



QUALITY ASSURANCE AGREEMENT

Between

BEHR THERMOT-TRONIK GMBH
Enzstrasse 25-33
70806 Kornwestheim
Germany

hereinafter called BTT

and

hereinafter called Supplier



Preamble

This Quality Assurance Agreement (hereinafter called QAA) lists and regulates all quality assurance procedures planned between the parties to the contract for future deliveries with the aim of safeguarding the quality of the products.

It describes the minimum requirements for the management systems of the contractual partners and governs the rights and obligations in respect of the quality of the products to be delivered.

In particular, the QAA sets out the special requirements of the production process and product approval process.

1. Scope, Subject of the Contract

The QAA shall apply to components that are supplied to BTT.

The provisions of this QAA shall apply, in conjunction with all existing and future purchase contracts between BTT and the Supplier. Each agreement and specific amendments and additions shall be in written form. Such amendments and additions shall be recorded in writing in appendices to this QAA.

2. The Supplier's Quality Management System

The Supplier shall undertake to apply at all times a quality management system based on the current version of DIN EN ISO 9000, ISO TS 16 949 or VDA 6.1 or a system which, as a minimum, covers all the requirements stipulated in the Standards listed above.

Proof that a quality management system has been set up and is in operation shall be furnished in the form of a valid certificate in accordance with DIN EN ISO 9000, ISO TS 16 949 or VDA 6.1, issued by an accredited institution.

The Supplier shall be committed to the zero defect target and must continually optimize its performance to meet this goal.

If BTT makes production equipment and inspection, measuring and test equipment available to the Supplier within the context of the purchase of supplies, the Supplier must incorporate such equipment in his own quality management system in the same way as for his own equipment, providing no agreement is made to the contrary.

The Supplier shall commit his subcontractors to comply with the same duties arising from this contract as he himself has undertaken.

BTT may request documentary proof from the Supplier that the Supplier has audited his own subcontractors to ensure that their quality management systems are effective.



BTT may also demand that the Supplier furnishes written test and other verification reports from his subcontractors.

The Supplier undertakes to deliver products only as described in the drawing/specification; this shall also apply to materials and components from subcontractors. The Supplier shall therefore check the customer requirements such as the specification and drawings carefully to ascertain whether the required specified values and tolerances can be met. BTT is to be consulted if any points require clarification.

3. Samples of Prototypes

In order to ensure optimum development and testing of our products, only parts of excellent quality may be used for which the actual values of the product characteristics are known. Documentation on the components before testing is required so that the causes of functional defects can be found and information on signs of wear and deformation during tests can be obtained. For these reasons the actual values of all important characteristics are to be documented.

3.1 Parts and characteristics to be measured

Special characteristics crucial to the product and its function are marked on drawings as inspection characteristics (see Appendix). The main characteristics are to be 100% tested and documented. Measured values of secondary characteristics are to be recorded in the sample test report in accordance with what is agreed.

The Supplier shall check all characteristics in accordance with the drawing on at least one part and the inspection characteristics on all further parts (max. 10 parts) of the delivery. Where multi-nest tools are used, this procedure must be followed for each nest. Certificates are to be furnished for the material and heat treatment.

3.2 Marking the Parts

It is necessary to identify the components with the drawing number including the revision status and this must be implemented consistently on the prototype parts. In the case of components where the space is insufficient or there is a risk that marking may cause damage, tags, adhesive tapes or marked individual packaging shall be used for these parts.

Individual parts are marked with a consecutive number to ensure that they can be traced to the measuring report. Here care must also be taken to ensure that numbering is not duplicated. The numbering of all inspected parts is to be carried out so that, even where there are many part deliveries, duplicate numbering never occurs.

The following form of numbering is suggested:

1st delivery	1/1, 1/2, ..., 1/n
2nd delivery	2/1, 2/2, ..., 2/n
3rd delivery	3/1, 3/3, ..., 3/n



In the case of castings or plastic components, the parts are marked by the number being cast or molded on the blank. Where technically possible, the manufacturing lots are recorded via the molded or cast date or by means of individual identification.

In the case of parts that have been sealed through impregnation, the work operation is marked by placing a green dot on the part number.

