



*We must be the best and work with the best*  
Marcel BAUD, Baud Industries founder


# BAUD Supplier Manual

1st Revision



  
**BAUD Detroit**  
Détroit - USA



  
**BAUD Polska**  
Zabkowice Slaskie - Pologne



  
**BAUD Les Verrières**  
Les Verrières - Suisse




  
**BAUD Tunisia**  
ZRIBA - Tunisie



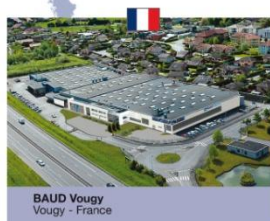
  
**Précicoup**  
Les Verrières - Suisse



  
**BAUD Singapore**  
Eastlink - Singapour




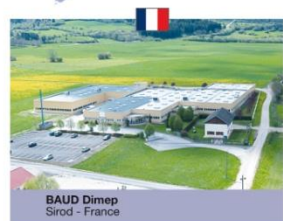
  
**BAUD Micro**  
Fillinges - France



  
**BAUD Vougy**  
Vougy - France



  
**BAUD Rossignol Technology**  
Scionzier - France



  
**BAUD Dimep**  
Sirod - France

## 1. Scope and responsibilities

BAUD Industries provides businesses and companies amongst the most challenging in the world with its knowledge. Our production is systematically « zero defect » oriented and we have a perpetual improvement mindset. To reach such goals, the role played by our Suppliers is most important.

The purpose of this manual is to define the basis of the business and quality requirements we expect from our Suppliers all around the world.

It is the Supplier's responsibility to set up and maintain a Quality Management System that guarantees these requirements will be fulfilled.

## 2. BAUD Industries values

Each company has a story and values of its own. It is the meeting and combination of these values that leads to great successes, together.

As a consequence, and because we are willing both to build strong relationships with our Suppliers and help you understand better our approach, we believe it is important to share with you the values we live by and that dictate our daily approach to how we must perform our tasks, as well as our Quality and Environment Charts.



« Respecting one's self, the others, the environment and the processus inspires our every-day routine»

« Excellence is an art only achieved by continuous practice»

« Innovation, that improves attractivity and performance and reduces costs is the key to success.»

« We accomplish great things thanks to passion »

## 3. Responsibilities concerning the BAUD Supplier Manual distribution

### a. BAUD Industries' responsibility

BAUD Industries Purchasing Department shall ensure the delivery of the latest revision of this Manual to our Suppliers.

### b. Supplier's responsibilities

The Supplier must choose an internal contact concerning the communication involving this Manual. The Supplier must particularly make sure that BAUD Industries has the business contact details of the person to whom a new version of the Manual must be sent to.

It is forthwith the duty of the contact mentioned hereabove to make sure the BAUD Supplier Manual is transmitted to all the people concerned by this Manual or some part of it. The same task must be performed after receiving a revision of the Manual.

To finish, the Supplier shall sign the Supplier Agreement signature sheet (see “Annexe A”) and send it back to the BAUD Industries Purchasing Department.

#### **c. BAUD Supplier Manual Revision Management**

When a new version of the BAUD Supplier Manual is available, the BAUD Industries Purchasing Department makes sure to send it to our main Suppliers. It is not the Supplier’s responsibility to make sure they have the right version of the BAUD Supplier Manual.

#### **d. Conditions of validity and ending**

Once the “Supplier Agreement signature sheet” (see Annexe A) is signed, the Supplier agrees to comply with all of the conditions and requirements of the BAUD Supplier Manual for an unlimited period. However, this agreement can be ended by the Supplier by means of a written declaration.

### **4. Commercial requirements**

#### **a. Purchasing process**

##### **i. Suppliers selection criterias**

Each potentially new Supplier will be subject to a financial analysis in order to evaluate its financial stability.

Afterwards, we have other fundamental requirements:

- Your company organization complies with the latest version of the ISO 9001 or IATF 16949 standards
- Conformity of the delivered goods
- 100% of the deadlines respected and setting up of safety stocks
- The materials and services provided to BAUD Industries comply with the regulations in force (environmental and safety)
- Existence of a cost reduction policy (transportation, non-quality, prices reduction)
- Ability of our Suppliers to follow us worldwide

Your ability to comply to these criterias will be evaluated through a multidisciplinary risk analysis in order to elect the most suitable suppliers.

