



Bold. Innovative. Trusted.

BAE Systems Hägglunds supplier manual

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BAE SYSTEMS

Who are BAE Systems Hägglunds and what do we value.

We believe in strong and resilient supplier relationships, which are critical to allow us to meet our customer's expectations. BAE Systems Hägglunds (BSH) is part of the Global BAE Systems that spends more than £10 billion a year with 25,000 suppliers around the world.

We buy a wide range of major equipment, services, materials and components such as steel, engines, and protection systems that contribute to our products and services for our customers. This also includes routine goods and services to support our business, including office supplies, facility maintenance, training, IT and consultancy services.

Supplier management is important to BSH because we have a strong dependency on our suppliers to help us to deliver the products, systems and services that our customers need, on time and to the quality they expect. Furthermore poor performance or unethical conduct by a supplier can affect our reputation and even our ability to operate effectively.

ENVIRONMENT

Protecting the environment and the human health is a core value and BSH operations shall be conducted in such a way that all applicable environmental legislation and other relevant requirements are met, and that pollution is prevented.

EXPORT CONTROL

BSH and its suppliers are obligated to comply at all times with the legal requirements for export control.

INDUSTRIAL COOPERATION – SUPPORTING SUPPLIERS

To BSH, industrial cooperation is a vital part of the partnership we build with our customers – a strong partnership that gives each party long-term and strategic advantages.



SUPPLIER PRINCIPLES

At BAE Systems, we work with suppliers whom embrace standards of ethical behaviour consistent with our own.

TERMS & CONDITIONS

The BAE Systems Hägglunds Standard Conditions of Purchase are applicable when BSH is procuring and/or sourcing goods and services from a supplier if no other terms and conditions are specifically agreed.

BAE SYSTEMS HÄGGLUNDS SUPPLIER CENTER

At the BSH supplier center you will find more information and useful documents. www.baesystems.com/hagglundssupplier

BAE SYSTEMS HÄGGLUNDS KEY PERFORMANCE INDICATORS (KPI)

Kpi requirements & actions

BSH value suppliers who are reliable and trustworthy. It's very important for BSH to be able to rely on its supplier to deliver products and services at the agreed time, to the correct place and with the required quality. If the supplier does not meet the minimum requirements that BSH have set, the supplier is required, within 2 weeks to present a "back to green" plan to be able to meet minimum requirements. The plan must show detailed information about the reasons for failing to comply with BSH minimum requirements, corrective actions to meet or exceed minimum requirements, and how to measure the implemented changes to improve outcome. The plan shall be timetabled, with appointed responsible persons and clearly defined end dates.

The suppliers to BSH are monitored regularly to promote or demote the supplier status within BSH "Partner to Win" supplier system. The supplier's failure to fulfil BSH performance requirements can result in, but are not limited to non-involvement in new business and/or phasing out of BSH supply chain. Please also note that the supplier's success to meet and exceed BSH performance requirements could lead to possible new business throughout the whole BAE Systems group.

KPI MEASUREMENT

- Quality 99,85% PPM 1500: There may be an administrative charge for every quality notification from BSH to the supplier.
- On time delivery 98%: (accepted delivery window are 3 days late and 7 days early from first order acknowledged delivery date or by BSH agreed delivery date).
- Cost: Regular monitoring.
- Responsiveness: Regularly monitoring.
 - Order acknowledgement: within 10 working days.
 - Response time RFQ: Within 10 working days or otherwise to BSH agreed lead-time for RFQ response.
 - Offering of reparable units: within 30 days after the goods has arrived at supplier premises.
- Innovation: Regular monitoring.
- Risk: Regular monitoring.
- CSR: Regular monitoring.

SUPPLIER INFORMATION

New suppliers

New suppliers must go through some steps to be qualified as a supplier to BSH

- Non-Disclosure Agreement (NDA) must be signed and valid
- Self audit
- Supplier and quality assessment
- Z-score
- Screening of the company
- Commodity Export Classification Certificate (CECC) for export controlled products

Existing suppliers

Existing suppliers must submit to BSH the following documents

- Self audit (Required at least every 3rd year)
- Supplier and quality assessment (regularly and / or as needed)
- Z-score (yearly updates required)
- Commodity Export Classification Certificate (CECC) for export controlled products

TLC-Portal

SUPPLIER PERFORMANCE

QUALITY	DELIVERY	COST	RESPONSIVENESS	INNOVATION	RISK	CSR
Number of deviations PPM Score Avg responstime	On Time Delivery Number of late deliveries number of early deliveries	% Total cost reduction year over year Competitive pricing TCO	Avg response time to RFQ's % order confirmations	TCO Savings Best Practice sharing Continuous improvements	Capacity / Capability / Backlogg Financial instability Obsolescence	Work safety initiatives Environmental initiatives Code of Cunduct

BSH TLC portal is used for exchange of classified information and technical data (via a web based interface with encrypted connection) that needs to be sent in a secure manor within the export control regulations between BSH and its suppliers and customers. TLC portal guidance is available at our supplier center.

Production equipment

BSH manufacturing equipment (TVU) are to be requested by the supplier by sending a zero value purchase order to our external production department
hagglunds.produktionsunderlag@baesystems.se.

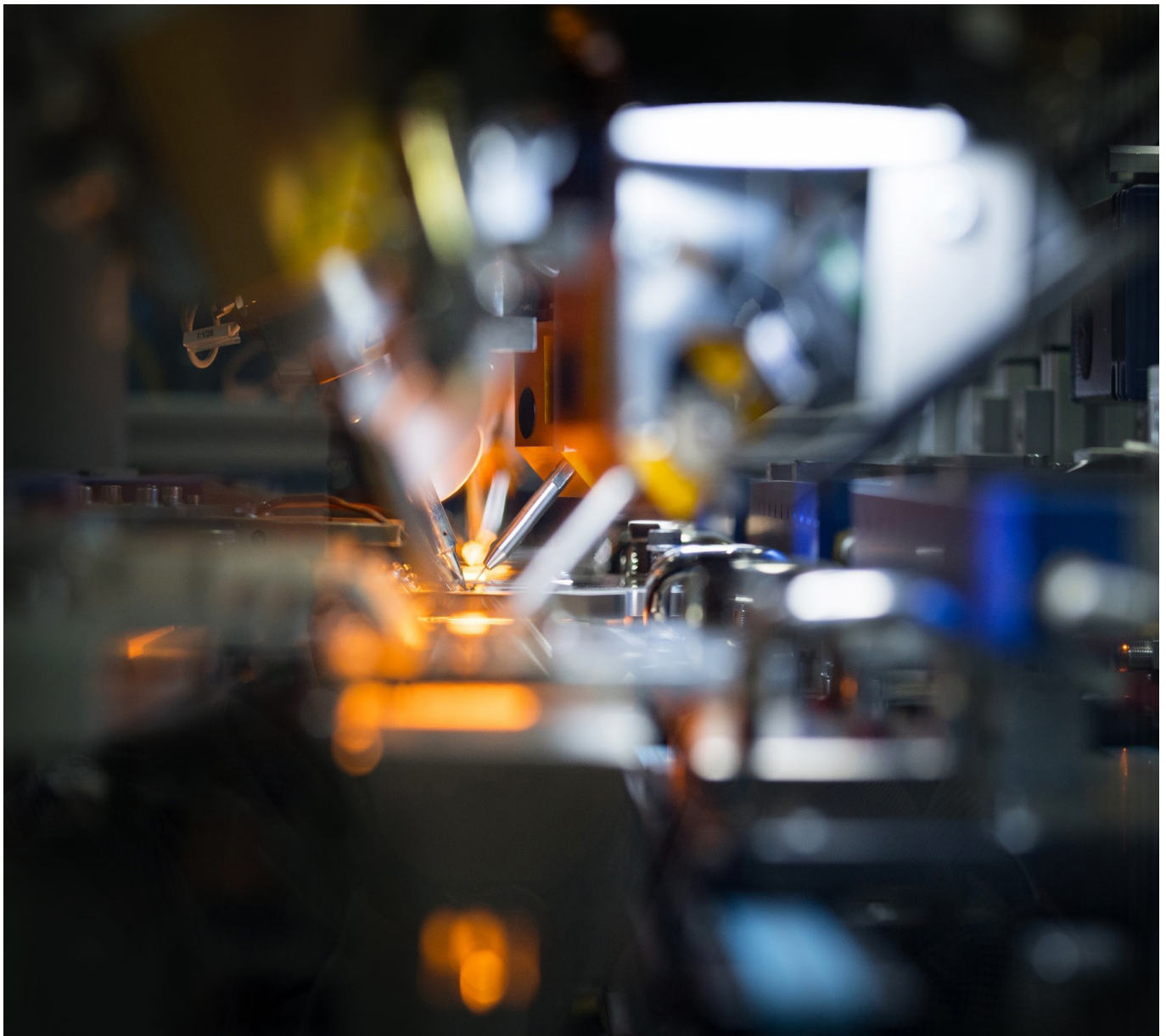
Change of bank account

The supplier must inform BSH about any changes in its bank

details before any invoice with new bank details is sent. Please send information about changes in bank details to your POC or procurement@hagglunds.baesystems.se for us to be able to administrate our systems appropriately. If this information is sent late then payment to the supplier cannot be guaranteed to be made on time.

