



Supplier Statement of Work (SSOW) Document
Revision C
March 10, 2008

SUPPLIER STATEMENT OF WORK – Gentherm Incorporated
TERMS AND CONDITIONS

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Supplier Statement of Work (SSOW) Definitions

Model Year: The model year during which the program will launch.

Customer: The Customer to whom Gentherm is supplying product.

Program Name: The reference that is commonly used by the Customer and Gentherm that designates the name or other title of the vehicle.

Gentherm SOP Date: Gentherm Start Of Production Date.

Supplier Name: Name of the supplier to whom the SSOW is issued.

Program Manager: The name and telephone number of the Gentherm Program Manager responsible for the program for which the SSOW is issued.

Buyer/Director of Materials: The name and telephone number of the Gentherm Buyer responsible for the program for which the SSOW is issued.

SSOW Revision/Date: The SSOW date. Whenever the SSOW is modified, the SSOW Revision level and date will be updated.

Program Life: The expected life of the program (beginning SOP year - end of Production year).

CAD Format Required: CAD format. All data will follow designed CAD format standards.

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Introduction

This document outlines the program management, engineering, design, quality, validation, packaging, commercial, timing service requirements, and definition of responsibility associated with the development and production of the designated program. This Statement of Work sets forth certain responsibilities and obligations of the Supplier to Gentherm, if Gentherm elects to issue a Purchase Order for the work described. This document does not guarantee Supplier any specific volume of business or any business at all from Gentherm. **THIS STATEMENT OF WORK IS NOT INTENDED TO BE A SUPPLY AGREEMENT OR ANY PROMISE TO ENTER INTO A SUPPLY AGREEMENT.** In the event Supplier enters into a contractual relationship with Gentherm (by receipt of a Purchase Order, Long-Term Agreement, or other written contract executed by Gentherm designated as a form of supply agreement, hereinafter the “Contract”), the Contract will govern the terms and conditions of the Supplier-Gentherm contractual relationship. In the event of any conflict between a term of the Contract and a provision of this Statement of Work, the Contract will govern. In the event that a Contract has been or is entered into between Supplier and Gentherm, Supplier will meet the procedures and obligations of this Statement of Work and, if a Contract is consummated, these will become express warranties made by Supplier and Gentherm.

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Section 1: Program Scope

- 1) The Supplier will provide full assemblies, sub-assemblies, and components to Gentherm for the Program. The Supplier will be responsible for any combination of cost, program management, engineering, design, quality, tooling, process, validation, documentation, packaging, and manufacturing.
- 2) The Supplier must meet all shipping requirements and time windows as defined by Gentherm's weekly production schedule. It is the Supplier's responsibility to facilitate to meet these requirements.
- 3) The Supplier must obtain Gentherm written approval prior to implementing any changes in program direction and support. This requirement applies to design, engineering, manufacturing, staffing, facilities, timing, etc.

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Section 2: Program Management Expectations and Requirements

1) The Supplier will provide Gentherm with a matrix and timeline identifying all personnel planned to support this program. The matrix will include name, title, years of experience, and level of support (i.e. dedicated or resource). The timeline will indicate when resources will be added and subtracted from the program.

2) The Supplier is required to provide onsite support for all pre-production and production product design and product development including but not limited to builds identified by program timeline at both Gentherm's and Gentherm's customers' manufacturing sites. The Supplier is required to have technical and commercial resources available to support ongoing production.

3) The Supplier is responsible for creating and maintaining an open issue tracking document that will be updated and provided to Gentherm on a weekly basis or as necessary.

4) When issues arise that may jeopardize program timing, quality, cost, or delivery, it is the responsibility of the Supplier to notify the Gentherm Program Manager in writing immediately.

5) The Supplier must communicate with Gentherm about and obtain pre-approval for any key personnel changes of those working on the program. Issues regarding organizational changes are to be directed to Gentherm Purchasing and Program Management as soon as they arise.

