

1.0 Purpose

The purpose of this document is to describe the process and due diligence performed to prevent the purchase and/or use of Counterfeit Parts and meet the requirements of AS5553 Standard for Counterfeit Electronic Parts; Avoidance, Detection, Mitigation, and Disposition.

2.0 Scope

This document applies to the procurement activities at GCT to the extent specified herein.

3.0 Documentation References

AS5553 Counterfeit Electronic Parts; Avoidance, Detection, Mitigation, and Disposition

AS9100 Quality Management System Requirements – Aerospace

ISO9001 Quality Management System Requirements

4.0 Definitions

- 4.1 Suspect Part – A part in which there is an indication by visual inspection, testing, or other information indicating the item may have been misrepresented by the Supplier or Manufacturer and may in turn meet the definition of a Counterfeit Part.
- 4.2 Counterfeit Part – A suspect part identified as a copy or substitute without the legal right or authority to do so or a part whose material, performance, or characteristics are knowingly misrepresented by a Supplier in the Supply Chain. The Counterfeit Parts include but are not limited to:
- 4.2.1 Parts not containing the proper internal construction that is consistent with the desired, producer, or ordered part.
 - 4.2.2 Unused, refurbished, or reclaimed parts represented as new product.
 - 4.2.3 Parts with different packaging style, type, or surface plating/finish than the required or ordered product.
 - 4.2.4 Parts not successfully completing the full production and/or test flow of the Original Component Manufacturer (OCM) that are represented as completed product.
 - 4.2.5 Parts sold or delivered as upscreens product that have not successfully completed the upscreens process.
 - 4.2.6 Parts sold or delivered with modified labeling or markings intended to misrepresent the form, fit, function, or grade of the intended product.

NOTE: Refinished, upscreened, or updated parts identified accordingly are not considered counterfeit product.

4.3 Aftermarket Manufacturer – A manufacturer meeting one or more of these criterias:

4.3.1 A manufacturer authorized by the OCM to produce or provide replacement parts. The parts supplied originate from the OCM to the aftermarket manufacturer or an aftermarket manufacturer using the OCM tooling or intellectual property produces the parts.

4.3.2 The manufacturer produces parts using tooling or equipment manufactured by and traceable to an OCM that was properly stored until use. The parts are subsequently assembled, tested and qualified using processes meeting the technical specifications without violating the intellectual property right, patents, or copyrights.

4.3.3 The manufacturer produces parts by emulation, reverse engineering, or redesign using processes matching the OCM specification. The parts must meet the Customer needs without violating the OCM intellectual property rights, patents, or copyrights.

NOTE: The Aftermarket Manufacturer must label or otherwise identify a part to ensure the “as shipped” product is not mistaken for the product manufactured by the OCM.

4.4 Approved Supplier - Suppliers who are formally assessed and determined to have a low risk of providing counterfeit product.

4.5 Authorized Supplier – Aftermarket manufacturers (reference Section 4.3) and OCM authorized sources of supply for a specific part.

4.6 Broker – In the independent distribution market, brokers are professionally referred to as an Independent Distributor.

4.7 Certificate of Conformance (C of C) – A document provided by the supplier formally declaring the purchase order requirements are met. The document may include information relative to the manufacturer, distributor, quantity, date code, inspection date that is signed by a responsible associate for the supplier.

4.8 Certificate of Conformance and Traceability (C of CT) – A certificate of conformance applicable to some military specifications requiring documented traceability of the product from the Qualified Parts List/Qualified Materials manufacturer through the product delivery to the Government.

4.9 Government Industry Data Exchange Program (GIDEP) – A cooperative activity between the Government and industry participants seeking to reduce or eliminate resource expenses by sharing technical information essential for research, design, development, production, and operational phases of the life cycle of the system, facility, or equipment.

- 4.10 Upscreened – Additional part testing performed to produce parts verified beyond the specification parameters of the manufacturer.

5.0 Responsibility

Purchasing, Engineering and other associates as appropriate or required are responsible to comply with the requirements and processes identified in this document.

- 5.1 Purchasing is responsible to procure the correct electronic part using the applicable drawing, specification, description, or other information to meet the intended use.
- 5.2 Engineering is responsible to ensure the drawing, specification, process, or other description identifies the applicable type, class, style, part number, manufacturer, or other related information so the correct part or product is identified.
- 5.3 Quality associates are responsible to examine and/or inspect the parts to identify or mitigate the receipt and/or use of counterfeit parts.
- 5.4 Purchasing is responsible to reference and/or attach the following statement to each purchase order.

Seller shall not deliver any Products to Buyer that contain any “Counterfeit Parts” as defined in Buyer’s Standard Operating Procedure-Counterfeit Parts (SOP 7.4.2) as such procedure may be amended from time to time. A copy of SOP 7.4.2 may be found at:

<http://www.guardian-electric.com>

The OCM distributor or aftermarket manufacturer will be required to provide Certificates of Conformance and Acquisition traceability.

Seller shall indemnify and hold harmless Buyer and its officers, directors and affiliated companies from any and all losses, damages, claims, cost and expenses for Seller’s failure to comply with SOP 7.4.2.

6.0 Procedure

- 6.1 Purchasing must examine a potential source of supply to assess the risk of receiving counterfeit parts. Purchasing should focus buying efforts to obtain parts directly from an OCM, approved distributor, or authorized resell organization.
- 6.2 At a minimum, the OCM, distributor or the aftermarket manufacturer will be required to provide certificates of conformance and acquisition traceability. These certifications requirements will be clearly identified on the purchase document as deliverable data.
- 6.3 Associates receiving, inspecting or processing parts must examine the product to ensure the drawing, specification, type, class, style, part number, manufacturer, or other related information is present to

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detect or identify suspect or counterfeit parts. Suspect or counterfeit parts are placed on a nonconforming material document (XP-Ticket) so the items may be identified and segregated to the MRB room.

- 6.4 When further investigation removes all doubt the parts are suspect or counterfeit, the nonconforming material document (XP-Ticket) may be dispositioned "Accept". The reason for accepting the product must be recorded on the document as a reference to the due diligence work and/ or activity performed.
- 6.5 A suspect and verified counterfeit part must be reported to Management and must remain at GCT Management is responsible to determine how the counterfeit part occurrence is reported internally, to Customers, to the Government, the Government Cooperative (GIDEP), other industry reporting programs (ERAI), and criminal authorities using the reporting process listed in the AS5553 Standard, Appendix G.

7.0 Verification of Due Diligence – Electrical Components

Guardian Consolidated Technologies considers the due diligence applied to the material purchase successful when this procedure is followed and when finished product meets the test or inspection requirements identified for the product.

A failed electrical component does not mean the instance was caused by a counterfeit part. GCT must verify the cause of the nonconformance and disposition the defect per the Control of Nonconforming Material document SOP 8.3. This procedure will apply if the deficiency is suspected or attributed to a counterfeit part.

Revision History

Rev.	Date	Description
1	12/14/12	original
2	5/15/15	Revised para 5.4

Originator: Gary Wayne Date: 5/10/15

Approval: Date: