

## **Counterfeit Part Prevention & Mitigation Process**

### **Foreword**

Renesas Electronics America Inc. (“REA”) recognizes that there has been a significant and increasing volume of counterfeit parts entering the supply chain, which poses critical performance and reliability risks for end users. This Process establishes requirements, practices, and methods in accordance with JEDEC Standard JESD243 to prevent and mitigate the risk of counterfeit REA parts entering the supply chain and is intended to supplement the requirements of a comprehensive quality management system.

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### **DEFINITIONS**

**Authorized Distribution:** Sales of Parts by Authorized Distributors or Authorized Value-Added Resellers.

**Authorized Distributor:** A company that is authorized by REA by means of a signed Distribution Agreement to stock and sell Parts. An Authorized Distributor should never be referred to as a franchised distributor.

**Authorized Chain of Custody:** Sales conducted by REA, an Authorized Distributor, or Authorized Value-Added Reseller which carry REA’s warranty with the product.

**Authorized Supplier:** REA-authorized sources of supply for a Part that consists of Authorized Distributors and Authorized Value-Added Resellers.

**Authorized Value-Added Reseller:** A company similar to an Authorized Distributor, but who adds features or services to an existing Part, then resells it as an integrated product or complete "turn-key" solution.

**Black Market:** The unauthorized distribution channel for Counterfeit parts.

**Broker:** A company that is not authorized by REA to sell Parts. Brokers are also referred to as Independent Distributors. See definition for Independent Distributor.

**Counterfeit part:** An unlawful or unauthorized reproduction, substitution, or alteration that has been intentionally mismarked, misidentified, or otherwise misrepresented to be an authentic, unmodified part from REA. Unlawful or unauthorized substitution includes the false identification of lot number, tracecode, date code, country of origin, trademark, or performance characteristics. Additionally, a Counterfeit part may be one that the REA did not intentionally put on the market for sale or use.

**Customer:** A person, company, or government entity to which REA sells Parts.

**Distribution agreement:** A specific, written contract between the Distributor and REA that authorizes the Distributor to resell REA's Parts. Contractual terms include, but are not limited to, distribution region, distribution products or lines, and warranty flow down from REA. These agreements often include failure analysis support, return privileges and product change notifications as well.

**Gray Market:** The unauthorized distribution channel for Parts that were originally put on the market by REA, but which have been diverted outside of REA's Authorized Chain of Custody channels, most commonly found where Parts were sold to a Customer and the Customer sold off excess inventory.

**Independent Distribution:** Transactions conducted outside the context of the Authorized Distribution channel, or Authorized Chain of Custody. There is no REA warranty extended to product procured through Independent Distribution.

**Independent Distributor:** A distributor doing independent (unauthorized) open market distribution outside of the Authorized Chain of Custody where the independent distributor does not have the authority or permission to use the registered trademark of REA. Products sold by Independent Distributors do not carry the REA's warranty. Also referred to as a Broker.

**Obsolete Part:** Out of production Part.

**REA:** In the context of this document, it collectively refers to Renesas Electronics America Inc., its subsidiaries, and all subcontractors who are authorized by REA to manufacture Parts on behalf of REA.

**Part:** A Part is an electronic component such as an integrated circuit produced by REA or an REA-authorized subcontractor.

**Supplier:** Manufacturers or suppliers of raw materials used in the production of Parts.

**Supply Chain Traceability:** Documented evidence of a Part's supply chain history, including sales by REA to an Authorized Distributor, as well as sales by a Broker or Authorized Distributor. Traceability does not constitute authorized distribution nor imply REA's warranty is applicable.

**Suspect Counterfeit part:** A part for which credible evidence (including, but not limited to, visual inspection, lack of traceability, or test results) provides reasonable belief that the part may be counterfeit.

## **PARTS CONTROL PLAN**

### **1) Authorized Distributors List**

REA shall maintain a list of its Authorized Distributors available for Customers. The list may be posted on REA's web site or provided to Customers upon request.

### **2) Distribution Agreement**

REA shall have a signed Distribution Agreement with REA's Authorized Distributors.

### **3) Approved Suppliers Listing**

REA shall maintain an Approved Suppliers Listing that includes approval status and the scope of the approval for all material vendors when the material is a major constituent piece of the finished product. The listing shall also include all subcontractors that assemble, test or modify the Parts for REA.

### **4) Purchase Restriction**

REA shall purchase components and raw materials used to produce Parts directly from the manufacturer or the manufacturer's Authorized Distributor or a trusted supplier listed on the Approved Suppliers Listing.

## **5) Military Parts**

Military parts shall be accompanied by documentation defined in MIL-PRF-38535.

## **6) Commercial and Industrial Parts**

Commercial and industrial Parts delivered by REA may be accompanied by REA's Certificate of Conformance in accord with Section 4.2.8 herein.

## **7) Retention of Records**

REA shall document and maintain records for commercial products as specified in its Record Retention Policy. Records Retention for Military products shall be as specified in the applicable military specification (i.e., MIL- PRF-19500, MIL- PRF- 38535, MIL- PRF-38534).

7.1 The records shall be suitable in format, accuracy and detail to permit analysis by REA's internal quality and by government agencies as applicable.

7.2 When a Customer requests longer retention periods, REA may negotiate with the Customer a system to retain and access records for periods in excess of commercial and military standards.

## **8) Certificate of Conformance**

REA's Certificate of Conformance will be provided with each order in accordance with the REA's internal procedures. The pack list will be legible and clearly indicate REA's name and logo.

A Certificate of Conformance may be provided with pack slips or provided as a supplementary document. Certificate of Conformance data content will include:

- a) REA's Name
- b) REA's Part Number
- c) Quantity Shipped
- d) Date Code and or Lot Code
- e) Customer PO Number
- f) Ship Date to Customer
- g) REA's Statement of Conformance
- h) Signature of Responsible Party (Electronic signature is acceptable)
- i) Country of Origin
- j) Customer Part Number (if known and required)
- k) Customer Name and Location.

## **CONTROL OF SUSPECT AND CONFIRMED COUNTERFEIT PARTS**

REA shall implement internal controls to minimize the risk associated with potential counterfeit materials and product infiltrating into its production and inventory.

## **CUSTOMER RETURNS**

- a. REA shall establish and maintain an internal Return Policy. Returned parts shall be quarantined pending disposition.
- b. REA will not accept any product returns from the Gray Market (outside of the Authorized Chain of Custody) or the Black Market.
- c. Confirmed Counterfeit parts shall not be returned to the customer and may be retained for investigative or training purposes. REA shall quarantine the parts for five years, or longer if required by legal proceedings.
- d. Suspect Counterfeit or confirmed Counterfeit parts shall not be reintroduced into the supply chain.

## **VALIDATION OF PARTS**

REA shall have no obligation to provide any authenticity analysis for parts purchased from the Gray Market or Black Market, regardless if the part is Obsolete or not. Moreover, the Customer shall first provide proof that the Part was purchased directly from REA or an REA-Authorized Distributor before any consideration of validation services will be given. No analysis other than visual inspection shall be performed unless agreed to in the sole discretion of REA. Therefore, REA will only be able to determine if the part is Counterfeit from visual markings, and even if the part visually appears to be genuine, such validation shall not be considered conclusive proof.