



**WINCHESTER**  
A M M U N I T I O N

**A Division of OLIN CORPORATION**

**WP-1**

**SUPPLIER QUALITY AND COMPLIANCE  
MANUAL**

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## Section 1 History

Founded in 1866, Winchester is one of the world's most widely recognized and respected brand names. For over 150 years the name "Winchester" has come to mean many things to many people. To most folks it's meant ammunition and the "Gun that Won the West". For many others, it also rekindles images of fine hand tools and cutlery, fishing tackle, and flashlights. But to most people, the legendary Winchester name and trademark have always represented a long and responsible heritage of commitment, pride, and high quality products. A name, rest assured, which will always take a leading role in introducing new innovative products, advancing and supporting conservation, hunter education, and our country's proud shooting sports heritage. Winchester is a major global supplier of sporting, law enforcement, and military small arms ammunition and is also a supplier of powder actuated tool cartridges used in the construction industry. Winchester Ammunition has manufacturing facilities located at East Alton, IL, Oxford, MS, Independence, MO, and Geelong, Australia.

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## Section 2 Quality Philosophy

Olin's Company Values are rooted in deeply held, enduring principles and beliefs. Our values establish acceptable standards of behavior for every employee at every level of the organization. At Olin, our values include:

- **Integrity – First, Last and Always**
- **Helping Customers Succeed**
- **Continuous Improvement and Innovation**
- **Olin People**

### **Integrity – First, Last and Always**

Integrity means doing what is right. It means compliance with the law, fairness and respect in our dealings with each other, meeting our commitments to our customers and responsible care of our environment and the communities we live in.

Our commitment to integrity is non-negotiable. We must practice it every day in everything that we do. This means we must:

- Comply with Olin's policies and all governmental laws and regulations
- Keep our promises and communicate honestly
- Do our work safely and with the highest standard of quality
- Make business decisions that are consistent with our commitment to Integrity

### **Helping Customers Succeed**

More than ever before, customers have choices. So how do we attract and retain customers? We must do what we say we will do, when we say we will do it, and exceed our customer's expectations whenever possible.

In dealing with current and prospective customers, we must:

- Be good listeners
- Anticipate customer needs
- Provide innovative products, services, and superior value

### **Continuous Improvement and Innovation**

Success comes from never being satisfied and always looking for better products, services, and ways to get things done. We must continually challenge ourselves before our customers or competitors do it for us.

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As an employee that means:

- Always be open to new ideas
- Embrace challenge and make things happen
- Share new ideas and honestly pursue ideas identified by others
- Solve problems and look for ways to reduce cost and eliminate waste

### **Olin People**

Employees define Olin's future. It is important that we maintain a work environment where everyone contributes.

That means we expect all of Olin's employees to:

- Respect the diversity of our workforce and honor our differences
- Treat others as we want to be treated
- Take and accept responsibility
- Be a role model for others
- Take advantage of training and personal development opportunities
- Do your part in contributing to Olin's success

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# QUALITY POLICY

**“Winchester Ammunition commits to meet customer expectations 100% of the time utilizing the continual improvement process.”**

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**Section 4**  
**Introduction, Purpose, and Scope**

**Introduction**

This Supplier Quality and Compliance Manual is intended to assist Suppliers and potential new Suppliers with the basis for understanding the quality expectations of Winchester.

**Purpose**

The Supplier Quality and Compliance Manual establishes the minimum quality expectations and quality requirements for suppliers and sub-suppliers of raw materials, components, packaging, and finished goods. All disciplines within Winchester that are responsible or play any role in the procurement and inspection of production material are responsible for ensuring that suppliers comply with the requirements contained within the Supplier Quality Manual.

**Scope**

This Supplier Quality and Compliance Manual directly affects Winchester Ammunition facilities at all locations.

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**Section 5**  
**Relationships with Subcontractors and Suppliers**

We manage our supplier relationships in a fair, equitable and ethical manner consistent with our Code of Conduct and all applicable laws and regulations. We provide an open, competitive opportunity for suppliers to earn a share of our business and we enlist their active support in ensuring that we meet the expectations of our customers regarding quality, cost, and delivery.

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## Section 6 Supplier Selection

It is Winchester's policy to select suppliers who can provide the best value. The normal method of selecting suppliers is by use of competitive bidding and/or negotiations. Award of purchase contracts by negotiation as well as by competitive bidding is recognized as effective techniques for securing the best value in purchasing goods and services.

Winchester is committed to building mutually beneficial business relationships with small business that provide quality and affordable products and services. Across the division, we aim to provide small businesses with the opportunity to join our team.

It is the policy of Winchester that small businesses, veteran-owned small businesses, service disabled veteran-owned small businesses, historically underutilized business zone small businesses, small disadvantaged businesses, and woman-owned small businesses have the maximum practicable opportunity to participate in Winchester's supplier base. It is further the policy of Winchester to ensure timely payments of amounts due to such small businesses.

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**Section 7**  
**Critical and Sensitive Information**

When needed to bid or perform on a contract/purchase order, Winchester may provide critical and/or sensitive data to a supplier. As defined in Army Regulation (AR) 530-1 (most current revision), Operations Security, critical information is defined as information important to the successful achievement of U.S. objectives and missions, or which may be of use to an adversary of the United States. It consists of specific facts about friendly capabilities, activities, limitations (including vulnerabilities), and intentions needed by adversaries for them to plan and act effectively so as to degrade friendly mission accomplishment. Sensitive information is information requiring special protection from disclosure that could cause compromise or threat to our national security, an Army organization, activity, family member, U.S. Department of the Army civilian or U.S. Department of Defense contractor. All critical information is sensitive, but not all sensitive information is critical.

The following information is identified as being Critical Information (CI):

- Technical Drawings and Maps, such as TDPs marked as limited distribution.
- Capabilities, limitations, vulnerabilities of equipment and ammunition.
- Casualty, damage and serious incident reports.
- Publicly undisclosed movement/transport of ammunition.
- Installation vulnerability assessments, security inspection results, etc.
- Any media shared by the government for use on this procurement that is marked “For Official Use Only” (FOUO).

Critical information, such as that listed above, is only provided when there is a need to bid or perform on a contract/purchase order and only with appropriate U.S. Government agency approvals. All suppliers that receive Critical and/or Sensitive information from Winchester must have an effective Operations Security (OPSEC) Program and comply with Department of Defense Directive Number 5230.25 (most current revision), Withholding of Unclassified Technical Data from Public Disclosure.

**Operations Security (OPSEC) Program**

A supplier which has received Critical and/or Sensitive Information from Winchester is responsible for establishing and maintaining an OPSEC program to adequately manage, protect and control the information provided. The supplier must prepare and submit a Written OPSEC plan to Winchester within 30 days of acceptance of contract or purchase order from Winchester. Winchester will provide an approval or disapproval of the plan within 30 days.

The supplier will conduct annual self-assessments of their OPSEC program and submit the annual written assessments to Winchester. The supplier shall also provide OPSEC

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training to all employees regarding the safeguarding of sensitive information prior to employees being allowed access to such information, and annually thereafter. The supplier will destroy all Critical and Sensitive information at the completion of the contract and/or purchase order so as to ensure the information cannot be accessed or utilized for any purpose. Winchester must be notified in writing of destruction.

