

Suppliers of Engineering Equipment, Services or Consumables

Food Safety and Quality Requirements



Dairy for life



Trust in every drop

Safe, high-quality food

We make food that families everywhere trust.

By partnering with Fonterra you become part of our wider family and part of that promise we make to our customers and their consumers.

Together we keep their trust by showing up every day and doing the right thing for food safety and quality.



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These requirements supplement the terms of any service or supply contract that you may have entered into with Fonterra, and broadly reflect the scope of any compliance audits we may undertake. In the event of an inconsistency between these requirements and the terms of any contract, the most stringent requirements will prevail.

Introduction

Fonterra is committed to produce and supply safe, high quality food. Food Safety and Quality is everyone's responsibility.

Every step of the way, from our farms to the market, Fonterra is trusted by customers to supply them the best.

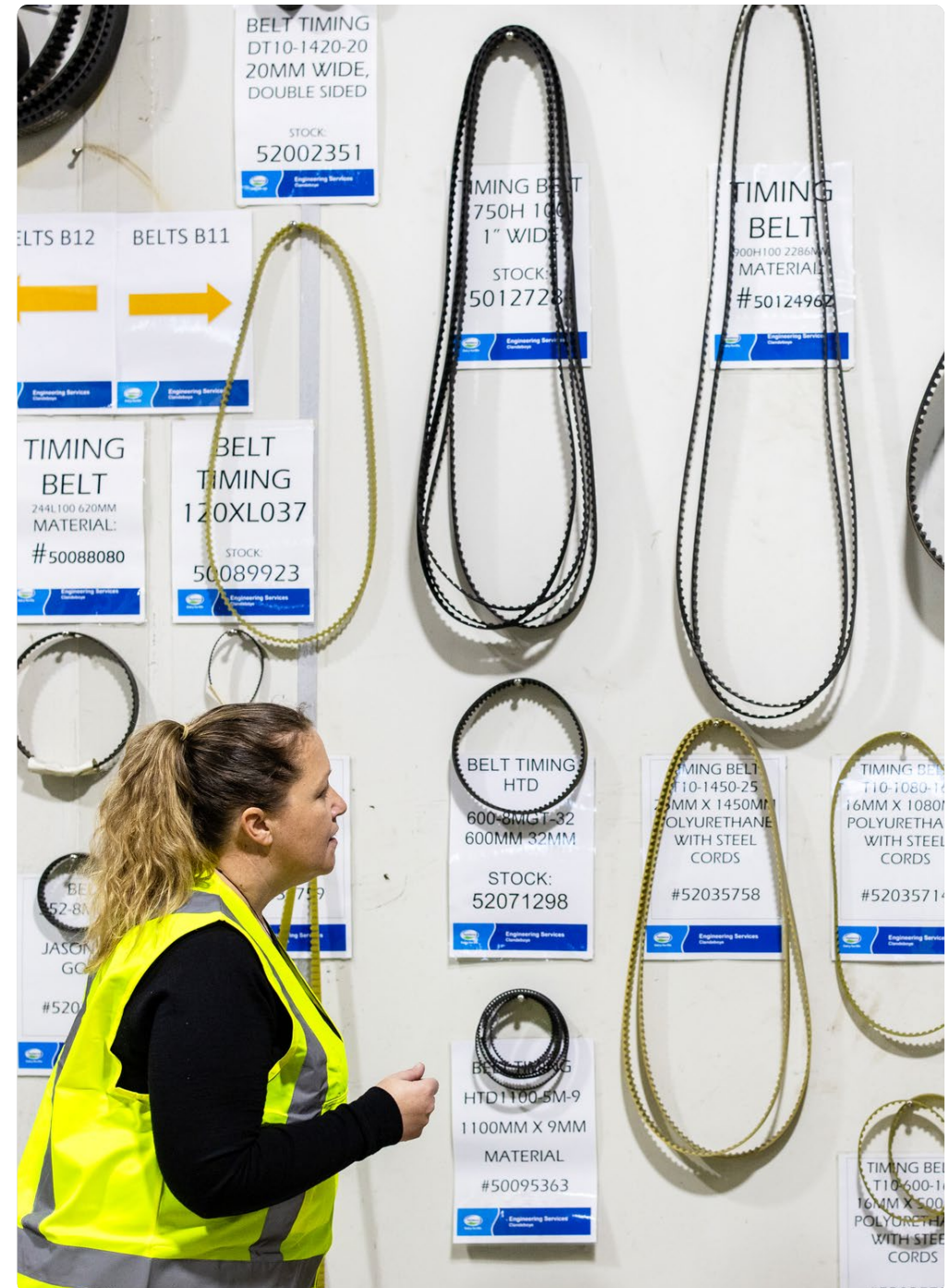
To earn this trust, we will ensure food safety and quality throughout the supply chain.

