

RISK MITIGATION FOR COUNTERFEIT PARTS

APPROVALS

Quality Manager



1.0 PURPOSE

- 1.1 The purpose of this document is to detail the steps to be taken to mitigate the risks associated with counterfeit material, disposition, and reporting of suspect or confirmed fraudulent/counterfeit parts.

2.0 SCOPE

- 2.1 Counterfeit Risk Mitigation applies to all areas of A.E. Petsche functions related to the purchasing, receipt, and control of material to mitigate the risk of counterfeit material entering the supply chain.
- 2.2 AEP's counterfeit risk mitigation falls under the scope of AS5553 to the extent applicable and reasonable for distribution functions.

3.0 REFERENCES

- 3.1 AS5553 Counterfeit Electronic Parts; Avoidance, Detection, Mitigation, and Disposition
- 3.2 SALES-100-SOP Sales Order Contract Review
- 3.3 PURCH-100-SOP Purchasing
- 3.4 OPS-101-SOP Receiving Inspection
- 3.5 QA-103-SOP Control of Nonconforming Product
- 3.6 QA-111-SOP Return and Credit Process
- 3.7 OPS-105-WI Return Center

4.0 DEFINITION OF COUNTERFEIT PARTS

- 4.1 A suspect part that is a copy or substitute without legal right or authority to do so or one whose material, performance, or characteristics are knowingly misrepresented by the supplier. Examples of possible counterfeit parts include, but are not limited to:
 - 4.1.1 Parts that do not contain the proper construction consistent with the ordered part.
 - 4.1.2 Parts that have been used, refurbished or reclaimed, but represented as new product.
 - 4.1.3 Parts that have not successfully completed the OCM's full production and test flow, but are represented as completed product.
- 4.2 Parts which are not generally considered counterfeit are those whose characteristics or specifications have been modified, but not knowingly misrepresented.

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5.0 TRAINING

- 5.1 A.E. Petsche has developed training for relevant personnel including management, operations, and support functions for awareness, avoidance, detection, mitigation, and disposition of suspect counterfeit parts as applicable to the responsibilities of their job functions.

6.0 PURCHASING:

- 6.1 A.E. Petsche is a distributor. Defined as a distributor with which the OCM has a contractual agreement to buy, stock, re-package, sell and distribute its product lines. Franchised distributors normally offer the product for sale with full manufacturer warranty. Franchising contracts may include clauses that provide for the OCM's marketing and technical support inclusive of, but not limited to, failure analysis and corrective action, exclusivity of inventory, and competitive limiters.
- 6.2 A.E. Petsche keeps an active list of suppliers, as a controlled document maintained by Quality, for which we are franchised and makes purchases directly from the manufacturer for stocking purposes or customer specific requirements as well as distributors who are authorized franchised distributors themselves per **PURCH-100-SOP Purchasing**.
- 6.3 Records of such purchases are maintained and traceable back to the original component manufacturer.
- 6.4 When required by customer purchase order, A.E. Petsche will support customer needs for parts for which we are not franchised. When supporting such requests for military, defense, and aerospace customers, such purchases shall only be made from manufacturers direct or franchised distributors of such manufacturers.

7.0 RECEIPT/STORAGE AND IDENTIFICATION

- 7.1 Product received directly from A.E. Petsche's supplier is subject to visual inspection for kind, count and condition based on internal receiving procedures per **OPS-101-SOP Receiving**.
- 7.2 Supplier's paperwork will be reviewed as applicable to determine traceability back to original component manufacturer.
- 7.3 Any parts believed to be suspect will be placed in nonconforming material hold area pending further review and disposition by Quality authorized personnel.

8.0 IN-PROCESS INVESTIGATION

- 8.1 A.E. Petsche personnel are responsible for raising concerns of suspect material through all processes as per **QA-103-SOP Control of Nonconforming Product**.

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9.0 VERIFICATION OF CUSTOMER RETURNS

- 9.1 Only returns that have been issued a valid A.E. Petsche return material authorization number will be processed for credit per ***OPS-105-WI Return Center***.
- 9.2 All returns of will be visually inspected for kind count and condition. Date code of parts returned MUST match A.E. Petsche's original shipping records.
- 9.3 Any parts believed to be suspect will be placed in nonconforming material hold area pending further review and disposition by Quality authorized personnel.

10.0 EXCEPTIONS

- 10.1 As a distributor, not all clauses of AS5553 are fully applicable to A.E. Petsche. In these circumstances, AE Petsche takes the following actions to comply as closely as possible to the standard's requirements.
 - 10.1.1 Obsolescence – A.E. Petsche followed manufacturer or governing body guidance for notifications of obsolete material and windows of use for remaining stock. Quality works with Product Management after flow down of communications from the responsible body.
 - 10.1.2 Failure Analysis – A.E. Petsche does not perform testing nor failure analysis procedures. As a distributor, the company will coordinate the return of suspect material to the supplier for full failure analysis.
 - 10.1.3 Post Delivery Support – A.E. Petsche does not offer post delivery support beyond supplying ***RMA's per QA-111-SOP Return and Credit Process*** and coordinating with the supplier for failure analysis when necessary.

11.0 MATERIAL CONTROL & REPORTING

- 11.1 Suspect material is quarantined and controlled per ***QA-103-SOP Control of Nonconforming Product***.
- 11.2 A.E. Petsche reports suspect nonconformances, including suspect counterfeit parts, to the supplier for failure analysis.
- 11.3 A.E. Petsche reports suspect counterfeit parts through Quality escalation to parent company Arrow for further action.
- 11.4 A.E. Petsche is a member of GIDEP through its parent company Arrow Electronics and receives communications for GIDEP alerts from Arrow per the corporate Quality Operating Procedure QOP-37A.
 - 11.4.1 If notified of a GIDEP for products affecting A.E. Petsche products, counterfeit or otherwise, A.E. Petsche takes action to contain and communicate affected product per ***QA-103-SOP Control of Nonconforming Product***.

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Revision History

Date Changed	Changes Made	Revised by
1/23/12	Document created	Jeff Fincher
8/28/13	Added the following sections: Scope, References, In Process Investigation, Exceptions, and Material Control & Reporting	Jeff Fincher