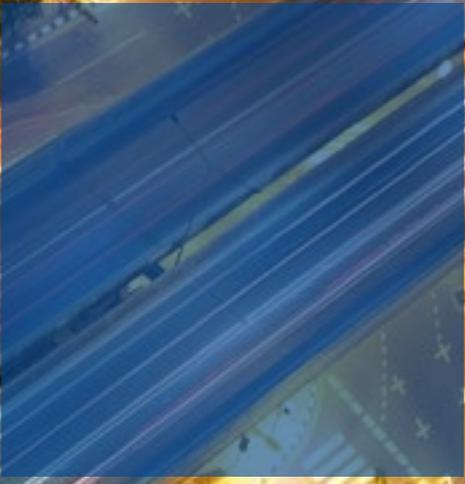


BRC GLOBAL
STANDARDS
COMPLIANCE
PROGRAMME
2017

Safeguarding the
supply chain





CP
17

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EXECUTIVE SUMMARY



At BRC Global Standards, we are committed to preserving our reputation as the global market leader in retail safety. This commitment underpins everything we do and ensures our customers have confidence in the integrity of our audits.

Compliance is therefore a crucial focus throughout our business. This year we increased investment in compliance and expanded our global team of independent, internationally respected auditors to ensure we deliver the highest quality of audits around the world.

As part of our compliance programme, we continue to review our global portfolio on an ongoing basis. Currently, it comprises six core Standards and a range of additional modules to supplement them, and to provide auditors with comprehensive support.

To ensure our rigorous standards are upheld, we were the first Global Food Safety Initiative (GFSI) scheme to offer unannounced audits. Our stakeholders are increasingly adopting this opportunity for manufacturers to demonstrate their daily commitment to high quality. Indeed, unannounced audits accounted for nearly 25% of all UK and Ireland food audits and 7.5% of those in Europe. We are pleased to see that sites opting into our unannounced audit scheme continue to demonstrate the improved scores achieved in their original audits. We also increased our surveillance on work completed by our certification body partners by conducting one-day visits to a growing sample of our certificated sites.'

To ensure our work remains of the highest standard, we promote a culture of transparency, underpinned by communication and feedback. Understanding the communities in which we operate is key to achieving this, and so we have increased local market knowledge throughout our offices in London, Chicago and New Delhi.

To ensure excellence around the world, we also continue to work closely with our certification body partners. I am pleased that we saw further ratings improvement this year, with 73% of our partners rated as five star.

This report is driven by our commitment to create more secure supply chains worldwide and embed integrity and high standards throughout the retail industry. We hope you enjoy reading it.

A handwritten signature in blue ink, appearing to read 'Mark Proctor'. The signature is fluid and cursive, with the first name 'Mark' and last name 'Proctor' clearly distinguishable.

Mark Proctor
CEO, BRC Global Standards

LARGEST GFSI MANUFACTURING SCHEME IN THE WORLD

BRC Global Standards' reputation has established the organisation as the global market leader of retail safety – and continues to keep it in this position.

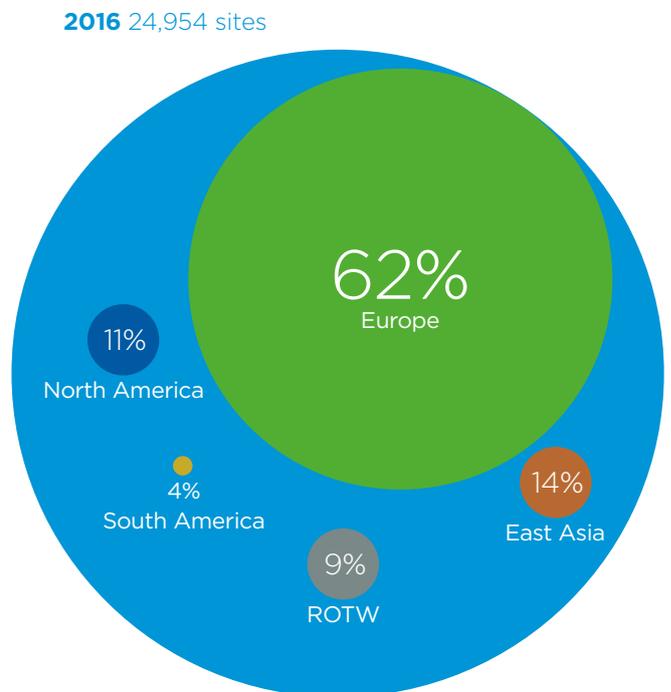
The BRC Global Standard for Food Safety was the first Standard benchmarked by the GFSI in 2000. Since then, continued growth means it is now the largest GFSI manufacturing scheme, operating in more than 130 countries. This breadth underscores the importance of upholding scrupulous compliance activity across all its operations – a goal to which BRC is completely committed.

In 2016, BRC Global Standards had almost 25,000 certificated sites around the world – which is three times the volume of audits it conducted in 2008. This increase reflects BRC Global Standards' consistent expansion around the world, with particularly strong growth in North and South America, and East Asia.