As an engineering supplier you are an integral part of our supply chain and we seek your assistance to meet our objectives, satisfy our customers and deliver on our promise.

Scope

Fonterra's Food Safety and Quality Requirements apply to all suppliers of engineering equipment, services or consumables purchased directly or indirectly by Fonterra.

These requirements clarify our expectations of you as an engineering supplier to Fonterra.



Risk Management

Fonterra has a risk-based approach to the management of food safety and quality, which means that all manufacturing and process controls are based on the level of risk to the final product.

The Hazard Analysis Critical Control Point (HACCP) system is recommended to be used to identify, evaluate and control all hazards that are significant to food safety.

In the event HACCP is not applicable to your industry, you must be able to demonstrate an alternative food safety risk assessment has been conducted to determine the process and product controls.



Food Safety and Quality System Requirements

Suppliers shall maintain a quality management system to ensure the organisation's processes, procedures and responsibilities are formalized and support the organisation in meeting or exceeding internal, customer and regulatory requirements.

We encourage certification to at least ISO 9001 to the latest revision, through an accredited third-party registrar, as relevant to your products and markets.

Management Responsibility

There must be a nominated person, with appropriate capability, responsibility and authority, to implement and uphold the Quality System.

Complaint Management

A complaint management process will be implemented to ensure that:

- Appropriate investigation of complaints is conducted, and corrective action taken and documented.

Staff Training

A staff training plan must be documented including the identification of the training needs of each position within the company.

Documented evidence of employee training must be maintained.

Documentation

Suppliers are required to maintain appropriate procedures and records for all workflow activities performed for Fonterra.

At a minimum, this will include processes relating to production, inspection, training and competence, document and record control, control of non-conforming product, and corrective and preventative action.

All certifications and records must be current and maintained in an up-to-date manner at all times.

Documents and information must be retained securely in line with local regulations.

Destruction of all information must be handled in a secure manner.

Non-Conformance Management

Non-conformances are expected to have a Root Cause Analysis and a detailed corrective and preventative action plan.

Religious Requirements

Materials used that may touch food contact surfaces or water systems shall not have an adverse effect on the Fonterra site's Halal or Kosher status. Halal and Kosher documentation may be required.

Internal Audit Programme

There must be a documented and implemented internal audit programme. The purpose of this programme is to verify that quality systems/processes have been effectively implemented and that the desired outcomes are being achieved. At a minimum, all elements of the supplier's Quality System must be assessed once per year.

Change Control

Change Control principles must be used to ensure that changes to systems and processes are made in a controlled manner such that there is no detrimental impact on product or service quality and food safety or people safety. There must be a documented change control procedure.

All changes and associated risk evaluation must be documented for future reference.

Buildings Facilities, Utilities and Equipment

Security

The supplier must have documented systems to protect manufacturing and warehousing facilities, process, product and documentation from deliberate acts of tampering and/or intentional contamination.

Facilities

Manufacturing and storage facilities, process equipment and process support services must be designed, constructed, operated and maintained in a manner such that safe quality product can be manufactured.

