

	Action Electronics, Inc.	
Suppliers		Counterfeit Flowdown Clause

Appendix A: Purchasing Counterfeit Flowdown Clause

1. Definitions:

(i) "Counterfeit Parts" shall mean an unlawful or unauthorized reproduction, substitution, or alteration that has been knowingly mismarked, misidentified, or otherwise misrepresented to be an authentic, unmodified part from the original manufacturer, or a source with the express written authority of the original manufacturer or current design activity, including an authorized aftermarket manufacturer. Unlawful or unauthorized substitution includes used parts represented as new, or the false identification of grade, serial number, lot number, date code, or performance characteristics.

(ii) 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.

(iii) "Independent Distributor" shall mean a person, business, or firm that is neither authorized nor franchised by an Original Component Manufacturer ("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 unfranchised distributors, unauthorized distributors, and/or brokers.

2. Seller Representation

Seller represents and warrants that only new and authentic materials are used in products required to be delivered to Action 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 advance in writing by Action 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 or through the OEM's/OCM's authorized distribution chain. Seller must make available to Action Electronics, at Action 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 the Action 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. Action 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 subparagraph. A breach of this Paragraph/clause or any subparagraph herein shall be considered a material breach of this Contract.

3. Seller Notification

SELLER shall maintain a documented system (policy, procedure, or other documented approach) that provides for prior notification and customer approval before parts/components are procured from sources other than OEMs/OCMs or through the OEM's/OCM's authorized distribution chain. SELLER shall provide copies of such documentation for its system for Action Electronics inspection upon Action Electronics request.

4. Seller Flow down

Seller shall flow the requirements of this clause to its subcontractors and suppliers at any tier for the performance of this Contract.

5. Certification of Origin of Product:

Acceptance of this Order constitutes confirmation by the Seller that it is either the Original Equipment Manufacturer (OEM), Original Component Manufacturer (OCM), or a franchised or authorized distributor of the OEM/OCM for the product herein procured. Seller further warrants that OEM/OCM acquisition documentation that authenticates traceability of the components to that applicable OEM is available upon request. If the Seller is not the OEM/OCM or a franchised or authorized supplier, the Seller confirms by acceptance of this Order that the product(s) supplied to Buyer has been procured from the OEM/OCM or a franchised or authorized supplier of the OEM/OCM. The supplier further warrants that OEM/OCM acquisition traceability documentation is accurate and a certification of this product authenticity will be provided to Action Electronics upon delivery.