

Panasonic Automotive & Industrial Systems Europe GmbH

Slavery and Human Trafficking Statement

Fiscal Year ended 31 March, 2017

Introduction from the Managing Director of Panasonic Automotive & Industrial Systems Europe GmbH:

Modern Slavery is a criminal offence under the Modern Slavery Act 2015. Modern Slavery can occur in various forms including servitude, forced or compulsory labour and human trafficking, all of which include the deprivation of a person's (an adult or child's) liberty by another (collectively "Modern Slavery"). Panasonic Automotive & Industrial Systems Europe GmbH published its first Slavery and Human Trafficking Statement in September 2016. This is the second statement that further sets out the procedures Panasonic Automotive & Industrial Systems Europe GmbH has put in place with the aim of preventing opportunities for Modern Slavery to occur within our business or supply chain.

Panasonic Automotive & Industrial Systems Europe GmbH ("We" "Us" or "Our") is committed to a work environment that is free from Modern Slavery in accordance with the laws and regulations of the European Union.

We operate a zero-tolerance approach to Modern Slavery and we are committed to acting ethically and with integrity in all our business dealings and relationships and to applying effective systems and controls to ensure Modern Slavery is not taking place anywhere in our own business or in any of our supply chains. We will not knowingly use Modern Slavery in any of our products and/or services supplied, nor will we accept commodities, products and/or services from suppliers that we know are engaged in acts of Modern Slavery.

Organisational Structure:

Our ultimate parent company is Panasonic Corporation whose head office is in Japan. Panasonic is one of the largest electronics manufacturers with 496 consolidated companies located globally.

Our Business:

Panasonic is committed to creating a better life and a better world, continuously contributing to the evolution of society and to the happiness of the people around the world.

Panasonic business is very diverse and covers Consumer Electronics, Housing, Automotive and Business Systems and Solutions. The Panasonic group has net sales of 7,343.7 billion yen (as of 31 March 2017). Panasonic's global business is organised into four key business units:

- Appliances;
- Eco Solutions;
- Connected Solutions; and
- Automotive & Industrial Systems.

Panasonic Automotive & Industrial Systems Europe GmbH (PAISEU) is a merge of the formerly separate legal entities of Panasonic Automotive Systems Europe, Sanyo Components Europe, Panasonic Industrial Devices Sales Europe, and – as a subsidiary and still separate legal entity – Panasonic Electric Works (PEW) Europe. Main products and solutions from PAISEU consist of automotive safety and security solutions, infotainment solutions, energy components (batteries) and solutions, industrial components and devices and manufacturing solutions.

Our Supply Chain:

Panasonic has a large number of suppliers globally.

Our supply chains include the sourcing of raw materials and minerals principally related to the provision and manufacture of electrical products. Please refer to http://www.panasonic.com/global/corporate/sustainability/supply_chain/minerals.html for more details.

Our key risk areas:

The risk that Modern Slavery will occur is thought to be especially high in certain regions of the world, with Asia being of particular attention for us. We are also aware there are greater human rights and labour related risks in areas where migrant foreign workers are widely employed. Panasonic is actively implementing a programme of enhanced checks in these regions to ensure compliance with local legislation.

Due Diligence Process for Human Trafficking and Slavery:

As part of our initiative to identify and mitigate risk we have taken a number of actions to verify the absence of Modern Slavery in our supply chain, including the following:

- **CODE OF CONDUCT** - This includes requirements on ensuring respect for human rights and that Panasonic will not employ people against their will. <http://www.panasonic.com/global/corporate/management/code-of-conduct/list.html>
- **POLICY** - We have in place an Anti-Slavery and Human Trafficking policy which reflects our commitment to act ethically and with integrity in all our business relationships, and to applying effective systems and controls to ensure Modern Slavery is not taking place anywhere in our supply chains.
- **3 STEP PROCUREMENT POLICY** – this ensures respect for human rights and safety of labour. <http://www.panasonic.com/global/corporate/management/procurement/policy.html>
- **SUPPLIERS** – We expect that all those in our supply chain, as well as contractors, comply with our Anti-Slavery and Human Trafficking policy, our business principles and Basic Business Philosophy. We also ask our suppliers to meet our Corporate Social Responsibility (“CSR”) requirements, including safeguarding human rights and the health and safety of labourers. In March 2016, the Panasonic Group issued the CSR requirements we created in order to convey our stance on CSR procurement, to which

we want our suppliers to adhere. These are known as the Panasonic Supply Chain CSR Promotion Guidelines, and are referenced to international standards and standard approaches in industry. These Procurement Guidelines have been created in Japanese, English, Chinese, Thai, Vietnamese and Indonesian and we are working on distributing them to all our suppliers via email and ensuring that they have been notified, in addition to posting them on our website.

