

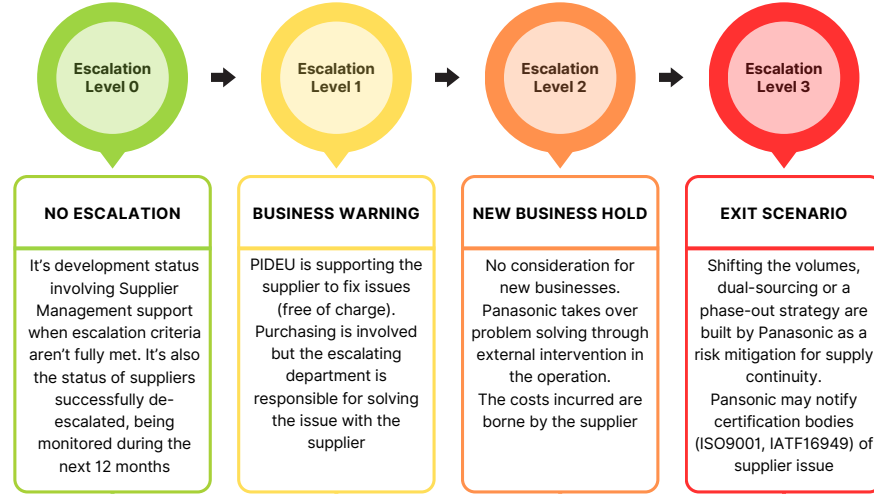
PIDEU Supplier Escalation Process

Escalation Process goal

PIDEU Escalation process is aiming at addressing swiftly and transparently deviations or violations in agreements with suppliers, ensuring timely problem resolution and maintaining a stable and efficient supply chain. It seeks also to establish clear responsibilities, foster interdepartmental coordination, and enhance overall supplier relationship management.



STEP DESCRIPTION

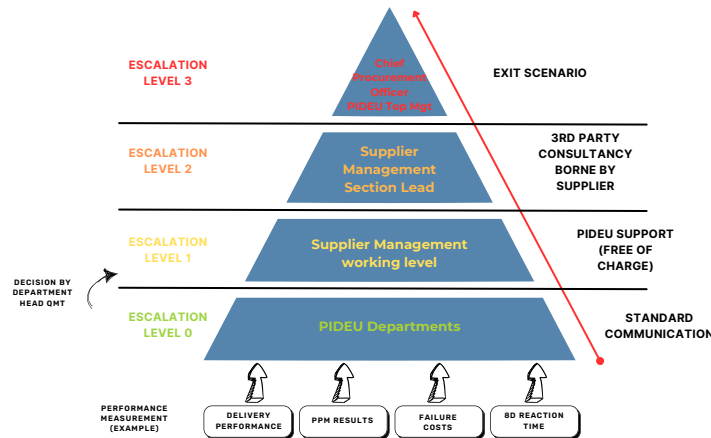


Main consequences (only applicable for PIDEU Business)

DRIVER	Level 0	Level 1	Level 2	Level 3
CONSEQUENCES	Conf. calls on request	Regular visits and audits	Invitation of supplier Top Management	Business review, change of strategic supplier classification
SUPPLIER ACTION	Answers to PIDEU requests	Monthly review Action plans	Weekly review Target tracking	Daily review Tracking sheet
RECOMMENDED MAX. DURATION	Case wise (acc. to the common agreement)	2 to 4 months	3 to 6 months	Case wise



Supplier Escalation Pyramid



Main Performance criteria

ESCALATION (DE-ESCALATION) CRITERIA

		ESCALATION LEVEL 0	ESCALATION LEVEL 1	ESCALATION LEVEL 2	ESCALATION LEVEL 3
PPM RESULTS	Evaluation of supplier's PPM results	PPM results are lower than agreed rate	PPM results higher than the agreed rate (2 months in a row) Without effect on output / quality / production (countermeasures exist)	PPM results higher than the agreed rate (3 months in a row) With and effect on output / quality / production (countermeasures exist)	Negative PPM trend, PPM results higher than the agreed rate (6 months in a row)
REACTION TIME TO QUALITY CLAIMS	Evaluation of supplier's PIDEU Quality claims	Processing according to claim handling requirements	Max. 10% of delay from agreed milestones (D3, D5, or D8) for the last 3 months	Max. 20% of delay from agreed milestones (D3, D5, or D8) for the last 3 months	More than 30% of delay from agreed milestones (D3, D5, or D8) for the last 3 months
EFFECTIVENESS OF COUNTERMEASURES	Evaluation of the effectiveness of supplier's countermeasures	Communicated countermeasures are effective with evidence upon request	No clear evidence of communicated countermeasures	Failure's recurrence after clean point	Escalation to level 3 on case wise
AUDIT RANKING	Supplier audit results and ranking	Audit ranking A or B	Audit ranking C or audit ranking B without countermeasures	Follow-up audit ranking C	Escalation to level 3 on case wise
QCDS SCORE	Supplier quarterly QCDS score evaluation	QCDS score corresponding to Level A or B	QCDS score corresponding to Level C (for the last quarter)	QCDS score corresponding to Level C (2 quarters in a row)	Escalation to level 3 on case wise
PPAP STATUS	Evaluation of PPAP status	PPAP process according to agreed time plan	Delayed PPAP without new submission date	Rejected PPAP	Escalation to level 3 on case wise
PCN STATUS	Evaluation of PCN progress	PCN handling according to agreement	Timeline out of specification	Changes without any PCN	Changes without any PCN and penalty from customer
DELIVERY PERFORMANCE	Evaluation of supplier's delivery performance	Delivery performance according to agreement	Recurrent logistic disturbance (delayed and/or partial deliveries, non adherence to delivery schedule)	Line stop at PIDEU and/or high risk of Panasonic customer line stop	Line stop at Panasonic customer
CLAIM COSTS	Evaluation of supplier's cost responsibility	No open claim costs	Open claim costs for more than 3 months without any progress	Open claim costs for more than 6 months without any progress	Escalation to level 3 on case wise
PART PRICE NEGOTIATION	Evaluation of supplier's openness to cost calculation	Open for part price discussions	No transparency of part price calculation	Rejection of part price discussions	Escalation to level 3 on case wise

Additional criteria

ESCALATION (DE-ESCALATION) CRITERIA

		ESCALATION LEVEL 0	ESCALATION LEVEL 1	ESCALATION LEVEL 2	ESCALATION LEVEL 3
COMMUNICATION (INCLUDING SUB-SUPPLIERS)	Evaluation of supplier's and sub-supplier's communication	Smooth, ontime, proactive and effective communication	Late, bad, or missing communication	Escalation to level 2 on case wise	-----
RUN@RATE	Evaluation of Run @ Rate activity	No risks impacting SOP	Failed Run@Rate and/or high risk of capacity at SOP	2nd failed Run@Rate or customer claim during preseries	-----
REQUALIFICATION	Status of periodic requalification	Requalification done ontime, status as initial validation	Failed requalification	Escalation to level 2 on case wise	-----
CSR AGREEMENT	Compliance with CSR rules, Ethical conduct, and transparency	Respect of CSR rules Good ethical conduct	-----	Violation of CSR rules and/or No ethical conduct	Escalation to level 3 on case wise