

## **Annex 4 of Framework Agreement • Version 3**

## **INTEGRITY PROGRAM (IP)**

As part of the IFS Integrity Program, IFS MANAGEMENT carries out a number of different measures to assure the quality of the IFS.

One focus of the IFS Integrity Program is the IFS Complaint Management as described in chapter I of this Annex.

A further focus is the performance of Integrity on-site Checks, Integrity Witness Audits and Integrity CB Office Audits conducted by auditors employed or commissioned by IFS MANAGEMENT as described in chapter II - IV of this Annex.

Additionally IFS MANAGEMENT analyses regularly administrative indicators for certification bodies as described in chapter V of this Annex.

Activities of the IFS Integrity Program may lead to sanctions for certification bodies and/ or auditors. The procedure of the sanction committee and the level of breaches which may be rated for certification bodies and/ or auditors are described in chapter VI of this Annex.

Based on breaches decided by the sanction committee or assessed by IFS Quality Assurance and confirmed by the chairman (lawyer) of the sanction committee penalties may be imposed on certification bodies and/ or auditors. The system of these penalties is described in chapter VIII of this Annex.

IFS MANAGEMENT will inform the public about the policy of IFS MANAGEMENT concerning these procedures through its Internet presence and corresponding documents. The certification bodies are responsible for their part to inform their customers.

Additionally regulatory authorities might use audit results based on IFS standards in the context of general information exchange and especially e.g. within their internal appraisal in case of crisis situations.

### **I. IFS Complaint Management**

#### **I. (1) General**

IFS MANAGEMENT usually receives complaints about IFS audits from retailers. For this purpose retailers use the official IFS complaint form or send directly an e-mail to IFS Quality Assurance. In addition, IFS MANAGEMENT may also receive complaints or information from certification bodies, employees of IFS certified companies or other natural persons or legal entities which are treated in the same way during the complaint management as complaints from retailers. The following circumstances, without intending to be exhaustive, may be the cause of a complaint.

- a) A product that was produced at an IFS certified site does not comply with the relevant IFS requirements in terms of product safety, legal requirements which are associated with the IFS certification or customer requirements.
- b) The state of an IFS certified site does not correspond to the conditions described in the current audit report or the conditions that can be expected based on the overall result indicated on the current certificate.
- c) A significant discrepancy between the information provided in an existing IFS report or the information of an IFS certificate issued and the observations made during a supplier audit that was conducted after the IFS audit.
- d) Other information that indicates a suspected incorrect behavior by participants in the IFS certification scheme (IFS-certified company, auditor, certification body). This may include:
- general information, e.g. discrepancies between the audit report and true events or adjustments of the production process that have implications for human health and/ or product safety and/ or customer requirements.
  - administrative shortcomings in connection with the IFS audit, e.g. errors on IFS certificates and/ or IFS reports that have not been uploaded correctly and/ or in full into the IFS portal.

## **I. (2) Procedure**

a) The IFS offices receive a complaint, usually via IFS complaint form available on the IFS homepage or directly by email to IFS. Qualitative complaints are processed exclusively by IFS Quality Assurance Management in Berlin. Administrative complaints can be also processed by the local offices (Berlin, Paris, Milan).

b) Based on a comparison between the content of the complaint and the information available via the IFS portal it is decided whether or not the complaint is reasonable.

If it is not reasonable, the complainant will be contacted by IFS Quality Assurance Management and will be informed about the final result of the investigation and the decision to close the case.

In any case the complaint will be added to the internal complaint management database.

c) The content of a reasonable complaint is usually forwarded to the certification body with a request for internal investigation as well as a statement. The notification to the certification body may be omitted if IFS MANAGEMENT suspects that this step may affect the resolution of the complaint.

If the complaint relates to the quality of the content of IFS audits or IFS audit reports, IFS MANAGEMENT will ask the certification body to provide a statement on the cause and the measures introduced to rectify the problem within 2 weeks.

If the complaint relates to administrative errors, e.g. in IFS certificates and/ or IFS reports based on typing mistakes or in the IFS database based on an oversight or by accident, IFS MANAGEMENT will ask the certification body to provide a statement and rectify the problem within 1 week. The certification body may ask IFS MANAGEMENT providing an argumentation to extend this period. The statement must be issued in writing by email or post.

d) If no further information is required after getting the statement from certification body and the cause of the complaint seems to be solved, the complainant will be asked for agreement to close the case.

e) If the cause of the complaint cannot be conclusively verified or if the problem cannot be rectified once the statement has been checked, IFS MANAGEMENT will organize an Integrity on-site Check.

*Note:* Irrespective of the fact whether a statement has been requested from certification body or not IFS Management reserves the right to plan an Integrity on-site Check at the IFS certified company which is involved in the complaint issue.

Integrity on-site Checks are conducted at certified companies with independent auditors directly commissioned by IFS MANAGEMENT (see also detailed description in chapter II. about Integrity on-site Checks).

If a notification is sent to the certification body prior to the date of the Integrity on-site Check, the certification body has the possibility to attend the Integrity on-site Check as observer (see also description in chapter II. about notification prior to the date of Integrity on-site Checks).

f) The commissioned auditor submits the result of the Integrity on-site Check to IFS MANAGEMENT. IFS MANAGEMENT forwards the result to the certification body and to the respective company. The certification body is obligated to comment in written form on the result within 2 weeks after receipt of the result. If the certification body does not comment in time, IFS MANAGEMENT may continue with the procedure.

