

## Fair Operating Practices

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### Management System

As our business activity expands globally, the frequency of improprieties increases, due not only to deliberate 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.

Panasonic has adopted a clear set of rules for compliance with the law and corporate ethics. We strive to achieve thorough adherence to these rules, with the aim of promoting fair operating practices in all countries and regions of the world, and to realize a sustainable society. This is embodied in the “Panasonic Code of Conduct,” which incorporates the requirements of the OECD (Organisation for Economic Co-operation and Development) Guidelines for Multinational Enterprises, among other norms.

We have a global network of legal departments, the Executive Director in charge of compliance with Panasonic Code of Conduct, as well as managers in charge of export management and other persons responsible for supervising various other functions in our Divisional Companies, business divisions, and regional headquarters outside Japan.

Panasonic implements compliance programs and training throughout the year to enable employees to address each risk item. We also strive to enhance awareness of ethical and legal compliance issues among employees. Once each year, we review how all our business sites around the world observe and practice the Panasonic Code of Conduct, and the results of these audits are also subject to audits by an outside auditing authority as part of Corporate-wide monitoring.

In addition, we have established hotlines for whistleblowers in our domestic and foreign business sites, as well as for our business partners in order to prevent misconducts and take immediate corrective actions. 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 recurrence.

Besides initiatives aimed at correcting issues identified at the business site level, we also bring those issues together centrally at our Headquarters and comprehensively reflect them in Corporate-wide policies, with considerations to external factors such as social expectations. We repeat this process regularly in the pursuit of continuous improvement. We currently carry 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

In order to put our management philosophy of “contributing to the progress and development of society and the well-being of people worldwide through our business activities” into practice, Panasonic has established the Panasonic Code of Conduct, which includes elements from the OECD (Organisation for Economic Co-operation and Development) Guidelines for Multinational Enterprises. This has been translated into 22 languages and shares with all our directors and employees globally the “Panasonic brand image to pursue” and the Company’s basic approach to responding to social demands regarding corporate social responsibilities (CSR).

### Panasonic Code of Conduct (Excerpts)

The Panasonic Code of Conduct defines our efforts to establish fair business practices as a public entity of society.

#### Chapter 1: Our Core Values

##### An Enterprise as a Public Institution

Since our business is dependent on our customers and other stakeholders, we must remember that “an enterprise is a public institution,” that must strive to fulfill its social responsibilities. In addition to listening to stakeholders’ opinions, we must conduct our business activities transparently in order to be accountable. In short, we must continue to be fair, truthful, honest and swift in taking action to comply with our social responsibilities.

▶ Panasonic Code of Conduct, Chapter 1: Our Core Values

<https://www.panasonic.com/global/corporate/management/code-of-conduct/chapter-1.html>

## Chapter 2: Implementing the Code in Business Operations

### II-3. Compliance with Laws, Regulations and Business Ethics

#### 1. Compliance with Laws, Regulations and Business Ethics

We will conduct business with integrity, a law-abiding spirit, and the highest ethical standards.

We will fulfill our tasks by always observing not only applicable laws and regulations, but also the highest standards of business ethics. Compliance with laws, regulations and business ethics in all our business activities is essential to the survival of our business.

#### 2. Fair and Sincere Action

We will respect free and fair competition, and abide by all applicable antitrust (competition law) and other laws and regulations. All of our transactions shall be properly and fairly recorded.

We will not engage in bribery of any kind. We will be sensitive to, and shall abide by laws and regulations and social ethics that govern the offer of benefits of any kind, including gifts, meals and entertainment. In the same manner, we will not receive personal benefits from any of our stakeholders.

Moreover, we remain steadfast in our attitude to oppose any illegal group or organization.

#### 3. Thorough Observation of Relevant Laws and Regulations

To ensure that all employees observe applicable laws and regulations and respect their spirit, we will establish appropriate in-house codes and promote employee understanding through seminars and training.

#### 4. Prompt Redress and Strict Treatment for Violations of Laws and Regulations

If we suspect that our activities violate applicable laws, regulations or business ethics, we will report such information to a superior, or to the legal affairs section or other relevant section, or via an in-house notification hotline.

Whistleblowers shall be protected from dismissal, demotion, or any other retaliatory treatment because of their well-intentioned reporting of possible violations of any law or regulation. We will ensure thorough and confidential treatment of information reported.

Once we have established that a law or regulation has been violated, we will immediately seek to remedy the violation, take appropriate action and prevent it from recurring.

