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

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

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

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

Continuous governance reform toward increased effectiveness
In serving as Chairman of the Board, I have set various themes each year to promote governance reform. Efforts made to increase the Board’s agility and transparency, as well as the degree of its objectivity, include concrete measures: (1) establishing the Nomination and Compensation Advisory Committee, (2) introducing a system to evaluate the Board of Directors’ effectiveness, (3) reducing the number of directors, and (4) raising the minimum ratio of
outside directors to one-third of the total. I have also worked to energize the Board of Directors meeting such as by newly allotting time to discuss medium- to long-term strategies after reflecting upon the opinions of outside directors, as expressed in their evaluation of the Board of Directors’ effectiveness.

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

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

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

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

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

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

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

Panasonic assesses climate change risks and opportunities and then conducts an analysis of the resulting impact. While each specific natural disaster cannot be proven to have a correlation to climate change, it is known that the risks of natural disasters will increase.

Recently, more natural disasters are occurring inside and outside Japan, with unprecedented magnitude that causes serious damage. We believe we have an important role to play in disaster prevention and mitigation, as well as making contributions in the restoration and reconstruction work that inevitably follows natural disasters.

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

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

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

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