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

- **CONTRACTS** – Our policy is to include clauses on Anti-Slavery and Human Trafficking in our standard purchase agreements and we are proceeding to include these clauses in all our purchasing contracts. Within these clauses, Suppliers are also expected to comply with our Anti-Slavery policy and to provide evidence of their compliance when requested.
- **TRAINING** - We conduct training for all new, permanent staff on our Basic Business Philosophy and Code of Conduct. This includes training on: contribution to society, compliance with local laws and a respect for basic human rights with emphasis on not employing persons against their will and on compliance with local employment laws.
- **RECRUITMENT** – When recruiting employees, Panasonic adopts a perspective of protecting fundamental human rights and engages in recruitment activities that comply with the laws and regulations of the respective countries in which we operate. Panasonic prohibits forced labour including child labour. In order to prevent child labour, we have included age verification in the ‘Self-Assessment Checklist’ which is used when individuals join the company. The risk of child labour is thought to be especially high in in Asia and Panasonic is implementing age verification in this region. The company does not allow employees under the age of 18 to engage in overtime work and heavy labour, and offers them consideration and support including, as appropriate, the opportunity to receive education.
- **SUPPLIER SURVEYS** – Panasonic Automotive & Industrial Systems Europe GmbH has sent supplier surveys to a number of our key suppliers which includes questions concerning Modern Slavery and their compliance with our Anti-Slavery and Human Trafficking Policy. This survey allows us to measure the degree to which our suppliers comply with the Modern Slavery Act.
- **SUPPLIER CSR MEETINGS AND SELF CHECK QUESTIONNAIRE**
Following our statement last year, Panasonic Corporation’s Global Procurement Team has been conducting supplier CSR meetings and self-check questionnaires with its suppliers. The self-check questionnaires fully cover issues related to Modern Slavery. In FY2016, Panasonic Global Procurement Team held supplier CSR Meetings in China and Asian countries, where we conducted self-check questionnaires with around 5,000 suppliers in those countries. Where concern is raised in the responses obtained, further contact is made, with some investigations conducted through site visits. Identified risks are discussed with the supplier and Panasonic assists in formulating a corrective action plan where required. In FY2017, we examined conditions on the ground at 12 of our

suppliers. We identified issues in areas such as human rights and in health and safety, and we are working with the suppliers in question to rectify these issues.

- **CONFIDENTIAL WHISTLE-BLOWING** – We protect whistle blowers by providing an anonymous whistle-blowing hotline for employees which is run by an independent third party. Employees are regularly reminded of the whistle-blowing hotline and are encouraged to use it if they suspect any potentially illegal behaviour or practice.
- **COMPLIANCE TEAM** - We have a dedicated compliance team, which consists of involvement from the following departments:
 - Legal
 - Audit and compliance; and
 - Human resources.

Plans for the future and continuous improvement:

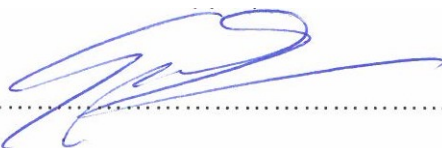
We are aware that there are serious human rights and labour-related risks in some parts of the supply chain, notably in high risk areas. With the complexity of the supply chain, it takes time and effort to ensure our suppliers are free from Modern Slavery. We therefore endeavour to tackle Modern Slavery issues as a continuous process.

We have expressed our commitment towards better understanding our supply chains and working towards greater transparency and responsibility concerning people working in them. We will continue to work with our suppliers to encourage commitment to and compliance with Anti-Slavery and Human Trafficking policies and legislation. We plan to action the following over the coming years:

- **SUPPLIER CSR MEETING and SELF CHECK QUESTIONNAIRE** – We will continue to conduct supplier CSR meetings and circulate our self-check questionnaire to our suppliers to help ensure compliance and evaluate their compliance with Anti-Slavery and Human Trafficking laws together with our CSR policies. This will assist our work to achieve continuous improvement in the coming years. The self-check questionnaire includes: checking whether we are confirming ages in order to prevent child labour; not allowing temporary agencies to collect fees or retain workers' passports or identification documents; and providing workers with employment contracts, including terms of employment in those workers' native languages. Panasonic recruits employees and accepts temporary workers based on the laws and regulations of the respective country, so that no employees are made to work against their will or are unduly subjected to disadvantageous working conditions. Panasonic Corporation's Global Procurement Team will continue to conduct Supplier CSR Meetings and circulate Self-check questionnaires to suppliers in FY2017. China, ASEAN countries, Europe, US and Central and South America are specifically targeted for this work.
- **FOLLOW-UP OF THE SELF CHECK QUESTIONNAIRE** – After receiving Self-check questionnaires from suppliers, our Global Procurement Team analyses the results and if they find any points of concern they visit the suppliers on site for further investigation. This includes questioning the suppliers in more detail to identify any underlying issues.

The process we now follow is based on advice we have received from an independent human rights and labour specialist. As appropriate, this results in an agreed corrective action plan being put into effect.

- **HOTLINES FOR WORKERS EMPLOYED BY SUPPLIERS** – The Global Procurement Team is going to introduce Hotlines for workers employed by suppliers in FY2017. These new hotlines will be assisted by an third party so that workers will feel more comfortable using the facility. This hotline will first be introduced in Malaysia.
- **EMPLOY AN EXTERNAL INFORMATION SERVICE** – Finding risks is the first step of tackling Modern Slavery issues, however it is highly challenging for a large organisation with many suppliers, like us, to monitor all suppliers. To overcome this difficulty, Panasonic Corporation will start using an external information service. This will ensure that we are kept updated with human rights and labour information about our suppliers and so allow us to take appropriate measures to address any concerns identified.

Signed 

Johannes Spatz

Managing Director Industry

Signed 

Takeyuki Yamanaka

Managing Director Automotive