

# Business Ethics

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As our business expands globally, directors and employees must always have accurate knowledge and high ethical standards to prevent intentional misconduct and crimes, as well as the various scandals that could arise due to insufficient knowledge or awareness on the part of those involved. Simultaneously, companies must clarify policies, establish regulations and systems, and conduct business activities under a sound corporate culture that remains cognizant of the risks found in the external environment, their businesses' nature, and local characteristics.

We must operate the Company properly and fulfill our responsibilities to our stakeholders, as we conduct business as a “public entity of society” with the management resources it has entrusted to us. We believe it essential that we do not violate laws and regulations or social norms, as we always think about what is right for society and act with integrity and fair play without indulging our self-interests.

With Panasonic Group's involvement in a wide range of business globally, we recognize our constant exposure to noncompliance risks and promote fair business practices in all countries and regions worldwide. That means we respect free and fair competition even when it is fiercest and will not engage in bribery or corruption with government officials or business partners. Thus, we have established the Panasonic Group Code of Ethics & Compliance and various internal compliance rules and regulations. Moreover, we are implementing multiple initiatives to ensure that every single director and employee performs their duties with high ethical standards and appropriate knowledge.

## Policy

On April 1, 2022, after revisiting the purpose and positioning of the Panasonic Code of Conduct in the context of the environment both within the Group and outside it, and after revising our Basic Business Philosophy, we arrived at a new version of our code of conduct, now titled the Panasonic Group Code of Ethics & Compliance (Code of Ethics & Compliance). This Code encapsulates our revised Basic Business Philosophy and defines the commitments to be fulfilled by each company and every employee within the Panasonic Group as they carry out the Group's business. It has been translated into 22 languages to ensure that it is understood by employees everywhere.



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The Board of Directors of Panasonic Holdings Corporation (PHD) revises the established Code of Ethics & Compliance and informs all Panasonic Group companies of its updates. The Code then takes effect by resolution of each company's Board of Directors or other appropriate internal procedures.

[WEB Panasonic Group Code of Ethics & Compliance](https://holdings.panasonic/global/corporate/about/code-of-conduct.html)  
<https://holdings.panasonic/global/corporate/about/code-of-conduct.html>

## Responsible Executive and Framework

Panasonic Group's General Counsel (GC), an Executive Officer, is responsible for group compliance (as of August 2023). As of April 1, 2022, the GC established the Group Basic Compliance Regulations to clarify roles and responsibilities related to compliance in Panasonic Group, while the Group Legal Regulations define the legal structure and functions.

Under the Group management system based on an Operating Company System, PHD is responsible for establishing a Groupwide compliance system, with the Group GC and PHD Legal Department playing critical roles under the Group CEO's supervision. Each Operating Company is responsible for establishing and implementing a compliance system for its business area based on the principles of Autonomous Responsibility Management, with the Operating Company CEO, Chief Legal Officer (CLO), and legal department mirroring their PHD counterparts' roles. Furthermore, for overseas Group companies, Panasonic Operational Excellence Co., Ltd. (PEX) assigns the CLOs and legal departments for each overseas office (formerly, regional headquarters). These officers and departments are responsible for ensuring compliance in their respective regions. Each CLO plays their role in the business and region under the Group GC, working as one legal team to ensure compliance.

Additionally, we have established a system whereby the

Group GC and the CLOs of each company regularly report on compliance at the Board of Directors meetings of PHD and each Operating Company and receive appropriate supervision from these Boards.

We also include compliance-related metrics in the compensation calculations for PHD's Executive Officers and Operating Company CEOs.

## Internal Communication and Training

Panasonic Group fosters a compliance-first culture by regularly disseminating compliance-related messages from the Group CEO, each Operating Company's CEO, and all business site general managers.

Moreover, the CLOs and legal departments assigned to Operating Companies or to overseas companies by PEX, officers responsible for observance of the Code of Ethics & Compliance, export control officers, and the heads of functional departments implement specific compliance initiatives at each business site.

