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Panasonic Corporation

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

The corporate governance of Panasonic Corporation (the “Company”) is described below.

I. Basic Policy on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Policy

The Company, since its establishment, has operated its business under its business philosophy, “contributing to the progress and development of society and the well-being of people worldwide through its business activities”. Also, the Company believes it is important to increase corporate value by fulfilling accountability through dialogue with various stakeholders such as shareholders and customers, making effort to execute transparent business activities, and swiftly conducting business activities with fairness and honesty based on its basic philosophy of “a company is a public entity of society”.

The Company recognizes that corporate governance is the important basic structure for the aforementioned purpose, and is working to establish and enhance the effective corporate governance structure based on the Audit & Supervisory Board System composed of the Board of Directors and Audit & Supervisory Board Member (A&SB Member) / Audit & Supervisory Board (A&SB).

[Reasons for not complying each principle of the Corporate Governance Code]

The Company complies all of the principles set forth in the Corporate Governance Code.

[Disclosure based on each principle set forth in the Corporate Governance Code]

【Principle 1.3 Basic Strategy for Capital Policy】

The Company operates its business placing considerable weight on “return on invested capital”, and “capital efficiency (ROE)” is an important indicator from a Group-wide perspective. At the same time, the Company focuses on improving “financial stability” as the underlying strength of

growth investments. In terms of the “capital efficiency”, the Company aims to generate continuous returns that exceed the expectation from the market. To achieve the aforementioned objective, the Company uses CCM* as one of the original management control index, and manages business with concerning capital costs, deploying the index across the business divisions and utilizing it in investment decision makings. With regard to “financial stability”, the Company encourages to accumulate net income that can increase shareholders’ equity and streamline total assets. This helps in putting in place a robust platform that can flexibly adjust to changes in our business structure and respond to aggressive investment activity.

From the perspective that shareholder return is the return on the capital invested by shareholders, the Company, in principle, distributes profits to shareholders based on its business performance and is aiming for stable and continuous growth of dividends, targeting a dividend payout ratio of between 30% and 40% with respect to consolidated net income attributable to Panasonic Corporation.

* CCM (Capital Cost Management): The management control index established by the Company, which incorporates capital efficiency. CCM is derived by deducting capital costs from the earnings generated by businesses. Positive “CCM” indicates that a business has fulfilled its minimum earnings requirement expected by the capital market. Capital cost is calculated by multiplying invested capital by business division’s CCM rate (rate of return expected by investors). In the year ended March 31, 2016 (fiscal 2016), we replaced a consistent CCM rate with a CCM by business division rate.

【Principle 1.4 Strategic Shareholdings (So-called “Cross-Shareholdings” in the Corporate Governance Code)】

Other than holding shares of affiliated companies, the Company acquires and holds shares or interests of other companies, limiting the holdings to those of strategic partners to which the Company has a close business relation. The Company also judges whether the holding is necessary to increase its mid- to long-term corporate value, considering comprehensively its business strategies and business relation with such partners, among other factors.

For the shares other than those of affiliated companies, the Company determines that the holding of the shares be limited to a minimum necessary, and periodically judges the validity of the acquisition or holding of the shares in light of the significance and cost and benefit of them. The Company considers to dispose the shares if it determines that the holding cannot be justified.

In exercising voting rights of the shares that the Company holds, the Company decides and exercises each agenda, considering in a comprehensive manner, whether the Company can expect, among other things, the increases of the mid- to long-term corporate value of the Company and the investee company.

The Company does not make affirmative decision on the agenda which might damage the shareholders’ value.

【Principle 1.7 Related Party Transactions】

The “Rules for Board of Directors Meeting” and “Standards for the Discussions at Board of Directors Meetings” require that conflict of interest transactions between the Company and any of its Directors be approved by the Board of Directors. The regulations of the Company also require the Board approval for conflict of interest transactions between the Company and any individual who, having been elected by a board resolution, accepts a position in charge of executing the business of the Company or a Group Company (“Executive Officers”), and does not serve concurrently as Directors. All important facts regarding such transactions are brought before the Board, and the Board then resolves on these transactions taking into due consideration the opinions of the independent Outside Directors, for whom there is no risk of any conflict of interest.

【Principle 3.1 Full Disclosure】

(1) Company objectives (e.g., business philosophy), business strategies and business policy

The Company conducts business activities aiming to contribute to the progress and development of society and the well-being of people worldwide under the business philosophy “Recognizing our responsibilities as industrialists, we will devote ourselves to the progress and development of society and the well-being of people through our business activities, thereby enhancing the quality of life throughout the world”, formulated by Konosuke Matsushita, the founder. To implement this business philosophy, the Company established “Panasonic Code of Conduct” to share its vision of Panasonic brand and basic stance toward social requirement of corporate social responsibility, among all directors, executive officers and employees of the Company and its group companies, globally.

Please refer to the following official corporate website for “Panasonic Code of Conduct”.

<http://www.panasonic.com/global/corporate/management/code-of-conduct/list.html>

Currently, the Company aims to spread “a better life” for customers to all the spaces. The Company pursues “A Better Life, A Better World” for each individual customer to offers total solutions not only for hardware but also for software and services in the variety of spaces such as home, office, store, automobile, airplane and town where our customers go about their lives. To realize the vision, the Company aims to create new values that have not existed before, by implementing “Cross-Value Innovation” resulted by combining the strength that it has fostered as a consumer electronics manufacture with the strength of its business partners who have thoroughly understood each of the spaces.

Please refer to the following official corporate website for its business strategy and business policy based on the philosophy.

<http://www.panasonic.com/global/corporate/ir/vision.html>

(2) Basic view and policy on corporate governance

The Company has worked on the corporate governance under its basic philosophy “a company is a public entity of society”, and established the corporate governance system based on the Board of Directors and A&SB Members / A&SB. The Board is responsible for deciding important operational matters for the whole Panasonic Group and monitoring the execution of

business by Directors. A&SB Members / A&SB are independent from the Board and responsible for auditing the performance of duties by Directors.

The Company conducts the following activities to enhance effectiveness of its corporate governance.

1. Secures the rights and equal treatment of shareholders
2. Endeavors to appropriately cooperate with stakeholders such as employees, customers, business partners and local societies with the recognition that its sustainable growth is brought about as a result of receiving resources and contributions from such stakeholders.
3. Appropriately discloses corporate information and ensure transparency of the management.
4. Given its fiduciary responsibility and accountability to shareholders, the Board of Directors set the broad direction of corporate strategy, establish an environment where appropriate risk-taking is supported and carry out effective oversight of Directors and management from an independent and objective standpoint.
5. Engages in constructive dialogue with shareholders in order to contribute to the sustainable growth and the increase of corporate value over the mid- to long-term.

(3) Board policies and procedures in determining the compensation of the senior management and Directors

i) Policy

The Company's compensations system for Directors and Executive Officers comprises the "basic compensation", which is a fixed compensation, "performance based compensation", which is a short-term incentive and "stock-type compensation stock options", which is a long-term incentive based on the responsibilities of each of Directors and Executive Officers.

"Performance based compensation" is determined based on the single-year performance evaluation, using indicators, such as net sales, operating profit, free cash flow and CCM, of the Company as a whole and a specific business, of which a Director or an Executive Officer is in charge. "Performance based compensation" is designed in a way that the range of the variation is large enough to provide sound motivation to increase business performance.

"Stock-type compensation stock option" is allocated to share the benefits and risks of shareholdings with Panasonic's shareholders, and to engage in effort to boost corporate value from a long-term perspective. "Stock-type compensation stock option" is designed in a way that a Director or an Executive Officer in higher position receives higher portion of the stock option relative to the total compensation.

Only the "basic remuneration," which is the fixed remuneration, is paid to Outside Directors.

ii) Procedure

Compensations of Directors and Executive Officers are decided by Directors, who were given the authority by the Board, based on the Company's Director and Executive Officer

Compensation System. In November 2015, the Company has established an optional Nomination and Compensation Advisory Committee, chaired by an independent Outside Director. In response to inquiries from the Board, this committee deliberates and reports on the appropriateness of the Company's Director and Executive Officer Compensation System.

(4) Policies and procedures in the appointment of the senior management and the nomination of Director and A&SB Member candidates

i) Policy

Regarding Directors, in light of the broad and diverse nature of its businesses, the Company appoints, in a well-balanced manner, those who have broad knowledge, experience and qualification.

Regarding Outside Directors, the Company appoints, from among such as management or experts of external entities, those who have knowledge and extensive expertise, that is difficult to be brought if it is relying only on Inside Directors. The Company, also, considering importance of independency of an appointee, appoints Outside Directors, from the perspective that there is no conflict of interest between the Company and the appointee, and that the appointee can increase and enhance the effectiveness of the oversight of the Board based on objective and neutral standpoint. Please refer to Principle 4.9 Independence Standards and Qualification for Independent Outside Directors with regard to the qualification for the Company's Outside Directors / Outside A&SB Members.

Regarding A&SB Members, the Company appoints those who have knowledge, experience and qualification for exercising their responsibilities and duties. Also the Company appoints at least one (1) A&SB Member who has substantial finance and accounting knowledge.

Regarding Outside A&SB Members, the Company appoints, from among such as management of external entities, lawyer and certified public accountant, those who have knowledge and extensive expertise, that is difficult to be brought if it is relying only on Inside A&SB Members. The Company, also, considering importance of independency of an appointee, appoints Outside A&SB Members, from the perspective that there is no conflict of interest between the Company and the appointee, and that the appointee may increase and enhance the effectiveness of the auditing by A&SB Members on the execution of business by Directors based on objective and neutral standpoint. Please refer to Principle 4.9 Independence Standards and Qualification for Independent Outside Directors with regard to the qualification for the Company's Outside Directors / Outside A&SB Members.

Regarding Executive Officers, the Company appoints, a person who has knowledge, experience and qualification necessary in conducting, swiftly and appropriately, management strategies resolved by the Board, from among those serving key roles in the Company's group operation, such as a senior management of a Divisional Company, a senior officer responsible for certain foreign region or an officer responsible for certain corporate function.

ii) Procedure

Director and Executive Officer candidates are deliberated upon by the Chairman, the President,

and the Chief Human Resources Officer (CHRO) before being decided by the Board of Directors. A&SB Member candidates are deliberated upon by the Chairman, the President, and the CHRO and consented to by the A&SB before being decided by the Board.