**Department of Defense Directive Number 5230.25**

Adherence to *Department of Defense Directive Number 5230.25*(most current revision) includes, but is not limited to, the following:

- The data supplied must be needed to bid or perform on a contract with any agency of the U.S. Government.
- Supplier acknowledges its responsibilities under applicable U.S. export control laws and regulations (including the obligation, under certain circumstances, to obtain an export license from the U.S. Government prior to the release of militarily critical technical data within the United States) and agrees not to disseminate militarily critical technical data in a manner that would violate applicable U.S. export control laws and regulations. (See Section 10: ITAR Import and Export Controls for more details.)
- The Supplier will not provide access to militarily critical technical data to persons other than the supplier’s employees or eligible persons designated by the supplier to act on their behalf unless such access is permitted by *U.S. Department of Defense Directive 5230.25*(most current revision) or by the U.S. Government agency that provided the technical data.

Winchester requires that all suppliers receiving militarily critical technical data adhere to all applicable components of *U.S. Department of Defense Directive 5230.25*(most current revision).

**Requesting Militarily Critical and/or Sensitive Information**

Any Winchester supplier requesting Critical and/or Sensitive information to bid or perform on a U.S. Military contract where Winchester is the prime contractor; must provide the following:

- An U.S. Government approved form DD2345 (Militarily Critical Technical Data Agreement).
- A statement which describes sufficiently the purpose for which the data is needed so that a determination can be made on whether or not the data is required
- When applicable, supporting documentation to obtain any ITAR mandated export licenses.

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**Section 8**  
**ITAR Import and Export Controls**

**Supplier Export Controls**

Winchester, as a registered manufacture with the U.S. State Department, procures materials for incorporation into “defense articles” listed on the U.S. Munitions List (22 C.F.R. § 121) as enumerated in the International Traffic in Arms Regulations (ITAR) (22 C.F.R. § 120-130) or items subject to control of Export Administration Regulations (EAR) (15 C.F.R § 730-774).

Suppliers are advised that any technical data (drawings, specifications, documentation) provided by Winchester to support supply is subject to U.S. export control regulations.

Suppliers may not export technical data from the United States, including access by foreign persons as defined by the ITAR §120.16 without approval from the U.S. State Department.

Supplier may not release controlled technical data to a foreign national (transact a deemed export) as defined by the EAR §130.5 without approval from the U.S. Department of Commerce.

In accordance with export regulations, and any Federal Acquisition Regulations (FAR) and/or Defense Federal Acquisition Regulations (DFAR) export compliance flow-down, Suppliers are responsible for maintaining the appropriate level for export control.

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**Section 9  
DSS Security**

**Guidelines for Complying with the US Department of Defense  
Security Requirements for the Physical Security of Sensitive  
Conventional Arms, Ammunition, and Explosives (AA&E)**

As a supplier to Winchester Ammunition, a US government contractor, you may receive government furnished light automatic weapons up to and including .50 caliber machine guns, weapon components, shoulder-fired weapons not fully automatic, handguns and ammunition with non-explosive projectile (unpacked weight of 100 pounds or less). Possession of these AA&E items require that you comply with regulations specified in Appendix 2 of the US Department of Defense, "Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives", ref. no.: DoD 5100.76-M, August 12, 2000.

**Specifically:**

**Prescribed and Authorized Structures**

AA&E in production and/or storage must be secured in structures prescribed and authorized by the US Government. Acceptable structures include:

- A structure built in accordance with DoD 4145.26-M, "Department of Defense Contractors Safety Manual for Ammunition and Explosives," March 13, 2008.
- A structure built in accordance with DoD 6055.9-STD, "DoD Ammunition and Explosives Safety Standards," August 1997.
- A portable explosives magazine as specified in Naval Facilities Engineering Service Center Technical Data Sheet 82-12, May 1985.
- A storage structure built in accordance with Military Handbook 1013/1A, "Design Guidelines for Physical Security of Facilities", June 28, 1993.
- An existing structure if approved through Winchester by the US Government procuring command/activity.
- A modular vault meeting Federal Specification AA-V-2737 (with a GSA-approved Class 5 Armory Vault Door).
- A GSA-approved Class 5 Weapons Storage Container.
- A Type II Magazine (for storage of Category III and IV ammunition and explosives only).
- A GSA-approved Security Cabinet (for storage of Category III and IV arms only).

**Structure Suitability**

The suitability of the structures must be approved by a written Facility Suitability Determination issued by the US Government or by Winchester.

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**Secured Access Doors**

Access doors to storage and production structures must be secured with a key-operated high security padlock (Military Specification MIL-P-43607G) and hasp (Military Specification MIL-H-29181B).

- The lock and hasp requirement is intended for production structures where AA&E is to be left unattended overnight. If AA&E are removed at the end of the duty day to one of the approved structures identified above, no special lock or hasp is required to be installed on the production structure.
- GSA-approved Class 5 Vault Doors, doors of GSA-approved Class 5 Weapons Storage Containers, and doors of Type II magazines are excluded from the lock and hasp requirement.
- A Key and Lock control system must be implemented that ensures accountability and control of storage structure locks and keys. A key and lock custodian must be appointed to implement and supervise such system. AA&E storage structure keys must be maintained separately from other keys and accessible only to those whose duties require access to them. The number of keys shall be held to the absolute minimum and signed for by authorized employees.
- When not attended or in use, operational keys to locations storing light automatic weapons up to and including .50 caliber machine guns and weapon components must be secured in General Services Administration (GSA)-approved Class 5 security containers or Class 5 weapons storage containers.
- Keys to locations storing shoulder-fired weapons not fully automatic, handguns and ammunition with non-explosive projectile (unpacked weight of 100 pounds or less) may be stored in containers of at least 12-gauge steel (or material of equivalent strength) secured with a GSA-approved built-in three position changeable combination lock, a built-in combination lock meeting UL Standard 768 Group I, or a GSA-approved key operated security padlock.

**Access Control**

The supplier must ensure that vehicular and pedestrian entry into and exit from the production and storage areas is controlled. Privately owned vehicles are not allowed to be parked within 50 feet of AA&E storage and production structures.

**Security Lighting**

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Exterior building and door lighting must be provided for all structures containing light automatic weapons up to and including .50 caliber machine guns, and weapon components. The lighting must be of sufficient intensity to allow detection of unauthorized activity. Switches for exterior lights must be installed in such a manner that they are accessible only to authorized individuals.

**Intrusion Detection**

Structures storing light automatic weapons up to and including .50 caliber machine guns, weapon components, shoulder-fired weapons not fully automatic, and handguns must be protected by an Intrusion Detection System (IDS), unless the areas where they are located are continuously manned or under constant surveillance in such a manner that unauthorized entry into and around the structures can be detected.