6) The Supplier is responsible for meeting all program timing requirements. Overall timing milestones are specified in the timing summary. The Supplier is responsible for providing Gentherm program timelines for each full assembly, sub-assembly, and component sourced to the Supplier. The timeline must include all required tasks and be updated and provided to Gentherm Program Management as required.

7) The Supplier must be responsive to Gentherm's requests in order to allow Gentherm to meet company and customer objectives. The Supplier will provide Gentherm with a 24-hour/7-day-a-week emergency phone number.

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Section 3: Engineering Expectations and Requirements

- 1) The Supplier is responsible for providing Gentherm Engineering support for the program (e.g., tracking and resolving issues, feasibility, and attending meetings and events associated with the development of the supplied parts).
- 2) The Supplier is responsible for reflecting GD&T criteria in tools, gages, and dimensional verification studies.
- 3) The Supplier is responsible for manufacturing feasibility, PFMEA, and mistake proofing.
- 4) The Supplier is responsible for tooling feasibility.
- 5) The Supplier is responsible for creating and maintaining an engineering/manufacturing bill of materials.
- 6) Unless otherwise notified, the Supplier is responsible for providing prototype and pre-production parts that meet all applicable quantity, construction, process, material, quality, and delivery requirements.
- 7) The Supplier is responsible for providing prototype (see #6) and pre-production parts with the proper identification and information and in accordance with Gentherm pre-launch control plans.

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Section 4: Design Expectations and Requirements

1) The following are design responsibilities of Suppliers:

- a) All data must be native Gentherm CAD FORMAT, fully certified, and compliant with all Gentherm CAD FORMAT system functionality.
- b) Part model data must not be translated via a neutral format such as IGES or a direct format such as system to system. No data translations will be made by Gentherm.
- c) All data must follow Gentherm design standards.
- d) Create and maintain data structures including assemblies and details.
- e) Update all part numbers with the latest Gentherm CAD FORMAT.
- f) Ensure all designers are trained and can operate in Gentherm CAD systems including updating and maintaining.
- g) The Supplier is responsible for supporting the CAD Digital Model Assembly (DMA) process including data submission at a frequency required to support the program, DMA meeting support, and resolution of DMA issues.
- h) Provide updates to CAD models as necessary to ensure accuracy and integrity of data.
- i) All Supplier locations involved in the design and/or development work shall be able to download, read, modify, save, and transfer Gentherm CAD models from and to Gentherm's CAD database.
- j) Supplier manufacturing facilities shall at a minimum be able to read and view Gentherm CAD models.
- k) All data transmissions by means of Gentherm CAD electronic media, no tapes.
- l) Design packaging and product design.
- m) Design studies to support packaging, feasibility, impact criteria, and general issue resolution.
- n) Master layouts and assembly drawings kept up to date in a timely fashion.
- o) Supply and maintain DFMEAs and DFMA's to support design and program timing.
- p) Provide any FEA and correlation studies on all applicable systems.
- q) Provide and maintain all applicable models and/or drawings to enable release into the Gentherm system.

- r) Participate and maintain dimensional management practices.
- s) Create and maintain dimensional measurement points and SPC points.
- t) All plastic design models should be volumized. All others as requested.
- u) Identify safety and critical characteristics of parts, assemblies, and processes that could effect compliance with either Gentherm or FMVSS requirements.
- v) Design for manufacturing.
- w) Design to ensure mistake proofing in manufacturing of supplied part(s) and assembly into subsequent receiving sub-assemblies.
- x) Design for tooling feasibility.
- y) Define and submit all parting line locations for Gentherm approval. (Plastic Suppliers Only)
- z) Design to meet all draft angle requirements. (Plastic Suppliers Only)
- aa) Design to met all appearance requirements.
- bb) Design to meet all serviceability requirements.
- cc) Design to meet all vibration requirements.
- dd) Obtain Gentherm approval for all design releases and subsequent changes and additions to designs, specifications, and other requirements as outlined by but not limited by this package. Document all approvals on a timely basis in writing and/or drawings.
- ee) Provide all required design properties and mock-ups to support the program. All properties must meet applicable quality standards.
- ff) Minimize design changes after production release.
- gg) The Supplier is responsible for responding to and managing all engineering changes per the Gentherm Change Management System. Reference the Gentherm Supplier Standards Manual.