► Panasonic Code of Conduct, Chapter 2: Implementing the Code in Business Operations II-3. Compliance with Laws, Regulations and Business Ethics  
<https://www.panasonic.com/global/corporate/management/code-of-conduct/chapter-2.html#section2-3>

## Communication

Panasonic aims to make compliance and fair business practices the norm at all business sites globally, through the legal departments and the Executive Director in charge of compliance with Panasonic Code of Conduct. Based on the idea that compliance awareness from top executives is of the utmost importance, we aim to disseminate compliance knowledge across export managers and other individuals with various job functions and responsibilities at Divisional Companies, as well as within certain business divisions and at regional headquarters. Specifically, we notably use Direct Report Meetings, which legal managers of Divisional Companies and regional headquarters participate, to share annual compliance policies, while carrying out various programs addressing compliance throughout the year.

(For further details, refer to Compliance Training). We also contact and notify the persons responsible for legal affairs at our Divisional 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.

## Compliance Training

Panasonic provides training for new hires and newly promoted employees as needed through a variety of educational materials on the Panasonic Code of Conduct that all employees are required to adhere to and compliance awareness throughout the year.

We have assembled a Compliance Guidebook to serve as a tool for putting into practice items that have to do with compliance with the Code of Conduct. The Guidebook explains 54 topics that Panasonic considers critical from a compliance perspective, explaining each of them through examples in a way that is easy to understand. The Guidebook addresses how employees at Panasonic can stay in compliance with the law in the course of their daily work and answer societal expectations, covering topics including the prevention of bribery, corruption and violations to antitrust laws.

We also implement e-learning on compliance for sales, procurement, engineering, and other functional divisions at each

Divisional Company, covering a variety of laws that involve antitrust laws including those targeting with cartels, export controls, and copyright laws.

The Panasonic Group carries out programs throughout the year, aiming to instill a global awareness of ethical and legal compliance while also boosting our 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 scandals and legal violations.

Furthermore, senior management, including the President, Divisional Companies' Presidents, division managers, and regional managers, clearly express Panasonic's policies and stances on ethical and legal compliance as they strive to fully communicate the importance of compliance at all our business sites.

## Responsible Executive and Framework

Panasonic's General Counsel (GC), Executive Director Laurence Bates, is in charge of fair operating practices (as of August 2021).

In order to ensure the dissemination of compliance and fair business practices at the business site level throughout the world, we have legal departments, the Executive Director in charge of compliance with Panasonic Code of Conduct, as well as export control managers and other persons responsible for supervising various other functions in our Companies, business divisions, and regional headquarters outside Japan.

We report to the Board of Directors on our activities addressing critical compliance risks and major investigations.

## Whistleblowing System

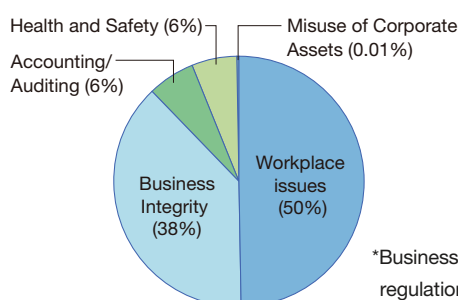
Panasonic has established a global hotline as a Corporate-wide integrated reporting mechanism and has been receiving reports about a broad range of compliance concerns. We also have an Equal Employment Opportunity Office in Japan available for consultation about fair treatment in the workplace, sexual harassment, and power harassment, as well as an Auditor Reporting System for company accounting and auditing issues.

The Panasonic Code of Conduct stipulates that "Whistleblowers shall be protected from dismissal, demotion, or any other retaliatory treatment that results from their legitimate reporting of possible violations of any law or regulation. We will ensure the thorough and confidential treatment of all reported information." Retaliation against whistleblowers is strictly forbidden, and their confidentiality is assured through anonymous reporting.

In July 2019, Panasonic adopted two new internal regulations: Internal Reporting and Investigation Rules and Rules on the Prohibition of Retaliatory Behavior against Whistleblowers and Others. The former establishes systems for reporting and whistleblowing related to compliance issues and then investigating and correcting violations. The latter prohibits retaliation against employees including whistleblowers, those participating in the investigation, and the investigation team, clarifies the protections in place for whistleblowers and similar parties stipulated by the Panasonic Code of Conduct, and is intended to ensure that the internal whistleblowing system is legitimately run.

