

Management Manual
of Norgren GmbH
Global Vehicle Technology
(GVT)
Plant
Grossbettlingen

Ambit:

Production and assembly of pneumatic, automatic and electronic components and equipment parts

Remote location: Development, sales, purchasing, logistics at the Grossbettlingen Plant and

strategic purchasing, platform development, complaint processing and central administration at the Norgren GmbH plant in Fellbach, Germany

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QM Bernd Gohlke: Last revised 24. May 2008

Statement of principles by the executive management

Quality and environmental protection: a long tradition

Norgren GmbH, based in Alpen, Germany, is the result of a merger in 2003 of the Alpen (formely Martonair), Fellbach and Grossbettlingen (formerly Herion) plants. Herion Werke was founded in 1938 and was acquired by Norgren in 1997. Martonair was founded in 1949 and was acquired by Norgren in 1986.

Today, Norgren's tradition includes

- decades of experience in the field of pneumatic control and regulation technology.
- decades of partnership with our customers.
- a substantially enlarged customer base and product range in an international group.
- the incentive to be consistently among the best based on continuous optimisation of technical and organisational processes.
- environmentally conscious action.
- safety and security in work processes.
- product safety.
- environmental protection.

**Our customers' needs and wishes
form the basis of our obligation to ensure top quality on a daily
basis.**

We meet this obligation by complying with a quality management system in which the 8 principles of quality management are firmly anchored.

Customer orientation
Leadership
Employee orientation
Process orientation
System orientation
Continuous improvement
Factual, objective approach to decision-making
Supplier relationships

Corporate philosophy

1. Norgren manufactures high-quality pneumatic and fluid devices at competitive prices for the industrial market, in particular for the automobile industry and machine and processing systems engineering.
2. Norgren believes that a strong market position is a crucial factor in securing the future of the company. Norgren achieves and secures this strength through an active sales policy with the goal of efficient market exploitation.
3. Norgren is customer-oriented, i.e., Norgren integrates the wishes of its customers in its actions as far as possible.

Norgren is globally active and recognises that the

- marketing
- production
- management
- development
- finance
- organisation

potentials must be accordingly developed and optimised.

4. Norgren aims to minimise the environmental impact of its activities.
5. In all their business relationships, Norgren wishes to maintain fair and balanced partnerships with sound, long-term relations.
6. Norgren values good cooperation with government authorities and other public institutions.
7. Within the range of present options, Norgren aims to promote the personal and professional development of its staff members and to maintain a good and motivating working environment by actively involving them in the company.
8. Norgren expects its employees to maintain outstanding professional qualifications and personal qualities as well as above-average performance. Norgren aims to remunerate its employees appropriately in accordance with the increased demands placed on them and their performance.
9. Norgren is aware that the company's success is decisively determined by the management and specialist staff. Norgren expects from these staff members in particular complete identification with the policies and goals of the company, willingness to innovate, flexibility, and customer-oriented, co-operative, cost-effective and exemplary leadership.
10. Norgren must earn a profit that facilitates securing the survival and longer-term development of the company as well as appropriate interest earnings on the invested capital.
11. All company actions are subject to the primary principle of maintaining the company's freedom to make its own decisions.
12. The Norgren plants pursue all their activities in an environmentally conscious manner.

Corporate quality and environmental policies

Customer satisfaction

Our customers' satisfaction is one of the most important corporate objectives. We want to be a reliable partner for our customers over the long term. Our customers set the standards for our actions. Their positive evaluations secure our financial success. The achievement of this objective is monitored by the continuous determination of customer satisfaction.

Interface to suppliers

Norgren's corporate success depends to a large extent on our suppliers. We develop the company together with our suppliers and utilise their expertise. Collaboration based on trust is a matter of course.

Implementation of the management system

We have established high standards for our work. Thus, we are all obligated to implement the guidelines contained in the management system. We work on a process-oriented basis throughout the company and our goal is always "zero errors". We want to prevent errors and rigorously eliminate the sources of error. The objective of all internal and external processes is 100%reliability in delivery.

Employee orientation

Each employee is responsible for the success of the company and receives systematic basic and ongoing training for the fulfilment of his or her duties. At Norgren, employee satisfaction is a top priority. It is therefore discussed in employee conferences and evaluated and improved by the human resources management staff.

Management responsibility

The achievement of our corporate goals is an important management task. The corporate objectives specified by the executive management are communicated within the company and the specifications of the management staff are consistently implemented and monitored. The principle of safety before efficiency applies.

Corporate officer for EU directives

EU directives apply to our products as well. Norgren is aware of its responsibility as a manufacturer and adheres to the highest standards of product safety.

For use in plants with a high risk potential, selected products are qualified according to the applicable regulations. The appointed corporate officers ensure compliance with the European directives, including the EC Pressure Vessel Directive, the EC ATEX Explosion Protection Directive, avoidance of hazardous substances and the EC Directive on International Traffic Law.

Health and safety

We not only continuously improve work safety within the company, but with our specialist expertise and our products we also contribute to relieving the customer of physical loads. Compliance with statutory provisions and obligations is a matter of course for us.

Environmental protection

Environmental protection beyond the legal and governmental requirements is an integral part of our corporate philosophy. In addition to financial success, the quality of our products as well as health and safety protection at the workplace, we are committed to an environmental policy that aims at continuous improvement in environmental matters. In order to implement this obligation, we focus on the following principles:

- We aim to conserve water and energy in all corporate production processes and corresponding activities, and thus to conserve natural resources.
- All materials, processes and products are carefully and critically reviewed with regard to their environmental impact before they are used.
- Our production processes, systems and activities are reviewed for potential hazards and environmental effects to ensure that damage to the environment does not occur.
- We specify the design, engineering, material use and energy utilisation of our products to take environmental requirements into account as far as possible.
- We develop efficient, cost-effective solutions for products that require fewer repairs and have less impact on the environment.
- We recycle raw, operating and production materials to the greatest extent possible.
- We implement measure to reduce environmental pollution by waste, sewage and emissions.
- As part of their jobs, our employees are informed about operational environmental problems and trained to deal with them. We actively support them in the implementation of practical, efficient and cost-effective proposals to improve corporate environmental protection.
- We maintain open and co-operative collaboration with the public and the relevant authorities.
- We have implemented and maintain an environmental management system.
- Our suppliers are also obligated to design their processes so that they are environmentally compatible.

Our management system

In order to implement our corporate philosophy and to achieve our declared objectives,

Norgren GmbH (GVT)

has established

a management system certified in accordance with

ISO 9001:2000 and ISO/TS 16949
"Quality Management System Requirements"