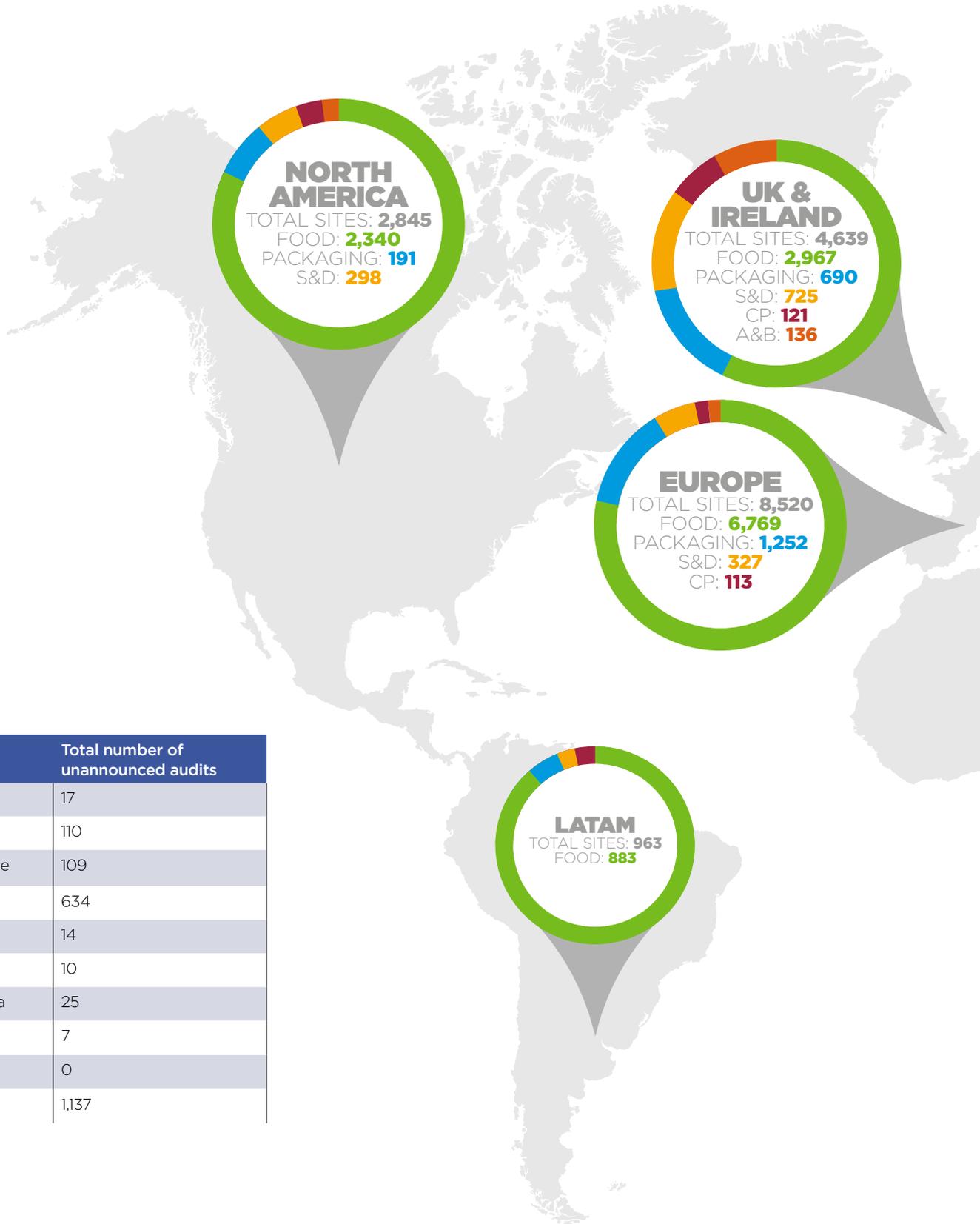
In addition to embedding best practice around the world and securing safer supply chains, this growth also means the BRC Global Standards Directory has amassed data from 200,000 audits. With the richest data amongst competitors and the widest audit base by regional spread, the BRC Global Standards Directory delivers vital insights on safety and compliance issues that affect certificated sites, retailers and consumers around the world.

However, ensuring consistency across the world's largest certification scheme presents a range of challenges. In response to these, BRC Global Standards has increased investment in compliance and expanded its global team of independent, internationally respected auditors. BRC Global Standards has also established new offices – in Chicago and New Delhi – to increase local market knowledge, in response to growing need.

To equip its auditing partners sufficiently, BRC Global Standards has developed a portfolio of six core Standards, supplemented by additional modules. This material is designed to complement the audit structure, reduce the burden and provide added value to stakeholders – arming BRC Global Standards auditors with the resources needed to uphold the organisation's high standards.