The Group's legal departments, which play a leading role in these efforts, have their legal staff from around the world attend the Global Legal & Compliance Meeting, and the CLOs from Operating Companies, PEX overseas offices, and the PHD Legal Department attend the Direct Report Meeting chaired by the Group GC. Through these and other meetings, the Group's legal departments learn about annual updates to the Group's compliance policies and work toward achieving compliance in various areas.

Moreover, whenever a legal revision, government ordinance, or government directive is relevant to the Group's business, we notify and communicate it to the business site general managers, Operating Company CLOs, and relevant organizations.

Panasonic provides training and awareness building for new hires and newly promoted employees, through a variety of

educational materials, including e-Learning, on the Code of Ethics & Compliance that all employees are required to follow, as well as on other compliance-related materials throughout the year. In fiscal 2023, we trained all Group employees on the Code of Ethics & Compliance. (See "Compliance Program" below for the results of the training.)

Additionally, each Operating Company and PEX overseas office conducts compliance-related training for those who need it, according to the risks relevant to their businesses and regional characteristics. The Panasonic Group carries out programs throughout the year, aiming to instill a global awareness of ethical and legal compliance while also boosting its ability to respond to risks. In recent years, as our business environment and practices have evolved, we have strengthened efforts to accurately identify changes in risks within specific business areas, divisions, countries, and regions, as well as to identify early signs of misconduct and legal violations.

## Whistleblowing System

Panasonic Group has established a Global Hotline, a Groupwide integrated reporting mechanism that accepts reports from domestic and overseas sites and from business partners to prevent misconduct and facilitate rapid resolutions to a wide range of compliance issues in 32 languages, 24 hours a day, 365 days a year. The Code of Ethics & Compliance includes information on the Hotline along with the responsibility for reporting. We raise awareness of the system through various compliance training sessions and posters at domestic and overseas workplaces and business sites and post information to the Company intranet—including reporting statistics, case studies, how to use the reporting system, FAQs on reporting, and appreciative feedback from whistleblowers—to ensure transparency on the reporting system's operations and encourage employees to use it. In addition, we also ask our business partners to inform their employees about our reporting system in our

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CSR Promotion Guidelines for Suppliers and provide a link to the URL of the reporting site on our supplier communication website to promote their use of the system.

The Global Hotline website clearly states the necessary procedures for reporting issues, how personal data and other information collected is managed, and where responsibility lies. The website additionally allows whistleblowers to check the progress of each case at any time using a reporting key and password assigned to their submission.

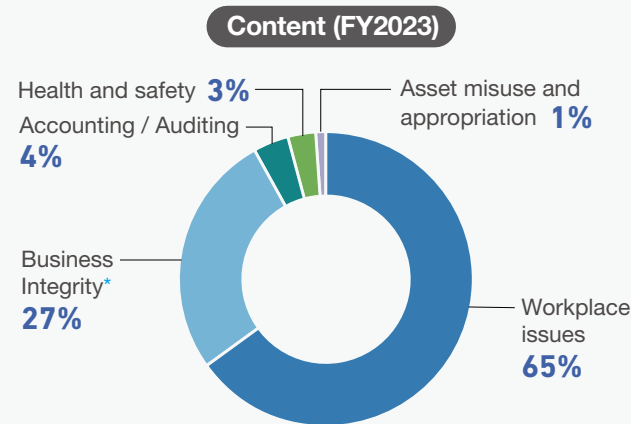
Moreover, employees have other methods for reporting or making grievances. We have an Equal Employment Opportunity Office in Japan that provides consultation on fair treatment in the workplace, sexual harassment, and power harassment, as well as an Auditor Reporting System for assessing the legality of duty execution and investigating fraud perpetrated by directors and executive officers. Establishing the above hotlines and contact points does not preclude employees from using other reporting and grievance mechanisms.