- All materials and equipment used in the IDS shall be listed in applicable Underwriters Laboratories (UL) standards for the specific alarm configuration/application.
- All IDS material and equipment shall be installed in accordance with the criteria established in the UL Standard for Installation and Classification of Burglar and Holdup Alarm Systems (UL-681).
- Construction, performance, and operation of equipment intended for contractor proprietary alarm systems shall be in accordance with the criteria established for Grade AA (line security) in the UL Standard for Proprietary Burglar Alarm Units and Systems (UL-1076). IDS transmission lines shall have line security (electronically monitored to detect evidence of tampering or attempted compromise). If line security is unavailable, two independent means of alarm signal transmission from the alarmed area to the monitoring station shall be provided. Where feasible, one of the two independent means of alarm signal transmission shall be either a long-range radio or cellular telephone link. The dual transmission equipment shall continuously monitor the integrity of both the telephone wire line and cellular or long-range links. Upon loss of either communication path, the system shall immediately initiate notification to the monitoring facility via the communication link. The AA&E contractor shall test the alarm sensors monthly to ensure the proper functioning of the system. A log shall be maintained documenting such tests and shall be kept for one year.
- All alarm signals shall enunciate at a central control or monitoring station from which a response element can be dispatched. Such station may be either a commercial central station listed with UL, an AA&E supplier proprietary station, or a local law enforcement monitoring station, or Government Contract Monitoring Station (GCMS) as specified in UL Standard 2050, "National Industrial Security Systems for the Protection of Classified Material".

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- The operation of an IDS monitored by a commercial central station shall be in accordance with the criteria established for Grade AA (line security) in UL Standard for Central Station Alarm Services (UL-827). The AA&E supplier shall test the alarm sensors monthly to ensure the proper functioning of the system. A log shall be maintained documenting such tests and shall be maintained for one year.
- Response to an IDS alarm (i.e., arrival at the alarmed facility) shall be made within 15 minutes of alarm activation and shall consist of either of the following:
  - An in-house supplier response element. This element refers to the supplier's employee(s) on-site at the AA&E facility during non-duty hours. It also refers to a contract guard on-site during non-duty hours at the supplier's facility. Both response elements are under the control and direction of the supplier, rather than control by a commercial central station or local law enforcement.
  - A response element dispatched by a commercial central station. Such element shall remain on the premises until a designated representative of the supplier arrives to ascertain the nature of the alarm and take appropriate measures to ensure the security of the AA&E, or for a period of not less than one hour, whichever comes first. If the supplier's representative fails to arrive within one hour, the central station (by contractual agreement) shall submit a report of the incident to Winchester within 24 hours of the incident. The report shall include the name of the subscriber, date and time of the alarm, and name of the supplier representative(s) notified to respond.
  - A local law enforcement element. The supplier shall arrange for the law enforcement monitoring station to contact his/her designated representative (i.e., the supplier representative) within 15 minutes of alarm activation. If off site, the supplier's representative shall arrive at the premises within one hour of the alarm notification to ascertain the nature of the alarm and take appropriate action to ensure the security of the AA&E. Arrangements shall also be made for the law enforcement authority to notify the supplier when the supplier's representative fails to arrive within one hour as prescribed above.
  - Constant manning/surveillance. The supplier shall arrange for constant manning/surveillance of AA&E storage areas during non-duty hours when the IDS is inoperative due to equipment failure/repair, and during emergency conditions.

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- Supplier compliance with this Intrusion Detection section shall only be accomplished by utilizing UL-listed installers, and/or UL-listed commercial central stations for alarm installations and central station monitoring. Evidence of compliance for each alarmed structure will be the UL certificate issued by the installing company. Where such installers or service providers are unavailable, the supplier shall notify Winchester for alarm system alternatives. In such instances, the supplier shall attest that the installed IDS conforms to the system requirements of this Intrusion Detection section.

**Production Line Security**

The supplier must assess the security vulnerabilities inherent in AA&E manufacturing/production operations that encourage munitions theft/pilferage during manufacture, and shall develop appropriate production line security countermeasures. Such measures shall be in writing and shall be provided to Winchester for review. Included shall be procedures outlining protective measures to be employed when the production line(s) is left unattended. Closed-circuit television (CCTV), metal detectors at exit points, additional barriers, changes in production line processes, etc., are measures that may be employed.

**In-Transit Security**

Winchester will advise the supplier of requisite transportation security requirements for shipments of AA&E to Government activities, other supplier, or subcontractors in accordance with the applicable provisions of DoD 4500.9-R “Defense Transportation Regulation, Part II, Cargo Movement,” April 1, 1996. Suppliers shall ensure that internal movement (movement on a contractor's facility) of light automatic weapons up to and including .50 caliber machine guns and weapon components includes the ability to communicate with security and safety personnel.

**Accountability**

Winchester shall require the supplier to maintain accountability for AA&E produced/manufactured under a DoD contract as well as for AA&E items furnished to a sub-contractor in furtherance of a DoD contract. The supplier shall provide Winchester with a written description (procedures) of how accountability will be established and maintained (to include inventories at specified frequencies).

**Disposal and/or Demilitarization of AA&E**

Winchester shall provide instructions to the supplier for the disposal and demilitarization of residual AA&E supplied by Winchester.

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## **Incident Reports**

Suppliers shall report the following incidents to Winchester not later than 48 hours after discovery:

- All AA&E thefts and losses.
- Any armed robbery or attempted armed robbery of AA&E items.
- Forced entry or attempted forced entry into AA&E areas.
- Evidence of illegal trafficking in AA&E.
- Evidence of terrorist activity directed against AA&E areas.

The supplier shall also notify local law enforcement of any of the above immediately upon discovery.

## **Operating Procedures**

The supplier shall prepare and maintain written procedures to implement the requirements of this guideline. These operating procedures shall be sufficient in scope to provide employees with the procedures necessary to ensure the safeguarding of AA&E. Winchester will review the operating procedures to determine adequacy. Suppliers shall modify operating procedures Winchester deems to be inadequate.

## **Waivers**

Waivers from any of the above requirements must be submitted in writing through Winchester to the US Government procuring command/activity.

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**Section 10**  
**General and Specific Supplier Quality Assurance Requirements**

**General Requirements**

**Prohibited Practices**

Unauthorized repairs: Without Winchester’s approval a Supplier may not repair parts damaged or found to be faulty during fabrication.

Change in Approved Processes, Materials or Procedures: A Supplier shall not change any process, material or procedure without prior Winchester approval if such process, material or procedure was originally subject to approval by the Winchester. As to any product which has been subjected to Winchester or Government specified qualification procedures to qualify the product to permit the Supplier to become a qualified source for the product, the Supplier shall not change any process, material, or procedure from that used to qualify without prior notification to Winchester and approval by Winchester or Government as appropriate.

Improve Resubmittal: Articles rejected by Winchester and subsequently resubmitted to Winchester shall be clearly and properly identified as resubmitted articles. The Supplier’s shipping document shall contain a statement that articles are replacement or reworked articles and shall refer to Winchester’s rejection document. Sometimes not doing this well.

Unauthorized Submittal of Production Parts: When the purchase order requires Winchester acceptance of a First Article, the Supplier shall not submit parts from a production run for Winchester inspection prior to Winchester’s acceptance of such article.

