



# Counterfeit Control Plan

Doc Number: POL-134

Home Manual: Business Management System

Page 1 of 4

Version: 1

## 1.0 Purpose

This policy defines Digi-Key's plan to prevent the purchase, acceptance, and distribution of Counterfeit Product (as defined below) within Digi-Key's operations.

## 2.0 Scope

This Counterfeit Control Plan and its procedures apply throughout Digi-Key's operational life cycle, including, but not limited to, purchasing, receipt, identification, storage, and distribution. Digi-Key has communicated the Counterfeit Control Plan throughout its entire organization and works to ensure that it is understood, implemented, and maintained at every level. The Counterfeit Control Plan applies to all Digi-Key employees and to every purchase and sale of Products (as defined below).

## 3.0 Definitions

**3.1 "Product"** means electronic components, assemblies, supplies, and equipment.

**3.2 "Counterfeit Product"** means a fraudulent Product being represented, identified, or marked as genuine but that is actually an unlawful copy, imitation, or substitute of a Product, and any Product that is illegitimately altered by a party other than the manufacturer or a manufacturer-approved source with the intent to mislead, deceive, or defraud the recipient of such Product.

## 4.0 Procedure

### 4.1 Commitment to the Counterfeit Control Plan

1. Digi-Key and its management are committed to preventing the purchase, acceptance, and distribution of Counterfeit Products. As evidence of this commitment, the Counterfeit Control Plan, including, without limitation, each of the key components identified herein, has been adopted and approved directly by Digi-Key's senior management.
2. Digi-Key is also a member of the following groups in an effort to educate customers and further decrease the number of Counterfeit Products in the market:
  - A. The Electronic Components Industry Association ("**ECIA**") in North America,
  - B. The Electronic Component Supply Network ("**ECSN**") in the United Kingdom, and
  - C. The China Electronics Distributor Alliance ("**CEDA**") in China.
3. By developing, implementing, and adhering to the Counterfeit Control Plan, Digi-Key is certified to the AS6496 standard for mitigating and preventing the proliferation of fraudulent/counterfeit electronic parts through the Performance Review Institute's Counterfeit Avoidance Accreditation Program ("**CAAP**"). In addition, Digi-Key is also certified to the ISO 9001:2015 and ANSI/ESD-S20.20-2014 standards.

### 4.2 Counterfeit Mitigation Procedure

#### 1. Purchase of Product

- A. To decrease the risk of Counterfeit Products entering into Digi-Key's supply chain, Digi-Key purchases Products primarily from the manufacturer directly or from manufacturer-approved sources, thereby resulting in Digi-Key obtaining Products that are new, authentic, and fully warrantable by the direct manufacturer and for which accurate up-to-date technical information is readily available. Digi-Key does not purchase refurbished Products for re-sale.
- B. Authorized manufacturers and manufacturer-approved sources are continually assessed via review of Government Industry Data Exchange Program ("**GIDEP**") product alerts and supplier quality data.



# Counterfeit Control Plan

Doc Number: POL-134

Home Manual: Business Management System

Page 2 of 4

Version: 1

- C. If Digi-Key agrees to distribute Products that are not obtained directly from the manufacturer or a manufacturer-approved source, Digi-Key will notify its customers in writing at the time of their respective quotation about the unauthorized Product for which they are being quoted. Moreover, Digi-Key will notify its customers in writing of any termination of a manufacturer's or manufacturer-approved source's authorization with respect to a Product after the respective customer's quotation for the Product and prior to Digi-Key's performance thereunder.

## 2. Traceability of Product

- A. Digi-Key retains records that provide the supply chain history of its Products including documentation of all supply chain intermediaries and significant handling transactions.

*Note: The purpose of these records is to allow Digi-Key to be able to trace its Products backwards from Digi-Key to the manufacturer or any manufacturer-authorized source.*

- B. Where possible, Digi-Key obtains a certificate of conformance for such Products and includes such certificates in its traceability records.

## 4.3 Customer Related Processes

### 1. Provision of Manufacturers' Warranties

- A. Digi-Key transfers to its customers, at the time of sale, to the extent transferrable, the warranties Digi-Key receives from manufacturers with respect to the Product sold by Digi-Key. Copies of manufacturer warranties are available prior to the purchase of Products by contacting Digi-Key.

- B. Returns relating to manufacturers' warranties are subject to the terms and conditions of the applicable manufacturer's warranty and the applicable manufacturer's return policies for the Product, provided certain Products are not eligible for return as specified in [Section 4.3\(3\)](#) below.

*Example: Some Products may require return directly to the manufacturer or a manufacturer-approved source.*

### 2. Provision of Distribution Agreements

- A. Digi-Key retains distribution agreements with the manufacturers for which Digi-Key distributes.

**Caution: Distribution agreements are considered proprietary and not subject to review by third parties unless mutually agreed upon by both Digi-Key and the manufacturer.**

- B. Digi-Key retains a letter from the manufacturer or is listed on the manufacturer website as evidence of Digi-Key's authorized distributorship.

