

# MACOGA, SA Counterfeit, Fraudulent and Suspect Items (CFSI) Policy

# CFSI Policy

At MACOGA, safety is our overriding priority and we understand the potential risks concerning the supply of Counterfeit, Fraudulent and Suspect Items (CFSI) within the supply chain, and to this end we only use suppliers that can demonstrate the quality and source of the materials (including goods) that we require.

This document will be used as the framework for identifying and preventing any counterfeit, fraudulent, or suspect items from causing harm or loss in our supply chain. This policy

recognises that throughout all levels of the supply chain there are parties who might wish to substitute Counterfeit, Fraudulent and Suspect Items (CFSI) for genuine items or services for commercial gain.

All staff, partners and suppliers should be aware of the risks and hazards of CFSI entering the supply chain and understand their role in mitigating the risks.

## Commitments

We will make sure that:

1. Our Quality Management System includes controls to assure that only correct and accepted items are used or installed.
2. Our Construction O&M manuals incorporate warranties on all products as provided by our approved suppliers and contractors.
3. Counterfeit, Fraudulent or Suspect (CFS) items are prevented at all levels of our operations including:
  - Selection of external suppliers and contractors.
  - Specific information to external suppliers and contractors, including requirements for control of their sub suppliers.
  - Control of externally supplied processes, products, and services.
  - Maintenance of accurate purchase and sales records including but not limited to purchase orders, purchased products and quantities, purchase contracts, supplier invoices, supplier delivery notes, transporter or shipper details, incoming goods receipt inspections, receipts/ invoices detailing sold products and quantities, sales contracts, sales invoices, sales delivery notes, transporter or shipper details, outgoing goods shipment inspections.
  - A purchasing process in place for checking that goods received match the information in the delivery documents and purchase orders. Proof of matching delivery documents and purchase orders is available.
  - Monitoring and measurement activities.
4. When CFS items are detected, they will be managed as non-conformities (NCR's) and relevant parties, including the customer, will be informed without delay.

## Scope

This policy applies to all material, documents, and records as defined here:

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

**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.

**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.

**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.

**Supplier:** Organisation or person that provides material (as defined above).



## Roles and Responsibilities

MACOGA 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.

The Managing Director is the appointed management representative who, irrespective of other responsibilities, has responsibility and authority within the organisation to:

- Ensure that the arrangements required to manage the risk of counterfeit material in the supply chain are implemented and maintained.
- Report to senior management any concerns regarding counterfeit material within the supplier organisation and supply chain.
- Where applicable promote awareness of the risk of counterfeit material in the supply chain.
- Ensure lessons learnt are communicated within the business.
- When applicable share examples of counterfeit or fraudulent items or services within the supply chain and the wider industry as appropriate.
- Ensure that all employees are informed, instructed and trained in this policy.

## Purchasing

- The risk of procuring counterfeit material must be assessed by all staff with purchasing authority and they must consider the criticality of the material in relation to quality and safety.
- Where risk is identified, the requirements of this policy must be flowed down the supply chain.
- As part of the evaluation of suppliers and contractors, the company must 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.
- Where the company does not procure material directly from or cannot trace the source of supply of the material through the supply chain to the manufacturer, the additional risk must be managed. As a minimum the company must demonstrate that the material will fulfil the acquirers specified requirements. The material characteristics and level of information must not degrade.

## Test and Verification

- The thoroughness of inspection and test requirements for the acceptance of material must match the risk of the material being counterfeit and the criticality of the material in relation to safety and performance.
- If material is suspected of being counterfeit at any point in production or service provision, then additional testing must be considered to confirm whether or not it is counterfeit material.

## Control of Non-Conforming Material

The Quality Management System arrangement must:

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

## Reporting of Counterfeit Material

The Quality Management System arrangement must ensure that occurrences of counterfeit material are reported to the customer; the supplier of the material; the owner of the Intellectual Property Rights of the genuine material; appropriate information / data gathering organisations such as the Trading standards Office.