In November 2015, the Company has established an optional Nomination and Compensation Advisory Committee, chaired by an independent Outside Director. In response to inquiries from the Board, this committee deliberates and reports to the Board on the results of internal considerations of Director, Executive Officer and A&SB Member candidates.

(5) Explanations with respect to the individual appointments and nominations

Work records and the reasons of appointment for Directors and A&SB Members are stated in the reference materials for the general meeting of shareholders. The reasons of appointment for Outside Directors and Outside A&SB Members are also stated in Reason of Appointment of Relationship with the Company (2) of II.1 【Directors】 and 【Audit & Supervisory Board Members (A&SB Members)/Audit & Supervisory Board (A&SB)】 in this report.

【Supplementary Principle 4.1.1 The Scope of Matters Delegated to Management by the Board of Directors】

In order to perform both swift, strategic decision-making and sound, appropriate monitoring, the Board of Directors, as the decision-making body for Group-wide matters, focuses on corporate strategy decisions and Divisional Company oversight, and delegates other decisions to the Management. Therefore, the Board, based on the Company's internal regulations (such as "Rules for Board of Directors Meeting," "Standards for the Discussions at Board of Directors Meetings," and "Rules of Approval for Decision-making in Important Matters"), performs decision-makings regarding important business executions, such as (a) matters that requires the Board resolution under law, ordinance, or the articles of incorporation, (b) important matters concerning management, (c) the acquisition and disposition of assets including shares or credits, or the execution, revision, and termination of agreements, each of which exceeds a certain amount as prescribed by item type.

【Principle 4.8 Effective Use of Independent Outside Directors】

The Company currently elects four (4) Outside Directors. All of Outside Directors are notified as "independent directors / audit & supervisory board members" required by financial instruments exchanges such as Tokyo stock exchange. Please refer to 4. i) Policy of Principle 3.1 Full Disclosure for the qualification of independent Outside Directors which the Company requires. The Board of Directors resolved that the minimum ratio of Outside Directors should be one third on and after June 29, 2017. Also, three (3) independent Outside Directors serve as the members of Nomination and Compensation Advisory Committee, and one of them serves as the chairperson of this Committee. In light of contribution to discussions at the Board, the Company has established a committee where Outside Directors and Outside A&SB Members exchange information and share recognitions.

【Principle 4.9 Independence Standards and Qualification for Independent Outside Directors】

The outline of the independence standards for independent Directors / Audit & Supervisory

Board Members (A&SB Members) that the Company established based on the independence standard required by financial instruments exchanges such as Tokyo stock exchange.

The following persons are not considered independent.

(1) A person executing the operations of a parent company or a subsidiary of the parent company of the Company. (Including those who corresponds to the person recently or previously, hereinafter, “executing person”)

(2) A person or an executing person of such person who has a major business relationship with the Company, or a person or an executing person of such person with whom the Company has a major business relationship.

(3) A consultant, accounting expert, or legal expert who receives a significant amount of money or other property from the Company other than compensation as a Director / A&SB Member. If the person who receives such property is an organization such as a legal entity or association, those who belongs or belonged to the organization corresponds to the relevant person.

(4) A principal shareholder of the Company (If a principal shareholder is a legal entity, An executing person of such legal entity)

(5) A close relative listed in items numbered (1) to (4) above (A second-degree or closer relative applies. The same applies, hereinafter) or a close relative of an executing person of the Company or subsidiary of the Company (If an Outside A&SB Member is appointed to as an independent Directors / A&SB Member, the person who is or who was an non-executing director / accounting advisor is included in the executing person).

Notes)

i) In the items numbered (1), (2), (4) and (5) above, an “executing person” corresponds to any of the following.

- A Director who is an executive director, an executive officer (shikkouyaku) or a director / A&SB Member who executes business of a legal entity, etc.

- An employee who executes business, a person responsible of serving duties of an employee who executes business of a legal entity in the case that the legal entity is an employee executing business, or other such equivalent person.

- An employee

Also, the wording “recently” shall be assumed to be the point of time when the item of the agenda of the shareholders’ meeting appointing the person as a Director or an A&SB Member are decided, and the wording “previously” shall be assumed to be “within the last three years”.

ii) In the item (2) above, “major” shall be applied to the case in which the amount of the transaction between the Company and a person whom the Company has a business relationship, exceeds 2% of either of their annual consolidated sales.

iii) In the item (3) above, “significant” shall be applied to the case in which the person

(individual) or the organization such as a legal entity or association to which a service provider belongs, in providing a service to the Company, corresponds to any of the followings. A person “belongs or belonged” includes not only a partner, but also an associate as it is so called.

- A person oneself who provides a service: Receives compensation of more than or equal to 12 million yen per year from the Company.

- An organization to which a service provider belongs: The amount of the transaction between the Company and the organization exceeds 2% of either of their annual consolidated sales.

“A person who belonged to an organization” shall be assumed to be identified based on whether the person belonged to the organization within the last three years.

iv) In the item (4) above, “a principal shareholder” shall mean a shareholder holding 10% or more of the voting rights of the Company.

v) In the item (5) above, “A person who was a non-executive director / an accounting advisor” shall be assumed to be identified based on whether the person was in the position in the last three years.

Please refer to **【Principle 3.1 Full Disclosure】** 4. i) Policy with regards to Qualification for independent Outside Directors

【Supplementary Principle 4.11.1 Disclosure of View on Diversity and Size of the Board of Directors】

The Board of Directors seeks to ensure the diversity of the knowledge, experience, and qualification of the Board as a whole and to maintain the optimal number of Directors for the Board to efficiently and effectively fulfill its functions.

Additionally, at least one (1) person who has an appropriate knowledge in finance and accounting is elected as an A&SB Member.

【Supplementary Principle 4.11.2 Restrictions on Concurrent Positions of Directors and Audit & Supervisory Board Members (A&SB Members); Disclosure of Status Thereof】

To the extent that it does not hinder their roles or duties within the Company, Directors (excluding Outside Directors), A&SB Members (excluding Outside A&SB Members), and Executive Officers may take positions as directors or audit & supervisory board members of other business companies or as representative officers of government agencies, institutions or bodies of national organizations, or the like with the prior approval of the President and the CHRO pursuant to the “Rules of Approval for Decision-making in Important Matters.” Important concurrent positions held by Directors (including Outside Directors) and A&SB Members (including Outside A&SB Members) are stated in the convocation notice of the ordinary general meeting of shareholders each year and published on the Company’s official website. The reference materials for the general meeting of shareholders also state any important concurrent positions, including those in other listed companies, held by each Director and A&SB Member.

【Supplementary Principle 4.11.3 Analysis and Evaluation of the Board of Directors Effectiveness】

The Board of Directors, to enhance effectiveness of the Board, conducted a survey of evaluation of the Board of Directors effectiveness to all the Board members who attended the meeting held in December 2015. Having analyzed the survey, the Company evaluated that the current effectiveness of the Board of Directors is basically appropriate. However, after discussion about several opinions and proposals, the following improvements have been implemented.

- The status of the response to the result of the survey in December 2015
 - (1) The Company has implemented the change of the composition of the Board (setting a minimum ratio of Outside Directors of one third, following to the change) as of June 29, 2017.
 - (2) “Standards for the Discussions at Board of Directors Meetings” has been revised.
 - (3) Agenda materials of Board of Directors meetings have been visualized.

The Company conducted a survey of evaluation of the Board of Directors effectiveness in fiscal 2017. The items of the survey were determined considering the ideal composition of the Board, evaluation and opinions concerning the change of the composition of the Board, and expected roles of the Board under the Corporate Governance Code. The details were as follows.

- The items of the survey in fiscal 2017 (February 2017)
 - (1) Composition of the Board
 - (2) Operation of the Board
 - (3) Discussion of business strategy
 - (4) Monitoring function concerning compliance, risk management, and crisis management
 - (5) Nomination and Compensation Advisory Committee
 - (6) Provision of information to Directors and A&SB Members
 - (7) Other requests and comments

Having analyzed the survey in fiscal 2017, the Company evaluated that improvements with respect to the composition and operation of the Board are appropriate. On the other hand, several members presented opinions that the Board should place more weight on discussion about mid-term and long-term business strategy and etc. The result and evaluation of the survey were reported at the Board meeting held in March 2017. Based on the result and evaluation of the survey, the Company determined or will examine the following matters.

- The determined matters
 - (1) To make up time frames to discuss mid-term and long-term business strategy at

Board meetings separately

(2) To increase hours of Board meetings

(3) To enlarge the scope of the deliberation at Nomination and Compensation Advisory Committee

• The matters to be examined

(1) To examine matters to be deliberated at Board meetings

(2) To increase ratio of Outside Directors and diversity of the Board

The Company continues to conduct the survey of evaluation of the effectiveness of the Board and improve the measure of evaluation.

【Supplementary Principle 4.14.2 Disclosure of its Training Policy for Directors and A&SB Members】

At the assignment of new Directors and A&SB Members, the Company provides them with opportunities to deepen their understanding of the expected roles and responsibilities and acquires necessary knowledge for performing such roles and responsibilities. Also, during the course of their assignment, the Company appropriately provides them with opportunities to acquire necessary knowledge such as those gained by attending seminars about management and compliance, among other matters, conducted by external experts.

At the assignment of newly appointed Outside Directors and Outside A&SB Members, the Company provides and arranges visits to operating sites to deepen the understanding about management strategy and business of the Company. Also, the Company appropriately provides them with information, explaining materials of agendas, and situation of management and businesses prior to the attendances to the Board meeting held monthly. In addition, the Company provided them with the opportunity to visit major operating sites and plants in fiscal 2017. The Company will enhance such opportunity in fiscal 2018.

【Principle 5.1 Policy for Constructive Dialogue with Shareholders】

(1) Basic Policy

Under its basic philosophy, “a company is a public entity of society”, the Company has been committed to highly transparent business activities and endeavored to be accountable to its stakeholders. The Company’s basic policy concerning information disclosure is set forth in the “Panasonic Code of Conduct,” which prescribes specific items to be complied with in order to put the Group’s business philosophy into practice, and is published on the Company’s official website and elsewhere. The Company’s basic policy for disclosure is to provide the Company’s fair and accurate financial information and corporate information, including business policies, business activities and corporate social responsibility (CSR) activities, in a timely, appropriate and easily understandable manner. The Company actively makes constructive dialogue with shareholders and investors under the policy.

