

Contract Manufacture Counterfeit Part Avoidance Requirements

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1.0 Purpose / Scope / Timing

In accordance to GE Grid Solutions Counterfeit Parts Avoidance Policy, this document outlines the processes to be implemented by Suppliers authorized to procure components and parts from non-franchise distributor on behalf of GE Grid Solutions. Applicable controls from this document have to be applied to the Suppliers' appropriate internal process documents.

1.1 Responsible Roles

- Supplier

Supplier is solely responsible for carrying out all necessary verification tests to ensure that the components supplied to GE Grid Solutions meets the requirements of the Purchase Order and that the components are authentic, new and previously unused

1.2 Compliance Date

The following timeline is expected from all organizations within scope:

- Full compliance at the time of issuance of this document.

2.0 Procedure / Quality Record Requirements

2.1 Supplier Organization

2.1.1 The supplier shall primarily purchase components direct from the OCM or their franchised distributors.

Note: Where a franchised distributor does not have a contractual agreement with the OCM for particular products, then they are considered as an independent distributor for those particular products.

2.1.2 When it is necessary to purchase from independent distributors, then the supplier shall primarily use those that are on the GE Grid Solutions approved independent distributor list.

2.1.3 Each time a component is to be purchased from a GE Grid Solutions' approved independent distributor, the supplier shall ensure proper reason is recorded and approved by site Quality leader (or equivalent that has been approved by GE Grid Solutions) before the procurement of the part can proceed.

2.1.4 Each time a component is to be purchased from a non-GE Grid Solutions' approved independent distributor, the supplier shall ensure their site Quality leader along with GE Grid Solutions have given prior approval via eSDR (Supplier Deviation Request) in Clear orbit system (or Grid Solutions equivalent) before the procurement of the part can proceed



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2.1.5 The supplier shall ensure that purchase orders placed on independent distributors will be supplied in full accordance with EC-SRC-0008 - GE Grid Solutions' Counterfeit Parts Avoidance Requirements for Distributors and high risk suppliers'

2.1.6 The Supplier shall ensure that Purchase Orders placed on independent distributors are flagged such that they will be segregated on receipt, for verification inspection by the vendors' Incoming/Goods-In.

Note: If the independent distributor is a franchised distributor for the part purchased, then section 2.1.6 does not apply

2.1.7 The Supplier shall ensure all personnel who are responsible for procuring components on behalf of GE Grid Solutions, as well as their supervisors and management, are trained in GE Grid Solutions' counterfeit component avoidance practices.

2.1.8 The Supplier shall ensure that each CEM or kitting house that procures electronic components on behalf of GE EC maintains and supplies to GE EC at least Quarterly (Or as determined by Grid Solutions) metrics detailing:

- Total quantity of components received on behalf of GE Grid Solutions, in the month (based on line items).
- Quantity of components purchased on behalf of GE Grid Solutions from independent distributors (based on line items).
- Quantity of components purchased on behalf of GE Grid Solutions that was subjected to verification inspection (based on line items).
- Quantity of components purchased on behalf of GE Grid Solutions that failed Incoming/Goods-In verification inspection.

2.1.9 The Suppliers' shall ensure that components that fail verification inspection will be suitably identified & segregated ready for disposition in accordance with the vendors' local QMS procedures which details Control of Non-Conforming Material.

2.1.10 The Suppliers' shall alert GE Grid Solutions Supplier Quality when occurrences of identified counterfeit components have been reported via eSDR (Supplier Deviation Request) in ClearOrbit system or equivalent.

2.1.10.1 The alert shall include the following :

- GE Grid Solutions Internal part number
- Manufacturer's name and part number
- Date and/or lot code of parts
- Suppliers (Distributor/Non-franchise Distributor, etc) details



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- Quantity Delivered
- Verification test results (As Applicable) along with any de-capsulated parts
- Identified non-conformance

2.1.11 The Suppliers' organization shall record the verification inspection that was performed (see 7.4.3-EC-F002). Note: Appendix A may be used as a guide; Supplier specific QMS document may be used if it meets or exceeds the requirements of 7.4.3-EC-F002 .

2.1.12 The suppliers' organization shall record images of component part markings and X-ray of one of the sample components if this component parts comes from non-franchise distributor.

2.1.13 The suppliers' organization shall maintain, and supply to GE Grid Solutions, monthly metrics detailing non-franchise distributor buys:

- How many counterfeit shipments found from a non-franchise distributor purchase
- Non-franchise distributor information
- The reason for using the non-franchise distributor

2.1.14 The Suppliers' organization shall establish and deliver a counterfeit component-training program. Training will be given to all employees that handle components, including purchasing, quality assurance and Incoming/Goods-In, as well as their supervisors and management.

The content of the training material shall include but not necessarily be limited to:

- Background & history
- The requirements of this document
- Counterfeit component terminology and definitions
- Purchasing avoidance practices
- Detailed inspection and detection methods & techniques
- Tools
- Online resources
- Case examples



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- 2.1.15 The Supplier shall ensure refresher training is given on an annual basis to update employees on new threats, identification and detection techniques associated with counterfeit components.



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2.2 Preparation for delivery

2.2.1 Accepted components shall be preserved and packaged for delivery in accordance with the best commercial practices (i.e. J-STD-033) and as directed by each Purchase Order (tray, tape and reel etc.).

2.3 Quality Records

The following records produced by this procedure are considered Quality Records and maintained and controlled:

- Certificate of Conformance
- Quarterly Metric Training Records PO from Independent Distributor Documentation on rejected parts



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3.0 Document Revisions and Approvals

The following chart lists the revisions made to this document tracked by version. Use this to describe the changes and additions each time this document is re-published. The description should include as many details of the changes as possible.

Records of Reviewers and Approvers may be found within the DMS (Document Management System).

| Version | Section Modified and Revision Description | Date | Author |
|---------|---|------------|---------------------------------|
| 1.0 | New Issue. | 09/08/2014 | Arianto Lawardi, Charles Danner |
| 2.0 | Replace Energy Management with Energy Connections | 07/08/2016 | Arianto Lawardi |
| 3.0 | Update Energy Connections to Grid Solutions | 01/31/2020 | Charles Danner |
| 4.0 | Update Energy Connections to Grid Solutions | 01/31/2022 | Charles Danner |

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