3.3 Documentation

It shall be possible to match the documentation on measurements to parts and this documentation is to be provided with the delivery together with the results of the circumferential measurement. The Supplier shall archive the documents. Scribed and cut samples (of castings) shall be supplied with the measurement report. It shall be permissible to make a delivery without the test report providing that this course of action is agreed. This must be agreed upon with the Testing Department prior to delivery.

3.4 Procedure in the Event of Deviations

Should deviations from a Specification occur, the Supplier shall submit an application to the relevant project team in respect of structural deviation/approval of the deviation.

If the structural deviation is approved, the deviating dimension is to be documented, marked on the measurement report by means of underlining and a copy of the deviation approval is to be appended to the measuring report. Where the design engineer has changed the drawing, a copy of the drawing is to be provided with the delivery.

Defective components with approval for limited use, which can be used for certain prototype tests, must be marked with blue paint and tags must be attached.

The tag shall contain the following data:

- Drawing number
- Revision status
- Information on the deviation
- Sequence number

Repair welds on castings need to be approved by the project team via the structural deviation procedure.

3.5 Identification of the Delivery Papers

It must be clear from the delivery paperwork that the parts are prototypes or development samples. The most practical means of achieving this is to enter the word "Development sample" on the delivery note.

For better information, it should be differentiated between:

- Development sample from sample production
- Development sample partly produced using series production tools
- Development sample produced using series production tools



The number of items, the designation, drawing number and also the revision status that was used during manufacture must be stated on the delivery note for each delivery. Where the processing status cannot be fully described as a result of this, copies of correspondence, faxes, notes on discussions, sketches, etc. to furnish proof of what has been agreed must be provided at the same time.

3.6 Inspection Report on Samples

The form in accordance with QS 9000 is to be used for all inspection reports on samples (exceptions: forms in accordance with VDA 2, if requested by customers). It must be clear from the information on the cover sheet that these are not series-produced samples, i.e. a cross must be placed in the "Miscellaneous" or "Other" box as the reason for submission and an entry must appear to indicate that it is a "Development sample".

4. Approval of Series Production

Initial samples together with a completed initial sample inspection report shall always be submitted before the delivery of series-produced parts commences. The inspections shall be carried out in accordance with the latest version of QS 9000 PPAP (exceptions: forms in accordance with VDA 2, if requested by the customer). In terms of documentation, a first sample inspection report, materials inspection certificate EN 10204/3.1 and a drawing with consecutive numbering shall be submitted to BTT.

Initial samples must be manufactured entirely with series-production equipment under series-production conditions.

Material data have to be entered for all materials into the IMDS system (International Material Data System) and passed on to BTT (customer no.: 997).

Our part number has consecutively to be entered without any limiters and spaces (example: X25610100110). If these data will not be made available to BTT and/or the IMDS is not completed in accordance with the actual standards, BTT will give only a conditional approval (3).

The Supplier shall provide a completed EC material safety data sheet, a data sheet for further distribution outside Germany and an accident procedures sheet (transportation) for all materials for which special regulations apply in respect of packaging, transportation, storage, handling and disposal, as laid down in legal provisions for reasons of their composition or their effect on the environment. Where the constituent parts or the legal provisions have changed, an updated version is to be provided in each instance.

A dimensional inspection must be carried out and recorded and, in the case of multi-cavity molds, this must be for each nest. Test results from approved external institutes will be allowed. The test results are to be compared with the stipulations.

Unless the materials have been made available by BTT, they must be inspected and the results recorded. Test results from approved external institutes will be allowed. The test results are to be compared with the stipulations.

Functional inspections and other inspections agreed between BTT and the Supplier must be carried out and recorded. The test results are to be compared with the stipulations.



The cover sheet of the initial sample inspection report must be completed in full. The Supplier's authorized representative must assess results sheets and sign the cover sheet.

BTT will assess the documentation and the sample parts, add the approval status to the cover sheet and communicate this to the Supplier.

Where the assessment from BTT is "approved with conditions imposed", deliveries of series-produced parts shall be permitted for a limited period or quantity. Resubmission of samples that comply with the conditions imposed shall be required.

Should BTT ascertain defects on the initial samples, the Supplier shall be charged for the inspection costs according to the actual outlay. Should the initial samples be rejected the first time they are submitted and further samples be required, an initial sample inspection report shall be provided with the new initial samples in each case. The additional costs will be charged to the Supplier.

5. Series Production, Tracability, Identification

During the delivery of series-produced parts the Supplier undertakes in very general terms to implement all suitable quality assurance procedures in order to ensure that all deliveries meet the contractually agreed and specified quality criteria.

The Supplier shall be committed to the zero defect target, i.e. he must ensure that all his products meet the specified requirements. If the zero defect target cannot be attained right from the start, the Supplier shall agree with BTT the timescale for achieving the zero defect target and which intermediate targets should be applied. The Supplier shall inform BTT immediately if negative deviations from the agreed targets can be foreseen.

The agreement on defined objectives shall not affect the Supplier's liability in respect of warranty and compensation claims from BTT pertaining to defects in the supply of goods and services.

The specifications for the product shall be met at all times and in all cases. According to the terms of the contract, the Supplier shall still be liable for any defects even if the fault frequency is within the agreed targets.

The manufacturing processes must be monitored, evaluated and controlled on an on-going basis. Statistical control shall be applied to the process. If the required process capability is not achieved, the quality must be safeguarded by means of suitable inspection methods; the production process is to be optimized accordingly in order to attain the required capability.

Should deviations be ascertained, an inspection report is to be produced. An agreement shall be reached at once with the Supplier concerning the return of the products and/or the screening or reworking procedures. These procedures shall be carried out by the Supplier or an outside company contracted by BTT and the cost shall be charged to the Supplier. BTT expects defects to be rectified as quickly as possible and an 8 D Report to be submitted on the measures to eliminate the defects within the period of time specified in the test report.



The supplier is obliged to complete and return our circular “Continuous counter check of the characteristics in our drawing” once a year (always in the same month, e.g. if the circular was sent in February it has to be sent again in February next year) in order to carry out an Annual Layout (declaration of drawing characteristics). If the circular with the drawing declaration will not be returned to BTT duly signed within the specified 12 months, a complete check of our drawing specification becomes necessary. The results have to be communicated BTT.

A repeated check (repeated qualification) has to be made every 4 years in accordance with an Initial Sample Test as per QS 9000 PPAP, latest standard (Exceptions: If requested by the customer forms as per VDA 2). Complete documentation consisting of Initial Sample Report, Inspection Certificate as per EN 10204/3.1 and a consecutively numbered drawing has to be sent to BTT.

The Supplier undertakes to ensure that the deliveries can be traced back to the subcontractor, taking account of all production batches used.

For the first three deliveries of series-produced parts documentary proof of quality concerning the dimensions and materials stipulated in our specifications (test certificates and materials certificates) are to be provided with the delivery. After this the Supplier shall undertake to provide this documentary proof of quality upon requirement (within 24 hours).

6. Notice of Defect

In the knowledge of the Purchaser's intended use for the product, the Supplier guarantees that the product he supplies will comply with the performance characteristics, dimensions, tolerances and surface finish in accordance with the drawings and samples with the current processing status in each case and other fundamental contractual criteria, be of merchantable quality, of good quality in terms of material and design, free of faults and suitable for the intended use.

The Purchaser shall only inspect the delivered products in respect of

- Quantity
- Identity
- Transport damage,

but will not carry out an individual inspection in the course of this process.

Within the context of the process-controlled quality assurance procedure practiced by the Supplier, the Supplier shall waive more extensive statutory requirements in respect of the incoming goods inspection.

The customer must give notice to the Supplier of obvious defects in the goods supplied at the latest within 14 days of expiry of the period for making claims, as regulated in § 377 of the German Commercial Code. In this respect, the Supplier shall waive an objection to the late notification of defects. In the case of goods where the defect can only be identified during processing, the notification of defects may still be sent within a week of the defect being discovered.

Should any payment be made before the defect is identified, this does not constitute an acknowledgement that the goods are free of defects and have been delivered in accordance with the specification.



7. Special Approval

Deviations from the drawings / specifications and orders are only permissible upon the prior consent of BTT. In this case the BTT form "Request for manufacturing deviation approval" has to be used (see attachment or under www.btt.behrgroup.com). If BTT has approved the deviation with respect to dimensions, quality and properties, the supplier has to indicate the number of the Manufacturing deviation approval request on the delivery documents.

