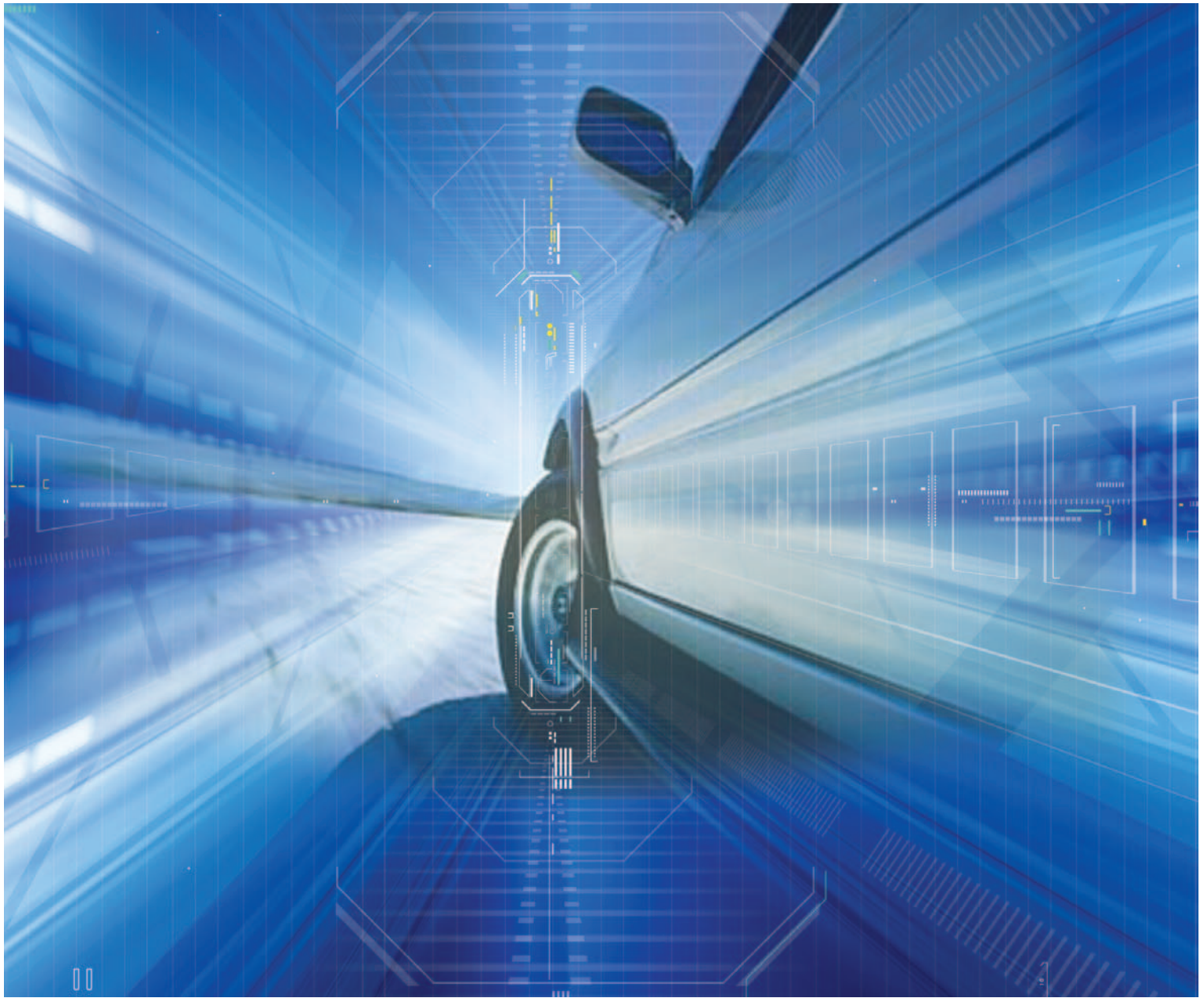


Cars are highly complex systems to put together.



MANAGING RISK



Division of labour with new perspectives

The automotive industry continues to strive towards new horizons.

In order to be able to achieve sustainable growth, companies are adopting substantially different approaches to the assignment of activities in the areas of both development and production.

MANUFACTURERS ARE CONCENTRATING ON THEIR BRANDS

The manufacturers have come to realize that the factors that allow them to stand out from their competitors are primarily those characteristics of their products and services that shape the image of their brands. These have become the factors upon which they now concentrate and focus.