(2) Structure pursuing constructive dialogue

i) Dialogue between management and shareholders

The Chief Strategy Officer (CSO) is responsible for Investor Relations (IR) activities. The President of the Company, the Chief Financial Officer (CFO), the CSO, and each President of Divisional Companies mainly engage in dialogues with shareholders and investors at financial announcements and individual meetings, etc.

ii) IR Department

Investor Relations, Corporate Planning Department is in charge of planning, making policy of overall IR activities, and day-to-day communication with shareholders and investors.

iii) Collaboration with related department

Dialogue with shareholders and investors are mainly engaged by Investor Relations, Corporate Planning Department. They collaborate with Financial & Accounting Department, Public Relations Department, and Divisional Companies' Accounting Department, Planning Department and Public Relations Department (hereinafter, collectively, the "IR related Department") in order to collect and unify internal information across Panasonic Group.

vi) Structure for disclosure

The Company has established a structure in which matters required to be disclosed under relevant laws and ordinances in Japan and overseas or the rules of financial instruments exchanges or any other regulations shall be immediately reported to the "Investor Relations, Corporate Planning Department" or the "Financial & Accounting Department" and disclosed timely and accurately.

Moreover, the Company has established disclosure control procedures in order to implement fair, accurate and timely disclosure of information, such as corporate information about Panasonic Group. In the process of preparation and confirmation of reports such as annual securities reports, quarterly reports, the Disclosure Committee, which is comprised of general managers of the Company's principal departments that handle relevant information, confirms the validity of the content of the descriptions and the appropriateness of the procedures concerning the disclosure under the supervision of the President and the CFO.

(3) IR activities aside from individual meetings

i) Institutional Investors and Security Analysts

The Company conducts presentation meetings of quarterly financial results announcements, annual presentation regarding business policy of the Company and Divisional Companies, as well as tours to individual business sites including a visit to exhibition of products for customers. Also, for overseas investors, the Company holds presentation meetings utilizing conference hosted by financial institutions.

ii) Individual Investors

The Company, for timely disclosure to individual investors, actively discloses its management information through the Company's official website and etc. The Company also conducts presentation meetings for individual investors.

(4) Relaying shareholders views to the management

The views and concerns for management issues obtained from shareholders and investors through IR activities are appropriately relayed to senior managements in internal meetings such as the Group Strategy Meeting. These views and concerns are also shared to relevant departments such as Divisional Companies through IR related Department, and are utilized to improve quality of management as appropriate.

(5) Controlling insider information

The Company sets forth in the Panasonic Code of Conduct that employees never engage in insider trading, abiding relevant laws and ordinances in Japan and overseas. Also the Company establishes the internal rule to prevent insider trading for all directors, executives, and employees of Panasonic Group including those of IR related Departments.

Also, managements including the President and person in the IR related Departments are fully aware of the significance of handling insider information, and promote to engage fair dialogue to avoid conducting a selective disclosure*.

In concrete terms, the Company sets "silent period" from 15 business days prior to the financial announcement until the day of the announcement. The Company does not engage in a preview interview about the financial announcements, even if it is outside the "silent period", refraining from having dialogues about financial outlook that has not been disclosed.

* To individually provide the material nonpublic information to specific business partners, investors, security analysts or media, regardless of intention.

2. Capital Structure

Percentage of Shares Held by Foreign Investors	Not less than 30%
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[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
Japan Trustee Services Bank, Ltd. (trust account)	153,132,032	6.24
The Master Trust Bank of Japan, Ltd. (trust account)	124,761,508	5.08
Nippon Life Insurance Company	69,056,014	2.81
State Street Bank and Trust Co.	58,199,469	2.37
Panasonic Corporation Employee Shareholding Association	43,695,635	1.78
Japan Trustee Services Bank, Ltd. (trust account 5)	42,194,184	1.72
Sumitomo Life Insurance Co.	37,465,800	1.52
Moxley & Co. LLC	34,794,673	1.41
State Street Bank West Client - Treaty 505234	32,792,215	1.33
The Bank of New York Mellon SA/NV 10	32,573,752	1.32

Controlling Shareholder (except for Parent Company)	N/A
Parent Company	None

Supplementary Explanation

Status of Major Shareholders is as of March 31, 2017.

The numbers of shares held by Japan Trustee Services Bank, Ltd. (trust account) and Japan Trustee Services Bank, Ltd. (trust account 5) reflect the shares entrusted by Sumitomo Mitsui Trust Holdings, Inc. and other corporations, which have been originally entrusted in their trust services.

The number of shares held by The Master Trust Bank of Japan, Ltd. (trust account) reflects the shares entrusted by Mitsubishi UFJ Trust and Banking Corporation and other corporations, which have been originally entrusted in their trust services.

Amendment to Report of Possession of Large Volume was submitted by BlackRock Japan Co., Ltd. and its five joint holders dated March 22, 2017. The Company cannot confirm the actual status of shareholdings as of the end of fiscal 2017. The shareholding status of the report as of March 15, 2017 is as follows.

- BlackRock Japan Co., Ltd.

Number of share certificates, etc. held (in thousands of shares): 42,283

Percentage of share certificates held (%): 1.72

- BlackRock Life Limited

Number of share certificates, etc. held (in thousands of shares): 5,403

Percentage of share certificates held (%): 0.22

- BlackRock Asset Management Ireland Limited

Number of share certificates, etc. held (in thousands of shares): 8,843

Percentage of share certificates held (%): 0.36

- BlackRock Fund Advisors

Number of share certificates, etc. held (in thousands of shares): 28,729

Percentage of share certificates held (%): 1.17

- BlackRock Institutional Trust Company, N.A.

Number of share certificates, etc. held (in thousands of shares): 33,041

Percentage of share certificates held (%): 1.35

- BlackRock Investment Management (UK) Limited

Number of share certificates, etc. held (in thousands of shares): 4,409

Percentage of share certificates held (%): 0.18

- Total

Number of share certificates, etc. held (in thousands of shares): 122,710

Percentage of share certificates held (%): 5.00

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange and Nagoya Stock Exchange / First Section
Fiscal Year-End	March
Type of Business	Electric Equipment
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	Not less than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	Not less than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Not less than 300

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

N/A

5. Other Special Circumstances which may have Material Impact on Corporate Governance

While the Company owns listed consolidated subsidiaries, it respects each subsidiary's autonomous management.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board Members
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	Maximum number not stipulated
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairman
Number of Directors	12

Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Masayuki Oku	From another company									○			
Yoshinobu Tsutsui	From another company									○			
Hiroko Ota	Academic									△			
Kazuhiko Toyama	From another company									△			

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executing person of the Company or its subsidiaries

b. Non-executive director or executing person of a parent company of the Company

c. Executing person of a subsidiary of the parent company of the Company

d. A party whose major client or supplier is the Company or an executing person thereof

e. Major client or supplier of the Company or an executing person thereof

f. Consultant, accountant or legal expert who receives a significant amount of money or other property from the Company other than compensation as a director/audit & supervisory board member

g. Principal shareholder of the Company (or an executing person of the said major shareholder if the shareholder is a legal entity)

- h. Executing person of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executing person of a company, between which and the Company outside directors/audit & supervisory board members are mutually appointed (the director himself/herself only)
- j. Executing person of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Masayuki Oku	○	<p>Mr. Masayuki Oku is an Outside Director designated as an independent director. Mr. Oku has served at Sumitomo Mitsui Financial Group (SMFG) and Sumitomo Mitsui Banking Corporation (SMBC). However, the total transaction amount between the Company and SMFG in fiscal 2017 was (a) less than 1% of the consolidated sales of the Company in fiscal 2017 and (b) less than 1% of the consolidated sales of SMFG in fiscal 2017. Also, the total transaction amount between the Company and SMBC in fiscal 2017 was (a)</p>	<p>(Reason for Appointment as an Outside Director)</p> <p>His extensive managerial experience and his deep insight can be brought to the management of the Company.</p> <p>(Reason for Appointment as an Independent Director)</p> <p>Mr. Masayuki Oku does not have any conflict of interests in light of relationships between the Company and Mr. Oku, other entities or organizations to which he belongs and may enhance and strengthen the effectiveness of the monitoring performed by the Board of Directors on the execution of business by Directors from an objective and neutral standpoint.</p>

		less than 1% of the consolidated sales of the Company in fiscal 2017 and (b) less than 1% of the consolidated sales of SMBC in fiscal 2017.	
Yoshinobu Tsutsui	○	Mr. Yoshinobu Tsutsui is an Outside Director designated as an independent director. Mr. Tsutsui has served at Nippon Life Insurance Company. However, the total transaction amount between the Company and Nippon Life Insurance Company in fiscal 2017 was (a) less than 1% of the consolidated sales of the Company in fiscal 2017 and (b) less than 1% of the consolidated sales of Nippon Life Insurance Company in fiscal 2017.	(Reason for Appointment as an Outside Director) His extensive managerial experience and his deep insight can be brought to the management of the Company. (Reason for Appointment as an Independent Director) Mr. Yoshinobu Tsutsui does not have any conflict of interests in light of relationships between the Company and Mr. Tsutsui, other entities or organizations to which he belongs, and may enhance and strengthen the effectiveness of the monitoring performed by the Board of Directors on the execution of business by Directors from an objective and neutral standpoint.
Hiroko Ota	○	Ms. Hiroko Ota is an Outside Director designated as an independent director. The Company had made a consulting contract with Ms. Ota. However, the Company already had terminated the contract in May 2013. Also, the amount of compensation for the	(Reason for Appointment as an Outside Director) Her extensive experience in economics and finance, and her deep insight can be brought to the management of the Company. (Reason for Appointment as an Independent Director) Ms. Hiroko Ota does not have any conflict of interests in light of relationships between the Company and Ms. Ota, and or

		contract was 3 million yen for approximately half a year.	other entities or organizations to which she belongs, may enhance and strengthen the effectiveness of the monitoring performed by the Board of Directors on the execution of business by Directors from an objective and neutral standpoint.
Kazuhiko Toyama	○	Mr. Kazuhiko Toyama is an Outside Director designated as an independent director. The Company had made a consulting contract with Mr. Toyama. However, the Company already had terminated the contract in March, 2016. Also, the amount of compensation for the contract was 6 million yen for a year.	<p>(Reason for Appointment as an Outside Director)</p> <p>His extensive managerial experience and deep insight can be brought to the management of the Company.</p> <p>(Reason for Appointment as an Independent Director)</p> <p>Mr. Kazuhiko Toyama does not have any conflict of interests in light of relationships between the Company and Mr. Toyama, and or other entities or organizations to which he belongs, may enhance and strengthen the effectiveness of the monitoring performed by the Board of Directors on the execution of business by Directors from an objective and neutral standpoint.</p>

