

# PMPC CONFLICT OF INTEREST POLICY

## 1. POLICY

1.01 (a) An employee shall refrain from all Conflicts of Interest. If an employee becomes aware of, or becomes involved in, a Conflict of Interest, he or she shall immediately disclose such Conflict of Interest to the **Department Head**. An employee must also disclose what could be "perceived" by an outsider as a Conflict of Interest. An employee cannot avoid the disclosure requirements because the employee feels that he or she was not, is not, or will not be influenced by the Conflict of Interest. No "**presumption of guilt**" is created by the mere existence of a relationship with outside firms. However, if an employee has any influence on transactions such as purchases, contracts, or leases, it is imperative that the employee disclose to the **Department Head** as soon as possible the existence of any actual or potential Conflict of Interest so that safeguards can be established to protect all parties.

(b) An employee who is unsure whether something constitutes a Conflict of Interest shall immediately discuss the specific concern with **Department Head or Internal Audit** in order to determine PMPC's position on the issue.

(c) The **Department Head** will determine whether:

- (i) a Conflict of Interest exists;
- (ii) the seriousness of the potential or actual Conflict of Interest;
- (iii) what steps are necessary to protect **PMPC** against the Conflict of Interest.

In making this determination, the **Department Head** shall be guided by any other policies which may apply. Additionally, the **Department Head** may consult legal counsel if the Conflict of Interest involves an issue of legal sensitivity.

(d) With regard to paragraph 1.01(c) (iii), the **Department Head** may, depending on the circumstances, institute one or more of the following steps:

- (i) establish internal safeguards to protect the business from any Conflict of Interest;
- (ii) require that the employee cease to be involved in the situation giving rise to the Conflict of Interest;
- (iii) remove the employee from a position of influence over the business

with respect to matters which give rise to the Conflict of Interest — e.g. if the conflict involves a relative's bid to provide services to **PMPC**, employee may be precluded in participating in the decision-making process with respect to the bid;

- (iv) implement the procedures envisioned in Employment of Relatives Policy;
- (v) require that the employee re-pay any benefit he or she has received as a result of the Conflict of Interest;
- (vi) discipline the employee, up to and including termination for cause, for being involved in the Conflict of Interest. In determining the nature of such discipline, the **Department Head** shall consider:
  - the employee's disclosure of the existence of the Conflict of Interest, if such disclosure was made;
  - whether any such disclosure was made promptly;
  - the severity of the Conflict of Interest;
  - whether the Conflict of Interest involved any kind of dishonesty;
  - whether the **PMPC** was actually harmed by reason of the Conflict of Interest;
  - the employee's past record for honesty;
  - what harm could have resulted to the **PMPC** as a result of the Conflict of Interest;
  - whether or not such harm, if any, can be repaired in any way; and
  - whether disciplinary steps, short of termination, are adequate to deal with the infraction.
- (vii) take any other action deemed advisable by **the Department Head** in the circumstances.
- (viii) In case the **Department Head** himself condones, tolerates or abets the conflict of interest, he shall be automatically terminated for a cause for violating the conflict of interest policy.

1.02 It is a requirement that incumbents of certain positions within the Company periodically complete the Confidential Declaration of Interest Questionnaire shown in Attachment A to this policy. The **Department Head** shall develop and maintain a list of those positions required to complete the Questionnaire.

1.03 The Department Head have the duty and responsibility to disclose any conflict of Interest to the Division Head and/or President.

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- 1.04 An employee who becomes aware of a Conflict of Interest or a potential Conflict of Interest and fails to immediately report that conflict is subject to discipline. Depending on the severity of the conflict or potential conflict, an employee who fails to report a Conflict of Interest may also be terminated for a "cause".

## 2. PURPOSE

- 2.01 The purpose of this Statement of Policy and Procedure is to communicate **PMPC's** position on what matters could constitute a Conflict of Interest to employees and to establish a protocol for disclosing and dealing with such Conflicts of Interest.

## 3. SCOPE

- 3.01 This Statement of Policy and Procedures applies to all employees of PMPC.

## 4. RESPONSIBILITY

- 4.01 All employees are responsible for reading and understanding the Conflict of Interest policy and immediately disclosing to the **Department Head** any Conflicts of Interest which may occur within twenty-four (24) hours of having knowledge of same.
- 4.02 (a) **The Department Head** is required to develop and maintain a list of Panasonic employees for which Confidential Declaration of Interest Questionnaire is required to ensure all employees on that list completes the Questionnaire at least once a year thereafter.
- (b) **The Department Head** is responsible for determining what, if any, further steps or actions should be taken regarding any disclosure received.