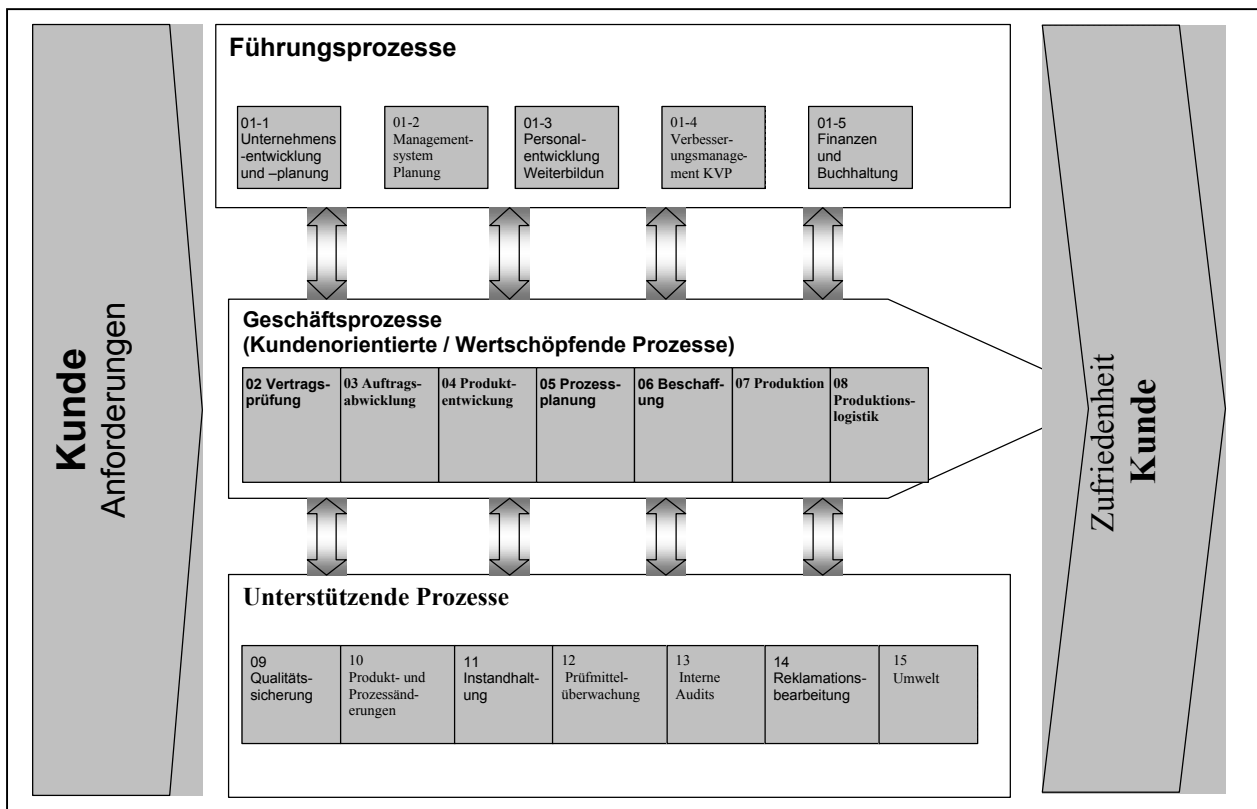
at the Grossbettlingen plant.

The Grossbettlingen plant meet the requirements of **ISO TS 16949:2002** "Special requirements in the application of ISO 9001:2000 for serial and replacement part production in the automotive industry" and

ISO 14001:2004 "Environmental management systems".

The Grossbettlingen management system is based on business processes and compliance by all employees is mandatory.

The processes at the Grossbettlingen plant are oriented to the interests of the customers from the automobile industry, as shown in the following process environment.



Process 01 - Management processes: Planning and management of the company by the executive management of the company.

Process 02 – Contract review: The relevant sales departments together with the specialist departments clarify the manufacturability of the products required by the customers.

Process 03 – Order processing: For new products, order processing is carried out by project management, and for serial products by supply chain management.

Process 04 – Product development: New products are subject to the "product development process" from the customer inquiry to serial production.

Process 05 – Process planning: The processes required in mechanical production and assembly and by the suppliers for product implementation are planned and validated.

Process 06 – Purchasing: The strategic purchasing department selects suppliers and is primarily responsible for their qualification.

Process 07 – Production: Mechanical production and assembly of the machines, appliances and assemblies.

Process 08 – Production logistics: This process regulates supply chain management and logistics. Series delivery is supported by operational purchasing.

Processes 09 to 15 - Supporting processes: These processes actively support the business processes.

The workflows in the processes are described by procedures and work instructions that are accessible to all employees.

Norgren's plant at Grossbettlingen operates active improvement management. Improvement management is carried out together with customers, Norgren employees and suppliers.

The corporate goals are announced at the beginning of each year by the executive management, measured according to defined criteria and published in the management review. The results are rigorously implemented.

Norgren uses quality management methods and tools such as FMEA and QFD.

Improvement management

