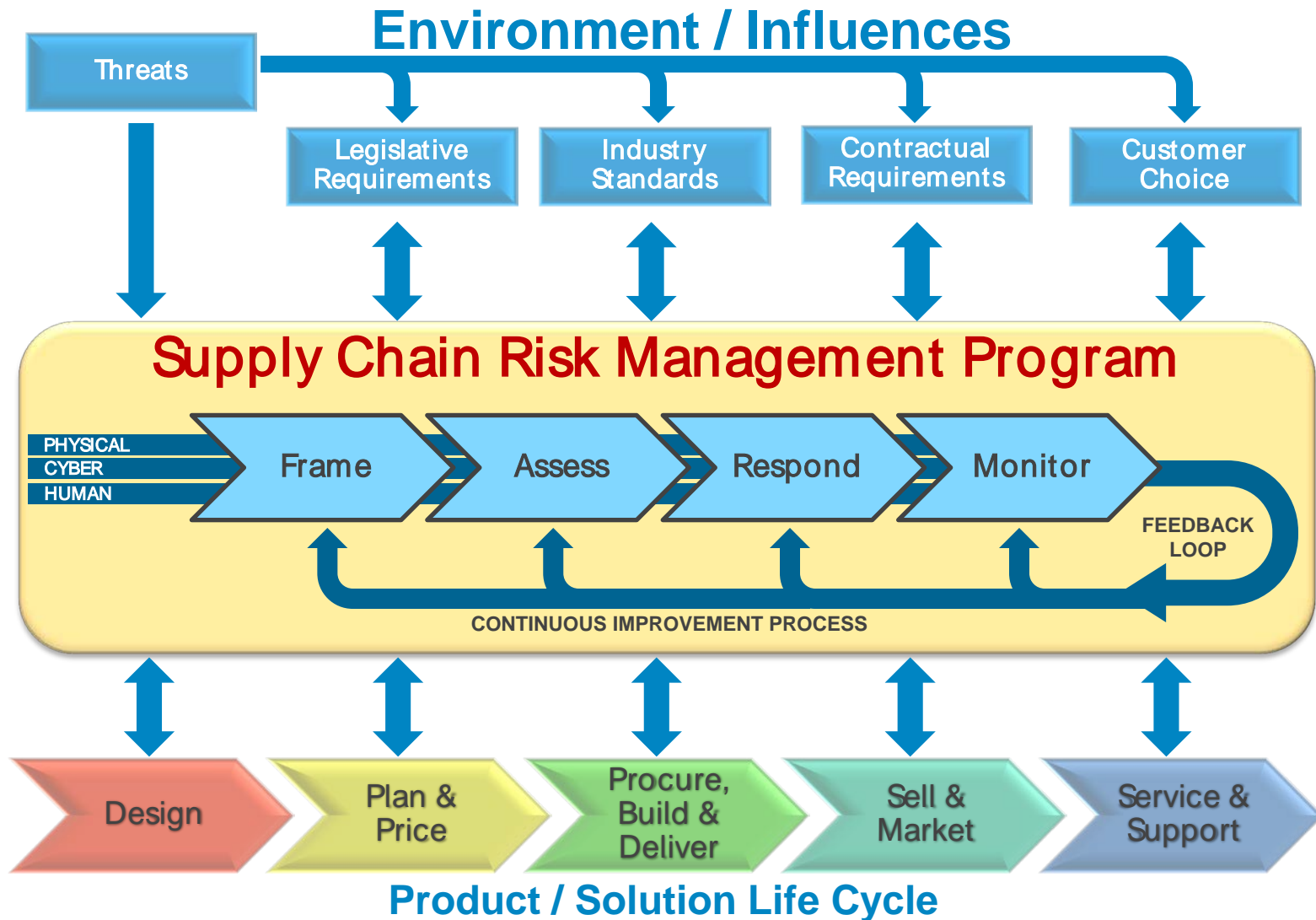

Anti-Counterfeiting in the Supply Chain



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Supply Chain Risk Management



Deploy a strategy of defense-in-depth and defense-in-breadth to avoid and detect counterfeit components in the supply chain.

Procurement Anti-Counterfeit Program:

- ❖ **Supplier Selection Process**
- ❖ **Contract Requirements & Procurement Practices**
- ❖ **Parts Qualification Procedures**
- ❖ **Process Controls & Governance**



Supplier Selection Process

Use a rigorous supplier selection process and a structured qualification program to ensure that only approved suppliers design, develop and manufacture products.

- ❖ Utilize a defined supplier selection process for key suppliers that consists of surveys, onsite audits, sample product evaluations, and product build capability assessments
- ❖ Administer clearly defined qualification tests prior to engaging in any business with key suppliers
- ❖ Verify the suppliers' capability to manage and control sub-tier supply chain partners' adherence to specific flow-down requirements
- ❖ Employ a selection/award process that considers factors other than which supplier has the lowest bid



Contract Requirements and Procurement Practices

Procurement contracts and buying procedures provide significant mitigation against the introduction of counterfeit components

