

1.0 Purpose:

This document describes the Counterfeit Parts Prevention Policy at Teradyne, Inc's Defense and Aerospace business unit and its associated Global Services Organization (GSO), (collectively referred to as the 'Businesses'). The Businesses are committed to ensuring that products sold and supported by the Businesses do not contain Counterfeit Parts.

2.0 Scope:

This Policy applies to all employees associated with the Businesses.

3.0 Responsibility:

The Vice President of the Operations organization is responsible for the final review, approval and implementation of this Policy. Employees with responsibilities for purchasing, receiving or verifying parts shall also be responsible for compliance with this Policy.

4.0 Detailed Procedure:

4.1 Counterfeit Parts Prevention Policy

The Businesses have adopted this Counterfeit Parts Prevention Policy as part of their effort to eliminate the impact of Counterfeit products on the Businesses and their customers. A Counterfeit Part is a part or component that is an unauthorized copy or substitute of an original part or component that has been made or altered by an unauthorized source and has been misrepresented to be an original and authorized part or component made by the original equipment manufacturer (Manufacturer).

To support this policy of ensuring that there is a low risk of Counterfeit Parts entering the supply chain, the Businesses shall maintain processes to ensure purchases are only from the Manufacturer) or its Authorized Distributors.

Should a suspect Counterfeit Parts be identified the Businesses shall quarantine such material and report the findings to the supplier and appropriate authorities, including the Government Industry Data Exchange Program (GIDEP). This policy shall be communicated, implemented, and maintained at all levels of the Businesses.

Due to circumstances outside of the Businesses' control, if a component must be purchased from a source not approved by the Manufacturer or from a source that has informed the Businesses its product may contain brokered (or non-franchised) components, a brokered part or item may be utilized by the Businesses. If the customer's PO/Contract requires notification and authorization of the use of a brokered part or items before shipment, the customer will be notified and approval obtained from the customer by Teradyne's Sales representative.

In the case of the GSO organization where a product is being returned from a customer because of a failure, the GSO organization will inform the customer prior to completing the rework if the component being used for the rework did not come from the Manufacturer or its Authorized Distributors and shall obtain the customer's approval.

In reference to products returned for repair, given the product has been out of Teradyne's control, Teradyne cannot determine the source of all the product subcomponents as the end user or a third party may have repaired the product. As a result, Teradyne is limited to notifying the customer if a repair will involve a component not purchased from the Manufacturer's Authorized Distribution channel.

This Policy shall be posted on the Teradyne website. This Policy shall also be communicated to all relevant employees through training.

4.2 Purchasing Preference

The Businesses shall always attempt to purchase parts from the Manufacturer or its Authorization Distributor. The distributor's authorization with the manufacturer shall be verified and documented.

4.3 End Products Deliveries

When products delivered by the Businesses utilize a brokered component or an item that may contain brokered components, a notice will be sent to the customer indicating the "Product PN / SN contains or may contain 1 or more Broker items".

4.4 Control of Brokered, Suspect, Fraudulent and Confirmed Counterfeit Parts

The Businesses shall maintain processes that evaluate and minimize the risk associated with potential counterfeit products infiltrating into inventory.

When parts have to be purchased from a Broker, they shall first be tested by the broker as required by AS6081. If the parts pass, they shall be shipped to Teradyne along with all the test data for further evaluation including a minimum of all tests outlined in the product's test plan.

When parts are purchased from a Broker, that inventory shall be managed separately from inventory purchased from the Manufacturer or its Authorized Distributors.

During manufacturing, product built with Broker supplied components shall be tracked to the product serial number.

If during testing of a higher-level assembly or the end product, the components are determined to be counterfeit, that inventory will be quarantined, the supplier will be notified and the results reported to GIDEP.

4.4.1 Supplier Shipments

Manufacturers and their Authorized Distributors are very low risk for counterfeit. Therefore, inspection shall consist of count, kind, condition and documentation. Teradyne's Contract Manufacturer (CM) shall be responsible for monitoring this risk. The Businesses shall review documents supplied with the order and ensure the shipment from the CM is per the Purchase Order.

4.4.2 Disposition of Parts Deemed Suspect, Fraudulent or Counterfeit

Suspect Counterfeit parts shall be treated as non-conforming product and dispositioned per non-conformity procedures.

- a. Records of the disposition shall be maintained.
- b. A controlled sample of Counterfeit Parts shall be returned to the Manufacturer for analysis and disposition to confirm their status as counterfeit or not counterfeit, with the understanding that if they are counterfeit they will be rendered unusable.
- c. Confirmed Counterfeit Parts shall not be shipped to the Customer or to the supplier and may be retained for investigative or training purposes.
- d. After 5 years or when legal requirements allow, the confirmed Counterfeit Parts shall be scrapped.

4.4.3 Re-stocking Prohibition

Suspect or confirmed Counterfeit Parts shall not be reintroduced into the supply chain, restocked nor returned to the Manufacturer in a stock rotation.

4.5 Training

Employees involved in the supply chain shall be trained to only purchase components and other items from Teradyne's Approved Vendor List. Only those vendors who are the Manufacturer or their Authorized Resellers are on the Approved Vendor list. If a requirement exists to purchase from a Broker, employees in the supply chain must first obtain written authorization from the Aerospace and Defense business unit to purchase the component.

4.6 Scrap Control in Authorized Distribution

Scrap Control is documented in the processes compliant with current AS9100 standards.

4.7 Reporting

Reporting on confirmed Counterfeit Parts shall be authorized by the Quality Assurance Manager. The Quality Assurance Manager shall make appropriate reports to executive management, and identify the affected customers and affected Manufacturers. Confirmed Counterfeit Parts can only be determined by the Manufacturer.

4.8 Audits

This Counterfeit Parts Prevention Policy and reference processes are listed and scheduled for internal audit. This Policy is part of Teradyne's Quality Management System and subject to the Businesses' third-party registrar to AS9100.

4.9 Counterfeit Awareness

The Quality Assurance Manager is responsible for keeping informed on current counterfeited information and trends, including detection and avoidance techniques contained in appropriate industry standards, and pursuing such information and techniques for continuously upgrading internal processes.

5.0 Document History

Effective Date	Description of Change	Approved By
9-April-2020	Initial Release	Dennis Mauriello