##### **ii. Rules for goods validation**

Raw materials, components and subcontracted parts are validated through controls and tests. When asked to do so, the Supplier must send us back the signed “Part Submission Warrant” along with the required documentation. The documents mentioned in the table hereunder are those that you will have to send us as a minimum requirement depending on the nature of the supplied goods.

Goods	Minimum validation criterias
Raw material	<ul style="list-style-type: none"> <li>Signed « Part submission Warrant »</li> <li>Material certificate 3.1</li> <li>IMDS recording if necessary</li> <li>For the suppliers of gold to be used for watchmaking and jewellery : Responsible Jewellery Council Code of Practice (CoP) and Chain of Custody (CoC) certificates + Transfer certificate as described in RJC – CoC chapter 8</li> </ul>
Components	<ul style="list-style-type: none"> <li>Signed « Part submission Warrant »</li> <li>Complete metrology report</li> <li>Long-term capabilities of the critical specifications</li> <li>IMDS recording</li> </ul>
Technical or capacity subcontracting	<ul style="list-style-type: none"> <li>Signed « Part submission Warrant »</li> <li>Measurement report (thickness, hardness, etc.)</li> <li>Miscellaneous tests : salt spray, adhesion, weldability, ageing</li> <li>IMDS recording if necessary</li> </ul>
Chemical product	<ul style="list-style-type: none"> <li>Material Safety Data Sheet (MSDS)</li> </ul>

**iii. Orders, invoices and payments**

An order is deemed definite and contractual if the supplier remains silent for 48 hours.

Unless the Buyer agrees otherwise in writing, the Seller is not authorised to change or substitute items, or to supply products not complying with the Buyer’s initial order.

The price applicable is as stated on the order. The price is always firm and definite and cannot be revised, indexed or adjusted according to currency fluctuations, except for certain purchases for which prices are indexed on that for metals (material, surface treatment, etc.).

Unless stated otherwise, the price includes the cost of packaging and all other costs, risks or charges related to fulfilment of the order. No additional costs, of any kind whatsoever, will be authorised, unless first agreed in writing by the Buyer and specifically stated on the order document.

Invoices shall be sent in one copy only to the following address **or by email to [compta@baud-industries.com](mailto:compta@baud-industries.com)**

**BAUD « plant »  
90 Rue Louis Armand  
74 130 Vougy**

**NB : for plant names, please refer to the cover sheet of this Manual (ex : BAUD Micro, BAUD Vougy, etc.)**

Payment is made by bank transfer at 45 days end of month or 60 days net date of invoice, or in accordance with negotiated terms.

**iv. Quality documentation and delivery bill**

For coating suppliers, if all the following conditions are fulfilled :

- You keep a record of the traceability elements as per the conditions described in paragraph 5.d of the present manual

- You have a valid ISO 9001 certificate (or higher)
- You have signed the present manual
- You commit to escalate to us in case you detect a problem (see points (5.c and 5.h of the present manual),
- You commit to send us by email within 4 open hours (except during regular office closing times) the certificates of conformity we would require as soon as we are sure you received our request (phone call, confirmation of email reading, etc.),
- There is no specific requirement regarding this matter on the order,
- You write on the delivery bill :
  - Type of coating
  - Our coating requirement (thickness, hardness, etc.)
  - The status of conformity based on the validation of the application of the agreed control plan

We grant you authorization not to systematically send us the certificate of conformity with the delivery

#### **v. Delivery deadlines and lateness**

Acceptance of the order by the supplier represents its irrevocable undertaking to meet supply times and delivery dates specified on the order.

Supply times and delivery dates as stated on the order are crucial and cannot be changed without the written, signed consent of both parties.

Early deliveries are only authorised with Baud Industries' prior, written, signed consent.

The supplier must immediately inform us in writing of the detailed circumstances of any event that might delay fulfilment of the order, but may not consequently claim an extension of the supply time however. The supplier must make every reasonable effort to minimize delays in supply or delivery and also the consequences of such delays. In the event of non-compliance with supply or delivery deadlines, except in case of force majeure, we reserve the right to terminate the order, without the supplier being entitled to claim any indemnity or compensation, and without prejudice to our Company's rights to seek remedy for any harm, loss or prejudice suffered as a result of the delay if the scheduled supply or delivery occur too late for its requirements.