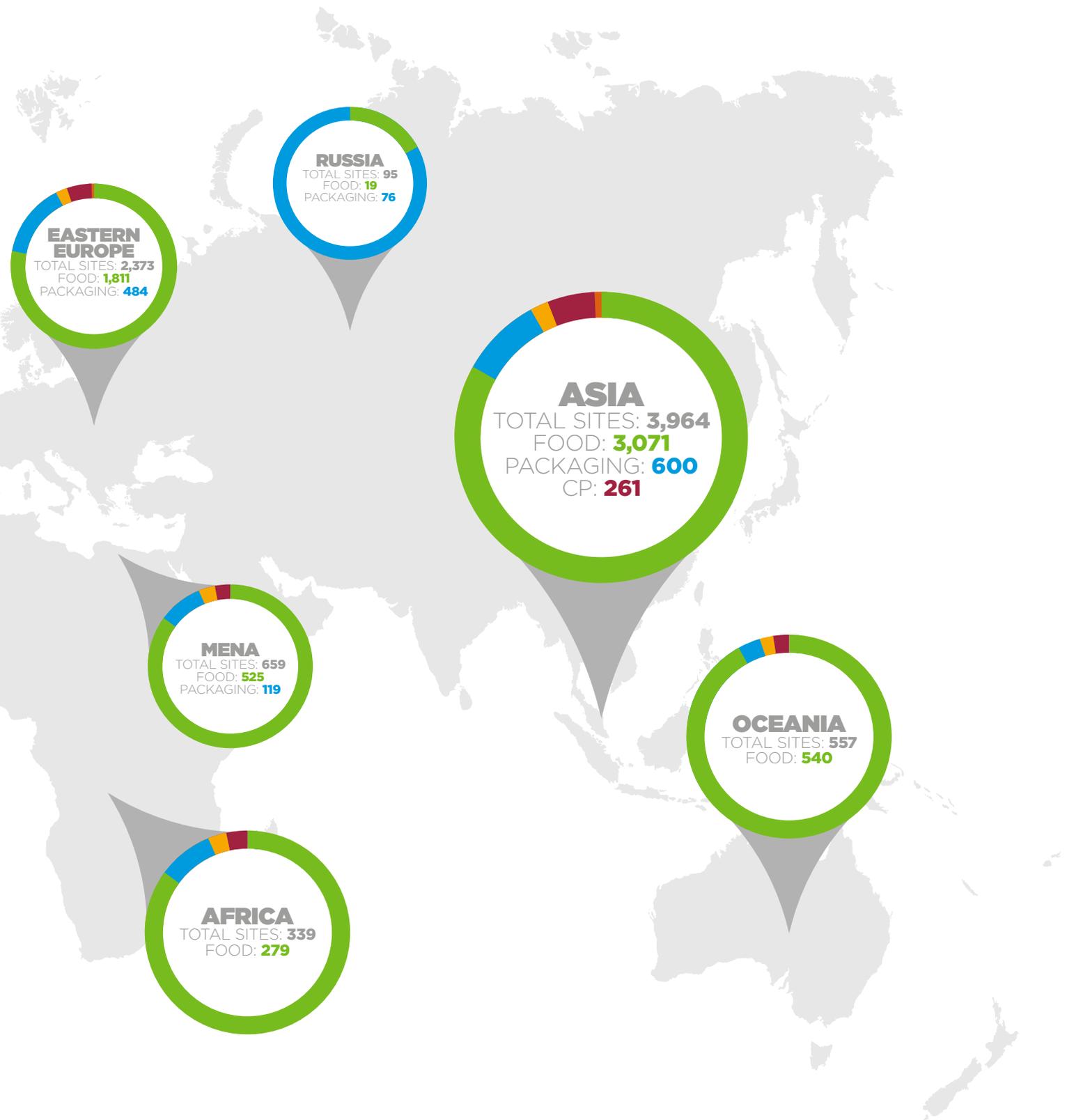
GLOBAL SITE DISTRIBUTION



Region	Total number of unannounced audits
Africa	17
Asia	110
Eastern Europe	109
Europe	634
LATAM	14
MENA	10
North America	25
Oceania	7
Russia	0
UK & Ireland	1,137

Total numbers of certificated sites for each BRC Global Standard:

- FOOD
- PACKAGING
- STORAGE & DISTRIBUTION (S&D)
- CONSUMER PRODUCTS (CP)
- AGENTS & BROKERS (A&B)



THE BRC GLOBAL STANDARDS DIRECTORY

The BRC Global Standards Directory is the official database used to store the results of all BRC audits, including audit reports and certificates. Certificated sites can log onto the Directory to view, download or share their information.

The Directory content, however, can only be edited by the certifying body. This means when sites share audits through the BRC Global Standards Directory, retailers, customers and supply chain partners can be assured of their authenticity. In total, 7,000 suppliers have chosen to share their data so far, providing a rich and valuable resource.

The Directory also archives all audit documents added since 2008, delivering a longer-term picture of site performance and trends. This allows retailers and certificated sites to evaluate the progress of current and potential manufacturers within their supply chain. If they wish, however, it is possible for manufacturers within their supply chain. If they wish, however, it is possible for manufacturers to request that information is not displayed publicly. The system also shares certification status changes instantaneously and generates reminder alerts, such as when audits need to be booked.

