

Responsible Supply Chain

Management System

With social responsibility in procurement, including consideration for the environment and human rights, being expected from society, we at Panasonic are working to conduct our business with suppliers that not only provide excellent technology and quality, but also honor social responsibilities including clean procurement; green procurement; compliance; information security; and human rights, labor, health and safety.

To ensure employees involved in procurement activities better understand CSR procurement, and in order to raise their awareness of CSR procurement, we have created internal rules and manuals on CSR procurement, and disseminated the necessary information via handouts, our intranet, and training sessions.

We sign a Standard Purchase Agreement with each of our suppliers provided that the supplier agrees with our management philosophy and CSR procurement policies. This Agreement includes items related to CSR such as human rights, safe working environments, and consideration for the environment.

We also issue and distribute the guidelines we expect our suppliers to follow as the Supply Chain CSR Promotion Guidelines and conduct regular evaluations of supplier initiatives related to CSR in addition to evaluations related to standards for evaluating quality, cost, delivery, and service (QCDS) and business results.

With regard to conflict minerals that fund organizations that behave without proper regard for human rights, engage in environmental destruction, practice corruption, and otherwise act unethically in conflict zones, we strive to adhere to the Organisation for Economic Cooperation and Development's (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

Through these efforts, together with our suppliers, we strive to create sustainable supply chains.

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.

For details, please see our Procurement Policy at our Procurement Activities website.

<http://www.panasonic.com/global/corporate/management/procurement/policy.html>

Ensuring Fair Business

- **Prohibition of Receiving Money and Valuables from Suppliers**

Panasonic has established Rules on Entertainment and Gifts from Suppliers, which lays out strict rules that prohibit receiving any entertainment or meals, money, goods, or property, obtaining any advantages, or receiving other payoffs

from any business partners from which Panasonic purchases goods or obtains services, or who may become such business partners. These rules also both encourage reporting to or consultation with superiors in the workplace, HR or Legal departments, or the internal hotline established for when a violation has been discovered, and lay out disciplinary actions for those who violate these rules.

- **Establishing of a Purchasing Ombudsman Fair Business Hotline**

Panasonic promotes fair and equal procurement activities based on our Clean Procurement Declaration.

We have created the Fair Business Hotline, a fair and objective organization, as a means for reporting in the event that any of our procurement staff have violated any laws or regulations, agreements with suppliers, the Panasonic Code of Conduct, or other procurement rules, or is suspected to be about to do so in the near future.

► Our Company (Clean Procurement Declaration)

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

Education

Training is spread out over seven sessions in one year, divided into introduction, fundamentals, and practice.

The purpose of this training is for employees to be able to gain a basic knowledge of our approach to CSR and procurement compliance, and to train our personnel to become individuals who can fulfill their responsibilities to society in the context of procurement work.

Responsible Executive and Framework

The person responsible is Senior Managing Director Yoshiyuki Miyabe (as of August 2016).

The department responsible is the Global Procurement Company. Each of our group Companies and their business divisions and other affiliated companies has its own procurement department.

The Global Procurement Company is responsible for CSR procurement activities at the company-wide level. It works together with the group Companies and their business divisions and other affiliated companies to strengthen our efforts in this area.

Each Company and business division draws up plans to follow and promote the company-wide rules and manuals, in order to keep the PDCA cycle in motion. Issues that arise in this process are addressed by the conference and other opportunities composed of executives responsible for the procurement functions in each Company and business division, which devises appropriate solutions.

Responsible Supply Chain: Enforcement of CSR for Suppliers

Issuance of the Panasonic Supply Chain CSR Promotion Guidelines

In March 2016, the Panasonic Group issued the CSR requirements we have created in order to convey our stance on CSR procurement that we want our suppliers to adhere to known as the Panasonic Supply Chain CSR Promotion Guidelines (hereafter, "Procurement Guidelines"), with reference to international standards and standard approaches in industry.

These Procurement Guidelines have been created in Japanese, English, and Chinese, and we are working on distributing them to all of our suppliers via email and ensuring that they have been notified, in addition to posting them on our website.

- ▶ For details, please see our "For Suppliers" regarding our procurement activities.

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

Related Links

- ▶ Initiatives for the Prevention of Slavery and Human Trafficking

http://www.panasonic.com/global/corporate/sustainability/human_rights/global_standards.html#anti-slavery

Requests to Our Suppliers for CSR Self-checks

Since fiscal 2016, we have begun requesting that our suppliers start conducting CSR self-checks concerning the state of their initiatives related to human rights, health and safety, the environment, and ethics.