Good building design and construction includes:

- Condition and integrity are maintained.
- Equipment and building structures are free of potential foreign matter (e.g. wire, tape, loose paint and rust), which may contaminate the product and/or prevent effective cleaning of surfaces.
- The external environment of the premises must be maintained in a tidy condition.

Maintenance

- Production and storage facilities, process equipment and process support services must be maintained in a manner such that safe quality products are able to be manufactured and stored.
- Where there is the risk of product contact, lubricants used must be food grade.
- Microbiological and Product Identity (religious) risks from food grade greases and lubricants must be understood and managed.

Utilities

Compressed air (or other gasses) introduced into product or used in cleaning food contact equipment must be managed to ensure product quality and food safety risks are adequately controlled.

Pest Management and Control

Buildings and grounds must be maintained in a condition that prevents pest harbourage, entry and contamination of product.

Where chemical treatments are used these shall be managed to prevent contamination of product.



Planning and Procurement

Planning and Scheduling

The supplier must have a structured planning and scheduling process to ensure that agreed Fonterra demand is delivered in full, on time and to specification.

There must be a formal approval programme for the supply of all raw materials.

There must be monitoring systems in place to provide confidence that received goods are fit-for-intended use and must not compromise food safety.

New raw material suppliers must be formally approved prior to the purchase of the raw material by the manufacturer.

Inwards Goods Management

Inwards goods procedures must ensure that goods received are fit-for-purpose and approved prior to use.

Product Specification

There shall be a signed purchase agreement between the supplier and Fonterra, which includes a Product Specification.

The specification agreed with Fonterra must be:

- Ensure Fonterra requirements are correctly captured.
- Ensure specifications are approved and up-to-date.
- Be readily accessible.

Additional requirements may be outlined in the specification agreed between Fonterra and the supplier.



Manufacturing Control

Good Manufacturing Practices

Good Manufacturing Practices (GMP) must be implemented to ensure that the manufacturing environment and operating conditions are appropriate.

GMP includes, but is not limited to:

- The controlled removal of rubbish and other wastes on a regular basis.
- The control of cleaning and maintenance to ensure that: food safety is not compromised during maintenance activities, and the risk of foreign matter and microbiological contamination is eliminated.

Cleaning and maintenance schedules must be documented to specific method, frequency, cleaning responsibility and how the effectiveness of the cleaning is monitored.

The control of chemicals includes, but is not limited to:

- Chemicals must be clearly identified.
- The use and availability of Material Safety Data Sheets for all chemicals including those for cleaning, sanitation, pest control, maintenance and process additives.
- Chemicals which could come into contact with product or product contact surfaces, must be certified as being suitable for food contact and have no impact to identity status of the product e.g. religious, allergen or organic.



Control of the Manufacturing Environment

All areas in the manufacturing process where, there is a risk that food contact materials or equipment may be contaminated from the environment, must be identified and designated as a high hygiene environment. High hygiene environments must have programmes and controls in place to eliminate and/or manage all environmental contamination risks.

Foreign Matter Control

Fonterra expects suppliers to take a proactive approach to preventing contamination and Foreign Object Damage (FOD) in every stage of production. Suppliers are expected to implement and maintain a FOD and contamination control programme.

FOD and contamination control should be integrated throughout the manufacturing process; from design and assembly to testing and final packaging.

Work areas and equipment must be kept clean, and inspections carried out before closing any inaccessible assemblies. FOD and contamination risks should be assessed and documented with applicable mitigation actions.

All FOD or contamination incidents, actual or potential, must be promptly reported and investigated.

Environmental Pathogen Management

Manufacturers of food contact ready to use equipment and products must have a risk assessment to identify if an environmental pathogen management programme is required.

If a monitoring programme is required, it shall include:

- Which pathogens are considered a risk to the product.
- The classification of hygiene zones.
- The plant environmental controls.
- Frequency of monitoring (this may include consideration of available historical data).
- Response plan for when limits are exceeded.

Where there is no monitoring programme implemented, the decision-making process must be documented and readily available.

Identity Preservation

Where identity preservation status (e.g. religious, allergen, GMO, organic) is stipulated in the Fonterra Product Specification, the supplier must identify and control all raw materials, processing aids and process steps (including changeover and start up) that could detrimentally affect the identity status of the final product.

For example:

The use of animal-based ingredients by the manufacturer may impact on the Kosher or Halal status of the final food product.

The use of organic raw materials (e.g. soy, wheat based) may affect the allergen status of the final Fonterra product.

Allergen Management

If through the raw material assessment, it is identified that an allergen is present, allergen principals must be applied to the identification and storage of allergenic materials to reduce the risk of cross-contamination.

Cleaning and Sanitising

Cleaning and sanitising procedures must be implemented to ensure that process and equipment integrity is maintained, and product contamination is prevented.

Cleaning processes must be routinely monitored to verify the effectiveness of cleaning.

Traceability, Labelling and Coding

Traceability must be able to be demonstrated from raw material to finished product and from finished product to raw material (forwards and backwards traceability).

Sampling and Product Testing

Chemical, physical and microbiological testing must be performed in accordance with the agreed specification.

All product safety and regulatory testing must be conducted by an accredited laboratory that is accredited to a recognised quality standard (e.g. ISO 17025) or have equivalent quality systems in place to ensure method validation, verification and equipment calibration.

Internationally recognised test methods must be used for product safety and regulatory testing, or equivalent validated methods mutually agreed as part of the contractual agreement with the supplier.

Criteria for retesting must be documented and authorised by personnel with appropriate technical competence and authority.

Where applicable a retention sample storage programme must be implemented. The retention samples must be kept until at least the validated shelf-life of the product or the stated expiry date.

Calibration

A calibration programme must be implemented for all in-process and final product measurement devices and reference instruments that are critical for verification of quality and process control.

Records are to be maintained and easily retrievable.

Chemical Contaminants Monitoring Programme

Where applicable a risk-based monitoring programme must be implemented to ensure that all identified chemical contaminant risks are effectively managed and do not exceed the agreed food safety limits or local regulatory requirements, whichever is tighter.

Specific contaminants to be monitored may be included as part of the contractual agreement with Fonterra.

Product Release

Procedures for releasing finished goods must be documented and implemented to ensure that each lot of finished products is controlled until it is verified that the lot meets the agreed release criteria.

Management of Non-Conforming Product

Suppliers shall ensure that non-compliant or non-conforming products are identified, segregated, and properly dispositioned as required per the supplier's internal procedures. Only product that conforms to specified requirements, and is compliant with all applicable regulations, shall be shipped to Fonterra.

Non-conforming product is defined as:

- Variances to agreed specifications.
- Breaches of contractual requirements.

Warehousing, Logistics and Distribution

All facilities used for the receipt, storage and dispatch of raw materials and final product must be constructed, maintained and operated such that the quality and integrity of the goods is ensured at all times.

Suppliers shall ensure that the packaging and preservation is adequate to protect the products during transportation, handling, and storage. Packaging shall be appropriate for the size, weight, and fragility of the products being packed.

Transport conditions must be appropriate for the type of product being transported.

Dispatch records must include lot numbers and destination details to facilitate traceability.

Recall

Suppliers must have a Product Recall and Withdrawal Plan, to ensure that when required, affected product can be removed from distribution and sale, and returned to the supplier's control.

The recall plan must include annual mock recalls (unless an actual recall/withdrawal has occurred during the preceding twelve months) designed to test the recall and traceability procedures and process and include a full trace back exercise. The recall plan must be reviewed at the completion of the event and any identified corrective actions documented and implemented.

Business Continuity Planning

Suppliers must have procedures implemented to ensure that any adverse impact to product quality from emergency events and accidents is managed.

Product diversion or recovery processes during or after processing disruptions e.g. power outages, must be managed to ensure there is no risk to, nor compromise of, food safety.

Regulatory Compliance

All applicable regulatory requirements, for both country of manufacture and country of destination/sale must be complied with at all times, throughout the end-to-end supply chain. Where local regulatory requirements for the supplier exceeds Fonterra's requirements, those regulatory requirements must be complied with.