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Compensation Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson
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	Committee Corresponding to Nomination Committee	Committee Corresponding to Compensation Committee
Committee's Name	Nomination and Compensation Advisory Committee	Same as on the Left
All Committee Members	5	5
Full-time Members	-	-
Inside Directors	2	2
Outside Directors	3	3
Outside Experts	-	-
Other	-	-
Chairperson	Outside Director	Outside Director

Supplementary Explanation

In November 2015, the Company has established an optional "Nomination and Compensation Advisory Committee" that is chaired by an independent Outside Director. In response to inquiries from the Board of Directors, this committee deliberates and reports to the Board, on the results of its deliberation regarding the Company's internal reviews on the nomination of candidates for Directors, Executive Officer, and A&SB Member, and on the appropriateness of the Company's Director and Executive Officer Compensation System. The meetings have been held five times in fiscal 2017, and committee members actively discussed at the meetings. For example, the change of the composition of the Board (setting a minimum ratio of Outside Directors of one third, following to the change) as of June 29, 2017 had been discussed at two meetings before such change was determined by the Board of Directors. As of the filing date of this report, the members of this Committee are (a) Ms. Ota, an Outside Director and the chairman of this Committee, (b) Mr. Oku, an Outside Director, (c) Mr. Toyama, an Outside Director, (d) Mr. Nagae, Director, Chairman of the Board, and (f) Mr. Tsuga, Representative Director, President. In addition, as of the filing date of this report, more than half of the members of this Committee are independent Outside Directors.

[Audit & Supervisory Board Members (A&SB Members) / Audit & Supervisory Board (A&SB)]

Establishment of A&SB	Established
Maximum Number of A&SB Members Stipulated in Articles of Incorporation	Maximum number not stipulated
Number of A&SB Members	5

Cooperation among A&SB Members, Accounting Auditors and Internal Audit Departments

A&SB Members and the A&SB regularly hold meetings with Accounting Auditors in order to receive an overview of Accounting Auditors' audit plan; to receive explanations on the status of the internal control system known to Accounting Auditors, risk evaluation and items that Accounting Auditors' audits focus on; and to exchange opinions. In addition, it is stipulated in the Audit Standards for A&SB Members that, in cases where A&SB Members receive a report from Accounting Auditors to the effect that an improper act or material fact that violates laws and ordinances or the articles of incorporation was detected with respect to the Directors' or Executive Officers' execution of business, then the A&SB Members or the A&SB shall take necessary measures after deliberations at the A&SB, such as conducting a necessary investigation and giving advice or recommendation to the Directors or Executive Officers.

A&SB Members make efforts to perform efficient audits by maintaining close collaboration with the Internal Audit Group and other sections in executing an investigation of the Company's business and financial situation and other duties. In addition, A&SB Members receive from the Internal Audit Group or other sections regular reporting regarding the status involving the internal control system, the result of audits, etc. A&SB Members may request an investigation if necessary.

Appointment of Outside A&SB Members	Appointed
Number of Outside A&SB Members	3
Number of Independent A&SB Members	3

Outside A&SB Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yoshio Sato	From another company										○			
Toshio Kinoshita	CPA													
Mitsuko Miyagawa	Lawyer										○			

* Categories for "Relationship with the Company"

* "○" when the audit & supervisory board member presently falls or has recently fallen under the category;

"△" when the audit & supervisory board member fell under the category in the past

* "●" when a close relative of the audit & supervisory board member presently falls or has recently fallen under the category;

"▲" when a close relative of the audit & supervisory board member fell under the category in the past

a. Executing person of the Company or its subsidiaries

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executing person of a parent company of the Company

d. Audit & supervisory board members of a parent company of the Company

e. Executing person of a subsidiary of the parent company of the Company

f. A party whose major client or supplier is the Company or an executing person thereof

g. Major client or supplier of the Company or an executing person thereof

h. Consultant, accountant or legal expert who receives a significant amount of money or other property from the Company other than compensation as an audit & supervisory board member

i. Principal shareholder of the Company (or an executing person of the said major shareholder if the shareholder is a legal entity)

j. Executing person of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the audit & supervisory board member himself/herself only)

k. Executing person of a company, between which and the Company outside directors/audit & supervisory board members are mutually appointed (the audit & supervisory board member himself/herself only)

l. Executing person of a company or organization that receives a donation from the Company
(the audit & supervisory board member himself/herself only)

m. Others

Outside A&SB Members' Relationship with the Company (2)

Name	Designation as Independent A&SB Members	Supplementary Explanation of the Relationship	Reasons of Appointment
Yoshio Sato	○	<p>Mr. Yoshio Sato is an Outside A&SB Member designated as an independent audit & supervisory board member. Mr. Sato has served at Sumitomo Life Insurance Company. However, the total transaction amount between the Company and Sumitomo Life Insurance Company in fiscal 2017 was (a) less than 1% of the consolidated sales of the Company in fiscal 2017 and (b) less than 1% of the consolidated sales of Sumitomo Life Insurance Company in fiscal 2017.</p>	<p>(Reason for Appointment as an Outside A&SB Member)</p> <p>His extensive managerial experience and his deep insight can be brought to the audits of the Company.</p> <p>(Reason for Appointment as an Independent Audit & Supervisory Board Member)</p> <p>Mr. Yoshio Sato does not have any conflict of interests in light of relationships between the Company and Mr. Sato, other entities or organizations to which he belongs, and may enhance and strengthen the effectiveness of the audits performed by A&SB Members on the execution of business by Directors from an objective and neutral standpoint.</p>
Toshio Kinoshita	○	<p>Mr. Toshio Kinoshita is an Outside A&SB Member designated as an independent audit & supervisory board Member.</p>	<p>(Reason for Appointment as an Outside A&SB Member)</p> <p>His extensive experience and his deep insight as certified public accountant can be brought to the audits of the Company.</p> <p>(Reason for Appointment as an Independent Audit & Supervisory</p>

			<p>Board Member)</p> <p>Mr. Toshio Kinoshita does not have any conflict of interests in light of relationships between the Company and Mr. Kinoshita, other entities or organizations to which he belongs, and enhance and strengthen the effectiveness of the audits performed by A&SB Members on the execution of business by Directors from an objective and neutral standpoint.</p>
Mitsuko Miyagawa	○	<p>Ms. Mitsuko Miyagawa is an Outside A&SB Member designated as an independent audit & supervisory board member. Ms. Miyagawa has served at TMI associates. However, the total transaction amount between the Company and TMI associates in fiscal 2017 was (a) less than 1% of the consolidated sales of the Company in 2017 and (b) less than 1% of the consolidated sales of TMI associates in fiscal 2017.</p>	<p>(Reason for Appointment as an Outside A&SB Member)</p> <p>Her extremely high-level expertise and extensive experience as an Outside Director and Outside A&SB Member to appropriately audit the performance of Directors' duties as an Outside A&SB Member and provide valuable opinions to the Company's management.</p> <p>(Reason for Appointment as an Independent Audit & Supervisory Board Member)</p> <p>Ms. Mitsuko Miyagawa does not have any conflict of interests in light of relationships between the Company and Ms. Miyagawa, other entities or organizations to which she belongs, and may enhance and strengthen the effectiveness of the audits performed by A&SB Members on the execution of business by Directors from an objective and neutral standpoint.</p>

[Independent Directors/A&SB Members]

Number of Independent Directors/A&SB Members	7
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Matters relating to Independent Directors/A&SB Members

All seven (7) Outside Directors/A&SB Members are designated as independent directors/audit & supervisory board members pursuant to the Company's policy on the independence of Outside Directors and Outside A&SB Members which was established based on the independence standard required by financial instruments exchanges such as Tokyo Stock Exchange. Please refer to I 1. Principle 4.9 Independence Standards and Qualification for Independent Outside Directors about the Company's policy on the independence of Outside Directors and Outside A&SB Members.

[Incentives]

Incentive Policies for Directors	Performance based Compensation / Stock Options
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Supplementary Explanation [updated]

<Performance based compensation>

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

(Note) CCM (Capital Cost Management) is a management control index developed by the Company to evaluate return on capital.

< Stock-type compensation stock options >

The Company implemented stock-type compensation stock options as a long-term incentive.

A stock-type compensation stock option was introduced by the resolution at the 107th Ordinary General Meeting of Shareholders of Panasonic which was held on June 26, 2014. Number of common stock of Panasonic to be acquired upon exercise of each stock acquisition right is 100 shares. Exercise price of the stock acquisition right shall be one (1) yen per common stock to be acquired. Exercise period of stock acquisition rights shall be determined by the Board of

Directors at the time of the issuance of the stock acquisition right, and shall not exceed thirty (30) years from the day immediately following the allotment date of stock acquisition rights. The amount to be paid for each stock acquisition right shall be based on a fair value, calculated by the Black-Sholes Model, etc., a fair calculating method. The compensation, the amount of which shall be equal to the price to be paid in exchange for the relevant stock acquisition rights, will be paid by Panasonic to the person whom the stock acquisition rights are allotted, and the obligation of such person to pay such price shall be offset by the rights of such person who receives the compensation.

Date of Board of Directors meeting	Aggregate number of stock acquisition rights	The amount to be paid for stock acquisition rights (per a stock acquisition right)	Exercise period of stock acquisition rights
July 31, 2014	2,088	105,400 yen	From August 23, 2014 to August 22, 2044
July 29, 2015	1,729	112,400 yen	From August 21, 2015 to August 20, 2045
July 29, 2016	5,800	71,300 yen	From August 24, 2016 to August 23, 2046
July 31, 2017	3,561	112,800 yen	From August 24, 2017 to August 23, 2047

Recipients of Stock Options	Inside Directors / Other
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Supplementary Explanation

Stock-type compensation stock options is to allot stock acquisition rights to Directors (Inside Directors), excluding Outside Directors, of Panasonic and Executive Officers and certain other officers who are responsible for business operations across the Panasonic group for the purpose of providing an incentive for allottees to further contribute to the improvement of long-term operating results and higher corporate value through sharing the benefits and risks of share price fluctuations with Panasonic's shareholders.

