

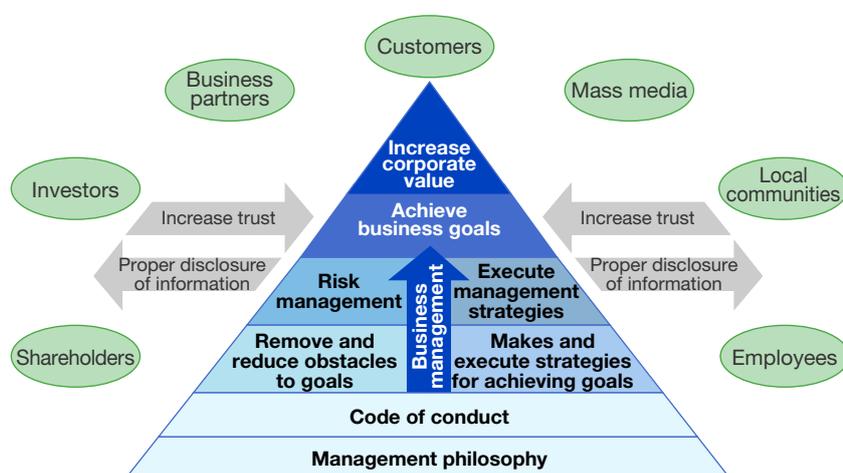
# Risk Management

## Fundamental Stance

Panasonic’s founder, Konosuke Matsushita, coined numerous aphorisms which are still used at the company: “Hardship now, pleasure later,” “The source of our failures is within us,” “There are signs before all things,” and “Small things can create big problems; one must be alert to signs of change and act accordingly,” among many others. Using these ideas as a cornerstone in its thinking, the company conducts groupwide risk management activities covering its operations around the world, with the aim of taking preemptive actions to eliminate “sources of failure”—that is any factors that could impede the accomplishment of business goals.

At Panasonic, risk management functions in parallel with the development and execution of management strategies. The company believes that by combining these two functions, it is better positioned to accomplish its business objectives and to increase its corporate value. Furthermore, by disclosing appropriate information concerning risks to the public, improving the transparency of its management, and reducing risks through preemptive measures, the company gives its customers and other stakeholders—as well as local communities and the public as a whole—greater confidence in its organization.

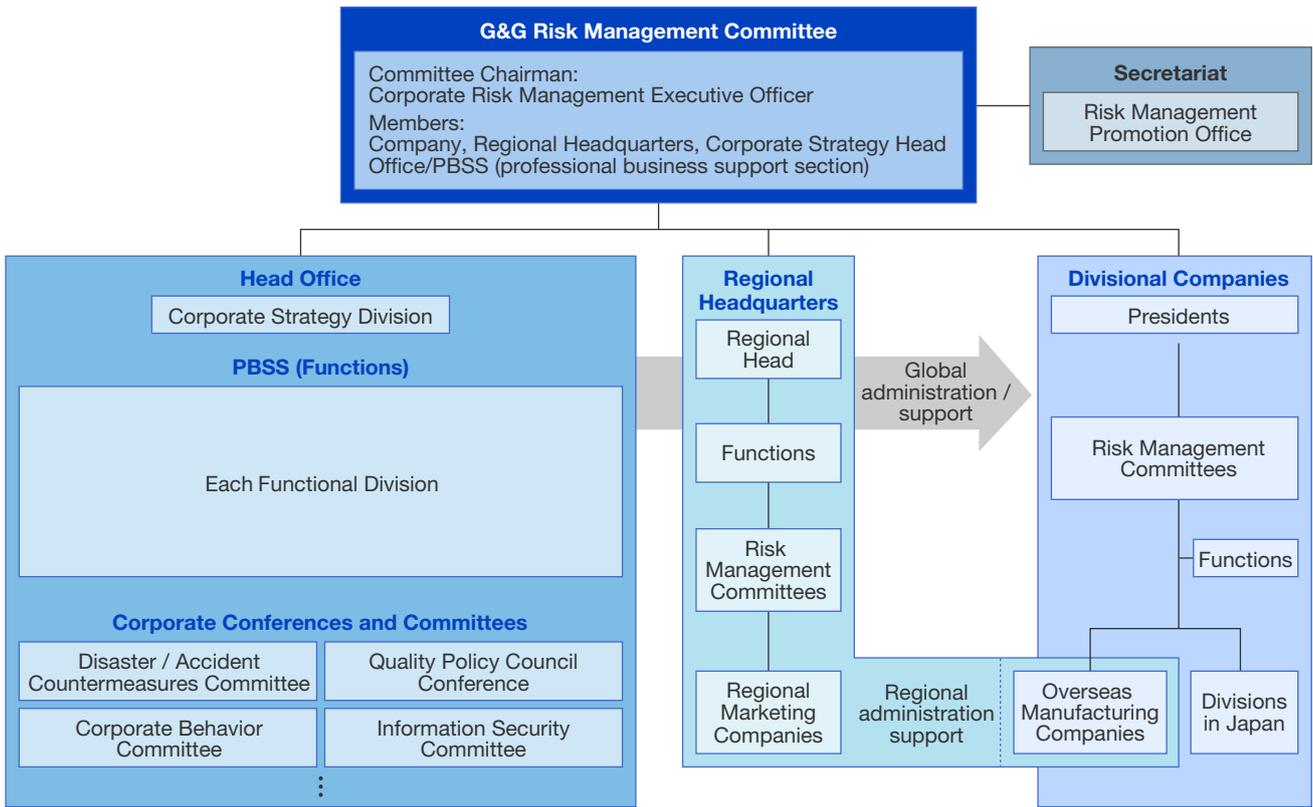
## Role of Risk Management in Business Management