Notification of Facility Changes: The Supplier shall not relocate any production manufacturing and/or processing facilities during performance of the purchase order, without promptly notifying Winchester and affording Winchester an opportunity to examine such facilities for compliance with Quality Assurance requirements, including any necessary approvals.

**Responsibility for Conformance**

Neither surveillance, inspection and/or tests made by Winchester at either the Supplier’s or Winchester’s facility, nor the Supplier’s compliance with all applicable Quality Assurance requirements shall relieve the Supplier of the responsibility to furnish items which conform to the requirements of the purchase order.

**Documentation**

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Winchester may refuse to accept items delivered under the purchase order if the Seller fails to submit certification, documentation, test data, or reports specified in the purchase order.

**Corrective Action Results**

When a quality problem exists, Winchester will request corrective action from the Supplier. Such requests require timely responses and should include the following information: Analysis of the cause of the problem, statement of the action plan taken, and the effectivity of the action plans.

**Ozone Depleting Chemicals**

The Supplier shall notify Winchester in writing, upon receipt of the purchase order, if ozone depleting chemicals are utilized in the manufacturing of the item(s) to be provided.

**Specific Requirements**

Contract Performance may require compliance to specific quality requirements. These requirements may vary based on individual contract. The requirements are flowed down to the supplier using the U.S. Government Agency Supplier Quality Assurance Requirements for SQA-FM-501. This form is attached to and a part of the purchase order.

Special requirements which may be flowed down to suppliers are:

**Sampling**

Sampling methods are generally dictated by the contract and/or specification. These may be, ANSI/ASQC Z1.4-2003, MIL STD 1916 or per applicable Olin Material Specification, Federal Specification or drawing for the material being provided.

**Seller's Quality Control System**

Suppliers shall maintain a quality system which complies, as a minimum requirement, with ISO 9001: 2015 or equivalent. The Supplier's system shall be subject to review and/or audit for approval by the Buyer's Quality Representative. (Refer to WASP 82-03, Conducting External Supplier Audits).

**Certificates of Conformance**

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When required by Winchester, the Supplier is required to provide a certificate of conformance with each lot of material shipped. The certificate will reflect the actual test results obtained from analysis of representative samples from the lot.

In the case of a shipment to a facility other than the Winchester facility, a copy of the certificate of conformance is to be submitted either electronically or together with a copy of the packing slip, at the time of shipment.

The certificate shall be adequate to determine compliance with applicable requirements. A format of the certificate of conformance shall be approved by Winchester.

Certificates of conformance must include:

- Supplier's name and address
- Purchase Order number
- Reference to the part number - This is what is called an E number. It is specifically the letter "E" followed by a six digit number. EX. – E130093
- Material Lot Number
- Quantity
- Manufacturing dates
- Test method for acceptance and sample size tested
- Summary of the actual test data with applicable specification or requirement
- Certification of the raw material used to produce the product may also be required.

In some instances where government source inspection is a part of the purchase order; the local government quality assurance representative may be required to review and approve the certificates of conformance.

### **First Article Test/ Inspection**

When a first article is required, Winchester/U.S. Government acceptance is required prior to production. A minimum of 15 calendar days' notification and concurrence of an agreed upon date of performance from Winchester and the government is required.

The first article shall be identified as such, including the purchase order number, part number and part name/description.

The first article shall be inspected and tested to all requirements of the drawings and specifications.

The supplier must prepare and submit a first article plan for approval. The plan shall be in the suppliers' format and must include at a minimum:

- A first article schedule

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- The first article quantity
- Inspection/Test to be performed
- Sample format for the first article report
- Acceptance Inspection Equipment (AIE) listing

The plan must be approved prior to production of the first article parts.

If the first article is disapproved, the supplier, at Winchester’s request shall repeat any or all of the first article tests. The supplier shall make any approved necessary changes, modifications or repairs to the first article or select another first article for testing. All costs related to these tests are to be borne by the supplier.

Winchester reserves the right to require an equitable adjustment of the purchase order price for any extension of the delivery schedule, or for any additional costs to Winchester related to the tests.

The supplier shall submit the first article report within the number of days specified in the Supplier Quality Assurance requirements.

Unless otherwise provided in the purchase order, and if the first article is approved, the supplier may deliver the first article parts as part of the purchase order quantity if it meets all of the purchase order requirements for acceptance.

If the supplier does not act within the time specified, Winchester shall, upon timely written request from the supplier, equitably adjust under the changes clause of the purchase order the delivery or the performance dates and/or this purchase order price, and any other purchase order term affected by the delay.

The supplier shall produce both the first article and the production quantity at the same facility to this effect with each first article.

A first article shall be conducted each time there is a significant change in the manufacturing process, equipment or materials.

During the course of the purchase order and its options, the supplier shall notify Winchester of any other proposed changes to the manufacturing processes, equipment or materials.

The U.S. Government will determine at that time if a first article (or partial FAT) will be required to certify the change being requested.

A first article shall be conducted any time there is a minimum of ninety (90) days lapse in production.

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Both Winchester and the U.S. Government reserve the right to witness first article testing/inspection.

**Control Plans**

The supplier shall submit inspection/test plans for the items delivered under the purchase order. Any subsequent changes to the control plans require prior approval from the Winchester supervisor of Supplier Quality.

Control plans shall include at a minimum, the following information:

- The operational sequence and inspection/test points in relation to incoming material, manufacturing processes and delivery.
- In-process audits, SPC, application and lot acceptance.
- Identification of the item by part number or date.
- The parameter inspected/tested, method of test, sample size, frequency and test specification(s).
- Requirements for recording information and data.
- Two (2) reproducible copies may be requested – Winchester approval is required prior to production.

**Statistical Process Control (SPC)**

In addition to the quality requirements of the drawings/specifications, the supplier shall validate the quality of the product whether at the supplier’s or sub tier’s facility, using SPC techniques as defined in American National Standards Institute (ANSI) Z1.1, Z1.2, Z1.3 and the guideline established by Winchester. Application of the SPC techniques shall be considered for characteristics identified as Critical, Major or Special, by the drawing/specification or as required by the applicable Olin Material Specification. The supplier must provide written justification for these characteristics where SPC is not considered justified.

When SPC has been implemented and the processes have demonstrated to be in the state of statistical control and the product conforms to final acceptance specifications, the supplier may request that sampling in accordance with the specification be reduced for acceptance purposes. Upon approval by Winchester, acceptance will then be based upon the reduced sampling, the control charts and the SPC plan approved by Winchester. At Winchester’s discretion, should the process warrant, the authorization for reduced inspection may be withdrawn.

**Government Source Inspection**

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Government Source Inspection (GSI) may be required prior to shipment from a supplier's facility. When material is ready for inspection, or, if practical, ten days in advance thereof, notify the U.S. Government representative who normally services the supplier's facility. A copy of the Purchase Order must be furnished to the Government inspector. In the event the inspector or U.S. Government office cannot be reached, notify Winchester's Supplier Quality Assurance Department.

**Olin/Winchester Source Inspection**

Source inspection by a Winchester representative may be required. Sufficient advance notice (5 days) shall be given by the supplier to permit scheduling. Winchester may also reserve the right of final acceptance at the Winchester facility. Items submitted for source inspection shall have documented evidence of the supplier's inspection and acceptance.

