



APPENDIX TO STANDARD TERMS AND CONDITIONS

COUNTERFEIT PARTS PREVENTION

1) Definitions for purposes of this Contract:

- a) "Counterfeit Parts" shall mean a part, component, module, or assembly whose origin, material, source of manufacture, performance, or characteristics are misrepresented. This term includes, but is not limited to, (A) parts that have been (re)marked to disguise them or falsely represent the identity of the manufacturer, (B) defective parts and/or surplus material scrapped by the original manufacturer, and (C) previously used parts pulled or reclaimed and provided as "new".
- b) As used herein, "authentic" shall mean (A) genuine; (B) from the legitimate source claimed or implied by the marking and design of the product offered; and (C) manufactured by, or at the behest and to the standards of, the manufacturer that has lawfully applied its name and trademark for that model/version of the material.
- c) "Franchised or Authorized Distributor" shall mean a person, business, or firm that is authorized and/or franchised by an Original Component Manufacturer ("OCM") to sell or distribute the OCM's products.
- d) "Independent Distributor" shall mean a person, business, or firm that is neither authorized nor franchised by an OCM to sell or distribute the OCM's products but which purports to sell, broker, and/or distribute such OCM products. Independent Distributors are also referred to as un-franchised distributors, unauthorized distributors, and/or brokers.

- 2) **Franchised/Authorized Distributor (SELLER)** represents and warrants that only new and authentic materials are used in products required to be delivered to S & K Electronics and that the Work delivered contains no Counterfeit Parts. No other material, part, or component other than a new and authentic part is to be used unless approved in writing by S & K ELECTRONICS. To further mitigate the possibility of the inadvertent use of Counterfeit Parts, SELLER shall only purchase authentic parts/components directly from the Original Equipment Manufacturers ("OEMs")/OCMs, through the OEM's/OCM's authorized distribution chain or from an authorized aftermarket manufacturer. SELLER must make available to S & K ELECTRONICS, at S & K ELECTRONICS' request, OEM/OCM documentation that authenticates traceability of the components to that applicable OEM/OCM. Purchase of parts/components from Independent Distributors is not authorized unless

first approved in writing by S & K ELECTRONICS Procurement Representative. SELLER must present complete and compelling support for its request and include in its request all actions to ensure the parts/components thus procured are legitimate parts. S & K ELECTRONICS' approval of SELLER request(s) does not relieve SELLER's responsibility to comply with all Contract requirements, including the representations and warranties in this paragraph.

- a) SELLER shall contact S & K ELECTRONICS for prior approval before parts/components are procured from sources other than OEMs/OCMs or through the OEM's/OCM's authorized distribution chain.
 - b) If approval is given by S & K Electronics for 2.a., then Note 3 of this document will also apply.
- 3) **Independent Distributor (SELLER)** shall have procedures in place that meet the requirements of AS5553 and IDEA-STD-1010. The original manufacturers Certificate of Conformance (C of C) and all traceability documentation shall be included with each shipment of parts. It shall include the manufacturer's name, part number, date codes, lot codes, serializations and/or any other batch identifications. SELLER is to contact S & K Electronics in the event that the original OEM/OCM C of C and traceability documentation is not available. Inspections and tests required are as noted on the Purchase Order, but advanced inspection and testing could be imposed later. Recorded evidence of inspection and of any testing performed shall be included with each shipment. S & K Electronics has final say on acceptance of parts furnished under this purchase order. If suspect counterfeit parts are furnished under this purchase order and are found in any of the goods delivered hereunder, the SELLER shall promptly replace such suspect counterfeit parts with parts that are acceptable to S & K Electronics and the SELLER shall be liable for all costs relating to the removal and replacement of said parts as specified in the purchase order requirements or SELLER's insurance policies. Any suspect counterfeit parts will be retained by S & K Electronics until the counterfeit status of the suspect part is determined. Seller shall be responsible for all costs associated with part verification including all testing and shipping costs. An agreed upon sample lot of any suspect part will be dropped shipped from S & K Electronics to Seller's choice of test house. If the testing verifies the said parts to be counterfeit, the retained parts will be destroyed by S & K Electronics and reported to GIDEP. If legal or counterfeit issue arises, Seller must disclose source of said parts.