



H & R SCREW MACHINE PRODUCTS, INC.
5566 220th
REED CITY, MI 49677

Counterfeit Materials Risk Mitigation Policy Statement

H&R Screw Machine Products, Inc. (referred to as H&R) is aware counterfeit materials are permeating supply chains. To block counterfeit materials from entering H&R's supply chain, we partner with suppliers who hold the same ethical values that we do. To maintain counterfeit-free supplies, we have established the following practices to ensure quality product is delivered to our customers.

Purchasing

H&R purchases from the original component manufacturer (OCM) or their authorized distributors to mitigate the risk of counterfeit parts entering the supply chain.

H&R approves supplies based on their ability to provide compliant parts. An approved suppliers list is maintained in H&R's ERP database.

H&R's purchase orders include the OCM's part number to assist in verifying that received parts are parts from the original manufacturer. Incoming inspections of parts are performed up on receipt. Visual inspection and confirmation of Certificate of Compliance against purchase order is performed.

Material Control

When a part is suspected of being counterfeit, the shipment is tagged with a non-conforming tag and placed in the non-conformance hold location. The supplier is moved to unapproved status in H&R's database. The Quality Manager works with the supplier, and the manufacturer of the part to determine its authenticity. Disposition of the part is determined by the investigation findings. Depending on the outcome of the investigation, the supplier may or may not be conditionally reinstated as a supplier.

Notification of Counterfeit Part

If product is sent to the customer containing a confirmed or suspected counterfeit good, the customer is notified immediately. Records are kept of confirmed and suspected counterfeit goods including parties involved, the investigation process, and the outcome.