The holder of the stock acquisition rights may exercise the rights after the day immediately following the day on which such holder loses the status of Director, Executive Officer, A&SB Member or any status equivalent thereto, of Panasonic, or the day immediately following the day when three years have transpired since the day immediately following the day the stock

acquisition rights were allotted, whichever falls earlier.

The condition of the exercising stock acquisition rights allotted in or prior to fiscal 2016 is as follows.

The holder of the stock acquisition rights may exercise the rights on and after the day immediately following the date on which such the holder loses the status of Director, Executive Officer, A&SB Member or any status equivalent thereto, of Panasonic.

[Director Compensation]

Disclosure of Individual Directors' Compensation	Selected Directors
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Supplementary Explanation

The aggregate amounts of compensations paid by the Company during fiscal 2017 to fourteen (14) Directors (other than Outside Directors) are 1,481 million yen; basic compensation of 878 million yen, performance based compensation of 308 million yen and stock-type compensation stock options of 295 million yen, and to three (3) A&SB Members (other than Outside A&SB Members) for services in all capacities were 61 million yen; basic compensation of 61 million yen.

The amounts of compensations for four (4) Outside Directors were 59 million yen; basic compensation of 59 million yen, and for four (4) Outside A&SB Members were 40 million yen; basic compensation of 40 million yen, in fiscal 2017.

One (1) Director and two (2) A&SB Member who retired at the conclusion of the 109th Ordinary General Meeting of Shareholders held on June 24, 2016 are included in the above.

The name of Directors for and the amount of the compensation, which is over 100 million yen are as follows.

Shusaku Nagae (Director): total compensation is 114 million yen; basic compensation of 93 and stock-type compensation stock options of 21 million yen

Kazuhiro Tsuga (Director): total compensation is 176 million yen; basic compensation of 94 million yen, performance based compensation of 40 million yen and stock-type compensation stock options of 42 million yen

Kazunori Takami (Director): total compensation is 128 million yen; basic compensation of 72 million yen, performance based compensation of 28 million yen and stock-type compensation stock options of 28 million yen

Hideaki Kawai (Director): total compensation is 109 million yen; basic compensation of 62 million yen, performance based compensation of 26 million yen and stock-type compensation stock options of 21 million yen

Yoshiyuki Miyabe (Director): total compensation is 114 million yen; basic compensation of 62 million yen, performance based compensation of 31 million yen and stock-type compensation stock options of 21 million yen

Yoshio Ito (Director): total compensation is 108 million yen; basic compensation of 67 million yen, performance based compensation of 19 million yen and stock-type compensation stock options of 22 million yen

Tamio Yoshioka (Director): total compensation is 119 million yen; basic compensation of 67 million yen, performance based compensation of 30 million yen and stock-type compensation stock options of 22 million yen

Yasuji Enokido (Director): total compensation is 120 million yen; basic compensation of 67 million yen, performance based compensation of 31 million yen and stock-type compensation stock options of 22 million yen

Mototsugu Sato (Director): total compensation is 103 million yen; basic compensation of 62 million yen, performance based compensation of 20 million yen and stock-type compensation stock options of 21 million yen

Tetsuro Homma (Director): total compensation is 118 million yen; basic compensation of 67 million yen, performance based compensation of 29 million yen and stock-type compensation stock options of 22 million yen

Policy on Determining Compensation Amounts and Calculation Methods	Established
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Compensation for Directors Amount of Compensation or Determination Policy of Calculation Method

Compensation for respective Directors (or A&SB Members) is decided within the maximum total amount of the compensation for all the Directors (or the A&SB Members), which is resolved at a general meeting of shareholders. Compensation for Outside Directors and Audit & Supervisory Board members receive only the basic compensation, which is a fixed compensation. Please refer to I 1. Principle 3.1 Full Disclosure (3) Board policies and procedures in determining the compensation of the senior management and Directors about calculation method and determination policy for compensation.
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[Supporting System for Outside Directors and/or A&SB Members]

The corporate staff in Risk & Governance Management Division, Corporate Governance Department conducts supports to Outside Directors and Outside A&SB Members, such as providing prior explanation of agendas of the Board meeting to them in order to help them examine the materials in advance and to have effective discussion at the Board.

In addition, the Audit & Supervisory Board Members' Office, composing of eight (8) full-time staff members and serving as an administration office for the A&SB Members and the A&SB, supports the performance of the duties of Outside A&SB Members, such as providing information.

2. Outline of Current System of Corporate Governance Mechanisms such as Execution of Business, Auditing and Monitoring, Nomination and Determination of Compensation

In the Company, each of thirty-four (34) business divisions as basic management unit, autonomously manages R&D, production and sales as well as its cash and profit on a global basis. In order to support these business divisions, the Company introduced Divisional Company system. The four (4) Divisional Companies (Appliances, Eco Solutions, Connected Solutions and Automotive & Industrial Systems) support the business division's evolution and change in the area where they have responsibility and take a leading role to actualize growth strategy. Also the Company established Corporate Strategy Head Office, which is responsible for enhancement of corporate value by formulating mid- and long-term group-wide strategy. In addition, the Company has incorporated Professional Business Support Sector which specializes in group-wide management control functions with high expertise and management perspective, such as legal, internal control and compliance. Also the Company has established Innovation Promotion Sector which assumes the function of creating new business projects and business models focused on AI/IoT technologies, and controlling group-wide cutting-edge technology, manufacturing technology and design in order to increase added value on businesses.

Please refer to [Disclosure based on each principle set forth in the Corporate Governance Code] **【Principle 3.1 Full Disclosure】** (3) Board policies and procedures in determining the compensation of the senior management and Directors and (4) Policies and procedures in the appointment of the senior management and the nomination of Director and A&SB Member candidates about policy and procedures of appointment and determination of compensation.

Please refer to “Reference: Diagram of Corporate Governance Structure” at the end of document about the Company's Corporate Governance Structure.

The Board of Directors and Executive Officer System

The Company's Board of Directors is composed of twelve (12) Directors including four (4) Outside Directors. In accordance with the Companies Act of Japan and related laws and ordinances (collectively, the “Companies Act”), the Board of Directors has ultimate responsibility for administration of the Company's affairs and monitoring of the execution of business by Directors.

Under the four (4) Divisional Company-based management structure, the Company has empowered each of four (4) Divisional Companies and business divisions through delegation of authority. At the same time, the Company employs an Executive Officer system to provide the execution of business at its various domestic and overseas group companies. This system facilitates the development of optimum corporate strategies that integrate the Group's comprehensive strengths. The Company has forty-two (42) Executive Officers (including those who concurrently serve as Directors), which include President, senior managements of each of four (4) Divisional Companies, senior officers responsible for certain foreign regions and officers responsible for corporate functions.

In addition, in order to ensure swift and strategic decision-making, along with sound and appropriate monitoring at the same time, the Board of Directors, as a decision-making body for Group-wide matters, concentrates on decisions about the corporate strategies and the supervision of the four (4) Divisional Companies. Taking into consideration the diverse scope of its business operations, the Company has opted to maintain a system where Executive Officers, who are most familiar with the specifics of the operations, take an active part in the Board of Directors. Furthermore, to secure the diversity of Directors and Executive Officers, the Company promotes to appoint women and foreigners as Directors and Executive Officers. The Company has one (1) female Director out of twelve (12) Directors, and one (1) female Executive Officer and three (3) foreign Executive Officers out of forty-two (42) Executive Officers, including those who concurrently serve as Directors. Moreover, to clarify the responsibilities of Directors and build a structure of the Board of Directors flexibly, the Company limits the term of each Director to one (1) year.

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

Pursuant to the Companies Act, the Company has elected A&SB Members and established A&SB, made up of A&SB Members. The A&SB Members and A&SB monitor the status of corporate governance and audit the day-to-day activities of management, including the performance of duties by Directors. The Company has five (5) A&SB Members, including three (3) Outside A&SB Members, one (1) female A&SB Member out of five (5) A&SB Members. Additionally, the Company elected A&SB Members who have substantial finance and accounting knowledge. A&SB Members participate in the general meetings of shareholders and the Board of Directors, receive reports from Directors, Executive Officers, employees and Accounting Auditors, and exercise other auditing authority granted to A&SB Members under the law. Full-time Senior A&SB Members also attend important meetings and conduct visiting audits to business offices in order to ensure effective audits. In order to augment the internal auditing functions in the Group, the Company assigns ten (10) full-time Audit & Supervisory Officers (A&SOs), who directly report to the Senior A&SB Members of the Company, to the four (4) Divisional Companies, etc. The Company also inaugurated the Panasonic Group Audit & Supervisory Board Members' Meeting (comprising Senior A&SB Members of the Company, A&SOs. and A&SB Members of the Group Companies), chaired by the Senior A&SB Member of the Company, to enhance coordination between the Company's Senior A&SB Members, and A&SOs and audit & supervisory board members of the Group companies, for effective functioning of the entire group corporate governance. In addition, in the course of the performance of their duties, A&SB Members maintain mutual cooperation with the Internal

Audit Department and other departments, which perform business audits and internal control audits, to conduct efficient audits. A&SB Members regularly receive from the Internal Audit Department and other sections reports regarding the status involving the internal control system and results of audits. A&SB Members may request the Internal Audit Group or Accounting Auditors to conduct an investigation, if necessary. Also, in order to enhance the effectiveness of the audits conducted by A&SB Members and to ensure the smooth implementation of audits, the Company has established an A&SB Member's Office with eight (8) full-time staff under the direct control of the A&SB.

Mr. Hirofumi Yasuhara, a Senior A&SB Member of the Company, has substantial finance and accounting knowledge, having held the position of Representative Director and Senior Managing Executive Officer, in charge of Control Group, at PanaHome Corporation which is a subsidiary of the Company.

Mr. Toshio Kinoshita, Outside A&SB Member of the Company, has substantial finance and accounting knowledge, having held the career experiences with a corporate accounting in global companies in Japan and overseas for long periods as a certified public accountant.

Accounting Auditors

The Company has an auditing agreement with KPMG AZSA LLC for this company to conduct the accounting audit of the Company. The following is accountants who conducted the accounting audit.

