



## Supplier Counterfeit Avoidance and Prevention Policy

*Updated July 25, 2024*

### **Background:**

Counterfeit electronic components and materials pose a significant threat to the electronics industry. It is crucial for Klas to maintain the highest level of product quality and integrity to ensure the safety and satisfaction of our customers.

### **Purpose**

The purpose of this Supplier Counterfeit Avoidance and Prevention Policy is to establish a framework that not only safeguards Klas from the risks associated with counterfeit components but also extends this protection to our customers. This policy outlines the responsibilities and expectations by Klas on its suppliers to ensure that counterfeit avoidance and prevention measures are consistently implemented throughout the supply chain.

### **Scope:**

This policy applies to Klas and its entire network of suppliers. It encompasses all parts, materials, and components procured for the manufacturing of Klas products.

### **Supplier Responsibilities:**

*Maintaining Industry Standards:* Suppliers shall maintain and operate counterfeit avoidance, detection, mitigation, and disposition policies and processes in accordance with industry standards, specifically the SAE AS5553 (Counterfeit Electronic Parts; Avoidance, Detection, Mitigation, and Disposition) and DFARS 252.246-7007 (Contractor Counterfeit Electronic Part Detection and Avoidance System). Suppliers are expected to stay updated and comply with revisions and amendments to these standards.

*Procurement:* Suppliers must exclusively purchase new parts for Klas products directly from original component manufacturers (OCM), original equipment manufacturers (OEM) or their authorized suppliers. "Authorized suppliers" means an OCM/OEM contractually authorized source of supply of parts (also known as franchised distributors/authorized distributors) and/or a manufacturer contractually authorized by an OCM to produce and sell its parts (also known as

an aftermarket manufacturer). Any proposed departure from this policy requires the prior written consent of Klas' Head of Quality. Please contact [quality@klasgroup.com](mailto:quality@klasgroup.com).

*Flow Down Requirements:* Suppliers must contractually flow down these policies and processes to their sub-tier suppliers, ensuring that all parties within the supply chain are aligned in their commitment to counterfeit avoidance and prevention.

*Traceability Records:* Suppliers shall retain supply chain traceability records related to components for a minimum period of five (5) years from the date of purchase. These records should be readily accessible for inspection by Klas or any relevant regulatory authorities, as required. The traceability records should include information such as the part's origin, supplier details, and any relevant certifications or documentation.

*Notification:* If a supplier identifies or suspects counterfeit components within their supply chain, they must immediately notify Klas, providing all available information and taking necessary corrective actions to prevent the incorporation of counterfeit parts into Klas products.

*Training:* Suppliers are responsible for ensuring that their employees receive adequate training on counterfeit avoidance, detection, mitigation and reporting procedures as per industry standards.

*Compliance:* Non-compliance with this policy may result in contract termination or other appropriate actions, as determined by Klas. The company reserves the right to conduct audits and inspections to verify supplier compliance.

**Conclusion:**

Counterfeit avoidance and prevention are paramount to Klas' commitment to quality, safety, and customer satisfaction. By adhering to this policy, both Klas and its suppliers play a vital role in maintaining the integrity of our products and safeguarding the trust of our customers. Klas is dedicated to working collaboratively with its suppliers to ensure the highest level of counterfeit avoidance and prevention throughout the supply chain.

The following people and / or Departments are responsible for maintaining this Policy:

Legal Department – Final Approval of all Revisions

**Version Control**

| <b>Version Number</b> | <b>Author</b>     | <b>Purpose/Change</b>                                   | <b>Date Adopted</b> |
|-----------------------|-------------------|---|---------------------|
| 0.1                   | R a c h e l Young | Initial Draft and Adoption                              | 2024.01.16          |
| 0.2                   | R a c h e l Young | Insertion of version control and procurement paragraph. | 2024.07.25          |