

Focus 31 – West Wing
 Mark Road
 Hemel Hempstead
 Hertfordshire HP2 7BW
 United Kingdom

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Author:	Ian Brock	Date:	11/11/2020
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0.1	10/04/2015	I Brock	First draft
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1 PURPOSE

- 1.1 The spread of fraudulent (substandard) and counterfeit (imitation) material and intellectual property theft has increased across all industries and has proportionately increased the risk of such materials entering the supply chain. Beck Optronic Solutions (Beck) has therefore instigated anti-counterfeiting measures:
- (a) To ensure the safety of our customers, staff and end users;
 - (b) To maintain their continued confidence in Beck; and
 - (c) To safeguard Beck's revenue.
- 1.2 Individuals and organisations will be guilty of an offence if they trade in fraudulent and counterfeit material. Beck and its suppliers, subcontractors and distributors must be able to demonstrate that they have conducted due diligence when sourcing materials and have taken care to prevent fraudulent and counterfeit materials from entering the supply chain.
- 1.3 Beck achieves this by:
- (a) Using best practice to manage our communications and transactions efficiently;
 - (b) Vigilance in our supply chain to help protect against counterfeiting and piracy and other forms of theft to enable the early detection of criminal activity;
 - (c) Strengthening relationships with our business partners and striving to increase customer satisfaction; and
 - (d) Strict control of sales and distribution of Beck's products.

2 BECK PRODUCTS ANTI-COUNTERFEITING MEASURES

- 2.1 Beck protects its products:
- (a) By intellectual property registration (of patents, trademarks, trade names and copyright) and licensing;
 - (b) By use where appropriate of serial numbers, and maintenance of records of supply; and
 - (c) Through brand protection measures such as detailed packaging and product design which makes them difficult to counterfeit.
- 2.2 Beck destroys or recycles waste products to ensure they do not unintentionally enter the supply chain. Beck's quality assurance processes ensure that fraudulent material does not enter the market.
- 2.3 Beck will work upon request with the relevant authorities to educate them on its products and help them identify counterfeits.
- 2.4 Beck advises its customers to purchase Beck products directly from Beck or through authorised distributors. A list of authorised distributors is available at www.beckoptronic.com.
- 2.5 Only customers who purchase Beck products through its approved channels can receive the benefit of its quality assurances, technical support, warranty coverage and return privileges. If

a customer has received defective, counterfeit, obsolete, remarked or repackaged products, in the first instance, the customer should contact the merchant who sold the products. Beck may investigate the allegation and work with the relevant authorities to check if the goods infringe Beck's intellectual property rights.

3 SECURING THE SUPPLY CHAIN

3.1 At times, in the production of its products, Beck needs to procure goods from third party suppliers. To ensure that this does not introduce counterfeit or fraudulent material into its products it ensures that;

- (a) Where possible parts are purchased from the original component manufacturer (OCM) or authorised suppliers from the Approved Suppliers list;
- (b) Where parts cannot be sourced from OCMs or from approved suppliers or where other suppliers must be used, the risks of procuring counterfeit parts shall be assessed and documented. In such instances and where there is doubt over a party's authenticity, additional testing must be performed.
- (c) The purchasing team checks the business information of suppliers, subcontractors and distributors to ensure that they are legitimate.
- (d) It requires suppliers, subcontractors and distributors:
 - (I) To have rigorous quality assurance programmes in place;
 - (II) To sign up to a code of practice whereby, amongst other things, it has policies and procedures in place to ensure that it produces legitimate goods and sources its materials through legitimate channels;
 - (III) To follow Beck's guidelines on the packaging and marking of goods inwards;
 - (IV) to be aware that Beck does not accept supply of fraudulent or counterfeit products, will investigate the alleged supply of such products and will report such instances to the appropriate authority.
- (e) Suppliers are made aware that Beck will not negotiate with counterfeiters and will pursue them to the full extent of the law.

4 BECK STANDARD TERMS AND CONDITIONS

4.1 Beck's standard terms and conditions for purchase are available on www.beckoptronic.com. They include provisions to ensure that the goods supplied to Beck:

- (a) Meet the required specification.
- (b) Do not infringe third party intellectual property rights; and
- (c) Include warranties and indemnities which enable Beck to claim against suppliers in the event that Beck receives counterfeit or fraudulent material.

4.2 The Beck terms and conditions also include rights of audit and reporting on supplier quality data which enables Beck to monitor the supplier's compliance with these obligations.