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Section 5: Quality Expectations and Requirements

- 1) The Supplier will use and is responsible for the Gentherm Advanced Product Quality Planning Process and will communicate and track status to program milestones as required by the Program Manager.
- 2) The Supplier will provide appropriate support for product development initiatives and documentation that reflects each element in APQP, including DFA, DFMEA, PFMEA, IMDS material cert. and material testing, process flow, control plan, lessons learned, etc.
- 3) The Supplier is responsible for providing product to Gentherm at an incoming defective rate of zero (0) PPM.
- 4) The Supplier will analyze all warranty issues using a root cause 8D problem solving method.
- 5) It is expected that 100% of the Supplier Part Submissions (PPAP) will be on time and complete per the AIAG and Gentherm requirements as defined in the Gentherm Request for Quotation, or any other written agreement.
- 6) Dimensional data will be provided and managed by the Supplier in support of all pre-production and production build events. “X” number of points per part, “Y” number of pieces (no less than 30). Parts must meet all tolerance and capability requirements. Additional points may be added to established capability or address critical areas or concerns. “X” and “Y” to be determined with Gentherm at prototype design release. Layout reports will be submitted per the AIAG Production Part Approval Dimensional Results form.
- 7) The Supplier must meet the following process capability requirements: $P_{pk} \geq 1.67$ on all significant (special) characteristics prior to build, and $C_{pk} \geq 1.33$ at build.
- 8) The Supplier is responsible for all lab testing as detailed on Gentherm’s engineering drawing and annual flammability and material submissions including IMDS and REACH reporting. The testing results must include the proper lab accreditation documentation.
- 9) The Supplier is responsible for gage and check fixture design, build, qualification, and prove-out. Gentherm approval of the gage/check fixture supplier, gage/check fixture strategy, and design is required.
- 10) The Supplier is responsible for holding periodic gage/check fixture design/build reviews.
- 11) The Supplier must achieve third party gauge certification prior to gauge GR and GR&R that is 10% or less of part tolerance.
- 12) GR&R must be less than 20%. GR&R to be performed per AIAG MSA Average and Range Methodology for Variable Data.

13) Gage and check fixture designs are to be done to the latest level of Gentherm CAD. All gages and check fixtures will be production pull ahead CMM holding fixtures with variable data points added for production.

14) The Supplier must have a Certified Quality System to meet Gentherm expectations (i.e. TS16949, ISO 9001) for all current pre-production and production locations. For all new locations, the Supplier must be certified within 18 months from start of production.

15) The Supplier is responsible for achieving approved visual harmony between parts sourced to the Supplier and the rest of the interior. Carry-over parts have equal requirements. (Where Applicable)

16) The Supplier is responsible for Process Sign Off and Supplier Part Submissions (PPAP) and all associated activity and parts required, achieving Process Sign Off and Supplier Part Submissions (PPAP) approval. An onsite Process Sign Off may be conducted prior to Supplier Part Submissions (PPAP).

17) The Supplier is responsible for using a Design of Experiments (or similar) process to establish and optimize the production manufacturing process (demonstrated at Process Sign Off) that meets or exceeds quality and delivery requirements in the most efficient way possible.

18) The Supplier must maintain process parameters displayed during Process Sign Off. Any changes to the process will require resubmission of Process Sign Off/Supplier Part Submission (PPAP).

19) The Supplier is responsible for ongoing data collection, IMDS submission, REACH submission, annual materials and flammability testing, and capability studies to be used as predictive indicators of the manufacturing process consistent with the product control plan.