In-process/final inspection, testing or both may be required and be subject to verification by a Winchester representative prior to delivery.

**Lot Control and Material Traceability**

Materials must be identified by a lot number, material type, specification and applicable change number, etc., and traceable to the lot number(s) used. Traceability record shall be available for review by Winchester's representatives. Dependant on the material/specification, lot numbering to MIL-STD-1168 may be required.

**Supplier Procured Materials**

When the supplier procures material(s) from a subcontractor, the purchase order for the material must specify exactly that which is defined for the item on the furnished drawing/specification.

Traceability of the raw material(s) is required and records must also be maintained. Certificates of Conformance shall comply as a minimum to that required of the supplier.

The supplier shall provide subcontractor certificate of conformance to Winchester. This does not relieve the subcontractor of the responsibility for supplying proper material to Winchester.

**Seller's Use of Statistical Methods**

Winchester is committed to quality and continuous improvement. The Statistical Process Control plans are an extension of this policy. The plan is supported by the effective allocation of funding, systematic training, and a personal responsibility for the products and services provided by every employee.

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The seller shall employ the use of statistical control to maintain the highest level of quality of materials supplied to Winchester.

When using X Bar and R charts to measure process variation, the supplier shall maintain a process capability index (Cp) of 1.33 minimum. With continued improvement, the supplier is expected to reach an optimum level of process performance approaching 2.0 Cp or better.

The buyer reserves the right to periodically audit the suppliers' manufacturing process to determine current process capability.

**Report of Nonconformance for Olin/Winchester Review**

A report shall be prepared by the supplier for departure from drawings, specifications, or other purchase order requirements and must adequately describe such departures, including a complete description of the cause and corrective action taken to preclude recurrence. The discrepancy report shall be reviewed by Winchester, who will arrange a material review. A copy of the discrepancy report will be returned to the supplier showing material disposition. The supplier shall not ship a discrepant item reported on a discrepancy report without Winchester's concurrence. A separate lot number shall be used to identify the discrepant item.

**Winchester Identified Nonconforming Product**

If nonconforming product is identified on incoming receiving inspection or in the manufacturing operations, the Group Leader or Supervisor of SQA will generate a nonconforming material report (NCRM). The process is described in Supplier Quality Assurance Department Procedure SQA-DP-102, VQA-WI-200, and QA-DP-120. Segregation of the nonconforming material is accomplished by clearly identifying the material and placing the material in blocked status within the SAP system (or other applicable ERP system). If required, nonconforming material can be physically segregated within a secure hold area. The Supervisor of SQA will note on the form if root cause/corrective action or any other action to be taken is required. The form is forwarded to purchasing (along with exhibits), manufacturing manager, and scheduling.

When nonconforming material is identified on government source inspected supplies, the SQA Supervisor will notify the U.S. Government Representative, provide information, and coordinate corrective actions as requested.

**Calibration**

The Supplier shall maintain a calibration system which complies, as a minimum requirement with ANSI/NCSL Z540-1 or equivalent.

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**Test Equipment Approval**

When specified, all equipment used for acceptance testing of deliverable products shall be certified by Winchester and /or U.S. Government Agency prior to acceptance testing of the first deliverable lot or other quantity.

**Acceptance Inspection Equipment**

The supplier is required to submit designs in a timely manner to allow up to 45 days for final design acceptance. Approved gages shall be available for both First Article and scheduled production, unless specifically noted and approved.

The supplier shall provide all acceptance equipment necessary to assure conformance of components and end items to contract requirements. All equipments shall be made available to both Winchester and Government representatives at no cost, when required for verification purposes.

Acceptance inspection equipment not provided by Winchester shall be furnished by the supplier. The supplier shall either utilize equipment in accordance with the equipment drawings specified or utilize his own equipment, provided the design(s) for the equipment are approved by Winchester.

**Tool Control**

Any item considered as “tool controlled”, for example items which are stamped, injection molded, template cutouts, etc. may be subject to Winchester Source Inspection.

This does not relieve the supplier of the responsibility for making items to print or specification requirements. Final inspection will be at Winchester.

Other caveats which may apply or be required are:

- A tool control maintenance plan may be required and must be approved by Winchester approved prior to production.
- Tool design approval by Winchester may be required.
- Tool Approval may not be given unless a reproducible, detailed/complete set of drawings are received by Winchester.

A maintenance /repair control log may be required to be maintained by the supplier. As a minimum, the log must include the date and a brief description of the work performed. Annual submission of the log to Winchester along with an annual tool status report may be required.

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**Section 11**  
**Supplier Management Plan**

The Winchester Supplier Management Plan defines the minimum requirements for certification of suppliers that supply material or services to all Winchester facilities. This program covers all suppliers that have exhibited the commitment to excellence, evident by the superior quality of the products or services they supply.

Once certified, the supplier will be considered to be an extension of the Winchester Quality System, resulting in a ship-to-stock relationship.

The following are the minimum requirements for certification:

**Amount of Time as a Supplier to Winchester**

In order to be considered for “Certified Supplier” status, a supplier must have supplied Winchester with materials for a minimum of two (2) years.

For high volume suppliers, the two year requirement can be waived in lieu of having supplied Winchester with a minimum of five lots. This will be left up to the discretion of Winchester’s Purchasing and Quality Assurance management.

**Supplier Rating**

For the two years prior to being considered for certification, a supplier must have maintained a supplier rating of 95 minimum, based on Winchester’s supplier rating system. Refer to Section 13.

Others with lower ratings may be considered under special circumstances. This decision will require the approvals of Winchester’s Purchasing and Quality Assurance management.

**Amount of Business With Winchester**

As a minimum, a supplier will have done at least \$100,000 of business with Winchester in the year prior to being considered for certification.

All exceptions must have the approvals of Winchester’s Purchasing and Quality Assurance management.

**Step 1: Review of Historical Data**

After all of the above minimum requirements have been satisfied, Winchester’s Quality Assurance, Purchasing, Engineering, and Manufacturing personnel shall review the prior

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two years data (incoming inspections, statistical process control (SPC), previous supplier surveys, audits, and certifications) for the following:

- Areas of concern that might affect Winchester’s manufacturing process
- Areas within the supplier’s manufacturing and quality systems where improvements can be made
- Adherence to specifications
- SPC data to be supplied with each lot and/or shipment
- Military related requirements where applicable
- Any special requirements
- Cost reduction program

**Step 2: Contact With Supplier**

After satisfactory review of the supplier’s historical data, and if Winchester personnel agree that the supplier has met the minimum requirements for certification, the supplier will be contacted by Winchester’s Manager of Purchasing to setup an initial visit to the supplier’s facility(s) by Winchester’s Purchasing and Quality Assurance management (or their designated representatives). During the initial visit, discussion will be centered on the basic requirements for certifications and areas of concern expressed by other Winchester personnel during their review of historical data.

