

# Fair Operating Practices

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## Management System

As our business expands globally, the frequency of improprieties increases, due not only to deliberately dishonest and criminal acts but also to a lack of corporate awareness and understanding. Employees doing business in countries and regions with fragile legal systems must constantly exercise a high degree of awareness of fair operating norms.

To promote fair business practices in the countries and regions in which we do business around the world, we apply the Panasonic Group Code of Ethics & Compliance (Code of Ethics & Compliance) globally. The Code of Ethics & Compliance has been established and is updated by the Group's board of directors. Its application is carried out through global cooperation among legal departments, officers responsible for the observance of the Code of Ethics & Compliance, managers in charge of export controls, and managers in various functions set up at Operating Companies, as well as business divisions and offices of Panasonic Operational Excellence Co., Ltd. outside of Japan (PEX Overseas).

Panasonic implements compliance programs and training throughout the year to enable employees to address each risk item. We also strive to enhance employees' awareness of ethical and legal compliance issues. Once each year, we review how all our business sites around the world observe and practice the Code of Ethics & Compliance, and the results are included within the scope of Groupwide internal control audits that are conducted by an external auditing firm.

In addition, we have established hotlines for whistle-blowers at our domestic and foreign business sites, as well as for our business partners, to prevent misconduct and to take immediate corrective action. For sites deemed to have a high risk of bribery or corruption, the responsible Headquarters division conducts compliance audits to quickly identify these risks and prevent their recurrence.

Besides setting initiatives aimed at correcting issues identified at the Operating Company / business site level, we also bring those issues together centrally at Panasonic Holdings Corporation and comprehensively reflect them in Groupwide policies, in consideration of external factors such as social expectations. We repeat this process regularly in the pursuit of continuous improvement. We currently carry

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out activities on the key themes of “implementing risk mitigation measures for potential violations to competition law” and “implementing risk mitigation measures targeting bribery and corruption.”

## Policy

On October 1, 2021, we made major changes to the Basic Business Philosophy of the Panasonic Group, our guiding principles for how we devote ourselves to the progress and development of society and the well-being of people through our business activities. Enhancing the quality of life throughout the world is our main purpose in business as the Panasonic Group, in step with our transition to a new Operating Company system that takes into consideration current social conditions and business environments. 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 within the Panasonic Group and by every employee in the Panasonic Group as they carry out the business of the Group.

[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>

## Communication

Panasonic Group aims to make compliance the norm at all business sites globally, through the legal departments and the Officer Responsible for Observance of the Code of Ethics & Compliance. Based on the idea that compliance awareness from top executives is of the utmost importance, we aim to disseminate compliance knowledge across our business sites around the world, through legal departments, export

control managers, and managers in various job functions set up at Operating Companies, as well as within certain business divisions and at PEX Overseas. Specifically, we use the Global Legal and Compliance Meeting and Direct Report Meetings, in which legal managers of Operating Companies and PEX Overseas participate, to share annual compliance policies, and we carry out various programs addressing compliance throughout the year. (For further details, refer to Training). We also contact and notify the individuals responsible for legal affairs at our Operating Companies and other relevant organizations whenever there are changes to laws, governmental or ministerial ordinances, or notices from authorities that have any effect on our business.

## Training

Panasonic provides training for new hires and newly promoted employees, as needed, 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.

Each Operating Company also provides training on industry-specific compliance and risks associated with its business areas to targeted audiences.

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.

Furthermore, senior management, including the President, Operating Companies’ Presidents, division managers, and PEX Overseas managers, clearly express the Group’s policies and stances on ethical and legal compliance as they strive

to fully communicate the importance of compliance to all our business sites.

## Responsible Executive and Framework

Panasonic Group’s General Counsel (GC), an Executive Officer, is responsible for group compliance (as of August 2022).

To ensure compliance at business-site levels throughout the world, we maintain legal departments and appoint an Officer Responsible for Observance of the Code of Ethics & Compliance, as well as export control managers and other individuals responsible for supervising various other functions in our Operating Companies, business divisions and PEX Overseas.

Information on initiatives for preventing major risks, like bribery and corruption, and matters to be investigated will be reported to the Board of Directors and be overseen by the same.

## Whistle-blowing 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 for the purposes of preventing misconduct and facilitating rapid resolutions. This is included in the Code of Ethics & Compliance, along with the responsibility for reporting, so all employees are aware of it. We also have an Equal Employment Opportunity Office in Japan that can consult on fair treatment in the workplace, sexual harassment, and power harassment, as well as an Auditor Reporting System for assessing the legality of the execution of duties as well as investigating fraud perpetrated by directors and executive officers.