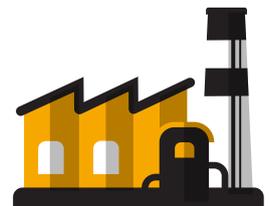
The BRC Global Standards Directory contains data on nearly 200,000 audits conducted around the world, representing around 48,000 audit days each year. This extensive knowledge bank provides unparalleled insight into performance trends and behaviours across the retail industry, with a particular focus on food standards. As part of an ongoing process to inspire global improvements, BRC Global Standards regularly analyses this data to understand safety issues that affect manufacturers, retailers and consumers. Trending shows 144,000 corrected non-conformities each year.

In addition, the Directory is a key tool for BRC Global Standards to manage consistency. It provides a demonstrable measure of certification body and auditor performance, and so allows in-depth management reporting to assess risks and identify auditing inconsistencies that warrant further investigation.

In recognition of the Directory's value, not just to BRC Global Standards but to the industry as a whole, BRC Global Standards continually invests in upgrades to the Directory to ensure it delivers the greatest benefits and the richest insight.



25,000
certificated sites



>35,000
registered users

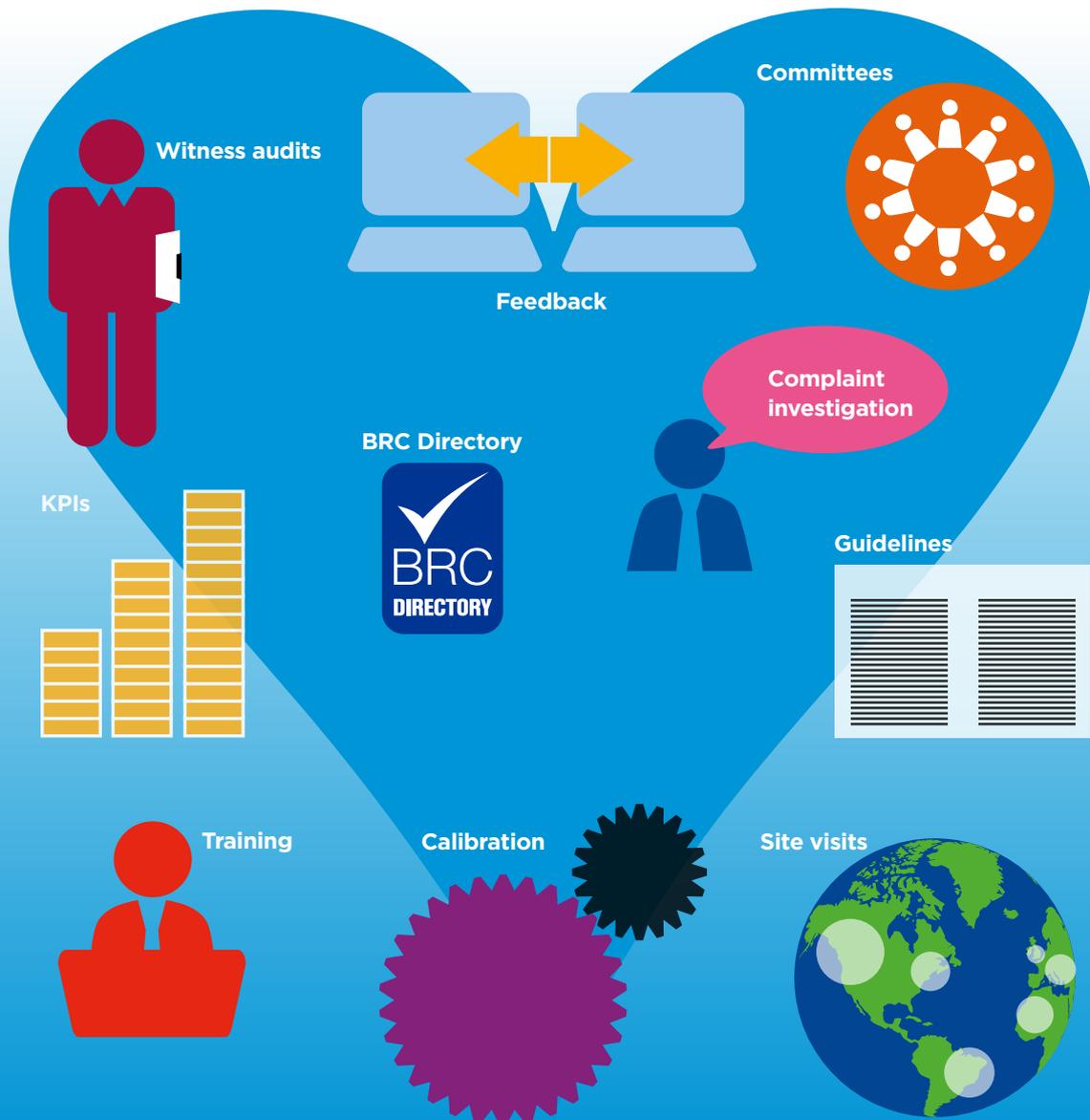
CONSISTENCY THROUGH COMPLIANCE

Compliance lies at the heart of all BRC Global Standards activity. To deliver uniformity throughout the organisation, BRC Global Standards’ compliance programme tackles issues using a comprehensive range of initiatives which, together, ensure consistency.