### 3. Customer Returns

- A. Digi-Key follows a strict returns policy that is outlined in Digi-Key's [Terms of Use and Conditions of Order](#) available on Digi-Key's website. A Product is not eligible for return, refund, or exchange if it is:

1. Purchased from a third party rather than Digi-Key directly;
2. A Counterfeit Product;
3. Specifically designated as "Non-Cancellable/Non-Returnable" ("**NCNR**") at the time of quote or sale; or
4. An electronic-discharge sensitive Product that has not been handled according to the most recent version of the ANSI/ESD-S20.20 Standard published by the American National Standards Institute and EOS/ESD Association, Inc.



# Counterfeit Control Plan

Doc Number: POL-134

Version: 1

Home Manual: Business Management System

Page 3 of 4

**B.** Digi-Key's returns policy includes, among other things:

1. Confirmation of traceability of the Product from Digi-Key to the customer, including manufacturer date and lot codes, original purchase date, part number, and quantity.
2. Incoming inspection by designated personnel to assure that all parts are undamaged, in the original packaging, and authentic. Broken or damaged manufacturer's packs are reconfirmed as authentic by Digi-Key's designated personnel in conjunction with the original manufacturer.
3. Testing for static damage where appropriate.
4. Testing moisture levels with re-baking where necessary.

#### 4.4 Control of Suspect, Fraudulent, and Confirmed Counterfeit Parts

##### 1. Suspect Parts

If Digi-Key suspects, in its sole discretion, that any Product is a Counterfeit Product, Digi-Key will quarantine such Product for further testing until such time as a determination about the genuineness of the Product can be made and will take such other actions as may be required or permitted under applicable law and AS6496, including, without limitation, the actions set forth herein.

##### 2. Reporting Confirmed Counterfeit Products

- A.** If a Product is determined to be a Counterfeit Product, Digi-Key will report its findings, as appropriate, to:
1. Affected customers;
  2. Applicable Digi-Key employees;
  3. The governmental organization at the federal, national, state, or local level having jurisdiction over the Counterfeit Product;
  4. GIDEP; and
  5. Any applicable governmental or regulatory reporting agency or organization.

##### 3. Quarantining and Scrapping Counterfeit Products

- A.** If a Product is determined to be a Counterfeit Product, Digi-Key will quarantine the Counterfeit Product for a period of five (5) years, or longer if required by applicable law.
- B.** After the applicable quarantine period, the Counterfeit Product will be irreversibly altered so as to render the Counterfeit Product, including the internal elements, physically and completely unusable.

**Caution: Under no circumstances will a Counterfeit Product be restocked or returned to a customer, manufacturer or manufacturer-approved source as part of a stock rotation.**

##### 4. Inventory Control Plan

- A.** Inventory access is maintained with ID card access. Visitors are escorted at all times.
- B.** All Products from unauthorized sources, including any that are returned or restocked, are segregated from Products coming directly from a manufacturer or manufacturer-authorized source pursuant to Digi-Key's internal Physical Security Policy.
- C.** When possible, Digi-Key sends Products in their original manufacturer packaging. If this is not possible, Digi-Key uses best commercial packaging practices while observing product electrostatic and moisture sensitivity requirements. Additional packaging procedures and controls are set forth in Digi-Key's [Basic Packaging Instructions](#).



# Counterfeit Control Plan

Doc Number: POL-134

Version: 1

Home Manual: Business Management System

Page 4 of 4

## 4.5 Training

All Digi-Key employees are given awareness training on counterfeit prevention. Also, specialized training is provided to applicable departments and appropriate individual positions to enhance employee competencies in detecting Counterfeit Products, such as the Counterfeit Avoidance Controls e-learning training.

## 4.6 Traceability, Record Retention, and Retrievability

### 1. Register of Manufacturers and Manufacturer-Approved Sources

Digi-Key maintains a register of its manufacturers and manufacturer-approved sources within its purchasing software that includes authorization status, approval status, and the scope of approval.

### 2. Military Parts

It is Digi-Key's intent to only sell Commercial Off-the-Shelf ("COTS") parts. If this changes, required documentation and procedures will be updated accordingly.

### 3. Commercial and Industrial Parts

All Product purchased from Digi-Key has a "Certificate of Conformance" printed on the pack list. This information is stored in Digi-Key's secure record retention software in accordance with its [Record Retention Policy](#).

### 4. Retention Period

Digi-Key maintains purchase order information in its secure record retention software for the applicable period of time set forth its [Record Retention Policy](#).

### 5. Certificate of Conformance

A. Digi-Key's Certificate of Conformance that is printed on every pack list contains the following information:

1. Name and address of Digi-Key and the customer;
2. Manufacturer's name;
3. Manufacturer's part number;
4. Quantity shipped;
5. Date Code (when available);
6. Lot Code (when available);
7. Customer's Purchase Order Number; and
8. Ship Date.

### 6. Scrap Control in Authorized Distribution

A. Digi-Key outsources its destruction of all Counterfeit Products, requires a certificate of destruction from third-party providers for all Products scrapped, and maintains a record of all certificates of destruction that it receives.

B. Digi-Key maintains a similar record regarding the disposition of all Products that it suspects of being Counterfeit Products but that are ultimately determined to be genuine.

## 4.7 Audits

Counterfeit avoidance is part of Digi-Key's scheduled internal audit program and Digi-Key is subject to third-party audits as required.