If a KO or Major non-conformity is issued in the Integrity on-site Check, which has to lead to a suspension of the certificate, the following measures have to be taken:

If an observer of the certification body has attended the Integrity on-site Check, the certification body is obliged to suspend the certificate within 3 working days after the last Integrity on-site Check day.

If the Integrity on-site Check was carried out without the prior notification of the certification body or without the attendance of an observer of the certification body, the certification body is also obliged to suspend the certificate within 3 working days after receipt of the result. The certificate can only be re-issued based on an on-site investigation audit carried out at the respective company by an auditor of the certification body and objective evidence has to be provided to IFS that the Major or KO non-conformity issue is no longer valid and that sustainable improvement by adequate measures has been reached. IFS MANAGEMENT has the right to finally decide about the acceptability of the proofs.

When the suspension of the certificate is performed by the certification body all users having access to the IFS database (retailers and certified companies) and having mentioned the respective company in their favorites list will get an email notification from the IFS audit portal that the current certificate has been suspended. In addition, the organization concerned shall remain in the database with a relevant note for a period of three months after certificate suspension and such note shall be visible to all database users.

g) Once all relevant information (result of the Integrity on-site Check, statement(s) of the certification body) has been received by IFS MANAGEMENT, the information shall be checked.

h) The complaint case is deemed closed when the complainant has received a final abstract of Integrity Program investigations from IFS MANAGEMENT. Findings from a closed case which can play a role for the interpretation and/ or the enhancement of the IFS may be provided to all certification bodies and retailers in an anonymized form.

i) If a breach for the certification body or the auditor of the last IFS audit is likely to have occurred, then all relevant information shall be made accessible to the members of the sanction committee in an anonymous way in a protected area of the database (see chapter VI of this Annex for sanction committee procedure).

## **II. Integrity on-site Checks**

IFS MANAGEMENT may conduct so-called Integrity on-site Checks, which are performed at IFS certified companies.

IFS MANAGEMENT shall in general ensure that the auditor in charge of the Integrity on-site Check has the technical and language skills (or that an interpreter is present) to conduct the relevant Check. In special cases the Integrity on-site Check might be carried out in English; such special cases will be considered due to the topics to be checked and taking the company involved into consideration. In addition, IFS MANAGEMENT shall guarantee the economic and personal independence of the auditor by ensuring prior to each Integrity on-site Check that the auditor has not had any economic relationship with the organization 2 years prior to the Integrity on-site Check, and that the auditor undertakes not to enter into an economic relationship with the organization for a period of 4 years following the Integrity on-site Check. Furthermore, the auditor shall sign a declaration of independence and confidentiality with IFS MANAGEMENT.

In general Integrity on-site Checks are performed unannounced. The decision of the duration of the Integrity on-site Check is up to IFS Quality Assurance Management.

If IFS MANAGEMENT decides, that based on the issue to be investigated (e.g. received complaints; special topics to be clarified with the need to have certain company's representatives available) an announced Integrity on-site Check is necessary, IFS MANAGEMENT will apply an announcement procedure as follows:

Depending on the case and the topic to be clarified IFS MANAGEMENT may notify the certification body that is subject to the complaint and/ or the certified organization (by email and/ or fax using the contact details stored in the IFS database) 0-48 hours prior to the date of the Integrity on-site Check that an Integrity on-site Check will be conducted. In case IFS MANAGEMENT decides to notify the certification body as well as the certified company, IFS MANAGEMENT has to notify both parties at the same time prior to the date of the Integrity on-site Check. The certification body has the possibility to attend the Integrity on-site Check as observer.

If the certification body gets notified by IFS MANAGEMENT about the planned Integrity on-site Check, it is prohibited for the certification body to contact the certified company howsoever (also not through third parties). In the case the certified company contacts the certification body it is prohibited to give information concerning the upcoming Integrity on-site Check. The breach of such interdiction constitutes a Level 2 breach (see chapter VI. (2) b) below).

Integrity on-site Checks can be organized based on a complaint (see detailed description of complaint management in chapter I of this Annex) or can be planned by IFS Quality Assurance on a risk based approach.

The risk based approach may take into account the following topics:

a) With respect to companies to be checked risk factors to be taken into account may be:

Seasonal processes, production of “high risk products”, scope of the audit with product exclusions, outsourcing activities, company’s certification history, recalls, public notifications, special current food safety issues, identified non-conformities and other IFS Management indicators, etc.

b) With respect to certification bodies and auditors risk factors to be taken into account may be:

Reduction of audit duration in comparison with standard calculation rules, observations concerning final audit score or rating of standard requirements in the report, performance of certification bodies and auditors (e.g. based on already received breaches, results of Integrity CB Office Audits or Integrity on-site Checks, hints from received complaints), etc.