**Step 3: Review of Supplier’s Quality Management System (QMS) and Manufacturing Controls**

After initial contacts have been made and if Winchester and the supplier have come to an agreement with respect to the basic requirements for certification, a representative of Winchester’s Supplier Quality Assurance Department may visit the supplier’s facility(s) to review their overall QMS and manufacturing controls. The review of the supplier’s QMS shall as a minimum, include the following:

- Quality Assurance Manual – The supplier shall have in writing, or develop, a plan or manual that outlines in detail, the company’s overall system of quality.
- Organizational Chart – The supplier shall have or develop an organizational chart that depicts the location and structure of the quality organization within the overall company structure. The chart shall also show reporting relationship of the person that heads-up the Quality Department with respect to other department heads, such as Engineering and Manufacturing. This chart is usually found in the company’s quality manual.
- Work instructions – The supplier shall have documented current manufacturing and quality practices in the form of detailed work instructions or standard operating procedures (SOPs). The work instructions shall include, but are not limited to the following:
  - All work affecting quality

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- Manufacturing procedures
- Safety procedures
- Handling of finished goods
- Storage of finished goods
- Shipping of finished goods
- Calibration System – The supplier shall have a documented calibration system that meets the requirements of ANSI/NCSL Z540-1 or equivalent. This system shall insure that all measuring and test equipment used to make judgments as to product “fitness-for-use” are calibrated at specific intervals and that calibrations are traceable to the National Institute of Standards and Technology (NIST). The system shall insure that measuring and testing equipment is recalled and recalibrated before current calibrations expire. Detailed calibration history records shall be available for Winchester’s review. If calibrations are done internally, detailed procedures shall be developed.
- Configuration management – The supplier shall have a documented system for control of documents at all points of issue. All documents including, but not limited to the following, shall be controlled:
  - Customer (Winchester) supplied product drawings
  - Customer (Winchester) supplied tooling drawings
  - Customer (Winchester) supplied specifications
  - Sub-tier supplier certifications
  - In-house drawing(s) that were transposed from Winchester supplied drawing(s)
  - In-house specifications that were transposed from Olin supplied specifications
  - Work instructions
  - Quality manuals
  - Standard Operating Procedures (SOPs)
  - Inspection plans
  - Purchase orders
  - Memo’s from Winchester

The supplier’s configuration management system shall ensure that all documents of issue are of the latest revision and that obsolete documents are recalled and/or destroyed. The supplier shall maintain records of all releases and recalls.

- Use of Statistical Methods – The supplier shall employ the use of SPC (where appropriate) to maintain the highest level of quality of materials supplied to Winchester.
  - The supplier shall maintain records and supply Olin’s Supervisor of SQA evidence of SPC in the form of control charts or other methods that were pre-agreed upon.
  - When using X-bar and R or other charts that measure process variation, the supplier shall maintain a process capability (CpK) index of 1.33

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- minimum. With continued improvement, suppliers are expected to reach an optimum level of process performance (approaching 2.0 CpK or better).
  - Upon certification, the supplier shall supply Winchester's Supervisor of SQA their current process capability index (CpK).
  - Winchester reserves the right to periodically audit the supplier's manufacturing processes to determine current process capability.
- Cost of Quality – The supplier shall maintain a system that tracks and controls the costs of quality. Cost associated with quality shall fall into one of the following categories:
  - Prevention Costs – The costs associated with the prevention of nonconforming material generation, such as; SPC, team improvement activities, quality engineering activities, supplier's surveys and audits, quality system audits, quality cost reporting, and gauge design.
  - Appraisal Costs – the costs associated with measuring product "fitness-for-use", such as; in-process visual and gauge inspections, lot acceptance testing, gauge calibration, incoming receiving inspections, and cost of measuring and test equipment.
  - Internal Failure Costs – The costs associated with nonconforming material, such as; engineering evaluation of nonconforming materials, scrap, rework and repair, re-inspection and retest, inventory costs of held material, and troubleshooting.
  - External Failure Costs – The costs associated with product that fails to meet quality requirements after delivery to Winchester. Typical external failure costs are; returned material evaluation and/or repair, shipping cost associated with returned material, product liability expenses, engineering design errors, and costs associated with materials scrapped at the customer facility.

By tracking and controlling quality cost, the supplier can control product cost resulting in substantial savings for both the supplier and Winchester.

- Nonconforming Material – The supplier shall have a documented system for identification and control of nonconforming material. The system shall ensure that nonconforming material does not get mixed with good product.
- Inspection Status Marking – The supplier shall have a documented system for the identification of the status of materials in-process and finished goods. The supplier shall employ the use of tags, routing tickets, or other methods that clearly show the current status of materials.
- System for Early Information Feedback – The supplier shall have a system for relaying to Winchester, any information that may prevent problems at Winchester's facilities and to make Winchester aware of any difficulties associated with products manufactured for Winchester that the supplier may be experiencing.
- Corrective Action and Preventive System – The supplier shall have a documented system for taking corrective and preventive action when problems occur both at

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Winchester's and the supplier's facilities. Corrective action may extend back to the supplier's suppliers of raw material or sub-tier suppliers. Winchester is to be notified of corrective actions taken as a result of problems identified at Winchester with supplier's material.

- Control of Sub-tier Suppliers – The supplier shall have a system for control of sub-tier suppliers. The system shall address, but is not limited to the following:
  - Certified raw material
  - Supplier audits
  - Corrective and preventive actions
  - Incoming receiving inspections
  
- Winchester Certification Requirements – The supplier shall provide Winchester's Supervisor of SQA with a certificate of analysis or test with each shipment and/or lot of material received at Olin's manufacturing operations. The certification shall state conformance to dimensional, visual, physical, or chemical analysis to satisfy the requirements of Winchester's purchasing documents.
- Controls for Winchester Owned Equipment and Material – The supplier shall have a documented procedure for the control of equipment and materials provided to the supplier by Winchester. This procedure shall apply to raw materials, component parts, measuring and test equipment, production tooling, and any other article supplied by Winchester.
- First Article/Tool Qualification Procedure – The supplier shall have a documented system for providing Winchester with data from first article acceptance inspection and new/reworked tooling qualification. The supplier shall inform Winchester of its intent to rework existing tooling or the introduction of new tools into their manufacturing operations. This does not apply to off-the-shelf items, only to tooling that might affect product performance or increase Winchester's product liability. Winchester reserves the right to witness any tool or process qualification and to collect samples for analysis.

**Modified Certification Requirements for Smaller Suppliers or Suppliers of Non-Critical Items**

The following are the minimum requirements for certification of smaller suppliers and for suppliers that supply Winchester items that are considered to be of a non-critical nature.

The supplier's Quality Management System must as a minimum, include the following:

- Inspection plans
- The use of ANSI/ASQC/Z1.4-2003 or other applicable sampling plans
- Work instructions for all work affecting quality
- A gauge calibration system that includes calibrations by an outside laboratory, calibration stickers, and records
- A file maintained that contains all Winchester supplied documents
- Inspection records file

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- Supplier must supply Winchester’s Supervisor of SQA with certificates of test/analysis that report actual results of inspections or tests

**Note Regarding Loss of Certification**

A supplier may lose “Certified Supplier” status at the discretion of Winchester based on quality performance. Winchester will immediately inform a supplier of their loss of certification status and provide the details for this loss of certification status.

