Counterfeit Parts Prevention

Document # **PCQMS-DOC-PUR004REVA**	Title: **Counterfeit Parts Prevention**	Department: **Operations**
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Standard or Regulation: **AS5553 Standard**	Approved by: **Brian Hill**	Date Approved: **April 30, 2014**

1.0 Scope:

This document applies to the procurement activities at Power Clinic Inc. to the extent specified herein.

2.0 Purpose:

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

3.0 Definitions:

4.1 ***Suspect Part*** – A part in which there is an indication by visual inspection, testing, or other information that would lead to a conclusion that the item may have been misrepresented by the supplier or manufacturer

4.2 ***Counterfeit Part*** – A suspect part identified as a copy or substitute without legal right or authority or a part whose material, performance, or characteristics are knowingly misrepresented by a supplier in the supply chain. Counterfeit parts include, but are not limited to:

- 4.2.1 Parts not containing the proper internal construction consistent with the desired or ordered part.
- 4.2.2 Unused, refurbished or reclaimed parts represented as new.
- 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 full production or testing of the Original Component Manufacturer (OCM) that are represented as completed product.
- 4.2.5 Parts sold or delivered with modified labeling or markings intended to misrepresent the form, fit, function, or grade of the intended product.

Note: Refinished or updated parts identified accordingly are not considered counterfeit product.

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

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 specifications. The parts must meet the Customer needs without violating any 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 Independent Distributors.

4.7 ***Certificate of Conformance (COC) –*** 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 representative for the supplier.

4.0 Responsibilities:

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

4.1 Purchasing is responsible to procure the correct component part using the applicable drawing, specification, description or other information available in order to meet the intended use.

4.2 Engineering is responsible to ensure the drawings, specifications, process or other descriptions identify the applicable type, class, style, part number, manufacturer or other related information so the correct part or product is identified.

4.3 Quality personnel are responsible to examine and/or inspect the parts to identify or mitigate the receipt and/or use of counterfeit parts.

4.4 Purchasing is responsible to reference and/or attach the following statement to each PO:

Seller shall not deliver any products to Power Clinic that contain any "Counterfeit Parts" as defined in Power Clinic's most recent revision to CPP-01 document. Procedure may be amended from time to time and can be found at www.powerclinicinc.com. Seller shall indemnify and hold harmless Power Clinic and its officers, directors, and affiliated companies from any and all losses, damages, claims, cost and expenses for Seller's failure to comply with Power Clinic Procedure CPP-01.

5.0 Procedures

5.1 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.

5.2 At a minimum, the OCM, distributor or aftermarket manufacturer will be required to provide certificates of conformance and acquisition traceability. These certification requirements will be clearly identified on the Purchase Order as deliverable data.

5.3 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 detect or identify suspect or counterfeit parts. Suspect or Counterfeit parts are recorded on a Non Conforming Material document and segregated to the appropriate Non Conformance hold area.

5.4 If investigation removes any and all doubt as to the validity and authenticity of suspect or counterfeit parts, the Non Conforming Document may be dispositioned as "Accepted". The reasons for the "Accepted" rating must be recorded on the document as reference to the due diligence efforts and/or activities performed.

5.5 Any suspect or counterfeit parts must be reported to Management immediately. Management is responsible to determine how the counterfeit part occurrence is reported: internally, to Customers, the government, other companies, and criminal authorites using the reporting process found in AS5553 Standard, Appendix G.

6.0 Verification of Due Diligence – Electrical Components

Power Clinic Inc. considers the due diligence applied to the material purchase to be successful when this procedure is followed and when finished repairs meet the test or inspection requirements of the customer.

A failed electrical component does not imply that any instance was caused by a counterfeit part. Power Clinic must verify the cause of the non-conformance and disposition the defect per the Control of Non Conforming Materials document.