### **III. Integrity Witness Audits**

Integrity Witness Audits are IFS audits, whereby a regular IFS certification audit is attended by a witness auditor employed or commissioned by IFS MANAGEMENT. The aim is to examine the work of the auditor in an audit situation by observing the auditor’s method and assessments of the IFS requirements. Such audits are performed on the basis of an IFS checklist. The result of the Integrity Witness Audit is primarily based on the comparison between the assessments of the auditor and of the observing witness auditor. IFS MANAGEMENT and certification body agree on the date and the company where the Integrity Witness Audit shall take place.

Integrity Witness Audits may be based on a complaint received by IFS Quality Assurance for an auditor or internal investigations of IFS Quality Assurance.

Additional Integrity Witness Audits may be conducted when a penalty has been imposed against an IFS auditor. The main focus of this Integrity Witness Audit is then to ensure that the problem which led to the penalty has been rectified. A positive outcome results in the confirmation of the auditor approval for IFS audits.

Information about these Integrity Witness Audits will be forwarded to the certification body responsible for this audit and to the respective accreditation body. Reports of positive Integrity Witness Audits may also be used as one of the evidences requested by standard schemes to maintain ongoing IFS auditor approval. In case of deviations notified by observing the auditor’s method and assessments of the IFS requirements, the certification body has to define corrective actions. In case severe lacks are noticed in auditor’s performance (e.g. not noticing that product safety is in danger, that a breach of law occurs

or customer requirements are not fulfilled), IFS MANAGEMENT will send this case to the sanction committee for final decision about a breach for the auditor.

#### **IV. Integrity CB Office Audits**

Integrity CB Office Audits are audits that are conducted by an auditor employed or commissioned by IFS MANAGEMENT at the premises of the IFS accredited certification body in order to assess the quality of selected certification procedures based on a documentation review. Such audits are performed on the basis of a checklist containing the requirements of the Framework agreement, the present Addendum, possible future amendments of the Framework agreement as well as the relevant requirements of the IFS standards and IFS regulations in their current versions. Notification of Integrity CB Office Audits is generally provided by IFS MANAGEMENT in advance. If the CB asks for a time shifting for the Integrity CB Office Audit and if such second fixed date falls through due to CB's behavior, this behavior constitutes a breach of a material duty and may implicate to an extraordinary termination of the Framework Agreement. As soon as the Integrity CB Office Audit date is fixed IFS MANAGEMENT will inform the respective accreditation body to give them the chance to attend the audit as an observer. At the end of the Integrity CB Office Audit process IFS MANAGEMENT sends a copy of the finally reviewed corrective actions defined by the CB to the respective accreditation body.

Integrity CB Office Audits are in general carried out on a regular basis in order to check the procedures of certification bodies having a contract with IFS MANAGEMENT.

Furthermore Integrity CB Office Audits may be planned risk based after conduction of Integrity on-site Checks and/or Integrity Witness Audits and/ or based on the results of the administrative indicators for the respective certification body.

Additionally Integrity CB Office Audits may be planned as a result of a penalty being imposed for a CB taking place at the premises of the certification body that has been issued with the penalty. The main focus of these Integrity CB Office Audits is to ensure that the problem that led to the penalty has been rectified.

#### **V. Analyses by IFS Quality Assurance Management (CB administrative indicators)**

IFS Quality Assurance Management evaluates different administrative indicators for certification bodies every 6 months. Examples for administrative indicators are described below.

If a certification body does not comply with the IFS rules for one or several administrative indicator/s within a 6 months analysis, this will be assessed directly by IFS Quality Assurance Management with “negative points” for each not fulfilled administrative indicator.

### **CB administrative indicators:**

Inadequate performance, which requires the implementation of improvement measures, such performance being linked to administrative errors by the certification body. The examples below sometimes refer to standard regulations but give - even if the standard rule still applies – certification bodies some space for exceptional cases in daily certification procedure business.

#### ***Administrative indicator 1***

- Each 6 months IFS analyses for each CB the uploaded IFS reports into the database.

The target to be reached is:

≤ 10% without delay (8 weeks after the last audit date, referring to regulations in the respective IFS standards)

*The “negative points” associated with this administrative indicator 1 are assessed as follows:*

*> 10 % of the IFS audits and a minimum of 10 audits not uploaded in due time → 1 “negative point”*

*> 20 % of the IFS audits and a minimum of 10 audits not uploaded in due time → 2 “negative points”*

*> 30 % of the IFS audits and a minimum of 10 audits not uploaded in due time → 3 “negative points”*

The maximum amount of “negative points” to be reached in a 6 month evaluation time frame for administrative indicator 1 is 3 “negative points”.

#### ***Administrative indicator 2:***

- Within 6 months the IFS office got administrative complaints for > 2 % of the IFS audits carried out by the certification body based on administrative complaint reasons (e.g. report not uploaded, date in diary function missing, new COID account for existing company, description of reason for blocking the certificate is not sufficient,.....).

*The “negative points” associated with this administrative indicator 2 are assessed as follows:*

*IFS office got administrative complaints for > 2 % of the IFS audits → 1 “negative point”*

*IFS office got administrative complaints for > 4 % of the IFS audits → 2 “negative points”*

*IFS office got administrative complaints for > 6 % of the IFS audits → 3 “negative points”*

The maximum amount of negative points to be reached in a 6 month evaluation time frame for administrative indicator 2 is 3 “negative points”.

