DESCRIPTION OF SERVICE CERTIFICATION ACCORDING TO IFS FOOD (INTERNATIONAL FEATURED STANDARD)

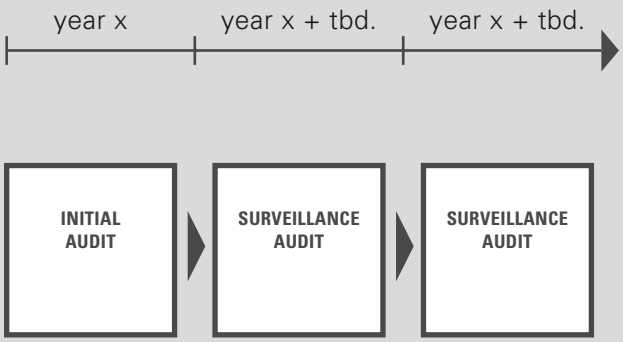
IFS summarizes the requirements for the production, packaging and sale of products in 6 chapters:

- Senior Management Responsibility
- Quality and Food Safety Management System
- Resource Management
- Planning and Production Process
- Measurements, Analysis, Improvements
- Food defense and external inspections

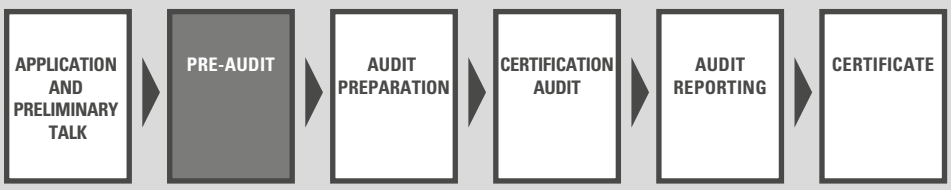
At each audit all relevant activities of the company shall be audited against the IFS requirements.

Certification according to IFS is a continuous process therefore surveillance audits on annual base are required after initial certification.

The following section describes the process of initial certification and the necessary steps to maintain the certification.



INITIAL CERTIFICATION



1 APPLICATION AND PRELIMINARY TALK

The commissioning of the SGS to conduct audits is basically based on the „Application and Order for certification".

After receipt of the order these will be checked in the following points on its feasibility:

- Completeness of information and compliance with the quotation data
- Feasibility (Standard/Type of company/appointed day)
- Admissibility of exclusions if client applied for

If necessary, a preparatory informal visit of the lead auditor takes place at the customer premises. In the case that a company carries out a pre-audit, the auditor who performs this audit is other than during the initial audit.

2 PRE-AUDIT INCL. REPORT (OPTIONAL)

If required by client SGS performs a pre-audit. During pre-audit all requirements of the Standard will be audited based on a sample check. The aim is to identify possible weaknesses with company's procedures. If ordered by client a report will be done (optional).

3 AUDIT PREPARATION

3.1 Personnel Allocation

In the first instance SGS allocates the lead auditor and – if necessary – further members of the audit team. Doing so it shall be ensured that the general qualification criteria for auditors according to ISO 19011 are fulfilled. The members of the audit team will be announced to the client in due time prior to the scheduled audit date.

3.2 Audit plan

The date of the certification audit is usually agreed with a lead time of 8 weeks with the customer.

In coordination with the client the lead auditor prepares a documented audit plan for the execution of the audit. The plan will be send to the client approx. 2 weeks prior of the scheduled audit date.

The plan contains amongst other things the following information:

- Date and time of the audit
- Name of the lead auditor/team members
- audited standard
- Audits language
- Departments/Function/Process to be audited

4 CONDUCTING THE AUDIT

4.1 Opening meeting

At the beginning of the audit an opening meeting will be conducted with senior management and quality management representative as well as other participants appointed by company. During opening meeting the lead auditor explains the audit- and certification process. Furthermore the certification scope and applicable technology scope will be confirmed. If necessary adjustments to the audit plan will be done.

4.2 Document review

During audit the auditor evaluates the relevant and necessary documentation which includes amongst other things quality management documentation, HACCP documents and evidences for hazard assessments.

4.3 Evaluation of the site/transport unit

To confirm compliance of the company with IFS requirements the auditor shall evaluate and grade all requirements of the IFS standard during audit. For that purpose the auditor will conduct interviews with personnel from all levels of responsibility e.g. senior management, department leaders, supervisors, shop floor staff, cleaning staff and technical staff.

4.4 Preparation of final conclusions drawn from the audit

The auditor grades his findings from the according to the following scheme:

A	20 Points =	Full compliance with the requirement specified in the Standard
B	15 Points =	Almost full compliance with the requirement specified in the Standard, but a small deviation was found
C	5 Points =	Only a small part of the requirement has been implemented
D	-20 Points =	The requirement in the Standard has not been implemented
NA		not applicable

Besides the above mentioned grading the auditor can raise a non-conformity „KO" (D grading at KO requirement) or a Major if a substantial failure of a certain IFS requirement is identified during audit. If a non-conformity is raised during audit this has a severe impact on the total result of the audit.

4.4.1 KO

A „KO" (D grading at a KO requirement) will be raised if one (or more) of the 10 KO-requirements are not implemented or a substantial failure is identified during audit. The 10 defined KO-requirements in IFS Food are:

- 1.2.4. Responsibility of the senior management
- 2.2.3.8.1 Monitoring system of each CCP
- 3.2.1.2 Personnel hygiene
- 4.2.1.2 Raw material specifications
- 4.2.2.1 Recipe compliance
- 4.12.1 Foreign material management
- 4.18.1 Traceability system
- 5.1.1 Internal audits
- 5.9.2 Procedure for withdrawal and recall
- 5.11.2 Corrective actions

When a KO requirement has been graded as „D", 50 % of the possible total amount of points will be subtracted automatically meaning that the company is „not approved" for IFS Food certification.

In case of a surveillance audit (re-certification) the current valid certificate will be blocked by certification body within 2 working (starting after last audit day) within IFS Portal. All user of IFS Portal who has added the company to their „Favorites" will be informed by an automatically generated Email. In each case, the audit shall be completed and all requirements shall be evaluated in order to give the company a complete overview about its situation. In these situations, a complete new audit shall be performed. The new audit shall be scheduled no earlier than 6 weeks after the audit where a KO was scored with D.

4.4.2 Major

A Major non-conformity can be given to any requirement which is not defined as KO requirement.

When there is a substantial failure to meet the requirements of the Standard, which includes food safety and/or the legal requirements of the production and destination countries. A Major can also be given when the identified non-conformity can lead to a serious health hazard.

A Major will subtract 15 % of the possible total amount of points.

In case of a surveillance audit (re-certification) the current valid certificate will be blocked by certification body within 2 working (starting after last audit day) within IFS Portal. All user of IFS Portal who has added the company to their „Favorites" will be informed by an automatically generated Email. In each case, the audit shall be completed and all requirements shall be evaluated in order to give the company a complete overview about its situation. In case one Major non-conformity has been identified and at least a total score of 75 % or above is achieved the company can go for a follow up audit. In cases where more than one Major non-conformity have been identified, a complete new audit shall be performed. The new audit shall be scheduled no earlier than 6 weeks after the audit where Major non-conformities were issued.

4.5 Closing Meeting

During the closing meeting, the auditor (or lead auditor in the case of an audit team) shall present a non-committal summary of all findings and confirm all deviations and non-conformities which have been identified. The auditor may only issue a provisional assessment of company's status during the closing meeting.

5 REPORTING

5.1. Audit Report

After completion of the audit the preliminary report and corrective action plan will be send to the client by lead auditor (latest after 14 calendar days).

The audit report is subdivided into different sections:

- General information about the company with compulsory fields
- General audit result with detailed description of the scope
- General summary in a tabular format for all chapters. The result of the audit will specify the level and percentage.
- General summary of all chapters and comments about follow up of corrective actions implemented from the previous audit
- Observations on KO requirements and Major non-conformities
- Summary of all established deviations and non-conformities for each chapter (1 to 6)
- Separate list (including explanations) of all requirements evaluated with N/A (not applicable)
- Detailed audit report with compulsory fields for some IFS Food requirements

5.2 Corrective Action Plan

The company shall enter proposed corrective actions for all deviations (B, C, D) and KO requirements scored with a B and non-conformities (Major, KO requirements scored with a D) listed by the auditor.

For all evaluated deviations with grade C and D, as well as non conformities, Major or KO requirements scored with a B and/or a D, the company shall clearly state the responsibilities and implementation deadlines for corrective action. The company shall forward the corrective action plan to the certification body within 2 weeks of having received the pre-report of the audit and the corrective action plan. If this deadline is not respected, the company has to undergo a complete initial or renewal audit.

The proposed corrective actions are subject to evaluation by lead auditor, after confirmation of lead auditor the corrective action plan is released by lead auditor and send to certification body for technical review. If the corrective actions are not valid or are inadequate, the certification body shall return the action plan to the company for completion in due time.

6 CERTIFICATE

The report and released corrective action plan will be reviewed by certification body. After technical approval of report and released corrective action plan the certification decision will be done by competent personnel of the certification body.

Awarding the certificate is based on the total result of the audit:

AUDIT RESULT	STATUS	ACTION COMPANY	REPORT FORM	CERTIFICATE
At least 1 KO scored with D	Not approved	Actions and new initial audit to be agreed upon	Report gives status	No
> 1 Major and/or total score < 75 %	Not approved	Actions and new initial audit to be agreed upon	Report gives status	No
Max 1 Major and total score ≥ 75 %	Not approved unless further actions taken and validated after follow-up audit	Send completed action plan within 2 weeks of receiving the preliminarily report. Follow up audit max. 6 months after the audit date	Report including action plan gives status	Certificate at foundation level, if the Major non-conformity is finally solved as controlled during the follow-up audit
Total score is ≥ 75 % and < 95 %	Approved at foundation IFS Food level after receipt of the action plan	Send completed action plan within 2 weeks of receiving the preliminarily report.	Report including action plan gives status	Yes, certificate at foundation level, 12 months validity
Total score is ≥ 95 %	Approved at higher IFS Food level after receipt of the action plan	Send completed action plan within 2 weeks of receiving the preliminarily report.	Report including action plan gives status	Yes, certificate at higher level, 12 months validity

The validity of the certificate is always 12 month.

6.1 Follow-up Audit

A follow-up audit is required in a specific situation when the results of the audit (an initial audit or a renewal audit) have been insufficient to allow the award of the certificate. During the follow-up audit, the auditor focuses on the implementation of the actions taken to correct the Major non-conformity determined during the previous audit.

The follow-up audit shall be performed within a six months period from the date of the previous audit. If the Major non-conformity is related to production failure(s), the follow up audit shall be performed at least 6 weeks after the previous audit and no later than 6 months after the previous audit.

If there is no follow-up audit performed after 6 months from the date of the previous audit, then a complete new audit is necessary. If the company decides not to perform a follow-up audit but to start with a new full audit, the new audit shall be scheduled not earlier than 6 weeks after the audit where the Major non-conformity was issued.

In the event that the follow-up audit establishes that requirements remain inadequate, a complete new audit is necessary, which shall be scheduled not earlier than 6 weeks after the follow-up audit. The elimination of Major non-conformities shall always be established by an onsite visit by the auditor.

SURVEILLANCE AUDITS

Surveillance audits are those which are performed after the initial audit. The period in which a renewal audit shall be performed is shown on the certificate. A renewal audit involves a full and thorough audit of a company resulting in the issue of a new certificate. During the audit, all criteria of the IFS requirements shall be assessed by the auditor. Particular attention is paid to the deviations and non-conformities identified during the previous audit, as well as to the effectiveness and implementation of corrective actions and preventive measures laid down in the company's corrective action plan.

LINK BETWEEN TWO CONSECUTIVE AUDIT REPORTS (INITIAL AND RE-CERTIFICATION AUDITS)

When the auditor scores a requirement with C or D, corrective actions shall be implemented before the renewal audit. This means the certification body shall read the audit report and the action plan of the previous audit, even if the report was issued by another certification body. If C and/or D scorings remain the same from one audit to the next, or if scorings are getting worse, the auditor shall assess in accordance with the IFS chapter related to „Corrective actions". This link between two consecutive audits ensures a continuous improvement process.

EXTENSION AUDITS

In specific situations, such as new products and/or processes to be included in the audit scope or each time the audit scope would need to be updated on the certificate, then, for an IFS Food certified company, it is not necessary to perform a complete new audit, but to organize an on-site extension audit during the validity period of the existing certificate.

EXTRAORDINARY INFORMATION

Extraordinary information to the certification body by the certified company.

The company shall inform its certification body about any change that may affect its ability to conform with the certification requirements (e.g. recall, alert on products, etc.). This information shall be made within 3 working days.