

**Panasonic Group
Green Procurement
Standards
(Version 6.5)**

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Introduction

The threat of global warming is intensifying, and concerns are being raised about the depletion of resources and the looming ecological crisis. Global environmental issues are now the greatest challenge we have to address as a global community.

The Panasonic Group formulated the Environmental Statement on June 5, 1991, stating its policy to contribute to the conservation of the global environment and establishment of a sustainable society. All the business units have been working hard to reduce the environmental impacts and on Mar. 10, 1999, the Group has first issued Green Procurement Standards which state the Group's preference to procure from suppliers who are proactive in reducing their environmental impacts.

In 2010 with the aim to bring forth revolution and establish a sustainable society with stakeholders, we have set out our Green Plan 2018, which is our environmental action plan that outlines initiatives for all employees. In collaboration with various stakeholders including suppliers and logistics partners (hereinafter referred to as "partners") who are closely linked to its business activities, the Panasonic Group is accelerating initiatives to address global environmental issues across the boundaries of the Group, including CO₂ emissions reduction, resource recycling, water and biodiversity conservation, and mitigation of the effect of chemical substances on human beings and environment.

Under the banner of its long-term environmental vision, Panasonic GREEN IMPACT, the Panasonic Group hopes to contribute to both the well-being of people and society as well as a sustainable global environment. It is engaged in various activities towards reducing CO₂ emissions from its own operations to virtually net-zero by 2030 and to contribute to a total of 300 million tons (Mt)^{*1} or more in avoided emissions by 2050, about 1%^{*2} of the current total global emissions of 33 billion tons.

*1 2019 energy-derived CO₂ emissions: 33.6 billion tons (Source: IEA)

*2 CO₂ emission factor is based on the year 2020

The Panasonic Group understands its responsibility in working towards solving the urgent issue of climate change collectively. Through the accumulation of our efforts ("ACTs"), we will work alongside society to achieve carbon neutrality by expanding the impact of our contributions to CO₂ emission reductions.

By promoting eco-conscious procurement based on these Green Procurement Standards, we hope to contribute to the protection of the global environment with our suppliers. We would like to request our suppliers to continue to support and cooperate with our Green Procurement initiatives.

Composition of Green Procurement Standards

These standards consist of the following three sections.

Section I. The Panasonic Group's Environmental Sustainability Management:

This section introduces its Environmental Statement, Environmental Action Guideline, Environmental Action Plan, which constitutes the core of the Group's environmental sustainability management activities, and an outline of the GREEN IMPACT PLAN 2024 (GIP2024) along with the acceleration of environmental impacts reduction based on collaboration throughout the supply chain.

Section II. Green Procurement Standards:

This section describes our Green Procurement Policy and specific requests to suppliers. Our business units may make specific requests that differ from these Green Procurement Standards based on the laws, ordinances, and rules of the country where they are located, business forms, customer requests, etc. In this case, we would like to request our suppliers to prioritize these requests from our business units.

Section III. Green Procurement Operation Manual:

This section describes the methods and tools that we will use to monitor and evaluate suppliers' responses to our requests.

I. The Panasonic Group's Environmental Sustainability Management

We have issued an Environmental Statement that clearly expresses our thinking on environmental issues. The Environmental Statement illustrates our belief based on "The Law of Nature," whereby genuine progress and prosperity cannot be achieved without the co-prosperity of all the beings on the earth. The statement also reflects the environmental aspect of our management philosophy, to be more specific, our social responsibilities with the awareness that humankind has the obligation to make the best use of creation in a thoughtful and fair manner. Based on this outlook, we have formulated our own rules and standards for all of our business units around the world to promote environmental conservation.

On July 1, 2013, we revised the Environmental Policy that sets out our basic environmental sustainability management policy. The new Environmental Policy consists of the Environmental Statement that stipulates our environmental responsibility, the Environmental Action Guideline that sets out our goals, and the Environmental Action Plan that defines specific action targets. Toward achieving a sustainable society and develop our business through the creation of environmental value, the Environmental Policy specifies that we will strive to address environmental challenges through our business activities and expand our environmental initiatives based on collaboration with stakeholders.

As we will not be able to make our Environmental Policy a reality only through our own initiatives, we will collaborate with partners who have close links with our business activities to reduce our environmental impacts throughout our supply chain.

