

Corporate Social Responsibility

Basic CSR Policy

Matsushita's unwavering management philosophy of contributing to society as a public entity has guided its business activities since the Company's founding. Matsushita considers implementing this management philosophy to be the core essence of CSR. As a specific guide to the actual implementation of this basic principle, the Company meticulously applies the Matsushita Group Code of Conduct to all Directors, Executive Officers and employees of the Group, both in Japan and overseas. Viewing business activities from multiple perspectives, including the economy, environment and society, Matsushita engages in a diverse range of global environment- and society-oriented initiatives in all its business fields to fulfill its corporate social responsibilities to all stakeholders.

Basic Stance on the Environment

Balancing environmental preservation and business activities, while contributing to the realization of a recycling-oriented society are key facets of Matsushita's commitment to the environment. Seeking to improve its customers' quality of life, the Company is pursuing the creation of new value by working to minimize environmental impact. Matsushita has developed its own Factor X* indicator as a yardstick to assess quantitative progress in these areas, and is accelerating initiatives to introduce environmentally friendly products to the market. Matsushita will continue to strengthen efforts to improve factor evaluations, and work to steadily implement environmental management systems.

*The formula used to calculate Factor X is "improvement of quality of life" divided by "reduction of environmental impact." Factor X can be improved by maximizing quality of life, (the numerator becomes greater), or by minimizing environmental impact (the denominator becomes smaller).



(*1)

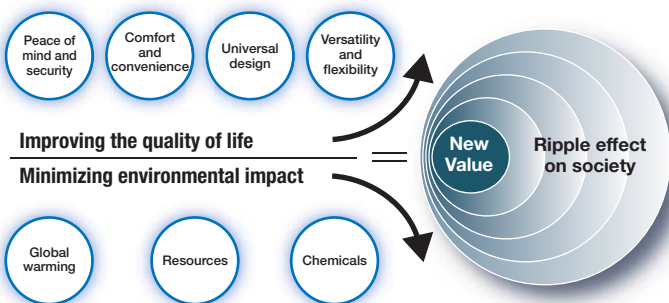


(*2)



(*3)

Simultaneous pursuit of environmental conservation and business activities: our basic mission



Combined Environmental and Business Initiatives

Matsushita constructed the Eco & UD Model House within Panasonic Center Tokyo. This life-size model house presents the Company's commitment to creating "new value for living" in a concrete, easy to understand form. The Eco & UD House offers a comfortable and abundant living environment based on the concepts of Eco (coexistence with the environment) and Universal Design (user-friendly living environments for a greater number of people).

In fiscal 2006, Matsushita introduced a "clean factory certification system" as a way to recognize "clean factories," which reduce overall environmental impact in manufacturing processes. In addition to raising the visibility of environmental management at all plants, this will also promote environmental management initiatives rooted in the countries and local regions where factories are located. The PDP plant in Amagasaki, Japan is reducing environmental impact not only through its productivity improvements, but also through a variety of initiatives such as the photocatalytic coating of exterior walls and the reuse of rainwater.

Matsushita is an active participant in the Team Minus 6% national project in Japan aimed at reducing emissions of greenhouse gases by 6%, and is working aggressively to help prevent global warming through energy-saving initiatives at plants and offices, development of environmentally friendly products and active introduction of environmentally friendly company vehicles.

Concerning the use of environmentally harmful substances in products, Matsushita implemented numerous initiatives on a global scale based on Europe's RoHS Directives regarding the use of certain hazardous substances, and was fully compliant with these standards as of October 2005.



Dow Jones Sustainability Index



FTSE4GOOD Global 100 Index



Ethibel Sustainability Index



(*4)

(*5)

Corporate Citizenship Activities

As part of its efforts to nurture the creative talents of children, Matsushita is globally expanding its Kids Witness News educational program that helps elementary and junior high school students create original news programs. (*1)

The Company also collects relief donations from its worldwide operations in order to provide relief to victims of natural disasters, such as Hurricane Katrina that struck the southern U.S.A. in August 2005, as well as to aid rebuilding efforts in afflicted areas. (*2)

The Company provides support to the Okayama Kibikogen Wheelchair "Fureai" Road Race, in which wheelchair athletes and runners compete on the same course. (*3)

Matsushita also supports the Children's Forest Program of the NGO OISCA International, which provides children with valuable opportunities to learn in and about nature. (*4)

With an eye to coexistence with the environment, local contribution and urban beautification, Matsushita created "Sakura Plaza" cherry blossom parks on lands that it owns in Tokyo and Osaka. (*5)

Report on Kerosene Fan Heater Recall and Company's Countermeasures

Emergency initiatives

In 2005, defects in certain kerosene fan heaters, which were manufactured by Matsushita between 1985 and 1992, resulted in hospitalization, and in some cases death, due to exposure to carbon monoxide exhaust. To prevent a recurrence, in November 2005, the Company established a special committee led by President Nakamura to implement recall efforts, product inspections and repairs of affected models of kerosene fan heaters. Using various media, Matsushita notified customers of the risks involved in the use of these products, while sending out employees (approximately 200,000 in total) to distribute leaflets directly to users, and visit suppliers of kerosene.

Future measures to prevent a recurrence

Matsushita has made all-out efforts to locate defective kerosene fan heaters through the cooperation of various parties, and will continue efforts to identify the purchasers and users of all remaining defective heaters. At the same time, to prevent a recurrence, the Company is carrying out a wide range of initiatives.

On May 1, 2006, Matsushita reorganized the aforementioned special committee into a permanent organization, the Corporate FF Customer Support & Management Division, under which Matsushita will continue recall efforts through various public awareness campaigns. Furthermore, the Company will thoroughly review product safety in design and manufacturing processes. Specifically, Matsushita will undertake studies of material deterioration caused by long-term use, together with the development of technologies to prevent risks caused by complex factors involved in the extended use of certain products. Furthermore, the Company will establish a new risk management system to enable prompt action in an emergency, in compliance with its primary principle, the customer comes first. The Company will also reinforce safety education programs for the presidents of all Group companies, the directors of all divisions and the managers responsible for specific operations (such as design, manufacturing, and quality control).

Matsushita thanks all of its stakeholders for their continued support, and will continue to make untiring efforts to fulfill the Company's duties in terms of corporate social responsibility.

For more information about CSR activities, please refer to The Panasonic Report for Sustainability 2006.

For a copy of the report, please direct your request to:
<https://sec.panasonic.net/report/rqform.html>

For more information about environmental activities, please visit the following Web site:
<http://panasonic.net/eco/>

