

Response to GLOBALG.A.P. Inquiry

Cologne, 01 July 2016

Dear GFSI Board of Directors,

Dear Costco Wholesale Food Safety Team,

Costco Wholesale Food Safety Team notified GFSI yesterday with the email below about their concern related to the validity of GLOBALG.A.P. group certification (Option 2 or Option 1 Multisites with QMS) in the USA.

We acknowledge that the activity of those certified producer groups and their members to "sell own product that is certified under the group option" outside of the group (i.e. through the group certificate holder) may be interpreted as not following the GLOBALG.A.P. rules. Our Integrity Program picked this up in November 2015. I recall a private conversation a few years ago in Washington State, during which the impression could have emerged that "selling through the group" could also be interpreted as "under the control of the group", i.e. the certificate holder having full records of such distributions of products not going through the financial books of their own legal entity.

When our Integrity Auditor identified this issue in November 2015, we assessed the situation and identified a business practice that, within the legal environment and accreditation rules, was categorized by our team as "not having a direct relation to an increased food safety risk". Each producer selling or distributing also direct to other customers were part of a valid certificate. Examples are producers that grow club varieties with particular packhouses that are not part of their group. Here they used the reference to the GLOBALG.A.P. Group Certificate as proof of their status being member of the certified group and evidence of proper food safety controls. It was also taken into consideration that they sold this produce as legally responsible entities. We decided to recommend to the CB to keep the certificate valid until the expiration date. Any renewal shall meet a stricter interpretation.

One important risk which we address globally, in particular in countries with different legal systems, is the one of mass balance: In particular group certificate holders are required to monitor and prove that. A conflict occurs, where the producer sells other than the own product as own product, thus intentionally neglecting traceability. We consider this behavior as illegal under US law. We believe, that certification has only limited power to reveal such unlawful behaviour.

Nevertheless, GLOBALG.A.P. actively promotes all initiatives that increase transparency of mass balance, in particular through our "Chain of Custody" standards. In this particular Option 2 case, we informed the responsible Accreditation Bodies and the other involved GFSI Benchmarked Scheme Owner about this industry behavior, to alert them of the situation.

In order to increase acceptance of certification, we then invited the industry in the US and the responsible CBs to find a solution that can be acceptable to allow for more transparency, yet recognizing the efficiencies of Group Certification and industry practice. The GLOBALG.A.P. Board approved a pilot, currently restricted to the United States that shall collect the necessary evidence to re-draft the rules.

Furthermore, GLOBALG.A.P. initiated a Task Force within GFSI on Primary Production to address the emerging issues that are specific to Farm Certification. Our ultimate aim is a new rule that will be applicable globally and integrated in the GFSI Benchmarking regulations with the intention of enhancing food safety and traceability while taking into account the realities of the commercial environment.

As a global membership driven organization, we appreciate any input to improve standards and make them more acceptable for all stakeholder. We are open for a dialogue and a constructive approach to use this inquiry to find a solution that addresses the raised concerns.

I look forward to hearing from you,

Regards,

Kristian Moeller
CEO GLOBALG.A.P.