If measures implemented by the supplier are found to be insufficient or too late, we may use an external service provider at the supplier's expense.

#### **vi. Jurisdiction**

Agreements are governed by French laws and regulations. In the event of dispute, the parties will seek conciliation, possibly through the intermediary of their respective business organisations.

If such conciliation is found to be impossible, the dispute will then be put before the commercial court for the site concerned."

#### **b. Continuous improvement**

The continuous cost reduction performed thanks to the elimination of the different kinds of wastes (Lean methods) and the optimization of the processes have been a key to the success of BAUD Industries and its Suppliers.

#### **c. Communication, property & confidentiality**

Any diagram, drawing, equipment, prototype, forecast, document, data or any other material and/or piece of information provided by BAUD Industries or by the Supplier but paid by BAUD Industries as part of the total cost of the products, will be considered as a piece of confidential information belonging exclusively to BAUD Industries.

The Supplier accepts to consider as strictly confidential any material and/or piece of information belonging to BAUD Industries and transmitted to the Supplier, and to prevent it from being transmitted anywhere or to anybody else without a written authorization by BAUD Industries.

Any written, oral or public communication concerning the order or its content cannot be performed without being formally authorized by BAUD Industries first.

**d. Reaction plan**

The Supplier commits itself to have a reaction plan taking into account all of the situations that could possibly slow down or even stop the production concerning orders from BAUD Industries so that the scheduled deliveries can be performed in time and in compliance with the defined quality requirements.

**e. Lending of production and measurement tooling**

All of the production and measurement tooling belonging to BAUD Industries and lent to a Supplier must be duly identified by the latter.

The Supplier is also completely responsible of the use and maintenance of the tooling, including replacing it in case of failure, damage or theft.

**f. Supplier evaluation**

A Supplier marking is performed every month for the following Purchasing families: RAW MATERIAL, COMPONENTS, BLANK PARTS, SUBCONTRACTED OPERATIONS, HEAT TREATMENT, SURFACE TREATMENT.

The criterias taken into account for the calculations are the quality of the delivered goods, the delivery rate, the certification level. If claims have been sent to the Supplier, their level (information, minor, major, Customer) will influence the Quality mark.

In any case, the evaluation takes into account the number of delivered batches as well. If only a few deliveries were to be performed, the evaluation would be modulated according to results and the overall appraisal of the Purchasing Director.

<b>Mark</b>	<b>91-100</b>	<b>75-90</b>	<b>60-74</b>	<b>&lt;60</b>
<b>Rank</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>

At the end of the year, the Purchasing Director evaluates all the Suppliers with at least 16 deliveries over the whole year. The Supplier panel is determined according to the results of the evaluation and can be presented in our yearly Board Committee. The Purchasing Director will consequently lean towards picking A-ranked Suppliers for the next year.

Each Supplier or subcontractor ranked :

- « B » or under, may receive an action plan request. The Supplier must not wait for the yearly evaluation to set up specific action plans consequently to deviations.
- « C » Based on our strategy and the importance of the delivered goods, an on-site audit will have to be scheduled. Some supplied goods may be sourced elsewhere.
- “D” may be taken off of the Supplier panel if decided by the Purchasing Director. No further consultations for new business would be sent anymore.

In the meanwhile, a top/worst is also realized by the Purchasing Director along with the Quality Department. Actions are performed when possible: visit, cancellation of the orders related to developments, audit or order cancellation.

For any further information related to your yearly evaluation, please contact our Purchasing Department.

Please note that the non-signature of the present manual has an impact on your yearly evaluation.

## 5. Quality requirements

### a. Management system

The Supplier must set up and maintain a Quality Management System certified to comply with the ISO 9001 standard, which includes the pursuit of the “zero defect” and the search for continuous improvement.

As far as goods supplied for automotive industry projects are concerned, an IATF 16949 is preferable. If not available from the Supplier, by signing the present manual, the Supplier commits to launch the taking into account of the IATF 16949 requirements according to the steps described in paragraph 8.4.2.3 of this standard, with an appropriate rhythm and without immediate mandatory commitment to any deadline. Once these steps have been achieved and the standard’s requirements well implemented, we will ask you to take the IATF 16949.

