



FOOD SAFETY AUDIT EXPECTATIONS

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AUDIT PURPOSE

The purpose of an audit is to gather current and accurate information concerning the overall food safety status of existing and potential vendors. This information is to be shared with appropriate members of Costco Wholesale ONLY, namely the Food Safety & Technology Group and the Buying Staff.

The Costco Auditing Group will use this audit to determine what areas, if any, are in need of improvement to meet the Costco Food Safety and/or Animal Welfare criteria. The buying staff will use the information as an aid in making sound, intelligent purchases for our members. The results of this audit will not be used in any way as a punitive measure; rather, this audit provides both the vendor and Costco Wholesale the opportunity for continued improvement and enrichment.

AUDITS

All facilities that manufacture **consumable** products for or **supply consumable products to** Costco are required to have an **annual food safety (GMP) or GFSI certification audit. If a facility is converting animals into food or has an on-farm environment (laying hens, dairy cattle) they will be required to have an annual animal welfare or certification audit.** Companies with facilities in China are required to have a GMP audit and/or a GFSI certification **every six months**. New suppliers to Costco with a food safety and/or animal welfare audit/certification conducted in the past year by an audit company / certification body not on Costco's approved list may submit the audit/certification document to Costco for review. If submitting an audit/certification a corrective action must be included for each deficiency found. Upon review, Costco will determine if the vendor's audit/certification is acceptable or if a new audit must be conducted. If audit / certification is accepted, on the next anniversary audit the supplier must choose one of the Costco approved audit companies / certification bodies listed on page 9.

Unannounced Audit – Effective Oct 1, 2014 Costco moved to an unannounced audit schedule for food safety audits. All **Costco GMP Template** audits scheduled from that date will be conducted 45 days on either side of their anniversary date. Example: An anniversary date of May 1 will have an audit between March 15, and June 15 a 90 day window

Blackout Dates – **Audit companies will contact suppliers to schedule audits within the 90 day timeframe and to gather info on any blackout dates. The purpose of requesting blackout dates is to eliminate an auditor arriving at a site and not being able to conduct an audit. Costco views a blackout date as a date the plant will not be operational and producing Costco product or like product on the same lines and equipment that is used or would be used to produce Costco items. Costco expects all other days that the plant is operational as "audit ready" dates. Should the auditor arrive on a non-blackout date and your facility cannot complete an audit the audit will need to be rescheduled prior to the end of your 90 day time frame and you will be charged the full price of the audit. Be sure to ask your audit company what is their late cancellation policy.**

Small Supplier Audits - **Small supplier audits are to be used for vendors that qualify (must be facility's first ever 3rd party audit and less than 25 employees) and are to be used on a one time basis. These audits will NOT be unannounced.** After successful completion of a small supplier audit the vendor will be expected to conduct the unannounced standard Costco GMP audit on their following anniversary audit.

Costco will be immediately notified by certification bodies / audit companies of all certifications or audits not meeting Costco scoring requirements.



Types of Audits

Food Safety & Quality audits (GMP)

Produce Audits – See Produce Expectations

Animal Welfare Audits

Distribution/Warehouse Center Audits

Packaging Audits (primary packaging ex. Bag film, containers)

Small Supplier Audits (**must be the company's first 3rd party audit - less than 25 employees – first year only**)

cGMP – GMP Audits for supplements/pharmaceutical industry

GFSI CERTIFICATION

Costco will accept the following GFSI certifications with a minimum total score of 85%: SQF, IFS. Costco is also accepting **Primus GFS (90%)**, BRC certifications with a Grade B or above and a passing FSSC 22000 certifications/surveillance audits. All certifications/surveillance audits must be current (within the past calendar year) and must include the Costco Addendum **including Warehouse/Distribution Centers and Packaging audits**. Suppliers with passing certification scores that are below Costco's minimum standards are to have a one day Costco GMP audit in which all corrective actions listed in the original certification/surveillance audit must be verified (within 60 days). Costco requires the certification body performing your audit to post the preliminary certification audit results in **TraQtion** (Costco's database) within 7 calendar days.

Costco is only accepting the above certifications from approved certification bodies listed in the approved audit company section (see page 9).

TRAQTION

Costco is using TraQtion to manage audits and corrective actions for all food suppliers except for Fresh Produce. All such facilities supplying Costco are required to register on the TraQtion Costco Food Safety Portal at www.TraQtion.com/costcofood. Cost for registration is \$225.00 per facility for the first 5 facilities, \$200 each for the next 5 and \$175 each for over 10 facilities under the same corporation. Each facility should renew the registration on an annual basis before their food safety audit. For information about TraQtion, email to support@traqtion.com.

Facility registration should be filled out completely to include all products sold to Costco. **As audits are completed, CB's are required to upload the detailed audit (GMP, Small Supplier, Distribution/Warehouse and Packaging audits) and summary results of certification (GFSI) to TraQtion within 7 calendar days. Each facility is to post their CAR (corrective action report) within 14 calendar days of the audit report being posted to TraQtion.** For Certifications, the complete audit and the certificate will be posted to TraQtion upon issuance of the certificate.

GFSI audits will follow the scheme owners' timetable for posting.



TESTING

Costco requires vendors producing high risk items (i.e. sliced lunch meats, cheese, dairy and RTE salads) to have a documented Environmental Sampling Program in place (based on target pathogens of concern).

In addition, Costco will require vendors who produce high risk items (i.e. sliced meats, cheese, dairy and RTE salads), to have a documented Finished Goods Microbial Test and Hold Program in place. The test program should be based on target pathogens of concern.

Water is from a microbiologically potable source and is tested by a certified laboratory. Municipal source is tested annually and well water is tested quarterly. Samples are drawn from various sites throughout the facility and records are maintained.

AUDIT SCORING

Score	Rating	Action
98 - 100%	Excellent	No Corrective Actions required
85 - 97%	Good	Corrective Actions required
< 85% in any category	Needs Improvement	– Corrective Action and Reaudit Required

REAUDITS

A product recall, serious incident or concern will initiate a requirement for a food safety audit.

GMP audits scoring less than **85% in any category** and **Small Supplier** audits scoring less than **70% in any category** will require a full system reaudit.

Certification audits falling below the Costco acceptable scoring (see Certification section) will require a verification audit.

All Reaudits will be announced and must be conducted within 60 days **of the original audit**. The date that the reaudit is successfully completed becomes the new anniversary date.

Animal Welfare Audits with a total score of less than 85% will require a reaudit.

Deficiencies not addressed in Corrective Action from the previous year will be given full point deduction, i.e. a score of 3 or 4 will be scored a “0”.

Failing the Costco GFSI addendum with a score of less than 85 will not result in a reaudit.

Failing the Costco GFSI addendum with a critical failure could result in a reaudit.

For Warehouse/Distribution and Packaging audits Costco will defer to audit company scoring requirements.



CARS - CORRECTIVE ACTION RESPONSES

GMP Audits - A corrective action response must be included for each deficiency found in the audit.

The responses are to be submitted on TraQtion within 14 days of the audit being posted.

Facilities with a total audit score of **98%** or above will **not** be required to post a CAR (Corrective Action Response).

CAR's will be reviewed by the auditor of record via TraQtion and will be closed out upon satisfactory assessment by the auditor.

SHADOW AUDITS

Part of the Costco Food Safety Auditing Program is to observe and evaluate auditors, while they are auditing Costco suppliers. This is called a Shadow Audit. Costco would like to ensure that we have the best auditors working with our suppliers. During a shadow audit, a member of the Costco Food Safety staff will accompany the auditor for the entire audit day(s). A written evaluation is done and sent to the CB (certification body) that the auditor is employed by. The Costco evaluator will also be making observations during the audit; these are not discussed until after the auditor is finished with the audit. At no time are the Costco observations used for audit purposes. Any non conformances observed by Costco staff will not be included in the audit report but will require a corrective action response.