We also analyze and evaluate supplier risks based on the results of these self-checks, holding hearings and audits as necessary.

In fiscal 2016 we requested CSR self-checks from roughly 700 suppliers, mostly in Japan and China.

No suppliers with serious issues were found in this round of self-checks, but we will continue to expand the number of suppliers that we request self-checks of, and we will work to take swift corrective action in the event that we find any issues, and build up a solid, healthy supply chain.

Cooperation with Suppliers in Reducing the Burden on the Environment

We work to reduce the burden we place on the environment through cooperation with our suppliers and logistics partners.

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

<http://www.panasonic.com/global/corporate/management/procurement/partner/contest.html>

Responsible Supply Chain: Response Regarding Conflict Minerals

Basic Stance on Conflict Minerals

The issues of conflict minerals* are considered important by Panasonic. These minerals are mined in the Democratic Republic of Congo (DRC) and neighboring countries (hereinafter, “the covered countries”), and their extraction funds organizations that violate human rights, cause serious harm to the environment, perpetrate corruption, and are otherwise involved in illegal activity.

To fulfill our social responsibilities in our procurement activities, our policy prohibits the usage of illegally obtained conflict minerals as raw materials.

In the rare event that such use is discovered, efforts aimed at to terminate any usage must be made without delay.

To this end, a notice was issued in December 2010 to the entire group requiring a thorough approach to non-use. In February 2011, efforts began to require checks of our major suppliers’ sources for procuring minerals.

However, in the covered countries, there are also companies and individuals engaged in legal business activities, with no connection to any illegal activities. We also must strive hard to ensure that such companies or individuals’ business activities and livelihoods are not harmed by our efforts to avoid using minerals that are illegally obtained.

To this end, we need to cooperate with a wide range of stakeholders, including countries, companies, and Non-profit organizations (NPOs) that are taking measures to build fair supply chains of minerals in the covered countries. Based on these concepts, Panasonic has been participating in the Organisation for Economic Cooperation and Development’s (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, which began in August 2011.

Alongside our involvement in this project, we are also engaged in other efforts aimed at the implementation of the OECD guidance, building management processes that conform to global standards, with the aim of contributing to international efforts to resolve the problem of conflict minerals.

* Tin, tantalum, tungsten, gold

Panasonic's Systems for Dealing with Conflict Minerals

Panasonic is making efforts to build company-wide systems, with ultimate responsibility residing with the executive officer in charge of manufacturing and procurement (Senior Managing Director Yoshiyuki Miyabe, as of August 2016). With the start of the four-company system in April 2013, we designated a person at each company to be in charge of investigating and reporting on conflict minerals. Under the aegis of these individuals, each company is making efforts to build systems and carry out investigations based on the characteristics of its own business.

Due Diligence Efforts

In addition to communicating Panasonic's policies to our suppliers, we also ask them to put reasonable efforts toward being DRC conflict free and procure materials from conflict-free smelters (CFS) to the extent possible.

Investigations of conflict minerals require the cooperation of all suppliers, and all the refiners / smelters they work with. To reduce the burden on suppliers, and to enhance the efficiency of such investigations, we have found it effective to use common investigating tools and explanatory materials. Based on this realization, Panasonic uses, as an investigative tool, the Conflict Minerals Reporting Template (CMRT) issued by the Conflict-Free Sourcing Initiative (CFSI). We are also active participants at investigative briefings held by JEITA's (Japan Electronics and Information Technology Industries Association) Responsible Minerals Trade Working Group, where we work as a presenter. We make active use of manuals and other handbooks jointly prepared by Japanese automobile makers and the Japan Auto Parts Industries Association for conducting investigations.

Status of Investigations

In fiscal 2016, the Panasonic Group as a whole has surveyed 1,300 supplier companies on conflict minerals, and has had responses from 86% of those surveyed (as of the end of December 2015). Based on the CMRTs that we have collected, we have already conducted a risk analysis and assessment, and have requested further investigations from suppliers according to risks.

A total of 256 smelters have been identified by the Panasonic Group for the four specified minerals. Among those, 65% of tin, 100% of tantalum, 66% of tungsten, and 65% of gold smelters have been certified as CFS (as of the end of December 2015).

