

Responsible Supply Chain

Policy

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Supply Chain Due Diligence

Initiatives for a Harmonious Relationship with the Environment

Responsible Minerals Procurement

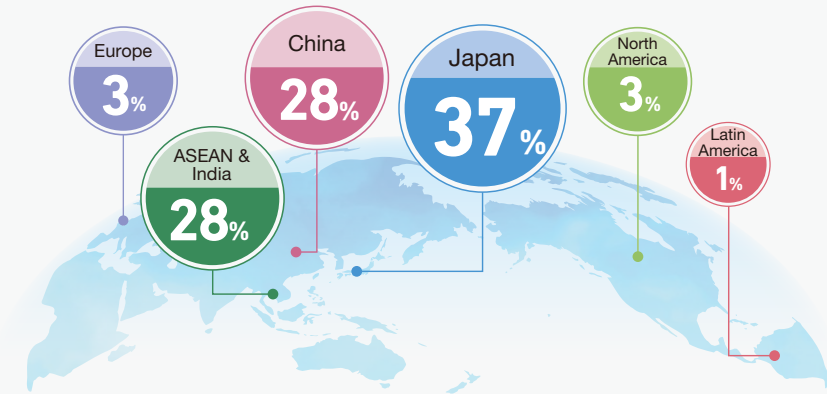
Internal Training and External Awareness-Raising

Systems for Whistleblowing and Seeking Consultation

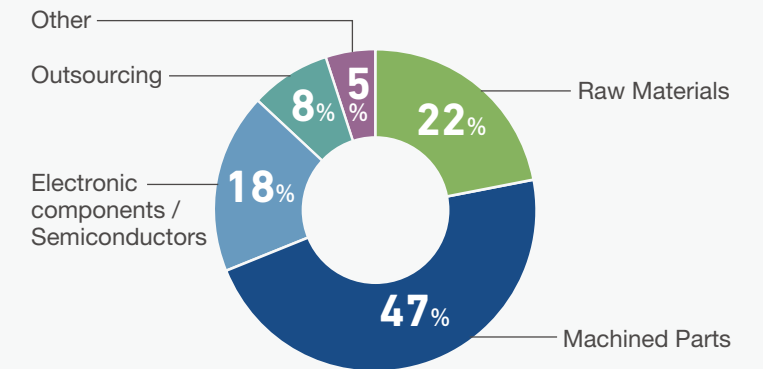


Panasonic Group does business with approximately 13,000 suppliers worldwide. Panasonic Group strives to do business with suppliers that not only provide superior technology and quality but also fulfill their social responsibilities including human rights and environmental considerations, worker-friendly labor conditions, and fair trade practices. The parts and materials we purchase range from raw materials to electrical/electronic components and processed parts. Our suppliers are located in various regions and countries, meaning that some parts and materials come from regions and countries with many migrant workers.

Breakdown of Transactions by Region (%)



Breakdown of Transactions by Product (%)



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Policy

■ Procurement Policy

Panasonic Group has summarized its core thinking on procurement in a 3-item set of Procurement Policy. The fundamental basis of this policy is the concept that, “based on relationships of mutual trust, and through diligent study and cooperation, our suppliers are invaluable partners in creating the value our customers demand”.

● Implementation of Global Procurement Activities

The Company globally establishes partnerships with suppliers to respond to production activities on a global scale, and works to create the functions and values our customers demand based on relationships of mutual trust and through diligent studies and cooperation.

● Implementation of CSR Procurement

Complying with laws and regulations, international standards, social norms, and corporate ethics, the Company promotes procurement activities, together with suppliers, that fulfill their social responsibilities, such as human rights, labor, safety and health, environmental conservation, and information security.

● Procurement Activities Working Closely with Suppliers

In order to achieve product values expected by customers, the Company serves as the contact point of suppliers with respect to information, such as the market trends of materials and goods, new technologies, new materials, and new processes, and works to ensure and maintain the quality of purchased goods, realize competitive prices, and respond to market changes.

In April 2022, we established the “Rules on Supply Chain Compliance” to strengthen our efforts to promote CSR in the supply chain. This rule stipulates the basic policy regarding supply chain compliance and internal rules for its implementation. In addition to a thorough implementation of procurement operations, management reviews are conducted on a regular basis. Furthermore, in light of society’s and

stakeholders’ increasing expectations, and of trends in legislation, we will revise, as necessary, to continuously improve our efforts.

■ Clean Procurement

Because Panasonic Group believes that “a company is a public entity of society”, we engage in fair and equitable transactions with our global suppliers. With a need for a more stringent sense of moderation and ethics and to maintain healthy relationships with suppliers, in 2004, we released our Clean Procurement Declaration and have followed this declaration in our procurement activities since.