If a Supplier were not to be at least ISO 9001 certified but would have to work for BAUD Industries on an Automotive product, a process audit would be performed by BAUD Industries in order to validate its addition to our Supplier panel.

### b. Audit

The Supplier authorizes BAUD Industries to come and check that all the requirements defined and agreed by both parts are duly applied through process, system and product audits.

The Supplier grants access to all its facilities and quality documents considered as related to the matter triggering the inspection. However, the Supplier may ask for some information to remain confidential.

The results of the audit will then be sent to the Supplier on the very day of the audit and, if corrective actions were considered as necessary by BAUD Industries, the Supplier shall launch an action plan immediately, implement it within the agreed timing, and keep BAUD Industries updated with the results.

### c. Information & Documentation

If the Supplier were to find out that quality requirements, quantities or delivery dates would not be up to the requirements defined in the order, BAUD Industries shall be informed as soon as possible.

It is BAUD Industries’ responsibility to transfer all the legal and regulatory requirements, as well as all the requirements and special characteristics of the process and/or final Customer. However, it is the Supplier’s responsibility to alert BAUD Industries in case of misunderstanding from their side and/or points to be clarified.

It is then the Supplier’s responsibility to transfer all of these requirements within its organization as well as through the full downward supply chain at the concerned production steps.

### d. Recordings management

The Supplier must perform controls and recordings ensuring the quality of the products or the action realized for BAUD Industries.

The Supplier must also keep the parts used to validate the launch of the production, as well as the recordings of all the controls performed for at least one year, unless mentioned otherwise by BAUD Industries. Depending on the type of parts and the final Customer's requirements, this period may be longer.

In any case, all the certificates of conformity concerning an automotive product must be recorded and kept available for at least 15 minutes. It is BAUD Industries' responsibility to inform the Supplier that a product is for the automotive industry but, in case of a doubt from the Supplier, it is the Supplier's responsibility to ask for a clarification from BAUD Industries.

In case of a request from BAUD Industries or one of our Customers, the Supplier must provide us with the launch parts and the performed recordings.

#### **e. Product and process validation**

The products must comply with the requirements agreed by both parts through the order, or with the specifications guaranteed by the Supplier in case of a product sold to other Customers than BAUD Industries.

The Supplier might also be asked to formally communicate the potential risks existing and the possible improvements before the production start so that BAUD Industries can validate them.

In particular, the Supplier commits to strive for "zero defect".

#### **f. Product contract**

If the commitments requested in this Manual were not adapted to some specific cases, a product contract dealing with specific logistics and/or quality matters (number of ppm, etc.) may be written and submitted to the Supplier.

#### **g. Process modification**

Once BAUD Industries has validated a process of a Supplier, the latter may not modify this process without receiving a written agreement from BAUD Industries first, even if this process is not dedicated to BAUD Industries only.

#### **h. Production, identification & traceability**

If initial samples (IS) were to be asked by BAUD Industries, they would have to be produced in the serial production conditions (same machine, same measurement tools, etc.) and sent within the agreed timing. The launch of production may only be done once the BAUD Industries validation of the IS has been received by email by the Supplier.

If the Supplier is exceptionally not able to deliver parts complying with our requirements, a deviation request must be formally sent to BAUD Industries.

Any suggestion or advice transmitted by BAUD Industries in order to improve the process or the quality assurance procedures will be taken into account by the Supplier to the greatest possible extent, and at its full responsibility.

The Supplier must label the products and packagings as agreed with BAUD Industries and make sure they are easily readable.

In any case, it is most important that all the different batches or references composing a given delivery be clearly identified.



The Supplier shall set up and guarantee the traceability of all the products delivered to BAUD Industries and be able to trace them back through the whole supply chain in case of quality issue.

The deliveries must be performed according to the agreement made with BAUD Industries (transporter, packaging, etc.). Packaging shall preserve the quality of the deliveries.

**i. Claims management**

4 levels of claims are applied at BAUD Industries. Only the “Minor”, “Major”, “Customer” levels will influence the Supplier evaluation.

