



## Panasonic Canada Annual Report – Forced Labour in Canadian Supply Chains

In the following statement, ‘we’, ‘us’ or ‘our’ refers to the Panasonic Canada unless stated otherwise.

This modern slavery statement was prepared and submitted in accordance with the requirements of the Fighting Against Forced Labour and Child Labour in Supply Chains Act, (the “Act”) on behalf of Panasonic Canada Inc. (“Panasonic Canada”) (Canadian Business Number 122772759RC0002) as the reporting entity, for the reporting period 1 April 2023 – 31 March 2024 (FY23).

Panasonic Canada is committed to make efforts to secure respect for fundamental human rights and decent working conditions at its sites and along its entire supply chain in accordance with the Act.

Hitoshi Narawa signs this Statement as President on behalf of Panasonic Canada Inc. in his capacity as Director.

### A. Our Business.

Panasonic Canada is part of the global group of Panasonic Companies, one of the largest electronic manufacturers with 532 consolidated companies located globally.

As the key element of our Basic Business Philosophy, we have the basic concept of the “a company is a public entity of society.” This is also the very essence of the Panasonic Canada’s sustainability. As we stand at historical turning points in many areas today, Panasonic Canada will continue to promote sustainability management and contribute to the future of society.

Our business is very diverse and covers different areas among consumer electronics, housing, automotive systems and business solutions. Our operations in these areas are driven by our five key business units:

<b>Lifestyle</b>	Refrigerators, dishwashers, ovens, cooktops, microwave ovens, rice cookers, personal care products, personal communications products, home entertainment products, massage chairs, digital imaging devices, headphones, irons, rice cookers, air-conditioners for residential, and commercial use, heat pump-type hot water heaters, ventilation, perflation and air-conditioning equipment, air
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	purifiers, air purifier/sterilizers, lighting fixtures, lamps, wiring devices, solar photovoltaic systems, fuel cells, compressors, bicycles, nursing care services
<b>Connect</b>	Communications services, projectors, professional AV systems, PCs and tablets, solutions for various industries, installation/operation/maintenance services
<b>Industry</b>	Relays, switches, power supplies, touch panels, motors, sensors, laser markers, capacitors, inductors, resistors, circuit board materials, semiconductor device materials, molding compounds, LCD panels
<b>Energy</b>	Cylindrical lithium-ion batteries, dry batteries, primary/secondary batteries, nickel-metal hydride batteries, lithium-ion batteries, storage battery modules/systems
<b>Integrated Solutions</b>	POS (point of sale) workstations, printers, LCD monitors, network switches, wall brackets, cash drawers, computers, NUC computers, keypads, patch panels, routers, battery backups, media cabinets, bar code scanners, magnetic card readers, fingerprint scanners, self-serve QSR kiosk hardware, surveillance recorders, surveillance cameras, drive thru wireless communication systems including headsets, base stations, batteries, chargers, speakers and mic, vehicle detectors, drive thru timing devices, drive thru speaker enclosures, cabling and internal computer components.

Panasonic Canada’s products are developed, produced, and sold; and our services are provided through close cooperation with our affiliates in Japan and abroad. Our business activities all depend on the support of many people, including our employees, customers who use our products and services, suppliers involved in procurement and sales, and our business partners. Therefore, our business activities may impact them positively or negatively. Under our management philosophy that “a company is a public entity of society,” we recognize that we cannot allow ourselves to develop at the expense of these people, and that we have a responsibility to protect their rights and contribute to the well-being and happiness of these people.

## B. Our Human Rights Due Diligence Process

Panasonic Canada is committed to respecting the human rights of the stakeholders in its business activities, products and services, and transactions, based on the United Nations’ Guiding Principles on Business and Human Rights, referring to the OECD Due Diligence Guidance for Responsible Business Conduct. We conduct human rights due diligence to identify, prevent, and mitigate any adverse impact our operations could have on human rights, correct issues that may arise, and explain the results of our actions to relevant stakeholders. We incorporate input from external experts and stakeholders in formulating related mechanisms and processes.

### a. Own Operation

In fiscal 2022, a detailed self-assessment of human rights and labour issues at almost all our overseas manufacturing companies was conducted to gain a bird’s eye view of the risks. The questions we asked referenced the self-assessment metrics from the Responsible Business Alliance (RBA). Through this process, we gained a general understanding of human rights and labour issues. However, we recognized that we need a more detailed understanding of issues to quickly address risks.