In Japan, we promote understanding and awareness of “clean procurement” among our procurement staff by providing annual e-Learning and training materials.

Prohibition of receiving money and valuables from suppliers and prohibition of accepting any form of hospitality, entertainment or meals

The Group established “Rules on Gift and Hospitality for Anti-Bribery / Corruption” in its internal regulations, applied at the global level. These strict rules apply to the acceptance of gifts, meals, entertainment and travel invitations from our business partners, including suppliers. They stipulate general rules regarding the rationality and balance in light of the purpose, value and frequency of gifts, meals, entertainment and travel invitations, and local customs, and the absence of improper influence on business judgement. More detailed standards and stricter rules are also set for each region.

[WEB](#) Clean Procurement Declaration

<https://holdings.panasonic/global/corporate/about/procurement/declaration.html>

Responsible Executive and Framework

The Panasonic Holdings Corporation (PHD) Procurement Officer is the chief procurement officer for the Group (as of

August 2023). Panasonic Group launched its Supply Chain Compliance Project to promote responsible procurement across the entire Group and establish a Groupwide framework to foster cooperation among all Operating Companies and regional procurement divisions. Each of our Operating Companies, their business divisions, or other relevant Group companies are responsible for applying the PDCA cycle to their practice of responsible procurement, following the Group’s internal rules, standards, and manuals. The Global Procurement Division of Panasonic Operational Excellence Co., Ltd. (PEX) fills the role of providing Groupwide measures and support to all Operating Companies. The heads of procurement at the Operating Companies and business divisions discuss and devise appropriate solutions to address any related issues through regular Groupwide meetings.

Supply Chain Due Diligence

■ Enforcement of the Panasonic Supply Chain CSR Promotion Guidelines

We, the Panasonic Group, adhere to international norms and principles, such as the United Nations “Guiding Principles on Business and Human Rights”, and require suppliers to affirm them. To show our approach to CSR procurement and clearly convey the requirements to suppliers, we have established the Panasonic Supply Chain CSR Promotion Guidelines (the “CSR Guidelines”), and we share them at the start of transactions. The contract obligates suppliers to comply with the guidelines. The CSR Guidelines stipulate the following provisions, while taking into account laws, regulations, and principles of international norms:

1. Labor rights: Prohibition of forced labor or child labor, appropriate working hours, decent wages, humane treatment, elimination of discrimination, freedom of association
2. Occupational health and safety: Training to ensure workplace safety and emergency preparedness, safety

- measures for machinery and equipment, and occupational health and safety rules for facilities
3. Environment: Compliance with the “Panasonic Group’s Green Procurement Standards”
 4. Ethics: Prohibition of corruption and bribery, and promotion of fair business and responsible mineral procurement
 5. Information security: Prevention of information leaks and protection against computer and network threats
 6. Product quality and safety: Creation of a product quality management system, provision of accurate product and service data, and maintenance of product safety
 7. Contributions to society: Contributions to society and local communities
 8. Management systems

The CSR Guidelines are prepared in Japanese, English, and Chinese and we both keep them on our home page and endeavor to distribute to our suppliers and notify them of any revisions. We also ensure that we share these guidelines with our suppliers at workshops as necessary. We ask our suppliers to communicate the requirements of the guidelines to their suppliers and subsequent suppliers, and to check their compliance status. For further details, please visit the following website.

[WEB](#) For Suppliers

<https://holdings.panasonic/global/corporate/about/procurement/for-suppliers.html>

■ Obtaining commitment from the suppliers

We, the Panasonic Group, require that suppliers affirm the Panasonic Group’s Code of Ethics & Compliance and the Panasonic Group’s Human Rights and Labor Policy, and we make it mandatory, at the start of transactions for materials and components for the manufacturing of Panasonic products, to conclude a Master Global Purchasing Agreement that stipulates compliance with the CSR Guidelines. In addition, we stipulate in the CSR Guidelines a respect for human rights as expressed in United Nations norms and principles, an evaluation of the status of suppliers’

human rights initiatives and the implementation of prevention / mitigation / corrective measures, a request for compliance with tier 2 suppliers, and a request for cooperation with the Panasonic Group’s Human Rights Due Diligence. The template of our Master Global Purchasing Agreement obliges suppliers to comply with the CSR Guidelines. In addition, to obtain commitments from all our suppliers, we have been asking our suppliers to submit written consent to comply with the CSR Guidelines since revising them last December.