## Organizational System Promoting Risk Management

In April 2005, Panasonic established the Global & Group Risk Management Committee (G&G Risk Management Committee), which promotes risk management throughout the whole Panasonic Group. The Corporate Risk Management Executive Officer chairs the committee, and its membership consists of Company Chief Risk Officers (CROs), regional headquarters, and managers from the Corporate Strategy Head Office and functional divisions. The Risk Management Promotion Office serves as the committee’s secretariat. The G&G Risk Management Committee also coordinates with various other committees and bodies whose functions are relevant to risk management. It promotes groupwide administrative activities for responding to risks and assists the four Panasonic Companies and regional headquarters. Each Company and regional headquarters has established a similar risk management committee, in total constituting an organizational system capable of responding to risks globally and across group divisions.

**Panasonic Global and Group Risk Management Promotion Framework**



**Basic Framework**

Panasonic has three levels of management cycles for risk management: the G&G Risk Management Committee, four Panasonic Companies, and business divisions. Each year, an assessment of the impact of risks that could affect the business management of Companies and affiliated business divisions is undertaken using a single, global set of standards incorporating the potential impact on business operations, probability of risk occurring, and other factors. Steps are then taken to identify major Company risks and to ensure that appropriate countermeasures are implemented. Taking into consideration these major Company risks, the G&G Risk Management Committee considers and identifies those major risks that require attention from a Group-wide perspective. The G&G Risk Management Committee also monitors progress made concerning countermeasures as a means to improve and strengthen Group-wide risk management.

**Basic Framework for Risk Management**

	Plan		Do	Check	Action
<b>G&amp;G RM Committee</b>	Risk assessment	Selecting corporate major risks and monitor measures	Promoting measures	Monitoring	Developing and promoting improvement measures
<b>Companies/ Regional Headquarters</b>	Risk assessment	Selecting Company's major risks and formulate measures	Promoting measures	Monitoring	Developing and promoting improvement measures
<b>Divisions</b>	Risk assessment	Selecting Division's major risks and formulate measures	Promoting measures	Monitoring	Developing and promoting improvement measures

- Corporate Major Risks for FY2016**
- Natural disaster (earthquakes, tsunamis, weather-related disasters, etc.)
  - Quality problem
  - Cartels
  - Cyberattack
- Corporate Major Risks for FY2015**
- Natural disaster (earthquakes, tsunamis, weather-related disasters, etc.)
  - Quality problem
  - Cartels
  - Cyberattack

## **Initiatives Relating to Business Continuity Management (BCM)**

As a public entity of society, Panasonic management philosophy includes a commitment to contribute to the advancement of world culture by working to improve the quality of life for all of society through the products that it produces and sells. Since 2005, the company has been keenly aware of the necessity to practice business continuity —one of the company's duties to society. The goal of these activities is to prevent a break in the supply of products or the provision of services when contingencies such as disasters have occurred, or, in the rare eventuality that service has halted, to restart operations as quickly as possible.

It is predicted that a major earthquake will probably occur in the relatively near future directly under the Tokyo metropolitan area or in the Nankai Trough. Responding to these predictions, Panasonic has established a cross-Company task force, which promotes disaster response capabilities based on the latest government damage predictions, and reviews the company's BCM. More specifically, the task force conducts annual groupwide disaster preparedness training drills, and has established emergency measure headquarters at every level groupwide, within the four Companies, and within business divisions. The task force is also tasked with maintaining and improving Panasonic's initial response capabilities—including confirmation of the safety of employees and coordinating among different emergency measure headquarters on the degree of damage. To address potential fires, the task force conducts periodic fire risk assessments, fire prevention self-checks, and fire prevention audits and promotes accident prevention by sharing case studies of response measures for fire-related accidents. To assess risks of natural disasters overseas, the task force has conducted a hazard survey covering various risks—earthquakes, floods, tropical depressions, tsunamis, naturally occurring fires, landslides, tornadoes, and volcanic eruptions. The task force has communicated its findings to each of the four Companies. In addition, the task force uses hazard maps to visualize the risks that Panasonic locations face and promotes priority-based response measures.