1. Environmental Policy

1-1 Environmental Statement

Fully aware that humankind has a special responsibility to respect and preserve the delicate balance of nature, we at Panasonic acknowledge our obligation to maintain and nurture the ecology of this planet. Accordingly, we pledge ourselves to the prudent, sustainable use of the earth's resources and the protection of the natural environment while we strive to fulfill our corporate mission of contributing to enhanced prosperity for all.

1-2 Environmental Action Guideline

Toward achieving a sustainable society, we will strive to develop our business through the creation of environmental value. For this purpose, we will address environmental challenges through our business activities and will expand our environmental initiatives based on collaboration with stakeholders.

(1) Initiatives to address environmental challenges

- We will reduce CO₂ emissions through production activities, products and services.
- We will work to efficiently use resources by pursuing Recycling-oriented Manufacturing.
- We will conserve water resources through efficient use of water and prevention of contamination.
- We will reduce the impact of chemical substances on human health and the environment.
- We will consider and conserve biodiversity.

(2) Initiatives based on collaboration with stakeholders

- We will provide products and services that create environmental value for customers with our technical strengths.
- We will expand our environmental contributions with our partner companies.
- We will deepen communications with local communities and work as a team to address environmental challenges.

1-3 Environmental Action Plan

We will separately formulate an Environmental Action Plan in line with the Environmental Action Guidelines and review its contents as needed.

2. GREEN IMPACT PLAN 2024 Environmental Action Plan

Panasonic Holdings Corporation has announced the release of its GREEN IMPACT PLAN 2024 (GIP2024). The plan will serve as a milestone toward the 2050 targets laid out in the company's long-term environmental vision, Panasonic GREEN IMPACT (PGI).

As a milestone toward achieving the goals established for 2050 and reaching the targets made for 2030 (FY2031), the GIP2024 sets out concrete actions to be completed by 2024 (FY2025). It aims to reduce CO2 emissions in the Group's value chain and seeks to contribute to lowering CO2 emissions in Scope 1, 2 and 3 as well as increasing avoided emissions in wider society.

We will continue expanding our environmental contributions with our partners. Specifically, we have set the targets for Green Procurement and ECO-VC Activities (initiatives to reduce the environmental impact of our business activities while reducing costs) with a view to accelerating environmental initiatives together with various partners across the supply chain.

Outline of GREEN IMPACT PLAN 2024

		FY2021 results	FY2025 targets
CO ₂ / Energy	OWN IMPACT CO ₂ reductions in our own VC ^{*1}	—	16.34 Mt^{*2}
	Scopes 1&2 ^{*1} Zero-CO ₂ factories CO ₂ reductions	7 factories —	37 factories 0.26 Mt^{*2}
	Scope 3 ^{*1} CO ₂ reductions in use of our products by customers	—	16.08 Mt^{*2}
	CONTRIBUTION IMPACT “Avoided Emissions” for society	23.47 Mt	38.3 Mt
Resources/ CE ^{*3}	Recycling ratio of factory waste	98.7%	99% or more
	Use of recycled resin (3-year sum ^{*4})	43.3 Kt	90 Kt
	CE-based business models/products	5 businesses	13 businesses

*1 Classification made based on GHG (Green House Gas) Protocol, the international calculation standard

*2 Size of CO₂ reduction targets shown above are the differences from those made in FY2021.

*3 CE: Circular Economy

*4 “3-year sum”: FY2020-FY2022 cumulative results / FY2023-FY2025 cumulative targets

3. Initiatives Based on Collaboration with Stakeholders

The development of our business through the creation of environmental value toward achieving a sustainable society cannot be achieved by Panasonic alone. Under the GREEN IMPACT PLAN 2024, we aim to bring forth revolution with stakeholders and continuously expand environmental contribution with our partners. To that end, we will expedite collaboration with partners and a wide range of other stakeholders who are closely linked to our business activities, and further reduce the environmental impact throughout our supply chain in various fields, including CO₂/Energy, Resources/Circular Economy (CE), water resource conservation, chemical substance management and biodiversity conservation.

(1) Collaboration with suppliers and logistics partners

With an aim to promote eco-conscious manufacturing with suppliers, we have issued and disclosed our first Green Procurement Standards in March 1999 and have implemented green procurement.

We request suppliers to be familiarized with our environmental initiatives and principles; to establish, maintain and improve an environmental management system based on ISO 14001 certification; and to reduce the environmental impacts of parts and materials we purchase from them based on our Green Procurement Standards.

