

QNP	Counterfeit Avoidance & Mitigation: OP-84-03 rev A
Counterfeit Avoidance & Mitigation	<p>Effective Date: 9/4/18 Owner Approval by Andrew Adams, QA Manager, on 9/4/18 Management Approval by Craig O. Garneau, President on 9/4/18</p> <p><i>Printed copies of this document are for information purposes only and are uncontrolled. Printed copies are not valid after the date of printing.</i></p>

1. PURPOSE

To establish a consistent process to prevent the purchase and use of counterfeit materials and meet the requirements of AS6174.

The process is intended to maximize the availability of authentic, originally designed and/or qualified parts/material throughout QNP's product's life cycle, including the management of part/material obsolescence.

Additional information and guidance for ensuring parts/material availability is provided in AS6174.

2. APPLICABLE FORMS OR REFERENCES

The table below identifies the code number and title of documents and references applicable to this procedure;

Form/Reference Number	Title
AS9100	Quality Management Systems - Requirements for Aviation, Space and Defense Organizations
AS6174	Counterfeit Materiel; Assuring Acquisition of Authentic and Conforming Materiel
OP-84-01	Purchasing
OP-84-02	Verification of Purchased Product
OP-87-01	Control of Nonconforming Outputs
FM-84-01	Approved Vendor List/Form

3. Terms and Definitions

Term	Definition
Material	Material in this procedure refers to raw materials, supplies, parts, assemblies, and other procured items.
Manufacturer	Manufacturer in this procedure refers to the point of origin of any material covered by the AS6174 standard, including factories, mills, foundries, mines, chemical plates, laboratories, etc.
Suspect Material	Material, items, or products in which there is an indication by visual inspection, testing, or other information that it may meet the definition of fraudulent material or counterfeit material provided below.
Fraudulent Material	Suspect material misrepresented to the customer as meeting the customer's requirement.
Counterfeit Material	Fraudulent material that has been confirmed to be a copy, imitation or substitute that has been represented, identified, or marked as genuine, and/or altered by a source without legal right with intent to mislead, deceive or defraud.
Broker Distributor	A type of independent distributor that works in a "Just in Time" (JIT) environment. Customers contact the broker distributor with requirements identifying information such as the part number, quantity, target price, and date required. The broker distributor searches the industry and locates parts or other material that meet the target price and other customer requirements.
Certification of Conformance (CoC)	A document provided by a supplier formally declaring that all buyer purchase order requirements have been met. The document may include information such as manufacture, distributor, quantity, lot and/or date code, inspection date, etc., and is signed by a responsible part for the supplier.
Open Market	The trading market that buys or consigns primarily original manufactures' and contract manufactures' excess inventories of new material and subsequently utilizes these inventories to fulfill supply needs of other original manufactures and contract manufactures, often due to urgent or obsolete material demands.

4. Responsibility

The tables below identifies the people and their responsibilities relating to this procedure.

Quality Assurance Manager	Provide oversight and training related to the implementation of this operating procedure.
	Notify customers within 24 hours if QNP becomes aware or suspects that it has furnished counterfeit product. The format and method of communication shall be based on customer requirements.

Engineering Personnel	Ensure that drawings, specifications, processes, or other descriptions identify the applicable type, class, style, part number, manufacture, or other related information so the correct product can be identified.
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Purchasing Agents	Procure the correct parts/materials using the applicable drawings, specifications, descriptions, Engineer's guidance or other information to ensure the product meets the customer's requirements and the intended use. The purchasing process is performed in accordance with OP-84-01, Purchasing
	Maintain a list of approved suppliers which documents their scope of approval in order to minimize the risk associated with the supply and/or receipt of counterfeit parts/material. Reference: Approved Vendor List FM-84-01
	Place a priority on obtaining material direct from the mill source, original manufactures, authorized suppliers, or other legally authorized sources on the Approved Vendor List.
	Specify on purchase orders that the contractor should include with each shipment the raw materials manufacture's test report and/or certification (e.g., mill test report) that states the lot of material furnished has been tested, inspected and found to be in compliance with the applicable material specification. The test specimen should come from the same thickness/diameter that is being supplied