SUPPLIERS BECOME IMPORTANT PARTNERS

New production strategies have now been developed. These include both increased manufacturer collaboration in the development and production of vehicles and increased use of similar components in a variety of models. This, combined with the manufacturer's focus on brand image issues, has led to suppliers gradually assuming increasing responsibility for systems and components that are not directly related to the immediate brand experience.

This change represents a significant increase in both responsibility and potential volume of business for the suppliers.

The automotive industry is undergoing a process of re-orientation

Globalization and the resultant process of consolidation have led to significant changes in the automotive industrial landscape in recent years. Such changes will continue with manufacturers shifting production to locations throughout the world and engaging in far reaching collaboration on joint development and production of vehicles.

In addition, manufacturers with premium products are beginning to realize their ability to further strengthen their brand by retaining full control of development and production of these premium products. An automatic consequence of this has been, and will continue to be, a significant change in the supplier industry. Globalization and platform strategies calling for highly standardized, interchangeable systems and components have led to increased competition and increased price pressure.

Cost, efficiency and reliability are increasingly important criteria for success in the marketplace. Major corporations with the corresponding management capability, resource and purchasing power will gain an increasing advantage. This will in turn lead to further acquisitions, mergers and strategic alliances, which will change the demographics of the supplier industry.

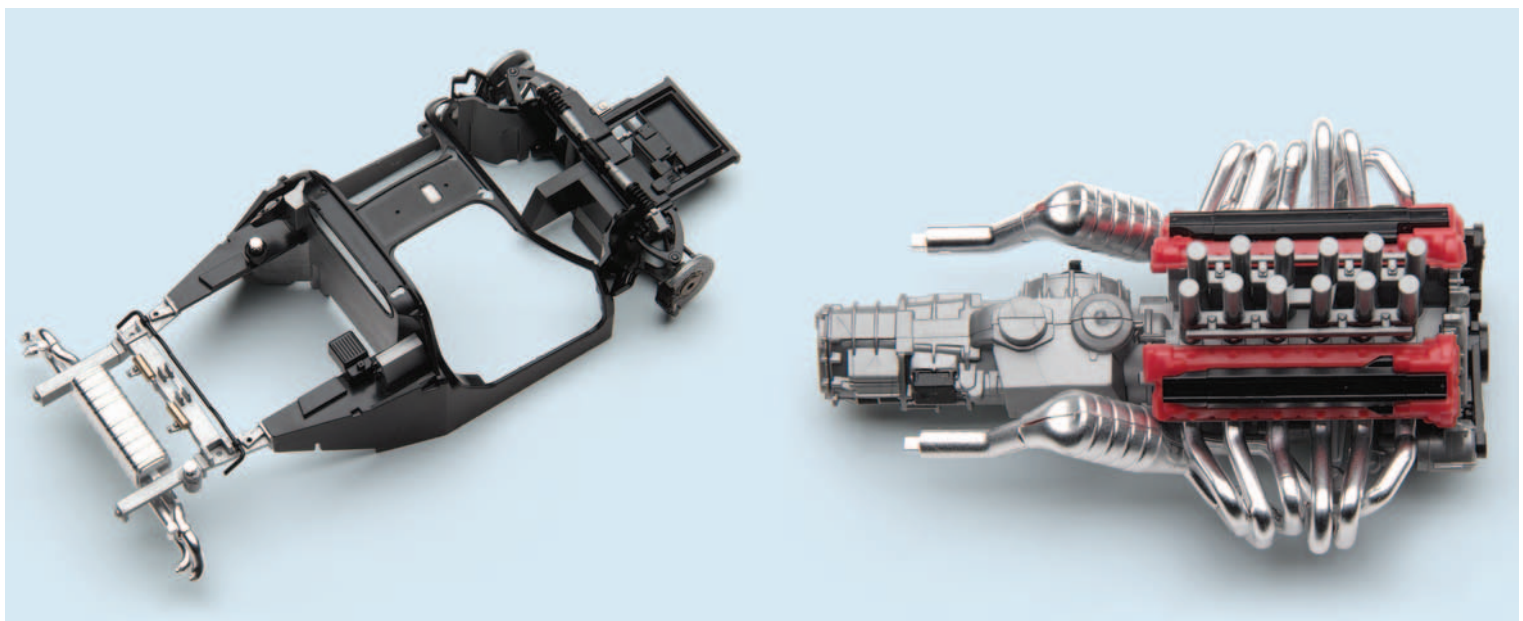
WORK REDISTRIBUTION

The situation in the areas of development and production is triggering change on the part of manufacturers. Vehicle concepts are becoming increasingly complex,

the number of models is exploding, and technology is becoming more sophisticated as model life cycles become shorter. As a result manufacturers increasingly concentrate on what is important for their brand experience. One consequence of this is that they are giving up part of their value chain such that production of components and cars and the resultant research and development services are being outsourced to suppliers. The roles and responsibilities of suppliers as strategic partners are thus becoming increasingly important and their potential for growth is significant. However, this exposes the suppliers to increased commercial risk and suppliers must increasingly look to more sophisticated management techniques to maintain these risks.