(2) Promotion of the ECO-VC Activities aiming to reduce the environmental impact of our business activities while reducing costs

We started ECO-VC Activities with suppliers in fiscal 2009. In these activities, we aim to achieve energy and resource conservation, introduce renewable energy, and promote recycling in consideration of the environment, while reducing the costs of the parts and materials we purchase. Based on the ideas provided by suppliers around the world, we have been adopting approaches such as energy conservation of products and at suppliers, introducing renewable energy, manufacturing of smaller and lighter products, and reduction of the number of parts. We present these excellent practices at ECO-VC activities commendation ceremonies and meetings to share information and encourage the practices.

We urge more partners to support ECO-VC Activities in the aspect of GHG emissions reduction and recycling-oriented manufacturing (minimizing the total amount of resources used, promoting recycling and substitution of petroleum-based materials, etc.) so that cost rationalization can be realized.

II. Green Procurement Standards

This section describes our Green Procurement Policy and specific requests to suppliers.

Our business units may make specific requests that differ from these Green Procurement Standards based on the laws, ordinances, and rules of the country where they are located, business forms, customer requests, etc. In this case, we would like to request our suppliers to prioritize these requests from our business units.

Chapter 1 General Rules

Objectives	Article 1. The objectives of these Green Procurement Standards are to disclose our Green Procurement Policy and specific requests to suppliers and ensure that our requests are met by suppliers in an effort to promote the procurement of materials with less impacts on the global environment, or "Green Procurement."
Application	Article 2. These Green Procurement Standards shall apply to material procurement activities in the Panasonic Group. "Materials" collectively refer to raw materials, parts and purchased products used for the manufacturing of products. <ol style="list-style-type: none">1. Parts include component materials (tape, solder, adhesives, etc.) of auxiliary materials, packaging materials of products, packaging materials for product transport and packaging materials used for transport/protection by part suppliers.2. Purchased products refer to finished products whose design and manufacturing are consigned by the Group or equivalent products, finished products manufactured with the manufacturer's standards or specifications and purchased by the Group or equivalent products, products for sales promotion, etc. <p>[2] The relevant articles of these Green Procurement Guidelines shall apply mutatis mutandis to procurement activities for molds, mechanical equipment, service parts materials, etc.</p> <p>[3] The relevant articles of these Green Procurement Guidelines shall apply mutatis mutandis to procurement activities of information deliverables and services such as software, design consignment, research and translations.</p>

Chapter 2 Green Procurement Policy

Supplier Group Establishment	Article 3. The Panasonic Group shall establish approved supplier groups to deliver products and goods conform to its Environmental Policy.
Basic Requirements of Suppliers	Article 4. The Panasonic Group shall make the following basic requests to suppliers to establish supplier groups specified in the preceding article. <ol style="list-style-type: none">1. Reduce the environmental impacts not only from the products and goods that suppliers deliver, but also from their business activity fields such as procurement, production, logistics, development and sales.

2. Share achievements through collaboration.
3. Encourage upstream business partners of their supply chain to reduce their environmental impacts.

Supplier Selection

Article 5. In its selection of suppliers, the Panasonic Group shall seek equality in business opportunities and fair judgment based on compliance with environment-related laws and regulations, product quality, prices, deliveries, services, technical development capabilities, etc.

Priority shall be given to those suppliers who are positively implementing the following environmental impacts reduction initiatives.

1. Establishment of an environmental management system
2. Ensuring comprehensive chemical substance management
3. Reduction of GHG emissions
4. Promotion of resource recycling
5. Promotion of water recycling
6. Biodiversity conservation

Selection of Materials

Article 6. In the selection of materials, priority shall be given to those materials that meet the following requirements, in addition to securing the required quality, functions and economical rationality.

1. Materials that meet the requirements of laws and regulations concerning resources, energy, chemical substances, etc.
2. Materials for which the content of separately specified chemical substances has been clarified and that do not contain prohibited substances
3. Materials that generate minimal noise, vibration, offensive odor, etc.
4. Materials that have a low environmental impacts in terms of chemical substance release, air, water or soil pollution, etc. after disposal
5. Materials designed for re-use as recycled resources and parts; resource conservation through reduced size and energy conservation
6. Materials with easy-to-recycle designs
7. Materials whose environmental information is disclosed
8. Packaging materials for which measures have been implemented for resource conservation, recycling, volume reduction, chemical substance content reduction, etc.

