

Strengthening Governance



Thorough Compliance

KPI	FY2023	FY2031
Number of serious product incidents*1	0	0
Number of serious legal and compliance violations	0	0
Number of information security incidents	2	0

*1 Number of product incidents leading to safety-related recalls

—Pursuit of Quality and Product Safety—

Policy

As the level of quality demanded by society increases, product safety and superior quality are important elements that demonstrate our brand power. We have positioned quality as the driving force behind the advancement of our business, defining quality as “our competitive edge to win customer trust and satisfaction,” and setting our quality policy as “maximizing our competitive edge to achieve 100% customer satisfaction.” Maximizing competitiveness requires maximizing the sum of the competitiveness of all job functions, including design, manufacturing, quality, sales, among others, and we are promoting initiatives from the following perspectives to maximize our competitiveness.

Defense: Initiatives to make existing frameworks and processes more robust*2.

Offense: New initiatives aimed at advancing our business

Foundation: Initiatives that form the basis for business promotion

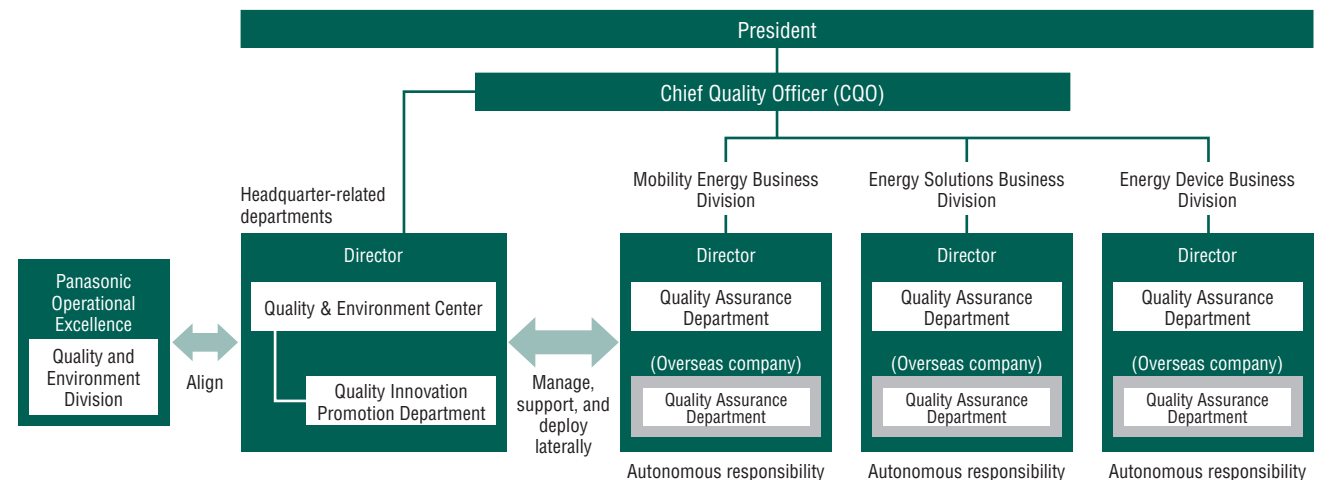
Through these activities, we aim to eliminate all serious product incidents.

*2 The strength of a system or machine against external forces.

Quality assurance system

The Chief Quality Officer (CQO) is the officer in charge of quality, directly reporting to the President who is responsible for managing the Company. For each business division, a quality manager reports to the Director of the respective business division and autonomously promotes quality assurance. The Quality & Environment Center, a department directly under the Company, formulates quality policies, checks quality status, assists each business division in addressing quality issues, and disseminates quality information, recurrence prevention measures, best practices, and other information across the Company. In addition, the Center implements a variety of educational and awareness-raising measures to create a corporate culture that places the highest priority on safety and quality. Specifically, quality manager meetings and liaison meetings are held monthly among Headquarter-related departments and each business division to share information on quality losses and important quality issues, and to discuss and decide on policies and specific measures to address common issues of the Panasonic Energy Group. Furthermore, for major issues that could affect the entire Panasonic Group, the Center works closely with the Quality and Environment Division of Panasonic Operational Excellence to discuss and address the issue.

Our quality assurance system



Details of initiatives

Activities to ensure product quality and safety

The batteries we sell are devices that store high-density energy in large capacities, and their safe and reliable use is an absolute necessity. In particular, Li-ion batteries, our main products, have inherent risks that can lead to smoke and fire; these risks include high energy density, which can cause the battery to reach high temperatures in the event of a short circuit, and the use of flammable liquid as an electrolyte. Given these product characteristics, we issued a recall notice to prevent unsafe accidents, which caused great concern and inconvenience to our customers and other concerned parties.