At the present time, we have not confirmed any minerals that have served to finance military power either directly or indirectly for the metals that have been reported in the survey as being sourced from covered countries, but we will continue our work of closely examining and identifying smelter information.

Furthermore, through our industry activities, we have urged smelters to acquire CFS certification. Our suppliers continue to perform due diligence, but in the rare event minerals are discovered to have been supportive of conflict, we are asking that these suppliers strive to change their suppliers, or take other steps toward non-use.

Participation in Forums on Implementing Due Diligence for Responsible Mineral Supply Chains

Beginning in 2011, Panasonic has been participating in OECD 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 traceability systems for responsible minerals procurement, in Rwanda, and ways to identify mines through analysis of mineral composition and generation. We also participated in the forum in Paris in May 2015, where we were able to exchange views with other interested persons and learn about effective approaches to the problem of conflict minerals.

Industry Cooperation Initiatives

Investigations of conflict minerals require the cooperation of all suppliers in the supply chain. Accordingly, Panasonic has been working with JEITA (Japan Electronics and Information Technology Industries Association) as co-chair and co-leader of the Responsible Minerals Trade Working Group, engaging in educational activities and efforts to make the investigative process more efficient through industry cooperation.

More specifically, we have been working with industry groups both inside and outside Japan and holding seminars and briefings about investigations to promote correct efforts regarding conflict minerals. We have checked information on smelters / refiners, and helped plan the IPC-1755 standards for the sharing of U.S. data on conflict minerals. In November 2013, JEITA's Responsible Minerals Trade Working Group teamed up with Japanese automakers to create the Conflict-Free Sourcing Working Group, in order to engage in dialog with the smelting industry and to accelerate efforts to verify information about smelters / refiners. Panasonic was also a participant in this activity.

Since January 2016, along with other corporate members of JEITA's Responsible Minerals Trade Working Group, we have begun working toward getting smelters that have not yet received CFS certification to do so.

We have also visited smelters in Japan and conducted information exchanges on the conditions and issues surrounding conflict minerals, and have considered what sensible ways of dealing with conflict minerals should look like.

Support for Efforts in Democratic Republic of Congo and Neighboring Countries

Panasonic has engaged in due diligence initiatives to fulfill its social responsibilities as a downstream company, but we think the most important development towards resolving the problem of conflict minerals would be the establishment of mechanisms for responsible procurement of minerals in the covered countries.

Based on this thinking, since March 2013, we have been participating, with industry groups, the U.S. government, and citizen groups, in the Public-Private Alliance for Responsible Minerals Trade (PPA).

The PPA supports efforts to create mechanisms and develop capabilities for certification and traceability of minerals transactions that are unrelated to any conflict in the Africa's Great Lakes region. At the same time, it creates a platform for dialog and cooperation between participating organizations, in the interest of realizing sustainable, responsible minerals trade in the region.

Panasonic is a participant in PPA, and supports efforts aimed at responsible minerals trading, aiming to make a contribution to healthy economic development in the region.

Related Link

► PPA Web site <http://www.resolv.org/site-ppa/>

Support for Sustainable Development of the Covered Countries

As Panasonic's corporate citizenship activity in this region, in 2010 we began the Panasonic NPO Support Fund for Africa, as a means of supporting and strengthening the public relations foundation for NPOs / NGOs working to resolve issues in African nations. This is our way of supporting organizations working to resolve issues in African nations. Included among the organizations that Panasonic has supported so far are the NPO Terra Renaissance (2011 to 2013), which works on issues including landmines, small arms, and child soldiers in countries including Uganda and the Democratic Republic of the Congo, and Reborn Kyoto (2014 to 2016), an NPO that provides opportunities for women in Rwanda to take part in vocational training in order to support their economic independence. In March 2016, Panasonic donated roughly 500 of its solar lanterns to the United Nations High Commissioner for Refugees (UNHCR) which carries out humanitarian assistance in the Democratic Republic of the Congo.

Dialog with NGOs

We are engaged in dialog with NGOs regarding handling of conflict minerals. In March 2015, we participated in an "ethical mobile phone campaign" seminar promoted by the international environmental NGO A Seed Japan, sharing our views on our handling of conflict minerals with representatives of corporations and NGOs. We also exchanged views regarding the importance of sector-cooperative efforts on the handling of conflict minerals. Going forward, we plan to continue this kind of dialog and cooperation.