The Code of Ethics & Compliance stipulates that “Panasonic does not tolerate any retaliation or other action that discriminates against or disadvantages anyone who acts in good faith to raise a compliance concern.” Retaliation against whistleblowers is strictly forbidden, and their confidentiality is assured through anonymous reporting. To clarify our stance, Panasonic Group has adopted Rules on the Prohibition of Retaliatory Behavior Against Whistleblowers and Others. The Rules prohibit retaliation against internal/external whistleblowers, employees, those participating in investigations, and investigation teams, ensuring proper operations in our whistleblowing systems.

In addition, we have established the Internal Reporting and Investigation Rules, which stipulate and administer a system for compliance issue reporting and notification, as well as the frameworks necessary for appropriately receiving, investigating, addressing, and reporting such issues to

management. In fiscal 2023, in response to the revised Whistleblower Protection Act in Japan (effective June 1, 2022), we updated our Internal Reporting and Investigation Rules on April 1, 2022, further defining the whistleblowing and investigation system and related responsibilities and running a Groupwide awareness campaign to improve the system. We will continue to review the reporting system appropriately in light of the internal and external environment and issues.

In FY2023, we received approximately 890 reports and requests for consultation, with 75% of those coming through the abovementioned global hotline. Of all the reports and requests received, roughly 65% were related to issues in workplaces (refer to the chart below). Of all the reports and requests received in FY2023, approximately 29% were substantiated (excludes anything still under investigation as of May 31, 2023). Furthermore, all reports and consultations we receive through the Global Hotline are investigated in cooperation with the relevant departments in accordance with internal rules, and we address issues, prevent recurrence, and handle confirmed cases as necessary.



\* Ethical behavior includes concerns related to violation of internal regulations, Conflict of Interest, Bribery, Violation of Laws, Vendor/ Customer issues, Fraud, etc.

# Performance Evaluation

At each Group company, an executive officer is appointed to ensure observance of the Code of Ethics & Compliance. Education and training are conducted regarding the Code; written pledges regarding the observance of the Code are obtained; and checks are made regarding the status of these items. The results of these audits are also subject to audits by an outside auditing authority as part of Groupwide monitoring.

## Serious Violations and Corrective Measures

Panasonic Consumer Marketing Co., Ltd. (now, Panasonic Marketing Japan Co., Ltd.; “PCMC”) was installing air conditioners, TV antennas, and other household appliances under contract with Panasonic’s local home appliance stores. However, it was found to have failed to assign chief engineers to jobs as business operators licensed to perform construction work, among other violations. An investigation by an external committee that began on May 26, 2022, confirmed multiple violations of laws and regulations, including the non-assignment of chief engineers for more than 20,000 construction projects. The causes of the violations included insufficient understanding of the Construction Industry Act, an attitude that trivialized the violations, and inadequate internal controls. The violations then continued due to Panasonic’s erroneous assumptions regarding appliance store activities and insufficient or diminished awareness of the problems among those involved. Based on the recommendations of the external investigation committee, the Group implemented measures such as identifying and reaffirming compliance with the laws and regulations applicable to not only the construction industry but also each of the Group’s businesses and strengthening cooperation between the legal governance, legal, and internal audit departments. Regarding those buildings where construction work was managed by someone other than

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a chief engineer, quality verification is being performed at PCMC under the guidance of the investigation committee.

If Panasonic becomes aware of any serious violation of laws or corporate regulations, we will cease the violation immediately and, after sufficiently investigating facts and causes, consider countermeasures. We report on such matters to the Board of Directors as necessary and consider countermeasures of the violation swiftly and across the entire Group.

In the past three years, we had no violations subject to fines, sanctions, or disciplinary actions against employees resulting from anti-corruption violations.