Should the Purchaser decide to approve the product after inspection, this does not release the Supplier from his obligation to supply products free from defects and does not mean that the Purchaser waives his warranty and (release from) liability claims in respect of the supply of products free from defects.

8. Documentation / Information

Documents, data, records and reference samples crucial to the product and process shall be retained at least for the duration of the supply agreements for the product, plus one year. Should BTT and the Supplier define characteristics as being crucial for safety, these documents are to be retained for 15 years in accordance with VDA (German Automobile Industry Association) Guidelines (Volume 1).

If requested, the Supplier shall allow BTT to inspect these documents.

Should it be ascertained that compliance with the agreements made (e.g. quality, deadline, quantity) will not be possible, the Supplier shall undertake to inform BTT of this.

BTT shall be informed in advance of any changes in the manufacturing procedure, materials or bought-in parts for the products, relocation of production to other sites or other machines including test procedures or other quality assurance measures. Depending on the type and scope of the change, BTT shall decide whether a new series approval procedure in accordance with QS 9000 PPAP or VDA 2 shall be required.

The Supplier shall be included in the revision service to exchange drawings. In parallel, the Supplier undertakes to establish a revision service that will ensure technical documentation, Standards and Codes are updated at regular intervals (e.g. QS 9000 documents, VDA documents, Customer Standards, etc.).

After a change has been implemented, new initial samples with a completed initial sample report in accordance with QS 9000 PPAP or VDA 2 shall be submitted to BTT for series approval. In addition, the first three deliveries after a change has been made are to be identified, both on the delivery itself and on the delivery papers (stating the change status). Other changes shall not be permissible without approval by BTT.



9. Audits

BTT reserves the right to ascertain, by means of an audit at the Supplier's premises, whether the Supplier's Quality Management System can ensure compliance with BTT's quality requirements. After prior notification, the audit may take the form of a system, process and product audit.

If requested, the Supplier shall grant access to the production and inspection records and any other documents pertaining to the manufacture of the item delivered, irrespective of how and on which data media they are recorded or stored. This shall also apply to tools and measuring equipment. The Supplier will be informed of the results and corrective measures will be discussed with the Supplier.

Within the framework of the deliveries the Supplier must also allow his subcontractors to be audited by BTT in conjunction with the Supplier.

10. Confidentiality

The confidential business, processes and financial arrangements of the other party to the contract in each case shall remain confidential. In particular, confidentiality shall cover confidential business and operational matters, financial circumstances, prices and customers. The partners to the contract shall also obtain commitments on confidentiality from relevant employees and suppliers. The duty to observe confidentiality shall also apply after the end of the period of this contract. The declaration of confidentiality shall apply until the partner concerned releases the other party from the duty to observe confidentiality.

11. Partial Invalidity

Should individual parts of this agreement - irrespective of the cause in law - be or become invalid, the validity of the other provisions shall not be impaired by this.

Kornwestheim,

Behr Thermot-tronik GmbH

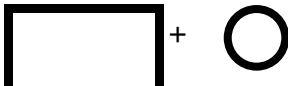


Supplier:

i.V. A. Ehram
Director Supplier Management

i.V. W. Heinemann
Director Quality

Attachment: Characteristics identification in the drawing

Drawings, dated before October 10th 2007, the identification of the characteristics is as follows:

Kontrollplanwertigkeit	Merkmalskennzeichnung	Gewichtung
3		dokumentationspflichtige Merkmale
2		Wichtige Merkmale (Hauptmerkmal nach DGQ)
1		Nebenmerkmal A (nach DGQ)
	Ohne besondere Kennzeichnung	Nebenmerkmal B (nach DGQ)

Drawings, dated after October 10th 2007, the identification of the characteristics is as follows:

Characteristics identification in the drawing		
identification	description	factor / Kontrollplanwertigkeit
C	Merkmal, das im Fehlerfall zur deutlichen Produkteinschränkung führt.	1
CC	Merkmal, das im Fehlerfall zum Produktausfall führt.	2
CD	Dokumentationspflichtiges Merkmal, behördliche oder Kundenanforderungen	3