Acronyms

Commonly used acronyms and abbreviations used by Hägglunds are available at our supplier center.



Suppliers sub-contractors

Quality and on time delivery for products/systems from sub-contractors shall be continually monitored and evaluated by a BSH supplier. Corrective measures must be conducted by the supplier in the event of any divergence in sub-contractors performance. The supplier must be able to report status and progress upon BSH request. The supplier is also responsible to ensure that an appropriate (NDA) is signed and valid between the supplier and its sub-contractors.

Production capacity

Suppliers should regularly estimate the overall workload of their respective department and assess the available capacity compared to current workload, and forecasted workload, to identify "bottle-necks" in their production and to be able to rapidly take action if the capacity is insufficient.

Supplier should

The Supplier needs to be flexible with respect to production volume changes, shall contribute to reducing lead times, reducing costs and increasing the quality of our products. The supplier is also responsible for the entire supply chain even if BSH has designated suppliers for subordinate articles, and the supplier will have the ability to quickly handle change in production volume in collaboration with BSH, and the supplier shall have stable finances and have capacity to invest and grow.

Furthermore the Supplier should also maintain a sufficient organization suitable for the business activity that can meet BSH needs for supporting meetings both in person and through other forms of communication, and in relation to all production, operations and accessibility requirements.

ENGINEERING

End of life (EOL)

If some parts or systems have reached the end of life the supplier must report that to BSH. EOL notice must be sent within reasonable time before the part or system becomes obsolete to spareussupport@baesystems.se.

Surface treatment

The supplier shall monitor and evaluate its surface treatment sub-contractors so that the quality and performance of the surface treatment can be guaranteed according to applicable surface treatment requirements described by BSH.

Part description, drawings, painting instructions & technical provisions

BSH drawings are dimensionally optimized and STEP files can be provided by sending a mail with your request to hagglunds.produktionsunderlag@baesystems.se.

Where BSH is the design authority the supplier shall follow the instructions in the documents supplied which typically comprise part description, drawings, painting instructions, technical provisions etc. No deviations from these documents can be made without BSH written approval. The order of precedence for these documents is as follows.

1. Drawings and part description
2. Technical provisions
3. STEP file or 3D model

If any information is required and is not present in the above contact you POC at BSH, and if changes are needed please use the ECP process or non-conforming products process to proceed.

QUALITY

Quality standards

The supplier should have a quality management system that is fully implemented and continually improved in accordance with, but not limited to the latest versions of ISO9001 or AQAP2110 NATO Quality Assurance Requirements for Design/Development and Production.

First article inspection (FAI)

The supplier shall conduct FAI in accordance with contract or supplier's quality management system. The purpose of the FAI is to ensure that the supplier can furnish a product/system that conforms to all contract requirements. BSH shall have the rights to participate at the FAI inspection.

The FAI inspection shall be documented and archived by the supplier. A FAI certificate shall be enclosed with the product/system upon its delivery. BSH are entitled to request the full FAI documentation.

The FAI shall be performed in following cases:

- The initial manufacturing.
- Any break in the manufacturing, which might affect the quality assurance of the product/supplier system.
- After any change, which may have affected the product/supplier system.
- Following production or delivery of a previously rejected product/supplier system.

Deviation/Complaint handling

BSH expect the supplier to handle quality deviations in a standardized way without any delay, this by submitting a report to BSH for every deviation that occurs. The report shall describe the deviation, established root cause and corrective- and preventive actions. Preferably conducted in accordance with the supplier's quality management system or using 8D methodology (an eight-step problem-solving approach) with a template from our supplier center.

Deviation/Waiver

Deviating products shall be notified by the supplier to BSH before delivery with a supplier deviation report/waiver. Template is available at our supplier center. Any deviation must be approved by BSH before delivery can be accepted. The report shall be sent to the point of contact at the procurement department. The documentation about approved delivery of a deviating product is described in the packing instruction available from our supplier center.

