Supplier Food Safety & Quality Expectations Manual

Global Supplier Quality
Version 2, 2019

Dear Ferrara Supplier,

Ferrara Candy Company is committed to sharing goodness in every bite. This goal is achieved through consistent programs and continuous improvement of food safety and quality. Ferrara Candy Company relies on strong; confidence-based supplier relationships to help create quality products and services in order to meet our commitment of delivering safe, quality foods to our customers and consumers. The expectations outlined in this manual are intended to help clarify Ferrara quality and food safety standards.

Resources for suppliers can be found on the Ferrara homepage: www.ferrarausa.com/suppliers. It is the Suppliers responsibility to review the webpage regularly for changes and updates. Ferrara Candy Company also expects that all suppliers stay abreast of current technical developments, emerging issues and regulatory changes to the food industry.

We must work together to ensure our customers receive a great tasting, safe product. We look forward to working with you.

Ferrara Global Supplier Quality Team

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Evaluation and Qualification of Suppliers

Ferrara Candy Company (FCC) welcomes new and innovative ideas. All companies interested in joining the Ferrara supplier network should understand that they must go through an approval and contracting process prior to manufacturing/packing/filling any product. Suppliers are required to formally agree to Ferrara and regulatory requirements by signing an acknowledgement of the requirements in this manual. To ensure that safe, quality food is produced, approval is conducted at the site level. Technical and process capabilities will be assessed and improvement programs may be required. If approved, the supplier must subscribe to an electronic data management system.

a. Document request, initial information, and/or audit

i Each prospective supplier manufacturing site will undergo a food safety, quality, and regulatory compliance review. The supplier's ability to meet Ferrara requirements will initially be determined through the review of documentation, administered questionnaires, government data, 3rd party food safety certifications, Ferrara on-site audits, product testing and review of specification conformance capability.

b. Pre-Qualification Corrective Action Plans

ii If a supplier is unable to fully comply with FCC's food safety and quality requirements during the verification phase of approval, the supplier must develop a corrective action plan prior to manufacturing product for Ferrara. Ferrara will review the corrective action plan for appropriateness. Failure to effectively close non-conformances within the agreed upon timeframe, may result in a disqualification.

Management Commitment

a. The supplier manufacturing site must have a documented policy that states the site's commitment to producing safe and legal food.
b. Senior management must have clear objectives that support a food safety and quality culture. Management must meet annually to review the site's food safety and quality programs. Meetings notes must be taken along with the inputs and outputs of the meeting. The scope of the meeting should include but is not limited to:
   ii. Results of audits
   iii. Customer complaints
   iv. Incidents
   v. Effectiveness of the Food Safety Plan
   vi. Resource requirements
c. Senior management must be at the opening and closing of Ferrara audits. They must provide resources to ensure gap closures and continuous improvement plans are achieved for Ferrara products.

d. The site shall ensure responsibilities are defined, documented and communicated within the company. They shall ensure that programs are established and will continue in the event of personnel or company changes.

Food Safety and Quality Management Systems

A Food Safety System shall be developed and managed by a multi-disciplinary food safety team having specific knowledge of the type of Food Safety Management system being applied, based on the requirements of the region it operates in as well as knowledge related to the product, processes and associated food safety hazards. Preventative Controls-based food safety teams shall be led by a Preventative Controls Qualified Individual. Hazard Analysis and Critical Control Points teams shall have a designated and qualified team leader who shall be able to demonstrate competence relative to HACCP. Team Records shall be maintained and demonstrate competency of all FSMA Preventative Controls and HACCP team members.

The HACCP plan must be consistent with the seven HACCP principles defined by Codex Alimentarius. The FSMA Preventative Controls plan must be prepared in accordance with the requirements specified by the U.S. Food and Drug Administration, outlined in 21 Code of Federal Registrar.

The site must:

a. Establish, implement, document and maintain food safety and quality management systems.
b. Demonstrate effective program management via documented processes, control measures and audit results.

Documentation Requirements

c. The site must have a documented food safety and quality manual detailing site specific policies, methods and programs.
d. Documents that are required for food safety and quality must be controlled and available upon request.
e. Records must be maintained, legible, and retrievable. The site must have a documented procedure to establish controls for the identification, storage, retrieval, retention, and disposition of records.
f. Ferrara documents must be maintained for shelf life of the product plus one year.

