

## Disclosure Based on TCFD Recommendations

### Response to TCFD

In May 2019, the Panasonic Group endorsed the TCFD\*<sup>1</sup> recommendations. Recognizing that risks and opportunities related to climate change are critical management issues, the Panasonic Group is identifying risks and opportunities based on the recommendations and examining the resilience of its strategies through scenario analysis.

Based on the above recognition and verification results, Panasonic Energy will deepen its consideration of risks and opportunities specific to our business and proactively disclose the required information. As recommended by the TCFD, we will disclose information on 'governance', 'strategy', 'risk management', and 'indices and targets' to strengthen our dialogue with our stakeholders.

 Panasonic Group "Environment : Response to TCFD"  
<https://holdings.panasonic/global/corporate/sustainability/environment/tcfd.html>

\*1 TCFD: an abbreviation of Task Force on Climate-related Financial Disclosures. The task force was set up by the Financial Stability Board (FSB) in response to a request by the G20 Finance Ministers and Central Bank Governors. TCFD published its recommendations in 2017.

### Governance

At Panasonic Energy, the Board of Directors oversees risks and opportunities related to climate change based on reports and recommendations from the ESG Committee at least once a year.

Chaired by the president, the Committee includes all executive officers responsible for divisions related to climate change, such as business divisions, human resources, and legal affairs, as well as divisions in charge of the environment. The Committee formulates overall plans, monitors progress, and evaluates the status of achievement in a cross-organizational framework.

The Committee also discusses our contribution to the Panasonic Group's long-term environmental vision—Panasonic GREEN IMPACT (PGI)—based on progress reports from the executive officers in charge of environmental departments and discusses measures to realize the vision. In parallel, we analyze risks and opportunities related to climate change and, based on the results, confirm the relevance of our business strategy from a resilience perspective.

In addition, to strengthen the commitment of our executive officers, performance-based remuneration (which is an incentive linked to short term and mid-long term business results) is structured to reflect climate change-related results as well as financial indicators.

### Strategy

As a plan for its society's transition to a low-carbon economy, the Panasonic Group is promoting the realization of PGI, aiming to achieve virtually zero CO<sub>2</sub> emissions at all operating companies and create an avoided CO<sub>2</sub> emissions of approximately 100 million tons in fiscal 2031.

Panasonic Energy has also set the following corresponding targets.

■ FY2029: Zero-CO<sub>2</sub> factories\*<sup>2</sup> All sites

■ FY2031: Create approx. 60 million tons of avoided CO<sub>2</sub> emissions


To establish the above goals and verify the resilience of our strategy, we have initiated a scenario analysis in line with the framework of the TCFD recommendations.

This fiscal year, we are conducting the following activities in the mobility energy business and part of the energy solution business, which account for a large proportion of our financial performance and contribute significantly to CO<sub>2</sub> emission reductions.

■ Assumed timeframe: FY2031 and FY2051

■ Adopted scenarios: Risks and opportunities were identified based on a set of scenarios (including the 1.5°C scenario and the 4°C scenario), which were adopted in the Panasonic Group scenario analysis. For more details, please refer to the four scenarios in the Panasonic Group entitled "Environment: Strategy Resilience through Scenario Analysis."

\*2 Factories that have achieved virtually zero CO<sub>2</sub> emissions by conserving energy, introducing renewable energy, and using credits.

 Panasonic Group "Environment : Response to TCFD"  
<https://holdings.panasonic/global/corporate/sustainability/environment/tcfd/resilience.html>

# Contribution to the Environment

The risks and opportunities that we have identified are shown in the table below.

We will analyze the quantitative impact of the identified items on our financial performance and consider specific measures to continue improving our resilience.

