.panasonic.net/procurement/procurement_policy.html)). This ten-part code outlines responsible operations ranging from product quality and safety to incorporating

environmental consciousness into our procurement practices. This policy is being implemented across India and will require all suppliers to be ISO 14001 certified.

## Increasing Network of Suppliers

Aside from direct employment, Panasonic India goes to the roots with its large network of suppliers. Its 71 total logistics providers complement and support the supply chain perfectly with their regional strengths and regional or national transport permits. In turn, these providers work with 64 second-tier providers who work efficiently on an even smaller and local scale.

Panasonic India embraces the company's global supplier Code of Conduct, which includes strict sustainability requirements amongst suppliers, including ISO 14001 certification which is being implemented. Although this requirement can be a financial burden for many of the smaller suppliers it does business with, Panasonic India is committed to developing and maintaining long-term relationships with its suppliers. In order to achieve this goal, the company will be developing capacity-building programmes to assist the suppliers in either achieving their ISO certification or helping them to create the processes needed to earn certification.

## Ethics in the Supply Chain

In strict compliance with the laws of the land, Panasonic India forbids the use of child labour by any of its business partners and requires all suppliers to abide by the Indian Government's minimum wages act. Although it is difficult for us to monitor and enforce these requirements with each supplier, Panasonic ensures that all vendors comply with national labour laws by placing strict requirements in all vendor contracts.

In accordance to the minimum wages set by the government, Panasonic India endeavours to ensure that requisite wages are paid to all its third party labour (TPL). While there is no Code of Conduct, the company upholds the spirit of integrity with all its vendors and partners.



## Case Study

### Chennai Warehouse Space Consolidation

With three warehouses in Chennai—at Padiyanalur, Puzhal and Cholavaram—there were a number of operational challenges:

- Local delivery vehicles needed to reduce the time in delivering the material
- Vehicles needed to have a faster loading process at the warehouses
- Tier-i vendors needed motivation through a more efficient process
- The cost of local delivery needed to be reduced by consolidating the load and avoiding the need for multiple trips by vehicles



With the consolidation of warehouses, only the Puzhal warehouse remains with an increased space of 100,000 square feet, leading to the following benefits:

- The Puzhal warehouse is 14 km closer to the city, therefore the deliveries have become faster
- Stock accuracy has gone from 78 per cent to 99.9 per cent due to single roof operation
- Huge reduction in manpower from 104 to 40, leading to almost 61 per cent reduction in manpower costs.

The consolidation of the warehouses has led to greater efficiencies, setting a benchmark in other locations as well.



# Communities

Panasonic India, under its Corporate Social Responsibility policy is Committed to Contribute to Indian Society by Continuously Engaging with the Community in order to Foster Coexistence and Inclusive Growth.

At Panasonic, society is an integral part of the business. Recognising our responsibilities as industrialists, we are committed to devoting 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 corporate sustainability mantra that the company follows can be clearly seen in its various community outreach programmes, which are designed to reach, engage and empower the communities in markets that Panasonic operates in. We strive in working towards inclusive growth as part of our commitment towards society. To ensure this, we are committed to community contributions, philanthropic partnerships, and in helping tackle social issues. Combining this with our organisational imperatives, we have devised a four-year strategy to bring alive our corporate social responsibility (CSR) vision.

## From Philanthropy to Organisational Ownership

The Millennium Development Goals (MDGs) constituted by the United Nations address the most pressing problems that the world is facing. Recognising that it takes concerted and combined effort by the government and private sector to achieve these goals, Panasonic India has aligned its community initiatives with MDGs.

Our corporate citizenship programmes currently address five of the eight MDGs. These include projects Swabhimaan and Sahyog to help tackle poverty through livelihood generation and trust building, Ecoskool for education as well as for environment sustainability, Shakti for empowering women and RattiChhatr

for partnership for development. We have made considerable progress in our existing corporate citizenship programmes that empower our communities in FY2012-13. We have also introduced landmark initiatives such as the 100 Thousand Solar Lanterns project, which is expected to bring light to people across the globe.

Panasonic India has a long-term perspective on social engagement. While the organisation has already established initiatives aligned to the MDGs, our commitment is set to grow every year. Starting from philanthropy, the ultimate goal is to have organisational ownership of community development issues.