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**Section 12**  
**Supplier Statistical Process Control (SPC) Plan**

**Purpose**

The Winchester Supplier SPC Plan defines the minimum requirements for the SPC program(s) of Winchester's suppliers.

The Supplier SPC Plan is an extension of Winchester Ammunition's Quality Policy commitment to continual improvement and supports the Supplier Certification Program with regard to:

- Directing the focus of supplier quality efforts towards prevention rather than incoming inspection at Winchester
- Setting forth a policy for use of statistical techniques by suppliers that minimize product variation and maximize process capability
- Defining Supplier Quality Assurance support for effective and appropriate use of statistics in receiving inspection

**Scope**

The Winchester Supplier SPC plan covers all Winchester suppliers that are covered under the Supplier Rating System.

The plan describes:

- The commitment to impress suppliers with the need to use SPC in their processes
- The approach used by the supplier quality function to audit supplier SPC efforts
- The control applied to documents received and generated concerning supplier SPC activities
- The responsibility of Supplier Quality Assurance personnel in supplier SPC activities
- The application of SPC techniques used by suppliers in controlling their manufacturing processes

**Responsibilities**

The Supplier Quality Assurance Supervisor is responsible for auditing supplier SPC programs, for reviewing supplier control plans, capability studies, and notifying Purchasing or the supplier of inadequacies or discrepancies.

The Supplier Quality Assurance Group Leader is responsible for reviewing supplier certifications, control charts, and process control data.

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The Supplier Quality Assurance Supervisor and/or Quality Engineering Supervisor are responsible for training, spreadsheet analysis, and comparing Winchester data with supplier control data.

**Definitions**

**Supplier SPC Requirements and Compliance**

Winchester requires the same commitment to the statistical control of manufacturing processes from suppliers and subcontractors as it requires of itself. Winchester makes suppliers aware of this requirement through use of the:

- Winchester Supplier Manual
- Winchester Supplier Certification Program
- Winchester Supplier Certification Audit Form
- Supplier SPC Scoring

**Supplier SPC Essential Elements**

The following have been identified by Winchester as essential elements of Supplier SPC Plans:

- Management commitment to SPC and continuous improvement.
- Written detailed SPC program.
- Training of all management, supervision, support, and production employees in SPC.
- SPC Coordinator or Quality Engineering Department.
- Flow charting of the manufacturing processes.
- SPC control plans for each product.
- Calibration system to ANSI/NCSL Z540-1 or equivalent.
- Evaluation of measurement process including gauge capability and gauge R&R.
- Effective identification of characteristics and parameters for control programs.
- Process capability studies on all processes and characteristics where variable data is generated. Results of the process capability are expressed with a process capability index (Cp) and the process capability performance index (Cpk). If these indices are greater than 1.33, the process is regarded as suitable for production. If either index is less than 1.00, design of experiments or problem solving techniques are used to improve the process to acceptable levels. The process is not capable. An index (Cp or Cpk) between 1.00 and 1.33 indicates a marginal process and improvements are needed. The ultimate goal should be to improve the process to an index level of 2.0 or greater.
- Effective construction of control charts with appropriate limits.

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- Timely and effective response by operators to trends, shifts, and out of control conditions.
- Use of automatic data collection devices and equipment.
- Utilization of advanced SPC techniques in problem solving.
- Evaluation of subcontractors SPC programs.
- Management charting of customer satisfaction and continuous improvement goals.

**Criteria and Measurement of Supplier SPC Systems**

Winchester will rate suppliers for overall performance in its Supplier Rating System. Suppliers will be rated specifically for their achievements in SPC using the Supplier SPC Scoring Sheet.

**SPC for Winchester Military Contracts**

On military contracts, suppliers must review the contract and associated Technical Data Package (TDP) and comply with specific SPC requirements. Special attention to characteristics classified as Critical, Major, and/or Special may be necessary. No exceptions are granted without written justification and approval.

**Supplier SPC Surveillance Audits**

To adequately assess supplier SPC programs, periodic audits are necessary both at the supplier’s facility and during incoming inspection at Winchester’s facility. The frequency of audits is based on supplier performance, product volume provided, and the quality of objective evidence of conformance provided by the supplier.

Criteria used to determine need for audit will be based on, but not limited to the following criteria:

- Unsatisfactory performance in the Quality and Delivery area. This is normally judged in the Quality area by a high number of rejected shipments, NCMR’s, or a severe or critical quality problem
- A poor or inadequate SPC program that is evident by the lack of submitted certifications with shipments, no SPC data, or no SPC plan.
- A new supplier that has not been rated or has supplied product in the last three years.

Supplier SPC programs are audited by the Supervisor of Supplier Quality Assurance.

Supplier SPC programs will be assessed at Winchester by the SQA Group leader who will examine supplier SPC in-process control charts for deficiencies and out-of-control processes. Responses and corrective actions will be requested by the Supervisor of SQA.

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## Records

The Supervisor of Supplier Quality Assurance will maintain and keep the supplier statistical process control documentation. These records may include:

- Written SPC plan
- Process flowcharts/control plans
- Capability study results
- Sample control charts
- Questionnaire
- SPC corrective action requests
- Management SPC
- Audit forms

## Supplier SPC Control Rating System

The following rating system has been established for Supplier SPC control:

(5) Outstanding – A complete and comprehensive SPC program. All elements supplied to Winchester. A supplier with an outstanding rating has:

- A Written SPC plan
- A SPC Control Plan or Flowchart
- Capability studies on all products to Cp of 1.33
- In-process control plans
- A Fully approved SPC plan

(4) Very Good – Essential elements of plan are present and supplied to Winchester. Not all processes or products exhibit full capability index (Cp) of 1.33. Approved plan with monitoring of processes and a commitment to improvement.

(3) Good – Some elements of complete plan are missing. SPC not fully implemented on the manufacturing floor. A high level of commitment to SPC with milestones and realistic implementation and timetable. Critical parameters on Winchester products are being monitored and supplied. Deficiencies are being addressed and a plan is in place to correct problems. Minimum to be an approved plan for commercial suppliers.

(2) Fair – Some major elements missing. SPC not fully implemented on the manufacturing floor. Commitment to SPC is not obvious. SPC being performed only because they have been forced to implement SPC. Supplier is making efforts to implement SPC and realizes SPC will be necessary. Not an approved SPC plan.

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(1) Poor – SPC is in the planning stage or the supplier has an SPC plan that has deteriorated and is not effective. Supplier needs commitment and direction to make progress.

(0)- No SPC or immediate plans.

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## Section 13 Rating the Supplier

It is Winchester's policy to rate suppliers of critical items. The rating system is designed to track a supplier's performance in the areas of Quality, Price, Delivery, and Service. The long-term goal of the rating system is for each supplier to demonstrate continuous improvement.

Suppliers are rated once per year, and the rating covers the supplier's performance during the previous calendar year. Potential suppliers are initially evaluated in accordance with the Purchasing Manual. Suppliers with favorable evaluations are listed on the Approved Supplier List. The Supplier Certification Program is administered by Supplier Quality Assurance (SQA).