## Compliance Programs

Panasonic Group is carrying out Groupwide compliance programs that implement measures for mitigating risks such as competition law violations, bribery, and corruption. In fiscal 2023, we put forward the following initiatives to strengthen our compliance infrastructure worldwide:

- Executive-level participation: Each member of the management team, consisting of the Group CEO, Operating Company Presidents, and the business division heads, issued compliance memoranda to employees under their management. Moreover, the Board of Directors and other management meetings regularly hear reports on compliance efforts and conduct discussions or investigations as necessary.
- Compliance awareness and culture: We focused on educating and informing all Global officers and employees about the Code of Ethics & Compliance, revised on April 1, to re-emphasize compliance. We also included questions about compliance awareness and culture in the Awareness Survey distributed to all employees worldwide. In FY2023, we received approximately 150,000 survey responses.
- Training and awareness building: Panasonic offered Groupwide e-Learning on compliance worldwide. FY2021: “Conflict of Interests,” “Accounting Wrongdoing”

– approximately 140,000 in attendance

FY2022: “Economic Sanctions Law,” “Data Privacy” – approximately 130,000 in attendance

FY2023: Approximately 150,000 employees have taken the Code of Ethics & Compliance course. (We provide separate offline training for employees who cannot take the e-Learning course.)

We also publish a quarterly compliance newsletter for the heads of each business division.

- Global Hotline operations: As described in the Whistleblowing Systems section above, we immediately conduct internal investigations when potential violations are identified through hotline reporting, audits, and the like. After confirming the facts surrounding illegal activities through these internal investigations, Panasonic immediately addresses the violations while analyzing their root causes, implementing measures to prevent recurrences, and taking disciplinary actions against relevant parties.
- Strengthening our investigational function: On July 1, 2019, we updated our Groupwide whistleblowing and investigation systems with new global policies: Internal Reporting and Investigation Rules, and Rules on Prohibition of Retaliatory Behavior. (For details, see the section on Whistleblowing Systems.)

## Preventing Cartels

Panasonic Group takes extremely seriously the fact that our company has been implicated in multiple international cartel incidents. We are working to prevent any further association with cartelization activities. We take thorough and detailed care to prevent any such involvement, as it would have a variety of negative impacts on our business. If Panasonic were to become involved in the creation of a cartel, we would not only lose the trust of our customers but also be required to pay huge amounts of penalties and compensation for damages, and we could lose our designation in public procurement.

## Basic Policies

We have established the following basic policies to prevent cartels, collusive bidding, and other such violations:

- Contact with competitors is allowed only in cases in which it is absolutely necessary, and it is subject to prior approval.
- Agreements and exchanges of information with competitors regarding prices, quantities, and other competition-related matters are strictly prohibited.
- Anyone who encounters behaviors that may give rise to suspicions of cartels must make an objection, leave the room, and file an internal report.
- We have established a whistleblowing system and an internal leniency system to improve our ability to self-regulate and conduct appropriate monitoring based on risk assessment, thereby maintaining an effective anti-cartel system.

## Rules Concerning Activity and Relationship with Competitors

In 2008, we established the Rules Concerning Activity and Relationship with Competitors, which apply to all Group employees, for the purpose of preventing behaviors that could lead to cartels or bid rigging, or raise suspicion of such activities. These rules include items such as the following:

- Prohibition of agreements or exchanges of information regarding product pricing, quantities, performance, or specifications that may raise suspicions of cartels or bid rigging
- Prior approval system under which contact with competitors requires the prior approval of the head of the business group and the person in charge of legal affairs
- Responses to inappropriate activities
- Duty of reporting possible violations
- Measures taken in response to violations
- Internal leniency system

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### ■ Preventing Bribery and Corruption

In addition to preventing the bribery of public officials, Panasonic Group, has prohibited offering benefits of any kind—regardless of whether they occur as entertainment, gifts, or in any other form—or receiving any personal benefits in any situation in which these would be in violation of laws or social ethics. To strengthen the global prevention of bribery and corruption, on July 1, 2019, Panasonic adopted the following four global regulations that now apply to all Panasonic Group employees and executives.

#### Global Anti-Bribery / Anti-Corruption Policy

Adopted to effectively prevent, discover, investigate, and correct acts of actual corruption or acts deemed to be corrupt with regard to the bribery of public officials and corruption related to business partners.

Specifically, the Policy defines and prohibits facilitation payments and acts considered to be bribery or corruption in connection with political contributions, donations, or sponsorships; lobbying; hiring and recruitment; and mergers, acquisitions, and joint ventures. The Policy also specifies procedures for preventing bribery and corruption.

#### Rules on Third-Party Intermediary Risk Management for Anti-Bribery / Anti-Corruption

These rules are meant to mitigate the risks of bribery and other forms of corruption regarding sales intermediaries or administrative service providers, and to prevent, discover, investigate, and correct actual or potential problems related to these risks. They define the basic rules for screening these business partners.

#### Rules on Gifts and Hospitality for Anti-Bribery / Anti-Corruption

These rules describe prohibited conduct and specific procedures to prevent the risks of bribery and corruption. These risks involve the provision or receipt of gifts or

entertainment, including meals, hospitality, and travel costs, in relation to public officials or business partners.

#### Rules on Conflicts of Interest

Any situation in which directors' or employees' personal interests or outside activities interfere or appear to interfere, directly or indirectly, with the interests of Panasonic Group, or influence or appear to influence, in any way, the directors' or employees' business decisions, actions, objectivity, loyalty, or ability to perform their jobs are defined as "conflicts of interest" in these rules. In addition to the rules regarding prevention, identification, management, and correction, the rules also offer specific examples of actual or potential conduct that may create conflicts of interest.

Furthermore, to reduce the risk of indirect bribery and corrupt practices, we have introduced a risk due diligence tool and risk screening process we use for transactions with sales intermediaries and outsourcing partners in accordance with Rules on Third-Party Intermediary Risk Management for

Anti-Bribery/Anti-Corruption. Specifically, we conduct risk assessment and risk mitigation for new transactions while also conducting periodic risk assessments and reviewing risk mitigation measures for existing business partners using a risk-level-based cycle.

A Clean Procurement Declaration was also released in 2004 in procurement divisions. Its aim is to build healthy relationships with business partners to make sure transactions are fair. Panasonic then conducts its procurement following its Declaration. For more details, refer to the chapter "Responsible Supply Chain" (P102).

Panasonic Group has established the "Guidelines for Anti-Bribery and Anti-Corruption (For Business Partners)" that Panasonic Group's business partners are required to follow, with regard to compliance with anti-corruption laws, which prevent bribery, corruption, or other improprieties in connection with Panasonic Group business.

#### For Business Partners <Regarding Anti-Bribery and Anti-Corruption>

Panasonic Group is committed to preventing bribery and corruption in its global operations. (For details, refer to "Preventing Bribery and Corruption" above.)

Panasonic Group has established the "Guidelines for Anti-Bribery and Anti-Corruption (For Business Partners)," which explain Panasonic Group's expectation that business partners will comply with all anti-corruption laws and will not engage in bribery, corruption, or other improprieties in connection with Panasonic Group's business.

The cooperation of Panasonic Group's business partners is essential to the success of Panasonic's compliance with anti-corruption laws. We ask that all our business partners take the time to thoroughly understand these Guidelines and put them into practice.

[PDF](#) | "Guidelines for Anti-Bribery and Anti-Corruption (For Business Partners)" – JAPANESE (PDF file)

[https://holdings.panasonic.jp/corporate/sustainability/pdf/Guideline%20of%20Anti-bribery%20and%20Anti-Corruption\\_jp.pdf](https://holdings.panasonic.jp/corporate/sustainability/pdf/Guideline%20of%20Anti-bribery%20and%20Anti-Corruption_jp.pdf)

[PDF](#) | "Guidelines for Anti-Bribery and Anti-Corruption (For Business Partners)" – ENGLISH (PDF file)

[https://holdings.panasonic.jp/corporate/sustainability/pdf/Guideline%20of%20Anti-bribery%20and%20Anti-Corruption\\_en.pdf](https://holdings.panasonic.jp/corporate/sustainability/pdf/Guideline%20of%20Anti-bribery%20and%20Anti-Corruption_en.pdf)

[PDF](#) | "Guidelines for Anti-Bribery and Anti-Corruption (For Business Partners)" – CHINESE (PDF file)

[https://holdings.panasonic.jp/corporate/sustainability/pdf/Guideline%20of%20Anti-bribery%20and%20Anti-Corruption\\_cn.pdf](https://holdings.panasonic.jp/corporate/sustainability/pdf/Guideline%20of%20Anti-bribery%20and%20Anti-Corruption_cn.pdf)



### Compliance Risk Assessments

The Panasonic Group annually selects business sites for compliance audits based on bribery and corruption risks.