Regulatory Requirements

g. It is the site's responsibility to assure supply chain compliance with applicable laws and regulations. Suppliers may be required to comply with certification requirements (e.g. organic, kosher) for specific products or regions of the world.
h. Management at the site must ensure that employees are trained to manage regulatory inspections and that Ferrara is immediately notified if product released into commerce does not comply with regulatory requirements.
i. Supplier must have a regulatory inspection procedure that outlines requirements if production samples are taken.

j. Ferrara must be notified within 24 hours if regulatory authorities inspect product or documents that pertain to Ferrara or would impact Ferrara. If product samples are taken, the lot must be placed on hold until the results are reviewed and approved.

Retention Samples

k. Suppliers shall have a process for maintaining and appropriately disposing of retained samples after a. determined time period.

Crisis Management

Suppliers must have a documented crisis management plan, including a product recall/withdrawal plan. The plan must include current contact information and be tested at a minimum annually. Ferrara must be contacted promptly in the event of a product recall/withdrawal or other crisis.

a. The crisis management plan must include at least the following:

i. Communication plan
ii. Documented contingency plan
iii. Implementation requirements involved in crisis management
iv. Checklist of required activities including an assessment of impact to product/site/equipment
v. Root cause analysis and corrective actions post incident

Third Party Food Safety and Quality Accreditation

Ferrara requires all Suppliers maintain certification of their food safety program against one of the Global Food Safety Initiative benchmarked and recognized standards. A minimum score is required and will be conveyed by the appropriate Ferrara personnel. The certificate must be sent to Ferrara on an annual basis. Once accreditation is achieved Ferrara must be notified immediately if certification lapses.

Good Manufacturing Practices

All employees, visitors, and contractors must comply with current Good Manufacturing Practices (cGMPs) established by laws, regulations and internal requirements. Building, ground, equipment and process must meet cGMP requirements. The site must conduct a cGMP audit at minimum once a month and records must be available for review. Staff facilities must be sufficient to accommodate the required number of personnel. The facilities must be maintained in good and sanitary condition.

Personal Hygiene Practices

a. Suppliers must have personal hygiene standards to minimize the risk of product contamination from personnel. The Codex Alimentarius Commissions recommendation on personal hygiene shall be followed.
b. Jewelry, watches, false eyelashes, false fingernails, perfume or aftershave are not permitted in food production areas.

c. Health screenings must be in place for new and existing employees and visitors where permitted. Procedures in place for managing illnesses and communicable diseases must be established and communicated throughout the company.

Training

d. The site must ensure that all personnel performing work pertaining to food safety and quality are competent to carry out their activity through training, work experience and/or qualification.
e. Personnel engaged in activities relating to critical control points or preventative controls must go through a competency assessment prior to commencing work.
f. Records of training must be maintained and training must be completed by a qualified individual.

Facility and Grounds

g. The site must be suitable in size and location and maintained in order to facilitate the production of safe and legal products.
h. The site must have systems in place to prevent products and premises from malicious actions.
i. The site layout, flow of processes and movement of personnel should be sufficient to prevent the risk of product contamination and comply with relevant legislation.
j. The interior of the site (floors, wall, drains, ceilings, lighting, etc.) must be of suitable construction and not present a hazard to the product.
k. Waste must be adequately segregated and disposed of in a manner that prevents contamination of the product and the environment.

Equipment and Utensils

l. Equipment and utensils must be assessed prior to use.
m. Equipment and utensils must be suitable for the intended purpose and of hygienic design. They must be properly maintained and cleaned to protect the product from contamination including allergen cross contact. Cleaned and sanitized equipment and utensils must be stored in a manner that is protected from potential contamination and allergen cross contact.
n. The site must have a documented preventive maintenance program in place to protect against equipment failures and contamination. Records of preventative maintenance must be maintained.
o. A documented calibration program must be in place for measuring equipment. Records of calibration and verification of equipment must be maintained.

Food Safety Plan, Traceability, and Date Coding

Food Safety Plan

The site must have a fully implemented and effective food safety plan that complies with regulatory requirements. The food safety plan must be verified annually or when changes occur.

a. The site must have a food safety team who are trained in HACCP and have relevant knowledge of the products and processes
b. Prerequisite programs must be established and maintained including but not limited to: Training, purchasing, maintenance, sanitation, pest control, storage, transportation, and allergen controls
c. A process flow diagram must be completed.
d. A hazard analysis must be completed that identifies potential hazards that are reasonably expected to occur at each step of the flow diagram. Control measures must be put into place to prevent or eliminate identified hazards.
e. A hazard analysis must be completed for raw materials including (primary) packaging
f. Monitoring, verification, and validation (as applicable) activities must be in place for critical control points and/or preventive controls.
g. Product descriptions must be on file for each product or product category. Product descriptions must include shelf life, storage and transportation, ingredients, packaging and intended customer.
h. The site must have a minimum of one Preventative Controls Qualified Individual.

Traceability

i. The site must maintain a current, documented product traceability and recall program. The program must be tested at minimum annually for materials intended for Ferrara product (upstream and downstream).
j. The traceability program must ensure that all ingredients, finished product, and product packaging can be traced from production to distribution.
k. The site must meet regulatory requirements related to traceability and recall/withdrawal.
l. All coding information must be legible
m. All Ferrara requirements for coding, labeling and graphics must be met. Specific requirements for each, will be communicated by the appropriate Ferrara personnel.

Delivery

All deliveries must comply with FCC specification and requirements. A representative from Ferrara will reach out and provide the requirements.

a. International suppliers must have and provide an FDA registration number to FCC. The number must be maintained and provided to FCC on an annual basis.
b. Purchase Orders must reflect the U.S. Importer of Record and the approved foreign manufacturer name.
c. All international suppliers must comply with the FSMA: Foreign Supplier Verification Program (FSVP) and make all necessary evidence of compliance available to FCC.
d. Incoming raw materials, in general should have no less than 70% remaining shelf life at receipt based on the manufacturers date of production. Any material lower than 70% will be rejected and returned to the supplier at the suppliers' expense.
e. A Certificate of Analysis (COA) is required for every material lot shipped to FCC. CoA's must be provided at time of receipt or prior to shipment for each lot of product contained in the shipment. Each COA must include, at minimum:

i. Supplier Name
ii. Manufacturing Facility Address
iii. Product Name
iv. Supplier Material Part Number
v. Lot Code
vi. Manufacture Date
vii. Expiration Date
viii. Ferrara SAP Material#
ix. Analytical Test Results
x. Test Method
xi. Site Quality Contact

Where the potential pathogen risk is mitigated by the supplier, CoA's must minimally include pathogen indicator results.

Foundation Requirements

Pest Management

a. The site must have a documented pest management program to prevent and eliminate pests. The site must have resources available to rapidly respond to issues that may occur to prevent product risk.

Foreign Material Prevention

b. Foreign material must be considered in all hazard analyses. A written procedure must be established to detail all necessary steps that must be taken to prohibit the introduction of foreign material into product. Where applicable and/or available, technological options shall be used to detect foreign material.

Chemical Control

c. All chemical used at the site must be purchased, labeled, stored and used in compliance with all applicable laws, regulations and internal requirements. Each site must have a written chemical approval and management program. Chemicals must be stored appropriately to prevent contamination. SDS must be on file for all chemicals used at the site.

Water, Air, Ice and Gas

d. Water, air, ice, steam, and gas that comes into contact with food product, food contact surfaces or food packaging must be safe and suitable for the intended use. It must be monitored and records must demonstrate compliance with applicable laws, regulations and internal site requirements.

Cleaning and Sanitation

e. The site must have a documented cleaning and sanitation program. The program must include the following:
    i. Responsibility of cleaning
    ii. Areas/Items to be cleaned
    iii. Frequency of cleaning
    iv. Method of cleaning
    v. Cleaning chemicals and concentration
    vi. Cleaning Materials
    vii. Records of cleaning and verification

f. The site must perform pre-operation inspections, verify and monitor cleaning and sanitation results, and implement a corrective action plan for deficiencies.
g. Cleaning equipment must be properly designed and suitable for the intended purpose. It must be stored in a clean and hygienic manner to prevent contamination.
h. Cleaning procedures must be validated and reviewed annually. The procedures must be revalidated, if changes occur.

Environmental Monitoring

i. The site must have a risk based environmental monitoring program in place for pathogens or spoilage organisms. Ferrara must review the environmental monitoring program prior to approval.

Allergen Control

j. Where applicable, the site must have systems in place to control and prevent allergen cross contact and to ensure proper allergen labeling of product. The site must maintain a list of allergen containing items.
k. Where the site has a risk of allergen cross-contact, the site must have validated cleaning procedures in place. The validation must be reviewed by Ferrara QA prior to approval.

Good Laboratory Practices and Testing

l. Programs must be in place to ensure reliability of laboratory results for testing done on product and material produced for Ferrara. Ferrara must approve testing completed on products and materials as agreed to via the material specification.
m. Unless agreed to in writing, suppliers will not ship product with test results pending.
n. Controls must be in place to prevent potential contamination of product by laboratory personnel or laboratory reagents.
o. Where the potential raw material pathogen risk is mitigated by the supplier, at minimum pathogen indicator test results must be reported on the Certificate of Analysis (CoA) for each item lot shipment to Ferrara.
p. A laboratory with at minimum ISO 17025 accreditation, for routine microbiological CoA testing of ingredients manufactured for Ferrara is required.

Product Handling, Storage, and Transport

q. Suppliers must adhere to "First To Expire, First Out" inventory management.
r. Product should be stored and transported according to applicable temperature ranges.
s. Product must be handled, stored, and transported in a manner that prevents contamination.
t. Bulk containers used to transport food shall not be used to transport non-food items.
u. Product shipped to Ferrara must have a seal. The seal number must match the number on the bill of lading. Less Than Truck Load's (LTLs) shall be locked.
v. The Bill of Lading must contain at minimum, the following information:
    i. Unit of Measure
    ii. Number of Units
    iii. Lot Number
    iv. SAP Material Part Number
    v. Ferrara Purchase Order Number
    vi. Date of production listed for each product

Holding Material

w. Suppliers must have documented programs and systems to prevent the shipment of nonconforming product to Ferrara.

Notification of Changes

x. Suppliers must formally notify Ferrara of any changes or modifications to the production location, product specifications, product inputs, and/or process steps.

Internal Audits

y. The site must conduct internal audits at planned intervals at their facility based on risk to determine compliance with their food safety, quality, and regulatory programs. The program must include monitoring and completion of internal audit findings.

Supplier Qualification

z. Suppliers must have a supplier qualification program in place to include a risk based approval and monitoring.
aa. A list of approved suppliers per site must be on file.

Specification

bb. Product specifications must be agreed to by the supplier and Ferrara. Systems must be established and implemented to demonstrate that product manufactured and released meets the requirements in the agreed to specification.

Case Label Requirements

cc. For product identification purposes, the label must contain:
- Supplier business name
- Manufacturer address and business name
- Commercial and technical name of product
- List of ingredients in decreasing order of concentration

- Allergen Declaration
- Recommended Storage Conditions
- Country of Manufacture
- Date of manufacture and date of expiration of product
- Lot number of the product

Weight Control

dd. Procedures shall be documented and implemented to assure that the stated weight, volume, or count claim on the package correctly states the contents in accordance with regulations and/or guidelines appropriate to the country or region of the intended sale of the product.

ee. In no case shall packages which are outside of allowable regulatory or customer limits or guidelines be shipped. Packages not meeting requirements must be reworked or discarded.

ff. All equipment used to check weights, volumes and/or count shall be calibrated regularly.

Process Validation and Capability

gg. All production lines are expected to operate within established process control and monitoring parameters. These parameters must be documented, validated, and verified at a frequency based on risk.

Pallet Requirements

hh. Suppliers must have a pallet management program that includes inspection for damage, infestation, mold, splinters, etc.

ii. Grade A pallets must be used. Slip sheets are required for product pallets.

jj. Product imported to the United States must be on heat treated pallets and stamped with HT.

Continuous Improvement and Complaint Management

Complaint Management

a. Suppliers must have programs in place to manage consumer and customer complaints and respond with corrective actions at Ferrara's request. Process must be established to analyze and identify improvement opportunities.

Continuous Improvement

b. Suppliers must have processes in place to improve the effectiveness of internal food safety and quality programs. Measurements shall be in place to demonstrate the results.

