

## Escalation Process

As a manufacturer we cooperate with the best partners worldwide, who are known for their excellent performance mark.

In exceptional cases should there be critical deviations from targets or violations of agreements, a fast and transparent problem-solving process is required.

The goal of the escalation process is to represent a transparent, interdepartmental uniform and timely escalation and de-escalation with clear responsibilities and consequences for the Panasonic and the supplier.

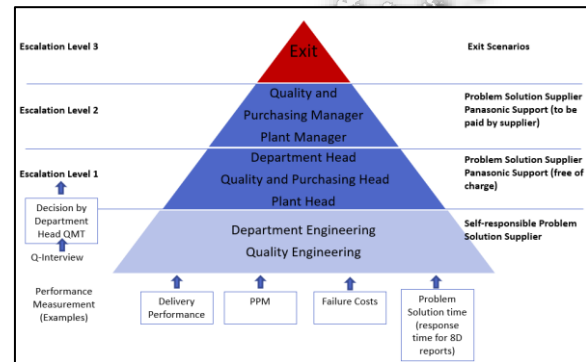
The current escalation status and the escalation history are considered in the following processes:

- Supply Chain Strategy
- Supplier Selection
- Supplier Evaluation
- Supplier Dialogue (performance reviews)

## Structure of the Escalation Process

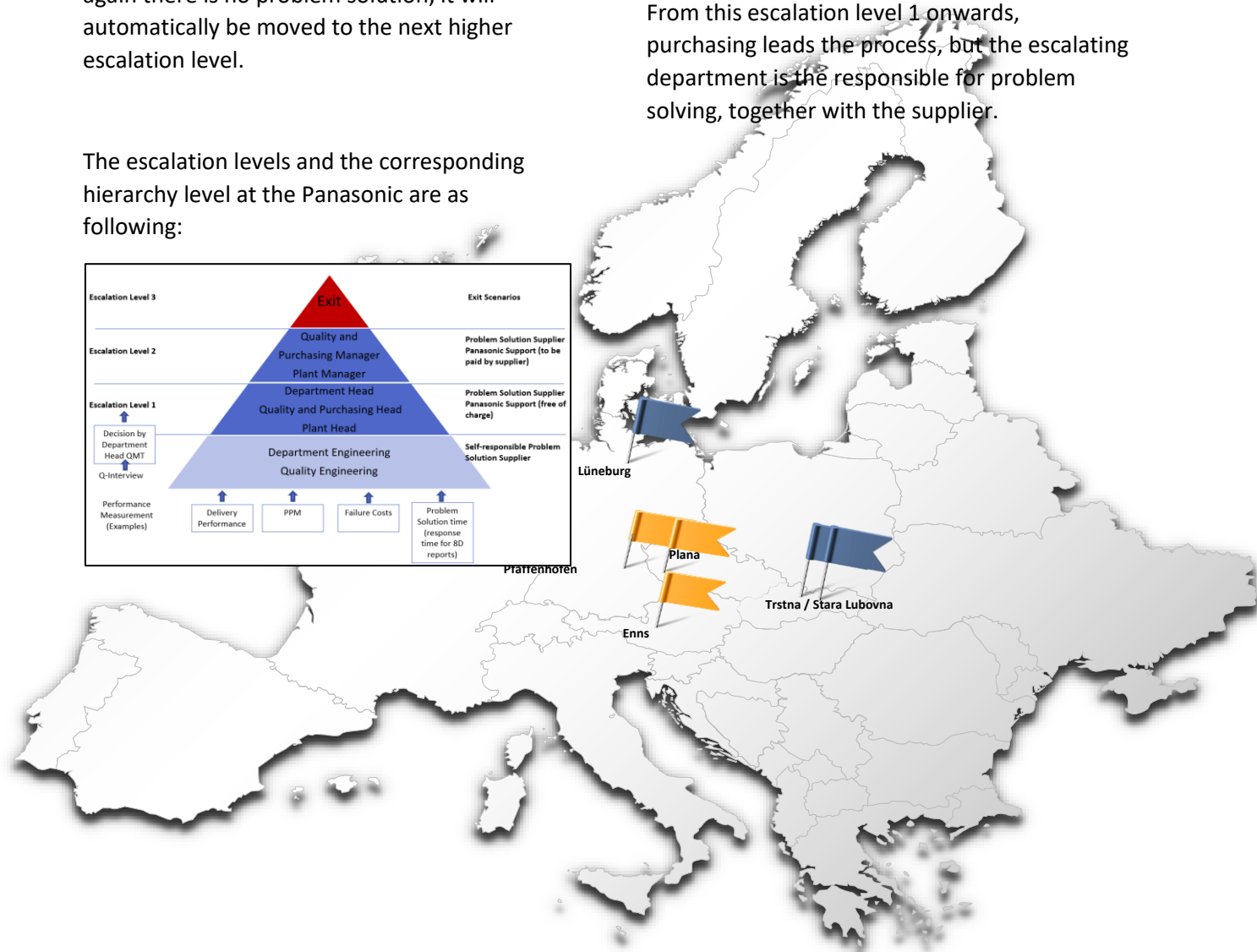
Any department can start an escalation. If predefined and agreed solution periods are exceeded, the period of the solution duration can in exceptional cases be extended once. If again there is no problem solution, it will automatically be moved to the next higher escalation level.

The escalation levels and the corresponding hierarchy level at the Panasonic are as following:



From escalation level 1 onwards, Independent of the escalating subject (e.g. Quality, Price, Delivery Performance), purchasing department will be involved.

From this escalation level 1 onwards, purchasing leads the process, but the escalating department is the responsible for problem solving, together with the supplier.



## Criteria and Thresholds

- An escalation can be triggered, if threshold values of certain measured values are exceeded or can be started event-controlled in case of corresponding criticality.
- The procedure usually starts with a so-called departmental escalation and will be continued in up to three escalation levels. In justified cases a direct access at a higher escalation level is possible.

## Escalation levels

- Only one escalation per supplier location will be declared. Thus the highest, current escalation level is valid throughout all parallel escalations.
- Escalation level 2 means a "New Business Warning" (NBW), i.e. that inquiries and allocations to suppliers are only carried out under reservation.
- Escalation level 3 means a "New Business Hold" (NBH), i.e. the supplier location will be excluded from new allocations.

## De-Escalation

- A de-escalation only takes place if the proof of effectiveness for the solution of the problem has been presented by the supplier and has been confirmed by all involved specialist departments at Panasonic, including the triggering specialist unit.
- After the de-escalation, the supplier location is on a watch list for a period of 12 months. If an escalation start occurs again during this period, it will automatically return to the last declared escalation level.

