INFO LETTER MEAT AND MEAT PRODUCTS

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EDITORIAL
Dear Readers,

The QS Scheme will reach an important milestone in October 2011, namely it’s tenth birthday. And because a birthday with a zero at the end is a good opportunity to look back, we are inviting you to review ten years of QS with us. You can do this in our special edition of the info letter and on our homepage in a little journey back in time in texts and images (www.q-s.de).

To mark our anniversary, we will also be represented at the Anuga fair and we look forward to your visit to Stand A060/B061 in Hall 6.1 (Meat Hall) between 8 and 12 October 2011.

You can also read all about the new resolutions of our advisory boards (below and on Page 2), how McDonald’s is advertising with QS, and an interview with a long-standing QS scheme participant.

You will find these topics and others on the following pages. We wish you informative reading.

Your QS Team

CLEAN ANIMAL FEED ADVISORY BOARD DECIDES ADDITIONAL MEASURES

QS has now completed a further step to enable the analysis of the dioxin incidents together with the feed sector. All of the requirements of the Feed Sector and Feed Monitoring guidelines were examined once again to establish which regulations require further alignment or tightening.

In order to increase feed safety even further, at its meeting on 20 September 2011, the Beef, Veal and Pork advisory board decided to adopt the following adjustments by 1 January 2012:

VVVO Number: In future, compound feed deliveries are to be assigned to the VVO registration number of the supplied farm. This applies to bulk products supplied by compound feed manufacturers or dealers. The VVVO Number is to be recorded when the order for compound feed is placed, and documented on the bill of delivery/invoice. By doing so, feeds included in the QS Scheme can be clearly traced to each supplied location. Scheme participants will be notified as to how the VVO numbers are to be assigned in a detailed circular dedicated to this topic.

Other Resolutions: The Feed Sector guideline now stipulates that certain feeds have to be clearly marked as “suitable” or “unsuitable” for feeding purposes in the accompanying documents. This applies to refined fatty acids, distilled fatty acids and glycerine, as well as compound fats and oils. The release check is now a separate K.O. criterion in the manufacture and trading of feeds. Pest prevention will also be a K.O. criterion from 2012 and the inclusion of dioxin-like PCB in the Feed Monitoring control plans from 2012 was also decided. This means that a link with analyses for dioxin-like and non-dioxin-like PCB is to be included in all control plans in which dioxin analyses are prescribed. Control plans for dairy products and glycerine as a by-product of vegetable oil processing have also been newly included. A risk-orientated control plan for the feeding of stale bread and bakery produce was also supplemented for the Agriculture sector.

Supervisory Board for Poultry: In its meeting of 20 September 2011, the supervisory board for poultry decided that the test intervals for poultry production are to be tightened from 1 January 2012. Parallel to the stages Feed Sector, Slaughtering/Deboning and Processing, risk-orientated audits are to be conducted in future in poultry production every two years at the latest.
In its meeting of 20 September, the Beef, Veal and Pork advisory board adopted amendments to the guideline for salmonella monitoring in pork which will come into effect on 1 January 2012. The procedure for the recategorization of Category III businesses has been changed.

Pig production businesses classified in Category III (high salmonella risk) can have a recategorization conducted. The prerequisite for this is the implementation of adequate measures to identify the source of introduction of salmonella and reduce salmonella contamination in existing stocks (modernization measures).

The implementation of these measures must be confirmed by the responsible veterinarian. A sufficient number of samples has to be drawn for recategorization and examined for salmonella antibodies. With recategorization, the business has the opportunity to reflect the current salmonella status once the modernization measures have been taken.

On the internet and in TV spots, fast food chain McDonald’s is currently advertising the fact that it relies specifically on direct cooperation with partners in the agriculture sector when selecting its products. Quality assurance plays a very prominent role in this for McDonald’s.

The producers and farmers introduced in McDonald’s latest quality campaign are all QS scheme partners and not only the farmers who grow the potatoes for their French fries. Those who feature prominently in the spots and on the internet include Thomas E. Gödelmann, lettuce grower in the QS Scheme, and cattle farmer Josef Müller from the Allgäu region.

