

Panasonic UK and Panasonic Business Support Europe UK – Export Control Policy (adopted Panasonic Europe Policy)

PANASONIC EUROPE

EXPORT CONTROL BASIC RULES AND PROCEDURES



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1. Company Policy

Panasonic Group is committed to complying with all relevant laws and regulations on export control and economic sanctions. Panasonic UK, a branch of Panasonic Marketing Europe GmbH and Panasonic Business Support Europe UK, a branch of Panasonic Business Support Europe GmbH (the “Company”) is similarly committed to ensuring that all operations in the Europe and CIS region meet their legal obligations and prevent breaches of export control/economic sanctions laws and regulations.

Therefore Panasonic has to:

- Respect for the spirit of all international export control regimes which aspire to the achievement of international peace.
- Comply with all applicable export control laws and regulations in countries and regions where business activities are carried out.
- Comply with all export control laws and regulations that have extraterritorial application to the relevant business activity, including, but not limited to, the Export Administration Regulations of the United States.
- Comply with all applicable economic sanctions laws and regulations in countries and regions where business activities are carried out, including but not limited to United Nations Security Council Resolutions and laws/regulations of the United States that have secondary sanctions.

2. Commitment

These Basic Rules and Procedures (“Basic Rules”) set out the requirements and procedures applicable to each company, branch or operation in Europe and CIS region¹ (“the COMPANY”) for the purpose of ensuring compliance with the applicable laws and regulations relating to export controls/economic sanctions and promoting global security. Each COMPANY must make compliance with such laws and regulations a priority and every employee of the COMPANY must comply with such laws and regulations and these Basic Rules.

Moreover, it is Panasonic’s policy to voluntarily limit transactions as far as appropriate relating to weapons and other military purposes, including training and exercises or military action in regional conflicts, if the transactions could lead to conflict or threaten international peace and security.

3. Export Control Laws

3.1 General

The European Union (EU) and governments around the world have laws and procedures in place to restrict the spread of conventional and mass-destruction

¹ Except companies belonging to Panasonic Avionics Group and Ficos

weapons, prevent terrorism and which therefore control the sale, transfer, export or licensing of products, components, technology, software and know-how that can be used for military purposes (for further details see annex 3), even if they can and are used for peaceful and commercial purposes as well.

The penalties for failure to respect such laws and procedures can be severe, and breach of these laws and regulations may cause monetary fines, imprisonment, and/or export suspension, and needless to say, it will affect company's reputation adversely.

3.2 EU Export Control Laws

The EU export control regime is governed by EU Council Regulation 428/2009² (EU Export Control Regulation), amended by Council Regulation at the latest with Regulation No. 2199/2019³.

Under the EU Export Control Regulation, goods and technologies are considered to be dual-use when they can be used for both civil and military purpose. The list of controlled dual-use items is set out in Annex I of Regulation 2199/2019, which replaces the previous Annex I of EU Export Control Regulation 428/2009.

The dual-use items controlled under the EU Export Control Regulation (Controlled Items) may not leave the EU customs territory without an export authorization. In general, dual-use items may be traded freely within the EU, except for those items listed in Annex IV to the EU Export Control Regulation, where prior authorization is required even for trade between EU Member States.

The EU list of Controlled Items is based on control lists adopted by international export control regimes, i.e. the Australia Group (AG), the Nuclear Suppliers Group (NSG), the Wassenaar Arrangement and the Missile Technology Control Regime (MTCR).

4. Economic Sanctions Laws

4.1 General

The European Union (EU), the United Nations and government around the world have laws and procedures in place to restrict various economic activities involving targeted countries, regions, entities, organizations, and individuals to address concerns in relation to security and foreign policy, such as terrorism, money laundering, narcotics trafficking, weapons proliferation, and other threats.

² Regulation 428/2009 can be found at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009R0428&from=DE>

³ Regulation 2199/2019 can be found at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2019:338:FULL&from=DE>

Economic sanctions typically include, but are not limited to trade prohibitions or restrictions, suspension of financial transactions or freezing of assets, and sanctions targeting certain economic/industrial sectors.

The penalties for failure to respect such laws and procedures can be severe, and breach of these laws and regulations may cause monetary fines, imprisonment, and/or transaction suspension, and needless to say, it will affect company's reputation adversely.

