

<b>Number/ Rev:</b> OP08040 B	<b>OPERATING PROCEDURE PECO Counterfeit Part Prevention Policy (CPPP)</b>	<b>Approved by:</b> Schelert
<b>Issue Date:</b> 08/03/15		<b>Prepared by:</b> Vincerra

## 1.0 Purpose

PECO's Counterfeit Part Prevention Policy (CPPP) ensures goods and materials purchased by PECO are known authentic parts. This CPPP is intended to conform to *AS5553A Fraudulent/Counterfeit Electronic Parts; Avoidance, Detection, Mitigation, and Disposition*. PECO seeks to prevent counterfeit or fraudulent parts from entering the supply chain, to detect such parts if present, and to quarantine such parts if discovered.

## 2.0 Scope

All instances of suspect or confirmed fraudulent/counterfeit EEE parts are reported internally per *OP09120 Control of Nonconforming Product* and as appropriate to customers, government reporting organizations, industry supported reporting programs, and authorities having jurisdiction. This CPPP is incorporated where referenced in PECO documentation. Acceptance of the referenced document, whether via PECO PO, or via contract, constitutes acceptance of the terms of this CPPP. As used herein, "Seller" refers to the person or entity selling goods or materials to PECO; "PECO" or "Buyer" refers to PECO, Inc.; "OCM" refers to the Original Component Manufacturer.

## 3.0 Definitions

For purposes of this CPPP, terms are defined as follows per *AS5553* in its latest revision:

### 3.1 "Approved Supplier":

3.1.1 Suppliers determined to provide an acceptable fraudulent/counterfeit parts risk mitigation process must comply with the Supplier Survey Package in order to be added to the Approved Supplier List (ASL) per *OP08020 Supplier Qualification*.

### 3.2 Electrical, Electronic, and Electromechanical (EEE) Part:

3.2.1 Electrical, electronic, and electromechanical parts are components designed and built to perform specific functions, and are not subject to disassembly without destruction or impairment of design use.

### 3.3 "Known Authentic Part":

3.3.1 A part which has either been purchased directly from the manufacturer, their authorized distributors, or authenticated by the manufacturer with supporting documentation.

### 3.4 "Authorized Supplier/ Distributor":

3.4.1 The original component manufacturer (OCM); original manufacturer's authorized distributor; any other source where PECO has approved of

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such source in writing in advance of Seller’s purchase . All goods must meet specification as referenced on PECO bill of materials (BOM).

**3.5 “Counterfeit Parts”**

A fraudulent part 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 the intent to mislead, deceive, or defraud.

**4.0 Policy and Procedure**

- 4.1 Seller shall have a fraudulent /counterfeit EEE parts control plan that documents its processes used for risk mitigation, disposition, and reporting of suspect or confirmed fraudulent/counterfeit EEE parts and or assemblies containing such parts where deemed necessary by PECO, Inc. In such case, the Seller shall implement a counterfeit electronic parts detection avoidance system consistent with the requirements of the latest dated version of AS5553.
- 4.2 Seller is responsible to maintain positive specific traceability for all materials through the supply chain from the OCM to PECO with accurately documented handling, packaging, and storage history.
- 4.3 Seller is responsible to ensure that all sub-suppliers comply with these CPPP requirements and to include the requirements of this CPPP Policy in any subcontract at any tier. Seller assumes liability for conformity to this policy for all materials supplied to PECO by the Seller.
- 4.4 Seller agrees to provide PECO with notice in writing if Seller is not an original or franchised source for any item or any material contained in any item listed on such order. In the case of a Contract Manufacturer, the Seller must seek pre-approval from PECO for any material that is not purchased from an original or franchised source.
- 4.5 Seller is required to quarantine any Counterfeit goods discovered, notify the PECO Buyer, and to take steps to prevent recurrence.
- 4.6 If Seller sells or otherwise furnishes PECO with any Counterfeit Item, whether as a finished good or as part of an assembly, PECO retains the right to impound such items, in which case Seller shall promptly replace such items with items acceptable to PECO. In such case, Seller shall be liable to PECO for all costs relating to impoundment, removal, replacement and proof of physical destruction; and PECO may withhold payment for any Counterfeit Items.
- 4.7 Seller acknowledges that any willful act to falsify, conceal or alter a material fact, or any false, fraudulent or fictitious statement or representation in connection with

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goods or services provided to PECO may be punishable in accordance with applicable law and, in some circumstances, could result in criminal penalties.

- 4.8 PECO is registered with GIDEP (Government-Industry Data Exchange Program):
  - 4.8.1 Upon identification of suspect or confirmed fraudulent/counterfeit parts, PECO shall provide timely (within 60 days) notification to the reporting service organizations (e.g., GIDEP) and to the Authority Having Jurisdiction (as applicable).
- 4.9 PECO reserves the right(s) to:
  - 4.9.1 Audit the traceability and physical inspection results on a periodic basis at the discretion of PECO.
  - 4.9.2 Inspect and test all goods sold or otherwise provided to PECO, at all times and places before or after acceptance.
  - 4.9.3 Ensure that remedies reserved in this CPPP shall be cumulative and additional to any other remedies provided by law, by equity, or by any contract between the Seller and PECO. A waiver of a breach of any provision hereof shall not constitute a waiver of any other breach.

## 5.0 Reference Documents

- 5.1 OP08020 Supplier Qualification
- 5.2 OP09120 Control of Nonconforming Product
- 5.3 AS5553A Fraudulent/Counterfeit Electronic Parts; Avoidance, Detection, Mitigation, and Disposition

## 6.0 Revision History

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Rev #	Name	ECN #	Change Date	Character of Change
A	M. Loescher	10373	03/30/2011	Initial release.
A	Mallory	11102	04/18/2012	Apply new document format per OP09060.Document & Data Control. Grammatical line edits applied to 4.3 and 4.7; all other content remains unchanged.
B	Schelert	13179	07/27/15	Revises entire procedure to conform with AS5553A, retaining only some clauses from "Requirements." Remove time-date stamp. Add new PECO-Astronics logo.