FOCUS ON BRANDS

There is an ever developing realization in the automotive industry that brands are assets to be carefully maintained and consistently enhanced, and manufacturers are increasingly concentrating on the value of their brand whether this is related to the price conscious sector of the market or the premium vehicle sector. The realization that, through better brand management, there is an ability to add significant value has led to a need for better control of everything that impacts the brand experience — the development of vehicle concepts, the design, the features of the various models, the selection of major suppliers and the definition of



the framework for after market sales. However, the return on brand investment in the premium vehicle sector is proving to be a decisive factor in the differentiation of a brand, and it is here that significant efforts are being made by the major manufacturers.

SOFTWARE AND ELECTRONICS — DRIVERS FOR GROWTH

Software and electronics are essential for automotive progress. Virtually all innovation is based on these technologies and the ever growing number of integrated software components in vehicles is one of the largest challenges for the industry. Indeed, in a premium vehicle, the on-board networks are comparable with the IT networks in a medium sized company. No wonder that electrical and electronic equipment, and the associated software, today accounts for over half the cost of vehicles in the premium segment. But it is not only vehicle management that dictates the need for electronic and software solutions. There is also an increasing user demand for enhanced in-vehicle use of personal communication equipment such as mobile telephones and entertainment facilities. The more complex systems become, the more sensitive and vulnerable they become. The industry has responded to this complexity by using software development capability assessments based on CMM(I) or the recently developed Automotive SPiCE Standard based on ISO15504.

QUALITY MANAGEMENT IN THE SUPPLY CHAIN

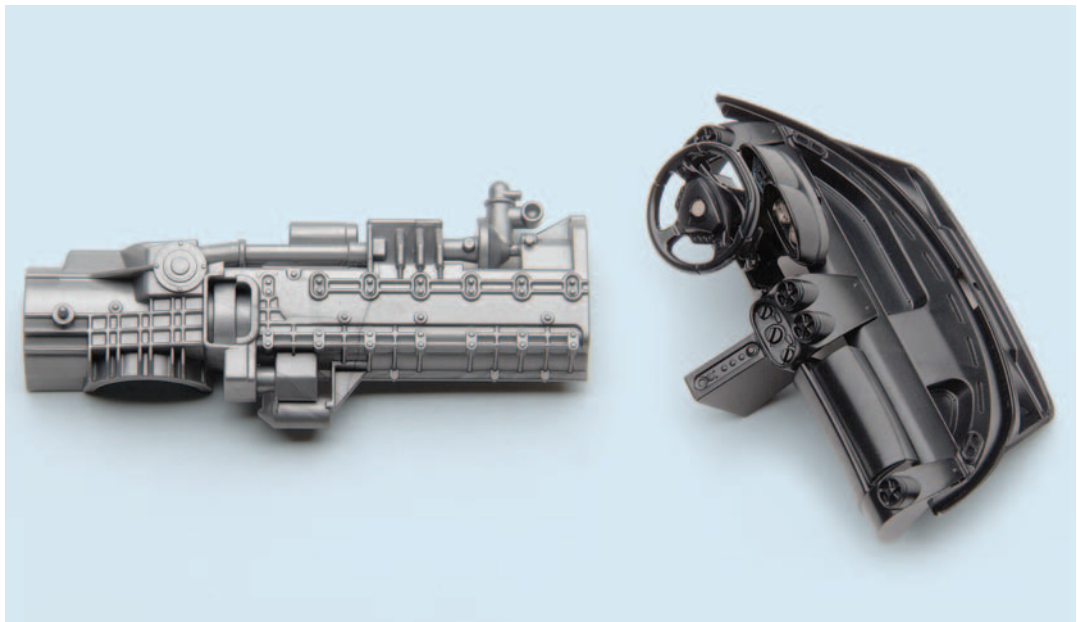
Management of the entire supply chain is yet another major challenge. Collaboration on and outsourcing of development and production not only makes the supply chain longer but also makes it much more

complex. Companies not having this under control will experience an increasing number of recalls, not only driving costs but also causing damage to the image and brand. Despite the increasing pressure in terms of time and costs, it is necessary to achieve or exceed specified quality requirements. Certification to automotive industry standards would provide a much needed basis for achieving such quality, and all suppliers involved in the chain should have such certification. However, current developments indicate that present quality achievements will not be sufficient in the future. It will therefore be necessary to use the current management system base to help identify risks and improve process workflows. Aspects such as risk assessment and project management are becoming essential tools for meeting and defeating the industry's challenges.

