

## Supplier Agreement Form:

### Counterfeit Materials Prevention and Detection Process

The Counterfeit component industry has grown, in size and scope, in recent years creating new risk and cost for users of electronic components. It has become necessary for all manufacturers of electronic equipment to certify or inspect all incoming electronic components for authenticity.

#### 1. Scope:

The Process applies to Gems Sensors, Inc. (Gems) Suppliers and their respective sub-suppliers.

#### 2. Definitions:

- a. **Material** – Any part, component part or assembly purchased by Gems and supplied by the Supplier
- b. **Suspect Part** - A part in which there is an indication that it may have been misrepresented by the supplier or manufacturer and may meet the definition of fraudulent or counterfeit part stated below.
- c. **Fraudulent Part** - Any suspect part confirmed to have been misrepresented to the Customer as meeting the Customer's requirements.
- d. **Counterfeit Part** - A suspect part 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 and with the intent to mislead, deceive or defraud.
- e. **OCM** – Original Component Manufacturer, also **OEM** (Original Equipment Manufacturer).
- f. **Franchised Distributor (also Authorized Distributor)** – a distributor that has a contractual agreement with the OCM identifying them as authorized to purchase, stock, re-package, sell and distribute their product.
- g. **Accredited Broker (also Certified Broker)** – a non-franchised distributor that, at a minimum, must be certified to the AS6081 Avoidance of Counterfeit Electronics Part Management System and a member in good standing in at least one of the following organizations: IDEA ([www.idofea.org](http://www.idofea.org)), ERAI ([www.era.com](http://www.era.com)), GIDEP ([www.gidep.org](http://www.gidep.org)), or other organization allowed in writing by Gems.

#### 3. Process:

- a. Gems requires that Suppliers procure component parts directly from an approved OCM or Franchised Distributor.
  - i. Parts may be purchased from a Certified Broker only if the other options are not available.
    1. Supplier should perform due diligence to verify and approve a small number of Authorized Brokers to use when necessary.
    2. Supplier must submit to Gems a Request for Waiver (Gems form #QPF-8.3.1.1) and receive authorization from Gems prior to using or shipping any material procured through an Authorized Broker. Signed waiver should accompany the material shipped to Gems.

- a. If Supplier receives information that a part is at risk of becoming or is obsolete that should be noted on the Request for Waiver form.
    - b. Gems may request additional testing or documentation prior to approval.
  - ii. If any part cannot be procured by Supplier from an approved OCM, Franchised Distributor or Authorized Broker, Supplier should notify Gems immediately and prior to obtaining components from any other source.
    - 1. Gems will work with the Supplier to determine appropriate actions; this may include redesign or Gems authorizing, in writing, a substitute OCM part.
  - iii. Refer to attached Process Flow Chart.
- b. Supplier is expected to implement, maintain, and enforce a Counterfeit Material Prevention and Detection Process in order to assure the authenticity and conformance of purchased parts.
- c. Upon detection of any Counterfeit, Fraudulent, or Suspect Parts, Supplier will immediately notify Gems and implement containment actions. Gems and Supplier will follow all relevant government rules and regulations related to the reporting of counterfeit goods.

By signing below, I certify to Gems Sensors, Inc. that the below identified business (the "Company") is in compliance with the Gems Sensors, Inc. "Counterfeit Materials Prevention and Detection Process."

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Company	Signature
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Title	Print name
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Date

Process Flow Chart