### **Administrative indicator 3:**

- For all IFS audit reports with Major- or KO-rating uploaded within a 6 months period an analysis is performed by IFS QAM. This analysis investigates if the suspension of the current certificate was carried out within a maximum 2 working days after the last audit day of the renewal audit (referring to regulations in the respective IFS standards).

*The “negative points” associated with this administrative indicator 3 are assessed as follows:*

*The suspension of the current certificate was not carried out within a maximum 2 working days after the last audit day of the renewal audit for 1 case → 1 “negative point”*

*The suspension of the current certificate was not carried out within a maximum 2 working days after the last audit day of the renewal audit for 2 cases → 2 “negative points”*

*The suspension of the current certificate was not carried out within a maximum 2 working days after the last audit day of the renewal audit for 3 cases → 3 “negative points”*

*Further stepwise increasing of “negative points” as described above*

The maximum amount of negative points to be reached in a 6 month evaluation time frame for administrative indicator 3 is 10 “negative points”.

### **Note:**

**All “negative points” assessed for certification bodies will be summarized. For all summarized “negative points” the period of limitation will be 2 years (see chapter VIII.(3))**

## VI. Sanction Committee

The sanction committee consists of the following pool of people: a chairman (a lawyer), representatives from the retail sector, representatives from industry as well as representatives from certification bodies (without voting rights). If necessary, further guest participants (e.g. experts from accreditation bodies) can support the committee in technical questions; however, they do not have any voting rights. Each case will be assessed by 4 committee members (case team). These include the committee chairman and 1 representative each from retail, industry and certification bodies. The selection of each respective case team is performed by IFS MANAGEMENT using a random, rotational selection process and taking into account language issues of the documents to be investigated. IFS MANAGEMENT checks and ensures that the selected members are not dependent, whether directly or indirectly, on the organizations involved in the case. This means that members are not selected for a special case if they, e.g. have been involved as stakeholders in the complaint connected with this case or if there might be any connection known by IFS MANAGEMENT with respect to the involved certification body, auditor or company. Anyhow, cases sent to the case team of the sanction committee are made anonymous; so the members of the sanction committee will only have to decide about the topic.

The case team is responsible for deciding whether or not a Level 1 or Level 2 breach has occurred and for determining the level of breach. The case is only decided by the chairman and the representatives from retail and industry, as the representative from the certification body merely provides technical input and has no voting rights. The case team convenes once IFS MANAGEMENT has collected all the information required for the assessment of a case and has found conclusive evidence that an auditor and/ or a certification body might be in breach of the contract requirements or the relevant requirements of the IFS.

The case team additionally decides how much “negative points” are associated with the determined level of the breach according to the following system:

A **Level 1 breach** can be assessed with **15 or 20 “negative points”** depending on the case.

A **Level 2 breach** can be assessed with **4 or 6 “negative points”** depending on the case.

If breaches for auditors are decided the case team will additionally define, if applicable, the penalty for the auditor listed for the respective breach in connection with the assessed points (see chapter VIII. (2), Table VIII.2)

**Note:**

- ***All “negative points” assessed for certification bodies and auditors will be summarized. For all summarized “negative points” the period of limitation will be 2 years (see chapter VIII.(3))***
- ***A case sent to the case team of the sanction committee may result in several breaches***
- ***In case a further Level 2 breach for the same certification body regarding the same issue within the 2 years period of limitation will be assessed, the certification body will get the double amount of “negative points”.***
- ***In case a further Level 2 breach for the same auditor regarding the same issue within the 2 years period of limitation will be assessed, this will lead independent of the issue to an assessment with 6 “negative points”.***

**VI. (1) Decision by the sanction committee:**

**a)** If a fault of a certification body or an auditor is likely to have occurred, all relevant information shall be made accessible to the members of the sanction committee in an anonymous way in a protected area of the database. The sanction committee strives to decide within 4 weeks after the data has been made available whether a breach has been committed and by whom (certification body and/or auditor), what level of breach (Level 1 or Level 2) has occurred and how much “negative points” are associated with this breach (in case of breaches for auditors also the penalty to be applied).

Once the sanction committee has informed IFS MANAGEMENT of its decision, IFS MANAGEMENT shall check whether the auditor or the certification body concerned have already got a certain amount of “negative points” and will inform the certification body and/ or the auditor about the status quo of “negative points”. Additionally based on the assessed level of breach and the connected “negative points” IFS MANAGEMENT will inform the certification body and/or the auditor about the imposed penalties. If a breach has been decided directly for an auditor IFS Management will inform the respective certification bodies about the obligations and/or penalties for the respective auditor and about the assessed “negative points” connected with this breach.

**b)** Level 3 breaches (based on IFS database analyses) can be assessed directly by IFS Quality Assurance Management and a Level 3 breach is also associated with “negative points” according to the following system:

A **Level 3 breach** will be assessed with **2 “negative points”**.

The assessment of IFS Quality Assurance Management concerning a Level 3 breach in connection with the associated “negative points” has always to be confirmed by the chairman (lawyer) of the sanction committee (for an assessed Level 3 breach not the complete sanction committee has to decide about the case, but a lawyer confirms in a summary procedure the assessment of IFS Quality Assurance Management).

