Counterfeit Prevention and Detection Plan

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1.0 Purpose

This plan defines how Smith and Co. prevents and detects the purchase, acceptance, and distribution of counterfeit products throughout its operation, including those outsourced.

2.0 Scope

This plan and any associated document are applicable throughout the operational life cycle, including, but not limited to purchasing, material receipt, identification, storage, and distribution of product.

All purchased inspection, measuring, and test equipment, machines, and tooling used in production are within scope of this plan.

3.0 Users

All people doing work under Smith and Co.'s control are responsible for adhering to the requirements herein.

Key functions responsible for executing this plan are purchasing, receiving, inventory control, production control, and quality.

Smith and Co.'s suppliers are also responsible for ensuring counterfeit products do not enter the supply chain.

4.0 Definitions

Product – Any electronic components, assemblies, supplies, and equipment, any raw or fabricated materials to include special processes such as chem film, heat treat, and identification and traceability markings, and accompanying documentation.

Counterfeit Product – Fraudulent product or processes being represented, identified, or marked as genuine that is an unauthorized copy, imitation, substitute, or modified that is knowingly misrepresented as an original or from an authorized manufacture such as an original equipment manufacturer (OEM) and original component manufacturer (OCM).

Suspect Counterfeit Product – Product believed to be counterfeit through visual inspection, testing, or other provided information.

5.0 General

Smith and Co. is committed to preventing counterfeit products from entering the supply chain as follows:

- Commitment from leadership to prevent the purchase, acceptance, and distribution of counterfeit products.
- Becoming a member of Government Industry Data Exchange Program (GIDEP).
- Through development, implementation, and adherence to this plan and any customer- or industry-specific requirements like AS5553, AS6081, AS6174, and AS9100.

6.0 Counterfeit Mitigation

6.1 Purchased Product

To minimize the risk of counterfeit products from being received from or entering the supply chain, Smith and Co. purchases products directly from the OCM/OEM or from the OCM/OEM's approved source, thereby ensuring obtained products are new, authentic, and fully warrantable by the OCM/OEM and for which accurate, up-to-date technical information is readily available upon request. *Smith and Co. does not purchase refurbished products for resell.*

Authorized manufacturers and manufacturer-approved sources are continually assessed via review of Government Industry Data Exchange Program (GIDEP) product alerts and supplier quality data.

Where Smith and Co. agree to distribute products not obtained directly from the OCM/OEM or their approved source, written notification will be sent to its customers at the time of the respective request for quote regarding the unauthorized product. Also, Smith and Co. will formally notify its customers of any termination of a manufacturer or manufacturer-approved source's authorization with respect to a product after the customer quote for the product and prior to Smith and Co.'s performance thereunder.

6.2 Product Traceability

Smith and Co. retains records that provide supply chain historical information of its products to include documentation of all supply chain intermediaries and significant handling transactions. These records serve to allow Smith and Co. the ability to trace products back to the manufacturer, any manufacturer-approved source, and any of their sources.

Unless specified otherwise, raw material may be submitted to an independent testing lab when required by customer contract, specification, supplier risk, or internal quality review to verify material conformance. Material found to be nonconforming, suspect, or lacking required traceability shall be quarantined and processed per Control of Nonconforming Product (QOP 8.7).

Smith and Co. and its customers have full right of access to the manufacturer, manufacturer-approved sources, and any of their sources with respect to counterfeit or suspect counterfeit parts.

7.0 Customer-Related Practices

7.1 Warranties

Smith and Co. transfers products to its customers at the point of sale, and to the extent transferrable, any warranties available for transfer from an OCM/OEM or the manufacturer-approved source to include their return material authorization (RMA) policy. All RMAs are subject to the warranty's terms and conditions (T&Cs). For RMA eligibility information, refer to section 7.2.

7.2 Returns

Smith and Co. follows a strict return policy as outlined in the purchase order (PO) T&Cs. No product is eligible for return, refund, replacement, or exchange if it is:

- purchased from a third party rather than Smith and Co.,
- considered counterfeit or suspect counterfeit,
- designated as "non-cancellable/non-returnable" during quote and as noted within the PO, or
- considered an electronic sensitive discharge (ESD) product and removed from its original packaging.

