



**MACHINE & DEVELOPMENT CO., INC.**  
A Company for the 21st Century

## **COUNTERFEIT PARTS PREVENTION POLICY**

### **1.0 Purpose:**

This procedure describes the Counterfeit Parts Prevention Policy at A & A Machine & Development CO., Inc.

### **2.0 Scope:**

This procedure applies to all employees.

### **3.0 Responsibility:**

The Director of Quality is responsible for the final review and approval of this procedure. Employees with responsibilities for purchasing, receiving or verifying parts shall also be responsible for compliance to this plan.

### **4.0 Detailed Procedure:**

#### **4.1 Counterfeit Parts Prevention Policy**

The following policy has been reviewed and approved by executive management.

##### **Counterfeit Parts Prevention Policy**

A & A Machine & Development CO., Inc. has adopted this Counterfeit Parts Prevention Policy to eliminate the impact of counterfeit products on A & A Machine & Development CO., Inc. and its customers.

This is a zero tolerance Policy against knowingly and intentionally trafficking in counterfeit goods.

To support this policy of ensuring that there is a low risk of counterfeit products entering our supply chain, A & A Machine & Development CO., Inc. maintains processes to ensure purchases are only made directly from the Manufacturer Authorized Distribution.

Should a suspect counterfeit or counterfeit product be found, A & A Machine & Development CO., Inc. shall quarantine such material and report the finding to the supplier and appropriate authorities. This policy shall be communicated, understood, implemented, and maintained at all levels of the Organization.

This policy shall be posted on A & A Machine & Development CO., Inc. Web Site. This Policy shall also be communicated to all pertinent employees through training meetings.

#### **4.2 Counterfeit Parts Prevention Policy**

This plan has been developed to address all the requirements of A & A Machine & Development CO., Inc. and give sufficient detail and/or references to other plans, procedures or records. This plan is for customers and A & A Machine & Development CO., Inc. employees. It shall be posted on A & A Machine & Development CO., Inc. Web Site. It is A & A Machine & Development CO., Inc.'s plan to only perform Authorized Distribution.

### **4.3 Purchasing Preference**

A & A Machine & Development CO., Inc. shall only purchase parts for resell from the Manufacturer or from the Manufacturer's Authorization Distributor, the distributor's authorization with the manufacturer shall be verified and documented.

### **4.4 Commercial and Industrial Parts**

Commercial and Industrial Parts delivered by A & A Machine & Development CO., Inc. shall have a Certificate of Conformance on the A & A Machine & Development CO., Inc. Packing List.

### **4.5 Control of Suspect, Fraudulent and Confirmed Counterfeit Parts**

A & A Machine & Development CO., Inc. has several processes into the QMS that evaluate and minimize the risk associated potential counterfeit product infiltrating into A & A Machine & Development CO., Inc.'s inventory.

#### **4.5.1 Supplier Shipments**

Manufacturers and other Authorized distributors are very low risk for counterfeit. Therefore, inspection shall consist of count, kind, condition and documentation. The Director of Quality shall monitor this risk and revise this plan when warranted. A & A Machine & Development CO., Inc. shall review documents supplied with the shipment and ensure the shipment is from the intended supplier per the Purchase Order.

#### **4.5.2 Disposition of Parts Deemed Suspect, Fraudulent or Counterfeit**

Suspect Fraudulent and Counterfeit parts are treated as non-conforming product per A & A Machine & Development CO., Inc. and dispositioned per non-conformity procedures in Returns and Products.

- a. Records of the disposition shall be maintained
- b. Suspect Parts may be returned to the Manufacturer for analysis and disposition to confirm their status as counterfeit or not counterfeit.
- c. Confirmed Counterfeit Parts shall not be returned to the Customer and may be retained for investigative or training purposes. The Organization shall quarantine the Parts for 5 years, or longer, if required by legal requirements.
- d. After 5 years or when legal requirements allow, the confirmed Counterfeit Parts shall be scrapped.

#### **4.5.3 Re-stocking Prohibition**

Suspect, Fraudulent or confirmed Counterfeit Parts shall not be reintroduced into the supply chain, restocked nor returned to the Manufacturer in a stock rotation.

The Organization shall not restock product into its Authorized Inventory that was not purchased from the Authorized Distribution Channel.

### **4.6 Training**

Employee in Asset Management, Products and Warehouse shall be trained on their processes to prevent counterfeit. The training shall be documented in training requirements per applicable position.

#### **4.7 Scrap Control in Authorized Distribution**

Scrap Control is documented in the AS9100C scrap procedures.

#### **4.8 Reporting**

Reporting on confirmed counterfeit parts shall be authorized by the Director of Quality. The Director of Quality shall make appropriate reports to executive management, affected Customers and affected Manufacturer. Confirmed counterfeit can only be determined by the Manufacturer.

#### **4.9 Audits**

This Counterfeit Parts Prevention Policy and reference processes are listed and scheduled for internal audit. This also makes the plan part of A & A Machine & Development CO., Inc.'s QMS and subject to our third-party registrar to AS9100.

#### **4.10 Counterfeit Awareness**

The Director of Quality is responsible for keeping informed on current counterfeited information and trends, including detection and avoidance techniques contained in appropriate industry standards, and using such information and techniques for continuously upgrading internal processes.