

# Responsible Supply Chain

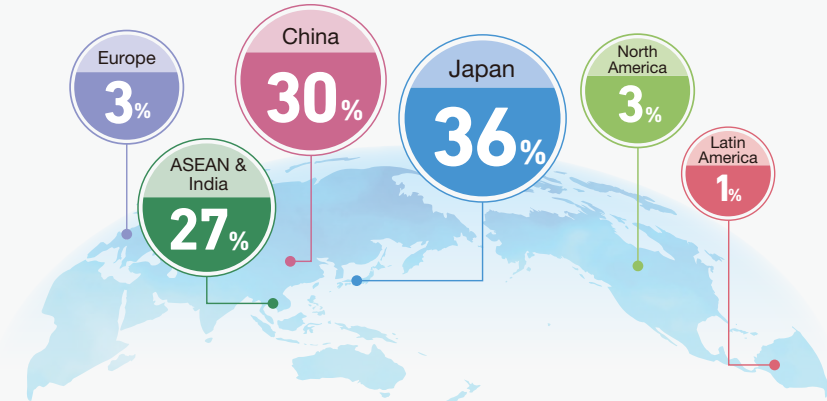
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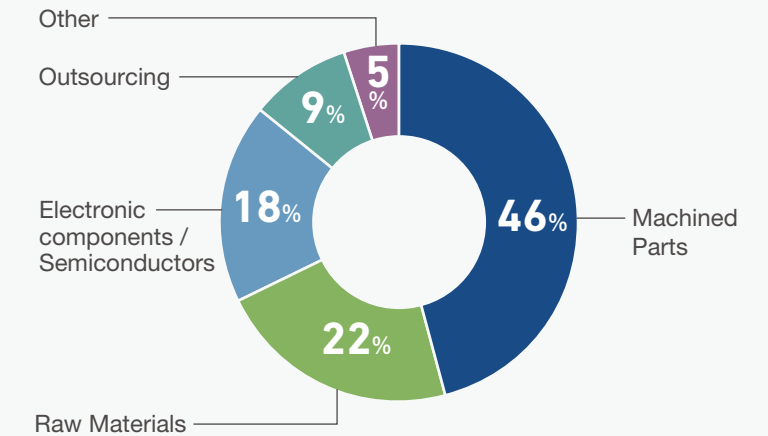
## Overview of Supply Chain

Panasonic Group does business with approximately 13,000 suppliers worldwide. The Group promotes activities with its global business partners across its entire supply chain to fulfill its Corporate Social Responsibility.

Breakdown of Transactions by Region (%)



Breakdown of Transactions by Product (%)



## Management System

With rising global demand for socially responsible procurement—taking into account the environment, human rights, fair labor conditions, and fair trade—we, the Panasonic Group, strive to conduct our business with suppliers in a way that not only provides excellent technology and quality but also fulfills our social responsibility in the areas of human rights and responsible employment, occupational health and safety, green procurement, clean procurement, compliance, and information security. 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.

Before starting a transaction, we present the “Panasonic Supply Chain CSR Promotion Guidelines” (hereinafter referred to as “the CSR Guidelines”), which cover the Group’s supply chain compliance policy, to suppliers. Conducting “CSR Self-Assessments” based on the CSR Guidelines is a condition for initiating transactions. The CSR Guidelines are in accordance with international norms and principles regarding human rights, including the United Nations Guiding Principles on Business and Human Rights. We require that suppliers comply with the CSR Guidelines in the Master Global Purchasing Agreement as a contractual obligation.

In addition, even after the start of transactions, we regularly let them submit the results of CSR Self-Assessments, and we conduct audits to confirm compliance status.

## 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.

### ■ Supplier Selection and Evaluation

When selecting new suppliers, Panasonic Group makes it a condition of doing business that they practice CSR. We conduct checks to verify suppliers’ performance regarding human rights, labor, health and safety, environmental protection and information security. Since 2015, the Group has required that new suppliers to carry out CSR self-

assessments. We conclude Master Global Purchasing Agreements including CSR requirements and then start trading with suppliers that confirmed meeting our standards.

We also ask our existing suppliers to conduct CSR self-assessments regularly and to provide correction guidance for improvement or awareness-raising activities, according to assessment results.

### ■ 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 been doing procurement work in accordance with those standards.

Throughout the year, we keep all our procurement personnel and departments well informed of clean procurement practices and visit our key suppliers to request their cooperation in implementing these practices.

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

Panasonic 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.

 **Clean Procurement Declaration**  
<https://holdings.panasonic.jp/corporate/about/procurement/declaration.html>

## Whistleblowing System

### Panasonic global hotline

The Panasonic Group has established a Global Hotline that anyone, including suppliers, can use to anonymously report any violation or suspected violation of laws, agreements with our customers, the Panasonic Group Code of Ethics & Compliance or the like on the part of any Group employee. 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 undertakes appropriate investigations and countermeasures.

This whistleblowing system can also function as a mechanism for receiving requests for help from suppliers or their employees when they have been affected adversely in terms of human rights in the context of the Group's supply chain.

The Group makes the existence of this whistleblowing system widely known to our suppliers and their employees and request that they use this system to report any ways in which their human rights have been adversely affected. We treat any reports from employees at our suppliers by the same standards we would treat anyone reporting internally with regard to the protection of the individual making the report.

[WEB Global hotline  
http://panasonic.ethicspoint.com](http://panasonic.ethicspoint.com)

## Training

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, and issues related to human rights, labor and health and safety in our supply chain, 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).