You can find out more about the QS farmers and producers and the quality assurance campaign in the internet under: www.mcdonalds.de/ernaehrung/qualitaet.html

The comprehensive expansion of mutual recognition between GMP+ International and QS is receiving wide approval in the trade.

In addition to recognition of feed production, which has been in force since 2006, the latest recognition, which takes immediate effect, covers trading, transport, storage and transhipment of feeds. Crop growing has also been included in the bilateral agreement.

With this recognition, GMP+ or QS-certified businesses can save the time and money involved in double auditing. In order to use the mutual recognition, QS-certified businesses that want to provide products and services to GMP+-certified businesses must register with GMP+ International and vice-versa.

The agreement that has now been reached is the result of the coordination efforts of both standard owners over the last few years. The contract signed by QS and GMP+ International constitutes a further step towards the harmonization of internationally applicable quality standards, and both standard owners intend to continue on this course in the future.

More on this topic in the internet under www.q-s.de

INFO LETTER No. 69 Meat and meat products | Issue: October 2011
The Tummel company is a slaughtering business from the Muensterland region with a workforce of 150. As one of the first scheme participants, the company has been pursuing and utilizing the QS quality assurance scheme for ten years. Reinhard Daldrup, responsible for livestock purchasing at Tummel, talks in an interview about the integration of QS in its own quality assurance programme.

What did your start with QS look like?
We recognized at an early stage that the cross-stage approach adopted by QS constituted a great opportunity for consumer protection, animal welfare and communication both inside and outside the industry. That’s why we were one of the first companies to join up with QS. We met almost all of the QS requirements right from the start and those that were missing were integrated into our company-internal system within only a few months. Our management made additional resources available at short notice in order to implement the special requirements of the QS standard regarding traceability, marking and labelling.

The QS Scheme was explained and discussed in numerous internet events for interested suppliers. We then succeeded in obtaining QS certification in 2002 and started into the market for QS meat along with 30 percent of the other suppliers.

What is the main focus of your quality assurance efforts?
We have always placed great value on exceeding legal requirements where consumer protection is concerned. QS helps us here as an important module for our company-internal quality assurance. For us, this also meant a high percentage of QS-certified farmers. Today, almost 100 percent of the animals we slaughter are from QS-certified businesses. The cross-stage principle pursued by QS is convincing in terms of both organ examinations and salmonella monitoring. With the findings made at the abattoir, we can provide the supplying company with important information, thus also improving animal welfare.

What are the most important functions of QS for the market in your view?
With QS, we are a part of a quality assurance system which is well known, logically structured and well accepted to a great extent in the meantime. In times of crisis, QS stands by us as a partner who takes on important parts of the communication process, thus giving us a competent and credible voice. With the help of QS crisis management, we have succeeded in the past in quickly discovering the cause of the crisis in most cases and regaining the trust of the consumer.

QS has the innovative power and level of acceptance within the industry to realize new developments in quality assurance in companies that go way beyond existing legal requirements. That is a very important factor for us.

Agricultural businesses are always keen to find out how they compare to others. Although the audit reports of all companies are available to the coordinators, this does not provide them with an estimation of how the agricultural businesses that they look after compare with QS businesses as a whole. QS is now making the coordinators a concrete offer in this regard with an evaluation of all coordinated businesses.

With the benchmarking of the audit reports, the coordinators can assess how their businesses rate. All audit evaluations are compared with the overall average and the areas in which the farmers lie above or below the values of the entirety of QS businesses are marked in different colours. In this way, coordinators can actively tackle weak points with the coordinated businesses. No matter whether it concerns hygiene issues or structural alterations, this benchmarking system also provides the option of gaining specific information on individual issues and updating it to the latest level. Interested coordinators should contact Katrin Spemann directly to begin with: katrin.spemann@q-s.de

Bilateral agreements with two Dutch standard owners – CoMore Bedrijfsdiensten B.V. (CBD) and De Groene Belangenbehartiger B.V. (DGB) – have existed since 2005. These contracts have now been updated.

The agreements relate to the stages Agriculture/Pigs (CBD and DGB) and Slaughtering/Deboning (CBD only). In addition to the updating of the existing contents of the agreements, new aspects such as the stipulations regarding livestock transport were taken into consideration.

In addition to this, the requirements for controlled farming conditions and integrated production systems were newly regulated as a prerequisite for authorization for visual meat inspection.

