

COUNTERFEIT PARTS MITIGATION PLAN

Direct Components, Inc. understands the growing concern to the increasing volume of counterfeit parts entering the supply chain. We are continuously enhancing our quality management system and procedures to combat this problem and mitigate the risk of buying, receiving, and selling fraudulent, suspect, or counterfeit electronic parts.

Direct Components, Inc. is currently certified to a comprehensive quality management system AS9120:2016. Counterfeit avoidance & mitigation is integrated into and part of our Quality Management System and our processes.



Direct Components maintains a risk management program. Using a risk assessment matrix, orders are assigned a risk in the database (Factors on the matrix include, but are not limited to, product risk such as RMA history and check against reports in ERAI & GIDEP, product application, vendor risk, & customer requirements). The risk chosen as an output to one process is an input to the next process and ultimately determines the testing that will apply to the product.

Purchasing Process

Direct Components maintains a register of approved suppliers. Criteria for selection, evaluation and re-evaluation are established. When a new source is used Direct Components has an approval process that ensures compliance with our Supplier Handbook, Quality Standards, and the terms and conditions of our Purchase Order. Direct Components requires all suppliers to acknowledge and confirm the understanding of requirements, customer flow down requirements, applicable statutory and regulatory requirements, and purchase order terms upon acceptance of a purchase order.

In such case where a supplier is not an authorized supplier, franchised or OEM/OCM, Direct Components acts to mitigate risk. Actions include, but are not limited to, verification of a quality management system, a satisfactory completion of our supplier survey, references check, and thorough review of the supplier through various industry sources. These suppliers are then put in our system on a probationary status where we continue to monitor their performance. Supplier performance & evaluation which includes on time delivery and quality of product is reviewed at minimum annually.

Training

All personnel are trained as appropriate; to their job requirements in the avoidance, detection, mitigation, and disposition of suspect, fraudulent or confirmed counterfeit parts. Training is provided annually or as needed.

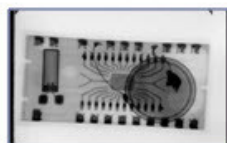
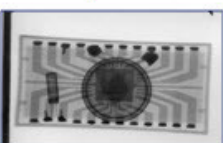
COUNTERFEIT PARTS DETECTION



Original Part



Counterfeit Part



Direct Components uses our In-House Lab where we provide a variety of value-added services, including counterfeit detection. All materials received are inspected to verify conformance to the Customer and Manufacturer specifications using some of the methods described in IDEA Standard 1010B and per our Counterfeit Parts Procedure.

Testing is performed on random samples using MIL-STD-105*, (Level per risk), AQL 1.5% within each lot free of charge as a value-added service. This standard inspection includes as applicable/or required: External Visual Inspection • Electrical Testing • Programming Testing (based on capability) • Radiological (X-Ray) Inspection • Delid/Decapsulation Internal Analysis (destructive (if vendor provides additional pc)).

*Tape & reel may affect the sample size.

Direct Components does not perform inspection per AS5553, (for manufacturers). We have the capability to perform testing to AS6081, (for distributors), at an additional cost. If you require testing to AS6081 please notify us at the time of RFQ and it must be called out on the PO. Please include the additional qty 3-5 pcs required for destructive testing to this standard in your PO.

Any additional testing beyond our standard inspection may be requested for an additional fee. Our capabilities can be located via the link below.

COUNTERFEIT PARTS DISPOSITION

All materials deemed to be suspect, fraudulent, or confirmed counterfeit are segregated until determined authentic through further inspection and/or testing. Should we suspect that counterfeit parts may have infiltrated our system, we take the following mitigation actions:

1. Quarantine the involved parts.
2. Initiate a Nonconformance Report
3. Locate any parts in stock and ensure they are quarantined and clearly marked as nonconforming.
4. Identify any suspect items that may have left the facility.
5. If applicable, notify the involved customer (s) in accordance with requirements.
6. Investigate and verify whether product is or is not counterfeit.
7. Take remediation /corrective action.



Material that is confirmed counterfeit is reported to the supplier along with supporting documents and request for a corrective action. Options will be discussed to determine disposition of the affected material to prevent re-entry into the supply chain. This may include:

- Destruction of the material by Direct, or Direct's customer, to render it unusable in any form and documentary evidence provided to the supplier by request.
- Return material to the supplier and request certificate of destruction to prevent re-entry into the supply chain.

Occurrences of counterfeit parts are reported, as appropriate, to internal organizations, customers, government reporting organizations, industry supported reporting programs (e.g., ERAI, GIDEP, etc.)

All nonconformances will be documented in accordance with our [Control of Nonconformances Procedure](#) including disposition.

ADDITIONAL RESOURCES

To view our Supplier Manual or PO terms and conditions visit <http://www.directics.com/download-center/suppliers/>

Please visit <http://www.directics.com/download-center/customers/> for a list of our equipment & capabilities.

For a virtual tour of our lab and warehouse <https://www.directics.com/live-tour/>

If you have any additional questions regarding Direct's counterfeit mitigation plan or procedures, please contact qc@directics.com



Quality Contacts:

Natalie Paull – Quality Systems Manager – Ext 228

Kyle Westropp – Quality Control Manager – Ext 227