The supplier must at its cost hold and maintain in good standing all necessary:

- Licences
- Registrations
- Permits
- Authorisations
- Consents
- Approvals

as required by a governmental, provincial or local department or agency.

Regulatory assurances relating to radiation or environmental contamination must be available if applicable.

Copies of certifications from the competent authorities of the country of origin must be available.

Communication

The supplier must have documented procedures for communication and reporting to Fonterra. All notification must be reported to the Fonterra Relationship Owner.

Exception Reporting

Notification must be provided to Fonterra as soon as practicable if the supplier becomes aware of any product manufactured for and released to Fonterra, or service provided to Fonterra that poses a food safety risk.

In addition, notification of the following must be provided to Fonterra within 24 hours of the event where:

- Any event that may cause a disruption to supply.
- Any third party certification breaches which impact the certification status.
- Any matter which calls the brand, the product or the production premises to public question or public enquiry, either through a government or consumer organisation. Legal action/takeover from any party must also be reported.
- A product recall or withdrawal is required.
- Equipment or product has been produced from non-conforming components.

All events requiring exception reporting must be notified in the first instance verbally to the Fonterra Relationship Owner. Verbal notification must be confirmed by written confirmation within 24 hours. Reporting requirements may be defined as part of the contractual agreement.

Audits

The supplier must at any time upon reasonable notice allow Fonterra representatives and/or agents access to all facilities and relevant records for the purposes of an operational audit and/or technical review to ensure compliance with Fonterra's contractual requirements. Should a supplier refuse access to Fonterra auditors, the business relationship between Fonterra and the supplier will be reviewed.



Social Responsibility

To Fonterra, acting in a socially responsible manner means an organisation taking responsibility for the impacts of its decisions and activities on society and the environment. It is about respecting the perspectives of our stakeholders, behaving transparently and ethically, and thinking for the long term. To achieve this, it is important that we, and the suppliers that we work with, seek to operate in a socially responsible manner.

Ensuring the food safety aspect of our food is the main focus of this document. However, this section covers other important aspects where we have specific expectations for our suppliers.

Health and Safety at Work

The supplier must use a proactive approach in establishing and maintaining standards of health, safety, environmental and occupational health management. This includes regular monitoring and verification of progress towards health and safety objectives or targets.

Labour and Conditions of Work

The supplier must not make use of forced or bonded labour. Labour must be freely given, and employees must be free to leave in accordance with established rules.

The supplier must not employ children in violation of conventions 138 and 182 of the International Labour Organization.

The supplier must not discriminate in any manner on the basis of race, ethnic background, age, religion, gender, sexual orientation or disability.

The supplier must ensure that working hours and remuneration are in compliance with all applicable laws.

Anti-Corruption and Political Activities

The supplier must demonstrate high standards of business conduct and responsible political behaviour. This includes avoiding involvement in disreputable business measures such as bribes, corrupt payments or kickbacks. Any lobbying activities must comply with all legislative and regulatory requirements.

Environment

We are committed to safeguarding the resources that our business depends on through reducing environmental impacts across the global value chain, improving efficiency, treating animals with care and respect and supporting the protection and enhancement of the resources and ecosystems that support dairy.

The supplier must be committed to protecting the environment through the use of sound environmental practices. This must include an environmental risk management plan to actively identify manage and report environmental risks; and environmental management systems to regularly monitor and verify progress toward environmental objectives or targets.

The reduction and prevention of all forms of waste, including solid and liquid wastes, dangerous or toxic emissions and the efficient use of energy sources, should be a fundamental business policy.

Summary

By having a collaborative relationship between Fonterra and our Partners, we can:

1. Ensure that the quality and integrity of our product is maintained throughout the supply chain.
2. Fulfil our promise of consistent delivery of safe product to customers.

By working together we meet our promise of delivering safe, high quality food every single day — for our kids, our grandparents, our mates and our communities.

Tātou, Tātou.



Trust in every drop

Safe, high-quality food