**Note:**

***All “negative points” assessed for certification bodies will be summarized. For all summarized “negative points” the period of limitation will be 2 years (see chapter VIII.(3))***

## **VI. (2) Levels of Breaches**

There are two levels of breaches which a certification body and/or its auditors might commit in the course of performing an IFS audit and certification. Additionally there is a third level of breach which a certification body might commit in the course of performing IFS audits and certification.

Topics, which are likely to result in a Level 1 or Level 2 breach, are forwarded to the sanction committee. The decision whether a Level 3 breach is likely is assessed by the IFS Quality Assurance Management and confirmed by a lawyer.

**Note:**

***Depending on the case the decision of the sanction committee can lead to both – breach for auditor and breach for CB.***

All examples mentioned below for the different levels of breaches are not exclusive, further topics can be also decided as breach Level 1-3 depending on the case.

### **VI. (2) a) Level 1**

Non-acceptable performance which calls into question the overall competence of the certification body and/or the auditor: breach of contract requirements and/or IFS requirements which generally put product safety at risk and/or results in a breach of law. Relevant is only such law which is associated with the IFS certifications. A Level 1 breach can also be decided if there is objective evidence that CB and/or auditor committed a fraud.

#### Examples for Level 1 breaches for certification bodies

- The certification body fails to identify obvious errors in an audit report during a certification process (review process), which puts product safety at risk and/ or results in a breach of law.
- The certification body fails to comply with one or several penalties which have been imposed against it as a result of a previous Level 1 breach.
- The suspension of a current certificate based on KO or Major rating at an IFS audit due to food safety or legal issues was not carried out within a maximum 5 working days after the audit date.
- An audit was conducted by an auditor/ audit team not having the product scope/s and/ or technical scope/s approval required to perform the audit or not having the approval for the respective IFS standard, this audit performance put product safety at risk and/ or resulted in a breach of law.
- The certification body systematically informs in case of unannounced audits the respective company/ies before the audit date about the exact audit date or about a certain audit date timeframe, which is less than the timeframe defined for unannounced audits in respective IFS regulations.

#### Examples for Level 1 breaches for auditors

- Severe error of an auditor when auditing a company, which puts product safety at risk and/ or leads to a breach of law.
- The auditor provides incorrect information/ ratings in the audit report, which puts product safety at risk and/or results in a breach of law.
- An audit was conducted by an auditor not having a current IFS approval at the time of the audit and also not being in the last step of the “IFS auditor in progress” process. The evaluation of the not approved auditor for the respective IFS standard put product safety at risk and/ or led to a breach of law.
- The auditor mentioned in the audit report dates and times, but it is evident that he/ she was not at this site at the mentioned dates and times. There is objective evidence available that the wrong dates and times were notified in the audit report on purpose and that this is a fraud issue.

- The auditor mentioned in the scope of the audit products, which demonstrably were not produced at the time of the audit. This incorrect audit put product safety at risk and/or led to a breach of law.
- The auditor systematically informs in case of unannounced audits the respective company/ies before the audit date about the exact audit date or about a certain audit date timeframe, which is less than the time frame defined for unannounced audits in respective IFS regulations.

All examples mentioned above are not exclusive, further topics which generally put product safety at risk and/or result in a breach of law or are based on a fraud issue can be also decided by the sanction committee as a Level 1 breach and can be assessed with 15 or 20 “negative points” depending on the case.

To reach transparency about the decisions of the sanction committee and the related assessed “negative points” IFS Management GmbH will provide in a restricted area of the IFS database (accessible for all certification bodies having a contract with IFS and for all sanction committee members) every 3 months an updated list of all decisions of the sanction committee with an anonymous description of the case, the relevant breach decision and the assessed “negative points”.

## **VI. (2) b) Level 2**

Very poor performance of the certification body and/or an auditor, requiring immediate and radical improvement measures: Incorrect behavior during an audit and/or breach of IFS rules in view of the required procedures of the certification process, which does not generally put product safety at risk and/or does not result in a breach of law. Relevant is only such law which is associated with the IFS certifications.

### Examples for Level 2 breaches for certification bodies

- The rules for audit duration calculation of the relevant IFS Standard and, if applicable, the respective Doctrine were not respected.
- The audit time was decreased by CB and even when getting the information back from the respective auditor that audit time was not sufficient to perform the audit, CB did not take consequences.
- One or several auditors working for the certification body were not monitored by an on-site witness audit in accordance with IFS regulations on a regular basis and/or there is/ are no documented witness report/s available.

- One or several auditors working for the certification body were not trained in accordance with IFS regulations on a regular basis and/or there is/are no document(s) of training attendance and/or content available.
- The certification body fails to identify obvious errors in an audit report during a certification process which does not put product safety at risk.
- An audit was conducted by an auditor/ audit team not having the product scope/s and/ or technical scope/s approval required to perform the audit, but this audit performance did not put product safety at risk.
- An audit was conducted by an auditor/ audit team not having the necessary language approval for the respective country (country according to the list provided with the Doctrine of IFS a translator is not allowed to be used for).
- An audit was conducted by an auditor/ audit team not having the necessary language approval for the respective country (country according to the Doctrine of IFS a translator is allowed), no translator was additionally used.
- The certification body did not check the competence of an auditor based on his CV and respective supporting documents (referring to obligations of CBs described in ISO/EC 17065) before audit commitment.
- The certification body contacts the certified company howsoever after having been notified by IFS MANAGEMENT about a planned Integrity on-site Check and before the beginning of such a check.
- In an individual case the certification body informs a company in case of an unannounced audit before the audit date about the exact audit date or about a certain audit date timeframe, which is less than the time frame defined for unannounced audits in respective IFS regulations.
- Penalties imposed as a result of a Level 2 breach have not been complied with.
- The certification body did not participate at the yearly certification body conference.

