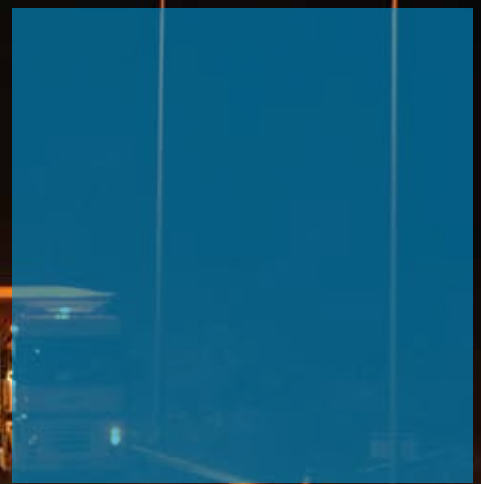


BRC GLOBAL
STANDARDS
COMPLIANCE
PROGRAMME
2016

Safeguarding industry
standards





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Executive summary



At BRC Global Standards, our reputation depends on the precision and integrity of our auditing standards. We are immensely proud of that reputation and committed to ensuring our employees and affiliates uphold our high standards at all times.

As such, compliance is a significant focus for our business. Each year, we invest around a quarter of a million pounds in our compliance activity, as well as considerable additional resources. Not only do we audit our auditors and certification bodies, we conduct site visits and monitor our data to flag and investigate unusual auditing trends. We also champion an open and transparent culture, actively encouraging communication and feedback from those we work with – from auditors to manufacturers, retailers and customers. And we have a global team of independent, internationally-respected auditors who understand the local languages and cultures in which they operate, enabling them to conduct audits seamlessly.

Our rigorous auditing standards help embed quality throughout the industries in which we operate, and allow us to champion safe supply chains through world class certification schemes. In turn, this doesn't only benefit the consumers; as our audits ensure the best standards, manufacturers and retailers also benefit from fewer product recalls. In other words, by protecting brands, we help businesses operate more efficiently and creating more secure supply chains.

As a business, we are committed to retail safety and pride ourselves on setting the global industry standard. Our compliance programme is designed to ensure excellence in our partners around the world, so our stakeholders are always assured of thorough and consistent assessments. In essence, when using BRC Global Standards you know that an A grade really means best in class.

We hope you enjoy this report.

A handwritten signature in blue ink, appearing to read 'Mark Proctor', written in a cursive style.

Mark Proctor
CEO, BRC Global Standards

Introduction

The BRC Global Standards are characterised by their international reach, rigorous auditing processes and industry prevalence. They are both a benchmark for suppliers and a beacon of quality and trust. In fact, international retailers and food service companies increasingly seek BRC Global Standards certification when assessing suppliers' credentials and capabilities.

BRC Global Standards' compliance activity is designed to ensure these high standards prevail. As such, BRC Global Standards makes considerable, ongoing financial investment, sources the best certification bodies and auditors, and continually assesses its internal and external auditors. These activities reinforce global stakeholder confidence by regulating the quality of audits across different countries, cultures and industries. As BRC Global Standards audits are carried out in 130 countries around the world, this breadth underscores the importance of scrupulous compliance activity.

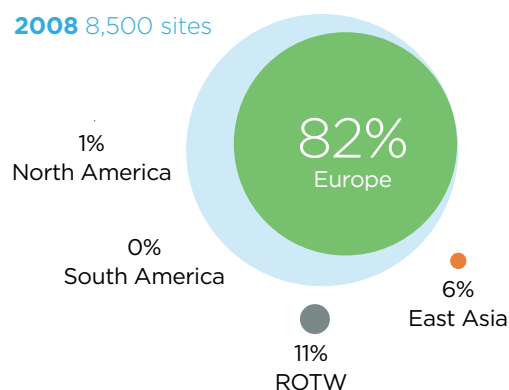
BRC Global Standards' international presence also provides valuable opportunities to gather insight. BRC Global Standards proactively capitalises on these opportunities for improvement through a number of ways: encouraging stakeholder feedback, designing developmental tools and material, capturing best practice and harnessing data resources.

By 2015, BRC Global Standards had audited 23,548 sites around the world – nearly three times the volume of 2008. This increase reflects consistent expansion around the world with particularly strong growth in North America and East Asia.

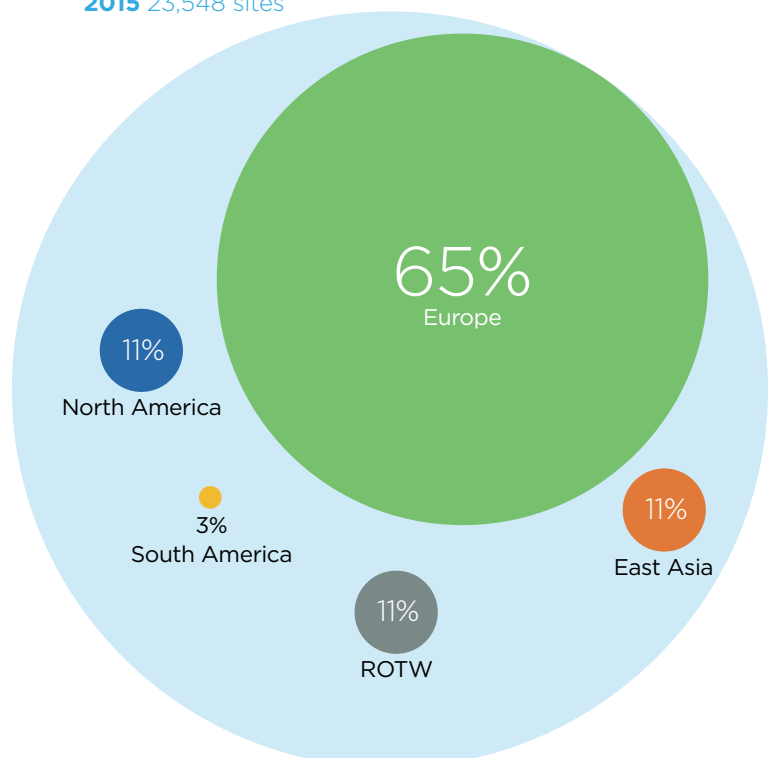
Through this growth, BRC Global Standards Directory has, to date, amassed data from more than 150,000 audits. With the richest data amongst competitors and the widest audit base by regional spread, the Directory delivers important learnings on safety and compliance issues that affect certificated sites, retailers and consumers around the world.

Indeed, BRC Global Standards' ability to draw on global expertise and deliver best practice filters down through industries to supply chains and individual businesses. It ensures sites receive value for money from BRC Global Standards audits and allows customers to have complete confidence in the integrity of BRC Global Standards' certifications. This insight continues to inform future policies and practices, enhancing the already rigorous safety regime promoted by BRC.

2008 8,500 sites

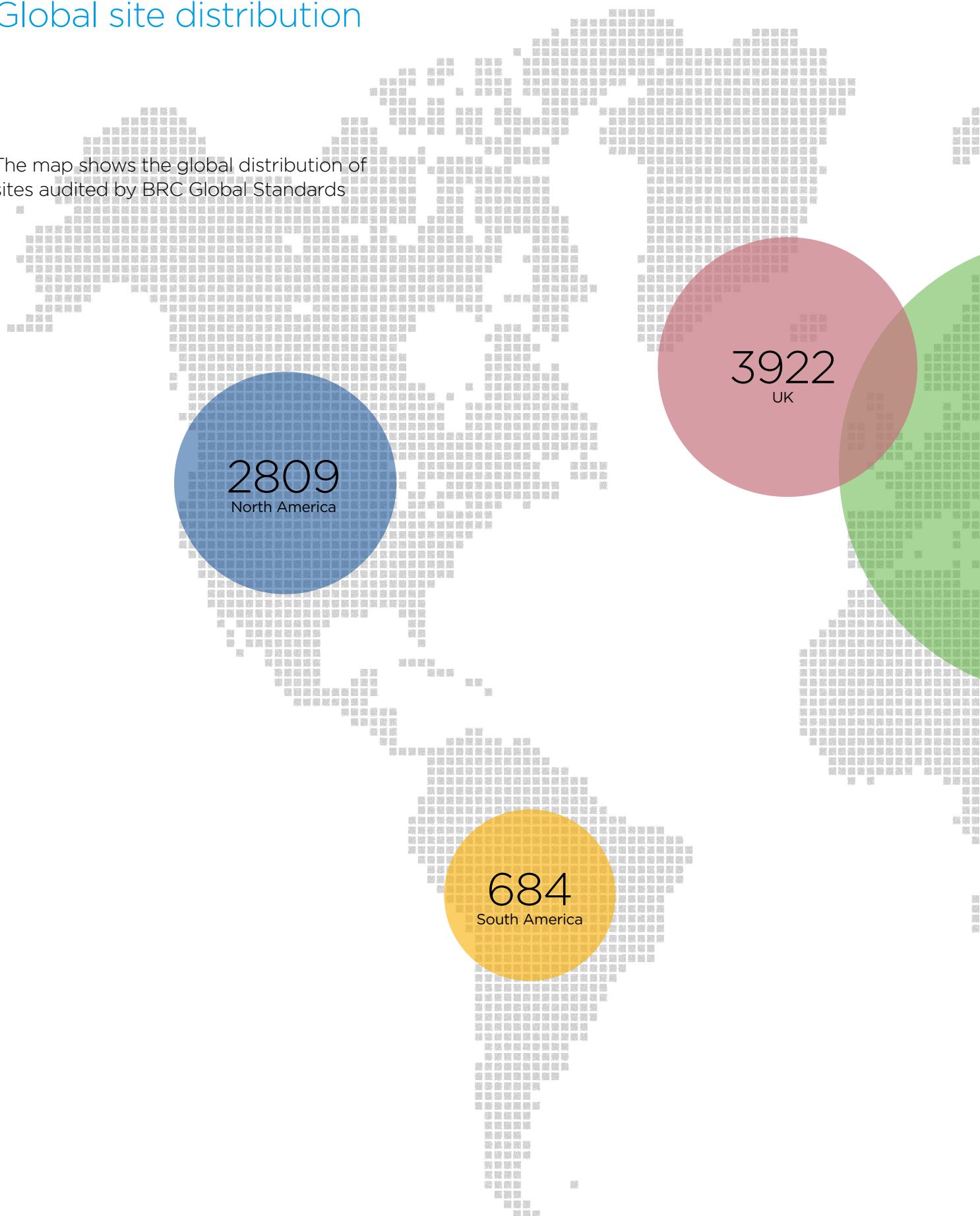


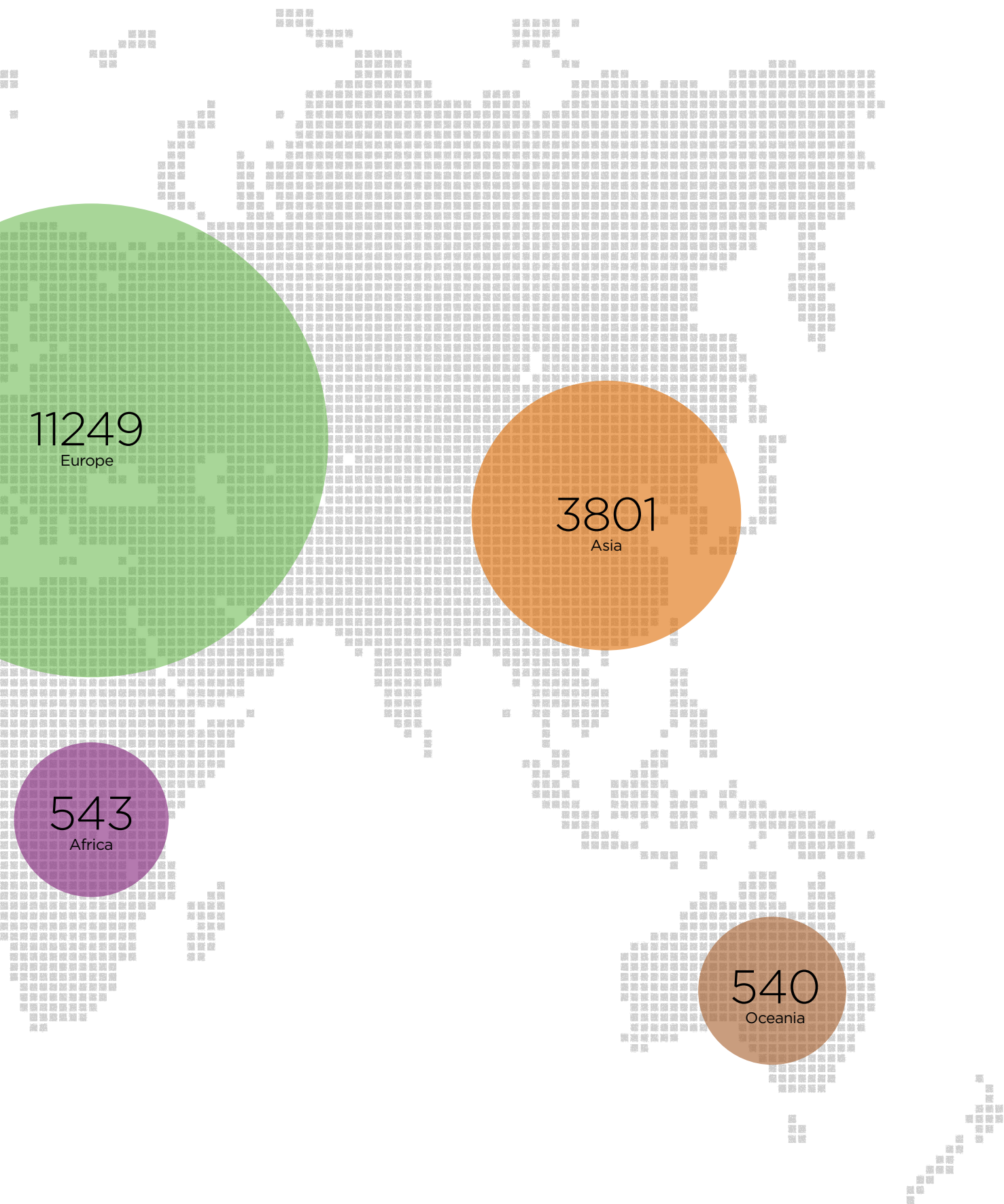
2015 23,548 sites



Global site distribution

The map shows the global distribution of sites audited by BRC Global Standards





BRC Global Standards publications

The five Global Standards are available to download free of charge from our bookshop. Alternatively, you can view all BRC Global Standards publications as well additional resources quickly and easily via BRC Participate, our online subscription platform. For more information please visit: **www.brcparticipate.com**

BRC Global Standard Food Safety Issue 7

The BRC Global Standard Food Safety has been developed to specify the safety, quality and operational criteria required to be in place within a food manufacturing organisation to fulfil obligations with regard to legal compliance and protection of the consumer. Issue 7 was published in January 2015, and the requirements are an evolution from previous issues, with a continued emphasis on management commitment, a Hazard Analysis and Critical Control Point (HACCP)-based food safety programme and supporting quality management system.

The objective has been to direct the focus of the audit towards the implementation of good manufacturing practices within the production areas with increased emphasis on areas which have traditionally resulted in recalls and withdrawals (e.g. label and packing management).

BRC Global Standard for Packaging and Packaging Materials Issue 5

The BRC Global Standard for Packaging and Packaging Materials now has more than 3,000 certificated sites in over 80 countries across the world. Issue 5 was published in July 2015, and the requirements are an evolution from previous issues. There continues to be an emphasis on management commitment, a hazard and risk-analysis based product safety programme and a supporting quality management system. The objective has been to direct the focus of the audit towards the implementation of good manufacturing practices within the production areas while recognising the diversity and breadth of the packaging industry, and the skills required to audit it.

BRC Global Standard for Consumer Products Issue 3

The Standard is designed to help manufacturers consistently produce safe, legal products that meet the quality levels expected by customers across a wide range of non-food products in the global marketplace, including formulated products, fabricated items and electrical goods.



BRC Global Standard for Storage and Distribution Issue 2

Aimed at companies involved in the storage and distribution of goods, the Standard is designed to ensure best practice in the handling, storage and distribution of products and to promote continuous improvement in operating practices.

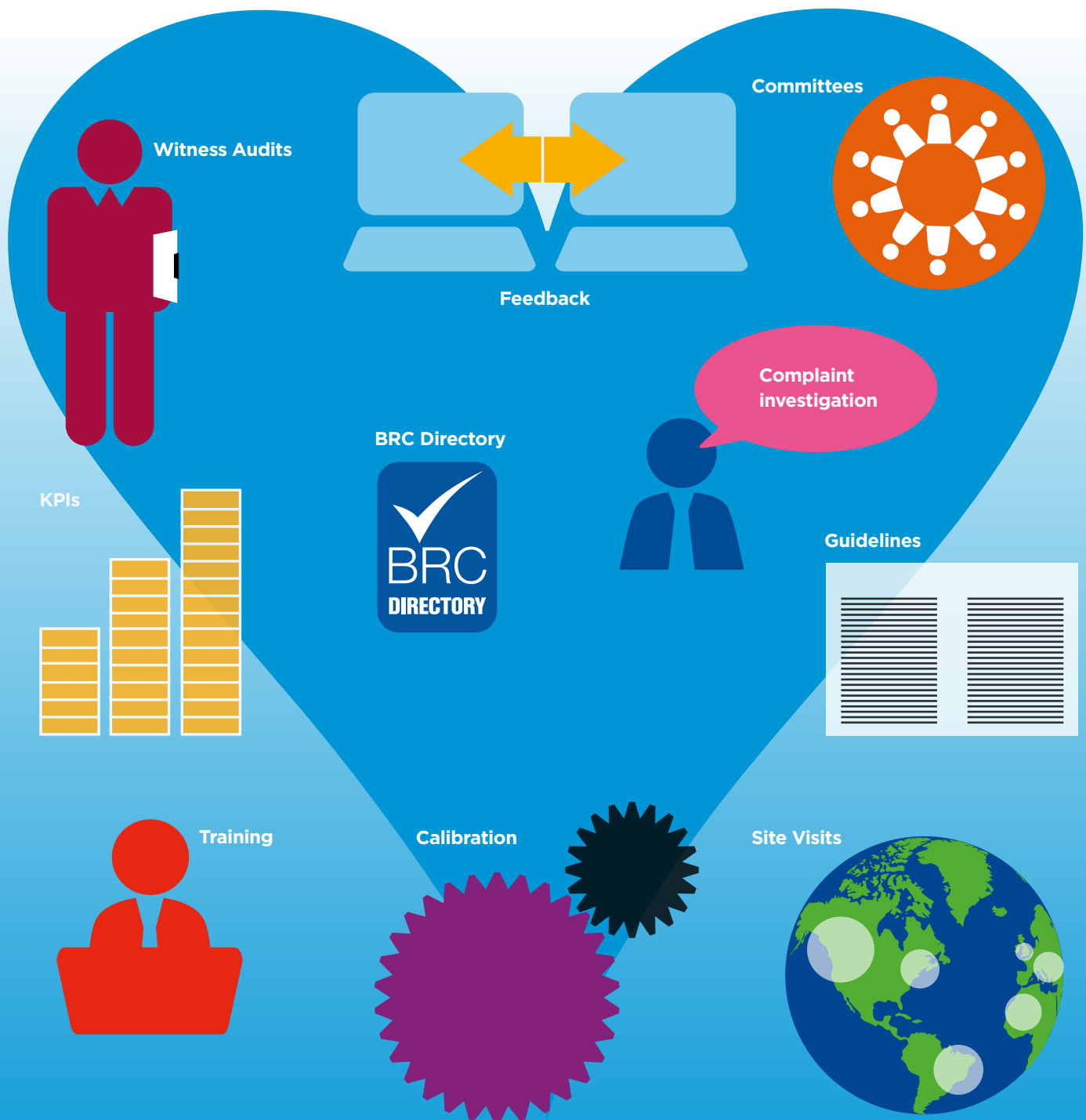
BRC Global Standard for Agents and Brokers Issue 1

The BRC Global Standard for Agents and Brokers Issue 1 was developed to provide a framework to manage product safety, quality and legality for businesses in the food and food packaging industries which buy, sell or facilitate the trade of products.

The Standard is intended to assist companies and their customers in meeting the legislative requirements for food safety and is designed to support compliance with expected regulatory requirements being proposed in the Food Safety Modernisation Act in the US and EU legislative requirements. It also sets out requirements based on HACCP, good manufacturing practice and supporting quality management systems.

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.



The BRC Global Standards Directory, a window onto the audits

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 Directory, retailers, customers and supply chain partners can be assured of their authenticity. 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 progression of current and potential manufacturers within their supply chain. It is, however, possible for manufacturers to request that information is not displayed publicly.

The BRC Global Standards Directory holds data from more than 150,000 audits conducted around the world. This extensive knowledge bank provides unparalleled insight into performance trends and behaviours across the retail industry, with a particular focus on food standards. BRC Global

Standards regularly analyses this data to understand safety issues that affect manufacturers, retailers and consumers, as part of an ongoing process of global improvement.

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.



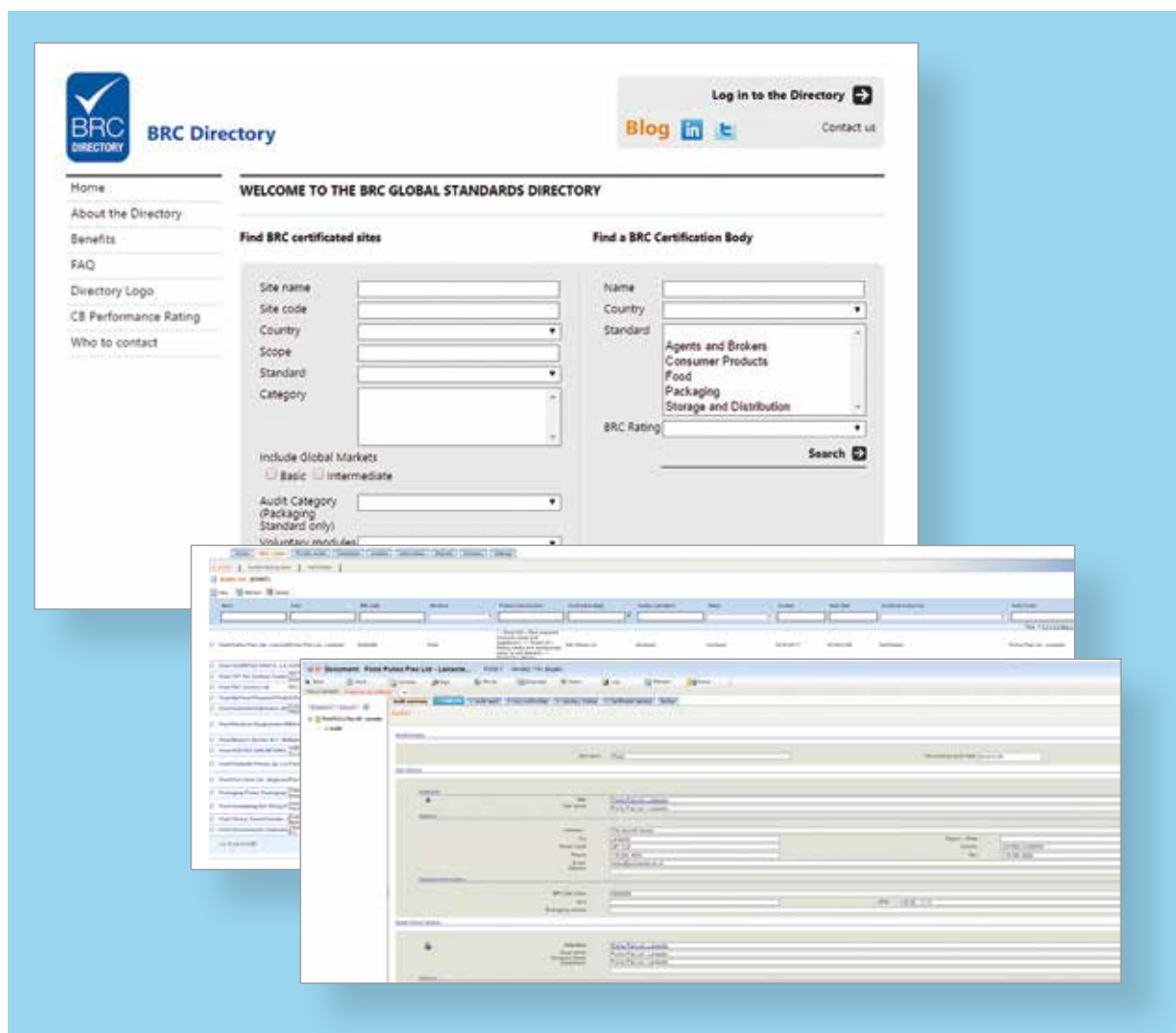
The BRC Global Standards Directory holds data from more than 150,000 audits conducted around the world.

BRC Global Standards: a risk-based approach

BRC Global Standards is committed to reducing risk and so employs a risk-based approach to planning its compliance activities. This approach is driven mainly by a combination of client feedback and analysis of the BRC Directory.

BRC Global Standards draws on its audit data from more than 150,000 audits as a tool to manage consistency. The organisation uses this resource to run audits of the BRC Global Standards Directory results and feed statistics about performance. In turn, these findings can be used to reveal auditing inconsistencies that may raise concerns around auditing performance. With such extensive data, inconsistencies become very clear and offer solid insight to be investigated further.

In addition, the BRC Global Standards Directory drives compliance risk assessments used to risk-rate countries, industries and certification body performance. This is done by analysing the differentials of audit result grades, for example by country, industry or certification body, and then inputting this information into risk assessment models.



Certification body KPIs

Certification bodies are the guardians of BRC Global Standards' auditing, and consequently, its reputation. To ensure the highest standards prevail, BRC Global Standards has established a set of key performance indicators (KPIs) through which to assess certification bodies.

How does BRC do this?

The BRC Global Standards compliance team monitors certification bodies' performance and reviews their audit reports. It also provides them with advice and assistance on an ongoing basis.

Every six months, certification bodies are formally rated from one to five stars against five defined criteria:

- 1. Audit report quality: to date, certification bodies have received detailed feedback on more than 2,500 audit reports**
- 2. Audit protocol: certification body performance is evaluated against trended details taken from around 150,000 audits**
- 3. Auditor and personnel management: the work of 1,700 auditors is reviewed and assessed against wider trends**
- 4. Timely audit submissions to the BRC Global Standards Directory: the timely submission of all 23,000 audit reports uploaded annually is reviewed**
- 5. Effective communication with the BRC Global Standards**

This rating reflects the overall management of the BRC certification scheme by the certification body's head office, rather than an individual auditor or audit. As part of the review, BRC 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.

Working with the best certification bodies

BRC Global Standards assesses its certification bodies to ensure it only partners with the best-performing, most compliance-orientated organisations. It invests significant resources into these assessments and the insight they deliver.

As a result of these findings, in recent years BRC Global Standards has reduced the number of certification bodies it works with. Without affecting BRC Global Standards' international presence, the organisation now works closely with a smaller pool of certification bodies who have a more in-depth understanding of the BRC Global Standards.



The organisation now works closely with a smaller pool of certification bodies who have a more in-depth understanding of the BRC Global Standards.

Certification bodies ratings

Six monthly period	Total number of certification bodies	Percentage of 4 and 5* certification bodies	5*	4*	3*	2*	1*	Not rated
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

As this table demonstrates, the number of certification bodies has reduced from 97 to 70, while five and four star performance has increased from 77% to 96%. In addition to reducing its pool of certification bodies to increase quality over volume, over the last five years BRC Global Standards has also temporarily suspended 13 certification bodies that failed to meet expectations. This strict stance highlights BRC Global Standards' commitment to preserving its high standards and industry reputation.

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

A journey of continual improvement

BRC is committed to continually improving the work carried out by its partners. To do this, it works closely with certification bodies and meets with them on a regular basis. It has a number of ongoing initiatives to support their development, including:

- **Annual conferences with certification bodies in Europe and the USA**
- **Audits of certification bodies' head offices**
- **A collaborative approach, working with certification bodies through regular 'co-operation' group meetings in seven countries**
- **Sharing of audit data trends to enhance consistency**
- **Publication of BRC's auditing guidelines.**
- **Compulsory auditor calibration webinars in line with their relevant Standards**

Certification body head office audits

BRC works closely with 70 approved certification bodies and is nearing completion of a three year initiative to audit their head offices. To date, 90% of these two-day audits have been completed.

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

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

So far, the top non-conformities have emerged around the certification bodies' internal assessment of auditors' competence and their 'sign-off'

procedures, which reflects BRC Global Standards' acute focus on this area. The certification bodies' management of internal audits across their global offices and follow-up of internally identified non-conformities are other predominant issues. Again, these are key focuses for BRC Global Standards.

Number of certification bodies	Results
23	>10 minors and/or major non-conformities
22	6-10 minor non-conformities
18	<5 minors non-conformities

Working with the auditors

Auditors' competence and integrity is key to BRC Global Standards' success. Auditors are the organisation's most precious asset and the guardians of its Standards. To make sure BRC Global Standards recruits the best, it has rigorous criteria in place.

To join BRC Global Standards, auditors:

- **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 HACCP;**
- **must successfully pass the 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 have personal characteristics of being logical, analytical, calm and able to communicate to personnel at all levels.**

BRC Global Standards monitors the performance of its auditors regularly, both in Europe and internationally. This is done 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, which generally take place every two years. Certification bodies are also required by BRC to deliver annual calibration webinars and Continual Professional Development (CPD) 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.

BRC Global Standards' auditing programme

To embed compliance and create a culture of excellence throughout its 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 head office audits (all conducted by BRC Global Standards), these initiatives reflect BRC Global Standards' commitment to working 'beyond paper'.

BRC Global Standards has in place an international team who understand the local languages and cultures in which it operates, enabling the most effective audits.

BRC Global Standards has auditors in North America, Latin America, Asia, UK and Europe covering all of the Standards disciplines.

In 2015, BRC Global Standards carried out 99 compliance audits of certification bodies. Sixty seven percent of these were site visits, comprising one-day audits of certified sites, while 33% were witness audits of certification bodies' auditors.

Compliance audits are targeted by risk and by certification body, specifically certification bodies that certify a high number of sites. For example, BRC Global Standards targeted the 'top ten' of its 70 approved certification bodies, as they account for 60% of all BRC Global Standards' audits. In turn, these certification bodies accounted for 54% of compliance visits.

BRC Global Standards is focussing its audit activity specifically in China and the Far East, in response to stakeholder concerns. So far, 40% of targeted visits have been completed in China, Thailand, Vietnam and Malaysia.

In 2015, BRC Global Standards carried out 99 compliance audits of certification bodies. Sixty seven percent of these were site visits.



Witness audits

In 2015, BRC Global Standards completed a total of 33 witness audits in 15 countries across Europe, the USA, South America and the Far East. Auditors from 21 different certification bodies were assessed, including auditors in new territories to support the growth of BRC Global Standards' international presence.

Witness audits involve a BRC Global Standards compliance team member witnessing an audit as it is carried out – from start to finish. During this review, the compliance member evaluates the auditor's process and performance, assessing them against set criteria. BRC Global Standards chooses who to audit through a risk-based approach, targeting auditors who: carry out high numbers of audits, have received concerning feedback, have data trends that appear outside of the 'norm', or are new auditors in specific territories.

Over the course of 2015, 24 food audits were carried out in 12 different categories, seven packaging audits were carried out across all categories, and two storage and distribution audits took place covering all categories. The map illustrates the spread of audits.

Results

The majority of those auditors selected for witness audit demonstrated strong performance with thorough and robust auditing skills. To encourage ongoing improvement, feedback was provided to the auditors' certification bodies.

BRC Global Standards found that poor audits resulted from poor planning, either due to time allocation or structure. On some occasions, the opening and closing meetings were unstructured and BRC Global Standards has since issued formal guidance to certification bodies on how this should be managed.

The following two key themes were identified for further improvement:

- **ensuring the vertical audit techniques demanded in BRC Global Standards schemes are fully implemented, to ensure audits are robust and challenging**
- **understanding what 'good' looks like and improving auditors' notion of retailer expectations**



Number	Standard	Results
22	Food and packaging	Auditors were found to be thorough and robust.
2	Storage and distribution	Auditors required further training including witness audit.
1	Packaging	Auditor required further training including witness audit.
8	Food	Auditors required follow up. These included audit planning and structure, to ensure sufficient emphasis within production areas, presentation of non-conformities and category knowledge.

2015 figures



Country	Witness audits	Packaging	S&D
Belgium	2		
France		1	
Germany	1		
Italy		1	
Spain	2		
Sweden	1		
Greece	1		
Poland	2		
Czech Republic	1		
UK	5	3	2
USA	1	2	
Brazil	1		
China	5		
Thailand	1		
Vietnam	1		
Total	24	7	2



Site visits

In addition to witness audits, BRC Global Standards also carries out site visits, which involves a one-day site review of previously audited sites in order to assess the auditor's results. These visits are typically unannounced, or announced at short notice.

BRC Global Standards carried out 66 site visits during 2015. These took place in 19 different countries around Europe, the Far East and Australasia. These sites are certified by 26 different certification bodies – these 26 certification bodies undertake 73% of all BRC Global Standards audits conducted in these regions. The map illustrates the spread of audits.

One visit was to a packaging site. The remaining 65 audits were of food manufacturers and were conducted across a wide variety of products, covering 17 of the 18 possible food categories.

Once audited, BRC Global Standards passes this information to the relevant certification bodies, all of 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.

The results highlighted the primary areas of concern as site foreign body control, HACCP, traceability and fabrication, followed by audit scope issues. The breakdown of all site visits carried out in 2015 is explained below.

Number of sites	
35	Sites operating to grade. Minor non-conformities were identified and followed up by the relevant certification bodies.
26	High number of non-conformities, which suggested sites were not operating to their grade of certification.
3	Certificate withdrawn.
1	Certificate was temporarily suspended pending further action by the site.
1	A full re-audit took place due to a high number of non-conformities.

Following both witness audits and site visits, BRC Global Standards provides certification bodies with feedback to enable auditors' continued improvement. Where areas of concern have emerged, BRC Global Standards provides additional training to auditors, but also emphasises certification bodies' responsibility to rectify these issues. This often requires the certification bodies to conduct witness audits or site visits of their own.



Site data 2015



Country	Food site visit	Packaging site visit	Country	Food site visit	Packaging site visit
Australia	4		Italy	1	
Chile	2		Netherlands	3	
China	23		Spain	2	
Malaysia	1		Belgium	1	
Thailand	6		Denmark	1	
Vietnam	3		Germany	1	
Turkey	4		Ireland	1	
Greece	3		UK	6	1
Czech Republic	1		USA	1	
Poland	1		Total	65	1

Client feedback

The more insight BRC Global Standards has, the more it can refine its compliance activity. BRC Global Standards therefore invites feedback from manufacturers, retailers, auditors, certification bodies, employees and other stakeholders, and specifically from audited sites.

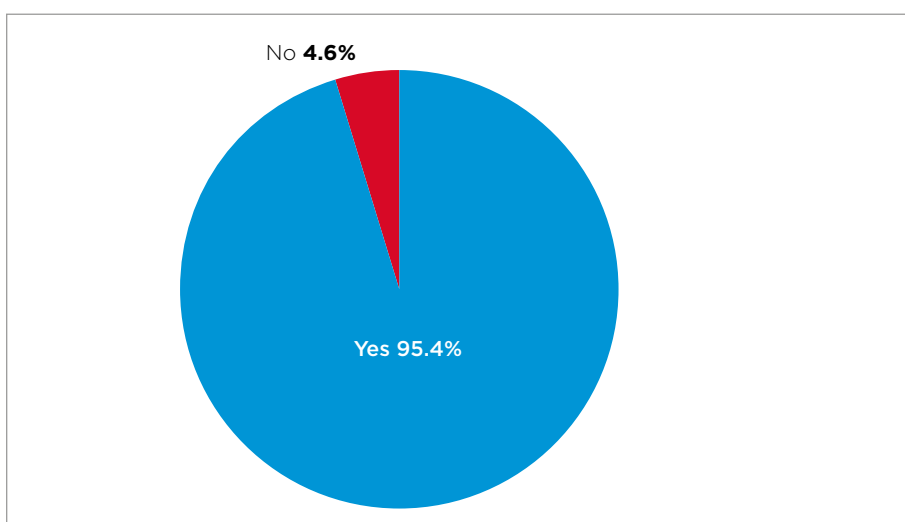
As part of BRC Global Standards' programme to gain insight into the performance of its certification bodies, BRC Global Standards sends feedback surveys to audited sites. These help uphold excellence and compliance throughout the organisation.

BRC Global Standards' survey results, shown below, illustrate that sites primarily consider BRC Global Standards auditors to be of a high calibre. Any weaker areas identified have been addressed by BRC Global Standards and their Certification Body partners. For example, over the last two years, BRC Global Standards has responded to requests for industry and process knowledge to be strengthened by introducing compulsory category exams and auditor training, including calibration webinars.

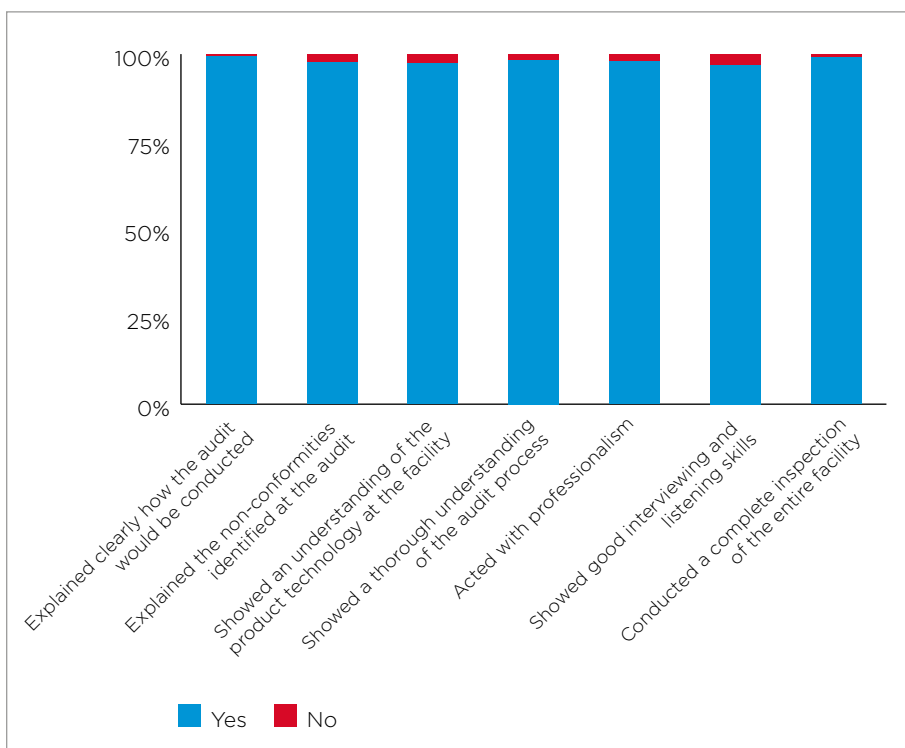
As one of the leading and most respected auditing organisations in the industry, BRC Global Standards is proud of its work to safeguard food and retail standards for manufacturers, retailers and consumers. Auditors ensure consistency and quality, and are instrumental in embedding safety throughout the 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.



My company was satisfied with the performance of the certification body



Auditor Performance



Get in touch

BRC Global Standards encourages complaints and comments. In fact, it believes success is partly achieved through the knowledge complaints provide, as this delivers 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 could include a site visit
- Investigation and follow up by BRC Global Standards, which may include further training by the certification body
- Contact to 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 certification body
- 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 contact:

www.brcglobalstandards.com
enquiries@brcglobalstandards.com







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