4.2 EU Economic Sanctions Laws

Economic sanctions are an essential part of the EU's Common Foreign and Security Policy (CFSP) and are part of the international effort to combat money laundering, terrorism financing and other financial crimes. Due to this, the EU implemented a sanctions list which applies to all member-states,.

This EU sanctions list is a consolidated list of countries, entities and individuals, engaged in or suspected of money laundering or terrorism financing activities – and is therefore subject to economic sanctions by the European Union. EU Sanctions are linked to United Nations Security Council Resolutions but the EU imposes its own autonomous sanctions – against Russia, for example – in line with its foreign policy objectives.

Sanctions imposed by the EU apply to financial institutions and individuals within the territory or jurisdiction of the European Union. Sanctions also apply to EU citizens operating outside EU territory.

5. Role and Responsibility

The Managing Director (“MD”) of each COMPANY is ultimately responsible for the implementation of these Basic Rules and ensuring that the necessary internal consultations are made.

The MD shall designate a suitable person to be the local Export Control Officer (“ECO”), and the local ECO shall be responsible for the effective implementation and management of these Basic Rules in the COMPANY. The local ECO shall be someone of appropriate seniority, have a good knowledge of the COMPANY, its products, technologies and activities, as well as its internal procedures, and have received adequate training on export control/economic sanctions compliance.

The local ECO may designate one or more export control coordinator(s) to assist in promoting and implementation these Basic Rules.

6. Checking

The COMPANY needs regularly to check and examine the transactions in general, including the profile of the customer or end-user if known, sales route or channel, and the nature of the business in order to ensure that there are no suspicious or unusual circumstances or indicators that the business partner or customer is acting contrary to export control/economic sanctions laws, regulations or procedures (e.g. the customer offers or agrees a very high price, requests unusually high-end specifications etc., or a domestic customer requests documents that are needed only for export outside the EU.)

Before exporting, selling, delivering, transferring and/or licensing (collectively “Export”) any goods, products, components, technology, software and/or know-how (collectively “Items”), the COMPANY must therefore check whether the following are controlled under the relevant laws and regulations and in accordance with Panasonic’s policy, as further described in (6.1) to (6.4) below, with the four “W’s” of export control and economic sanctions:

(6.1) **W**hat Items (product classification)

(6.2) **W**here to (the final destination (country or region))

(6.3) To **W**hom (related parties such as the customers/ end-user)

(6.4) For **W**hich application (intended use)

Following such checks, the COMPANY shall assess whether the business with the partner or customer can begin or, as the case may be, continue.

If the COMPANY has any concern as to whether the transaction is or may be problematic, questionable or it has any doubt at all, it must consult the Panasonic Europe Export Control Officer (PE ECO) or any other member of the PE Compliance Department.

6.1 What Items - Identification and classification of controlled items

Whenever a new Item (e.g. product or technology) is introduced, or an existing Item is modified or upgraded, and in any event at least once every 12 months or when an applicable export control laws and regulation has been updated, the COMPANY must check that it has an up-to-date list of all Items which it sells, delivers, transfers, exports, licenses or otherwise handles which are controlled under the relevant laws and regulations.

Each sales company and manufacturing company in Europe must make sure that it has an up-to-date list of all Items controlled under the EU Export Control Regulation, the US export control laws and regulations and other applicable regulations that it sells, if necessary by contacting its domain parent.

Where Items are purchased or licensed from a non-Panasonic vendor, the COMPANY shall obtain the relevant classification whether the items are controlled under the EU Export Control Regulations and EAR etc. from such vendors.

As soon as the COMPANY discovers that an Item it purchases, receives or licenses from a vendor, or that an Item it wishes to sell or license to a 3rd party, is controlled, the COMPANY must immediately stop the transaction and consult with the PE ECO or any other member of the PE Compliance Department.

Immediately on receipt of new information about the items controlled under the EU Export Control Regulation and the US export Control laws and regulations, the local ECO shall make sure that each person who needs to know this information receives each updated list.

If an item is controlled, authorization from the relevant government body is necessary before Export outside the EU.

In addition,

- i) if an Item is **listed in Annex IV** of the EU Export Control Regulation, authorization from the relevant national government is necessary even for Export to another EU country;
- ii) if an Item is **listed in Annex I** of the EU Export Control Regulation, the relevant commercial documents (including, sales contract, order confirmation, invoice or dispatch note) for transfers within the EU shall indicate clearly that those Items are subject to controls if exported outside the EU;
- iii) if an Item is **controlled under US export control laws** and regulations (subject to EAR), authorization from the U.S. government body is necessary before Export to another country, even if that country is in the EU, and the COMPANY should consult in advance with PE ECO or any other member of the PE Compliance Department.