Purchasing has the lead role in rating these suppliers with input from other disciplines such as Supplier Quality Assurance, Manufacturing, Engineering, Accounting, and Receiving. A composite numerical score (i.e., the sum of the individual scores) is calculated for each supplier, with the highest possible score being 100 points. The supplier's score (individual and composite) are communicated to them in writing annually along with a chart showing their performance history. Also provided to each supplier is a listing of the composite scores of all other suppliers in the same supplier category.

Quality points are generated by Supplier Quality and the buyers. The quality rating is generated by supplier assessment in 3 major categories. Supplier Quality generates a value using a weighted assessment for nonconforming shipments. This category comprises 30 points (max) out of the 40 possible. Implementation of SPC is 5 points max and timely receipt of product certification is also 5 points max. The buyer may deduct points for such things as repeat quality problems that are not corrected. One point may also be deducted if Winchester continually has to request certifications from a supplier.

Pricing is a rating generated by the buyers and is based on the expectation of suppliers to avoid price increases. The rating will be assessed and based on the percentage of implemented price increases.

The delivery rating shall be made by the buyers. The rating shall be based on the suppliers ability to meet the negotiated delivery dates at the award of the purchase order, cooperation in resolving required changes to scheduled deliveries, complete product delivery without unscheduled partial shipments, and adaptability to methods of shipments to meet customer's required due dates. The SAP "VENDOR PERFORMANCE REPORT BASED UPON DELIVERY SCHEDULE" ZMA00061, tracks the vendor delivery performance. This report is used to assist the buyers in rating the vendor's delivery performance. Other items considered are: responses to requests for status in a

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timely manner; timely notification to buyer of problems with deliveries; deliveries without constant follow-up; response to parts critical to the customer's scheduled requirements; and accuracy of information provided.

The rating for service shall be made by the buyer. Input from the Engineering, Manufacturing, Accounting, Stores & Receiving disciplines are used to calculate service points.

It is the responsibility of the individual buyer in conjunction with Supplier Quality Assurance to initiate action to improve a supplier that does not score well, or establish a new source of supply. Actions may include, but are not limited to, a visit to the supplier's facility to meet with key personnel for the purpose of developing an improvement plan. If their performance does not improve within the next rating period, the supplier may be removed from the approved source list.

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<b>Exhibit A - Winchester Supplier Rating System - Summary Table</b>				
<b>Category</b>	<b>Sub-Category</b>	<b>Weighting</b>	<b>Points</b>	<b>Max. Points</b>
<b>Quality</b>	NCMR's Issued	75%	30	<b>40</b>
	SPC / 3rd Party Certification	12.5%	5	
	Material Certs Provided	12.5%	5	
<b>Price</b>	% Price Increase (%PI) compared to Prior Year	<b>Points = 20 - (2 x % PI)</b>		<b>20</b>
	Price Reduction Offered			<b>2</b>
<b>Delivery</b>	% On Time Delivery (% OTD) during Prior Year	<b>Points = 20 x % OTD</b>		<b>20</b>
<b>Service</b>	Supplier Partnership Characteristics		10	<b>15</b>
	Payment Terms / Consignment		5	
<b>Status</b>	Winchester Certified Supplier		5	<b>5</b>
			<b>Total Points</b>	<b>102</b>

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**Exhibit B - Quality Rate Calculation**

**I. - NCMR Rating**

**A. - NCMR Weighted Point Assignment Scale**

Element	Description	Points
1	Entire shipment rejected	100
2	Portion of shipment rejected	75
3	Used only due to production requirements	75
4	Used at a cost penalty	50
5	Very small part of shipment rejected	25
6	Minor NC that should be corrected	5
<b>Additional Point assignment for Repeat Incidence</b>		
7	No Corrective Actions taken	200
8	Corrective Action Plan was ineffective	100
9	Corrective Action Plan still in progress	50

**II. - SPC and 3rd Party Certification Rating**

Element	Description	Points
1	Winchester Approved SPC Plan / 3rd Party Certification	5
2	Winchester Approved SPC Plan / No 3rd Party Certification	4
3	3rd Party Certification / SPC in use but not Approved by Winchester	3
4	SPC in use / but plan is not Approved by Winchester	2
5	SPC Plan in Development	1
6	No SPC Plan	0

**B. - NCMR Supplier Earned Point Calculation**

Inputs	Detail	Example
A	Parts (or Lbs) Received	900,000
B	Usable Parts (or Lbs) Received	800,000
C	Parts (or Lbs) Rejected	100,000
D	NCMR's issued	1
E	NCMR Weighted Points Assigned	100
<b>Outputs Calculations</b>		
F	% Usable Parts (or Lbs) - (B / A)	89%
G	Earned Points - (F x 30)	26.7
H	NCMR Point Multiplier - (.25% x E)	0.25
I	Total Points Earned - (G - H)	26.4

**III. - Product Certification Rating**

Element	Description	Points
1	Always on time	5
2	Generally on time	4
3	50% on time	3
4	Generally late	2
5	Always Late	1
6	Certs Not Received	0
7	Olin must request Cert Documents	-1

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<b>Exhibit C - Price Rating</b>	
<b>Price Incr.</b>	<b>Points*</b>
0%	20
1%	18
2%	16
3%	14
4%	12
5%	10
6%	8
7%	6
8%	4
9%	2
10%	0

**\*Formula: Points = 20 - (2 x % Price Increase)**

<b>Exhibit D- Delivery Rating</b>	
<b>On Time Delivery</b>	<b>Points*</b>
100%	20
99%	19.8
98%	19.6
97%	19.4
96%	19.2
95%	19
94%	18.8
93%	18.6
92%	18.4

**\*Formula: Points = 20 \* % On Time Delivery**

<b>Exhibit E - Service Rating</b>		
<b>Category 2 - Payment Terms</b>		
<b>Element</b>	<b>Payment Term</b>	<b>Points</b>
1	< 10 Days	0
2	< 20 Days	1
3	Net 30	2
4	Net 45	3
5	Net 60	4
6	Discount offered - Add 1	1
7	Consignment Agreement	5
<b>Maximum Points Possible</b>		<b>5</b>

<b>Exhibit F - Service Rating</b>
<b>Category 1 - Supplier Partnership</b>

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<b>Element</b>	<b>Characteristic</b>	<b>Points</b>
1	Formal supply agreement in place with supplier	1
2	Engages / interacts at all levels of suppliers organization (pro-active, responsive and accessible)	1
3	Has provided cost transparency in pricing structure	1
4	Exhibits dedication to continuous improvement in their level of service (year-to-year comparison)	1
5	There is an open exchange between supplier and Winchester of challenges, ideas, and approaches	1
6	Supplier and Winchester work jointly on cost reduction programs	1
7	Proactively knows their markets for raw materials, new technology, and industry best practices	1
8	Shows exemplary assistance when called upon, Supplier goes above and beyond	1
9	Offers cost saving opportunities such as inventory reduction programs, consignment, discounts	1
10	Promptly and effectively reacts to requests, rejections, paperwork discrepancies, etc.	1
<b>Maximum Points Possible</b>		<b>10</b>

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