

**Elscott Quality Clause
EQC-04
COUNTERFEIT MATERIAL
CONTROL**



EQC-04 COUNTERFEIT MATERIAL CONTROL

All sections of this Quality Clause are a requirement of this Purchase Order unless otherwise approved in writing by the Elscott Procurement Agent.

1.0 Purpose

- 1.1 To define the process and responsibilities for requirements associated with counterfeit product avoidance. All Elscott Suppliers/Vendors shall maintain a Counterfeit Item risk mitigation process internally and with its suppliers.

2.0 Reference

- 2.1 SAE AS5553: Counterfeit Electronic Parts Avoidance, Detection, Mitigation and Disposition
- 2.2 SAE AS6174: Counterfeit Material; Assuring Acquisition of Authentic and Conforming Material

3.0 Requirements

- 3.1 Certificate of Conformance; All Suppliers/Vendors required to provide a C of C SHALL
 - 3.1.1 Include all sub-tier supplier certifications for any materials used in the manufacture of supplied item (ALL RECORDS SUPPLIED SHALL BE CLEAR, LEGIBLE, TRACEABLE AND INCLUDE AUTHORIZATION SIGNATURE)
 - 3.1.2 Declare actual manufacture of said material ie OEM, if not, Supplier/Vendor must provide compelling evidence of Authorization to provide or produce said material.

**Elscott Quality Clause
EQC-04
COUNTERFEIT MATERIAL
CONTROL**

- 3.1.3 Purchase material directly from OEM or from Authorized Distributors.
- 3.1.4 If the use of a Broker is required, they must be authorized Brokers and Elscott's written approval shall be obtained to use the Broker and for authentication test/analysis requirements (using AS5553 as a guide).
- 3.1.5 Request for the use of a Broker shall be documented and include;
 - 3.1.5.1 A complete and compelling support for any request to procure from sources other than OEMs or OCMs or their Authorized Distributors
 - 3.1.5.2 All actions completed to ensure the parts thus procured are not Counterfeit Items.
 - 3.1.5.3 Results of authentication test and analysis conducted (using AS5553 as a guide). For electronic components.
 - 3.1.5.4 Traceability with identification of all supply chain intermediaries wherever such traceability exists.

4.0 Definitions

4.1 **Counterfeit Item**— is defined to include, but is not limited to;

- 4.1.1 An item that is an illegal or unauthorized copy or substitute of an Original Equipment Manufacturer ("OEM") or Original Component Manufacturer ("OCM") item;
- 4.1.2 An item that does not contain the proper external or internal materials or components required by the OEM or OCM or that is not constructed in accordance with OEM or OCM design, but is represented as such;
- 4.1.3 An item or component thereof that is used, refurbished or reclaimed but the Seller represents as being a new item;
- 4.1.4 An item that has not successfully passed all OEM or OCM required testing, verification, screening and quality control but that Seller represents as having met or passed such requirements; or

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4.1.5 An item with a label or other marking intended, or reasonably likely, to mislead a reasonable person into believing a non-OEM or OCM item is a genuine OEM or OCM item when it is not.

4.2 Original Component Manufacturer (OCM), Original Equipment

Manufacturer (OEM) – Companies which design parts and products, hold Intellectual Property Rights, manufacture (or consigns manufacturing), and may authorize or license the sale of the product to other companies, typically an Authorized Distributor. For the purposes of this plan, the term Original Equipment Manufacturer (OEM) is used interchangeably for both.

4.3 Authorized Distributor – A distributor with which the OEM has a contractual agreement to stock, repackage, sell and distribute its product lines. Authorized Distributors normally offer the product for sale with full manufacturer flow-through warranty.

4.4 Broker – A supplier which is not authorized or under the oversight of the part's OEM. These companies typically do not offer an item with the full manufacturer's warranty. These companies are also referred to as Independent Distributors, Non-Authorized Distributors, Non-Franchised Distributors or Non-Authorized Suppliers, but they will be referred to as Brokers within this plan.

4.5 GIDEP - Government-Industry Data Exchange Program (GIDEP) is a cooperative activity between government and industry participants seeking to reduce or eliminate expenditures of resources by sharing technical information.

4.6 ERAI – Electronic Resellers Association International (ERAI) is a privately held global trade association that monitors, investigates, reports, and mediates issues affecting the global supply chain of electronics, including suspected Counterfeit and substandard parts.