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Section 6: Tooling Expectations

- 1) All tooling will utilize specified CAD format models as the master. All data will be exchanged in specified CAD format and must be used in the specified CAD format. This includes all tooling designs.
- 2) The Supplier will provide tool engineering to meet all Gentherm program and launch team requirements.
- 3) All Gentherm owned tools are to be identified with the following characteristics, at a minimum: Gentherm name, part number, and revision level. For each specific tool for which a Gentherm Tooling Purchase Order is issued, it is the responsibility of the supplier to complete and submit a Gentherm Tooling Worksheet before final tooling payment will be relinquished.
 - a) Gentherm will provide its suppliers with a unique Tooling ID number and will convey this on the Gentherm Tooling Purchase Order. The following items are considered tooling and therefore the property of Gentherm:
 - i) Tools specifically made for the production of a part or parts unique to Gentherm.
 - ii) Unique computer software required directly for the production and or gauging of parts for Gentherm.
 - b) The following items are **not** considered tooling and are **not** acceptable as part of a tooling bill, even if they are dedicated but not unique:
 - i) Generic tooling, general-purpose items, processing or capital equipment, and computer hardware.
 - ii) The cost of or associated with automation, test equipment, process control equipment, manufacturing learning curve, launch costs, operator training, and vision cameras.
- 4) The tool shop(s) selected by the Supplier will provide a tool cost breakdown that includes all tooling assumptions. This breakdown and copies of the multiple quotes (where available) will be provided as part of the quote package to Gentherm. The tooling source selection is the Supplier's decision, and should be based on overall value, but Gentherm reserves the right to reject a tool shop chosen by the Supplier.
- 5) Tool cost submitted to Gentherm is limited to the following: design of tools, tool build labor, tool build materials, one (1) tool sampling, and initial tool shipment to the manufacturing facility. Sampling cost is to be based on standard industry hourly rates plus the cost of material. Press set-up and hookup charges for samplings are not acceptable. Costs of capability studies are considered as part of the supplier's overhead. A general percentage markup of tooling is not allowed. Gentherm must be notified of, and reserves the right to be present for, any run-at-rates of new tooling.
- 6) Gentherm reserves the right to conduct validation audits of tool costs and record logs, at any time.

7) Gentherm reserves the right to decline payment of any tooling cost not supported by a Gentherm Tooling Purchase Order.

8) A Supplier that designs, develops, or manufactures special tooling in-house will provide all associated overhead costs in fully accounted tooling labor rates to Gentherm upon request. In addition, before placement of any tooling work with internal tool shops, the Supplier will provide evidence to Gentherm of competitive quoting with outside tool sources. Supplier records will be subject to audit.

9) Changes that occur while new tooling is being constructed are to be completed by the tool shop(s) currently constructing the tools. Cost of changes must be validated individually by review of the tool cost breakdown prior to issue of purchase orders. Changes that occur to tools after the tool build is complete are also required to have costs validated prior to issue of purchase orders. Gentherm reserves the right to conduct run-at-rates after changes have been completed.

10) Tool sources will manage tool shop and work schedules to meet Gentherm program requirements without additional charges. However, in those circumstances when overtime at a tool shop becomes necessary, Gentherm will consider requests for reimbursement for that overtime. Gentherm maintains sole discretion whether or not to reimburse such overtime. Prior to proceeding with work, it is necessary that these costs be reviewed and agreed to by Gentherm Purchasing. Final authorization to proceed with a change must come from Gentherm Purchasing by means of a Purchase Order.

11) Gentherm must be notified, and agree with, in advance of the transferring of tools from one manufacturing site to another. The supplier is required to submit to Gentherm a Supplier Request for Engineering Action (SREA) in the event of a possible tool transfer. Any costs associated with the transfer of tools will be the Supplier's. Gentherm reserves the right to validate after tools have been transferred. The Supplier is responsible for design and build of all tooling used to manufacture parts awarded to the Supplier and shall meet all applicable Gentherm Tool Standards.