Chapter 3 Applicable Suppliers and Supplier Category-based Requests

Applicable Suppliers

Article 7. These Green Procurement Standards shall apply to suppliers and raw materials manufacturers who deliver information deliverables, services, etc., such as materials, molds/mechanical equipment, service parts materials, etc., to the Panasonic Group.

[2] If a supplier is a trade firm, these standards shall apply to the manufacturers linked to the supplier.

Supplier Categories

Article 8. Supplier categories shall be defined as follows.

1. Supplier Category 1: Suppliers who deliver materials that meet the requirements of Article 2-1.
2. Supplier Category 2: Suppliers who deliver molds/mechanical equipment used for manufacturing products, service parts materials, etc., that meet the requirements of Article 2-2.
3. Supplier Category 3: Suppliers who deliver information deliverables and services such as software, design consignment, research and translations that meet the requirements of Article 2-3.

Supplier Categories and Requests

Article 9. Requests on the reduction of environmental impacts to suppliers shall be listed in the following Table. "⊙" refers to mandatory initiatives; "○" refers to applicable initiatives that shall apply mutatis mutandis; "—" refers to optional initiatives; "△" means that chemical substance management requirements shall be partially applied in cases where chemical substances may scatter or fall onto products from equipment, etc., or chemical substances may adhere to or transfer to products due to contact with equipment, etc. (Detailed explanations are provided in Section III Green Procurement Operation Manual.)

Environmental impacts reduction initiatives	Supplier Category 1	Supplier Category 2	Supplier Category 3
Establishment of an environmental management system	⊙	—	—
Ensuring comprehensive chemical substance management	⊙	△	—
Reduction of GHG emissions	⊙	○	○
Promotion of resource recycling	⊙	○	○
Promotion of water recycling	⊙	○	○
Biodiversity conservation	⊙	○	○

Chapter 4 Environmental Impacts Reduction Initiatives

Establishment of an Environmental Management System

Article 10. Suppliers shall establish, maintain and improve an environmental management system based on the ISO 14001 certification.

[2] Suppliers who have not yet obtained ISO 14001 certification shall formulate a plan to obtain certification and implement the necessary actions.

[3] The Panasonic Group shall extend the deadline for acquisition of ISO 14001 certification for a specified period for suppliers only who have not yet obtained ISO 14001 certification but have obtained or have been implementing the actions required for the acquisition of other third-party certifications, etc., (EMAS, EA21, ISO 14005, etc.).

Ensuring comprehensive Chemical Substance Management

Article 11. Suppliers shall follow the latest version of the Panasonic Group Chemical Substances Management Rank Guidelines (For Products) (hereinafter referred to as "Rank Guidelines"). However, the requirement of non-use warranty of chemical substances in products that applies to suppliers refers to the warranty of the content below the regulated value and not the controlled value. In cases where materials delivered by suppliers are exempted from the full or partial application of the Rank Guidelines, our business units shall advise suppliers of any such exemption.

[2] Suppliers shall also not use ozone depleting substances (excluding HCFC), which are specified as Level 1 Prohibited Substances in the Rank Guidelines, in manufacturing processes. Manufacturing processes include those of their upstream business partners.

[3] Suppliers shall submit the latest version of the "Non-use Warranty of Chemical Substances Pertaining to Products (hereinafter referred to as "non-use warranty")" prepared by applicable business unit of the Panasonic Group to the business units in response to their requirements. The business units shall prepare a non-use warranty form that meets the following requirements and ask suppliers to submit a warranty.

1. All the contents of the non-use warranty form issued by the Group shall be incorporated.
2. If the non-use warranty form issued by the Group has been revised in line with a revision of the Rank Guidelines etc., the changes shall immediately be incorporated into the form prepared by the business unit.

[4] Suppliers who deliver materials including printed circuit assemblies (PCAs) used for products destined for the United States shall submit the "Oath of Non-use of Ozone Depleting Substances" (hereinafter referred to as the "ODC Non-use Oath")

to our business units at the request of our business units. The ODC Non-use oath does not need to be updated. Our business units shall provide the relevant suppliers with an ODC Non-use oath form for ODC Non-use oath submission (attached to Environmental Notice 2010-3-1 (internal document)).