We provide the information procurement personnel our suppliers will need for responsible procurement through a special portal site set up for them. Keeping this portal site up to date helps us make sure that suppliers we can always access latest information on the various procedures that procurement personnel need to follow for CSR procurement, autonomous CSR Self-Assessments that we request of our suppliers, instructions for audits, and more.

## Responsible Executive and Framework

The executive vice president in charge of procurement is the individual with the ultimate responsibility for procurement activities for the Panasonic Group (as of August 2022).

The Panasonic Group launched our Supply Chain Compliance Project to promote responsible sourcing across the entire group by working to build systems on a groupwide basis in cooperation with each Operating Company and regional procurement divisions.

Each of our Operating Companies and all business divisions or other related companies within the Group are responsible for working through PDCA cycles as an independent actor in responsible procurement activities, following the Group's rules, standards, manuals, and the like. Global Procurement Division fills the role of supporting the creation of groupwide measures and supporting promotion at each Operating Company. Issues that arise in this process are addressed and appropriate solutions devised through discussions during Group-wide meetings attended by the heads of procurement in each Operating Company and business division.

## 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 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 call supplier meetings to share these

guidelines whenever necessary and continue to do everything we can to make sure CSR is accounted for throughout our entire supply chain. For further details, please visit our “For Suppliers” page regarding procurement activities.

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

### ■ Conducting CSR Self-Assessments and Audit

In an effort to follow the United Nations Guiding Principles on Business and Human Rights and the Panasonic Group’s own policies on human rights and labor, created with reference to those principles, the Group requires our suppliers to perform CSR Self-Assessments so promote due diligence on human rights, including identifying and assessing the impact of human rights in our supply chain. These CSR Self-Assessments are structured around the CSR Guidelines, and we require that all new suppliers conduct one before we begin doing business with them. We also require our existing suppliers to conduct them regularly, every one, two, or three years, depending the assessment results.

We had conventionally requested that our suppliers complete these CSR Self-Assessments by hand, but we began making them available in an online survey format since last fiscal year, which has successfully reduced the load on both our suppliers and the Group and also improved the efficient collection of and accuracy of the self-assessments. From the time last fiscal year that we collected surveys again based on risks up until June of this year, we have received CSR Self-Assessments from some 8,000 companies, roughly 60% of our suppliers.

Since fiscal 2023, the Group has begun work on initiatives to build a set of processes (“human rights due diligence”) to look at our supply chain to identify and assess impacts on human rights; prevent, reduce, and remedy any negative impact on human rights; and conduct surveys to track the effectiveness of action taken and distribute information about it, while incorporating guidance from outside experts. The Group currently uses a risk-based approach to decide

which suppliers to prioritize for this. Going forward, we will be conducting assessments using a risk-based approach in addition to the requirements to conduct regular self-assessments based on the results of the previous assessment.

When issues are found in the course of CSR Self-Assessments, we get to work toward making improvements. When necessary, we even visit our suppliers’ facilities for audits, including confirming the sites, hearings, and the like. In fiscal 2023, the Group has also introduced supplier audits using third-party institutions. Using the risk-based approach mentioned above, the Group will narrow down the suppliers to be included and those will be part of a human rights due diligence plan each year, and will undergo audits conducted by third-party institutions according to that plan. The supplier audits by a third-party institution already began on a trial basis in the first half of fiscal 2023, and we plan to implement it fully beginning in the second half.

### ■ 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 our suppliers in all cases, we will obtain pledges of compliance from existing suppliers in line with the revision of our CSR Guidelines.

## ■ 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](https://holdings.panasonic/global/corporate/sustainability/environment/supply-chain.html) Collaboration across the Supply Chain

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

## Responsible Minerals Procurement

### ■ Our Basic Stance on Responsible Minerals Procurement

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.

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.

Going forward, we will keep contributing to the international efforts towards responsible minerals procurement while actively considering our future role in such global efforts.

### ■ Responsible Minerals Procurement System

With the Executive Vice President in charge of procurement assuming ultimate responsibility, we are working to build a Group-wide management system for responsible minerals procurement in collaboration with each Operating Company.

### Due Diligence Efforts

We provide suppliers with our CSR Guidelines before we even begin to do business with them, asking them to cooperate in our promotion of responsible mineral procurement.

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 the Responsible Minerals Initiative (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 2022, we have received responses for roughly 90% of the surveys we sent out to a total of roughly 3,500 suppliers (as of the end of March 2022). 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 2022 roughly 80% of all the Groups' 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 that minerals that support conflicts 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, 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 2022, we conducted cobalt surveys for about 700 suppliers, and received a response from 90% 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 2022). We also asked our suppliers to conduct further surveys in response to a risks identified through risk analysis and assessment based on the survey forms collected from our suppliers.

Panasonic Group will keep conducting appropriate cobalt surveys and procurement while watching industry trends through RMI and other industry initiatives.

## ■ Participation in initiatives by international organizations and industry cooperation

### Project for the OECD's Conflict Minerals Due Diligence Guidance\*

\*Currently, the Forum on Responsible Mineral Supply Chains

From 2011 to 2017, the previous Panasonic Corporation participated in the OECD's Due Diligence Guidance projects. We attended the forums held in several countries, and we continued discussions with stakeholders in regard to effective approaches to addressing the issue of conflict minerals.

### Industry Collaboration Initiatives

The collaboration of all suppliers in our supply chain is essential to promote responsible minerals procurement. For this reason, 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, and also started participating in the RMI's Cobalt Workgroup in the same year.

Panasonic Group will continue to conduct responsible minerals surveys while monitoring industry trends.