

## British Engines Group Anti-counterfeit Policy

### 1. Aims and Objectives

British Engines Limited (**Company**) and its subsidiary companies (together the **Group**) are committed to delivering quality engineered products of a superior technical standard. The Group acknowledges that the use of counterfeit materiel, raw materials, components, parts, products or equipment (**Counterfeit Goods and Materiel**) risks compromising the performance or safety of its own engineered products. Accordingly, the Group does not knowingly use, and does not condone the known use of, Counterfeit Goods and Materiel. This policy outlines the Company's position on preventing the use of Counterfeit Goods and Materiel and sets out how it will respond where a Group company suspects it has been supplied with such goods.

The Group has a 'zero tolerance' to Counterfeit Goods and Materiel within its supply chain. Senior management is committed to implementing effective measures to prevent, monitor and eliminate the presence of Counterfeit Goods and Materiel in the supply chain.

This policy complies with DEFSTAN 05-135 Issue 1 (Avoidance of Counterfeit Materiel).

### 2. Scope

This policy applies to all persons working for the Group or on its behalf in any capacity, including employees at all levels, directors and officers of the Group, and to agency workers, temporary workers, seconded workers, volunteers, interns, agents, external consultants, contractors, third-party representatives and business partners acting for, or on behalf of, the Group (**associated persons**) within the UK and overseas. Every employee and associated person acting for, or on behalf of, the Group is responsible for being vigilant to the possibility of Counterfeit Goods and Materiel infiltrating the supply chain.

Any breach of this policy may cause serious damage to the reputation and standing of the Group, and it may therefore be appropriate to consider whether such breach may constitute a disciplinary matter for any individual concerned. All employees and associated persons are required to familiarise themselves and comply with this policy, including any future updates that may be issued from time to time by the Company.

This policy covers:

- the Group's processes for identifying the risk of Counterfeit Goods and Materiel being in the Group's supply chain, and managing that risk;
- the Group's processes for inspecting and testing goods received, to establish whether they are Counterfeit Goods and Materiel;
- the Group's response to having detected that it has received Counterfeit Goods and Materiel;
- the responsibilities of employees and associated persons acting for, or on behalf of, the Group; and
- the consequences of any breaches of this policy.

All employees and associated persons must ensure that they read, understand and comply with this policy.

### 3. Responsibility for the Policy

The Company's board of directors (**Board**) has overall responsibility for ensuring this policy complies with the Group's legal and ethical obligations, and that all those under its control comply with it.

The Head of Purchasing in each business has primary and day-to-day responsibility for implementing this policy, monitoring its use and effectiveness, dealing with any queries about it, and auditing internal control systems and procedures to ensure they are effective in countering the presence of Counterfeit Goods and Materiel in the supply chain. Where necessary, they shall report any concerns they may have around this policy or its implementation to senior management within their business, and the Group's Company Secretary.

Management at all levels are responsible for ensuring those reporting to them understand and comply with this policy and are given adequate and regular training on it and the issues involved in supply chain integrity.

Any points of clarification in respect of this policy and the obligations under it should be directed to the Company Secretary.

### 4. Purchasing Policy

Each Group company reviews the risks posed to it, and its ultimate customers, of Counterfeit Goods and Materiel being used in its products. These reviews shall be monitored and updated as appropriate, or as required by any relevant customer.

Wherever possible, the Group reduces the risk of receiving Counterfeit Goods and Materiel by purchasing either from authorised manufacturers or suppliers, or from longstanding, trusted suppliers who have proven their commitment to supplying the Group with high quality, genuine raw materials, materiel, components, parts, products or equipment (**Goods and Materiel**).

In each case, the relevant Group company will seek to agree appropriate rights of inspection and audit to satisfy itself as to the genuine nature of the Goods and Materiel with which it is being supplied, so that it can trace the Goods and Materiel back to the manufacturer, where this is not also the supplier, and verify that the Goods and Materiel supplied will satisfy the specific requirements of any customer and shall not cause damage to the items being supplied by the Group.

If relevant, the relevant Group company will seek to identify where a customer's requirements extend beyond the measures contained within this policy and shall, where appropriate and reasonably practicable, seek to introduce such requirements into its agreements with its suppliers.

### 5. Inspection and Testing of Goods Received

Each Group company reserves the right to conduct inspections, and to carry out tests on, Goods and Materiel within a reasonable time of their receipt, with a view to establishing whether they are Counterfeit Goods and Materiel. Goods and Materiel are not deemed to be accepted until a Group company has either carried out such inspection and testing, or a reasonable period of time has elapsed and such inspection or testing has not occurred.

Testing and inspection of Goods and Materiel shall be in accordance with the quality procedures of the relevant Group company, or as specifically required by a customer of such relevant Group

company. Goods and Materiel must meet the quality standards specified in any applicable purchase order.

Notwithstanding any terms of a purchase order, should inspection or testing indicate that the Goods and Materiel are Counterfeit Goods and Materiel, the relevant Group company shall:

- notify the supplier of the findings of the inspection or test and confirm that the Goods and Materiel are rejected;
- inform the supplier that it will destroy and dispose of the Goods and Materiel;
- not be obliged to pay any invoice raised by the supplier to the extent that it relates to Counterfeit Goods and Materiel;
- be permitted, at its discretion, to terminate, with immediate effect, and either in whole or in part, any arrangements it has in place with the supplier;
- report the detection of Counterfeit Goods and Materiel to such persons or organisations as it considers reasonably necessary, including, but not limited to:
  - o the supplier
  - o any sub-suppliers
  - o the Group company's customer
  - o the registered holder of any protected intellectual property rights which may have been infringed by the Counterfeit Goods and Materiel; and
  - o national law enforcement agencies.

Employees and, where applicable, associated persons, are required to take particular care to ensure that all company records are accurately maintained in relation to any contracts or business activities, including financial invoices and all payment transactions with clients, suppliers and public officials.

## **6. Reporting Concerns around Authenticity**

Any suspicions of Counterfeit Goods and Materiel should be reported in the first instance to the individual's line manager, or, if they are not available, to the Quality Department of the relevant Group company. The Group depends on its employees and associated persons to monitor the integrity of its supply chain. Employees and associated persons are requested to assist the Group and to remain vigilant in preventing the supply chain from being infiltrated by Counterfeit Goods and Materiel. The Group aims to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

## **7. Action by the Group**

The relevant Quality Department will investigate instances of alleged or suspected Counterfeit Goods and Materiel. To the extent that any Group company reasonably believes that an employee is culpable for introducing counterfeit material into the supply chain, the employee may be suspended from its duties while any investigation is being carried out, and disciplinary procedures will be invoked where any employee is suspected of knowingly ordering or receiving Counterfeit Goods and Materiel. Any breach of this policy will be dealt with in accordance with the disciplinary policy.

## **8. Status of this Policy**

This policy does not form part of any employee's contract of employment and it may be amended at any time.