

<b>Spider Company Inc.</b>	<b>Operating Procedure</b>	Procedure: <b>SCI-P08</b>
Effective Date: September 29, 2020 Rev. B	Title: <b>Counterfeit Part Identification and Mitigation Policy</b>	
Approved By: Jeffrey Johnson	Page 1 of 5	

**SCOPE:** In accordance with AS-6174 guidelines, the organization has developed and implemented an internal/external material authenticity assurance plan that documents its processes used for assuring that only authentic and conforming material is procured from legally authorized sources, and its planning to be used for risk mitigation, disposition, and reporting in the event any counterfeit material is encountered. Externally, this program applies to all components or raw material delivered to Spider Company Inc., either in assemblies or as individual components. (Suppliers- Please scroll down to Supplier Requirements)

**PURPOSE:** To protect Spider Company Inc., our supply partners, and customers from the introduction of counterfeit or questionable traceable components/materials into our end products by:

- a. Procure material from reliable sources
- b. Assure authenticity and conformance of procured material, including methods such as certification, traceability, testing, and inspection appropriate to the commodity/item in question.
- c. Control material identified as fraudulent/counterfeit or scrap.
- d. Report suspect or confirmed fraudulent/counterfeit material to other potential users and the Authority having Jurisdiction.

**DEFINITIONS:**

Material- material, parts, assemblies and other procured items (except for electronic parts)

Manufacturer- the point of origin of any material including factories, mills, foundries, mines, chemical plants, laboratories, etc.

Suspect Material- material items, or products in which there is an indication by visual inspection, testing, or other information that it may meet the definition of fraudulent material or counterfeit material.

Fraudulent Material- suspect material misrepresented to the customer as meeting the customer's requirements.

Counterfeit Material- Fraudulent material that has been confirmed to be a copy, imitation, or substitute that has been represented, identified, or marked as genuine, and/or altered by a source without legal right with intent to mislead, deceive or defraud.

Identity- information such as the current design authority, original manufacturer, trademark or other intellectual property, performance, unique item identifier, part number, date code, lot number, testing methods and results, inspection, documentation, warranty, origin, ownership history, packaging, storage, handling, physical condition, previous use, etc.

Authentic- produced with legal right or authority granted by the legally authorized source.

Approved Supplier- suppliers that are formally assessed by the current design activity or the original manufacturer, determined to be a trusted source that will reliably provide authentic and conforming material, and entered on a register of approved suppliers.

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Authority Having Jurisdiction- a statutory authority can differ between countries, the term is used to refer to the governmental organization at the federal, national, state or local entity having statutory authority to respond to, enforce, or prosecute anti-counterfeiting laws.

Authorized Supplier- Aftermarket manufacturers, approved suppliers, and franchised distributors authorized by the current design activity or the original manufacturers to produce and/or sell material.

Certificate of Authenticity (C of A )- a statement to the effect that all material items listed above furnished on this contract are genuine, new, and unused unless otherwise specified in writing herein; are suitable for the intended purpose; are not defective, suspect, or counterfeit; have not been provided under false pretenses; and have not been materially altered, damaged, deteriorated, or degraded.

Certificate of Conformance (C of C)- a document provided by a supplier formally declaring that all buyer purchase order requirements have been met. The document may include information such as manufacturer, distributor, quantity, lot and/or date code, inspection date, etc., and is signed by a responsible party for the supplier.

Certificate of Conformance and Traceability (CoCT)- a certificate of conformance required by certain U.S. military specifications which requires documented traceability from the QPL/QML manufacturer through delivery to the U.S. government if the material is not procured directly from the approved manufacturer.

Commodity Level Traceability- the requirement to trace lifecycle management to a commodity for specified events related to acquisition, validation, of authenticity, property accountability, storage, operation, maintenance, safety, physical security, retirement, and disposal by each commodity.

Current Design Activity- the organizational entity currently responsible for the design of material. This may be the original design activity or a design activity to which the design responsibility has been transferred.

Disposition- Decisions made by authorized representatives within an organization concerning future treatment of nonconforming material. Examples of dispositions are to scrap, mutilate, use-as-is, retest, rework, repair, or return-to-supplier.

Organization: in the context of this document, it refers to procurement and design activity entities (government and contractor), and sub-tier material suppliers and producers.