■ Conducting CSR Self-Assessments and Audit

To promote human rights due diligence and other aspects of CSR throughout the supply chain, the Group requires its suppliers to conduct CSR Self-Assessments. The CSR Self-Assessments are structured based on the CSR Guidelines, and we require that all new suppliers conduct one before we start transactions with them. We also require our existing suppliers to conduct them regularly. We collect these assessments using a web-based questionnaire, reducing the burden on suppliers and our Group and improving collection efficiency and accuracy. We restarted the assessments and their collection at the end of 2021. By March 2023, we had collected the questionnaires from more than 12,000 suppliers (94%). After discovering issues, particularly those identified as priority management items in the CSR Self-Assessments, such as labor conditions for migrant workers, we will visit suppliers, check on-site conditions, hold interviews, and investigate issues whenever necessary and work to correct them.

Since fiscal 2023, the Group has begun work on initiatives to build a structure for human rights due diligence. While incorporating guidance from outside experts, the Group has compiled a table to assess human rights risks at our suppliers by using risk indicators and indices provided by international organizations in order to identify suppliers for which action should be taken on a priority basis. From this fiscal year, using the risk-based approach mentioned above, each

Operating Company focuses on those prioritized suppliers to be audited and carries out supplier audits by itself or with the third-party institutions according to its own supplier audit implementation plan.

Initiatives for a Harmonious Relationship with the Environment

We strive to reduce the burden we place on the environment through cooperation with our suppliers and logistics partners. Please see the Environment section.

[WEB](#) Environment: Collaboration across the Supply Chain

<https://holdings.panasonic/global/corporate/sustainability/environment/supply-chain.html>

Responsible Minerals Procurement

■ Our Basic Stance

Panasonic Group recognizes that the procurement of certain minerals (notably tin, tantalum, tungsten, gold and cobalt) carries a risk of funding organizations in states in conflict affected areas and risks that are involved in human rights abuses such as child labor, harsh working conditions, environmental destruction and corruption in high-risk areas. This is a matter of grave social concern, and to fulfill our corporate social responsibility, Panasonic Group is engaged in the responsible procurement of minerals in its global supply chain.

Of course, there are companies and individuals in those same areas who conduct their business legally at the same time. Therefore, while we remain mindful of our obligation to avoid using minerals associated with illegal or unethical practices, we strive to ensure that this does not hinder the business activities and livelihoods of legitimate companies and individuals. To this end, it is necessary for us to work in partnership with a wide range of stakeholders including national governments, companies, and NPOs that are working toward creating sound minerals supply chains in the target areas.

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We will keep conducting its activities based on the “Due Diligence Guidance” of the OECD (Organization for Economic Co-operation and Development) and build management processes in line with global standards.

The promotion of responsible minerals procurement requires conducting due diligence throughout the entire supply chain, from upstream mining companies to smelters, refineries, and downstream enterprises. We require that all related suppliers provide information on smelters/refineries throughout the supply chain, and we aim to procure from suppliers who don't present any issues. We also participate in the Responsible Minerals Initiative (RMI) and its Cobalt Workgroup to promote industrywide efforts.

■ Responsible Minerals Procurement System

With the PHD Executive Officer in charge of procurement assuming ultimate responsibility, we are working to build a Groupwide management system for responsible minerals procurement in collaboration with each Operating Company.

■ Due Diligence Efforts

Responsible mineral survey requires cooperation from all our suppliers going back to the refineries and smelters. The Group conducts this survey using industry standard survey forms including the Conflict Minerals Reporting Template (CMRT) issued by RMI as survey tools.

Conflict Minerals Surveys

The Panasonic Group conducts surveys regarding conflict minerals on the suppliers of each Operating Company and business site. In fiscal 2023, we received responses for roughly 90% of the surveys we sent out to around 2,400 suppliers (as of March 31, 2023). Based on the data collected from the survey forms, we conducted a risk analysis and assessment and requested further investigations from suppliers, according to the risks that we identified. In fiscal 2023, roughly 80% of the designated refiners and smelters had Conformant/Active Smelter status (refiners and smelters

that have either passed RMI audit or is currently undergoing one). We are also working on industry efforts that will push the remaining 20% of those refiners and smelters toward participation in the Responsible Minerals Assurance Process (RMAP). In the rare event that we find minerals that are complicit in conflicts or human rights violations in our supply chain, we also ask suppliers to take steps toward no longer using them, including changing their source.

Cobalt Surveys

There are concerns about cobalt, which is used in lithium-ion batteries and other products, due to human rights issues such as child labor at mining sites. As part of its efforts to promote responsible minerals procurement, even with cobalt, Panasonic Group pursues initiatives in line with the OECD's “Due Diligence Guidance” to build management processes that meet global standards. Specifically, we continually conduct initiatives such as cobalt supply chain surveys and identification and investigation of refineries and smelters.

In fiscal 2023, we conducted cobalt and mica surveys for about 2,000 suppliers. We received responses from 85% of those surveyed. The results showed that roughly 80 percent of the designated refiner and smelters had been approved as a Conformant/Active Smelter (as of end of March 2023). We also asked our suppliers to conduct further surveys in response to risks identified through risk analysis and assessment based on the survey forms collected from our suppliers.

■ Industry Collaboration Initiatives

Panasonic Group is participating in JEITA's Responsible Minerals Procurement Working Group to raise supply chain awareness and improve the efficiency of surveys through industry collaboration. More specifically, we have been working with industry groups both inside and outside Japan and holding seminars and surveys briefing sessions to promote best practices regarding responsible minerals. We have also worked on smelters/refiners information

scrutiny. We have been working in JEITA's Working Group and continue to encourage smelters to participate in the Responsible Mineral Assurance Process (RMAP) with other member companies. Furthermore, we joined the Responsible Minerals Initiative (RMI) in July 2017, with the aim of learning about the latest industry trends and promoting best practices for procurement activities. Panasonic Group will continue to conduct responsible minerals surveys while monitoring industry trends.

Internal Training and External Awareness-Raising

Our procurement departments at Panasonic Group conduct CSR procurement training for our procurement staff members, who will be able to fulfill our social responsibilities when it comes to procurement activities, by teaching them about the company's approach to CSR, and they create opportunities to gain knowledge about procurement compliance. We also provide training to our procurement personnel outside of Japan (the U.S., China, Asia and part of Europe) and through that training we give them a foundation of basic knowledge about CSR, including compliance related to the environment or preventing corruption, issues related to human rights, labor and health and safety in our supply chain, and clean procurement, as well as the importance of compliance, checking their understanding along the way. In addition to all this, we also build in basics on CSR procurement in our training curricula for new employees and those transferring from other divisions.

Our web portal for procurement employees contains the information necessary for responsible procurement—including the procedures employees should follow for CSR procurement, the CSR Self-Assessments we ask suppliers to conduct, and guidelines for conducting audits—so that employees always have the latest information when performing their duties.

To raise awareness in the supply chain, in fiscal 2022, we audited more than 130 suppliers in Malaysia, a region with high human rights risk. We used the opportunity to provide training on the importance of CSR initiatives and respecting human rights. In fiscal 2023, we continued to hold workshops and supplier meetings with about 100 suppliers, mainly in Malaysia. We also conducted CSR audits at around 50 suppliers in Asia. We plan to further expand the scope of our supplier education by prioritizing those regions and suppliers with high risk and looking to more regions.

Systems for Whistleblowing and Seeking Consultation

The Panasonic Group has established a Global Hotline that anyone, including Panasonic Group employees and suppliers, can use to anonymously report any violation or suspected violation of laws and regulations, agreements with our suppliers, the Panasonic Group Code of Ethics & Compliance or the like in the Group's supply chain. Whenever there is a report, the Group follows all internal rules and guidelines as well as the laws of the relevant countries with regard to the protection of the individual making the report, and from there it undertakes appropriate investigations and countermeasures. In addition to our Global Hotline, we offer access to JaCER, a new industrywide grievance platform established by the CSR Committee of the Japan Electronics and Information Technology Industries Association (JEITA). JaCER is a contact point for suppliers and their employees to report any adverse human rights impacts in the Group's supply chain. By accepting grievances through a third-party contact, we aim to make grievance handling fairer and more transparent, promote dialogue and redress more than ever before, and work to resolve essential human rights issues. In all reporting systems, we ensure whistleblower anonymity and report confidentiality and publicize the contact information for reporting systems on our supplier web portal and our website, "For Suppliers."

[WEB](https://holdings.panasonic/global/corporate/about/procurement/for-suppliers.html) For Suppliers

<https://holdings.panasonic/global/corporate/about/procurement/for-suppliers.html>

[WEB](https://secure.ethicspoint.eu/domain/media/en/gui/104773/index.html) Global Hotline

<https://secure.ethicspoint.eu/domain/media/en/gui/104773/index.html>

[WEB](https://jacer-bhr.org/en/index.html) Grievance mechanism of Japan Center for Engagement and Remedy on Business and Human Rights (JaCER)

<https://jacer-bhr.org/en/index.html>