5 BECK'S PURCHASE ORDER

5.1 In order to assist with quality control and minimise the risk of being provided with fraudulent or counterfeit materiel, Beck's purchase orders require the supplier to include:

- (a) A list of the Original Component Manufacturers;
- (b) Testing and inspection criteria;
- (c) Quality management systems used;

5.1.1 Certificate of Conformity.

6 WHAT TO DO IF COUNTERFEITING IS SUSPECTED

6.1 If you think that Beck's intellectual property rights have been infringed or suspect our products are being counterfeited, then contact Beck's Managing Director for further advice and assistance.

6.2 If you suspect that Beck has received counterfeit or fraudulent materiel, do not return the item to the supplier (as this will enable the item in question to re-enter the supply chain). Contact Beck's Operations Director for further advice and assistance.

6.3 The Directors will determine what action if any needs to be taken. Beck employees are not authorised to notify third parties of suspected counterfeit or fraudulent materiel.

This policy has been approved & authorised by:

Name: Rob Parsons
Position: Managing Director
Date: 11/11/2020
Signature:

APPENDIX A: Offences

Offences carry sentences between 3 months to 10 years imprisonment and/or unlimited fines.

Potential offences and infringements include breach of the following:

- Contract
- Sales of Goods Act 1979
- Supply of Goods and Services Act 1982
- Trade Marks Act 1994
- Copyright Designs and Patents Act 1988
- Fraud Act 2006
- Proceeds of Crime Act 2002
- Consumer Protection from Unfair Trading Regulations 2008

Interested parties include:

- The Police
- Customs (HMRC) Trading Standards
- Defence Irregularity Reporting Cell
- United Kingdom Electronics Alliance

APPENDIX B: Offences

All contracts for the supply of materiel to Beck should include the following terms:

- Definition of specification
- Supplier warranties including that the materiel:

Corresponds with its description and any applicable specifications:

Is of satisfactory quality (within the meaning of the Sales of Goods Act 1979, as amended) and fit for any purpose held out by the supplier or made known to the supplier by the customer expressly or by implication, and in this respect the customer relies on the supplier's skill and judgement.

Where applicable, is free from defects in design, material and workmanship and remain so for 12 months after delivery; and

Complies with all applicable statutory and regulatory requirements relating to the manufacture, labelling, packaging, storage, handling and delivery of the goods.

That Beck has the right to inspect and test the goods at any time before delivery. If following such inspection or testing Beck considers that the goods do not conform or are unlikely to comply with the supplier's undertakings the supplier shall immediately take such remedial actions as is necessary to ensure compliance.

If the goods are delivered and do not meet the quality level or specifications then Beck may:

- Terminate the contract;
- Reject the goods (in whole or in part) and return them to the supplier at the supplier's own risk and expense;
- Require the supplier to repair or replace the rejected goods, or to provide a full refund of the price of the rejected goods (if paid);
- Refuse to accept any subsequent delivery of the goods which the supplier attempts to make;
- Recover from the supplier any costs incurred by the customer in obtaining substitute goods from a third part; and
- Claim damages for any other costs, loss or expenses incurred by the customer which are in any way attributable to the supplier's failure to carry out its obligations under the contract.
- Claim liquidated damages for the delay of receipt of the required goods

The supplier indemnity to Beck for all costs as a result of or in connection with:

- Any claim made against the customer for actual or alleged infringement of a third part's intellectual property rights arising out of, or in connection with, the supply or use of the goods, to the extent that the claim is attributable to the acts or omissions of the supplier.
- Any claim made against the customer by a third party arising out of, or in connection with, the supply of the goods, to the extent that such claim arises out of the breach,

negligent performance or failure or delay in performance of the contract by the supplier, its employees, agents or subcontractors; and

- Any claim made against the customer by a third party for death, personal injury or damage to property arising out of, or in connection with, defects in goods, to the extent that the defect in the goods is attributable to the acts or omissions of the supplier, its employees, agents or subcontractors.

Supplier to maintain in force, with a reputable insurance company, professional indemnity insurance, product liability insurance and public liability insurance to cover such heads of liability as may arise under or in connection with the contract.

APPENDIX C: Anti-Counterfeit Supplier Vetting Questions

Does the supplier have a policy dealing with fraudulent and counterfeit materiel?

2. How frequently is it audited?
3. Does it undertake fraudulent and counterfeit materiel awareness training of its staff?
4. How does the supplier manage fraudulent and counterfeit materiel to a recognised standard?
5. How does the supplier mitigate the risk of procuring counterfeit products?
6. Does its ISO9001 standards evaluate the supplier's control of fraudulent and counterfeit products?
7. What goods inwards tests are used to reduce counterfeit and fraudulent products?
8. What are the supplier's complaints processes regarding suspect fraudulent and counterfeit products?
9. What is the supplier's customer notification and product recall initiation policy in the event that fraudulent or counterfeit products are detected?

This policy has been approved & authorised by:

Name: Rob Parsons

Position: Managing Director

Date: 11.11.2020

Signed:

