

Responsible Supply Chain

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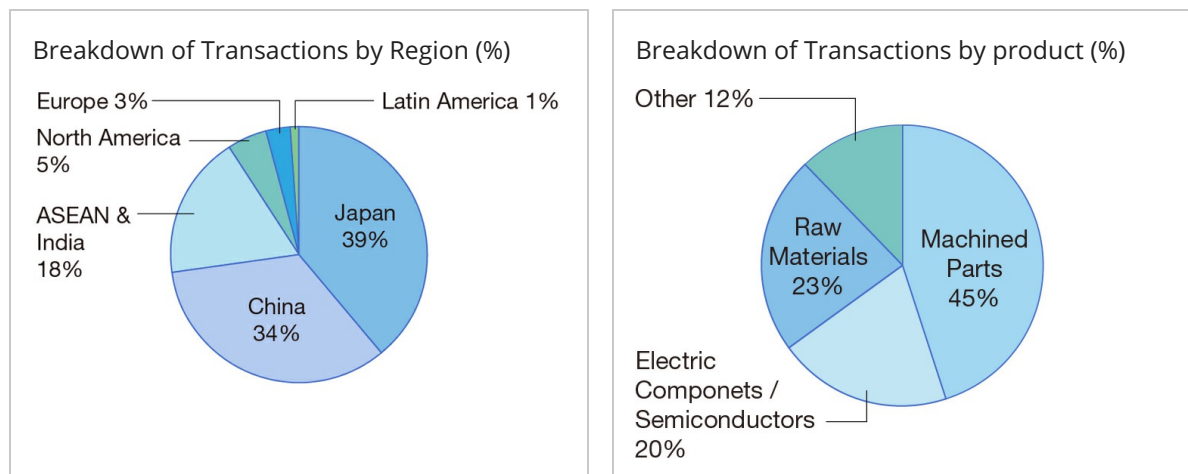
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Overview of Supply Chain

Panasonic does business with approximately 10,000 companies worldwide.

Roughly 70% of these business partners are in Japan and China. And 45% of them supply machined parts.

Panasonic promotes activities with its global business partners to meet its CSR responsibilities across the entire supply chain.



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Management System

With the global demand for social responsibility in procurement—including consideration for the environment and human rights, satisfactory labor conditions, and fair trade—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 human rights and labor, occupational health and safety, green procurement, clean procurement, compliance, and information security.

Panasonic considers the promotion of CSR in its procurement departments to be crucial and conducts periodic management reviews.

To ensure that 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 ask each of our suppliers to agree to our Supply Chain CSR Promotion Guidelines, which is a summary of our management

philosophy, CSR procurement policies, and other matters with which we want our suppliers to comply. We also ask them to perform CSR self-assessments before we start doing business with them. We also enter into a Standard Purchase Agreement with them. This Agreement includes items related to CSR such as human rights, safe working environments, and consideration for the environment.

Furthermore, we 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 to 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.

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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.](#)

Supplier Selection and Evaluation

When selecting new suppliers, Panasonic makes it a condition of doing business that the suppliers practice CSR. Panasonic conducts checks from a perspective that encompasses such aspects as human rights, labor, health and safety, protecting the global environment, and information security. Panasonic asks all suppliers to perform CSR self-assessments and concludes Standard Purchase Agreements that include CSR requirements only with the suppliers that it has confirmed fulfill its requirements. CSR self-assessments of existing suppliers are also conducted. As required by the results of evaluations, Panasonic provides guidance or raises awareness with the aim of improving the situation.

Ensuring Fair Procurement

Because Panasonic believes that a company is a public entity of society, it engages in fair transactions with its global suppliers. There is a need for "a more stringent sense of moderation and ethics" in relationships with suppliers. In 2004, Panasonic made the Clean Procurement Declaration and since then has followed a code of conduct in its procurement activities. Regrettably, in fiscal 2017, there were cases of employees working in procurement for Panasonic in China who violated these principles. Panasonic considers this a serious issue. To prevent a reoccurrence, Panasonic has instituted thorough measures to remind all employees in charge of procurement of their responsibilities.

- **Prohibition of receiving money, valuables, and anything else that is improper from suppliers. Prohibition of benefiting in the form of hospitality, entertainment, or meals.**

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 Ombudsperson 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 \(Clean Procurement Declaration\)](#)

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Education

Panasonic holds training on procurement-related contracts, purchasing, and planning, with the aim of developing professional buyers.

CSR procurement training is divided into two stages: CSR First Class, which is meant to provide specialized knowledge so that buyers can solve issues where they arise, and CSR Second Class, which is meant to instill basic CSR compliance while allowing buyers to carry out normal procurement tasks.

To receive a professional buyer accreditation, procurement staff must take both CSR classes and pass their tests.

	FY 2016	FY 2017	FY 2018
Number of CSR First Classes	One	Two	Two
Number of students	10	12	11
Number of CSR Second Classes	Two	Four	Five
Number of students	99	174	248

The purposes of this training are to make employees 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.

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Responsible Executive and Framework

The Chief Procurement Officer (CPO) is Senior Managing Executive Officer Yoshiyuki Miyabe. (As of August 2018)

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.

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Corporate Profile	Company Overview	Senior Management	Business Segments	Affiliates	Panasonic Center	Global Partnerships	History
Our Company	Philosophy & Business	Corporate Governance	Code of Conduct	Procurement Activities			
Brand	Brand Story	Brand	Brand History				
Technology & Design	Research and development	R&D 10-Year Vision	Breakthrough Technology	List of Conference Presentations		History of Technology Design	
	Universal Design						
History	Corporate History	The Founder, Konosuke Matsushita					
Careers	Careers	FAQ					

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