BRC Global Standards is committed to reducing risk and employs a risk-based approach to planning its compliance activities. This is driven primarily by a

combination of client feedback and analysis of the BRC Global Standards Directory.

To embed compliance and create a culture of excellence throughout the organisation, BRC Global Standards has a number of measures in place to audit its auditors. Comprising a combination of witness audits, site audits and certification body office audits, these initiatives reflect BRC Global Standards’ commitment to understanding the needs of stakeholders and the local markets in which they operate.



WORKING WITH CERTIFICATION BODY PARTNERS

Certification bodies are the guardians of BRC Global Standards' auditing, and consequently, its reputation. BRC Global Standards has established a set of key performance indicators (KPIs) through which to assess its certification bodies. This is to ensure it only partners with the best-performing, most compliance-orientated organisations. As such, it invests significant resources into these assessments and the insights they deliver.

The BRC Global Standards compliance team monitors certification bodies' performance every six months. Certification bodies are formally rated from one to five stars against five defined criteria.



Audit report quality

Reviewing sampled reports to ensure they conform to BRC Global Standards' high standards set by the requirements of its users.



Protocol

Reviewing BRC Global Standards Directory data on each of the 25,000 audits conducted annually to ensure compliance with audit rules, such as duration requirements and actioning of non-conformities.



Auditor management

Ensuring that each of the 1,750 registered auditors are trained and kept up to date with protocols, such as three-year auditor rotations at every site.



Result submission

Submitting accurate and timely results to the BRC Global Standards Directory.



Communication

Effective and timely communication with the BRC Global Standards team regarding issues such as complaint investigations.



Certification body star ratings

The star ratings that certification bodies receive are reflections of their head office’s overall management of the BRC Global Standards certification scheme, rather than an individual auditor or audit. As part of the review, BRC Global Standards provides detailed

feedback on the certification body’s auditing performance, checks audit protocol is met, examines how the certification body manages its auditors and reviews the quality of communication with clients and BRC Global Standards.

Six monthly period	Total number of certification bodies	Percentage of 4 and 5*	5*	4*	3*	2*	1*	Not rated
Jan-June 2016	70	96%	51	16	2	0	0	1
July - Dec 2015	70	96%	42	25	2	0	0	1
Jan - June 2015	71	94%	54	13	3	0	0	1
July - Dec 2014	74	97%	58	14	0	0	0	2
Jan - June 2014	74	98%	47	26	1	0	0	0
July - Dec 2013	81	91%	40	34	7	0	0	0
Jan - June 2013	86	84%	45	27	9	2	0	3
July - Dec 2012	97	77%	54	21	7	1	0	14

Working with the best certification bodies

As a result of these findings, and BRC Global Standards’ commitment to ensuring the highest quality across its organisation, in recent years BRC Global Standards has reduced the number of certification bodies with which it works. Without affecting BRC Global Standards’ international presence, the organisation now works closely with a smaller pool of 67 certification bodies who possess a more in-depth understanding of, and focus on, the BRC Global Standards. The success of this initiative is reflected in the increase to 73% of certification bodies who were awarded a five-star rating.

BRC Global Standards chooses to publish the results of its certification body KPIs on the BRC Global Standards Directory. This enables greater transparency, ensures confidence in the integrity of BRC Global Standards’ services and enhances the level of choice available to users of the scheme.

A journey of continual improvement

BRC Global Standards is committed to continually improving the work carried out by its partners. To do this, it works closely with certification bodies and has completed a programme of head office audits.

Their purpose is to confirm that certification bodies understand and fully implement the requirements of their contract with BRC Global Standards.

During an audit, BRC Global Standards reviews the certification body’s own audit records and operational processes. The certification body is then expected to analyse the root cause of any non-conformities in its audits and correct these accordingly. BRC Global Standards also shares these results with the relevant accreditation bodies, which will then follow up findings during their own audits.

Going forward, BRC Global Standards will now visit its partners’ local and global offices to gain more insight on market needs and drivers worldwide.

Number of certification bodies	Results
28	>10 minors and/or major non-conformities
24	6-10 minor non-conformities
18	<5 minors non-conformities

WORKING WITH THE BEST AUDITORS

The competence and integrity of its auditors is key to BRC Global Standards' success. Auditors are the organisation's most precious asset and the guardians of its Standards – and BRC Global Standards is proud to be recognised for attracting the best auditors. In addition, BRC Global Standards' rigorous criteria, including its assessment of product category knowledge, is respected as a thorough and practical process.

BRC Global Standards is highly judicious in selecting its auditors and has collaborated with global experts in their field to develop relevant product category exams. These exams are delivered through its online examination platform, BRC Educate.