In light of this recognition, in fiscal 2023, we reviewed and added questions to our list before conducting another detailed assessment of some domestic manufacturing sites alongside our overseas manufacturing companies (for a total of 127 companies and sites).

The relevant companies and sites formulated improvement plans to address identified issues by August 2023 to complete the corrective measures by March 31, 2024.

In addition to our self-assessments, issues in our operations may also be brought to our attention through our customers and other external sources. When concerns are identified we conduct investigations and implement appropriate measures to remediate and prevent recurrences.

## b. Suppliers

Our products are mainly supplied by our affiliates. To promote human rights due diligence and other aspects of CSR throughout the supply chain, many of our indirect suppliers are required to conduct CSR Self-Assessments. The CSR Self-Assessments are structured based on the CSR Guidelines, new suppliers are required to conduct one before becoming suppliers. Existing suppliers are also required to conduct them regularly. These assessments are collected using a web-based questionnaire, reducing burden and improving collection efficiency and accuracy.

By March 2023, questionnaires had been collected from Panasonic Canada's indirect suppliers. After discovering issues, particularly those identified as priority management items in the CSR Self-Assessments, such as labour conditions for migrant workers, supplier visits are conducted where on-site conditions are checked, interviews are held, and issues are investigated whenever necessary with work taken to correct them.

Since fiscal 2023, there have also been initiatives to build a structure for human rights due diligence. While incorporating guidance from outside experts, steps are taken to assess human rights risks at suppliers by using risk indicators and indices provided by international organizations in order to identify suppliers for which action should be taken on a priority basis. From this fiscal year, using the risk-based approach mentioned above, each operating company focuses on those prioritized suppliers to be audited and carries out supplier audits by itself or with the third-party institutions according to its own supplier audit implementation plan.

## c. Business Partner Due Diligence

Before engaging a new supplier or business partner or consultant, Panasonic Canada performs due diligence and screening. If the findings indicate enhanced risk, Panasonic Canada will conduct a deeper assessment before moving forward with engaging the potential new third party. If the screening reflects unacceptable risk (i.e., verified sanctioned party), the engagement process is terminated, and Panasonic Canada will not move forward with the new business relationship.

## C. Supply Chain CSR Guidelines, Audits and Self-Assessments

Suppliers are requested to meet CSR requirements, including the respect of human rights and the health and safety of workers, so that forced labour does not occur in their operations. Panasonic Canada's Supplier Code of Conduct, which supplements each supplier's contract with Panasonic Canada, highlights our expectation that our suppliers will uphold human rights, and emphasizes that our suppliers are prohibited from engaging in human trafficking, forced labor, and child labor. On-site audits of suppliers may be conducted to assess compliance with CSR Guidelines.

Panasonic Canada will begin requiring our suppliers to perform CSR Self-Assessments regarding human rights. These CSR Self-Assessments are structured around the CSR Guidelines, and we will request that new suppliers conduct one before we begin doing business with them. We will also request our existing suppliers to conduct assessments regularly. Responses to the CSR Self-Assessments will be monitored annually.

We expect suppliers to understand our position on CSR-related topics and the Panasonic CSR Guidelines. We require our suppliers to adhere to these guidelines and comply with our Basic Business Philosophy.

### **Panasonic Supply Chain CSR Promotion Guidelines (Excerpts)**

#### **1-1 Prohibition of Forced Labor**

Suppliers shall employ all workers of their own free will with no worker being subject to forced labor.

#### **Specific action items**

- Suppliers shall not engage in forced, bonded (including debt bondage) or indentured labor, involuntary or exploitative prison labor, slavery or trafficking of persons.
- Suppliers shall not impose unreasonable restrictions on workers' freedom on entering or exiting workplace or dormitories.
- Suppliers shall provide written notice to a worker about his/her working conditions in the national language before signing the formal contract (in the case of a foreign worker, prior to departing from his/her original country).
- Suppliers are prohibited to make any unfair changes of the contract in the working country, when the contract had been concluded in the original country.
- Suppliers shall permit workers to terminate their employment freely.
- Suppliers, labour supply companies, and staffing agents shall not retain any government-issued identification card, passport, working permit (unless such holdings are required by law), immigration application, and any other similar documents.
- Suppliers, labour supply companies, and staffing agents shall not collect any recruitment fees from workers.
- Suppliers shall inform workers of all items deducted from their salaries.