On the basis of this agreement, businesses certified in accordance with the requirements of the standard IKB Varken and/or IKB Nederland Varkens which also satisfy a supplementary QS module can become scheme participants without conducting an additional audit. This enables them to supply piglets, slaughtering pigs and pork into the QS Scheme.

More on the international agreements in the supply chain Meat and Meat Products: www.q-s.de/qssystem_internationales_fleisch.html
For the second time now QS will be offering all interested parties the opportunity from mid-October of taking a look at the adjusted guidelines and commenting on their content before they come into effect at the beginning of 2012.

The German language documents can be previewed and commented upon from 17 October to 15 November 2011. The English language versions will then be available for public comment from 15 to 30 November under www.q-s.de.

SCHEME PARTICIPANTS AND MARKETS LATEST FIGURES

In the QS scheme meanwhile 106,553 scheme participants take part in the supply chain meat and meat products. The biggest increase is noticed in the feed sector. In this stage the QS scheme has over 300 more scheme participants since summer 2011.

<table>
<thead>
<tr>
<th>Stage</th>
<th>Total</th>
<th>Of which abroad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feed</td>
<td>3,643</td>
<td>519</td>
</tr>
<tr>
<td>- Feed material Produktion¹</td>
<td>1,315</td>
<td>186</td>
</tr>
<tr>
<td>- Compound feed²</td>
<td>1,229</td>
<td>249</td>
</tr>
<tr>
<td>- Trading, Transport, Storage</td>
<td>1,099</td>
<td>84</td>
</tr>
<tr>
<td>Agriculture</td>
<td>77,170</td>
<td>5,991</td>
</tr>
<tr>
<td>- Cattle farming¹</td>
<td>30,715</td>
<td>6</td>
</tr>
<tr>
<td>- Pig farming²</td>
<td>42,628</td>
<td>4,522</td>
</tr>
<tr>
<td>- Poultry production</td>
<td>3,827</td>
<td>1,463</td>
</tr>
<tr>
<td>Livestock transport</td>
<td>1,621</td>
<td>12</td>
</tr>
<tr>
<td>Slaughtering/deboning</td>
<td>400</td>
<td>43</td>
</tr>
<tr>
<td>Processing</td>
<td>271</td>
<td>10</td>
</tr>
<tr>
<td>Food Retail</td>
<td>23,448</td>
<td>316</td>
</tr>
</tbody>
</table>

1. Includes 17 producers of additives and premixes
2. Includes 536 mobile feed milling and mixing plants
3. Additionally eligible for the supply of slaughtering cows: 22,755 businesses via QM Milk Auditing
4. Additionally eligible on the basis of scheme recognition: 2,488 businesses QSG (DK) and 2,205 businesses Certus (B)
5. Includes 140 meat wholesale businesses
* Deregistration of 745 businesses from the Netherlands which were doubly coordinated up to now.

NEWS IN BRIEF

New Flyer: Quality assurance begins with the farmer
Right on time for the tenth anniversary, QS underlines the achievements of the farmers in the scheme who make up the majority of the approx. 110,000 participants currently in the Meat and Meat Products supply chain with two flyers. One of these flyers is aimed explicitly at cattle farmers and the other at pig farmers and both of them have the title "Quality assurance begins with the farmer". They are intended to underscore the scheme participants’ commitment to safe food and are suitable for distribution at farmyard festivities, for example. In addition to this, the cattle flyer actively advocates participation in the QS Scheme in an insert. Interested parties can request both flyers from QS.

A visit to the goods exchange of a scheme participant
Kaiser’s Tengelmann AG invited QS to their Goods Exchange 2011 to explain the QS Scheme to the executives of all of their branches. QS was pleased to accept the invitation and was represented at scheduled events in three different regions. The QS staff were delighted with the great interest shown in QS and answered the questions of branch managers from all over Germany about the QS certification mark.

627 participants were trained
Training courses for auditors for 2011 have been completed. 627 participants were brought up to speed with the latest QS requirements at a total of 30 training courses. Four of the courses were held in English for foreign auditors. The well-attended events all culminated in an examination. From the 1,247 tests nine percent did not pass in their first attempt.

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