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ThermoElectric Cooling America Corporation Counterfeit Avoidance Plan (TECA Corp.)

- 1.0 Purpose:** The procedures in this document make up TECA's Counterfeit Avoidance plan. TECA's plan follows SAE standard AS5553B.
- 2.0 Scope:** The procedures in this document apply company-wide.
- 3.0 Application:** Overlap necessarily exists between the procedures outlined here and procedures outlined elsewhere in TECA's Quality system. However, this document aims to clearly outline for our customers specific procedures in TECA's counterfeit avoidance plan.
- 4.0 Counterfeit Avoidance Plan:**
 - 4.1 General Requirements:** TECA shall develop, maintain, and document processes for control of electronic components per AS5553B. The processes shall include avoidance, detection, risk mitigation, disposition, and reporting of counterfeit electronic parts. TECA will implement and document best practices for purchasing parts, verification of incoming parts, in-line investigation of parts, and parts control/traceability.
 - 4.2 Training:** All employees are responsible for understanding the counterfeit parts threat. Appropriate training shall be provided to employees directly involved in engineering, purchasing, production, receiving, quality control and assembly. Training shall include the broad requirements of this plan and, as appropriate to an employee's role, detailed requirements of this plan such as but not limited to documentation procedures, detection criteria, etc.
 - 4.3 Avoidance:** Processes for avoiding purchase and receipt of counterfeit parts are rigorous, appropriate to the risks related to the parts supplier and the criticality of a customer's requirements. TECA's design documentation and purchasing documentation will indicate Original Component Manufacturer part numbers. TECA's preferred method of purchasing is to do so directly from the OCM. The OCM's authorized distributors will be purchased from if direct buy from the OCM is not possible. TECA will design and purchase from customer approved sources when the customer requires such sources.
 - 4.3.1 Design:** TECA's product designs, when specifying electronic components, shall only identify Original Component Manufacturer (OCM) part numbers. Distributor part numbers shall **never** be specified

in TECA's product designs or related design documentation, production documentation, or within purchasing requests.

4.3.2 Purchasing: TECA shall purchase electronic parts from Original Component Manufacturers (OCM) or, when unable to purchase direct from the OCM, Authorized Distributors (authorized by OCM). Seller shall not purchase parts from unauthorized distributors. TECA shall indicate specifically, on all Purchase Orders, OCM part numbers and any other qualifiers or product information that is necessary to meet the assessed risk. In the event a part is not available through the OCM or an OCM-Authorized Distributor, TECA will confer directly with Buyer for instruction. Purchasing will minimize the risk of receiving counterfeit parts by including on Purchase Orders, additional qualifying information when appropriate such as Supplier QMS information, technical specifications, etc.

4.4 Detection: Electronics parts purchased by TECA shall be verified before use to ensure counterfeit parts are not accepted. The verification process shall be appropriately escalated with escalated parts risk. Parts risk is determined by TECA's assessment of both the critical nature of the part and the likelihood of having received a counterfeit part.

4.4.1 Receiving: TECA's receiving department shall inspect all incoming shipments of parts upon receipt to ensure sameness between Purchase Order documents, receiving documents and physical contents and condition of shipment.

4.4.2 In Line Inspection: TECA's production department, including employees with assembly responsibilities, shall inspect electronic parts and recognize suspect parts. Criteria for a suspect part includes, but may not be limited to: apparent modifications, incorrect or suspect markings, differences in size, shape or other apparent differences as compared to known good parts.

4.5 Reporting: TECA shall report internally and externally any counterfeit electronic part. Employees at every level shall be responsible for reporting internally, including employees in receiving, production, assembly, purchasing, engineering, and quality departments. Executive level employees in quality and operations departments shall be responsible for external reporting. This will ensure any affected customers are notified.

4.5.1 Rejection Criteria: TECA can reject a part for any reason deemed appropriate. However electronic parts will certainly be rejected and suspected to be counterfeit under the following criteria.

4.5.1.1 Electronic parts with modified labels or markings misrepresenting form, function, or classification:

Mis-matched markings, C-of-C country differs from part, missing trademark logo, incorrect date stamp, evidence of previous markings, inconsistency in appearance compared to known authenticated part.

4.5.1.2 Electronic parts scrapped by the OEM and subsequently sold as compliant: including parts which arrive in incorrect or suspect boxes/shipping material.

4.5.2 Internal Reporting: Parts that are thought to be suspect at any point in receiving, production, outgoing QC, or at any other time shall be quarantined from regular parts inventory and reported immediately to the appropriate supervisory personnel.

4.5.3 External Reporting: TECA shall immediately determine the likelihood of any suspect part being a counterfeit part. Determination will be done appropriately to the assessed risk and criticality of the part. Any part not accepted by TECA and determined to be, or reasonably suspected to be, counterfeit will be immediately reported to any affected customer as well as (when appropriate) government reporting organizations, industry-supported programs such as ERAI and GIDEP, and investigative authorities.

4.6 Disposition: TECA shall endeavor to abolish counterfeit parts proliferation in the event a counterfeit part is discovered. If parts are determined to be counterfeit or suspected to be so, TECA will directly contact the supplier of the parts and provide TECA's data or other findings supporting the determination. TECA will confer with the supplier for disposition of the parts to prevent re-entry into the supply chain.

4.6.1 Purchasing: TECA will document disposition decisions and outcome in the supplier's Vendor Profile file at TECA, including any change in purchasing preferences or procedures that relate to said supplier.

4.6.2 Shipping & Receiving: TECA employees in shipping and receiving departments, and any employee who comes into contact with packaging material, shall not re-use material and shall destroy any

material with markings that could potentially be reused to misrepresent counterfeit parts in the future.

- 4.7 Parts Control & Traceability:** TECA shall follow risk-based processes that enable tracking of electronic parts from the OCM, whether parts are discrete or in an assembly.
 - 4.7.1 Obsolescence:** TECA shall actively maintain obsolescence data and relevant information on electronic parts which are specified in TECA product designs. This will maximize TECA's availability of good parts and reduce the risk of receipt of counterfeit parts.
 - 4.7.2 Recall:** In the event a counterfeit part is identified or suspected after incorporation into a TECA product, TECA's traceability system shall be able to identify by serial number, any TECA product which includes the problem part.
- 4.8 Supply Chain Requirements:** In addition to regular quality procedures and specific counterfeit-avoidance procedures, TECA shall demand the flow down of counterfeit detection and avoidance requirements to our entire supply chain.