The Code of Ethics & Compliance stipulates that “Panasonic

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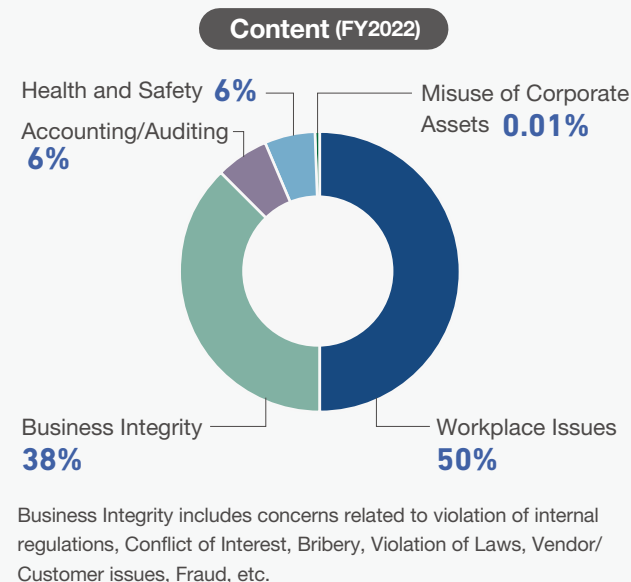
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does not tolerate any retaliation or other action that discriminates against or disadvantages anyone who acts in good faith to raise a compliance concern.” Retaliation against whistle-blowers is strictly forbidden, and their confidentiality is assured through anonymous reporting.

Panasonic Group has adopted internal regulations: Internal Reporting and Investigation Rules, and Rules on the Prohibition of Retaliatory Behavior Against Whistle-blowers and Others. The former establishes systems for reporting and whistle-blowing related to compliance issues and investigations, as well as processes for correcting violations and reporting to top management, so that we can uncover issues and correct them faster. The latter prohibits retaliation against internal / external whistle-blowers, employees, those participating in the investigation, and the investigation team; it clarifies the protections in place for whistle-blowers and similar parties stipulated by the Code of Ethics & Compliance; and it is intended to ensure that the internal whistle-blowing system is legitimately managed.

However, these reports and complaints need not necessarily be made through these methods, and the establishment of the hotline and contact points outlined above will in no way hinder the use of other mechanisms for making reports, complaints, or the like.

In FY2022, we received approximately 640 reports and requests for consultation, with 80% of those coming through the abovementioned global hotline. Of all the reports and requests received, roughly 60% were related to issues in workplaces (refer to the chart below). Of all the reports and requests received in FY2022, approximately 25% were substantiated (excludes anything still under investigation as of May 31, 2022). These systems respond to all reports and consultations received through the global hotline by investigating and verifying facts with the cooperation of the relevant divisions.



## Performance Evaluation

To monitor our employees’ understanding of compliance policies, the effectiveness of measures, and the degree of adherence, we conduct checks annually on the status of observance and practices of the Code of Ethics & Compliance at all our business sites around the world.

More specifically, 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

The former Panasonic Corporation and its US subsidiary, Panasonic Avionics Corporation (PAC), were the subjects of

an audit by the US Securities & Exchange Commission (SEC) and the US Department of Justice (DOJ; collectively, “US authorities”) in connection with the Foreign Corrupt Practices Act and other US securities-related laws. The US authorities investigated PAC’s actions related to specific transactions with airlines and its appointment of agents and consultants for these transactions. In May 2018, after negotiating with the US authorities, we agreed to pay a fine, since paid.

A deferred prosecution agreement with US authorities ended in September 2021, and the charge was dismissed in March 2022.

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.

Over the past three years, the Group has had no violations that have resulted in the payment of fines or in disciplinary actions against employees.

## 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 2022, we put forward the following initiatives to strengthen our compliance infrastructure worldwide:

- Executive-level participation: The management team, consisting of the President, Operating Company Presidents, regional directors, and the General Counsel, issued compliance memoranda to all employees and discussed compliance at Board of Directors’ meetings and other executive conferences.
- Compliance awareness and culture: To deepen our

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employees' understanding of fields of which they must be aware for the sake of compliance in doing business, we have created and globally distributed mangas on compliance that use examples from daily life to make compliance easier to understand. In fiscal 2022, we created a manga on quality compliance and shared it with all relevant divisions. We also included questions about compliance in the Awareness Survey distributed to all employees worldwide. In FY2022, we received approximately 150,000 survey responses.