6.2 Where to (the final destination (country or region))

To avoid any compliance violations by exporting to a sanctioned country, the COMPANY must check the formal address or delivery address of the business partner, customer or licensee, as well as the end-user if known, before agreeing to sell, license or transfer any items to a new business partner, customer or licensee, and in any case, at least once per day – unless otherwise approved by PE ECO. This also applies if the business partner, customer or licensee changes its formal or delivery address, or if the COMPANY knows or it is obvious that the Items will be re-exported outside the EU.

The COMPANY must have a warning system in place where there are indications that the delivery address and/or the final destination is located outside the EU, especially for countries which are subject to an embargo.

Depending on the final destination, internal procedures differ. Even if the business is lawful in light of applicable export control/economic sanctions laws and regulations, the company should check the procedure by using the Panasonic List of Countries and Regions (Annex 1) and Panasonic's Criteria Chart of Transaction Feasibility

(Annex 2):

- List of Countries and Regions (Annex 1)
- Criteria Chart of Transaction Feasibility (Annex 2)
- Definition of terms (Annex 3)
- Examples of use for the Criteria Chart of Transaction Feasibility (Annex 4)
- PE Compliance may update these Annexes from time to time as necessary based on political developments and guidance from Panasonic Corporation.

Further, the Export of Items is not limited to transactions with 3rd party customers or business partners, but also includes internal transactions within the Panasonic group (e.g. where materials, components or samples are shipped to factories in Japan from the EU).

Therefore, even in the case of **intra-group transactions**, a check is needed to determine whether an Item is controlled and so whether an export authorization is required before it is exported.

The **transfer of technology or software** outside the EU by posting or uploading on a server outside the EU or by sending an email is also an “Export” for the purposes of export control law, and the COMPANY shall follow all the relevant procedures mentioned here.

It should also be noted that the carrying or taking goods, technology or software when **travelling or on a business trip outside the EU** is also an “Export” for the purposes of export control law, and the COMPANY shall follow all the relevant procedures mentioned here.

Therefore, transporting Controlled Items, except for personal use, in a bag or suitcase is also restricted and need to be officially declared to the relevant government body before travelling for requesting an export licence.

6.3 To whom (Related parties such as Customers/end-users)

Before agreeing to sell, licence or transfer products, components, software or technology to a new business partner, customer or licensee, and in any event at least once per day – unless otherwise approved by PE ECO or when an applicable Caution Customer Lists has been updated, the COMPANY must check:

- whether related parties such as business partner, customer or licensee and/or third party intermediaries, as well as the end-user if known, is on a list of prohibited or restricted persons under the relevant regulations; and
- whether related parties such as business partner, customer or licensee and/or third party intermediaries, as well as the end-user if known, is related to industrial sector ,including military industries, subject to the sanctions under applicable economic sanction laws, if the business is related to any sanctioned countries; and

- all the key details, including actual existence of the business, its address, creditworthiness and trading history.

The COMPANY must check the consolidated list of persons, groups and entities subject to EU financial sanctions (CFSP List)⁴, the End User List (METI List, issued by the Japanese government)⁵, the Denied Persons List (DPL)⁶, Entity List⁷, the Special Designated Nationals List (SDN)⁸, Sectoral Sanctions Identifications List (SSI), and so on (issued by the US government), collectively the “Caution Customer Lists”.

If the business partner, customer, licensee or end-user is listed on one or more of the Caution Customer Lists such as those indicated above (e.g. the Denied Persons List), or belongs to sanctioned industrial sector, the COMPANY shall stop the transaction and consult with the PE ECO or any other member of the PE Compliance Department, if the PE ECO. PE ECO or the PE Compliance department will consult with HQ prior to further proceeding the transaction.

The local ECO shall keep and maintain updated Caution Customer List and share the information within the COMPANY for the screening of both new and existing customers.

6.4 For which application (intended use)

The COMPANY needs to check regularly that the Items it sells, transfers or licences are for normal consumer, commercial or civil use and not for military use in any way.

