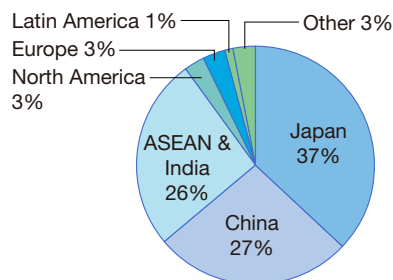


# Responsible Supply Chain

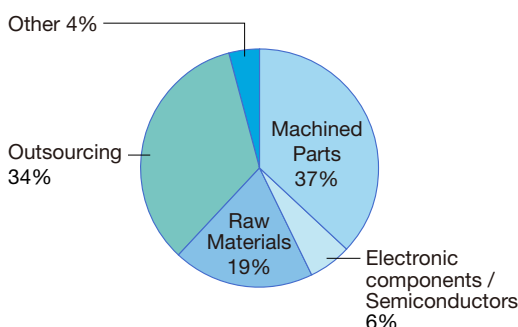
## Overview of Supply Chain

Panasonic does business with approximately 10,000 suppliers worldwide. The company promotes activities with its global business partners across its entire supply chain in order to achieve its CSR-related goals.

**Breakdown of Transactions by Region (%)**



**Breakdown of Transactions by Product (%)**



## Management System

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

Panasonic considers the CSR initiatives in our procurement departments to be vitally important, and we conduct regular management reviews.

In order to increase understanding of CSR procurement and raise awareness of employees involved in procurement activities, we have created internal rules and manuals on CSR procurement, and disseminated the necessary information via handouts, the company’s intranet and training sessions.

We ask each of our suppliers to agree to Panasonic Supply Chain CSR Promotion Guidelines, which bring together our management philosophy, CSR procurement policies, and other matters with which we want our suppliers to comply. We also ask them to perform CSR self-assessments before we start doing business with them. Additionally, we enter into a Standard Purchase Agreement with suppliers, which includes CSR-related items such as respect for human rights, safe working environments, and consideration for the environment.

Furthermore, in addition to evaluations related to quality, cost, delivery, and service (QCDS) and to business performance, we conduct regular evaluations of suppliers’ CSR initiatives.

With regard to conflict minerals, which are sources of funding for organizations involved in unethical practices in conflict areas, such as human rights violations, environmental destruction and corruption, we strive to adhere to the Organization for Economic Cooperation and Development’s (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Additionally, we participate in the Responsible Minerals Initiative (RMI) and work to respect human rights in the procurement and use of conflict minerals and cobalt.

Through these efforts, we are building sustainable supply chains together with our suppliers.

## Policy

### Procurement Policy

Panasonic 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, 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, global environmental conservation, 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 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, Panasonic has required that new suppliers to carry out CSR self-assessments. We conclude Standard Purchase Agreements including CSR requirements and then start trading with suppliers that confirmed meeting our standards.

Panasonic also began asking our existing suppliers to begin doing CSR self-assessments in 2015, and provides guidance for improvement or awareness-raising activities according to the assessment results. Self-assessment results are shared across the Panasonic Group as one of the tools a business division uses for evaluating a supplier with which it has never done business before.

## Clean Procurement

Because Panasonic 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 ever since.

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.

- **Establishment of a global hotline**

Panasonic aims to promote fair and equitable procurement activities based on our Clean Procurement Declaration.

Our global hotline acts also as a reporting system in the event that any of our procurement personnel or departments have violated any laws or regulations, agreements with suppliers, the Panasonic Code of Conduct, or other procurement rules, or are suspected to be about to do so.

This hotline is also available to suppliers for the purposes above.

▶ Global hotline

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

▶ Clean Procurement Declaration

<https://www.panasonic.com/global/corporate/management/procurement/declaration.html>

## Training

Our procurement departments at Panasonic conduct CSR procurement training to train our procurement staff members who will be able to fulfill our social responsibilities when it comes to procurement by teaching them about the company's basic approach to CSR and create opportunities to gain knowledge about procurement compliance. CSR procurement training within Panasonic's group in Japan has divided its training into two levels. The CSR1 level is made to help trainees gain expertise and solve problems in the workplace, and the CSR2 level is made for trainees to learn the basics of CSR and learn to apply them in the normal work of procurement. Each level concludes with a comprehension exam after the training.

In particular, the CSR2 level certificate listed below is a prerequisite for our internal buyer certification system.

(Training example) CSR2 training curriculum

- Compliance for subcontracting, green procurement, clean procurement, and more
- Panasonic's management philosophy and stance on CSR procurement
- Issues with human rights and labor or health and safety in the supply chains
- Specific efforts made in Panasonic CSR procurement

In addition to all this, we also build in basics on CSR procurement in our training curricula for new procurement personnel who have changed jobs internally or who newly joined Panasonic.

We also have plenty of necessary information available on the portal site for procurement personnel that includes the Conflict Minerals Manual and the requirements for conducting CSR self-assessments to make it possible for them to always have the latest information at hand as they do their work.

## Responsible Executive and Framework

The executive in charge of procurement is Mototsugu Sato, Executive Vice President (as of August 2021).

The department responsible for responsible procurement activities is Panasonic's Global Procurement Company. Each of our Divisional Companies, as well as their business divisions and other affiliated companies have their own procurement departments.

The Global Procurement Company collaborates with these Divisional Companies' procurement departments to strengthen CSR procurement activities at the Corporate-wide level.

Each Divisional Company and business division follows the PDCA cycle by planning and promoting initiatives in line with Corporate-wide rules and manuals related to procurement operations. Issues that arise in this process are addressed and appropriate solutions devised through discussions during Corporate-wide meetings attended by the heads of procurement in each Divisional Company and business division.

## Enforcement of CSR for Suppliers

### Enforcement of the Panasonic Supply Chain CSR Promotion Guidelines

In March 2016, the Panasonic Group issued the Panasonic Supply Chain CSR Promotion Guidelines (Ver. 1.0), a set of CSR requirements we ask suppliers to adhere to. These guidelines were formulated with reference to international standards and standard approaches in industry and in a way that communicates the Panasonic Group's basic approach to CSR procurement while into account CSR requirements from NGOs and customers. This same document was later updated and amended to reflect the changes to CSR requirements placed on companies and released in July 2018 as Panasonic Supply Chain CSR Promotion Guidelines (Ver. 2.0), hereinafter called the "Procurement Guidelines."

The Procurement Guidelines establish the following provisions while meeting legal and regulatory requirements and taking into account international conventions and standards:

- 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 latest edition of Panasonic'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

These Procurement 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.

<https://www.panasonic.com/global/corporate/management/procurement/for-suppliers.html>

## Requests to Suppliers for CSR Self-Assessments

Since fiscal 2016, Panasonic has asked suppliers to begin conducting CSR self-assessments (based on our Procurement Guidelines) of the state of their initiatives related to human rights, fair labor, health and safety, the environment, and ethics.

These CSR self-assessments include items that prohibit suppliers from using child labor, forced labor, and the like. Panasonic requires our suppliers to follow their country’s laws regarding hiring workers and that no one is made to work against their will.

We place priority on self-assessments in regions with higher CRS risk. In fiscal 2017, some 5,000 suppliers mainly in China, India, and Southeast Asia conducted these assessments. In fiscal 2018, some 2,000 of our suppliers in Japan conducted these assessments. In fiscal 2019, roughly 3,000 assessments were conducted, including new suppliers. In fiscal 2020 more new suppliers conducted self-assessments, and over these five years, nearly all Panasonic suppliers have now provided self-assessments. Additionally, we had some 1,500 of our key suppliers in fiscal 2021, including both existing and new suppliers, which Panasonic continues to do business with.

When issues are found in the course of CSR self-assessments, we get to work toward making improvements using a variety of different methods. When necessary, we even go to visit our suppliers’ actual facilities for confirmation, hearings, and the like. In fiscal 2018 we visited four suppliers in Thailand and three in China to verify their actual facilities. Issues related to safety and health had been found at suppliers in Thailand, and we had identified problems with both safety and health and the environment at the suppliers in China, so we had asked the suppliers to take corrective action. By fiscal 2020, Panasonic had also visited 100 suppliers for site audits in China and Malaysia, areas where risks were considered high in terms of human rights, labor, and the environment.

Panasonic considers terminating contract in cases where critical items in these guidelines such as issues with legal violations or prohibitions against child labor and forced labor cannot be remedied, or when issues with any of the other items in the Procurement Guidelines have not shown improvement even with ongoing efforts to correct them. However, because Panasonic works with our suppliers in a spirit of mutual prosperity, the company’s basic approach when less urgent issues are found is to provide ongoing guidance aimed at solving those issues.

In fiscal 2021, Panasonic has also deployed a new platform for recording the results of CSR self-assessments for ongoing monitoring, enabling us to share the outcomes of these assessments across the entire group. Thank to this system, in addition to stronger governance across the group, we are now able to leverage assessment results rapidly and efficiently when selecting suppliers in all business areas. This new platform will allow Panasonic to build healthier, more transparent supply chains.