Purchasing Agents (Continued)	<p>Flow down the following information on the Purchase Order as applicable:</p> <ul style="list-style-type: none"> • Specifications including revision numbers or letters to which the material has been tested and/or inspected to • Heat or Lot numbers • The material specifications requires quantitative limits for chemical, mechanical, or physical properties, the test report shall contain the actual test and/or inspected values contained.
	<p>Require manufactures to provide certifications with each shipment, in order to demonstrate that all required processing (e.g., forming, heat treating, thermal cycling, conversation, etc.) has occurred and the results meet all specification and testing requirements.</p>

Receiving Inspection Personnel	<p>Examine, inspect, and/or control the parts/materials in accordance with OP-84-02, Verification of Purchased Product, for the purpose of identifying or mitigating the receipt and/or use of counterfeit parts/material.</p>
	<p>Examine the CoC or other documentation for authenticity and applicability to the delivered material, including:</p> <ul style="list-style-type: none"> • Lot and/or date codes on the packaging that do not match the lot and/or date codes on the material • Review logos, trademarks and other identifying marks to ensure they match manufacturers' marks as applicable. • Changes to or irregularities in the documentation and/or paper trail • Material identification on the CoC or other document that does not match the material identification on the Purchase Order. • Materials that are inconsistent with the description on the supplied documentation <p>If there is an elevated concern for product integrity, it may be possible to verify with the manufacture that date, lot codes, heat number, thickness listed on the CoC or other documentation are valid.</p>

5. Altered/Processed Materials

If a material was altered (e.g., forged, rolled, heat treated, etc.) subsequent to procurement from the original material source and prior to delivery, the manufacture should provide with each shipment an independent laboratory test certifying that the material complies with the requirements and the test report should contain all of the following information:

- Lot/heat/batch/date code
- Purchase order number under which material was supplied

6. Control of Scrap or Suspect Material

6.1 - Scrap Material - Material that has been found to be nonconforming or otherwise unsuitable for use shall be controlled per OP-87-01 Control of Nonconforming Outputs.

6.2 - Control of Suspect of Confirmed Counterfeit Material

In the event that product assurance actions, in-process inspections/tests, or product failure experiences indicate that material may be counterfeit, the following steps should be implemented:

1	Physically identify the material as suspect/counterfeit material (e.g., tag, label, mark).
2	Physically segregate the material from acceptable non-suspect material and place in quarantine. Quarantine should consist of physical barriers and controlled access.
3	Do not return the material to the supplier for refund, replacement, etc., except under controlled conditions which would preclude resale of the suspect counterfeit material into the supply chain, and to allow the supplier to conduct internal investigation.
4	Confirm conclusively the authenticity of the material. This may include further tests, communications with the material's supposed manufacturer, third-party analysis, etc.
5	Upon confirmation that material is counterfeit, identify and place a "HOLD" on all potential additional counterfeit material in storage and used in product pending disposition by appropriate authorities.
6	Report counterfeit material to the appropriate regulatory agencies and customers as applicable. E.g.: Government Industry Data Exchange Program (GIDEP), UTC Member Companies.

7. Risk Assessment and Surveillance Frequency

Source	How Likely is the Risk Cause to Occur?	Recommended Surveillance Frequency	Counterfeit Risk Cause Likelihood
Distributor with a history of providing suspect counterfeit material, fraudulent activity	Likely to occur	Quarterly	High
	Performance data shows evidence of an inability to meet the contractual requirements.		
	The material is extremely difficult to obtain		
Open Market Purchase	Probable or likely to occur.	Semiannually	Medium
Non-Authorized/Non-Franchised Distributor	No data available to show the suppliers' ability to meet contractual requirements	Semiannually	
Non-Authorized/Non-Franchised Distributor with a proven track record Qualified Testing Suppliers List Qualified Suppliers List of Distributors	The material is somewhat difficult to obtain	Semiannually	
Authorized or Franchised Distributors	Unlikely to occur	Annually	Low
Qualified Manufactures List Manufacture on the Qualified Products List Original Equipment Manufactures	Performance data shows evidence that the contractual requirements will be met.	Annually	
Original Component Manufactures Original manufactures	It is a common material and not difficult to obtain.	Annually	

8. RECORDS/OBJECTIVE EVIDENCE

The retention duration for records referenced in this procedure are available on-line in the FM-75-01 Master Document List with Revision History.

Records are maintained in accordance with OP-75-01 Control of Documented Information.

9. REVISION HISTORY

Revision, approved date, effective date, and a document change summary for this document is located on-line in the FM-75-01 Master Document List with Revision History.