



Document Title:

Procedure for Avoiding, Detecting, Mitigating and Disposition of Counterfeit Parts

As used herein, the term "*Seller*" refers to the person or entity selling goods or services to Marmon Aerospace & Defense.

POLICY Overview:

Through our ongoing analysis of industry standards and our Quality Management System (QMS) we have aligned ourselves to the industry standards SAE AS5553 & AS6174

1. Our proactive processes:

- A. Maximize availability of authentic parts by procuring from reliable sources
- B. When it is not possible to buy from OEMs and franchised distributors, develop risk assessment plans for material procured from non-franchised distributors
- C. Ensure adequate testing from approved test houses on material procured from non-franchised distributors to determine suspect part status based on criticality of device, application, and supplier
- D. Improve receiving and inspection requirements of non-franchised procured parts to prevent counterfeit parts from entering the supply chain
- E. We are continuing to partner and communicate with our customers and suppliers to assure compliance
- F. In the case where a change of supply requires customer updating (as required by a contract), MARMON Aerospace & Defense will contact the customer and solicit approval of new source and/or material choices.

1.0 Requirements of Seller:

1 Seller represents and warrants each of the following to Marmon Aerospace & Defense:

- A. That only new and authentic materials are used in goods delivered to Marmon Aerospace & Defense;
- B. That the goods or services delivered or sold to Marmon Aerospace & Defense contain no Counterfeit Items;
- C. That Seller shall only purchase materials or goods for resale to Marmon Aerospace & Defense from authorized Sources such as OEM/OCM's or authorized Distributors.

These representations and warranties shall apply regardless of the source of such goods or materials and irrespective of whether Marmon Aerospace & Defense has approved such source in advance.



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- 2 Seller agrees to provide Marmon Aerospace & Defense with notice in writing prior to acceptance of an order from Marmon Aerospace & Defense if Seller is not an original or franchised source for any item listed on such order.
- 3 Marmon Aerospace & Defense shall have the right to inspect and test all goods sold or otherwise provided to Marmon Aerospace & Defense, at all times and places before or after acceptance.
- 4 Seller agrees at all times to maintain, and make available to Marmon Aerospace & Defense upon request, a documented system, policy, procedure, or other documented approach that is intended to prevent counterfeit parts from reaching Marmon Aerospace & Defense. At a minimum, such approach must require prior written approval from Marmon Aerospace & Defense prior to the procurement of any good intended for resale to Marmon Aerospace & Defense from a source other than the original manufacturer or such manufacturer's authorized distributors.
- 5 Seller agrees, upon request for up to 7 years from MARMON AEROSPACE & DEFENSE' receipt of a good from Seller, to promptly provide Marmon Aerospace & Defense with documentation authenticating traceability of all goods sold to Marmon Aerospace & Defense to the applicable original manufacturer.
- 6 If Seller sells or otherwise furnishes Marmon Aerospace & Defense with any Counterfeit Item, Marmon Aerospace & Defense shall have the right to impound such items, and Seller shall promptly replace such items with items acceptable to Marmon Aerospace & Defense. In such case, Seller shall be liable to Marmon Aerospace & Defense for all costs relating to impoundment, removal, replacement and proof of physical destruction. Marmon Aerospace & Defense may withhold payment for any Counterfeit Items and may turn such items over to govern mental authorities for investigation. Furthermore, Marmon Aerospace & Defense shall notify any effected customers of any violations of our Counterfeit Product Policy and where appropriate Marmon Aerospace & Defense can request an issuing of a GIDEP against the product. Methods to return and/or destroy such non-conforming parts will be handled IAW GIDEP guidelines.
- 7 Seller acknowledges that any willful act to falsify, conceal or alter a material fact, or any false, fraud or fictitious statement or representation in connection with goods or services provided to Marmon Aerospace & Defense may be punishable in accordance with applicable law and, in some circumstances, could result in criminal penalties.



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- 8 Each of the rights and remedies reserved by Marmon Aerospace & Defense in this Policy shall be cumulative and additional to any other or further remedies provided in law or equity or in any contract between Seller and Marmon Aerospace & Defense. A waiver of a breach of any provision hereof shall not constitute a waiver of any other breach.
- 9 Seller agrees to include the requirements of this Policy in any subcontract at any tier for the performance of the document incorporating this Policy.

Definitions

For purposes of this Policy, the following terms shall have the meanings given to them below:

"Authentic" shall mean (i) genuine, (ii) from the legitimate source claimed or implied by the marking and design of the product offered; and (iii) 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 or good.

"Authorized Source" means (i) the original manufacturer, (ii) the original manufacturer's authorized distributor, or (iii) any other source where Marmon Aerospace & Defense has approved of such source in writing and in advance of Seller's purchase from such source.

"Counterfeit Item" shall mean a good, component, part, module, or assembly whose origin, material, source of manufacture, performance, or characteristics are misrepresented. This term includes but is not limited to,

- (i) items which have been (re) marked to disguise them or falsely represent the identity of the manufacturer, (ii) defective parts and/or surplus material scrapped by the original manufacturer, and (iii) previously used parts pulled or reclaimed and provided as "new".