

Panasonic Avionics Corporation
California Transparency in Supply Chains Act Disclosure and
Slavery and Human Trafficking Statement
Fiscal Year ended 31 March, 2017

Introduction from the President and Chief Executive Officer of Panasonic Avionics Corporation:

Slavery and human trafficking are criminal offences under the United Kingdom's Modern Slavery Act 2015. Such offenses can occur in various forms including servitude, forced or compulsory labor and human trafficking, all of which include the deprivation of a person's (an adult or child's) liberty by another in order to exploit them for personal or commercial gain (collectively "Modern Slavery").

The California Transparency in Supply Chains Act requires that large retailers and manufacturers doing business in California disclose on their websites their efforts to eradicate Modern Slavery from their direct supply chain for tangible goods offered for sale.

Panasonic Avionics Corporation ("we," "us" or "our") is committed to a work environment that is free from Modern Slavery in accordance with the laws and regulations of the respective countries in which we operate. This California Transparency in Supply Chains Act Disclosure and Slavery and Human Trafficking Statement sets out the procedures we have put in place with the aim of preventing opportunities for Modern Slavery to occur within our business or supply chain.

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

Organizational Structure:

Panasonic Avionics Corporation, a U.S. corporation, is a subsidiary of Panasonic Corporation of North America, the principal North American subsidiary of Panasonic Corporation.

Our ultimate parent company is Panasonic Corporation, which is headquartered in Japan. Panasonic is one of the world's largest electronics manufacturers with 496 consolidated companies located globally. Many of the policies created by Panasonic Corporation are adopted by these individual global companies and are tasked to operate within the laws and regulations of the local jurisdictions.

Our Business:

Panasonic Avionics Corporation provides In-Flight Entertainment and Communication ("IFE") Services to commercial airlines throughout the world, connecting the business and

pleasure of flying for both passenger and the airlines. Panasonic Avionics Corporation does not sell any products to consumers, only to airlines and other businesses.

Our Supply Chain:

Our supply chains include the sourcing of materials principally related to the provision and manufacture of IFEC parts and systems. As a member of the Panasonic Corporation family of companies, we are able to leverage a number of industry-leading Panasonic patents and the Panasonic's entire supply chain.

Panasonic Avionics has a large number of suppliers globally. Many of Panasonic Avionics Corporation's products are sourced in Japan by our manufacturing facilities located there and therefore comply with Panasonic Corporation's procurement policy, which is located at: <http://www.panasonic.com/global/corporate/management/procurement/policy.html>

Our key risk areas:

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

Due Diligence Process for Human Trafficking and Slavery:

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

- **CODE OF CONDUCT** – Our Code of Conduct includes requirements on ensuring respect for human rights and that Panasonic will not employ people against their will. <http://panasonic.aero/publicpolicies.aspx.html>
- **POLICY** - We have developed an Anti-Slavery and Human Trafficking policy that reflects our commitment to act ethically and with integrity in all our business relationships as well as our commitment to implementing and enforcing effective systems and controls to ensure Modern Slavery is not taking place anywhere in our supply chains.
- **SUPPLIERS** – We expect that all those in our supply chain, as well as contractors, will comply with our Anti-Slavery and Human Trafficking policy, our business principles and Basic Business Philosophy. We also ask our suppliers to meet our and Panasonic Corporation's Corporate Social Responsibility ("CSR") requirements, including safeguarding human rights and the health and safety of labourers. In March 2016, the Panasonic Group issued CSR requirements in order to convey our stance on CSR procurement to our suppliers. These CSR requirements are known as the Panasonic Supply Chain CSR Promotion Guidelines, and are referenced to international standards and standard approaches in industry. These Procurement Guidelines have been created in Japanese, English, Chinese, Thai, Vietnamese and Indonesian and Panasonic is working on distributing them to all of its suppliers via email and ensuring that they have been notified, in addition to posting them on its website.

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

- **AUDITS AND SUPPLIER SURVEYS** – Panasonic’s Quality Department is responsible for periodic audits of its key suppliers. The audit requires that suppliers complete a thorough response to an extensive pre-site visit questionnaire and then participate in an on-site review. The audit questions include all areas of the supplier’s business operations including compliance with corporate responsibility. These audits are conducted by Panasonic and generally announced in advance.
- **VERIFICATION OF PRODUCT SUPPLY CHAINS** – We verify the product supply chains to evaluate and address risk of human trafficking and slavery during site visits. Examples of abuse include physical intimidation of workers to keep them on the job, forestall complaints to authorities and punish mistakes. Of key interest is the presence of children in the workplace. These areas are described more fully on the Company’s Assessment Checklist. This verification is conducted by Panasonic Avionics and not a third party.
- **INTERNAL ACCOUNTABILITY AND TRAINING** – We maintain internal accountability standards and procedures for employees and contractors failing to meet our standards and trafficking through training for all new, permanent staff on our Basic Business Philosophy and Code of Conduct. This includes providing information upon hire related to: contribution to society, compliance with local laws and a respect for basic human rights with emphasis on not employing persons against their will and on compliance with local employment laws. Failure to comply with company policies subject the employee to disciplinary or corrective action, up to and including termination. When recruiting employees, we adopt 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. Our recruitment processes include: confirming that workers meet minimum age requirements in order to prevent child labor; not allowing temp agencies to collect fees from workers or retain workers’ passports or identification documents; and providing workers with employment contracts or other documents reflecting the terms and conditions of employment, including terms in those workers’ native languages as required by applicable employment laws.
- **CONFIDENTIAL WHISTLE-BLOWING** – We protect whistle-blowers by providing an anonymous whistle-blowing hotline for employees that is run by an independent third party. Employees are regularly reminded of the whistle-blowing hotline and are encouraged to use it if they suspect any potentially illegal behaviour or practice.
- **COMPLIANCE TEAM** - We have a dedicated compliance team within our Legal department, which works closely with other departments to ensure compliance with applicable laws and ethical business practices.

Plans for the future and continuous improvement:

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

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

Hideo Nakano
President and CEO