Supplier- within the context of this document, a blanket description of all sources of supply for a material (original manufacturer, franchised distributor, independent distributor, broker distributor, stocking distributor, aftermarket manufacturer) who may or may not have a legally binding relationship with the legally authorized source. This relationship generally includes direct product support, training and marketing support from the legally authorized source and provides direct product support for the customer.

Supply Chain Traceability- Documented evidence of material's supply chain history. This refers to the documentation of all supply chain intermediaries and significant handling transactions, such as from original manufacturer to the distributor, or from excess inventory to broker to distributor.

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## SUPPLIER REQUIREMENTS:

All suppliers are required to take the following actions:

- a. Preclude, detect, and remove any counterfeit components from all deliveries to Spider Company Inc. Supplier should maintain a database of counterfeit components received and applicable source data.
- b. Ensure all actions are communicated to quality and business leaders throughout Spider Company Inc.
- c. Supplier shall provide written notification **within 24 hours** to Spider Company Quality Manager and Purchasing department if supplier becomes aware or suspects that it has furnished counterfeit goods. Supplier shall provide information including the supply chain traceability to an original manufacture or authorized distributor chain that identifies the name and location of all the supply chain intermediaries from the part manufacturer to the direct source of the product. Supplier should have a documented process in place to ensure counterfeit goods are contained and do not reenter the supplier chain.
- d. Suppliers shall provide a C of C, or C of A, for all components/ raw materials being delivered to Spider Company Inc. upon request. These certifications will be retained at Spider and maintained on file.

## SPIDER PURCHASING:

- a. Assess potential sources of supply to determine their likelihood of delivering authentic and conforming material. Assessment actions may include surveys, audits, review of product alerts, and review of supplier quality data to determine past performance.
- b. Maintain a register of approved suppliers to help assure authentic and conforming material.
- c. When possible, procure directly from manufacturers, authorized suppliers, or other legally authorized sources on the approved supplier/source register/ list.
- d. Assure that approved ongoing sources of supply are maintaining effective processes for assuring delivery of authentic and conforming material.
- e. Assess the likelihood that sources other than original manufacturers or authorized suppliers can deliver authentic and conforming material. Where applicable, this shall be accomplished and documented when it is necessary to procure from other than the original manufacturer or an authorized supplier.
- f. Implement risk management provisions, including risk assessment and risk mitigation per the material authenticity assurance plan, when traceability to an authorized source is not readily available or an authorized source is not available.
- g. Specify flow-down of applicable requirements of this document to appropriate contractors, their sub-contractors, and distributors. In the event that one or more supply chain intermediaries do not have a material authenticity assurance plan compliant to this document, a risk analysis shall be considered for every application of the material.

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### VERIFICATION OF PURCHASED PRODUCT:

- Review data deliverables and visually inspect product to assure detection of any counterfeit material prior to formal product acceptance.
- Once material is accepted, all certifications and documentation will be retained and stored electronically.

### MATERIAL CONTROL:

- Control excess and nonconforming material to prevent it from entering the supply chain under fraudulent circumstances.
- Control/destroy any suspect or confirmed counterfeit material to preclude its use or reentry into the supply chain.
- Ensure the supply chain is not compromised by any material being returned. Manufacturers/suppliers and their approved supply chain shall implement an effective returns process which segregates and assesses the returned items until validated as authentic and unused.

### REPORTING:

All Internal/External occurrences of counterfeit material will be reported, as appropriate, to internal Managers/ organizations, customers, government reporting organizations, industry supported reporting programs, and criminal investigative authorities.

### Counterfeit Parts Agreement Form

All employees for Spider must sign SCI-F136 and will be kept in their employee file.

Revision History	Date	Change Description	Approved By:
1.0 - First Issue Rev A	6/29/18	NEW DOCUMENT	Reviewed/Approved by Quality Manager
2.0 – Rev B	9/29/2020	<ul style="list-style-type: none"> <li>• Added "Internal/External", (Suppliers-Please scroll down to Supplier Requirements), to Scope Statement</li> <li>• Changed Supplier Responsibilities to Requirements</li> <li>• Changed "Ensure expected actions are communicated..." to "Ensure all actions are communicated within..." in Supplier Requirements</li> <li>• Added "<b>within 24 hours</b>" in Supplier Requirements</li> <li>• Changed "PURCHASING" to "SPIDER PURCHASING"</li> <li>• Added <b>Counterfeit Parts Agreement Form</b> All employees for Spider must sign SCI-F136 and will be kept in their employee file.</li> </ul>	Reviewed/Approved by Jerry Hyland

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