Levels	Information	Minor	Major	Customer
<b>Impact at BAUD Industries</b>	Minor disturbance or defect	BAUD process minorly penalized and/or derogatable defect	BAUD process penalized and/or quality issue not accepted by the final Customer	Customer claim to be addressed and with cost impact
<b>Impact at the Customer</b>	None	None	Possible Customer delivery delay	Detected at the Customer’s
<b>Required level of claim formalization</b>	Negotiations between Quality Departments of both parts	Depending on the case, a well-addressed analysis may be enough	8D report requested (a BAUD Industries document is available to all of our Suppliers)	8D report requested (a BAUD Industries document is available to all of our Suppliers). The final Customer’s 8D requirements shall be applied

When a deviation is detected, a « avis de non-conformité fournisseur » will be sent to the Supplier.

If the claim level is « Information », the time allowed to the Supplier to formulate an answer is to be agreed upon by both parts. Otherwise, the Supplier shall comply with the requirements hereafter:

- 72 hours for immediate actions
- 30 days for the complete action plan (corrective and preventive actions)

Any deviation from these requirements would consequently penalize the Supplier evaluation.

Moreover, in case of a Customer level claim, the final Customer’s requirements will be forwarded to the Supplier by BAUD Industries and will have to be duly taken into account and complied with by the Supplier.

Besides, the Supplier may be asked to perform a 5M/5Y root cause search. A dedicated BAUD Industries document is available to all of our Suppliers.

If the detected deviation may lead to a production stop at BAUD Industries or its Customers, the Supplier must strive to find and implement temporary solutions, in coordination with BAUD Industries.

If the actions implemented by the Supplier would prove to be insufficient or too late, BAUD Industries may hire an external service provider and charge the Supplier for the extra cost.

To finish, it is most important that the first delivery of conform products be clearly identified following the claim notification.

#### **j. Claim treatment costs**

In the event that sorting and/or reprocessing operations would prove to be necessary, 2 options may be submitted to the Supplier :

- 1) Charging of the sorting and/or reprocessing hours performed at BAUD Industries at the rate of 25€ per hour and per worker involved
- 2) Hiring of part-time workers by and at the charge of the Supplier. Their number and working period will be directly indicated on the “avis de non-conformité fournisseur”

From the sending date of the email containing the « avis de non-conformité fournisseur » on, the Supplier must accept or refuse the option submitted by BAUD Industries within 24 hours.

The Supplier may offer to perform the necessary actions by its means as well.

If the Supplier has not contacted BAUD Industries within the 24 hours mentioned hereabove, BAUD Industries will consider the suggested option as accepted by the Supplier and it shall be duly implemented.

To finish, if the non-conformity were to generate collateral costs (process stop at BAUD Industries, process stop at the final Customer, etc.), the Supplier may be charged with them within proportions that would preliminarily be discussed between and accepted by both BAUD Industries and the Supplier.

#### **k. Health / Safety / Environment**

The Supplier shall comply with all of the laws that apply to him regarding environment respect and the protection of both its employees and the surrounding populations.

Besides, as we receive requests from our Customers, we strongly encourage Suppliers to develop practices complying with ISO 26000 (social responsibility) and ISO 14001 (Environment) in order to reduce our impact on environment dans develop working conditions and environments promoting the development and satisfaction of our employees.

##### **a. Goods originating from conflict areas**

Upon request from our Customers, we require a yearly declaration by means of a CMRT template (« conflict minerals report template » available for free at this address : <http://www.responsiblemineralsinitiative.org/conflict-minerals-reporting-template/> ) describing the origin of the Gold (Au), Tantalum (Ta), Tungsten (W) and Tin (Sn) from all our Suppliers of raw material and coating who use these substances in the goods supplied to BAUD Industries.

No good coming from or even being suspected to be coming from a known conflict area will ever be accepted by BAUD Industries.

## Annexe A - Supplier agreement signature sheet

Société / Company :

Adresse / Directions :

Téléphone / Phone :

La société mentionnée ci-dessus reconnaît avoir pris connaissance et accepté les termes et exigences du BAUD Supplier Manual Version 2 et s'engage à les mettre en application pour la prochaine livraison réalisée pour BAUD Industries.

*The company mentioned hereabove states to have read through and accepted the terms and requirements of the BAUD Supplier Manual Revision 2 and is committed to implement them from the next delivery on to BAUD Industries.*

Lieu et date / *Place and date*

Tampon de la société, fonction + signature / *Company stamp, titlen and signature*