Based on these reflections and lessons learned, we continue to promote quality innovation, including making quality assurance processes more robust, enhancing safety design, and fostering a quality-oriented culture, to ensure high quality standards with the utmost priority on product safety.

Strengthening Governance

1. Making quality assurance processes more robust

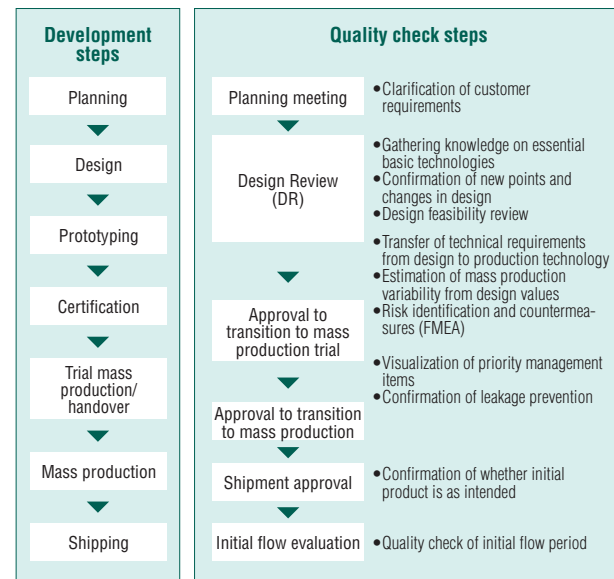
To establish a quality assurance process, we have a quality management system that complies with ISO 9001 requirements and global standards such as IATF 16949. Quality audits are conducted periodically to check the effectiveness and progress of the system, and we are working to continuously improve quality. In addition to checking each process, the quality audit also includes checking for quality compliance.

The environment, fields, and devices in which batteries are used are changing with the evolution of society, as exemplified by their use in electric vehicles. To address these changes in the design process, we verify and identify risks together with our customers (B-to-B and B-to-C) and supplier. The identified risks are fed back to product design, component design, and process design to confirm their validity as key verification items in the development process. To prevent problems in the manufacturing process as well, we regularly identify risks and take countermeasures by visualizing key data (DX) and FMEA* in all processes from source to shipping, thereby continually bolstering management.

In addition, we are working to prevent product incidents and claims by establishing risk management guidelines, and we have also established a system to ensure that the Panasonic Energy Group works together to take appropriate countermeasures and responses in the event of a serious product incident, with customer safety as our top priority. The risk management guidelines have been established to take appropriate measures against market incidents based on past unsafe accidents and the reflections and lessons learned from the recall notices. Furthermore, these guidelines are thoroughly communicated to all concerned parties, and are reviewed and revised as necessary.

*Failure Mode and Effects Analysis

New product development flow



2. Developing human resources and fostering a quality-oriented culture

The base of fostering a corporate culture is human resource development, and we are building an education system according to rank and skill, as well as holding various events. We provide training for new technical employees to learn the basics of statistical quality management methods as well as the fundamentals of quality. For young quality personnel, we have established training courses that enable intensive learning and are working to enhance their development.

Furthermore, we regularly hold various training sessions and events for all employees to foster a culture of placing the highest priority on product safety. In particular, every November is designated as “Quality Month” to pass on the details and lessons learned from past product incidents. In fiscal 2023, we carried out the following various initiatives. First, the CEO, CTO, Director of the Quality and Environment Center, and Directors of each business division delivered messages on the importance of quality, in order to reaffirm that

quality is an absolute requirement for our business. Next, we held a Product Safety Forum to review and reflect on the recall problems that have occurred in the past for consumer products and confirmed the need for further safety and reliability improvements. In addition, to learn about different product case studies, we organized a tour of the Panasonic Group’s Product Safety Learning Square. At this tour, employees who were involved in the recall were assigned to explain the recall case, and their firsthand accounts, including their own reflections on the recall and the situation at the time, were presented to emphasize the importance of product safety. Moreover, in order to improve basic skills, we conduct tests after learning the causes of quality irregularities, preventive measures, and other content in order to improve comprehension.



Product Safety Forum



Tour of the Product Safety Learning Square

Strengthening Governance

—Compliance with Laws and Regulations—

Policy

The Basic Business Philosophy of the Panasonic Group describes the ideas and action guidelines that are important to us in carrying out our business activities while practicing compliance, such as ensuring social justice, realizing co-existence and mutual prosperity with our stakeholders, respecting diversity, contributing to ensuring harmony with the environment, and fulfilling our corporate social responsibility. We believe it is important not only to comply with laws and social morality, but also to always think about what is right for society from selfless motives and act with integrity and fairness. In accordance with the Basic Business Philosophy of the Panasonic Group, we carry out fair business practices in all situations based on the belief that compliance is the foundation of our business activities, and fulfill our Mission of “achieving a society in which the pursuit of happiness and a sustainable environment are harmonized free of conflict.”