#### Examples for Level 2 breaches for auditors

- The auditor provides incorrect information in the audit report not relating to product safety.
- An auditor conducted an audit as lead auditor without any further co-auditor (or expert if this might be allowed according to current IFS rules) and did not have the scope approval for the product scope/s of the company. Additionally even if this

auditor would apply for the missing scope/s approval at IFS office he/ she would not get the approval due to missing work or audit experience. This performance of the audit as not approved IFS auditor for the respective scope/s did not put product safety at risk and/or led to a breach of law.

- An audit was conducted by an auditor (alone or in an audit team) not having the product scope/s and/or technical scope/s approval required to perform the audit. The missing product scope/s or technology scope/s is/are required to guarantee a qualitative and comprehensive audit of the company, but this audit performance did not put product safety at risk.
- An audit was conducted by an auditor not having a current IFS approval for a certain standard at the time of the audit, but the auditor is already an approved IFS auditor for at least one IFS standard. This performance of the audit as not approved IFS auditor for the respective IFS standard did not put product safety at risk.
- Indications in the CV of an auditor are demonstrably not correct.
- The auditor mentioned in the audit report audit durations at certain audit days, but it is evident that these audit durations are wrong. There is objective evidence available, that the wrong audit durations were notified in the audit report on purpose and not just as a typing mistake.
- In an individual case the auditor informs a company in case of an unannounced audit before the audit date about the exact audit date or about a certain audit date timeframe, which is less than the time frame defined for unannounced audits in respective IFS regulations.
- An auditor is completely missing the requested regular training in accordance with IFS regulations and according to the rules defined in the IFS standards.

All examples mentioned above are not exclusive, further topics which show very poor performance of the certification body and/or an auditor requiring immediate and radical improvement measures can be also decided by the sanction committee as a Level 2 breach and can be assessed with 4 or 6 “negative points” depending on the case.

To reach transparency about the decisions of the sanction committee and the related assessed negative points IFS Management GmbH will provide in a restricted area of the IFS database (accessible for all certification bodies having a contract with IFS and for all sanction committee members) every 3 months an updated list of all decisions of the sanction committee with an anonymous description of the case, the relevant breach decision and the assessed “negative points”.

## VI. (2) c) Level 3

Other breaches of the IFS, the IFS audit system and other IFS audit requirements.

The topics mentioned below are based on database investigations by IFS office. Further administrative issues might be noticed for CBs and might also be sent by IFS Quality Assurance Management to the chairman (lawyer) of the sanction committee with a request for confirmation concerning an assessed Level 3 breach.

In each case the topic is forwarded to the certification body with a request for internal investigation as well as a statement. If the statement is sufficient, IFS Quality Assurance Management shall ascertain whether the existing problem is rectified or whether a breach by the certification body is likely to have occurred.

The decision whether a Level 3 breach is likely is assessed by the IFS Quality Assurance Management but has to be confirmed by the chairman (lawyer) of the sanction committee.

### Examples for Level 3 breaches for certification bodies

- The auditor conducts more consecutive audits at the same organization than permitted under current IFS rules - this fact is evident by database analysis - and the certification body's statement is not able to clarify the case.
- In case of complaint handling a certification body does not send any statement to the IFS offices even after 2 reminder emails. For administrative complaints this means a certification body shows no reaction even after 2 reminder emails within 1 month after sending the first email with the notification of an administrative complaint. For qualitative complaints this means a certification body shows no reaction even after 2 reminder emails within 2 months after sending the first email with the notification of a qualitative complaint.
- Penalties imposed as a result of a Level 3 breach are not complied with.

## VII. Definitions

**IFS:** All standards marketed by IFS MANAGEMENT under the brand of "International Featured Standards".

## VIII. Penalties

### VIII. (1) Penalties for certification bodies:

In any case, if an administrative indicator has not been fulfilled or a breach has been decided by the sanction committee or assessed by IFS Quality Assurance Management and confirmed by the chairman (lawyer) of the sanction committee for a certification body, the certification body has to organize an internal training and to implement adequate corrective actions. The respective certification body is obliged to send significant evidences for the implemented corrective actions and for the trainings to IFS Quality Assurance within 3 weeks from receipt of the letter with the decision about a breach.

Additionally monetary penalties will be imposed on the certification body based on the level of breach decided by the sanction committee or assessed by IFS Quality Assurance Management and confirmed by the chairman (lawyer) of the sanction committee or in case of consecutively not respecting administrative indicators (see Table VIII.1 below).