## Ecoskool

### Education

#### Objective

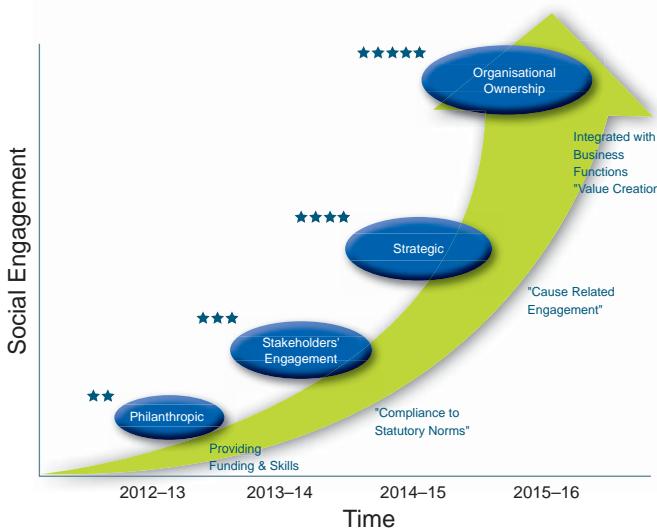
- Support in achieving objectives of universal primary education.
- Encourage and engage young minds to ensure environment sustainability.

Panasonic Ecoskool programme focuses on increasing sensitivity towards environmental issues through the voice of school students. This year, Panasonic concluded its nationwide annual programme that reached out to 215 schools from 24 cities in India, changing the thought process of almost 75,000 people towards environmental issues. Since its start in 2010, almost 115,000 individuals from 43 Indian cities have been sensitised on environmental themes through this Ecoskool platform.

The initiative used theatre as the mode of communication to impart knowledge on the issues of global warming and climate change.



Students participating in Ecoskool theatre activity



# Communities

Simultaneously, it inspires children and people to take strong individual and collective steps towards saving the environment. Consisting of a City and a National round, theater personalities and environmentalists were involved in this event actively, guiding the participants on the themes and techniques to utilise in their acts.

## Swabhimaan

### Livelihood

#### Objective

- Eradicate extreme poverty and hunger by providing opportunities for socio-economic development of the communities through vocational training & skill enhancement.

Panasonic India has set up a Vocational Training Institute in close proximity of its new manufacturing location at Jhajjar, Haryana with an objective to provide skills and livelihood opportunities to minimum of 500 youth of Jhajjar and adjacent areas every year in trades like welding, BPO, IT, sewing, beauty culture and others. To promote one of the prime management objectives at Panasonic, Localisation, more emphasis has been given to trades that have local and indigenous requirements. This way, the youth collectively



Welding Training at Jhajjar

contribute towards nation building by becoming an integral part of the work force of that particular area.

## RattiChhatr

### Scholarship

This scholarship programme was established in 1998 to commemorate the company's 80th anniversary, as a way for the company to express its appreciation to society. This programme was initiated in India in 2009 with an aim towards education and skill development, while promoting friendship and cooperation between India and Japan. Since its start in India in 2009, eight scholars have been selected and enrolled for this Master's Programme in Japan. Three scholars from the 2009 batch graduated



2012 Batch Scholars

this year and have been hired by leading multinational brands within Japan.

## Shakti

### Women's Empowerment

#### Objective

- Promote gender equality and empower women to share and shoulder equal opportunities with men

One of the most important objectives for Panasonic India's CSR interventions is to empower women. Panasonic does that by supporting them to become self-reliant through education and vocational training. With this in mind, Panasonic launched a partnership in April 2012 with Everonn India Foundation, Chennai, and State Industries Promotion Corporation of Tamil Nadu (SIPCOT). Under the partnership, Panasonic contributed a Life Innovation Container at Irungattukottai, Tamil Nadu.



Sewing Training through LIC at SIPCOT

### Young Learners Programme

Our second intervention in this regard has been with Panasonic Young Learners Programme, an initiative by Panasonic India to train Indian youth, especially girls, in spoken English and personality development in order to equip them with basic skills to help them take advantage of the many opportunities in our

## Communities



Participants of Panasonic Young Learners Programme

growing Indian economy. This programme was initiated last year from September 2012 to March 2013 in which around 350+ youth from suburbs of Delhi and the National Capital Region (NCR) and coming from low income family groups were provided education on spoken English and personality development.

### Sahyog

#### Trust Building

##### Objective

- Contribute to Indian society thereby developing mutual trust and cordial relationship.
- Promote sports and games to encourage and recognise talent.
- Support and actively participate in the relief, rehabilitation and resettlement of those affected by natural calamities and disasters.

**100 Thousand Solar Lanterns Project:** With so many people in its rural off-grid areas, India has the highest number of people without access to electricity in the world. In order to improve living conditions around the world, including India, Panasonic India is bringing light through its 100 Thousand Solar Lanterns Project. Under this project, it will contribute a total of 100,000 solar LED lights to people in regions in the world without electricity by 2018, which also marks the 100<sup>th</sup> anniversary of the company.