- [5] If suppliers find prohibited substances to be present in delivered materials, or prohibited substances are found to have been used in their manufacturing processes, they shall promptly notify our business units of this finding and implement remedial measures in consultation with both parties.
- [6] Suppliers shall prepare chemical substance inclusion information of products and other goods they deliver to the Panasonic Group based on the chemical substance inclusion information about parts and materials they purchase along with scientific knowledge and manufacturing information related to their own manufacturing processes. When requested by our business units, they shall input the data in the "product chemical substance management system."
- [7] When selecting materials, suppliers shall submit analysis data that certifies that the concentrations of hazardous substances specified in the RoHS Directive (hereinafter referred to as "substances subject to the RoHS Directive") in applicable materials are below the regulatory limits to our business units upon their request. For any substances subject to the RoHS Directive, if they continue to be delivered to us beyond the date when the prohibition of delivery comes into effect, they shall be subject to inspection.
- [8] Suppliers shall periodically submit analysis data that certifies the non-inclusion of substances subject to the RoHS Directive to our business units at the request of our business units. For any substances subject to the RoHS Directive, if they continue to be delivered to us beyond the date when the prohibition of delivery comes into effect, they shall be subject to inspection. If it is possible to deem that the risk of the inclusion of substances subject to the RoHS Directive is extremely low, suppliers shall submit documents that certify that there have been no changes to manufacturing conditions (materials, manufacturing methods, manufacturing equipment / manufacturing sites, subcontractors, suppliers of parts and materials, etc.) and similarly certify that the concentrations of substances subject to the RoHS Directive are below the regulatory limits as a substitute for submission of analysis data.
- [9] Suppliers shall undergo supplier environmental quality assurance system audits (hereinafter referred to as "supplier environmental audits") at the request of our business units. Supplier

environmental audits shall be regularly implemented.

[10] Suppliers shall check for the risk of contamination by substances subject to the RoHS Directive (presence of parallel production, conformance of stocked parts and materials with RoHS Directive, etc.). If there is any risk of contamination (parallel production is being carried out, there is uncertainty about the conformance of stocked parts and materials with RoHS Directive, etc.), suppliers shall implement measures to prevent contamination with substances subject to the RoHS Directive.

[11] Suppliers shall check for the risk of contamination by substances subject to the RoHS Directive (presence of parallel production, conformance of stocked parts and materials with RoHS Directive, etc.) in their supply chain. If there is any risk of contamination (parallel production is being carried out, there is uncertainty about the conformance of stocked parts and materials with RoHS Directive, etc.), suppliers shall ask business partners in their supply chain to implement measures to prevent contamination and confirm their implementation status.

[12] Suppliers shall provide advance notice to our business units for any changes in manufacturing conditions (materials, manufacturing methods, manufacturing equipment / manufacturing sites, subcontractors, suppliers of parts and materials, etc.).

[13] Materials used for research and development shall be exempted from Article 11-1 to Article 11-12.

[14] If chemical substances scatter or fall onto products from equipment, etc., they shall be regarded as including no Prohibited Substances specified in the Rank Guidelines for Supplier Category 2 suppliers. Similarly, if there is a risk that chemical substances may adhere to or be transferred to products due to contact with equipment, etc., the sections of equipment, etc., that have been in contact with the products shall be regarded as including no Prohibited Substances as specified in the Rank Guidelines. The above provision shall apply to any substance for which an official gazette has been issued for making an announcement to the effect that it shall be subject to the RoHS Directive.

**Reduction of
Greenhouse
Gas
Emissions**

Article 12. Suppliers shall recommend materials that effectively reduce greenhouse gas (hereinafter referred to as "GHG") emissions at our business units and advise them to adopt such materials. Materials that effectively reduce GHG emissions include the following materials.

1. Materials that contribute to energy conservation of products

when incorporated into products

2. Materials that contribute to the reduction of GHG emissions of suppliers during material production

[2] Suppliers shall monitor the progress of their initiatives to reduce GHG emissions using the following five-level scale and improve the level of their initiatives.

1. Level 1: Suppliers examine the measures needed (training, establishment of internal organizations, etc.) to monitor and reduce GHG emissions.
2. Level 2: Suppliers monitor GHG emissions by year or factory while implementing the initiatives required at Level 1
3. Level 3: Suppliers declared their GHG emissions reduction target to external parties as their commitment and launched initiatives to reduce GHG emissions while implementing the initiatives required at Level 2
4. Level 4: Suppliers implement continuous improvement measures (PDCA cycles) to reduce GHG emissions while implementing the initiatives required at Level 3
5. Level 5: Suppliers ask their upstream business partners to reduce GHG emissions while implementing the initiatives required at Level 4

[3] To facilitate the monitoring and reduction of GHG emissions throughout the supply chain of the Panasonic Group, suppliers shall cooperate in calculating and submitting GHG emissions data for products they deliver to the Group at the requests of the business unit.