Ferrara Ongoing Monitoring and Management

Components of Ferrara's ongoing supplier monitoring and management program includes: periodic audit and corrective action completion; supplier performance to food safety and quality requirements and triggering event management.

a. **Audit**
Ferrara audits will require corrective and preventive action plans with closure due dates.

b. **Monitoring Performance**
Ferrara will monitor supplier ongoing performance utilizing various methods. Ferrara will advise the supplier of the methods and other required information that may be used to gauge supplier performance. Examples include:

- Microbiological testing results
- Contamination testing results
- Monthly reports on Key Performance Indicators
- Third Party Audits
- Food Safety and Quality Questionnaire/Assessments
- Management of Change records
- Complaints
- Batch Records
- Process Control charts (Targets/Ranges)

c. **Triggering Event Management**
A "triggering event" is an event or circumstance that could potentially compromise the food safety, quality or integrity requirements or condition(s) of the products supplied to Ferrara. A 'triggering event" may be positive or negative. Examples of triggering events include, but are not limited to:

- Product Retrieval Incident
- Repeated failure to meet specification
- Trends in Key Performance Indicators
- Audit Results
- Change in Regulations or Regulatory Enforcement
- Escalated Complaint

Based on ongoing monitoring and performance, a supplier will be classified as one of the following:

Approved
To be "Approved" status the supplier must comply with Ferrara standards. To remain in status the supplier must ensure that documentation is updated as required and are continually meeting Ferrara standards.

Conditionally Approved
The "Conditionally Approved" status indicates that minor gaps to Ferrara standards have been identified. The supplier is required to develop a corrective action plan, to include verification. And the timeline for closing all gaps must be mutually agreed upon with Ferrara. A supplier may only do current business with Ferrara.

Not Approved

Ferrara will not source from a "Not Approved" supplier as significant gaps to Ferrara standards and requirements have been determined. To be reclassified to "Approved" status, the supplier must develop a corrective action plan and fully implement. Ferrara will review the supplier corrective action plan and verify effectiveness to ensure compliance. Ferrara will determine, if the supplier status can be changed to "Approved". A facility audit may be required.

Restricted

A supplier may later be reclassified as "Restricted" status as a direct result of unresolved issues that may put FCC products at risk. Continued sourcing to FCC is allowed; however no future business opportunities will be considered. To be reevaluated as an "Approved" supplier to Ferrara, the supplier must develop a corrective action plan and fully implement. Ferrara must review the supplier corrective action plan and verify effectiveness to ensure compliance. A facility audit may be required. For a probationary period of 3 months, no non-conformities are to be observed.

Disqualified

A supplier may later be reclassified as "Disqualified" status due to lapse in overall performance. The supplier has demonstrated severe food safety and quality program gaps and no longer complies with Ferrara standards. At "Disqualified" status, all business opportunities with Ferrara will cease. To be reconsidered as a supplier to Ferrara, the supplier must develop a corrective action plan and demonstrate full implementation. Ferrara must review the supplier corrective action plan and verify effectiveness to ensure compliance. A facility audit is required. For a probationary period of 6 months, no non-conformities are to be observed.

Exceptions

Exceptions to Ferrara Food Safety and Quality requirements will be assessed on a case-by-case basis and must be authorized by Ferrara Director of Global Supplier Quality.

Raw Material and Packaging Suppliers

Food Safety, Quality and Regulatory Acknowledgement

The undersigned Supplier represents to Ferrara Candy Company ("Ferrara") that it has received, read, and agrees to abide by the Supplier Food Safety and Quality Manual in its dealings with Ferrara and further agrees as follows:

1. The Products supplied by Supplier will be suitable for use in food and fully comply with the specifications and other requirements agreed, in writing, by Supplier and Ferrara, periodically. The Products supplied by Supplier will comply with (and be produced in compliance with) all applicable legal and regulatory requirements.

2. The Products supplied by Supplier will be produced and managed in accordance with the Ferrara Food Safety, Quality and Regulatory Requirements set forth in Ferrara Supplier Food Safety and Quality Requirements Manuals, as amended from time to time.

3. The Products will be produced only at the manufacturing location(s) approved by Ferrara, in writing.

4. Ferrara will be allowed to enter all manufacturing location(s) producing, holding, and/or storing Ferrara product at any given time.

Accepted and Agreed

Name: _____ Title: _____

Signature: _____ Date: _____