	Item	Impact on Panasonic Energy	1.5°C	4°C
Transitional risks	Cost of implementing carbon pricing	Increase in procurement costs due to the levy on the company and the price shift of the levy to suppliers/logistics providers due to the tightening of the carbon pricing system		
	Higher costs of complying with environmental regulations related to products and services	Increase in costs to comply with stricter battery-related regulations (including carbon footprint disclosure and traceability management) and mandatory GHG emissions reporting		
	Increase in R&D and capex costs for higher battery performance	Increase in R&D and capital investment costs to develop next-generation batteries for EVs and storage battery systems and to lead other companies in improving environmental performance		
	Increase in costs for energy conservation measures and renewable energy installations	Increase in procurement costs due to higher investment costs related to energy conservation/renewable energy and price shifting of GHG emission reduction costs from suppliers		
	Increase in procurement costs due to soaring raw material prices and material switching	Increase in raw material procurement costs resulting from intensified competition for raw materials due to increased demand for batteries and increased protectionism		
Physical risks	Lower sales/increased costs due to damage to the company's sites and supply chain caused by severe wind and flood damage	Increase in opportunity loss and recovery costs due to damage to the company's sites and upstream/downstream supply chain caused by severe wind and flood damage		
	Lower sales/increased costs due to damage to own facilities and supply chain caused by sea level rise	Opportunity losses and increased costs of recovery and countermeasures due to damage to the company's facilities and supply chain sites near the coast caused by sea level rise		
	Lower sales/increased costs due to employee health risks from heat and cold	Opportunity losses due to disruption of employee health caused by extreme weather and increased capital investment costs for air conditioning and other equipment		
Opportunities	Cost reductions through increased resource efficiency and increased sales through improved production efficiency	Decrease in procurement costs due to recycling resources through resource recycling and increase in sales by developing the battery reuse market		
	Decrease in energy procurement costs due to lower energy prices	Decrease in energy costs at the Company due to lower prices for renewable energy and in raw material procurement costs due to lower energy costs at suppliers		
	Increase in sales due to higher demand for environmentally conscious products and services	Increase in sales due to growing demand for products that contribute to GHG reduction, such as automotive batteries and stationary storage batteries for use alongside renewable energy sources		
	Increase in sales of disaster preparedness products and services	Increase in sales due to higher demand for disaster preparedness products, such as storage batteries to prepare for disruptions in energy infrastructure and battery products that contribute to the weather observation/space business		

## Risk Management

Panasonic Energy has established an Enterprise Risk Management Committee ("ERM Committee") to manage various risks, including those related to climate change, in an integrated manner.

Based on the PDCA cycle of risk management, the ERM Committee reports regularly to the Management Meeting and the Board of Directors on essential risks and the progress of countermeasures. Each year, the Committee identifies risk items in terms of "impact" and "possibility of occurrence" while also defining "operational risk" as events that have the potential to affect business activities and pose an operational threat. In fiscal 2024, we identified earthquakes and tsunamis as the risk and managed progress on measures such as flooding.

Regarding the transitional risks, such as an increase in the cost of compliance with environmental regulations, the relevant departments closely monitor trends and take appropriate measures while the Management Meeting continues to manage the progress.

## Metrics and Targets

In addition to disclosing actual GHG emissions (Scope 1, 2, and Scope 3 Categories 1, 5, and 6 [P71](#)), we have set a goal of achieving all of Zero-CO<sub>2</sub> factories\* by fiscal 2029 and are working hard to reduce emissions.

We have also set targets for GHG emissions outside of our own company, including the amount of CO<sub>2</sub> reduction that we contribute to society and the reduction of the carbon footprint of our products, including those upstream in our supply chain.

Furthermore, we have established our own "Environmental Contribution Index" (an index that indicates the ratio of avoided CO<sub>2</sub> emissions to the actual CO<sub>2</sub> emissions from our battery production), which is a composite of the above indicators. We are working to improve this to 15 in fiscal 2031. For more details of our efforts to set and achieve our goals, please refer to the Environmental page of this report. [P39](#)

\*Factories that have achieved virtually zero CO<sub>2</sub> emissions by conserving energy, introducing renewable energy, and using credits.