In FY2021 we received approximately 570 reports and requests for consultation, with 80% of those coming through abovementioned global hotline. Of all reports and requests received, roughly half were related to issues in workplaces (refer to the chart below). Of all the reports and requests received in FY2021, approximately 27% were substantiated (excludes anything still under investigation as of May 31, 2021). 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.

### Content (FY2021)



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

## Performance Evaluation

To monitor the understanding of compliance policies, the effectiveness of measures, and the degree of adherence, once a year we conduct checks on the status of observance and practices of the Panasonic Code of Conduct at all our business sites around the world.

More specifically, at each Divisional Company, a director/executive officer is appointed to be in charge of ensuring adherence to the Code of Conduct. Education and training are conducted regarding the Code of Conduct; written pledges regarding the observance of the Code of Conduct 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 Corporate-wide monitoring.

## Grave Violations and Corrective Measures

Panasonic and its US subsidiary, Panasonic Avionics Corporation (PAC), were subject to an audit by the US Securities Exchange Commission (SEC) and the US Department of Justice (DOJ; collectively, "US authorities") in connection to 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, which we have since paid. We are taking this matter seriously and managing operations to prevent further recurrences.

In the event that Panasonic becomes aware of any serious violations of laws or corporate regulations, we stop the violating behavior immediately, and then consider countermeasures after sufficiently investigating facts and causes. We report on such matters to the Board of Directors as necessary and consider countermeasures of the violations swiftly and across the entire Group based on the resolution of the Board.

With no serious violations subject to fines found in FY2021, we have not paid any fines for such violations.

## Compliance Programs

Panasonic is carrying out Corporate-wide compliance programs addressing the implementation of measures for mitigating the risks such as competition law violations and bribery and corruption. In fiscal 2021, we put forward the following initiatives to strengthen our compliance infrastructure worldwide:

- Executive-level participation: The management team, consisting of the President, Divisional Company Presidents, regional directors, and the General Counsel, issued compliance memoranda for all employees and discussed compliance at Board of Directors' meetings and other executive conferences. Another example of executive management's direct involvement in compliance is that the General Counsel discuss compliance with management teams of Divisional Companies and different regions.
- Compliance awareness and culture: Panasonic created comic books meant to give employees a deeper understanding of how to think about cartel prevention and how to be careful about personal information and privacy of customers. These comics has been translated into 20 languages and distributed globally. We also created a leaflet explaining our global hotline. Furthermore, we added questions about compliance to the Awareness Survey given to employees worldwide. In FY2021 we received approximately 140,000 survey responses.
- Training and awareness: Panasonic offered Corporate-wide e-learning on compliance worldwide.  
FY2019: "Serious wrongdoing" -- Roughly 140,000 in attendance  
FY2020: "Panasonic's Code of Conduct" -- Roughly 140,000 in attendance  
FY2021: "Conflict of interests, Accounting wrongdoing" -- Roughly 140,000 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 Whistleblowing Systems section above. We immediately conduct internal investigations when potential violations are identified through hotline notifications, 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 implementing disciplinary actions towards all relevant parties.
- Compliance Operating Reviews: Each Divisional Company's management works with the General Counsel to share issues and deliberate on countermeasures against important legal and compliance risks at each Company. We incorporated the results of these discussions in the fiscal 2022 Global Compliance Policy Action Plan and in each Company's particular initiatives.

- **Strengthening Investigational Functions:** On July 1, 2019, we updated our Corporate-wide whistleblowing 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 Whistleblowing Systems.)

Moreover, FY2021, while continuing to improve previous initiatives, Panasonic has also introduced new rules for escalating serious compliance concerns.

## Preventing Cartels

Panasonic takes very 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 very 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 amount of penalties and compensation for damages, and might lose our designation in public procurement.

### Basic Policies

We have established the following basic policies in an effort to prevent cartels, collusive bidding, and other such violations.

- Contact with competitors is allowed only in absolutely necessary cases and subject to prior approval.
- Agreements and exchanges of information with competitors regarding prices, quantity, and other competition-related matters are strictly prohibited.
- Anyone who encounters behaviors that may give rise to suspicions of cartel 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, whereby 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 for the purpose of preventing behaviors that could lead to cartels or bid rigging or cause suspicion of such activities, which apply to all Group employees. These rules include items such as the following:

- Prohibition of agreements or exchanges of information regarding product pricing, quantity, performance or specifications that may cause suspicions of cartels or bid rigging
- Prior approval system under which contact with competitors requires 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, through the stipulations in the Panasonic Code of Conduct, 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 this 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 new 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 corruption 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 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 intermediary sellers or

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 Gift 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 Conflict of Interest**

Any situation where 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 job are defined as "conflicts of interest" in this rules, and in addition to the rules regarding prevention, identification, management and correction, the rules also offer specific examples of actual or potential conducts that may create conflicts of interest.