**Promotion of
Resource
Recycling**

Article 13. Suppliers shall recommend, to the business units of the Panasonic Group, materials that contribute to recycling-oriented manufacturing that the Group promotes for effective use of resources and advise them to adopt such materials. Materials that contribute to recycling-oriented manufacturing are defined as the following materials.

1. Materials that contribute to a reduction of the total resources used
2. Materials that contribute to the greater use of recycled resources
3. Materials that contribute to the reuse of packaging materials for product transport
4. Materials that contribute to zero waste emissions from manufacturing activities at the Group's sites (including reuse of packaging materials used for transport/protection by part suppliers, etc.)

[2] Suppliers shall monitor the progress of their initiatives for zero waste emissions from manufacturing activities using the following five-level scale and improve the level of their initiatives.

**Promotion of
Water
Recycling**

1. Level 1: Suppliers examine measures (training, establishment of internal organizations, etc.) to reduce waste emissions from manufacturing activities.
2. Level 2: Suppliers monitor the types, amount, and treatment status, etc., of waste emissions while implementing the initiatives required at Level 1.
3. Level 3: Suppliers declared their waste emissions reduction target to external parties as their commitment and launched initiatives to reduce production waste while implementing the initiatives required at Level 2.
4. Level 4: Suppliers implement continuous improvement measures (PDCA cycles) to reduce waste emissions while implementing the initiatives required at Level 3.
5. Level 5: Suppliers ask their upstream business partners to reduce waste emissions while implementing the initiatives required at Level 4.

Article 14. The Panasonic Group promotes resource recycling. Suppliers shall recommend materials that contributes to water recycling to the Group's business units and advise them to adopt such materials. Materials that contribute to water recycling include the following materials.

1. Materials that contribute to water conservation or water recycling functions of our products
2. Materials that contribute to the reduction of water consumption during production at our sites

[2] Suppliers shall monitor the progress of their initiatives to reduce water consumption used in production using the following five-level scale, and improve the level of their initiatives.

1. Level 1: Suppliers examine the measures needed (training, establishment of internal organizations, etc.) to reduce water consumption used in production.
2. Level 2: Suppliers monitor the purpose, amount, treatment status, etc. of water consumption used in production while implementing the initiatives required by Level 1.
3. Level 3: Suppliers set the target for reduction in their water consumption used in production and launched initiatives to reduce water consumption during production while implementing the initiatives required by Level 2.
4. Level 4: Suppliers implement continuous improvement measures (PDCA cycles) to reduce water consumption during production while implementing the initiatives required by Level 3.
5. Level 5: Suppliers request their upstream business partners to reduce water consumption during production while implementing the initiatives required by Level 4.

[3] Suppliers shall monitor their factory effluence management using the following five-level scale, and improve the level of their initiatives.

1. Level 1: Suppliers examine the measures required (training,

**Biodiversity
Conservation**

establishment of internal organizations, etc.) for factory effluence management.

2. Level 2: Suppliers periodically measure chemical substance concentrations of factory effluence and confirm that they are below the legal limits while implementing the initiatives required by Level 1.
3. Level 3: Suppliers established a system for addressing detected problems (of exceeding the legal limit) while implementing the initiatives required by Level 2.
4. Level 4: Suppliers implement continuous improvement measures (PDCA cycles) for factory effluence management while implementing the initiatives required by Level 3.
5. Level 5: Suppliers ask their upstream business partners to implement factory effluent-related initiatives while implementing the initiatives required by Level 4.

Article 15. Suppliers shall recommend, to our business units, materials that contribute to the biodiversity conservation and advise them to adopt such materials. Examples of materials that contribute to the conservation of biodiversity are given below.

1. Materials made from wood produced from properly managed forests

Example: FSC certified wood

2. Materials excluding wood, minerals, etc., gained as a result of forest destruction, etc., that have harmful effects on valuable ecosystems that require the protection or the survival of rare wild animals. (In the future, our company may conduct surveys on the use of applicable materials if specific wood or minerals are specified in terms of the biodiversity conservation)

[2] Suppliers shall monitor the progress of their initiatives for the biodiversity conservation with the following five-level scale and improve the level of their initiatives.