**Table VIII.1**

Level of breach and connected "negative points"	Penalty for certification body <i>(additional costs concerning Integrity on-site Checks, Integrity CB Office Audits, Integrity Witness Audits or sanction committee- / chairman of the sanction committee-costs will be charged, if they have been occurred)</i>
Level 3 breach (2 "negative points")	500 Euro
Level 2 breach (4 "negative points")	1000 Euro
Level 2 breach (6 "negative points")	2000 Euro
Level 1 beach (15 "negative points")	4000 Euro
Level 1 breach (20 "negative points")	8000 Euro
<p><b><i>In case a certification body does not comply with the IFS rules for the same administrative indicator(s) within 2 consecutive 6 months analyses, additional to the assessed "negative point(s)" a monetary penalty of 1000 Euro for each not consecutively respected administrative indicator is imposed.</i></b></p> <p><b><i>In case a certification body does not comply with the IFS rules for the same administrative indicator(s) within 4 consecutive 6 months analyses a monetary penalty of 10.000 Euro is imposed.</i></b></p>	

All “negative points” assessed for certification bodies will be summarized and will lead to the following consequence, if the status quo below is reached within 2 years:

“negative points” reached	Consequence for certification body
<b>≥ 30</b>	<p><b>3 months suspension</b></p> <p>Extraordinary Integrity CB Office Audit by IFS to be planned at the end of suspension; lifting of suspension only in case of positive result of the Integrity CB Office Audit.</p> <p>If the re-approval CB Office Audit by IFS was passed successfully, all summarized “negative points” will be deleted.</p>
<p><b><i>If a certification body gets again a Level 1 breach within 2 years after the first suspension the termination of the contract will be announced by IFS MANAGEMENT.</i></b></p>	

#### **VIII. (2) Penalties for auditors:**

Penalties for auditors will not be monetary penalties but demands to take part at internal trainings at the respective certification body responsible for the involved audit or to take part at courses organized by IFS or to get an Integrity Witness Audit (see Table VIII.2 below).

#### **Note:**

- ***Breaches and “negative points” for auditors are individual-related and are independent from the certification body the auditor is connected to.***
- ***Within the period of limitation of 2 years all “negative points” assessed for an auditor will be summarized and if within 2 years in summary 20 “negative points” are reached, then this will lead to the same consequences as described below when reaching 20 “negative points” due to a Level 1 breach (suspension for 3 months).***

Table VIII.2

Level of breach and connected “negative points”	Obligations and/or penalties for the auditor
Level 2 breach (4 “negative points”)	Attendance at an internal CB training within 3 weeks from receipt of the letter with the decision about a breach.
Level 2 breach (6 “negative points”)	<p>Attendance at an internal CB training within 3 weeks from receipt of the letter with the decision about a breach.</p> <p>Demand to fulfill <u>one of the following obligations</u> (depending on the topic, which led to the assessment of this Level 2 breach); the obligation will be decided by the sanction committee:</p> <ul style="list-style-type: none"> <li>• To take part in an IFS training course (the kind of course to be defined by the sanction committee based on the topic leading to the breach) within 1 year after the decision date of the sanction committee about the breach.</li> <li>• To pass an Integrity Witness Audit to be planned within 1 year after the decision date of the sanction committee about the breach (procedure as described for Integrity Witness Audits in chapter III of this Annex).</li> </ul>
Level 1 breach (15 “negative points”)	<p>Attendance at an internal CB training within 3 weeks from receipt of the letter with the decision about a breach.</p> <p>Demand to fulfill <u>both of the following obligations</u>:</p> <ul style="list-style-type: none"> <li>• To take part in an IFS training course (the kind of course to be defined by the sanction committee based on the topic leading to the breach) within 1 year after the decision date of the sanction committee about the breach.</li> <li>• To pass an Integrity Witness Audit to be planned within next 3 months after the decision date of the sanction committee about the breach (procedure as described for Integrity Witness Audits in chapter III of this Annex).</li> </ul>
Level 1 breach (20 “negative points”)	<p><b>Suspension for 3 months</b></p> <p>Demand to take part in an IFS training course (kind of course to be defined by the sanction committee based on the topic leading to the breach) within this time frame of 3 months</p>

	Integrity Witness Audit has to be planned and to be passed for one of the first 3 IFS audits of this auditor after suspension (procedure as described for Integrity Witness Audits in chapter III of this Annex).
<b><i>If an auditor gets a Level 1 breach within 2 years after his/ her first suspension the termination of his approval as IFS auditor will be announced and he will have to pass again the written and oral examination as for initial approval.</i></b>	

If an internal training has to be carried out for the auditor the respective certification body responsible for the involved audit has to send evidences for the trainings to IFS Quality Assurance within 3 weeks from receipt of the letter with the decision about a breach.

The costs concerning Integrity on-site Checks, Integrity Witness Audits, training courses organized by IFS the auditor is obliged to take part in or sanction committee costs, if they have been occurred for the case or will be necessary due to the penalties, have to be paid by the respective certification body responsible for the involved audit.