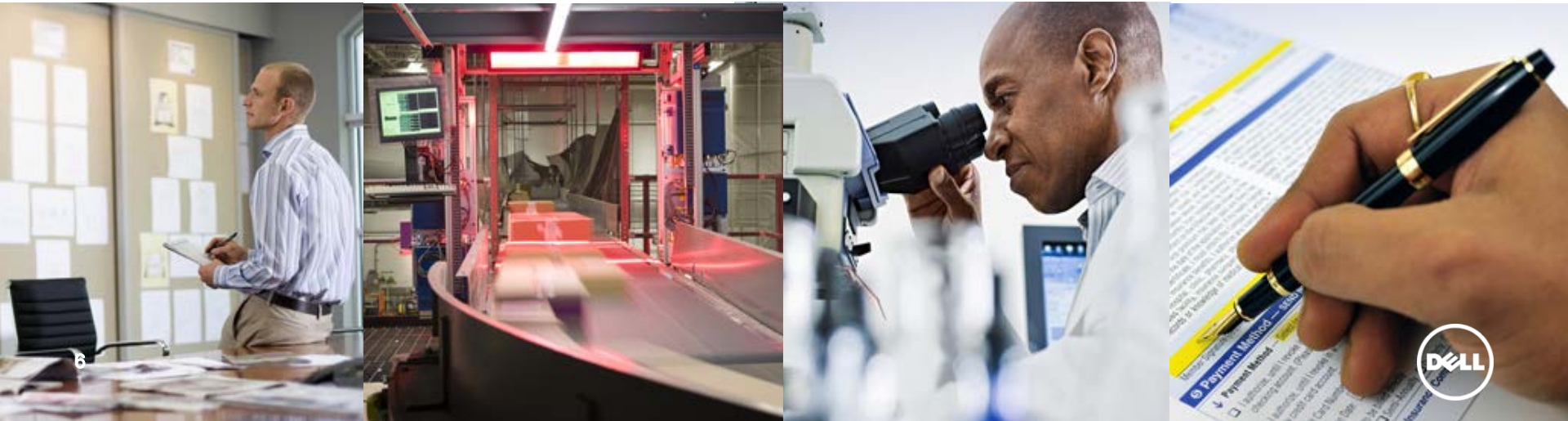
- ❖ Incorporate specific language in RFIs (Requests for Information), RFQs (Requests for Quotes), and master purchasing agreements or contracts that drive supplier behavior to help detect and prevent counterfeit components from entering the supply chain
- ❖ Require suppliers to pass along specific requirements to their suppliers
- ❖ Require key suppliers to comply with specific standards as appropriate (ISO, TAPA, C-TPAT, etc.)
- ❖ Limit potential exposure to counterfeit parts by purchasing key components directly from the original manufacturers or their authorized resellers



Parts Qualification Procedures

Product qualification procedures should be carried out to ensure that the suppliers adhere to Bill of Material, Approved Vendor List, and product specifications

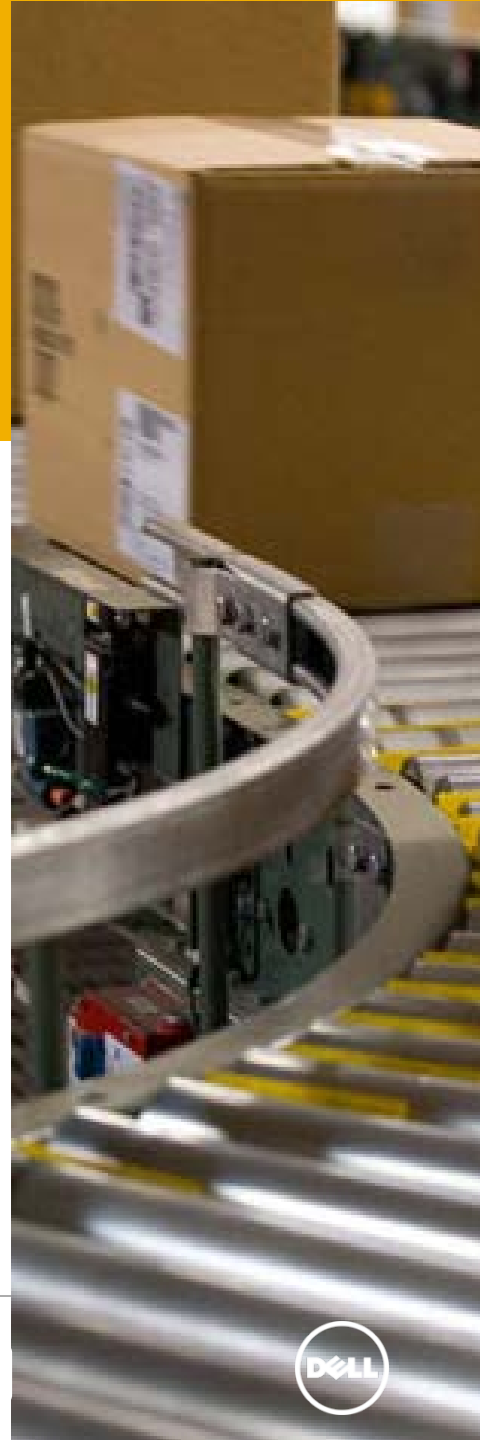
- ❖ Provide strict guidance on the specifications and requirements for each component in the product through the Bill of Material. Deviations from the specifications must be approved.
- ❖ Verify that suppliers are in compliance with Approved Vendor List requirements with their sub-tier supplier sourcing



Process Controls & Governance

Supplier Quality and Operations teams should drive strict discipline and governance in manufacturing to provide assurance of supply chain integrity

- ❖ Use a phase-gate process to manage approvals and drive rigor in every stage of new product introduction
- ❖ Require continuous monitoring of key process indicators and other critical factory data
- ❖ Verify unique physical and electronic identifiers on specific components to provide parts traceability, limiting opportunities for counterfeits to enter the supply chain
- ❖ Conduct audits regularly to ensure supplier processes are compliant with requirements





The power to do more