For any business sites where we anticipate having higher risks, such as those doing business in countries or regions where the Corruption Perceptions Index—published annually by Transparency International, an international NGO—is low, our Compliance Auditing divisions conduct audits on a rotating basis.

### Ensuring Transparency of Political Contribution Funds

Panasonic Group makes political donations as a part of its corporate social responsibilities. It abides by the Japan Business Federation’s policy which states that: “Costs commensurate with the task are essential to properly maintaining democratic politics. Political donations by companies are a crucial part of companies’ social responsibilities.”

When making donations, we comply with the Political Funds Control Act and all other relevant legislation, as well as strict internal rules including the abovementioned global Groupwide rules for preventing bribery and corruption and prohibits any conduct that could lead to suspicion of bribery on the part of public employees or that amount to corrupt practices. We also have regulations in place concerning political contributions, including the reporting and confirming by multiple responsible executives, such as the executive officers in charge of Government and External Relations, Accounting(CFO), and HR & GA(CHRO), and obtaining agreement and approval.

Political donations in FY2022: JPY 28.5 million (one donation in Japan)

\* The amount of the one FY2023 political donation in Japan will be disclosed by the Ministry of Internal Affairs and Communications (Japan) in November 2023.

As a general rule, we encourage the development of public policy through industry associations. For lobbying in connection with policy recommendations, our Global Anti-Bribery / Anti-Corruption Policy defines lobbying and requires compliance with relevant laws and regulations, and ensures fairness and transparency by requiring that specific lobbying activities must not be reasonably perceived as inappropriate, unethical, or corrupt.

### Trade Compliance

The Group has also stipulated global trade compliance rules in the Code of Ethics & Compliance. We also have Rules on Global Trade Restrictions & Sanction Law Compliance to ensure compliance with each country’s trade-related regulations, including security export controls and sanctions laws. Moreover, we set standards meant to help us maintain and improve corporate value through the fulfillment of our social responsibility by respecting and following not only laws but also business ethics in our execution of logistics work in the Logistics Operating Standards and Customs Law Compliance Standards. Through these efforts, we ensure trade compliance, including adherence to import/export regulations and trade-related laws and regulations in all countries.

In Japan, the Authorized Economic Operator (AEO) system provides simpler, expedited customs procedures for business operators that have established cargo security management and legal compliance frameworks. Panasonic Operational Excellence Co., Ltd. has received customs administration certification as “Authorized Exporter” in the AEO system. We strive to ensure the safety of our international logistics by selecting companies that provide physical, personnel, and information security, not only for our own operations but also for those of our contractors.

At a global level, we promote our participation in AEO frameworks in all regions. For instance, our US subsidiary

Panasonic North America takes part in the Customs-Trade Partnership Against Terrorism (C-TPAT), while we actively promote participation in the AEO framework in China.

### Tax Policy

The Group contributes to the development of society and the resolution of issues through its business activities by paying its fair share of taxes in communities where we operate and in accordance with the tax laws of each country and other tax guidelines published by international organizations such as the OECD. See below for details.

[WEB Panasonic Group Tax Policy](https://holdings.panasonic/global/corporate/sustainability/governance/fair-practices/tax_policy.html)  
[https://holdings.panasonic/global/corporate/sustainability/governance/fair-practices/tax\\_policy.html](https://holdings.panasonic/global/corporate/sustainability/governance/fair-practices/tax_policy.html)