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	<b>Prepared By:</b> Abeer Sharawi, Quality Assurance Manager	<b>Orig. Issue:</b> 5/15/2012
	<b>Approved By:</b> Ian Crawford, President	<b>Current Issue:</b> 2/10/2015
<b>Subject: COUNTERFEIT PARTS POLICY</b>		

## Purpose

Analog Modules, Inc (AMI) has developed and implemented a Counterfeit Parts Policy to eliminate the exposure of counterfeit parts and components to the company and ultimately to the customer or end user. Counterfeit parts can result in safety and performance issues which cannot be tolerated for high reliability electronics assemblies that are manufactured by the company for the defense, medical and industrial industries where continued performance is required.

The purpose of this policy is to implement the following standardized practices:

1. Maximize the availability of authentic material.
2. Procure material from reliable sources.
3. Assure authenticity and conformance of procured material, including methods of certification, traceability, testing and inspection appropriate to the item in question.
4. Control material identified as suspect, fraudulent, or counterfeit.
5. Report suspect, fraudulent, or counterfeit to other potential users using industry and government established notification methods.

## Application

This policy applies, as directed, to the functional department as specified herein.

## Terms and Definitions

For the purposes of this document, the terms and definitions stated in ISO 9000, SAE AS5553, SAE AS6174 and SAE ARP6178 shall apply.

## Policy

AMI is committed to eliminating the entry of counterfeit electronic components into our facility by using factory-direct or their authorized distributors as approved vendors for component procurement. This practice may require the purchase of large quantities (minimum buys) or long lead times, which may not work well for projects driven by short deliveries, cost or applications where components have become obsolete. Device obsolescence has caused an increase in the scarcity and price of critical components, especially those used in military systems. Concerning these issues, there may be occasions where AMI is required to resort to non-franchised distributors, but only after receiving Division Vice President and/or customer approval.

The organization has developed and implemented a fraudulent/ counterfeit materiel control plan that

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documents the required processes for risk mitigation, disposition, and reporting of suspect or confirmed fraudulent/ counterfeit materials and parts and assemblies containing such parts.

## **Personnel Training**

Relevant personnel shall be trained as appropriate to their function, in the awareness, avoidance, detection, mitigation and disposition of suspect/fraudulent/counterfeit material. Personnel shall include to the degree determined; management of programs, projects, procurement, quality assurance, inspection, receiving, manufacturing and engineering activities.

The following documents shall be used as guidelines and a basis for personnel training as related to the individual activity:

- AS6174- Appendix A thru Appendix F
- AS5553- Appendix A thru Appendix G
- IDEA STD-1010 Review of Standard/ Counterfeit Mitigation and Inspection Training/ Inspector Certification
- Aerospace Report No. TOR-2014-02200 Appendix A

- **Parts Availability Process**

Maximize availability of authentic, original designed and qualified parts throughout the product's life cycle, including, for example:

- Control of obsolescence parts
- Alternate/multiple sources
- Identify acceptable substitutions
- System redesign
- Lifetime buy practices

- **Procurement Process**

- Assess potential sources of supply to determine the risk of receiving non-authentic parts.
- Mitigate risks of procuring counterfeit parts from sources other than OCMs or authorized suppliers.
- Factor risk of receiving non-authentic parts into the source selection process.
- Include applicable contract/purchase order quality requirements related to counterfeit parts prevention.
  - Certificate of Conformance
  - Mandatory product test and inspections
  - Supply chain traceability
  - Specify contractor flow down of applicable quality requirements to their subcontractors
  - Require product liability insurance from authorized suppliers and independent distributors
  - Specify that disclosure is required, in writing at the time of each individual quotation whether or not the source of supply is authorized (franchised) for the part(s) being quoted and whether or not is providing full manufacturer's warranty on the quoted part(s)
  - Detection of suspect or confirmed fraudulent/ counterfeit EEE parts prior to formal part acceptance.

(Reference: [BP000063, Section XVI, Non-Franchised Distributor](#))

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(Reference: [AS5553, Sections 4.1.4](#), 4.1.5)

(Reference: [AS6174, Sections 3.1.2](#), 3.1.3, 3.1.4)

- **Product Assurance Process**

Verify receipt of authentic conforming parts, commensurate with product risk. Product risk is determined by the criticality of the part and the assessed likelihood of receiving a non-authentic part. Product assurance actions include review of data deliverables, verification of purchase order quality clause compliance, visual inspection and may include measurements, non-destructive evaluation (e.g., x-ray, hermeticity, marking permanency) and destructive testing (destructive physical analysis, thermal cycling, construction analysis).

(Reference: [BP000066, Receiving Non-Franchised Distributor Components](#))

(Reference: [AS5553, Sections 4.1.6](#), 4.1.8)

(Reference: [AS6174, Sections 3.1.6](#), 3.1.7)

- **Material Control and Disposition Process**

- Counterfeit parts

- Identify and quarantine suspect or confirmed counterfeit components
- Confirm conclusively whether the parts are authentic or counterfeit. This may include further part-level testing or communication with the parts' (supposed) OCM.
- Upon confirmation that a part is counterfeit, identify and place on "Hold" all potential additional counterfeit parts in storage and identify installed counterfeit parts pending disposition by appropriate authorities.
- Destroy, and/or submit to investigative authorities confirmed counterfeit parts.

- Authentic parts purchased from a non-franchised distributor

- Identify part with special AMI Lot numbers (B) and segregate from standard components.
- Contract review will identify programs where non-franchised components are the only available option for assemblies, as identified on the assembly BOM.
  - Division Vice President will determine if customer notification or approval is required.
- The stockroom personnel will notify the Division Vice President of any non-franchised type components required for a Work Order in which standard .0 components were previously used.
  - Division Vice President will determine if customer notification or approval is required.
- Traceability of the non-franchised components can be monitored or identified by the Inventory Transaction Report provided from our Automated Manufacturing and Accounting Program.

(Reference: [MI060001, Kitting Instructions](#))

**FORMS:**                    [PP000006F1, Approved Non-Franchised Distributors](#)

**REFERENCES:**

The following documents form a part of this policy to the extent specified herein. The latest issue of the documents shall apply unless otherwise specified.

SAE Aerospace Standard AS5553, Fraudulent/Counterfeit Electronic Parts; Avoidance, Detection,

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Mitigation, and Disposition

SAE AS6147, Counterfeit Material; Assuring Acquisition of Authentic and Conforming Material

SAE ARP6178, Fraudulent/Counterfeit Electronics Parts; Tool for Risk Assessment of Distributors

IDEA-STD-1010, Acceptability of Electronic Components Distributed in the Open Market

Aerospace Report No. TOR-2014-02200 Appendix A