To join BRC Global Standards, the organisation expects its auditors to deliver the following qualities:

- shall be competent within their relevant product category and have sufficient experience of the particular product and its associated technologies;
- are required to have a formal education in – and a number of years' work experience related to – their main qualification discipline;
- must possess a formal qualification in auditing, as well as Hazard Analysis and Critical Control Point (HACCP);
- must successfully pass BRC Global Standards' scheme training requirements and have undertaken a minimum number of audits with a qualified auditor;
- must successfully complete an assessment audit with an approved auditor; and
- should possess the personal characteristics of being ethical, logical, analytical, calm and able to communicate with personnel at all levels.

The competence and integrity of the personnel working with BRC Global Standards at approved certification bodies and as registered auditors provides confidence throughout the supply chain through:

Reassurance

Reassure specifiers to trust BRC Global Standards with their product safety audits.

Demonstrates control

Demonstrates control in the management of auditor requirements, registration and compliance.

Build confidence

Build specifier confidence in BRC Global Standards auditors through Standards training, category exams and calibration.



As one of the leading and most respected auditing organisations in the industry, BRC Global Standards is proud of its work to safeguard product and retail standards for manufacturers, retailers and consumers. Auditors ensure consistency and quality, and are instrumental in embedding safety throughout the supply chain. Not only does this benefit those who purchase products, it also benefits those who manufacture and handle products throughout the supply chain by ensuring greater care and efficiency.

BRC Global Standards monitors the performance of its auditors regularly, both in Europe and internationally. This is achieved through feedback, including collaboration with retailers, surveys by audited sites, as well as BRC Global Standards' own witness audits and site audits.

In addition to BRC Global Standards' measures, auditors are also assessed during separate witness audits conducted by their certification body. These typically take place every two years. Certification bodies are also required by BRC Global Standards to deliver annual calibration webinars and Continual Professional Development training to their auditors to ensure they stay up to date with industry developments. Combined with BRC Global Standards'

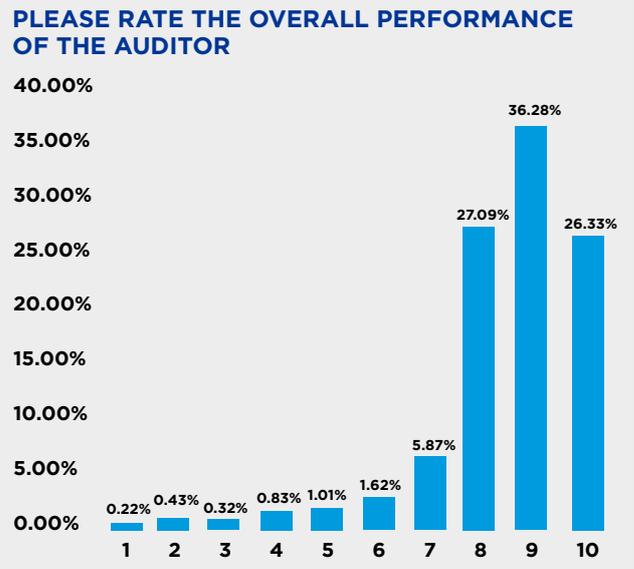
own initiatives, these measures help auditors further develop their skills and knowledge while ensuring the organisation is represented by the best talent.

Witness audits

In 2016, BRC Global Standards completed a total of 12 witness audits in 10 countries across Europe, LATAM and the Far East. The majority of auditors selected for witness audit demonstrated strong performance with thorough and robust auditing skills. To encourage ongoing improvement, feedback from these events was provided to the auditors' certification bodies. A key takeaway communicated to certification bodies was BRC Global Standards' conclusion that, where issues arose, poor planning was the greatest contributing factor - either due to time allocation or structure.

Client feedback

As part of BRC Global Standards' programme to gain insight into the performance of its certification bodies, BRC Global Standards sends feedback surveys to audited sites. These help uphold excellence and compliance throughout the organisation. The survey results, shown below, illustrate that sites primarily consider BRC Global Standards auditors to be of a high calibre - 90% being rated as good to excellent.



Key: 1 = poor, 10 = excellent



BRC GLOBAL STANDARDS AUDITING PROGRAMME - SITE VISITS

In order to gain insight into how well our scheme is operating in the global marketplace, BRC Global Standards invests a significant amount each year in carrying out visits to certificated sites. These involve a one-day site review of previously audited sites in order to assess the auditor's findings and the site's maintenance of standards. These visits are typically unannounced, or announced at short notice.

BRC Global Standards has increased its investment in this area and, this year, has trained additional independent auditors to add to its global team. As a result, BRC Global Standards was able to carry out 134 site visits during 2016 – double the volume implemented in 2015. These visits took place in 28 countries across Europe, North and South America, the Far East and Australasia, representing a 50% increase on countries visited compared to the previous year. The sites involved were certified by 45 different certification bodies, which, together, undertake 91% of all BRC Global Standards audits conducted in these regions.

Once audited, BRC Global Standards passes this information to the relevant certification bodies, which follow up any non-conformities with auditors to identify the root cause and subsequent measures for improvement. In addition, certification bodies follow up with all sites involved in order to confirm their certificated status.

