



**MERIT ELECTRONICS CORPORATION**

**Corporate Headquarters: Fort Myers, Florida**  
Offices: Orlando, FL | Goshen, IN | Indianapolis, IN

**COUNTERFEIT PARTS PREVENTION POLICY**

**Rev. 09/07/2011**

This Counterfeit Parts Prevention (CPP) Policy is incorporated where referenced in a document, as if it were included in the text of the document. By accepting such document, Seller accepts the terms of this Policy. This Policy overrides and takes precedence over any conflicting terms of any such document or any other document referenced therein.

As used herein, the term “**Seller**” refers to the person or entity selling goods or services to Merit, and the term “Merit” refers to Merit Corp. and any of its subsidiaries or affiliates.

**Requirements**

- 1) Seller represents and warrants each of the following to Merit:
  - a. That only new and authentic materials are used in goods delivered to Merit;
  - b. That the goods or services delivered or sold to Merit contain no Counterfeit Items;
  - c. That Seller shall only purchase materials or goods for resale to Merit from Authorized Sources
- 2) Seller agrees to provide Merit with notice in writing prior to acceptance of an order from Merit if Seller is not an original or franchised source for any item listed on such order.
- 3) Merit shall have the right to inspect and test all goods sold or otherwise provided to Merit, at all times and places before or after acceptance.
- 4) Seller agrees at all times to maintain, and make available to Merit upon request, a documented system, policy, procedure, or other documented approach that is intended to prevent counterfeit parts from reaching Merit. At a minimum, such approach must require prior written approval from Merit prior to the procurement of any good intended for resale to Merit 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 Merit receipt of a good from Seller, to promptly provide Merit with documentation authenticating traceability of all goods sold to Merit to the applicable original manufacturer.

## **Terms of Sale**

- 1) If Seller sells or otherwise furnishes Merit with any Counterfeit Item, Merit shall have the right to impound such items, and Seller shall promptly replace such items with items acceptable to Merit. In such case, Seller shall be liable to Merit for all costs relating to impoundment, removal, replacement and proof of physical destruction. Merit may withhold payment for any Counterfeit Items and may turn such items over to governmental authorities for investigation.
- 2) Seller acknowledges that any willful act to falsify, conceal or alter a material fact, or any false, fraudulent or fictitious statement or representation in connection with goods or services provided to Merit may be punishable in accordance with applicable law and, in some circumstances, could result in criminal penalties.
- 3) Each of the rights and remedies reserved by Merit 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 Merit. A waiver of a breach of any provision hereof shall not constitute a waiver of any other breach.
- 4) Seller agrees to include the requirements of this CPP Policy in any subcontract at any tier for the performance of the document incorporating this Policy.
- 5) Confirmed CF components have no USD value.

## **Definitions**

For purposes of this CPP 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 Merit 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”.