In the first phase of the project, Panasonic has contributed a total of 5,000 units of solar lanterns in India to people residing in off-



Unveiling the 100 Thousand Lanterns Project in India

grid areas in Bihar, Andhra Pradesh and West Bengal. The project been launched in collaboration with four leading NGOs (non-profit organisations) and SEs (Social Enterprises). In addition to solar lights, medical care services at night will also be extended to promote healthcare for people with little or no access to such services.

**Panasonic Football Academy for Young Athletes:** In order to empower the youth of Haryana and spread the love of football in the country, Panasonic has set up a state-of-the-art Football Academy in Haryana, in association with the Haryana Football Association. Inaugurated by the Association's President and Member of Parliament, Mr. Deepender Singh Hooda, in December last year, the academy is conceived as a residential training facility for three years, to begin with, from December 3, 2012 to November 30, 2015. The academy has 30 students in the age group of 17 to 21 years. The students are housed at Nehru Stadium, Rohtak and are being trained in two sessions every day.



Trainees at the Football Academy

### Shramdaan

#### Employees Engagement in CSR Initiatives

##### Objective

- Ensure the engagement of employees in social initiatives wherein they get the opportunity to impart their own social responsibility in a collective manner, and thereby increase the impact of their activities.

Panasonic India motivates and encourages employees to voluntarily



Blood donation by employees

# Communities

contribute towards CSR initiatives of the organisation. This happens through regular blood donation camps, mentoring sessions for the under-privileged youths, frequent exhibitions and stalls to support the visually impaired and physically challenged, and celebrating and participating in the World Environment Day.

## Way forward for our Social Engagements

Panasonic India has taken a phased approach for social engagement programmes, going from philanthropy to organisational ownership. Increasing the breadth and depth of its programmes every year, it is the company's aim to contribute to address pertinent and pressing developmental issues to the best of its abilities. Panasonic's commitment towards creating A Better Life, A Better World will be the guiding light in this endeavour.

	2012-13	2013-14	2014-15	2015-16
 MDG 1: Eradicate extreme poverty and hunger	Swabhiman & Sahyog	✓	✓	✓
 MDG 2: Achieve universal primary education	Ecoskool	✓	✓	✓
 MDG 3: Promote gender equality and empower women	Shakti	✓	✓	✓
 MDG 4: Reduce child mortality	x	Aarogya	✓	✓
 MDG 5: Improve maternal health	x	Aarogya	✓	✓
 MDG 6: Combat HIV and AIDS, malaria and other diseases	x	Aarogya	✓	✓
 MDG 7: Ensure environmental sustainability	I Recycle & Ecoskool	✓	✓	✓
 MDG 8: Develop a Global Partnership for development	Ratti Chhatr	✓	✓	✓

### Case Study

#### Aarogya

##### Health

As India moves ahead with full force in this information age, a large section of our population in rural and underserved areas still does not have access to affordable and decent primary healthcare facilities.

In the coming years, Panasonic is committed to ensure health-seeking behaviour in the communities around its manufacturing location by providing inputs and opportunities for accessible and affordable health services.

The prime focus will be on improving maternal and child health through emphasis on reproductive and child health (RCH) projects along with developing measures and procedures to combat HIV and AIDS, malaria and other diseases.

The company will support communities by way of counselling and BCC (behavioural change communication) on health-related issues, besides organising regular and periodic health check-up facilities to minimise the incidence of health concerns.



# Managing Director's Message

## Taking Panasonic India Towards the Future



Sustainability is a compass for Panasonic India, something by which we navigate our business, strategy as well as commitment to the society. This report is a record as well as a showcase of our continuous journey towards growth that is sustainable in every way, whether it is the products and solutions developed, the people impacted or the environment and the communities where Panasonic is present.

Panasonic India's endeavour is to be an enterprise that works for A Better Life, A Better World for the Indian society, guided by a global vision. Given the highly competitive market in India, a key point of differentiation for Panasonic is to build on the trust that the consumers have on us. It is our aim to become the Most Trusted brand in India through Smart Solutions, and we are already taking strides in that.

For any company today, it is imperative to build sustainability in its business model. This includes its strategy for products and solutions, processes, the communication for the positioning of the brand, the after-sales service, the code of conduct, or the development of talent. Working optimally with the available resources in the environment and the community to build value for its stakeholders helps a company deepen and strengthen its roots in the market. This is the long-term view that Panasonic India has for its growth. What we have achieved at our Technopark in Jhajjar is testimony to this holistic approach to sustainability.

Pursuing consumer trust also means that the satisfaction level of the customer will always be at the centre of our strategy. Panasonic designs and develops its products with the customers' needs and best interest at heart. We will continue this approach, even though the market is dynamic.

