



Policy for Counterfeit Prevention (AKA: Unapproved - Unauthorized - Suspect – Fraudulent Materials)

- a) Hydraulic International Inc. (HII) Counterfeit (Unapproved) Parts Policy strives to ensure it does not receive suspect parts into inventory, use them in manufacturing, or inadvertently sell them to other parties.
- b) HII's Counterfeit (Unapproved) Parts Policy is based on industry standard detection principles, (AS6174) or equivalent.
 - upon HII's receipt of a contract of an electronic design and/or product type warranting, HII will develop a process that meets the intent of SAE standard AS5553, Counterfeit Electronic Parts, Avoidance, Detection, Mitigation, and Disposition.
- c) All electrical, electronic, electro-mechanical and electro-optical component parts and non-electrical standard parts, like fastening hardware, springs, O-rings, etc..., delivered and/or used in the manufacture of deliverable products should be from the Original Equipment Manufacturer (OEM), Authorized Aftermarket Manufacturer (AAM) , Franchised or Authorized distributors.
- d) Component part and material suppliers delivering directly to HII shall provide certification traceability to the OEM/ AAM with each lot/ shipment. The certificate shall include as a minimum; manufacturer or buyer's part number and dash number, batch identification for the item(s) such as date codes, lot codes, heat lot, serializations, or other identifications, Signature or stamp with title of seller's authorized personnel signing the certificate.
- e) In the event a part is not directly available from the OEM / AAM or Franchised / Authorized distributors, purchase from Independent distributors may be made but the evidence of acquisition traceability back to the OEM/ AAM must be provided, readily retrievable, made available upon request and include seller's certification for each order shipped with signature or stamp and title of seller's authorized personnel signing the certificate.
- f) Supplier's that deliver next higher assemblies shall flow this requirement down to all their sub-tier suppliers to prevent the inadvertent use of suspect parts and materials. Component certifications from the OEM/ AAM must be readily retrievable and made available upon request.
- g) Parts shall not be "Used" or "Refurbished" and misrepresented as new.
- h) If evidence of acquisition traceability, certification to the OEM/ AAM is not available, supplier must provide in writing the necessary information to submit for HII Engineering to evaluate risk of using material, to determine if additional inspection, testing or other actions are required for conformity acceptance and reporting as needed. For suppliers with Design Authority, a written request with a technical assessment and any other accompanying documentation and recommended disposition shall be attached to the written request.
- i) Supplier shall have title and bear the risk, full liability for supplies and or services hereunder until they are delivered in conformity with order. Acceptance of any items by HII shall not be deemed to alter or affect the obligations of Supplier or consequences and or rights of HII and its Customers to recover any losses resulting from Supplier's negligence or failure to comply with the order having been discovered was provided under false or fraudulent circumstances. (AKA, Counterfeit, Unapproved, Unauthorized)