## Cooperation with our Suppliers towards 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 (P.71).

▶ Collaboration across the Supply Chain

<https://www.panasonic.com/global/corporate/sustainability/eco/supplychain.html>

## Responsible Minerals Procurement

### Panasonic's Basic Stance on Responsible Minerals Procurement

Panasonic 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 Panasonic promotes responsible procurement of minerals in its global supply chain in order to fulfill our corporate social responsibility.

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.

Panasonic 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 and refineries and downstream enterprises. As it is not possible for one single company to manage the whole supply chain, Panasonic requires all related suppliers to provide information on smelters/refineries through the supply chain, and aims to procure from suppliers who don't present any issue.

Going forward, Panasonic will keep contributing to the international efforts towards responsible minerals procurement while actively considering our future role in such global efforts. We also participate in the Responsible Minerals Initiative (RMI) and its Cobalt Workgroup to promote industry-wide efforts.

### Responsible Minerals Procurement System

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

### Due Diligence Efforts

In order to fulfill our social responsibility, Panasonic promotes responsible minerals procurement throughout its entire supply chain while actively communicating its policies to all suppliers and collaborating with them.

Responsible surveys of conflict minerals require the cooperation of all suppliers and the refineries/smelters with which they work. In order to reduce the burden on suppliers and to enhance the efficiency of such surveys, we use common survey tools and explanatory materials. To this effect, Panasonic uses the Conflict Minerals Reporting Template (CMRT) and the Cobalt Reporting Template (CRT) issued by the Responsible Minerals Initiative (RMI). We also participate as a member of the awareness and public relations team of the Japan Electronics and Information Technology Industries Association's (JEITA) Responsible Minerals Procurement Working Group, the Japan Electronics and Information Technology Industries Association's (JEITA) Responsible Minerals Procurement Working Group, and actively use the common manuals and procedures shared between the Japan Automobile Manufacturers Association (JAMA) and the Japan Auto Parts Industries Association (JAPIA).

### Conflict Minerals Surveys

In fiscal 2021, the Panasonic Group as a whole surveyed around 3,270 suppliers on conflict materials and collected responses from 95% of them (as of the end of February 2021). Based on the data collected from the survey forms (CMRTs), we conducted a risk analysis and assessment and requested further investigations from suppliers, according to the risks that we identified.

The Panasonic Group identified a total of 311 smelters and refineries present in the supply chain of minerals used in our products. Among these, 78% have received the "Conformant/Active Smelter" certification (which is awarded to smelters/refineries that have passed or are currently undergoing an audit by RMI).

At present, we have not confirmed that any of the minerals that survey respondents have identified as being sourced from target countries have, either directly or indirectly, financed any armed forces. However, we will continue to carefully examine and identify information from smelters and refineries.

Furthermore, through our industry activities, we have urged smelters and refineries to participate in the Responsible Minerals Assurance Process (RMAP) and our suppliers continue to perform due diligence processes. In the event that we identify minerals that contribute to fund conflicts or any other issues, we will request our suppliers to take measures including changing their suppliers or eliminating the use of these minerals.

## **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 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 2021, we conducted cobalt surveys for 474 suppliers, and received a response from 90% of those surveyed. These results allowed us to identify 64 smelters and refineries (as of the end of February 2021). We have conducted a risk analysis and assessment based on the data from the survey form (CRTs) that we have collected from suppliers, and have requested further investigations from suppliers in response to those risks.

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

## **Participation in the Forum on Implementing Due Diligence for Responsible Mineral Supply Chains**

From 2011 to 2017, Panasonic participated in the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas projects (currently, the Forum on Responsible Mineral Supply Chains). At the forum in November 2013, we learned about ongoing efforts toward conflict-free minerals procurement, including mines, exchanges and ore traceability systems as well as efforts to identify mines through analysis of mineral composition and generation in Rwanda. We attended the forums held in Paris in 2016 and 2017, and 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 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, and participated in the development of the U.S. data transfer standard IPC-1755 on conflict minerals. JEITA's Responsible Minerals Procurement Working Group teamed up with Japanese automakers in November 2013 to create the "Conflict-Free Sourcing Working Group", in order to engage in dialog with the smelting industry and accelerate efforts to verify information about smelters/refiners. Panasonic is also an active participant in this initiative.

Since January 2016, we have been working with other members in JEITA's Responsible Minerals Procurement Working Group and continue to encourage smelters to participate in the Responsible Mineral Assurance Process (RMAP) with other member companies.

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