In the financial year gone by and going forward, we have clear business priorities. As an enterprise, our foremost business priority is expansion of sales and a continuous drive to achieve high revenue. This is something that impacts all our stakeholders and is the most critical component of business sustainability. Profitability for the organisation is also our top priority for this year and also going forward. This is especially because we are a sizeable organisation now, so sustainability will also depend on how fast we can make ourselves profitable and re-invest to grow our operations in the country in terms of expanding our factories.

# Managing Director's Message



The development of our human resources and enhancing their skill set is another big business priority for us. Even as we grow in numbers, we have to ensure that our people grow to their full potential. Panasonic India has developed a 360-degree approach to it. We are investing a lot on training people at different levels, establishing the key performance indicators (KPIs) against management, and have a robust review process, which we link with incentive plans.

Panasonic India has a renewed focus on the B2B and B2G business. We are aiming to double the contribution of the B2B segment to Panasonic's overall revenue by 2015 and will be introducing new product ranges in this segment mainly in the energy solutions (products for creating, storing and saving energy), security and surveillance systems and solutions products, and will also be looking at collaborating with Indian enterprises for the same.

Among our consumer product verticals, we continue to focus on and invest in three high-growth categories—flat panel televisions, washing machines and air conditioners, especially given that we have set up the Technopark this past year. It is our vision that these categories will set the pace for the others, utilising the channels created for these categories. Entering new product categories like smart phones and tablets will also pave the way for a larger share of the consumers' mind.

Panasonic India is a company that is Indian at heart and we understand that there are some requirements for which we have to develop products specific to India. It is our constant endeavour to do that. In the future, we envisage a research and development base in India that will be able to not just develop products in India for India, but also for the rest of the world. This will also help us reduce the lead time between consumer demand and product development, helping us build better, on-time products for the satisfaction of our customers.

Strengthening our supply chain will also continue to be a pivotal area for us. India is a vast and diverse nation with very disparate customer demands in each region. We also have a wide portfolio of products. An efficient supply chain is critical to bridge these two and we will continue to make ours more effective.

Products and performance are not our only parameters of success. To be truly sustainable, we must have a positive impact on the environment as well as the communities where we are present.

When it comes to consumer durables and energy efficiency, our products are becoming a benchmark for others. One of our air conditioners was awarded the National Conservation Award by the Bureau of Energy Efficiency (BEE) and we received the award from the Honourable President of India.

Panasonic India is a responsible corporate and we work diligently through our robust initiatives to help our communities enhance their life conditions as well as become more self-sufficient. In the coming years we will grow this footprint even more, with initiatives at various levels. Over the next few years, Panasonic India aims to grow from being a philanthropic contributor for social development to be an organisation that takes ownership of issues and helps create shared value.

I look forward to the coming years for more initiatives across all business, environment and community sustainability platforms, and hope to have each one of you along with us in this journey.

Manish Sharma  
Managing Director, Panasonic India  
September 2013

# Panasonic India by the Numbers

FY 2012-2013

## Environment



## Employees



## Communities



## External Recognition

### Panasonic India Awards

- National Conservation Energy Award (NECA 2012) organised by the Bureau of Energy Efficiency (BEE) for the Non-inverter 5 Star Air Conditioners
- India's Top 100 Brand Ranking as per Consumer Choice
- Panasonic India Pvt. Ltd. presented with the Best Green Business Award by World CSR Congress
- CMO Asia Best Marketing Campaign of the Year Award for One Touch to Change the Future for Econavi Air Conditioners
- CMO Asia Award for Brand Excellence in Consumer Durables for Smart Viera
- Electronics for You Award – "Electronics Organisation of the Year"
- Mr. Daizo Ito - CEAMA Man of Electronics Award
- Mr. Manish Sharma was felicitated with the Star of the Industry Awards - Sales Director of the Year Award



### Panasonic Corporation Awards

- Recognised by Dow Jones Sustainability World Index as a DJSI World Nominee for eighth year in a row
- Selected again for the FTSE4Good Index Series, every year since series launch in 2001
- Awarded the Bronze Class distinction in the CSR category RobecoSAM Sustainability Rating

- Ranked Number Four In Best Global Green Brands 2013 Report By Interbrand
- High score for disclosure and environmental performance and listed in both leadership indexes on Carbon Disclosure Project (CDP) 2012 Global 500



# Panasonic

## **CSR Contact Information**

Panasonic India welcomes feedback and inquiries on this report.

All questions and comments can be directed to [csr.feedback@in.panasonic.com](mailto:csr.feedback@in.panasonic.com).

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