This map illustrates the spread of audits. Three visits took place at packaging sites, four were to sites certificated for storage and distribution. The remaining 127 audits were conducted at food manufacturers' sites and across a wide variety of products, covering 16 of the 18 possible food categories.



Number of sites	Findings
57	Certification approved and sites operating to grade. Minor non-conformities were identified and followed up by the relevant certification bodies.
72	Certification approved but sites not operating to grade. Higher numbers of non-conformities identified.
2	Certificate suspended pending further action.
3	Certification withdrawn.





UK
26

EASTERN
EUROPE
26

EUROPE
24

AFRICA
3

ASIA
33

OCEANIA
3



The results of our audits showed a similar trend to the global results, with the main concerns being:

- foreign body control
- HACCP
- fabrication, hygiene and maintenance issues
- traceability
- labelling and claims

BRC Global Standards compliance auditors also found that requirements for undertaking raw material vulnerability assessments were poorly understood and controlled by global sites. In addition, schedules for internal audits were not always kept up, so sites lost the opportunity to identify areas for improvement in their operational controls.

CUSTOMER CHOICE - AUDIT OPTIONS

Unannounced audit options

BRC Global Standards was the first GFSI scheme to offer unannounced audits. It provides two unannounced audit options, which are offered across Food, Packaging and Storage and Distribution Standards, with a future option for the Consumer Products Standard. One option covers the Standard in one unannounced visit. However, following feedback concerning staff availability, BRC Global Standards also offers a second option, comprising an announced procedures review together with an unannounced Good Manufacturing Practice factory visit at a later date.

In 2016, there was a 100% increase on uptake compared to 2015. This reflects the growing number of manufacturers who demonstrate a daily commitment to high standards. Unannounced audits now account for 25% of all UK and Ireland food audits and 7.5% of audits in Europe.

Additional modules

In addition to the core BRC Global Standards, the organisation has also developed a range of modules to add to the normal audit process. These modules offer considerable customer advantages, including:

- reducing the audit burden and cost by including requirements that previously required a separate audit – for example, second party audits;
- meeting specific geographic or customer needs, for example when a specifier seeks additional requirements to complement a BRC Global Standards audit; and
- when applying particular types of operation or looking in greater detail at a specific market concern, such as gluten free, FSMA or organisational food safety culture.

BRC Global Standards now offers 11 additional modules across its Standards. Two modules available

for the BRC Global Standard for Food Safety Issue 7 are outlined below.

Food Safety Modernization Act

The US Food and Drug Administration's Food Safety Modernization Act (FSMA) is the most exhaustive reform of food safety laws in the US in more than 70 years. The Act was signed into law by President Obama on 4 January 2011. Its primary aim is to ensure the US food supply is safe by shifting the focus from responding to contamination to preventing it.

To assist all BRC Global Standards Food certificated sites, BRC Global Standards commissioned The Acheson Group (TAG) to assess the BRC Global Standard for Food Safety Issue 7 against the final rule for Preventative Controls for Human Food. The results of the analysis show that certification to the BRC Global Standard for Food Safety Issue 7 is almost in complete alignment with FSMA requirements.

Food Safety Culture Excellence

Exclusively available for BRC Global Standards certificated sites, the Food Safety Culture Module is an assessment offered as an addition to the annual food safety audit, and provides manufacturers with insight into the culture of their organisation.

It is carried out by the certification body at the same time as the audit and involves two questionnaires, both assessing company culture. One is completed by employees, and the other is completed by the external auditor following the audit. Answers are measured across four categories: people, process, purpose and proactivity. These each comprise four dimensions, providing results which are both segmented and overarching. This granular level of detail, provided in an assessment report, makes it easier to interpret the results, draw comparisons between sites, gain greater insight and facilitate continuous improvement.

COMPREHENSIVE SUPPORT

BRC Academy

The BRC Academy is the central provider of training on the BRC Global Standards. The comprehensive range of training courses available ensure auditors, certification bodies, sites and manufacturers have the most complete information and training to audit or implement the Standards.

BRC Academy courses provide unparalleled insight, as all training materials are developed in close collaboration with the BRC Global Standards Technical team who write the Standards. This ensures all key messages are captured and delivered in a way that is engaging and memorable.

BRC Academy trainers are highly experienced practitioners with in-depth knowledge of the BRC Global Standards. The BRC Academy provides the highest level of training leaving manufacturers, sites, certification bodies and auditors fully equipped to apply or audit the Standards with success.

BRC e-Learning

BRC e-Learning is designed to allow users to choose the courses and content that suit them best. This means auditors, certification bodies, sites and manufacturers can focus their attention on the particular areas in need of improvement, rather than taking a generic course with only one or two modules relevant to them and their business.

BRC e-Learning offers an ideal way for auditors, certification bodies, sites and manufacturers to derive the greatest possible benefit from training budgets. The modules typically contain advanced learning materials such as videos and interactive exercises, as well as animations, and allow users to learn at their own pace, at the time and place of their choosing.

BRC Participate

BRC Global Standards' information management service is an annual subscription allowing full access to the BRC Global Standards, Interpretation Guidelines and a number of other BRC Global Standards publications.