### **VIII. (3) Period of limitation**

**The period of limitation for previously committed breaches and the assessed “negative points” is 2 years for certification bodies.**

Example 1:

Breach assessed 10.05.2017

Period of limitation (2 years) for this breach starts 10.05.2017

No further breach assessed until 10.05.2019 → breach and linked “negative points” lapse

Example 2:

Breach assessed 10.05.2017

Period of limitation (2 years) for this breach starts 10.05.2017

Further breach assessed on 15.10.2017 → 2 breaches and the linked “negative points” in summary

Further breach assessed on 06.07.2018 → 3 breaches and the linked “negative points” in summary

No further breach assessed until 10.05.2019 → 1<sup>st</sup> breach and linked “negative points” lapse, but 2<sup>nd</sup> and 3<sup>rd</sup> breach and the linked “negative points” in summary remain.

### **VIII. (4) Obligations of certification bodies (CBs) in connection with penalties**

In the case the sanction committee (or IFS Quality Assurance Management for Level 3 breaches with confirmation by the chairman of the sanction committee) decides that a breach has been committed, the certification body is obliged to compensate IFS MANAGEMENT for the following costs, if they have been occurred:

- costs of the Integrity on-site Checks, Integrity CB Office Audits or Integrity Witness Audits which have been conducted within the Integrity Program,
- costs of the sanction committee or the chairman (lawyer) of the sanction committee related to the determined breach,
- costs for the sanctions following the decision of the breach (e.g. additional Integrity CB Office Audit to confirm CB approval, Integrity Witness Audit to confirm auditor competence, respective training course organized by IFS which was demanded by IP)

This compensation of the costs is obligatory no matter which of the penalties described in chapter VIII. of this Annex is imposed on the certification body and/or its auditors. IFS MANAGEMENT informs the certification body about the breach, the interrelated status quo of “negative points” for the certification body and/or the auditor and about the kind of costs. The costs are due as soon as IFS MANAGEMENT invoices the costs.

Additionally if a Level 1 or Level 2 breach has been decided for an auditor a review of the performed audits by this auditor has to be carried out by the respective certification bodies, to assess if further mistakes have been made for already performed audits. This has to be carried out for all audits with a valid IFS-certificate.

IFS MANAGEMENT will inform the respective accreditation body if a breach for a certification body and/or for an auditor has been decided.

In case of a suspension of the certification body the whole certification process has to be stopped and the certification body is no longer allowed to issue any IFS certificates. In particular, the certification body cannot issue IFS certificates from the date of suspension, even for the audits which have been already performed but which are still in the certification process (review of the report, certification decision, etc.).

So that means, from the time of suspension:

*Sites with audits pending*

The CB is not permitted to schedule or perform audits whilst suspended.

Sites with audits currently planned during the suspension period have to be contacted by the CB. Sites should make arrangements with an alternative approved and accredited certification body for the scheme.

#### *Sites with certificates pending*

The CB is not permitted to issue certificates whilst suspended; no certification decision shall be made.

#### *Existing certified sites*

A review has to be done of the processes operated by the CB to ensure the validity of currently issued certificates. The content and extent of the review shall be based on the reason for the suspension.

In case of a suspension of the certification body an extraordinary Integrity CB Office Audit with a positive result will be necessary (see Chapter VIII.(1)). By lifting the suspension all “negative points” previously assessed for this certification body will be deleted (independent of the period of limitation as mentioned above).

### **IX. General obligations of the certification body**

The certification body undertakes to inform auditors working for their certification body about the existing Integrity Program and the penalties associated with it. Auditors have to sign individually for each certification body they are working for that they accept all procedures described in this document. Such information shall be provided in writing and presented as evidence to IFS MANAGEMENT on request.

The content of this document shall especially explain that each auditor is aware that in case of not respecting the rules of IFS standards and related IFS regulations IFS MANAGEMENT has the right to forward the respective case to the sanction committee for decision. The sanction committee might decide breaches and this might be connected with “negative points” directly for auditors and in this case auditors might be obliged to take part in IFS training courses, might be obliged to get an Integrity Witness Audit or might be suspended as IFS auditor for a certain time.

Any breaches and the interrelated “negative points” will be recorded for each auditor in order to have an overview of the “history” of the auditor. Breaches and “negative points” for auditors are individual-related and are independent from the certification body the auditor is connected to. Auditors are obliged to inform the certification body they are working for about their breaches and interrelated “negative points”.

If an auditor is suspended for 3 months based on the above described procedures, all certification bodies the auditor is contracted to are obliged to analyse the audits conducted by this auditor concerning the validity of the certificates.

Certification bodies shall have signed versions of their respective auditor's confirmation documents concerning the Integrity Program available on request.

The certification body shall forward a copy of the Integrity witness report to auditors having been observed in an Integrity Witness Audit.

Old and new customers shall be informed about the content of the Integrity Program and the possible impact on their companies in writing by signing the contracts for IFS certification. In these contracts especially the topics that unannounced or announced Integrity on-site Checks might be carried out at IFS certified companies and that Integrity Witness Audits might be carried out during a regular IFS audit have to be explained.

The certification body undertakes to provide IFS MANAGEMENT a contact name for the Integrity Program. This person shall be responsible for the communication with IFS MANAGEMENT in connection with the complaint management and penalty management. The certification body undertakes to notify IFS MANAGEMENT in writing and without delay of any personnel changes in this regard.

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Place, date

.....  
Place, date

.....  
IFS MANAGEMENT GmbH

.....  
certification body  
(Signature and company stamp)