Smith and Co.'s return policy also includes:

- Confirmation of product traceability from Smith and Co. to its customers to include OEM/OCM manufactured dates and lot codes, original PO date, part number, and quantity.
- Incoming inspection by competent, designated personnel to verify product is not damaged, in its original packaging, and authentic. Broken or damaged packaging is reconfirmed as authentic by Smith and Co.'s designated Quality representative in conjunction with the OEM/OCM.
- Testing for ESD damage where appropriate.
- Testing moisture levels with re-baking, as necessary.

8.0 Control of Suspect or Confirmed Counterfeit Product

8.1 Suspected Counterfeit Product

Where Smith and Co. suspects, at its discretion, product is counterfeit, it shall quarantine said product for further testing until a determination about the product's genuineness is made and will take other actions as required or permitted under applicable law and AS6174 to include, without limitation, all required actions.

8.2 Confirmed Counterfeit Product

When product is confirmed to be counterfeit, Smith and Co. shall report its findings, as appropriate, to:

- affected customer(s),
- applicable employees,
- government organizations at the federal, national, state, or local level with counterfeit product jurisdiction,
- GIDEP, and
- any other applicable governmental or regulatory reporting agency or organization.

8.3 Quarantining Counterfeit Product

If a product is determined to be counterfeit, Smith and Co. shall quarantine product for a period of three (3) years, or longer if required by applicable law. After the quarantine period, the product will be irreversibly (physically) rendered

unusable to include the product's internal components.

Counterfeit product re-entry into the supply chain through restocking or return to the customer, OCM, OEM, or manufacturer-approved source shall not occur under any circumstances.

8.4 Inventory Control

To ensure positive control of inventory:

- Access to inventory locations is limited by production control to include escorting visitors.
- Segregation of products from unauthorized sources, including those returned or restocked, from those received from an original equipment or component manufacturer or manufacturer-authorized source.
- Where possible, the original packaging is used when shipping product. If this is not possible, observing best commercial packaging practices for electrostatic and moisture sensitivity requirements will occur. For additional controls, refer to *Handling, Storage, Packaging, Preservation, and Delivery (QOP 8.5.4)*.

9.0 Traceability, Record Retention, and Retrievability

9.1 Manufacturers and Manufacturer-Approved Sources

Smith and Co. maintains an Approved Supplier List (ASL) that includes authorization status, approval status, and scope of approval.

9.2 Commercial-Off-The-Shelf (COTS)

Smith & Co. intends to purchase COTS items where required and when possible, so long as these items meet traceability and contractual requirements.

9.3 Record Retention and Information

Smith & Co. maintains PO information in a secured digital Enterprise Resource Planning (ERP) system for the life of contract plus 7 years unless otherwise contractually specified.

Smith and Co.'s CoC statement is generated with ERP and contains the following:

- Company name and address
- Customer or manufacturer name (if applicable)
- Customer or manufacturer part number and revision (if applicable)
- Serial numbers (if applicable)
- Quantity shipped
- Date code (if applicable)
- Lot/batch number (if applicable)
- Customer PO number (if applicable)
- Ship date
- Signature of who certified the product

9.4 Control of Scrap

Smith and Co. outsources the destruction of counterfeit products and requires a certificate of destruction from the external provider as proof that product was scrapped. Retention of evidence related to scrap documentation is for a minimum of life of contract plus 7 years unless otherwise contractually specified.

Additionally, Smith and Co. retains a similar record related to the disposition of product it suspects to be counterfeit but are determined to be genuine for the life of contract plus 7 years unless otherwise contractually specified.

10.0 Audits

This plan undergoes internal and third-party audits as noted in Internal Audit (QOP 9.2).

11.0 Training

All persons doing work under Smith and Co.'s control receives "*Counterfeit Part Detection and Prevention*" training.

Also, specialized training will be provided to applicable positions to enhance competence in detecting, preventing, and reporting known or suspect counterfeit products in accordance with Training and Competence (QOP 7.2).

12.0 References

- Internal Audit (QOP 9.2)
- Handling, Storage, Packaging, Preservation, and Delivery (QOP 8.5.4)
- Training and Competence (QOP 7.2)
- AS5553: Counterfeit Electronic Parts; Avoidance, Detection, Mitigation, and Disposition
- AS6081: Fraudulent/Counterfeit Electronic Parts: Avoidance, Detection, Mitigation, And Disposition - Distributors
- AS6174: Counterfeit Materiel; Assuring Acquisition of Authentic and Conforming Materiel

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