12) The Supplier is responsible for the tooling for the entire life of the program, including the service period after production balance-out. Supplier will notify Gentherm in advance of implementing any change if any engineering change will impact tools for service requirements.

13) The Supplier/Tool Shop building the tools will comply with ISO9001.

14) The Supplier is responsible for the tooling preventative maintenance and spare parts so as to meet all Gentherm manufacturing, delivery, and quality requirements. Preventative maintenance plans must be documented and kept on file by the Supplier. Gentherm reserves the right to review the Suppliers preventative maintenance and spare parts plans.

15) The Supplier will insure and protect said property against loss or damage.

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Section 7: Packaging and Parts Marking Expectations and Requirements

- 1) Supplier will design (with input from Gentherm and direction from its customer), build, test, and purchase all returnable and expendable packaging.
- 2) The Supplier must conform to all packaging requirements and submit the Gentherm Packaging Approval form for approval.
- 3) The Supplier is responsible for qualifying packaging with Gentherm's approval.
- 4) The Gentherm Engineer must approve all packaging and parts marking.
- 5) All packaging testing must include a ride/shaker test per Gentherm or specified customer packaging guidelines.
- 6) Gentherm reserves the right to assume the packaging and logistics responsibility and adjust the price accordingly.
- 7) All parts marked according to drawing.
- 8) Supplier must maintain traceability on each part.

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Section 8: Commercial Expectations and Requirements

- 1) All engineering, design, and validation testing services for non-Gentherm sourced components are the responsibility of the Supplier. Any charges to be amortized into the production piece cost must be broken out separately including resources, rates, hours, etc.
- 2) Any changes requested by Gentherm will be quoted using the RFQ form.
- 3) Production piece price quotations will be based on a Planning Volume identified on page one of the RFQ. **THIS IS NOT A GUARANTEE OF PRODUCTION VOLUME OR ANY COMMITMENT TO A STATED VOLUME.**
- 4) Production piece price quotation will be based on FOB location as presented on the Gentherm RFQ form.
- 5) The Supplier is responsible for tooling and capitalizing to meet a demand of 15% above the Planning Volume as defined on page one of the RFQ unless otherwise defined as a lower volume per tool. The Supplier will base capacity calculations on two (2) eight (8) hour shifts per day, 240 days per year.
- 6) The Supplier is responsible for defining all capacity constraints above the program capacity requirements for all tools, machines, facilities, and suppliers.
- 7) If Production Supplier is Prototype Supplier, pre-production and prototype parts made from prototype tools, regardless of quantity, will be supplied at three (3) times production pricing unless other agreement has been established.
- 8) Parts made from production tools, regardless of quantity, will be supplied at production pricing.
- 9) Set-up charges will not be paid for pre-production and production parts, including engineering changes.
- 10) Supplier will fully participate in Gentherm productivity give backs as defined in the Gentherm RFQ.
- 11) Unless otherwise identified, the Gentherm payment terms will be net 45 prox. days.
- 12) Tooling will be reimbursed for Production tools per the following Gentherm Tooling Repayment Policy Rev 6.
- 13) All quotes from Supplier will be in U.S. dollars with exchange rate listed if applicable.
- 14) Raw material, labor, and burden costs, per the agreed upon quotation, are based on current year economics and are firm for the life of the program.