Names of Certified Public Accountants Who Performed the Accounting Audits

Masahiro Mekada
Kengo Chida
Masateru Matsui

Group Strategy Meeting

From July 2012, the Company holds, twice a month as a general rule, the Group Strategy Meeting to discuss and set the direction of the Company's mid-term and long-term strategies and certain important issues. Members of "Group management team", which consist of approximately ten (10) people in managerial position, including the President and presidents of four (4) Divisional Companies, and a non-Japanese Executive Officer, attend the Group Strategy Meeting, and the responsible persons of the related businesses and functions also participate in the meeting, depending on the matter to be discussed.

Agreement with Outside Directors and Outside A&SB Members pursuant to Article 427, Paragraph 1 of the Companies Act

The Company has entered into liability limitation agreements with all Outside Directors and Outside A&SB Members, respectively, which limit the amount of their liabilities under Article 423, Paragraph 1 of the Companies Act to the aggregate amount of the amounts specified in Article 425, Paragraph 1 of the Companies Act, if they perform their duties in good faith and without significant negligence.

3. Reasons for Adoption of Current Corporate Governance System

The Company believes it is important to increase corporate value by fulfilling accountability through dialogue with various stakeholders such as shareholders and customers, making effort to execute transparent business activities, and swiftly conducting business activities with fairness and honesty based on its basic philosophy of “a company is a public entity of society”. For that reason, the Company has established the corporate governance structure, based on the Audit & Supervisory Board System composed of the Board of Directors and Audit & Supervisory Board Member / Audit & Supervisory Board, holding the following elements.

The Board of Directors

- The Board of Directors, as a decision-making body for Group-wide matters, concentrates on decisions about the corporate strategies and the supervision of the four (4) Divisional Companies. Taking into consideration the diverse scope of its business operations, the Company has opted to maintain a system where Executive Officers, who are most familiar with the specifics of the operations, take an active part in the Board of Directors.
- The Company elects Outside Directors, from among such as management of external entities, those who have extensive managerial experience with various careers and deep insight, and are expected to bring valuable opinion to the Board for decision-making of business execution, and monitoring of execution of Directors’ duties. The Board of Directors resolved that the minimum ratio of Outside Directors should be one third on and after June 29, 2017.

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

- The Company sets A&SB Members who are able to exert their monitoring functions according to their individual discretionary decision, but not to majority vote decision. The A&SB Members are also able to independently act upon their own decision in pursuing liabilities of Directors.
- The Company sets Senior A&SB Members who are well versed about corporate operations and are able to comprehend actual condition of businesses by exercising their right to visit and investigate operating sites. The Senior A&SB Members are selected from among those who have experiences as higher or equal position of Managing Directors or equivalent position.
- The Company selects Outside A&SB Members, from among such as management, lawyer, and certified public accountant, those who have extensive expertise with various careers and deep insight and are expected to bring valuable auditing to the execution of Directors duties.

The Company also has established Nomination and Compensation Advisory Committee, members of which include independent Outside Directors, as a consultative body of the Board of Directors in order to further enhance its corporate governance system.

The Company also has established a committee where Outside Directors and Outside A&SB Members exchange information and share recognitions among them.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company uses its efforts to promptly send convocation notices of a general shareholder meeting in order to enable the shareholders to exercise their voting rights after they carefully review business conditions of the Group and details of meeting agendas. Also, the Company discloses the convocation notices before it sends them to shareholders.
Allowing Electronic Exercise of Voting Rights	In light of shareholders' convenience in exercising voting rights, the electronic voting system was introduced in 2002 and electronic voting via cellular telephones has been made available since 2005. In addition, the use of ICJ Inc.'s platform for electronic exercise of voting rights has been made available since 2007.
Participation in Electronic Voting Platform	The Company has participated in ICJ Inc.'s platform for exercise of voting rights since 2007.
Providing Convocation Notice in English	The Company has posted the full text of convocation notice in English on the Company's website and ICJ Inc.'s platform for exercise of voting rights
Others	<p>The Company endeavors to prepare a convocation notice that is easy to see and read for the shareholders to understand, utilizing charts and photos, colorizing and using UD font.</p> <p>For the convenience of the shareholders, the Company has posted the full text of convocation notices as well as English translations thereof on the Company's website.</p> <p>The Company creates high-definition images of the contents of business reports and meeting agendas in order for the shareholders to gain a better understanding of matters to be reported and resolved at a general meeting of shareholders.</p> <p>The Company simultaneously broadcasts general meetings of shareholders in high-definition video at venues in Tokyo and Nagoya so as to disclose information to shareholders who reside in distant places and find it difficult to attend the meetings.</p> <p>In addition, the Company makes available, for a certain period of time after the closing of a general meeting of shareholders, on its website, the visual materials that are used to report matters to be reported and the visual reports of the future efforts from President</p>

	of the Company.
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2. IR Activities

	Supplementary Explanations	Explanations by Representative directors in person
Preparation and Publication of Disclosure Policy	The Company discloses its disclosure policy including in the Panasonic Code of Conduct.	
Regular Investor Briefings for Individual Investors	The Company conducts presentation meetings for individual investors. The Company, for timely disclosure to individual investors, actively discloses its management information through the Company's official website and etc.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds conferences with respect to financial results every quarter. In addition to the above, the Company holds conferences for domestic analysts and institutional investors concerning, among others, business strategies for each of 4-Divisional Companies.	Yes
Regular Investor Briefings for Overseas Investors	The Company holds conferences concerning financial results and business strategies a few times per year. The Company's President actively participates in investor relations meetings held overseas.	Yes
Posting of IR Materials on Website	With respect to contents of financial results and business reports, the Company makes available brief reports of financial results (<i>kessan tanshin</i>) and presentation materials with scripts, both in Japanese and English, on its website. In addition, the Company has endeavored to operate a convenient investor relations site for investors that contain business reports, annual reports and others. http://www.panasonic.com/global/corporate/ir.html	

Establishment of Department and/or Person in Charge of IR	A well-developed system has been established through, among others, having Investor Relations, Corporate Planning Department which is in charge of planning IR activities and communication with shareholders and investors, and also having a person responsible for and in charge of IR for each of Divisional Companies.	
Others	The Company issues reports mainly intended for individual shareholders twice a year in order for shareholders to gain a better understanding of the business of the Company. The Company changed the number of shares constituting a unit from one thousand (1,000) shares to one hundred (100) shares as of February 1, 2009 in order to create an environment where investors can invest more easily and to expand individual investors.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	It is set forth in the “Panasonic Code of Conduct”. http://www.panasonic.com/global/corporate/management/code-of-conduct/list.html
Implementation of Environmental Activities, CSR Activities etc.	The details are described in the sustainability website. Sustainability website: http://www.panasonic.com/global/corporate/sustainability.html
Development of Policies on Information Provision to Stakeholders	It is set forth in the “Panasonic Code of Conduct”. http://www.panasonic.com/global/corporate/management/code-of-conduct/list.html
Others	To offer products and services, contributing to customers around the world, and to develop its business as a global corporation, Panasonic recognizes the importance of human resource development as well as promoting a corporate culture in which each employee can exercise one’s strength of regardless of age, gender, or nationality. For that reason, Panasonic positions Promoting Diversity as one of the important management initiatives and, pursues to strengthen managerial ability of employees in responsible position. Also the Company promotes for providing worker-friendly environment as well as providing opportunities to the diverse

	<p>employee who has his/her willingness and competence.</p> <p>To accelerate the participation of female employees, Panasonic is holding career improvement seminars for women managers as well as opportunities for them to come into contact with their role model's values and professional views.</p> <p>As of April 2017, through these activities, the number of women in the position of responsibility were 2,712, increased approximately 1.8 times, and women in management positions were 464, increased approximately 5.9 times compared to April 2004. (Panasonic Corporation and its key domestic affiliates)</p> <p>Furthermore, the Company accelerates the participation of employees who concurrently engage in childcare and nursing care, the elderly, employees with disabilities, LGBT and etc. The Company also promotes a corporate culture in which each employee is understood and respected.</p>
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IV. Matters Related to the Internal Control System

1. Basic Policy on Internal Control System and the Progress of System Development

<p>The Company's Board of Directors made the following resolution concerning the Company's basic policy regarding the development of internal control systems. It was decided at the Board of Directors' meeting held on July 29, 2016 that this basic policy should be continued with some amendments made to it to reflect the business environment, status of the Company, etc. The details are as follows:</p> <p>1. Basic Policy Regarding Development of Internal Control Systems</p> <p>(1) System for ensuring legal compliance in the performance of Directors' duties</p> <p>The Company shall ensure legal compliance in the performance of Directors' duties by developing effective corporate governance and monitoring systems, as well as by ensuring total compliance awareness among Directors.</p> <p>(2) System for retention and management of information pertaining to the performance of Directors' duties</p> <p>The Company shall properly retain and manage information on the performance of Directors' duties in accordance with all applicable laws and regulations and the internal rules of the Company.</p> <p>(3) Rules and other measures for financial risk management</p> <p>The Company shall establish rules for risk management, and identify material risk through assessment of risks affecting management of the business. The Company shall also take</p>

countermeasures against each material risk, while monitoring the progress of such countermeasures with the aim of seeking continual improvement.

(4) System for ensuring efficiency of the performance of Directors' duties

The Company shall ensure efficiency in the performance of Directors' duties by clarifying business goals based on its business strategies, and examining progress towards achievement of such goals, while seeking to expedite decision-making.

(5) System for ensuring compliance with applicable laws in the performance of employees' duties

The Company shall seek to increase employees' awareness of compliance issues by clarifying the Company's compliance policy. The Company shall also ensure legal compliance in the performance of employees' duties by developing effective monitoring systems.

(6) System for ensuring the properness of operations across the Panasonic Group

While respecting the autonomy of each Group company's management practices, the Company shall fully ensure that Group companies adhere to the Company's management policy, management philosophy and basic policy regarding the development of internal control systems, and shall develop a system for reporting to the Company to thoroughly ensure proper operations of the Panasonic Group as a whole.

(7) Employees who assist A&SB Members in auditing, and such employees' independence from Directors

The Company shall establish a body independent from Directors, tasked with enhancing the effectiveness of audits by A&SB Members and facilitating the smooth performance of audits.

(8) Ensuring effectiveness of instructions given by A&SB Members to employees who assist A&SB Members

Staff members assisting the A&SB Members, while still subject to the internal rules of the Company, shall be under the instruction and supervision of the respective A&SB Members, and personnel-related matters shall be undertaken upon prior discussion with A&SB Members.