If the COMPANY discovers that the Items are being used or intended to be used for activities related to the development, production, operation or storage of any weapons, including conventional weapons and weapons of mass destruction (nuclear, chemical and biological weapons, their dispersal devices, and missiles/unmanned aircraft capable of carrying these weapons) or for sanctioned activities, the COMPANY must stop all transactions immediately, and report to the PE ECO or to any other member of the PE Compliance Department.

If there are any questions or concerns as a result of the screening referred to in this paragraph, the COMPANY shall stop the transaction and consult with the PE ECO or any other member of the PE Compliance Department.

⁴ Consolidated list of persons, groups and entities subject to EU financial sanctions (CFSP List): <https://data.europa.eu/euodp/en/data/dataset/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions/resource/3a1d5dd6-244e-4118-82d3-db3be0554112>

⁵ End User List (METI List): https://www.meti.go.jp/english/press/2019/0426_001.html.

⁶ Denied Persons List: <https://www.bis.doc.gov/index.php/the-denied-persons-list>

⁷ Entity List: <https://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/entity-list>

⁸ Special Designated Nationals List (SDN List): <https://www.treasury.gov/resource-center/sanctions/sdn-list/pages/default.aspx>

7. Internal approval and application for export licences

If, after reviewing the proposed business transaction, the COMPANY determines that one of the situations below applies, the business can only be executed when the approval from the PE ECO has been obtained by the COMPANY before proceeding:

1. The Item is a Controlled Item
2. The country of final destination is a country of group 3 described in Panasonic's List of Countries and Regions (see Annex 1)
3. Consultation is necessary according to Panasonic's Criteria Chart of Transaction Feasibility (Annex 2)
4. End-user and/or application remains unclear or suspicious/of concern (including when any related party is listed on the Caution Customer List)
5. The end-user and/or application remains unclear or suspicious/of concern
6. An export licence is necessary (e.g. from the national authorities)

If an export licence is required, the COMPANY shall in collaboration with the PE ECO make the necessary application following any internal approval process that is required.

8. Recusal for foreign employees working in the EU

With respect to any specific transaction in which directors and employees who hold a different nationality from that of their COMPANY (a "Recused Party") would ordinarily be involved but is individually prohibited to do so under the economic sanctions laws of their home country, the relevant COMPANY is required to take all appropriate measures, including the measures set out in items 1 to 4 below, to ensure that such Recused Party is not involved in any restricted activities.

1. The relevant COMPANY shall notify the Recused Party to the effect that they are required to be excluded from involvement in the transaction.
2. The relevant COMPANY shall ensure that directors and employees of the COMPANY will not involve the Recused Party in any business decisions (such as approval, decision-making, and giving direction) in relation to the transaction.
3. The relevant COMPANY shall assign responsibilities and authority for execution of duties to an immediate supervisor or manager of the Recused Party who is not prohibited by economic sanctions laws from participating in the transaction.
4. The relevant COMPANY shall document the basis for the recusal, the identity of the decision-maker(s) in relation to the transaction subject to recusal, and the decisions made by such person(s).

9. Re-sale and Re-export of manufacturing equipment

The re-sale and re-export of manufacturing equipment imported from other countries or regions (e.g. equipment imported from factories in Japan or other countries for use in European factories) is strictly prohibited without prior consultation and approval from the seller (domain) from the export control perspective. This is because, very

often, such manufacturing equipment is exported with special conditions, including the requirement to obtain a permission from or to notify the government of the original exporting country/region where the equipment is re-sold or re-exported.

10. Record Keeping

The COMPANY shall keep and maintain internal records and documentation relating to export control/economic sanctions for a period of five years from the date of each transaction, and the local ECO shall ensure the implementation.

11. Information and Training

The COMPANY (through the local ECO) shall provide regular training to ensure that those employees who need to know about export control/economic sanctions law are familiar with the rules and procedures, and shall report to the Compliance department about such training activities.

12. Internal Audits

The COMPANY (through the PE ECO) shall organize for a regular audit of the COMPANY'S compliance with the export control/economic sanctions laws and regulations as well as these Basic Rules. The results of the audit, and suggested improvements if any, shall be reported by PE ECO to the MD and to the Legal Manager.

13. Reporting

The COMPANY shall report immediately to the PE Chief Compliance Officer in line with the PE Investigation Protocol in the event of any breach or suspected breach of the export control/economic sanctions laws and regulations or of these Basic Rules.

14. General

(Penalties) Breach of these Basic rules may result in disciplinary action.

Version	Date	Revision Description
2	18 May 2020	Various revisions to update, simplify and to be in line with new Panasonic Corporation rules.
	23 July 2020	Adopted by Panasonic UK and Panasonic Business Support Europe UK

Annex 1:

List of Countries and Regions

	Country Group 1	Country Group 2	Country Group 3	
Japan	Japan	 <p>Countries other than Country Group 1 and Country Group 3</p>		
China & Northern East Asia			North Korea (Democratic People's Republic of Korea)	
Southeast Asia & Oceania	Australia, New Zealand			
India, South Asia Middle East & Africa			Afghanistan, Libya, Lebanon, Somalia, Democratic Republic of the Congo, Central African Republic, Sudan, South Sudan, Iraq, Syria, Iran, Crimea	
Europe & CIS	Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Luxembourg, Netherlands, Norway, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom,			
North America	Canada, USA			
South America	Argentina			
				Cuba

Version	Date	Revision Description
2	18 May 2020	Update of country list

Annex 2:

Criteria Chart of Transaction Feasibility

		Country Group 1	Country Group 2	Country Group 3
Military Use	WMD (Weapons of Mass Destruction) Use	X	X	X
	Conventional Weapons Use	▲	X	X
	Use for General Military Equipment	● (In case of specially designed as instructed by the customer, ▲)	▲	X
	Civil and Industrial Use	●	●	— (X for North Korea)

- The transaction can be made by the COMPANY's own transaction screening
- ▲ Before transaction, you have to contact PE after inner transaction screening, PE will consult with HQ
- ▲▲ Before transaction, you have to obtain the approval of PE ECO in accordance with Section 7 after inner transaction screening
- X The transaction have to be dropped unless in special circumstances for keeping international peace, if so please consult with PE

Version	Date	Revision Description
2	18 May 2020	Overall update

Annex 3:

Definition of terms

Words and terms	Definition
Civil and Industrial Use	Use for civil and industrial purposes, and use for the purpose related to internal entertainment, food, clothing and sheltering for armed forces, the defense department of a government, and organizations and other entities with combat capabilities, and non-official daily activities of them. While home appliances, lighting apparatus, equipment and architectural materials for general administrative facilities used by armed forces, the defense department of a government, and organizations and other entities with combat capabilities are included here
Conventional Weapons	Weaponry other than WMD that are used directly for combat purposes, and conventional weapons technologies
Conventional Weapons Technology	Technology related to the design, development, manufacturing, or use of conventional weapons
Conventional Weapons Use	The design, development, manufacturing, use, or maintenance of conventional weapons
Customized items	Products or technologies designed in accordance with a customer's specifications
Military Use	Use of a product or technology by armed forces, the defense agency of a government, and organizations and other entities with combat capabilities, except for entertainment, food, clothing and sheltering, and non-official daily activities
Panasonic Europe Export Control Officer (PE ECO)	Assigned by PE to ensure export control and economic sanctions compliance in Europe
Use for General Military Equipment	Military use other than WMD use and conventional weapons use
Weapons of Mass Destruction (WMD)	Nuclear weapons, chemical or biological preparations for military use, and their transport equipment such as missile
WMD Use	The design, development, manufacturing, use, or storage of WMD

Version	Date	Revision Description
2	18 May 2020	Overall update

Annex 4:

Example of use for the Criteria Chart of Transaction Feasibility

Military use

Use for general military equipment



CCTV for military facilities



Wearable camera



Secondary cell used for the unmanned reconnaissance plane



Projector for combat simulator



Automotive navigation system installed in transport vehicles

Conventional weapons use



LCD display installed in combat vehicle, such as military tank




Secondary cell used for the UAVs which have assault capability

WMD use



Secondary cell used for the UAVs incorporating aerosols dispenser



Intercontinental ballistic missile system

*** For the definition of each use under the laws and regulations, please make sure to confirm and verify separately.**

Civil and industrial use

Use for the purpose nothing to do with combat activities even used in the military facilities



LCD TVs installed in military mess hall



Medical equipment used at the military hospital

Equipment used at the government organization



Equipment incorporated in the government helicopter

Equipment used at the Police Agency



Driving recorders incorporated in the police vehicles

Use for equipment designed and made for non-military purpose which has lethal force



Switches incorporated in the athletic air gun

Version	Date	Revision Description
2	18 May 2020	Overall update