- 15) All product or process changes must be communicated to and approved by Gentherm prior to implementation of change.
- 16) Gentherm reserves the right to review Supplier component sources.
- 17) All expenses incurred by Gentherm to support tooling, processing, and manufacturing of parts above and beyond what would normally be expected will be invoiced directly to the Supplier.
- 18) After engineering release for tooling, costs for changes required by Supplier to meet tooling, processing, and manufacturing requirements are the responsibility of the Supplier.
- 19) Bank build coordination is the responsibility of the Supplier.
- 20) Supplier is responsible for managing and advising Gentherm on potential obsolescence during engineering changes, model year changes, and production balance-out. Supplier will be responsible for obsolescence claims outside the timeframe specified on the RFQ.
- 21) Supplier is responsible for all capital equipment necessary to manufacture components and subassemblies including but not limited to injection mold machines, die-cut presses, vacuum-form machines, water-jet machines, work tables, sonic machines, specialty tools, material storage/handling racks, etc. Supplier will also be responsible for any specialized handling equipment needed at the customer location.
- 22) The Supplier is responsible for the accuracy of its quotations and cost breakdowns.
- 23) Gentherm does not directly inspect all incoming material for precise quantities as it has no access to the product before it is received by the customer. Therefore, any valid claim by our customers for delivery quantities less than stated will be debited back to the supplier.
- 24) In the case where the Supplier is co-located at a Gentherm or Customer facility, the facility and related cost responsibilities will be defined in a separate agreement.
- 25) Cancellation: The Supplier must share the business risks as well as the opportunities associated with this program; therefore the quotation should not contain quantity buy, take, or pay provisions. Contingent liabilities resulting from the cancellation of the program, if any, must be identified separately in writing. Cancellation or termination costs will be paid by Gentherm only as stated in the Gentherm Purchasing Terms & Conditions (see attachment). In any case completed parts and raw material inventories will not be reimbursed if found to exceed Gentherm approved inventory levels. Gentherm must approve in writing any inventory level exceeding the PO allowable level.

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Section 9: Production Planning Expectations and Requirements

1) For all purchase orders that are specified as “Blanket” purchase orders, the following provisions apply:

- A. Each Blanket purchase order is valid for all shipments within one year of the original shipment date and will not expire upon reaching a predetermined amount.
- B. Each Blanket purchase order will be automatically renewed each year unless the supplier receives a written notice to terminate the purchase order at least 60 days prior to the anniversary of the original shipment date provided that, any Blanket purchase order may be terminated at any time by 60 days’ advanced written notice to the supplier.
- C. Each Blanket purchase order is not a guarantee of specific volume or any volume whatsoever. Annual projected requirements will be provided to the supplier each year along with a weekly firm release.
- D. In the event of a design change that impacts product price, a new Blanket purchase order will be issued and the prior Blanket purchase order will be canceled. Each new Blanket purchase order will be valid for all shipments within one year of the original shipment date under such new purchase order (in accordance with A above).

2) Gentherm will communicate its product delivery requirements to its suppliers via a weekly electronic spreadsheet (The Production Schedule). This Production Schedule will confirm firm releases as well as provide forecast information for a total period of 21 weeks. It is the expectation that the suppliers will review the schedules on a weekly basis and communicate any issues that prevent successful delivery of customer requirements.

3) For all drop ship orders (orders where Gentherm does not retain any inventory), it is the expectation that suppliers be able to react to a +/- 15% adjustment in customer releases. It is understood that our suppliers will retain the capacity and raw materials necessary to meet this requirement without the requirement of expediting fees or overtime. In the event that such forecast exceeds or falls below such percentage, Gentherm will negotiate a fair resolution with its suppliers to enact a solution that meets customer requirements.

4) Acknowledging the dedicated inventory that is a requirement of competently managing the supply line, Gentherm accepts the following liability:

A. For North American customers where:

- a. Product ships from North America, Gentherm accepts liability of (2) weeks finished goods, including WIP, goods ready for shipment, and goods in transit and (4) weeks of raw materials.
- b. Product ships from Asia, Gentherm accepts liability of (6) weeks finished goods, including WIP, goods ready for shipment, and goods in transit and (12) weeks of raw materials.

B. For Asian customers where:

- a. Product ships from North America, Gentherm accepts liability of (4) weeks finished goods, including WIP, goods ready for shipment, and goods in transit and (8) weeks of raw materials.
- b. Product ships from Asia, Gentherm accepts liability of (4) weeks finished goods, including WIP, goods ready for shipment, and goods in transit and (8) weeks of raw materials.