(9) System for Directors, employees and other staffs of the Company and its subsidiaries to report to the Company's A&SB Members

The Company shall ensure opportunities and systems that enable Directors, employees and other staffs of the Company and Group companies to properly report to the respective A&SB Members, and moreover shall ensure opportunities and systems that enable audit & supervisory officers, who are non-statutory full-time auditors, of Divisional Companies and other such bodies, and A&SB Members of Group companies to report to the Company's A&SB Members.

(10) System for ensuring that parties who have reported to A&SB Members do not incur unfavorable treatment as a consequence of such reporting

In ensuring opportunities and systems for Company and Group company employees and other

staffs to report to A&SB Members, the Company shall make sure that employees and other staffs who have duly reported do not incur unfavorable treatment as a consequence of such reporting.

(11) Policy on management of expenses and debt incurred in execution of A&SB Member duties

The Company shall calculate budgets on an annual basis for expenses arising with respect to the execution of duties of A&SB Members to ensure effectiveness of audits, and moreover shall provide pre-payment or reimbursement in accordance with laws and regulations with respect to expenses incurred beyond amounts budgeted.

(12) Other systems for ensuring effective performance of audits by the A&SB Members

The Company shall have audit & supervisory officers assigned to Divisional Companies and other such entities to assist with audits by A&SB Members. Moreover, the Company shall develop a system enabling effective performance of audits, including mutual cooperation with the accounting auditors and the internal auditing group, in accordance with the Audit Plan established by the A&SB Members each year.

2. Status of Basic Policy Implementation in the Company

(1) System for ensuring legal compliance in the performance of Directors' duties

- The Company has established internal rules such as the Panasonic Code of Conduct and the Code of Ethics for Directors and Executive Officers, and endeavors to ensure that its Directors act in accordance with laws, regulations and the Company's Articles of Incorporation. Additionally, when Directors assume their positions, the Company provides them with opportunities to acquire the knowledge necessary to fulfill their roles and obligations, and during their terms of office it continues to provide Directors with opportunities to acquire the knowledge they need, including presentations on management and compliance by external experts as required.
- The Company strengthens its supervisory functions by appointing multiple Outside Directors and by providing opportunities for the Outside Directors to actively communicate through Board of Directors' meetings and other such occasions. The Company has also established a Nomination and Compensation Advisory Committee chaired by an Outside Director to ensure objectivity and transparency in the process of determining the nomination and remuneration of Directors.
- Audits are conducted by A&SB Members and the Audit & Supervisory Board. In addition, at the Divisional Companies, management committees have been established and audit & supervisory officers have been appointed, which correspond in function to the Board of Directors and the A&SB Members, respectively.

(2) System for retention and management of information pertaining to the performance of Directors' duties

The minutes of meetings of the Board of Directors are prepared after each meeting of the Board

of Directors and retained permanently by the section responsible for administration relating to the Board of Directors. Records of approval by the President are also retained permanently by the responsible department.

(3) Rules and other measures for financial risk management

Based on Basic Risk Management Regulations, the Company identifies material risks by collecting and assessing information on risks in an integrated and comprehensive fashion through the Global and Group (G&G) Risk Management Committee, and takes countermeasures proportionate to the materiality of each risk.

(4) System for ensuring efficiency of the performance of Directors' duties

- The Company expedites decision-making through Rules of Approval for Decision-making in Important Matters, a clear separation of roles between Directors and Executive Officers, the delegation of authority to entities such as Divisional Companies and business divisions, the holding of Group Strategy Meetings, and the implementation of an IT system that ensures the rapid and accurate collection and transmission of important management information.
- The Company plans and implements measures to achieve the business goals it set based on its business strategies by confirming and examining the status of progress towards the goals at the time of monthly settlement of accounts.

(5) System for ensuring compliance with applicable laws in the performance of employees' duties

- The Company has established internal rules such as the Panasonic Code of Conduct and implements various awareness-building activities such as its Compliance Awareness Month on a Company-wide basis as well as training tailored to specific employee levels and e-learning.
- The Company seeks to detect improper acts at an early stage through operational audits and internal control audits, operating various types of hotlines in addition to other measures.
- The Company is stepping up its efforts to implement fair business practices emphasizing compliance and taking measures to change of its business environments accordingly by establishing organizations that perform the functions of promotion of fair business, business legal affairs, risk management, and administration of corporate governance.
- The Company aims to resolutely prevent any association with anti-social forces (such as organized criminal networks) by assigning an employee in the division overseeing such preventative measures specifically to the task of blocking any relations with such forces.

(6) System for Ensuring the Properness of Operations across the Panasonic Group

- The Company ensures that basic policy for internal control systems is fully implemented by Group companies, and disseminates relevant information among Group companies. Initiatives to that end include: implementing the Panasonic Code of Conduct and the Rules of Approval for Decision-Making in Important Matters; implementing group-wide regulations respecting individual professional functions; dispatching Directors and A&SB Members to Group

companies and exercising the Company's shareholder rights thereof; conducting regular operational audits and internal control audits of Group companies through the internal auditing group, and; sharing and disseminating information on business objectives through business policy announcements.

- For publicly listed subsidiaries, the Company puts into effect those measures described above while taking into consideration the nature of such entities as publicly listed companies.
- The framework described above ensures the properness of operations, thereby enabling the Panasonic Group to establish the internal controls necessary for financial reporting based on the Financial Instruments and Exchange Act.

(7) Employees who assist A&SB Members in auditing, and such employees' independence from Directors

The Company has established the Audit & Supervisory Board Member's Office, whose dedicated staff is under the direct control of the Audit & Supervisory Board and separate from any operating function of the Company's business. The Company assigns A&SB Member assistant staff members who possess appropriate capabilities and knowledge as required by the A&SB Members.

(8) Ensuring effectiveness of instructions given by A&SB Members to employees who assist A&SB Members

- Respective A&SB Members issue instructions to their staff members, and those staff members accordingly assist the A&SB Members in performing their duties.
- The Company consults with A&SB Members in advance of undertaking personnel-related matters including employee transfers and other affairs involving staff members who assist the A&SB Members.

(9) System for Directors, employees and other staffs of the Company and its subsidiaries to report to the Company's A&SB Members

- Directors, employees and other staffs of the Company and Group companies report on business operations and other issues at respective regular meetings held by A&SB Members and other such occasions, and also report as necessary at other important meetings with A&SB Members, where their attendance has been requested. Moreover, A&SB Members of Group companies report as necessary to the Company's A&SB Members regarding content of reports at respective Group companies. Audit & supervisory officers conduct inquiries at respective Divisional Companies regarding business operations and issues at such Divisional Companies, and report such matters as necessary to the Company's A&SB Members.
- The Company has established an Audit Report System by which employees of the Company and Group companies directly report to the Company's Audit & Supervisory Board about irregularities or concerns in regards to accounting or auditing.

(10) System for ensuring that parties who have reported to A&SB Members do not incur

unfavorable treatment as a consequence of such reporting

The Company calls on departments associated with reported matters not to act unfavorably toward parties who have reported as a consequence of such reporting. Moreover, the Company enables parties to report matters anonymously under the Audit Report System, and prohibits unfavorable treatment of such parties as a consequence of such reporting in accordance with its Internal Reporting Rules.

(11) Policy on management of expenses and debt incurred in execution of A&SB Member duties

- To ensure effectiveness of audits, the Company calculates preliminary budgets with respect to anticipated expenses required by A&SB Members in executing their duties, in accordance with Audit & Supervisory Standards.
- The Company also provides pre-payment or reimbursement for expenses paid under urgent or extraordinary circumstances in accordance with laws and regulations.
- In making payment of audit expenses, A&SB Members are required to remain mindful of efficiency and appropriateness in that regard.

(12) Other systems for ensuring effective performance of audits by the A&SB Members

- Audit & supervisory officers tasked with monthly reporting and implementing liaison meetings are assigned to Divisional Companies and other such entities. Any decisions on personnel-related matters involving the audit & supervisory officers require the agreement of A&SB Members.
- The Company has established and operates the Panasonic Group Audit & Supervisory Board Members' Meeting chaired by the Company's Senior A&SB Member, in order to facilitate cooperation among the A&SB Members of the Company, the audit & supervisory officers of Divisional Companies and other such entities, and the A&SB Members of Group companies.
- Representative Directors and A&SB Members exchange opinions regularly and whenever necessary. Moreover, respective departments cooperate in implementing visiting audits of business offices inside and outside Japan conducted by A&SB Members. Internal auditing groups also cooperate to enhance the effectiveness of audits carried out by A&SB Members through collaboration with A&SB Members, including reporting as appropriate to the A&SB Members.
- When the accounting auditors formulate their audit plans, perform quarterly reviews, and conduct final audits, the A&SB Members hold regular meetings with the accounting auditors at which they receive explanations and reports, and exchange opinions with the accounting auditors as necessary.

Note: "Group companies" means subsidiaries as stipulated in the Companies Act.

2. Basic Policy on Eliminating Anti-Social Forces

The Company considers compliance with laws and ordinances as well as corporate ethics, to be the foundation of its business, and has described this principle in the Panasonic Code of Conduct. The Company also established the rule of the prevention of relationships with antisocial forces, and developed a management system, as described below.

Status of the development of the policy to antisocial force are also described in above 2. Status of Basic Policy Implementation in the Company (5) System for ensuring compliance with applicable laws in the performance of employees' duties of IV Matters Related to Internal Control System:

(1) Status of establishment of the department overseeing measures against antisocial forces and the persons-in-charge for preventing undue claims

The Company thoroughly prevents any relationships with antisocial forces by developing a management system across the Group, mainly through the Business Conduct Committee, by establishing the department overseeing measures against antisocial forces to take measures against antisocial forces and by assigning persons-in-charge for preventing undue claims.

(2) Status of cooperation with external professional organizations

In order to promptly take measures against antisocial forces, the Company, on a daily basis, cooperates closely with the National Center for the Elimination of Boryokudan, the police station under its jurisdiction, the association for corporate defense, attorneys and other people, mainly through the department overseeing measures against antisocial forces.

(3) Status of collection and management of information on antisocial forces

The Company developed a system to enable relevant information to be concentrated at the department overseeing measures against antisocial forces. Also, the Company endeavors to collect information from the external professional organizations and to keep every Group company informed of the information. The information is properly managed in accordance with laws and ordinances as well as the Company's internal regulations.

