

Working to Solve Social Issues



Responsible Supply Chain

KPI	FY2023	FY2031
Ratio of tier 1 suppliers with an A-rank self-assessment	77%	100%
Written pledge acquisition rate from tier 1 suppliers	46%	100%
CMRT/EMRT questionnaire collection rate	98%	100%
Ratio of active/conformant smelters	82%	100%

Policy

At 20 global production sites, the Group procures such raw materials as active materials for batteries as well as various components ranging from various processed parts to electronic devices, from about 1,000 tier 1 suppliers in Japan and overseas. We recognize that, among them, we are required to fulfill our corporate social responsibility not only between the tier 1 suppliers and the Company but also throughout the entire supply chains that spread in elaborate networks in various countries, from suppliers of raw materials, such as upstream resources and minerals, to tier 1 suppliers and delivery to the Group's domestic and overseas production sites.

To fulfill this social responsibility, we build partnerships with our suppliers on a global basis. Based on mutual trust and cooperation, we maintain and improve the quality of purchased products, realize

competitive prices, promote responses to market changes, and create the product value required by our customers while studying together with our suppliers, who are our indispensable partners.

For the realization of this product value creation, it is essential to comply with laws and regulations, social norms, and corporate ethics, and to fulfill social responsibilities, such as human rights, labour, health and safety, global environmental conservation, and information security. Together with our suppliers, the Group promotes procurement activities that can guarantee that we are fulfilling our social responsibilities while building a sustainable supply chain with low environmental impact.

Outline of initiatives

Compliance with CSR Guidelines

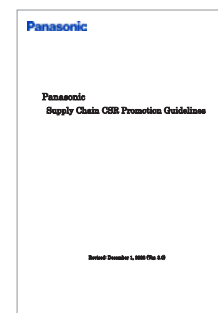
To clearly communicate its approach to CSR procurement to suppliers, the Panasonic Group formulated the Panasonic Supply Chain CSR Promotion Guidelines with reference to laws and international norms such as the UN Guiding Principles on Business and Human Rights.

In line with the Panasonic Group's activities, from fiscal 2023 the Group has started to conclude basic transaction agreements that require new suppliers to comply with the Guidelines. We will also request that existing suppliers sign an agreement to comply with the Guidelines.



Panasonic Supply Chain CSR Promotion Guidelines

<https://holdings.panasonic/global/corporate/about/procurement/for-suppliers.html>



Reducing CSR Risks through Self-assessment

Amid growing demands in the international community for human rights initiatives, in 2021 Panasonic Holdings joined the RBA, a global organization that promotes social responsibility, and is developing initiatives to strengthen CSR procurement in its supply chain.

As part of those initiatives, we are distributing the Supply Chain CSR Promotion Guidelines to all tier 1 suppliers and requesting that they not only check contracts and agreements but also conduct regular self-assessments. The assessment results are classified into three ranks, A, B, and C, in ascending order according to risk. The precondition for starting transactions with a new supplier is an evaluation of B rank or higher in the CSR assessment. As of March 2023, we had 455 suppliers conduct self-assessments, and of the 455 companies, 352 were ranked A and 103 were ranked B. For B-ranked suppliers, our Procurement Department works together with them to promote risk reduction.

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Human rights due diligence initiatives

With regard to its suppliers, the Panasonic Group performs risk mapping based on the risk indicators of international organizations and the impact the risks would have on business. In fiscal 2023, the Panasonic Group had been conducting trials of CSR audits using third-party organizations. From fiscal 2024, we will promote human rights due diligence, including the identification and countermeasures of supply chain risks, by taking the lead in conducting CSR audits, including items related to human rights, labour, health and safety, etc., at a pace of more than 10 cases per year for high-risk suppliers that do business with the Group.

CSR-related education and training

To realize responsible procurement activities, we believe that it is essential to educate and train our personnel who are in charge of procurement and who come into contact with our suppliers on a daily basis. There are CSR Level 1 and CSR Level 2 systems according to the degree of proficiency in CSR, and currently about half have acquired Level 2. We are formulating and promoting annual plans so that all of our employees can reach Level 2 or higher. We are also conducting e-learning sessions for domestic users to promote their understanding of CSR compliance and prevention of legal violations in purchasing operations.

Responsible minerals procurement

The supply chains of minerals, which are the main materials in batteries, pose a variety of CSR risks, such as human rights violations, poor working conditions, environmental destruction around mines, and the involvement of armed groups. In contrast, such supply chains represent an important economic activity for mineral-producing countries, and appropriate due diligence with regard to CSR risks is essential. In accordance with the *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* established by the Organisation for Economic Co-operation and Development (OECD), we have formulated a responsible mineral procurement policy and are promoting activities. As a member of the Panasonic Group, which is a member of RMI*¹, a global organization that promotes responsible mineral procurement, we identify smelters and confirm their compliance with RMAP*² every year with the cooperation of our suppliers. In addition to encouraging non-compliant smelters' participation in RMAP, in the unlikely event that conflict-affected minerals are found, we would ask that they take steps to eliminate the use of such materials, including changing suppliers. Collecting survey forms from all our suppliers on an ongoing basis, we aim to procure only from conformant/active smelters*³.

Due to the need to respond sensitively to the changing environment surrounding responsible mineral procurement activities, we have also established a Responsible Minerals Committee, which consists of relevant functions, such as procurement, legal and sales, and hold general meetings on a regular basis. Along with sharing environmental changes, at the general meetings we are promoting CSR risk responses by reporting, for example, the policy and status of responses to relevant problems and cooperating with related departments.

Activities Regarding Tantalum, Tin, Tungsten and Gold

Item	Data
CMRT (questionnaire)* ⁴ collection rate	100%
Ratio of conformant/active smelters	85%

Cobalt-related activities

Item	Data
EMRT (questionnaire)* ⁴ collection rate	98%
Ratio of conformant/active smelters	69%

*1 RMI: Responsible Minerals Initiative, an organization that provides industry-standard survey tools, etc. for companies to conduct responsible mineral procurement.

*2 RMAP: Responsible Minerals Assurance Process program stipulated by RMI

*3 Conformant smelters: Smelters that have been audited to be RMAP compliant
Active smelters: Smelters that are at the preparation stage to be audited

*4 CMRT, EMRT: RMI-issued conflict minerals survey forms

Support for suppliers

As stipulated in our regulations, we conduct an audit before commencing a new transaction with a material supplier. Based on the audit results, if necessary, we provide support that will lead to improvements in, for example, the management level of our suppliers with regard to the control methods for processes, chemical substances and health and safety. We also hold a Partners' Meeting once a year to strengthen cooperative relationships with suppliers by understanding our management policy. In fiscal 2023, 323 people from 172 companies participated.