- Suppliers shall request and confirm that labour supply companies and staffing agents comply with all of the above items.

## D. Modern Slavery Risks in Operations and Supply Chains

Panasonic Canada is able to leverage Panasonic's entire supply chain globally. Many of Panasonic Canada's products are sourced by manufacturing facilities located in China and must comply with Panasonic's Procurement Policy (<https://holdings.panasonic/global/corporate/about/procurement.html>).

Panasonic Canada acknowledges that the risks of modern slavery may be greater in certain operations or supply chains as a result of geographic location, product, or service. We are aware that the risk is heightened in sectors involving migrant workers, for example.

Panasonic Canada's assessment is that there is low risk in modern slavery occurring in relation to employees directly employed by Panasonic Canada in its business operations. However, the scale and complexity of our global supply chain has been identified as a potential source of modern slavery risk. Currently, Panasonic Canada has identified sourcing in China, Malaysia, India and Indonesia as higher risk supply chain activities and is therefore focused on developing, implementing and monitoring these activities.

The biggest risk of modern slavery and human trafficking comes from the use of foreign migrant workers (FMWs). While we continue to identify and assess internal risks we need extend those efforts to our suppliers, that may not have sufficient controls in place to fully identify, prevent, correct, or remediate risks of forced labor. We need to collaborate with industry peers through the Responsible Labor Initiative (RLI, an RBA sub-group initiative) to address identified forced labor risks in the supply chain, drive supplier accountability, and implement corrective measures.

## E. Actions Taken to Address Modern Slavery Risks and Effectiveness of Such Actions

We take several proactive steps to mitigate potential risks of modern slavery in our operations and supply chains.

### a. Policies, Codes, and Guidelines

Panasonic Canada is subject to the Panasonic Group Human Rights and Labor Policy (<https://holdings.panasonic/global/corporate/sustainability/social/human-rights/policy.html>) with reference to the international standards listed below. We also respect internationally recognized human rights. (See, the Panasonic Group's Code of Ethics & Compliance ("Code"),

<https://holdings.panasonic/global/corporate/about/code-of-conduct.html>

available in 22 languages.)

The primary international standards used as reference for the Panasonic Group Human Rights and Labor Policy are:

- The United Nations' Guiding Principles on Business and Human Rights
- The United Nations' International Bill of Human Rights
- International Labour Organization's Declaration on Fundamental Principles and Rights at Work

Our Human Rights and Labour Policy includes a clear expectation to work toward the effective eradication of child labour. When we hire employees, in addition to complying with all applicable laws, we also require the staffing firms, suppliers, and other companies we work with to do the same. We also do not permit any midnight work, heavy labour, or dangerous labour for employees under 18 years old.

To prevent potential adverse human rights impacts and following the revision of the Code of Ethics and Compliance, we provided training for all employees. In addition employees are required to take the Combatting Modern Slavery training. Employees are advised that everyone has a moral responsibility to ensure that no form of modern slavery exists anywhere in the supply chain. This applies not only to the goods produced by a company, but the goods produced by that company's suppliers, and the suppliers of their suppliers, all the way down the supply chain.

Panasonic Canada's Supplier Code of Conduct was updated in fiscal year 2023 to address ethics and standards of conduct expected from our suppliers.

Section B speaks to labour standards such as the expectation that no forced labour or child labour be used by suppliers. Suppliers must use all reasonable efforts to avoid modern slavery and human trafficking in their supply chains. Suppliers must comply with applicable laws and regulations governing the legal rights of their employees to join or not to join worker organizations, including trade unions, and the right to collectively bargain, if they choose to be represented.

Compensation paid to workers must comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. Employees should have the ability to earn fair wages, as determined by applicable local law.

In addition, in fiscal year 2023, Panasonic Canada developed and started rolling out anti-forced labour and child labour contractual clauses.

## **b. Recruitment**

When recruiting employees, Panasonic Canada 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.

