

Counterfeit Materials Prevention Policy Risk Mitigation Statement

- **Policy Statement** - Ames Rubber Manufacturing (ARM) is committed to preventing the introduction of counterfeit parts and materials into our products. ARM has business processes in place in order to prevent the procurement, receipt and use of counterfeit or suspect counterfeit parts or materials. The objective of this policy is to avoid counterfeit parts entering in ARM's supply chain and products, using recommendations and guideline of **SAE Standard AS5553**. This control plan shall be maintained, updated, and sustained based on evolving counterfeiting techniques and trends.

These processes include policies and procedures for training personnel, designing and maintaining systems to mitigate risks associated with parts obsolescence, making sourcing decisions, prioritizing mission critical and sensitive components, ensuring traceability of parts, developing and maintaining lists of qualified suppliers, flowing down requirements to subcontractors, inspecting and testing parts, reporting and quarantining suspect counterfeit materials and taking preventative and corrective action as required to maintain the integrity of ARM's supply chain.

- **Counterfeit Products Definition** - Counterfeit products are defined as being those materials and parts that are an unauthorized copy, imitation, unauthorized material substitution, or modified parts that are knowingly misrepresented in their origins or quality with the intent to mislead or defraud by presenting the imitation as original or genuine.
- **Purchasing – Procurement Control** - ARM will utilize purchasing controls to procure materials that are manufactured by the original component manufacturers or their authorized distributors. All qualified vendors are included in an approved vendor list (AVL). Vendor Controls include:
 - 3rd Party Accreditation, Surveys, audits, product inspections, qualification testing and risk assessments.
 - Suppliers are asked to provide Certificate of Conformance (CoC) that includes Manufacturer name, address, part number and distributor if applicable, certifying that the materials and parts supplied are new and original.
- **Traceability** - ARM quality requirements are specified on each purchase order and include traceability requirements which are verified at receipt. Records retention requirements ensure that traceability is maintained.
- **Training** - ARM employees associated with incoming inspection and production are trained to visually identify materials and parts that might not be original and could be suspect for counterfeit parts. Additionally, specific functional training is provided, as applicable, based on employee roles and responsibilities. Any suspect observations will be brought to the attention of the Operations Manager.
- **Inspection, Quarantining & Reporting** - In order to preserve purchase and quality requirements, ARM performs incoming inspection per documented and audited processes. Quality performance records on every vendor are maintained and adjustments to inspection criteria are made as needed.

If it is suspected that there is a possibility of any part or material being counterfeit, such parts or materials will be removed from the receiving area, stock room, or production floor and will be segregated in a separate area for investigation. Such parts will be clearly labeled with a red tag for review by the ARM Material Review Board (MRB).

Purchasing and Quality Departments will be notified about the suspect parts or materials. Quality will further investigate the suspect parts and actions will be taken as warranted on a case-by-case basis.

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- **Customer Notification of a Counterfeit Part** - In the event that a customer has received products with counterfeit parts or materials, the customer will be notified of such incidents and arrangements will be made to recall such products for corrective action. Any materials or products in stock with such counterfeit components will be reworked or scrapped as per the corrective action to remove counterfeit materials from the finished goods in order to prevent their return to the supply chain.
- **Reporting** - If an item is confirmed to be a counterfeit part, management is responsible for reporting the incident to the Government Industry Data Exchange Program (GIDEP), and various government investigative and law enforcement agencies as applicable.
- **Supplier Responsibilities for Preventing Counterfeit Parts Proliferation** - All ARM Suppliers are to review AS5553 – Counterfeit Electronic Parts; Avoidance, Detection, Mitigation and Disposition, and actively cooperate with ARM in the implementation of this policy to eliminate counterfeit materials and components from all products.

Approved by:

Chris Dittes

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