- Training and awareness: Panasonic offered Group-wide e-Learning on compliance worldwide.  
FY2020: "Panasonic's Code of Conduct" – approximately 140,000 in attendance  
FY2021: "Conflict of Interests," "Accounting Wrongdoing" – approximately 140,000 in attendance  
FY2022: "Economic Sanctions Law," "Data Privacy" – approximately 130,000 in attendance  
We also publish a quarterly compliance newsletter for the heads of each business division.
- Establishing a new global hotline: As described in the Whistle-blowing 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 Group-wide whistle-blowing and investigation systems with new global policies: Internal Reporting and Investigation Rules, and Rules on Prohibition of Retaliatory Behavior. (For details, see the chapter on Whistle-blowing 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 whistle-blowing 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

### ■ Preventing Bribery and Corruption

In addition to preventing the bribery of public officials, Panasonic Group, through stipulations in the Code of Ethics & Compliance, 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 more thoroughly prevent bribery and corruption worldwide in a manner appropriate for today's reality, 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.

We have also introduced processes for reviewing new risks and for discovering bribery and corruption risks before transactions take place when starting or renewing dealings with sales intermediaries or administrative service providers. To ensure full compliance with these new global regulations on bribery and corruption prevention, Panasonic will continue our efforts to raise awareness and promote these regulations Corporatewide.

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 section "Responsible Procurement" (P88).

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](https://holdings.panasonic.jp/corporate/sustainability/pdf/Guideline%20of%20Anti-bribery%20and%20Anti-Corruption_jp.pdf) "Guidelines for Anti-Bribery and Anti-Corruption (For Business Partners)" – JAPANESE (PDF file)

[PDF](https://holdings.panasonic.jp/corporate/sustainability/pdf/Guideline%20of%20Anti-bribery%20and%20Anti-Corruption_en.pdf) "Guidelines for Anti-Bribery and Anti-Corruption (For Business Partners)" – ENGLISH (PDF file)

[PDF](https://holdings.panasonic.jp/corporate/sustainability/pdf/Guideline%20of%20Anti-bribery%20and%20Anti-Corruption_cn.pdf) "Guidelines for Anti-Bribery and Anti-Corruption (For Business Partners)" – CHINESE (PDF file)

## Compliance Risk Assessments

The Panasonic Group annually selects business sites for compliance audits based on bribery and corruption risks. For any business sites we anticipate having higher risks, such as those doing business in countries or regions where the Corruption Perceptions Index 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 Corporate-wide 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, and HR & GA, and obtaining agreement and approval.

In Japan, the legal duty of disclosing political fund income and expenditures falls on political groups.

Their reports are publicly available on the following portal site of the Ministry of Internal Affairs and Communications. \*Japanese only

[WEB](https://www.soumu.go.jp/senkyo/seiji_s/seijishikin/) [https://www.soumu.go.jp/senkyo/seiji\\_s/seijishikin/](https://www.soumu.go.jp/senkyo/seiji_s/seijishikin/)

(Previous Panasonic Corporation is mentioned on page 36, third row from the bottom)

[PDF](https://www.soumu.go.jp/senkyo/seiji_s/seijishikin/contents/SS20211126/00621019.pdf) [https://www.soumu.go.jp/senkyo/seiji\\_s/seijishikin/contents/SS20211126/00621019.pdf](https://www.soumu.go.jp/senkyo/seiji_s/seijishikin/contents/SS20211126/00621019.pdf)

## Trade Compliance

The Panasonic Group has Logistics Operating Standards and Customs Law Compliance Standards that apply to the entire Group, in which we set standards meant to help us maintain and improve corporate value through the fulfilment of our social responsibility by respecting and following not only laws but also business ethics in our execution of logistics work. We also have Rules on Global Trade Restrictions & Sanction Law Compliance to ensure compliance with each country's import and trade-related regulations, including security export controls and sanctions laws in commercial fields that change day to day and minute to minute.

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 "specified exporters" 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 authorized economic operator (AEO) frameworks in all regions. For instance, our US subsidiary Panasonic North America (PNA) takes part in the Customs-Trade Partnership Against Terrorism (C-TPAT), while we actively promote participation in the AEO framework in China.