BRC Bookshop

The BRC Bookshop enables registered users to order printed copies of the BRC Global Standards, Interpretation Guidelines and a number of other BRC Global Standards publications.

BRC Approved Training Partners

The BRC Global Standards Approved Training Partner scheme was created to develop a team of internationally recognised trainers who can deliver BRC Global Standards training courses worldwide. It is now an extensive directory of approved trainers who deliver BRC Global Standards courses globally.

All Approved Training Partners are professional individuals with extensive experience in their specific sector and a thorough understanding of the BRC Global Standards.

BRC Events

BRC Global Standards events offer attendees the opportunity to gain key insights to stay one step ahead of their competitors.

Details of all our support offerings can be found at www.brcglobalstandards.com



GET IN TOUCH

BRC Global Standards encourages feedback, complaints and comments. In fact, it believes success is partly achieved through the knowledge that complaints provide, offering valuable insight for the organisation to investigate further. To ensure integrity, all complaints are entirely confidential.

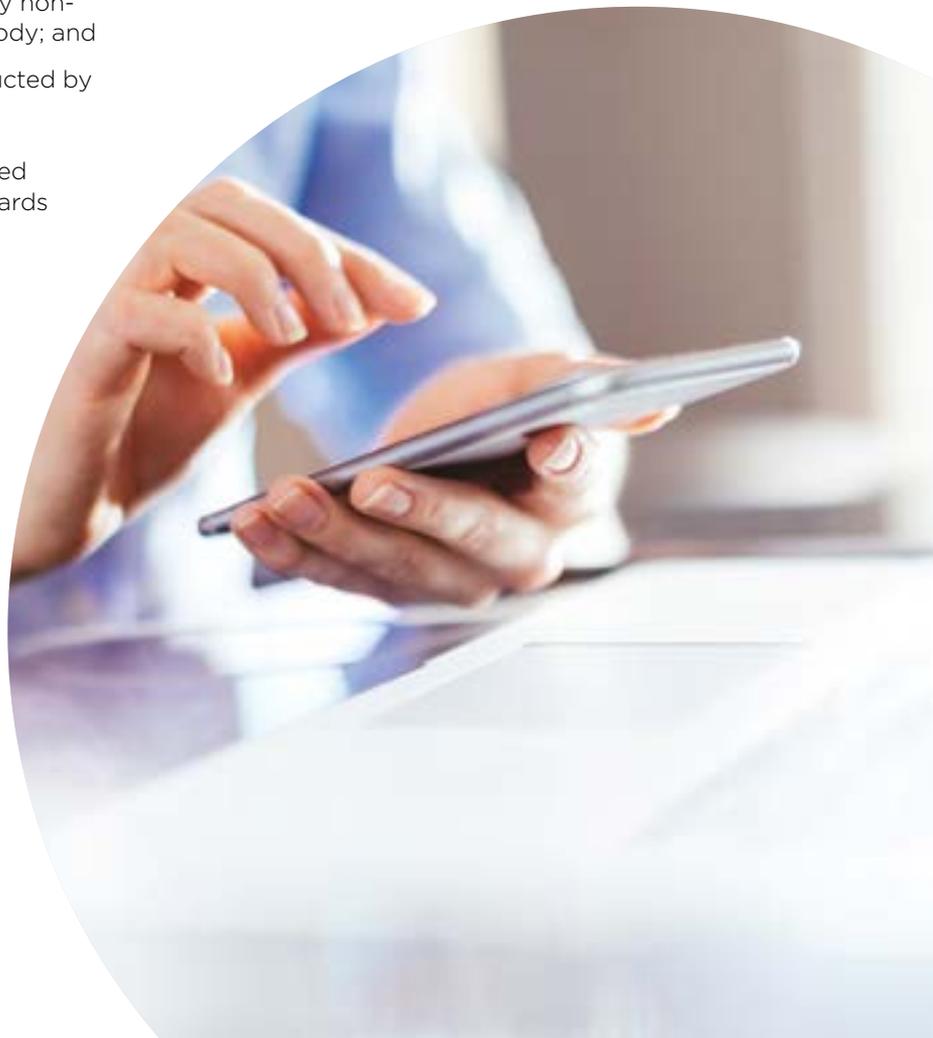
When BRC Global Standards receives a complaint, its nature is assessed and action is taken appropriate to the issue, including:

- investigation by the certification body, which may include a site visit;
- investigation and follow up by BRC Global Standards, which may include further training by the certification body;
- contacting the site via BRC Global Standards, to gain further information;
- a site visit by BRC Global Standards, with any non-conformities followed up by the certifying body; and
- a witness audit of the relevant auditor, conducted by BRC Global Standards.

Complaints are always investigated and followed up in order to confirm sites' BRC Global Standards certification status.

If you wish to get in touch with BRC Global Standards please use the contact form at www.brcglobalstandards.com or email us at enquiries@brcglobalstandards.com

TELL BRC
GLOBAL
STANDARDS
+44 (0)20 7717 5959
See anything wrong with a
BRC certificated site - tell us





CP
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