We have also introduced processes for reviewing new risks to discover bribery and corruption risks before transactions take place when starting or renewing dealings with Third-Party Intermediaries. 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 Corporate-wide.

Panasonic also released a Clean Procurement Declaration in 2004. Its aim is to prevent any abuse of their priority position and build healthy relationships with business partners to make sure transactions are fair. Panasonic then conducts procurement following its Code of Conduct.

For more details, refer to the section "Responsible Supply Chain" (P.104).

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

**For Business Partners <Regarding Anti-bribery and Anti-Corruption>**

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

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

The cooperation of Panasonic'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.

"Guidelines for Anti-Bribery and Anti-Corruption (For Business Partners)" -- ENGLISH (PDF file)

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

"Guidelines for Anti-Bribery and Anti-Corruption (For Business Partners)" -- JAPANESE (PDF file)

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

"Guidelines for Anti-Bribery and Anti-Corruption (For Business Partners)" -- CHINESE (PDF file)

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

## Compliance Risk Assessments

To prevent the risk of bribery or corruption, risks are first assessed and then the compliance auditing department visit high risk sites to conduct audits regularly.

## Ensuring Transparency of Political Contribution Funds

Panasonic 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."

("In order to maintain democratic politics in a proper manner, matching costs are required, and it is important for businesses to make political donations as part of their social contribution.")



When making donations, Panasonic complies 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 surrounding political contributions, including reporting and confirmation by multiple responsible executives 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

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

(Panasonic is mentioned on the last page, the third row from the bottom)

[https://www.soumu.go.jp/senkyo/seiji\\_s/seijishikin/contents/SS20201127/006410\\_18.pdf](https://www.soumu.go.jp/senkyo/seiji_s/seijishikin/contents/SS20201127/006410_18.pdf)

## Anti-counterfeit Activities

With the globalization of business and an increased utilization of internet commerce, we observed a significant increase in online issues associated with fake/counterfeit Panasonic products. The issues are not only consumer products, but also BtoB products. To that end, we are working hard to address and eliminate issues associated with fake/counterfeit products globally. Counterfeit goods are inferior in terms of quality and it might cause the safety issues. They also undermine the Panasonic brand by betraying customers' trust. In addition, imitations also harm a healthy society because they create economic losses: Fake products manufactures, and sellers tend to have been implicated with smuggling and they don't pay the taxes properly. Thus, it leads to a decrease in tax revenue. If imitations become widely spread out, it reduce the business incentive to develop new products which will be used for consumers' benefit and it gives a bad big impact on society in view of innovation motivation as well Fake products also present security issues that could include the potential funding of criminal and terrorist organizations. Moreover, confiscated counterfeit goods are treated as garbage and they are burned by incinerator and or buried to the land, which also has a big impact on the environment. The fake products are not only safety issue, but also the social issues, thus, we have a zero tolerance policy with regard to counterfeit products. Eliminating counterfeit goods should be considered a Corporate Social Responsibility. Here are some global examples of Panasonic's anticounterfeiting measures.

### Examples of actions

- Collaboration with the governmental authorities such as providing information so that they can find out and raid the factories where the counterfeit goods are manufactured.
- Conducting the training on how to differentiate counterfeit products from genuine products at Customs offices in each country and police officials so that they can obtain the sufficient knowledge about Panasonic products and they can stop the suspicious products at the border and the market globally.
- Actions at stores and EC-malls to stop the sale of counterfeit goods in each country.
- Consumer awareness actions by collaborating with relevant authorities and industry groups in various countries.
- Consumer awareness action by using the new approach of "Video clip."
- Lobbying activities to develop legal systems and practices to make the better law enforcement.
- Civil lawsuits against vendors of counterfeit products.
- IP education for students at junior-high and high schools.

## Trade Compliance

Panasonic is bolstering compliance with each country's import/export and trade-related regulations, including but not limited to security export controls and customs laws.

In Japan, the Authorized Economic Operator (AEO) system provides simpler and expedited customs procedures for business operators that have established cargo security management and legal compliance frameworks. Such operators receive 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.