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Section 10: Aggregate Service Requirement

I. General Expectations

A. Expectation

As an essential part of the order, the supplier will provide service parts to Gentherm to support Gentherm's customer requirements for ten (10) years after the last production build date of the program ("EOP"). If Gentherm's customer extends the period of the required service parts term, the supplier agrees to abide by the extended period.

B. Service Part Pricing

All service parts will be provided at production-level pricing for five (5) years after the EOP. The supplier can request adjustments to pricing after the 5th year of the service.

C. Other elements of Cost

If there are additional cost elements, these costs must be submitted to Gentherm for consideration. The cost must be submitted as a separate quotation document and fully disclose a reasonable and justifiable cost breakdown. Additional cost elements that will be considered are:

- Packaging
- Special handling
- Transportation

D. Set-up costs

Gentherm, Inc. and supplier will negotiate reasonable minimum runs to offset set-up costs associated with the service part after final build-out. Where minimum runs are not agreed to, set-up costs may be invoiced as a part of the service PO and will be paid only according to the terms and conditions reflected in the PO. Set-up costs must be supported with back-up data such as:

- Purchase orders
- Run dates
- Run quantities
- Program
- Ship-to location

An agreed to cost model will manage set-up cost. All set-up cost submitted will be governed by the terms and conditions specified in the cost model. Where there is a minimum buy agreement, no set-up charges will be applicable.

II. Tooling Terms

A. Life Expectancy

The tooling life expectancy will include the term of service depicted under the aggregate service requirement. The supplier will make a provision to tag each tool as a service tool after the life of the program as the tool enters service life. The supplier will properly maintain and store tools as may be required to fulfill all service parts obligations and other agreements between the parties.

B. Maintenance and PMs

The maintenance of the tool is the responsibility of the supplier. It is the responsibility of the supplier to do the normal Preventative Maintenance (PM) to keep the tool production ready. Any scrap generated as a result of a tool improperly maintained is the responsibility of the supplier.

C. Tool Assessment

The supplier will also provide, as a part of the program balance-out requirement, a tool assessment. The assessment will include an analysis of the quantity of parts the tool can produce before refurbishment and other tool conditions that may hinder performance during the term of service.

D. Gentherm Ownership of Tools

Gentherm is the owner of all tools except where expressly stated by Gentherm to be property and expense of the supplier. The supplier will clearly mark Gentherm's property as "property of Gentherm." The supplier will take all steps necessary to prevent any actions by third parties affecting Gentherm property and will inform Gentherm immediately if a third party intends to claim or encumber the property. The supplier will be solely responsible for the maintenance, care, safety, and operation of the tools while in the possession of the supplier or its subcontractors.

E. Disposal of Tool

The supplier must obtain the written approval of Gentherm before disposing of any tools. The supplier must disclose, at the request of Gentherm, the scrap value of tooling before the tool is disposed.

III. Minimum Quantities Terms

1) Minimum quantities are allowed only through negotiation with Gentherm, Inc. and as expressly stated in Gentherm purchase order (i.e. to fill a box, to cover set-up costs). Orders may be placed as an individual item (1 piece) or in multiples/standard pack quantities as agreed upon, including any agreement set-up cost as applicable. Gentherm reserves the right to make a bridge buy at any time.

IV. Releases

- 1) Service parts will be released weekly per an approved EDI system or Excel document.
- 2) A 13-week schedule will be provided when applicable.
- 3) Supplier may seek Gentherm approval to ship multiple releases of the same part at one time on a quarterly basis.
- 4) All obsolescence claims must be submitted to the supplier's assigned Gentherm Buyer.

V. Quality

The service part quality must be maintained at PPAP level and the latest revision, an annual PPAP submitted for service parts; all contents of the PPAP to be determined by Gentherm Quality prior to submission.