(4) Status of development of manual for countermeasures

The Company developed a manual for countermeasures to eliminate antisocial forces and delivered it to the Group companies. The Company endeavors to cause all Group companies to respond systematically, according to the procedures in the manual for countermeasures.

(5) Status of implementation of training activities

The Company, mainly through the department overseeing measures against antisocial forces, promotes awareness activities within the Group to prevent the formation of relationships with antisocial forces, illegal payoffs, any acts that violate the principle of equality among customers and any other improper acts, by inviting outside instructors and regularly holding training workshops on the elimination of antisocial forces against corporations.

V. Others

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

1) Efforts to boost corporate value of the Company

Since the Company's foundation, Panasonic has operated its businesses under its management philosophy, which sets forth that Panasonic's mission as a business enterprise is to contribute to the progress and development of society and the well-being of people through its business activities, thereby enhancing the quality of life throughout the world. Having its DNA of Consumer Electronics tailored to customer lifestyles and collaborating with a variety of partners, the Company will also work to sustainably grow its corporate value to satisfy its shareholders, investors, customers, business partners, employees and all other stakeholders while offering and pursuing a "better life" for an even wider range of customers.

The Company's business is categorized into four business areas of Consumer Electronics, Housing, Automotive, and B2B to achieve the Company-wide management targets for fiscal 2019. The management targets are: operating profit of ¥450.0 billion and net profit attributable to Panasonic Corporation stockholders of ¥250.0 billion or more.

In fiscal 2018, Panasonic will promote its growth strategies aimed at sustainable sales and profits increase, identifying the growth areas where the Company will concentrate its management resources.

2) Measures against large-scale purchase

Panasonic has a basic policy that shareholders should make final decision in the event that a large-scale purchase of the Company's share is offered, regarding whether or not the offer should be accepted. However, in such cases, there is a possibility that shareholders might not be provided with sufficient information required to make appropriate decisions, and a concern that corporate value and shareholder interest might be significantly damaged.

Based on this approach, in 2005 Panasonic resolved to adopt a policy related to a Large-scale Purchase of the Company's shares called the Enhancement of Shareholder Value (ESV) Plan, and announced the policy publicly. Since then, the continuation of the policy has been approved every year at the Board of Directors' meeting. However, the Company has now decided to discontinue the policy as of the end of fiscal 2017, thereby abolishing it. This decision is the result of careful consideration involving close attention to changes in the external business environment, including the opinions provided by shareholders such as institutional investors in Japan and abroad, the latest trends regarding takeover defense measures, and permeation of the

Japan's Corporate Governance Code.

Henceforth, Panasonic will take appropriate measures within the scope permitted by the Financial Instruments and Exchange Act, the Companies Act, and other related laws and regulations, including requesting any party proposing a Large-scale Purchase of the Company's shares to provide sufficient information necessary to assist shareholders in making appropriate decisions, expressing or disclosing opinions or other statements from the Board of Directors, and endeavoring to secure sufficient time for shareholders to consider the proposed purchase. Before the Board of Directors' opinions or other statements are expressed or disclosed, the Company will set up an independent committee comprising Outside Directors and Outside Audit & Supervisory Board Members and the Board of Directors will consult this committee regarding its opinion and treat the committee's verdict with the utmost respect.

2. Other Matters Concerning to Corporate Governance System

The Company's structure for timely disclosure of corporate information is as follows.

Under its basic philosophy, "A company is a public entity of society," the Company has committed to highly transparent business activities and endeavored to be accountable its accountability to its stakeholders. The Company's basic policy concerning information disclosure is set forth in the "Panasonic Code of Conduct," which prescribes specific items to be complied with in order to put the Group's business policy into practice, and is published on the Company's website and elsewhere. The Company's basic policy concerning information disclosure is to provide the Company's fair and accurate financial information and corporate information, including management policies, business activities and corporate social responsibility (CSR) activities, in a timely, appropriate and easily understandable manner.

In accordance with this basic policy, important matters concerning the management of the Group are resolved or reported at the Board of Directors pursuant to the Regulations of the Board of Directors. These important matters and other matters, which are required to be disclosed under relevant laws and ordinances in Japan and overseas or any other regulations, are timely and accurately reported from each relevant department, that has the important internal information, to the department that handles relevant information under the monitoring of the Chief Financial Officer (CFO), so that important information is gathered. Further, matters required to be disclosed under the rules of financial instruments exchanges are under the monitoring of the Chief Strategy Officer (CSO).

Also, if any of the matters which is required to be disclosed under relevant laws and ordinances in Japan and overseas, and the rules of financial instruments exchanges or any other regulations, occurs at the Company's business divisions including subsidiaries, such matter shall be immediately reported to the "Financial & Accounting Department" or the "Investor Relations, Corporate Planning Department", depending upon the nature thereof; Thus, the Company has established a structure whereby these matters can be collected.

With respect to the information gathered or identified, the Company determines the necessity of disclosure thereof in accordance with relevant laws and ordinances in Japan and overseas, and

the rules of financial instruments exchanges or any other regulations, and makes efforts to disclose it at the time that the organization, which effectively decides execution of the business of the Company, makes a resolution or determination, or becomes aware of its occurrence.

In addition, the Company endeavors to confirm the contents and expressions of the disclosure with the relevant departments within the Company and outside legal counsel to ensure the accuracy, fairness and adequacy of the disclosure.

Moreover, the Company has established disclosure control procedures in order to comply with relevant laws and ordinances in Japan and overseas, the rules of financial instruments exchanges and any other regulations, and to implement the fair, accurate and timely disclosure of information about its Group, etc. In the process of preparation and confirmation of documents such as annual securities reports and quarterly reports, the Disclosure Committee, which is comprised of managers from principal departments that handle relevant information, confirms the validity of the content of the descriptions and the appropriateness of the procedures concerning the disclosure under the supervision of the President and the CFO, who are responsible for establishing, maintaining and ensuring the effectiveness of the internal control and disclosure control of the Company. The chairman of the Disclosure Committee is appointed by the President and the CFO, and the members of the Disclosure Committee are appointed by the chairman of the Disclosure Committee. The Disclosure Committee also develops, maintains, improves and evaluates the internal control procedures concerning disclosure matters.

The Company has documented the actual status of its internal control system, with integrated control provided by the Internal Control Promotion Office, in order to ensure reliability in the financial reporting of the Panasonic Group including its subsidiaries, ranging from the control infrastructure to actual internal control activities. Specifically, the Company has reinforced its internal controls by implementing self-checks and self-assessment programs at each of the Divisional Companies and business divisions, etc. Then, Internal Auditing Managers of the Divisional Companies appointed by the Company at each of the Divisional Companies, etc. conduct audits. Based on the audits, the Internal Control Promotion Office supervises the group-wide internal control audits in order to confirm the effectiveness of each company's financial reporting. With the aim of further enhancing the Group's internal control system, in fiscal 2017 Panasonic had approximately 400 personnel assigned to conduct internal audits in the Internal Auditing Group.

Under the above-mentioned internal system, the Company will endeavor to, always from the standpoint of investors, provide accurate and fair corporate information timely and appropriately, fully understanding the purpose of the basic philosophy for the good-faith business execution of the listed securities issuer under the rules of the timely disclosure of the financial instruments exchanges such as Tokyo Stock Exchange.

Panasonic Code of Conduct

Chapter 2: Implementing the Code in Business Operations

II-5. Information Disclosure

(1) Basic Approach to Information Disclosure

We will provide our various stakeholders, including customers and shareholders, with fair and

accurate information on corporate financial affairs, business policies and activities, as well as corporate social responsibility activities, in a timely, understandable and appropriate manner. At the same time, we will listen to our customers' requests and comments and reflect them in our business activities. We will seek to be an enterprise with high transparency.

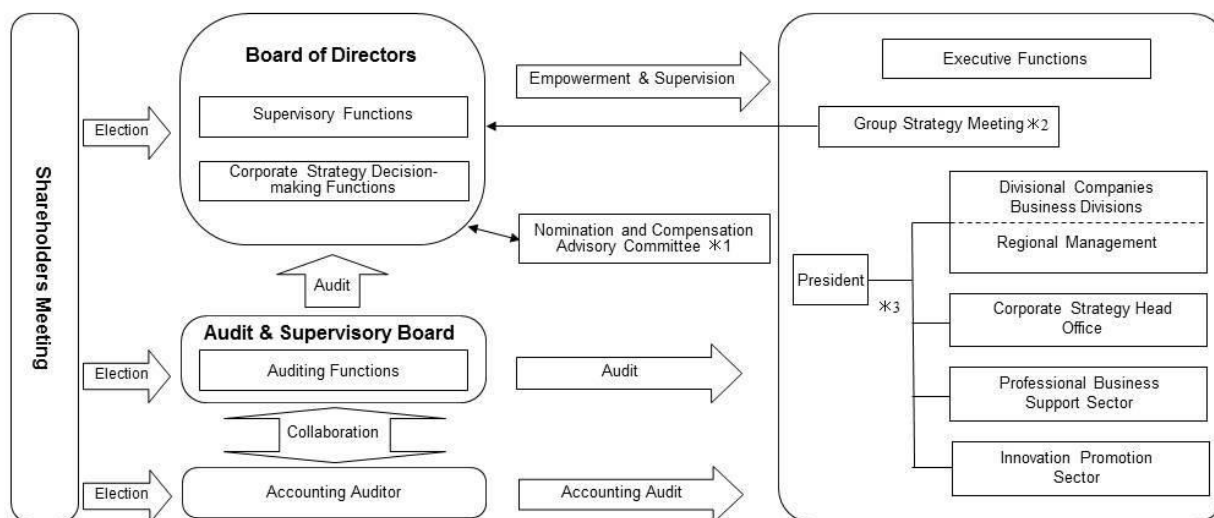
(2) Compliance with Applicable Laws and Regulations

Our securities have been traded on securities markets in several countries and regions. Accordingly, we will abide by all applicable securities and information disclosure-related laws and regulations of appropriate countries and regions. We will never engage in insider trading or other transactions using inside information.

(3) Disclosure Methods

In addition to information whose disclosure is required by securities-related laws and regulations of relevant countries and regions, we will disclose other information following proper internal control procedures, so as to ensure that the information we disclose is fair, accurate, sufficient and timely.

<Reference: Diagram of Corporate Governance Structure>



- *1 Deliberating inquires and reporting on results to the Board of Directors
- *2 Complementing a decision-making in the Board of Directors
- *3 Including the affiliated companies (Japan and overseas), etc.