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# Counterfeit parts and conflict minerals

David Scrimshire, Managing Director of TEC Transnational, explains why counterfeit parts and conflict minerals pose a clear danger in many manufacturing sectors, and outlines practical quality management system strategies to minimise this risk

Counterfeiting in the aerospace, defence and automotive industries may have life or death consequences. Although it is clear that counterfeit parts do enter the supply chain, the time and place of their entry is unpredictable.

Most of us are aware of 'blood diamonds' – which are diamonds mined in a war zone and sold to finance an insurgency, an invading army's war efforts, or a warlord's activity.

What may be less well-known are conflict minerals, which share a similar pedigree and may inadvertently enter the supply chain. Conflict minerals include tin, tantalum, tungsten and gold (often referred to as 3TG).

## What are counterfeit parts?

A counterfeit part is a fraudulent part that has been confirmed to be a copy, imitation or substitute that has been represented, identified or marked as genuine, and/or altered by a source without legal right, with intent to mislead, deceive or defraud.

Examples of a counterfeit part can include the false identification of marking or labelling, grade, serial number, date code, documentation or performance characteristics, including:

- Electrical, electronic and

electromechanical parts;

- Raw materials;
- Outsourced special processes;
- Mechanical components;
- Standard and COTs (commercial off-the-shelf) parts;
- IT and communications technology;
- And all types of 'matériel', such as

the aggregate of things used or needed by any organisation for the production of its products.

## What are conflict minerals?

In conflict-affected and high-risk areas of the world, organisations involved in mining and trade in minerals may be at risk of contributing to, or being associated with, serious human rights abuses and conflict.

For example, conflict minerals have, for some years, been a particular problem in minerals sourced from conflict-affected areas of the eastern Democratic Republic of Congo (DRC).

Organisations can, knowingly or unknowingly, be affected by the risk of supply chain contamination with conflict minerals.

This can occur at a number of stages, whether mining or trading in the eastern provinces of DRC, in an adjoining country, or further along the chain.

## Meeting customer and international requirements

The following three standards contain requirements relating to counterfeit parts:

- AS5553:2016 Revision B
- IEC TS 62668-1:2016
- AS9100:2016 Revision D.

These documents may be augmented by 'customer-specific' requirements. Additional guidance for AS5553:2016 Revision B are now included in ARP6328.

Organisations must plan, implement, and control processes, appropriate to their operations and the product, for the prevention of counterfeit or suspect counterfeit parts use and their inclusion in product(s) delivered to the customer.

Such quality management system processes must consider:

- Training of appropriate people in the awareness and prevention of counterfeit parts.
- Application of a parts obsolescence monitoring programme.
- Controls for acquiring externally provided product from original or authorised manufacturers, authorised distributors or other approved sources.
- Requirements for assuring the traceability of parts and



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components to their original or authorised manufacturers.

- Verification and test methodologies to detect counterfeit parts.
- Monitoring of counterfeit parts reporting from external sources.
- Quarantine and reporting of suspect or detected counterfeit parts.

Recent guidance and regulatory initiatives seeking to keep conflict minerals out of the industry supply chain include:

- OECD (Organisation for Economic Co-operation and Development) Due Diligence Guidance (available now).
- European Union adopted Regulation (EU) 2017/821 (in force in 2021).

The OECD Due Diligence Guidance for Responsible Mineral Supply Chains booklet contains the OECD Council Recommendation.

The guidance provides a framework for detailed due diligence as a basis for responsible supply chain management of 3TG, as well as all other mineral resources. The European Union Regulation (EU) 2017/821 was adopted and published in May 2017.

The regulation lays down supply chain due diligence obligations for EU importers of 3TG and accords with the

five steps of the OECD Guidance.

This will come into force on 1 January 2021 and will require companies to check where the minerals and metals they import have been mined and if they were processed responsibly.

The term 'due diligence' means acting with reasonable care and investigating an issue before making a decision on procurement.

In other words, it is an ongoing, proactive (and reactive) process through which organisations put in place actions to make sure they are able to identify, manage and report on 3TG risks in their supply chain.

Organisations are advised to formulate their own supply chain policy to conform to the OECD Due Diligence Guidance outlining the 3TG risks of significant adverse impacts of conflict minerals.

The policy may be embedded into their existing policies on corporate social responsibility, sustainability, or other alternative equivalent (eg, quality policy).

Once the policy has been documented, the organisation must adopt and clearly communicate to suppliers and interested parties, up-to-date information on the policy.

**Dr David Scrimshire is IRCA certified Principle Auditor and Managing Director of TEC Transnational Ltd.**

## 3 top tips

**1**

To minimise the risk of counterfeit materials, the golden rule is to only use authorised suppliers. Preferably, use stockists who are AS9120:2016 certified.

**2**

Consult the OECD Due Diligence Guidance booklet and the European Union Regulation (EU) 2017/821.

**3**

Formulate your own supply chain policy and communicate it to your suppliers.