Compliance system

The Panasonic Energy Group ensures the legality of the execution of duties by officers, employees, and others by thoroughly promoting compliance awareness, implementing initiatives in accordance with the policy, and establishing an effective governance system, including an appropriate monitoring system. Furthermore, we have established a system that ensures effective auditing by having Audit & Supervisory Board members collaborate with the accounting auditor and internal auditing departments in accordance with the Audit Plan formulated annually.

Details of initiatives

Promoting understanding of the Code of Ethics & Compliance

The Panasonic Group Code of Ethics & Compliance embodies the Basic Business Philosophy of the Panasonic Group and defines the commitments that each Panasonic Group company must fulfill, the responsibilities that all employees must fulfill, and the additional responsibilities that all officers and organization leaders must assume with respect to the organizations for which they are responsible, which are essential for carrying out our business activities while ensuring compliance.

To ensure that this Code is understood and instilled, we conduct a variety of compliance-related training programs for all global employees. Compliance-related content is incorporated in new employee training, training for newly appointed employees and other rank-specific training, training for employees assigned overseas, and other training programs. We also provide risk-based, field-specific compliance training, including anti-cartel and anti-bribery training, security export control training, etc., as needed. In particular, we designate September of each year as “Compliance Month” to provide an opportunity to reflect on the importance of compliance. We will continue to implement initiatives to raise awareness and knowledge of compliance.

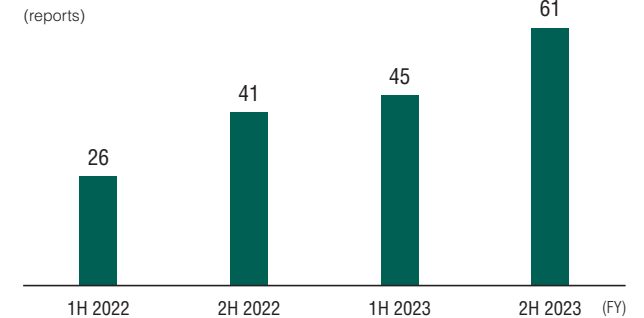
Operation of various committees

We have established a various committees system to ensure compliance with laws and regulations, including the Compliance Committee, the Trade Compliance Committee, and the Subcontract Act Compliance Committee. Through these committee activities, we ensure the thorough implementation of our policies, share information on incidents, laterally deploy measures to prevent recurrence, and conduct education and awareness-raising activities.

Effective operation of the whistleblowing system

We have established a global hotline (EARS) as a communication channel for both internal and external parties to report and consult on suspected misconduct. All reports received by EARS are properly investigated in accordance with the relevant rules and regulations, and feedback is provided to the whistleblower. In addition, a response system is in place, which is designed to ensure prompt escalation to the Compliance Committee and senior management as necessary. Whistleblowers can report anonymously to EARS. Retaliation against whistleblowers is clearly prohibited in our internal rules and regulations and is communicated to all employees, providing an environment where whistleblowers can secure psychological safety upon reporting incidents.

Number of reports



*Includes reporting to the Equal Partnership Consultation Office

There were no significant legal or compliance violations in fiscal 2023. We will continue working to prevent legal and compliance violations from occurring going forward.

Strengthening Governance

—Ensuring Information Security—

Policy

In today's world, where the convenience of digitalization has also brought with it the great risk of losing trust due to information leaks, the financial impact of information security on our business is significant and must be a point of focus. We position information security as one of our important management strategies and ensure information security by establishing an information security system, educating our employees, and appropriately managing our information assets.

We believe that it is important to work together as a company for everything we do. Variations in information security systems and awareness among operating sites, which we have identified as issues, will be centrally managed and improved to a high standard by adopting initiatives in line with the Panasonic Group's management systems as a reference. In addition, through interactive committee activities in the workplace, we will build systems and rules optimized for the Company by drawing on the collective wisdom of our employees, thereby protecting the information of our customers around the world and everyone involved in our business. To work toward fulfilling our Mission of "achieving a society in which the pursuit of happiness and a sustainable environment are harmonized free of conflict," we aim to ensure customer satisfaction and trust by having zero information security incidents*.

*Refers to the following incidents that threaten the safety of information held and managed by the Panasonic Group, including trade secrets, personal information, customer information, etc. (including information of other parties).

- Information leaks or suspected leaks outside of the Company
- Unauthorized access or suspected unauthorized access to the Company's information from inside or outside the Company
- Destruction or falsification of information, or suspected destruction or falsification of information

Basic Information Security Policy

Established: April 1, 2022

In accordance with the Basic Management Policy, Panasonic Energy Co., Ltd. ("we") aim to ensure customer satisfaction and trust in our superior technologies, products and services. To this end, we believe that it is important to protect personal information, information entrusted by others and information held by us (hereinafter referred to as "Information Assets"). Based on this understanding, we regard information security as one of our important management strategies, and we strive to achieve customer satisfaction and trust, as well as to realize a sound information society.

1. Information Security System

We will establish a system of responsibility for information security in each organization, formulate and implement the necessary rules and regulations, and make efforts to appropriately manage Information Assets.

2. Management of Information Assets

In order to ensure the security of Information Assets, we will clarify how Information Assets are to be handled in accordance with their importance and the risks pertaining to them, and will appropriately manage Information Assets.

3. Education and Training

We will continue to provide education and training on information security to all officers and employees, and strive to raise their awareness of information security and to ensure that all relevant rules and regulations are implemented. We will take strict measures, including disciplinary action, against those who violate these rules and regulations.

4. Provision of Reliable Products and Services

We will give special consideration to the security of the information of customers who use our products and services, and strive to provide products and services that customers can feel are reliable to use.

5. Compliance with Laws and Regulations, and Continuous Improvement

We will comply with laws and regulations related to information security, and strive to continuously improve and enhance our efforts to ensure information security.

6. Establishment of a System to deal with Incident and Response in the case of Incident

We will establish a reporting and response system in order to minimize the impact caused in the event of any unauthorized access, and/or the loss, destruction, falsification, and leakage, related to the handling of Information Assets (collectively "Incident"). In the event of any Incident, we will investigate the cause and take measures to prevent a recurrence.

Panasonic Energy Co., Ltd.
President, CEO

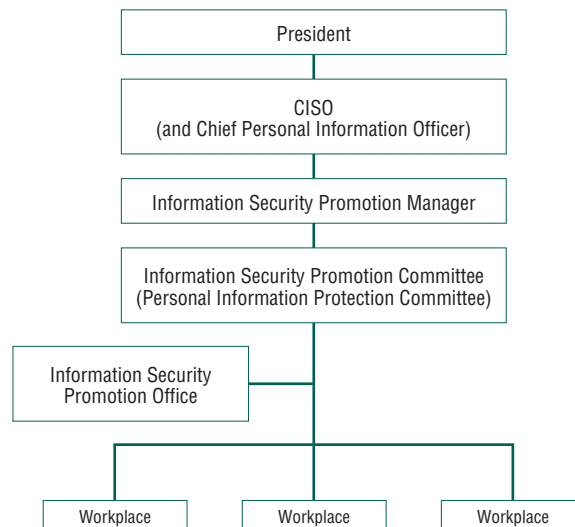
Kazuo Tadanobu

Strengthening Governance

Information security system

The Chief Information Security Officer (CISO) is the officer in charge of information security and personal information protection, directly reporting to the President who is responsible for managing the Company.

The promotion system is designed to enable the Information Security Promotion Office, appointed by the CISO, to interact with the workplace to gather knowledge and engage in initiatives.



Details of initiatives

Management of information assets

The department that created information or the person in charge of the department that received information from other parties, establishes the confidentiality, scope of disclosure, and handling of the information as the owner of the information, and protects the information appropriately. Information disclosed by and received from other parties under a confidentiality agreement will be managed as confidential information in accordance with the provisions of the Panasonic Group Global ISM (Information Security Management) Regulations and related rules. If there is a disclosure-related contract, written pledge, etc., the information will be handled and managed strictly in accordance with such contract or pledge. Departments that hold information will conduct periodic inventory checks to identify the confidential information and check its management status, thereby proving that the confidential information is properly managed in the Company.

Education and training

The Information Security Promotion Office regularly plans and implements education and training to prevent information leaks. Specific initiatives include e-learning using the Panasonic Group's training systems and targeted attack e-mail drills. Since e-learning can be conducted at any time and place, and the progress of employees taking the course can be easily monitored, it is being deployed in a wide range of learning areas. Through these initiatives, we are working to thoroughly enforce our information security rules and raise employee awareness.

Audit and ISO27001 certification

The Information Security Promotion Office conducts internal audits in accordance with the Panasonic Group Information Security Audit Guidelines to confirm the implementation status of information security management measures in each department. When deficiencies are discovered, we provide instructions for improvement and monitor the situation. Acquisition or continuation of ISO27001 certification is determined by each business site based on the nature of its business, customer requirements, etc., and we annually review those business sites that must acquire or maintain the certification.

Compliance with laws and regulations, protection of personal information

We comply with laws, regulations, and other norms related to information security. In recent years, personal information protection laws have been enacted and enforced in many countries, and we believe that protecting personal information is an important matter. We strive to protect privacy by acquiring and managing personal information in accordance with the Panasonic Group's response manual, as well as by educating our employees.



Personal Information Protection Policy

<https://www.panasonic.com/global/energy/privacy-policy.html>