## **c. Training**

We conduct training for all new, permanent staff on our Basic Business Philosophy (<https://holdings.panasonic/global/corporate/about/philosophy/5.html>) and the Panasonic Group Code of Ethics & Compliance. The Code includes a chapter on Respecting Human Rights (<https://holdings.panasonic/global/corporate/about/code-of-conduct/chapter-5.html>). Panasonic Canada and all of its subsidiaries adopted and are expected to comply with the Code. The training covers compliance with local laws and respect for fundamental human rights,

emphasizing that Panasonic Canada and its subsidiaries will not employ persons against their will or in violation of local employment laws. Panasonic Canada maintains internal accountability standards and procedures for employees and contractors failing to meet our standards. Failure to comply with company policies and the Code may subject the employee to disciplinary or corrective action, up to and including termination.

Furthermore, job-specific training regarding corporate social responsibility (“CSR”), procurement, and other relevant occupations, informs employees and raises awareness about human rights risks and responses.

Enhanced forced labor awareness training is also delivered to employees through the Panasonic Ethics and Knowledge (PEAK) learning management system. All PEAK trainings are mandatory, tracked, and must be completed by employees. The training uses an engaging mix of video and animation to look at modern slavery through a global lens and explains how we should all be policing supply chains.

#### d. Confidential Whistleblowing

To make it possible for Panasonic Canada to respond quickly to address any complaints it receives related to human rights violations, a global hotline (supporting 31 languages) is available to our employees and external partners, who can report any suspected compliance violations, including those issues involving human rights or labor. The hotline is accessible via Panasonic Canada’s intranet and public website ([www.panasonichotline.com](http://www.panasonichotline.com)), and is run by an external, independent third party that allows the reporter to remain anonymous to the extent permitted by applicable law. Retaliation is prohibited against anyone who acts in good faith to raise a compliance concern. (For more information, see Fair Operating Practices. [https://holdings.panasonic/global/corporate/sustainability/pdf/sdb2022e-fair\\_practices.pdf](https://holdings.panasonic/global/corporate/sustainability/pdf/sdb2022e-fair_practices.pdf))

#### e. Remediation

We are committed to remediation where legitimate concerns are identified and will work with our suppliers, customers, and other affected stakeholders to implement appropriate remediation efforts. We do not tolerate non-compliance with our policies and will take immediate action to investigate any identified concerns, and take appropriate actions to mitigate, address and resolve the matter. Where employees have acted contrary to our policies, appropriate disciplinary actions (up to and including termination) will be taken.

We did not identify any instances of loss of income to the most vulnerable families as a result of measures taken and have therefore not taken steps to remediate lost income. If lost income is identified, we will consider the appropriate remediation measures.

#### f. Effectiveness of Actions

Panasonic Canada's focus during this reporting period was to gain a better understanding of modern slavery risks in our supply chain. At this stage, we are working towards establishing a governance framework to adequately assess the effectiveness of our actions in our supply chains. Panasonic Canada will continue to monitor and assess risks by tracking the number of our suppliers who complete the CSR Self-Assessments, working with suppliers to address issues, tracking and terminating supplier agreements based on human rights abuses identified through ongoing diligence and monitoring, and tracking human rights-related reports made to our global hotline. Panasonic Canada has prioritized goals focused on implementing

performance benchmarks and developing KPI reporting to assess the effectiveness of our actions.

## F. Continuous Improvement Activities for the Future

Some of Panasonic Canada’s indirect supply chains fall in high-risk areas, and we are aware that there are serious risks in those areas with respect to human rights and labour. We will continue efforts to track materials and labour to their source, assess the human rights risks at our suppliers, by using risk indicators and indices provided by international organizations and governments, in order to identify suppliers for which action should be taken on a priority basis. We will work with suppliers to make them aware of our policies and procedures, and international standards through awareness, training and assessments, and hold them accountable through reporting and auditing.

Will continue to improve our internal audit activity, working with international governments, and NGO to assign each country a risk score so that we can focus resources in locations where there is higher risk. As country risk levels change, so will Panasonic’s audit and capability programming to adapt to shifting risks.

## G. Attestation and Approval

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

This Annual Report – Forced Labour, was approved by Panasonic Canada’s Board of Directors on May 29, 2024.

*Hitoshi Narawa*  
Hitoshi Narawa (Jun 5, 2024 09:24 EDT)

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Hitoshi Narawa  
President  
I have the authority to bind Panasonic Canada






# Canada Annual Report 2024 - Final

Final Audit Report

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