A NEW QUALITY IN COLLABORATION

In the future, manufacturers will increasingly expect their supplier partners to work within a framework which goes well beyond the development and production of systems, modules and components. Companies will be expected to be socially accountable and exhibit a level of social responsibility. This includes consideration of the local and global environment, in addition to the safety and rights of all stakeholders in their process, be they employees or members of the local community. This overall responsibility is referred to as Corporate Responsibility (CR). After ratification of the Sarbanes-Oxley Act of 2002, CR has become a hard fact of corporate life and, in particular, when doing business in the USA. The proposed EU directive on CR will have a similar effect in Europe. Some of the elements of a management system,

as described in ISO 9001, ISO 14001, OHSAS 18001 or SA8000 standards, are commensurate with this legislation and, as such, it is possible to use the certification process to show legislative compliance with these elements.



A partner for the challenges of today and tomorrow

As it has been cooperating with most major car companies for many years, DNV is thoroughly familiar with the automotive industry and the challenges it faces. DNV's customer list includes approximately 50% of the companies in the automotive industry that are included in the Fortune 500. Thus, DNV has what it takes to help companies live up to their responsibilities and meet the challenges these responsibilities represent.

AT HOME WORLDWIDE

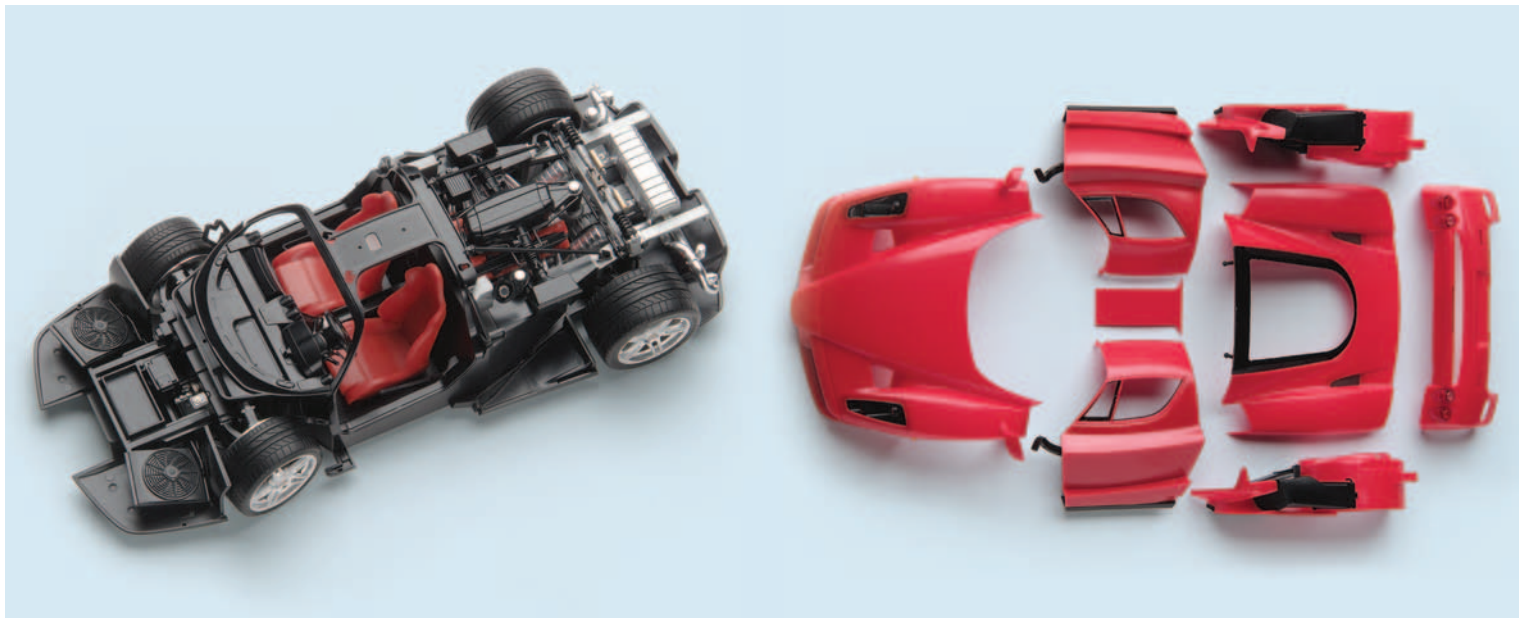
As a world leader in certification services for the automotive industry, DNV is familiar with both local conditions and the global situation within the industry. DNV employees know the market well and speak the language, both technical and local. They have the understanding needed to solve concrete problems. By offering consistent interpretation of all relevant standards, identical service delivery (taking into account local customs and practices), and consistent qualifications and quality, DNV's uniform approach worldwide gives international and global suppliers a decisive advantage. This is something that regional and local competitors find it hard to match. DNV has over the years also developed a series of specialized skills and resources that represent invaluable assets in the context of the ongoing re-orientation of the automotive industry.

