

## Counterfeit, Fraudulent & Suspect Items (CFSI)

### 1. Purpose

To provide a policy that defines the processes and arrangements for the avoidance of CSFI within the Five-Rivers (SC). This policy recognises that throughout all levels of the supply chain (SC) there are parties who might wish to substitute Counterfeit, Fraudulent and Suspect Items (CFSI) for genuine items or services for commercial gain.

All employees, partners and suppliers should be aware of the risks and hazards of CFSI entering the SC and understand their role in mitigating the risks. This policy has been compiled using additional information from Defence Standard 05-135 Avoidance of Counterfeit Material.

### 2. Scope

This policy applies to all material, documents and records.

### 3. Definitions

#### 3.1 Material:

Material refers to all equipment, parts, components, products, raw material, documents, records or software associated with the deliverable product or service.

#### 3.2 Counterfeit Material:

Material whose origin, age, composition, configuration, certification status or other characteristic (including whether or not the material has been used previously) has been falsely represented by:

- a) misleading marking of the material, labelling or packaging;
- b) misleading documentation; or
- c) any other means, including failing to disclose information;

except where it has been demonstrated that the misrepresentation was not the result of dishonesty by a supplier or sub-supplier within the supply chain.

**Note:** Regardless of the governing law of the supply contract, the term “origin” is to be accorded the same meaning as the equivalent term found in European Directive 2008/95/EC (the “Trade Marks” Directive), and the terms “falsely represented”, “misleading”, “failing to disclose information” and “dishonesty” are to be accorded the same meaning as the equivalent terms found in the United Kingdom’s Fraud Act 2006.

### 3.3 Fraudulent Items:

Items that are intentionally misrepresented to be something they are not. Fraudulent items include items provided with incorrect identification or falsified/inaccurate certification. Fraudulent items also include items sold by entities that have acquired the legal right to manufacture a specified quantity of an item (such as an integrated circuit), but produce a larger quantity than authorised and sell the excess as legitimate inventory.

### 3.4 Suspect Items:

A suspect item is one in which there is an indication by visual inspection, testing, or other information that it may not conform to established Legislation, industry-accepted specifications or customer requirements. Suspect items must be further investigated to determine whether they are counterfeit. When an item contains indications, but insufficient evidence, of irregularities such as noncompliance with agreed-upon specifications in the manufacturing process, it may be declared suspect.

### 3.5 Supplier:

Organisation or person that provides material (as defined above)

## 4. Policy

### 4.1 Roles and Responsibilities

#### 4.1.1 Senior Management

Five-Rivers' senior management shall ensure the policy for the avoidance of CFSI material is available, communicated, understood, and implemented by relevant staff at all levels within the organisation.

#### 4.1.2 Management Representative

The Business Manager (MRQ) is the appointed management representative who, irrespective of other responsibilities, has responsibility and authority within the organisation to:

- a) ensure that the arrangements required to manage the risk of counterfeit material in the supply chain are implemented and maintained.
- b) report to senior management any concerns regarding counterfeit material within the supplier organisation and supply chain.
- c) where applicable promote awareness of the risk of counterfeit material in the supply chain.
- d) ensure lessons learnt are communicated within Newburgh Precision and the supply chain.
- e) when applicable share examples of counterfeit or fraudulent items or services within the supply chain and the wider industry as appropriate.

## 4.2 Competence, training and awareness

**4.2.1** Five-Rivers shall determine the awareness level requirements appropriate to each functional role, the competence level required by each employee and how the training needs will be met.

**4.2.2** Records of training, skills and competence are to be maintained.

## 4.3 Purchasing

**4.3.1** Five-Rivers shall assess the risk of procuring counterfeit material. This shall take into account the criticality of the material in relation to performance and safety.

**4.3.2** Where risk has been identified, Five-Rivers shall ensure that the requirements of this policy, or an appropriate industry Sector Scheme or Standard is flowed down the supply chain.

**4.3.3** As part of the evaluation of sub-suppliers, where final product integrity is considered important due to the critical nature of performance and safety, Five-Rivers shall be able to trace the source of supply of the material through the supply chain to the manufacturer to reduce the risk of counterfeit material in the supply chain.

**4.3.4** Where Five-Rivers does not procure material directly from, or cannot trace the source of supply of the material through the supply chain to the manufacturer, this shall constitute an additional risk that Five-Rivers shall manage. As a minimum Five-Rivers shall demonstrate that the material shall fulfil the acquirers specified requirements. The material characteristics and level of information shall not degrade the safety and performance of the deliverable material.

## 4.4 Test and Verification

**4.4.1** Five-Rivers shall determine the rigour of inspection and test requirements for the acceptance of material. This shall be commensurate with the risk of the material being counterfeit and the criticality of the material in relation to safety and performance.

**4.4.2** If material is suspected of being counterfeit at any point in production or service provision then additional testing shall be considered to confirm whether or not it is counterfeit material.

## 4.5 Control of Non-Conforming Material

### 4.5.1 Five-Rivers shall establish arrangements to:

- a) control suspected counterfeit material to prevent its unintended use or re- entry into the supply chain.
- b) ensure suspected counterfeit material is not returned to the sub-supplier unless under controlled circumstances for validation or testing.
- c) ensure that material confirmed as being counterfeit does not re-enter the supply chain and is not returned to the sub-supplier.

## 4.6 Reporting of Counterfeit Material

### 4.6.1 Five-Rivers shall establish arrangements to ensure that occurrences of counterfeit material are reported to:

- a) the customer.
- b) the supplier of the material.
- c) the owner of the Intellectual Property Rights of the genuine material.
- d) appropriate information / data gathering organisations including, but not limited to:
  - British Electrotechnical and Allied Manufacturers' Association (BEAMA).
  - Electronic Systems Community (ESCO).
  - Medicines and Healthcare Products Regulatory Agency (MHRA).
  - National Law Enforcement Authorities (see note).

**Note:** In the UK the occurrences of counterfeit material are to be reported to the Trading Standards Office.

## 4.7 Additional Requirements for Manufacturers

### 4.7.1 Five-Rivers and Suppliers who are original manufacturers shall consider measures to avoid the misrepresentation of their material by others. Such measures may include:

- a) the use of indelible, encrypted or covert marks on material, documentation and packaging.
- b) the secure destruction of substandard material, documentation and packaging.
- c) design of material to be less prone to obsolescence.
- d) the recording of registered trade marks and designs on customs and law enforcement databases.
- e) the active enforcement of trade mark and design rights against manufacturers and suppliers of counterfeit material.
- f) the control of production processes to prevent the misappropriation of material or unauthorised production overruns.

## 5. Records

Records produced by this policy:

None

## 6. Referenced Documents

Doc Ref	Description	Date of Issue	Revision/ Issue
MoD Defence Standard 05-135	Avoidance of Counterfeit Material	Aug 2018	Issue 1



Jason Lovering  
Director  
Five Rivers Environmental Contracting Ltd

01 February 2019