1. Level 1: Suppliers examine measures (training, establishment of internal organizations, etc.) for the biodiversity conservation.
2. Level 2: Suppliers declared their targets for the biodiversity conservation as their commitment and launched initiatives for the biodiversity conservation while implementing the initiatives required at Level 1
3. Level 3: Suppliers implement initiatives for the biodiversity conservation jointly with stakeholders (local governments, NPOs, specialists, etc.) while implementing the initiatives required at Level 2
4. Level 4: Suppliers implement continuous improvement measures (PDCA cycles) for the biodiversity conservation while implementing the initiatives required at Level 3
5. Level 5: Suppliers asked their upstream business partners to conserve biodiversity while implementing the initiatives required at Level 4

Chapter 5 Sharing Achievements through Collaboration (ECO-VC Activities)

Sharing Achievements through Collaboration

Article 16. Suppliers shall implement activities that reduce the environmental impacts and cost (ECO-VC Activities) of the materials they deliver through collaboration with the Panasonic Group and share the results of these activities.

Chapter 6 Encouraging Upstream Suppliers

Encouraging Upstream Suppliers

Article 17. Suppliers must not only comply with environment-related laws and regulations but also encourage upstream business partners, with the aim of ensuring the adoption of environmental impact reduction initiatives across our supply chain so as to establish an environmental management system, so as to ensure comprehensive chemical substance management, reduce GHG emissions, promote resource/water recycling, and conserve biodiversity.

Chapter 7 Application

Basics of Application

Article 18. Our business units may make specific requests that differ from these Green Procurement Standards based on the laws, ordinances, and rules of the country where they are located, business forms, customer requests, etc. In this case, suppliers shall prioritize these requests from our business units.

[2] Suppliers shall meet our requests stated in these Green Procurement Standards and follow the Green Procurement Operation Manual provided in Section III.

III. Green Procurement Operation Manual

We prefer to procure from suppliers who are proactive in reducing their environmental impacts.

We will monitor the status of the implementation of the initiatives we have requested to suppliers in Section II: Green Procurement Standards, and evaluate the suppliers. We will share the evaluation results with the suppliers, with the aim to improve the level of environmental impacts reduction initiatives implemented by the suppliers.

This manual provides the tools and evaluation principles used to monitor the status of environmental impacts reduction initiatives of suppliers. We would like to request suppliers to read through this manual and cooperate with our monitoring of the status of implementation of items requested in Section II: Green Procurement Standards.

1. Tools for monitoring the status of initiatives at suppliers

We will monitor the status of the suppliers' responses to our Green Procurement requests using the following tools.

- (1) Supplier environmental quality assurance system audit
 - We will conduct this audit to check the system that ensures the non-use of the Prohibited Substances specified in the Rank Guidelines.
 - Through the audit, we will monitor the level of suppliers' systems that ensure the non-use of these chemical substances.
 - Our business units that have transactions with respective suppliers will carry out the audit.
 - We will conduct the audit based on a separate audit checklist. Suppliers will be requested to fill out voluntary audit columns in this checklist before our audit.
 - Our business units that have transactions with respective suppliers send requests to suppliers separately.
 - We will conduct the audit on a regular basis.

- (2) Product chemical substance management system
 - We will monitor the response from suppliers through the data input into our "product chemical substance management system".
 - We monitor the response level of suppliers on our side using the "Product chemical substance management system".

2. Supplier evaluation principles

- We evaluate suppliers by supplier category.
- In Supplier Category 1, we evaluate mandatory and optional items.
- In Supplier Categories 2 and 3, we evaluate optional items.
- Mandatory criteria include establishing an environmental management system and ensuring comprehensive chemical substance management. Evaluation results of these items are important factors for decisions on continuing transactions.
- Optional items consist of reducing GHG emissions, promotion of resource recycling, promotion of water recycling, biodiversity conservation and ECO-VC Activities. Evaluation results of these items are factors for preferential transactions, commendations, etc.
- In ECO-VC Activities, we will evaluate the entries of suppliers based on a list of internal criteria and present awards to the best programs.
- Our business units will send requests to suppliers that they have transactions with to participate in ECO-VC Activities. Participation is not mandatory.

Green Procurement Standards Revision Record

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August 27, 2003	Ver. 3
April 20, 2006	Ver. 4
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