## 5. DEFINITIONS

- 5.01 "**Conflict of interest**" refers to a situation where an employee's personal relationship(s) or financial interest(s) could reasonably be seen as influencing the employee's duty to act in the best interests of **PMPC**. Such Conflicts of Interest may include but are **NOT** limited to:

- (a) holding shares in a corporation which seeks to do business with **PMPC**, except where the corporation and the employee holds shares which are worth less than one percent (1%) of the issued shares in a publicly-traded corporation;
- (b) being a relative up to the third degree of consanguinity and/or affinity of an individual who is employed by or involved with a business which seeks to

do business with **PMPC** or does business with **PMPC**;

- (c) being involved with or investing in a business which is competitive to the business conducted by **PMPC**;
- (d) being retained by another company or organization, whether on a consultancy or part-time basis, to advise on business similar to that which is being transacted by **PMPC**;
- (e) accepting "kickbacks" or "bribes";
- (f) failing to advise **PMPC** of a situation which violates the employment of relatives policy. Violation of employment of relatives policy exist when individuals whose employment is aligned in such a way that the reporting relationship may accompany favoritism or charges of favoritism that might arise when an employee is responsible for employment decisions that affect a relative or household member;
- (g) failing to advise the **PMPC** of a situation in which Gifts, Favours and Entertainment Policy would apply. For example, if the gifts, favours and entertainment are intended to place you under some obligations or it is offered as payment for anything you would do as an employee.
- (h) failure of the employee concerned to inform HR when he or she is being investigated, charged, indicted or convicted for a criminal activity which may have an impact on the perception of the individual's business conduct and which, if publicly known, might affect the reputation of **PMPC** as a company which maintains high ethical standards.

5.02 "Relatives" shall include spouse, common-law spouse, same sex partner, child, sibling, parent or grandparent, former spouses or common-law spouses, cousins or being related through marriage.

## 6. REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE

- Termination of Employment
- Employment of Relatives
- Gifts, Favours, Entertainment
- Code of Conduct
- Code of Ethics
- MRO (PMC)

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*SR*

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*A. Jalilov*

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## 7. PROCEDURE

- 7.01 Any employee who suspects or believes that he or she is involved in or may become involved in a Conflict of Interest must immediately disclose such Conflict of Interest fully and accurately to the **Department Head** or to the President in case the Department Head is involved. The Confidential Declaration of Interest Questionnaire, shown in Attachment A to this policy, shall be used for this purpose.
- 7.02 The **Department Head** shall investigate the disclosure and seek legal counsel if appropriate, regarding what steps should be taken as a result of the conflict of interest.
- 7.03 The **Department Head** shall ensure that the Confidential Declaration of Interest Questionnaire (Attachment A) is completed *at least once a year* by all Panasonic employees and it is more appropriate for those who are employed in a decision-making capacity or who have influence over decisions that can affect a business, such as purchasing professionals, engineers, information technology professionals, key technical specialists, etc.
- 7.04 A copy of this policy shall be provided to each employee on his or her first day of employment with **PMPC** and periodically thereafter as deemed necessary by the **Department Head**.

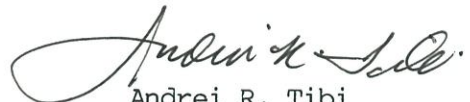
## 8. ATTACHMENTS

Attachment A — Confidential Declaration of Interest Questionnaire

Attachment B — Positions Requiring a Confidential Declaration of Interest Questionnaire.

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Date of Signing: AUGUST 25, 2011



ATTACHMENT A

CONFIDENTIAL DECLARATION OF INTEREST QUESTIONNAIRE

Complete and return this Questionnaire to **Human Resource Department**

Where a potential conflict of interest existed at any time during the time period shown in paragraph 3, or now exists, provide full details in the space below as to the nature of the situation or relationship giving rise to that conflict. Use additional pages, if necessary. If the potentially conflicting situation has changed during the year, please indicate the nature of such change.

INITIAL ONLY THE STATEMENTS BELOW WITH WHICH YOU AGREE

Employee  
Initials

1. I have read and understood **PMPC's** Policy and Procedure  
concerning Conflicts of Interest. \_\_\_\_\_

2. I am aware of no such conflicts as of \_\_\_\_\_ (Date) \_\_\_\_\_

3. I am aware of no such conflicts during the **[twelve (12) month]**  
period preceding the date shown in paragraph 2. \_\_\_\_\_

4. I am reporting a Conflict of Interest as shown below. \_\_\_\_\_

5. I undertake to inform you of any changes to the above. \_\_\_\_\_

Signature: \_\_\_\_\_

**NOTE:** Your signature will attest to knowledge gained by you in any position held throughout the period covered by this questionnaire.

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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**Attachment B**

**Positions Requiring a Confidential Declaration of Interest Questionnaire**

[This Attachment is Optional]

[List all positions for which Attachment A is required to be complete]

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