THE ART OF MASTERING SOFTWARE RISKS

Many suppliers offer complex software and electronic solutions that deliver optimal performance when deployed alone. However, problems may arise when such solutions have to be integrated into larger overall systems. Faults and system failures may be virtually built in if the software standards of the various suppliers are not compatible. DNV has a staff of highly qualified specialists who have acquired in-depth experience and expertise, not only in the automotive industry but also in the area of software development and assessments (e.g. ISO 15504, SPiCE and CMM(I)). This specialized know-how makes it possible to help mitigate software risks.

HIGH-LEVEL PROCESS MANAGEMENT

The process of interaction between manufacturer and supply networks is extremely complex and calls for stringent management. The quality required by the customer can only be achieved if the services to be provided are precisely defined and seamlessly monitored throughout the development, production and final installation phases, no matter how critical the time frame or how great the resource or cost pressure. Certification to automotive standards of all companies involved is an essential element in the realization of adequate control of this complex organizational network.



Moving forward, certification standards targeting performance only will not ensure continued success in the marketplace. Companies are strengthening their management focus by adopting risk assessment techniques coupled with their management systems capability. Indeed, it is already possible to see a trend towards business excellence and the benchmarks for evaluating the acceptability of business processes. Process management awareness will once again be raised. DNV has a staff of highly qualified senior-award assessors to support companies as they confront the challenges this difficult process represents.

CERTIFICATION OF ALL MANAGEMENT SYSTEMS

Specific standards, at both the national and international level, are available for quality, safety and environmental management systems. DNV can provide certification services for all current standards and is also involved in the improvement of existing standards and the development of new ones. Standards for which DNV holds accreditation include ISO/TS 16949, ISO 9001, ISO 14001, ISO 17799 and OHSAS 18001.

The certification of integrated management systems represents an important step forward. The bundling of all competencies makes it possible to achieve maximum efficiency. In addition, one of DNV's primary goals is to provide customer-oriented approaches to certification.

Risk Based Certification™ permits identification of those areas of risk within a management system that may prevent a company from achieving corporate goals. Through a process of discussion, assessment areas of risk can be identified and defined thus allowing optimization of performance in all areas of the organization.

Training programs tailored to the needs of the automotive industry complement DNV's certification services.

FIVE REASONS WHY YOU SHOULD CONTACT DNV:

- DNV is an independent foundation specializing in third party assessment services.
- Customers appreciate DNV's consistent of approach from the 300 offices in over 100 countries.
- Integrated Certification and Risk Based Certification approaches underpin DNV's certification services.
- Major companies within the automotive industry acknowledge DNV's position of leadership in its chosen field.
- Customers acknowledge DNV's contribution to sustainable development.

RELIABILITY IS WHAT COUNTS

The automotive industry is undergoing a fundamental change. A new division of labour between manufacturers and suppliers is producing major changes in this industry. Competition is increasing, and suppliers are consolidating and specializing to survive. As a major independent foundation, DNV is a reliable and acknowledged source of support in facing the challenges in today's automotive industry. Worldwide, the automotive industry has acknowledged our position as a leader in our chosen field.

* Risk Based Certification is a trademark of Det Norske Veritas AS.





DNV - PROVIDING TRUST AND CONFIDENCE

DNV is an independent and autonomous foundation working to safeguard life, property and the environment.

We are a knowledge-based company and our prime assets are the creativity, knowledge and expertise of our people.

Helping companies to manage risk is our business. DNV is recognised as one of the leading and most respected management system certification bodies in the world. We hold 80 accreditations in different countries and have issued more than 60,000 management system certificates worldwide.