AUTOMATIC REAUDITS

The following are Automatic Reaudit Criteria for Food Safety Audits:

All Countries

- Failure to take corrective actions when critical limits are not met.
- Employees with obvious sores, infected wounds or other infectious illnesses are allowed to have direct contact with exposed food products or production / storage areas.
- Product contamination is observed.
- Food allergens are present and an allergen control program has not been developed.
- A documented SSOP (Standard Sanitation Operating Procedures) Program has not been established and implemented.
- A documented Food Safety Plan (GMP) has not been established.
- A written pest control program has not been established, including a designated pest control operator, frequency of service and a current map showing the location and type of all pest control devices; internal and external.
- Facility water is not from a potable source.
- **`Water potability is not tested by a certified laboratory annually for municipal water sources and quarterly for well water. Samples are drawn from various sites throughout the facility and records are maintained.**
- Finished products not properly coded for traceability.



- Evidence of decomposed pests **anywhere in** the interior of the facility, including in pest control devices.
- Evidence of pests to include but not limited to insects, spiders, rodents, amphibians, mammals (cats) or birds, or any pest excreta on or in any food ingredient, product or packaging material.

U.S. Only

- The required registration for the Bio-Terrorism Regulation cannot be verified. (This applies to vendors that manufacture and import to the U.S. only)
- A Hazard Analysis has not been established per FDA –PC requirements. (This applies to vendors that manufacture in, and import to the U.S.A. only)

COSTCO HACCP/PREVENTIVE CONTROLS REQUIREMENTS

Processing facilities that supply Costco in all countries other than the US are required to operate under a HACCP Program. Facilities supplying product to the US are required to operate under a Preventive Controls Program (except for seafood, juice, and low-acid canned foods). A Food Safety Plan must be in place and a risk assessment must be done to determine whether or not a facility has any Critical Control Points or Preventive Control Points. Costco requires that this be conducted regardless of whether or not they are required to do so by a regulatory body.

Facilities that do not have a HACCP plan or Preventive Control Plan in place will be required to have a functioning program in place by their anniversary audit for Costco product. Facilities not having a functioning HACCP or Preventive Control Program pertaining to Costco product on their first anniversary audit will fail the audit.

DEFINITION OF HACCP/PREVENTIVE CONTROLS

HACCP is an acronym that stands for Hazard Analysis and Critical Control Point. HACCP is a method to help manufacturers identify and evaluate their processes to control food safety issues. Essentially, HACCP helps manufacturers identify:

- **What can go wrong in their process?**
- **Physical, microbiological, chemical and other risks to their processes.**
- **How to control their process so that it doesn't go wrong.**
- **If it does go wrong, what happens then? How do you fix it?**

Preventive Controls takes HACCP a step further by requiring suppliers to become more proactive instead of reactive. Preventive Controls are those risk - based, reasonably appropriate procedures, practices and processes that a person knowledgeable about the safe manufacturing, processing, packing or holding of food would employ to significantly minimize or prevent the hazards identified under the hazard analysis. These controls must be consistent with the current scientific understanding of safe food manufacturing, processing, packaging or holding at the time of the analysis.



HACCP/PREVENTIVE CONTROL TRAINING REQUIREMENTS

The person or persons responsible for the HACCP program for a processing facility must complete formal HACCP training by a credible agency in a classroom environment. Training must be current within 5 years. Recertification after 5 years can be completed with an online course.

The person or persons responsible for the Preventive Controls Plan must be a recognized PCQI (Preventive Control Qualified Individual) per the FDA requirements.

HACCP/PREVENTIVE CONTROL TRAINING

eHACCP.org

<http://www.ehaccp.org/2015/%204>

HACCP Alliance

<http://haccpalliance.org/>

NEHA Food Safety Training

<http://www.nehatraining.org/products/haccp.htm>

HACCP Training

<http://www.haccptraining.org/>

Resources for Food Safety Program Development

<http://producesafetyalliance.cornell.edu/>

PREVENTIVE CONTROLS TRAINING

Food Preventive Controls Alliance

<https://www.ifsh.iit.edu/fspca>

Safe Food Alliance

<https://safefoodalliance.com>

Additional References and Resources can be found at:

www.traqtion.com/costcofood

www.azzule.com



FOREIGN MATERIAL DETECTION

Costco requires potential physical hazards to be controlled using a foreign material detection device. Sites without x-ray or metal detection will be evaluated during the audit. The auditor will contact Costco personnel to review the risk level. If the risk in your facility is deemed low, a device will not be required. If the risk level is medium to high, you will be required to install a foreign material detection device, preferably x-ray. When adding or replacing equipment for foreign material detection Costco would like all suppliers to consider an x-ray device. Additionally, Costco requires facilities to document regular checks at no more than 2 hour intervals to confirm the foreign material detection device is operating correctly. When checking metal detection devices, the auditor will ask plant staff to demonstrate that all devices in the facility are working effectively at their maximum level of sensitivity using certified test pieces for all three contaminants; Ferrous (iron), Non-Ferrous (non-iron), and Stainless Steel.

In the event you have been required to install a foreign material detection device, Costco will expect photo documentation of your installed device and your Foreign Material Plan to be uploaded to **TraQtion** within 150 days

An automatic audit failure will occur if it had been determined during the initial audit that the plant requires a foreign material device is not available for the auditor to evaluate during the facility's anniversary audit.

All foreign detection devices must have a proper rejection device i.e. belt stops, air-jet etc.

A written procedure must be in place to control product rejected by a foreign material detection device and to segregate that product from general production. This action is to be documented.

Certain industries may be exempt from the requirement to have foreign material devices (i.e. shell eggs, and any fluid processing, whole muscle meat processors)

Costco will expect all foreign material devices to be challenged by the auditor regardless if they are being used for Costco product or not. **On the rare occasion when the device count exceeds 5 units Costco will expect all 5 devices be challenged and a minimum of 30% of remaining devices be checked.**

PEST CONTROL

Pest control programs must be developed and monitored by licensed and certified pest control personnel.

A written integrated pest control program (IPM) has been established. The program utilizes a licensed designated pest control operator* (PCO) and includes scheduled frequency of service, a current map (updated as needed but at least annually) showing the location and type of all pest control devices (internal and external). The program includes responsibilities for both in-house personnel and contractors. (*Can be an internal PCO or a contracted PCO). The program covers the facility, inside and out, and storage areas for product and packaging areas is in place. Pest control devices, including ILTs, are located away from exposed food products, packaging and raw materials. Bait stations and other pesticides are limited to outside use. Records are kept. Bait stations are **properly tethered to the ground or building** and randomly checked by auditors unless prohibited by state or local law.



BARE HANDS CONTACT

Costco has a “No Bare Hands” policy. When gloves are worn they are to be latex free and powder free, they are maintained intact, clean and in good condition. Fabric and/or cotton gloves should not be used when hands are in contact with food. Gloves must be used where there is direct hand contact with **ready-to-eat** products. “No Bare Hands” policy is in place unless exception has been granted by Costco Food Safety. Procedures for the proper handling and usage of gloves have been developed, implemented, and verified where required. Non-disposable rubber gloves must be washed and sanitized frequently, after breaks, and/or after handling potential contaminants.

Where it can be demonstrated that the wearing of gloves is impractical or hands are more hygienic than bare hands will be accepted. Certain exemptions may apply ex. shell egg industry and non RTE foods.

GMP (GOOD MANUFACTURING PRACTICES)

All employees must wear a hairnet when working around exposed product. If workers have facial hair, Costco requires that all facial hair be covered when processing Costco product. Beard nets are to be worn and will cover both beard and moustache.

Hand wash stations have hands free warm water (within 15 seconds), soap, hands free towels or suitable drying devices, and waste container. Hand wash signage is posted near the station and in languages appropriate for workers to understand.

PRODUCT RECALL

Costco will require that traceability exercises be conducted in two of the following three areas each year: finished good item, raw ingredient and primary packaging item, the remaining area will be the subject for the onsite exercise initiated by the auditor. In addition demonstration of a traceability exercise will be required during all audits to assess the effectiveness of the product recall program. The traceability exercise program must include the distribution of specific product lots, raw ingredients and primary packaging. The exercise will be conducted on a random item chosen at the auditor’s discretion; **the scope will include one step forward one step back capability.** If the facility is not yet producing for Costco, an item similar to what would be supplied to Costco should be chosen. The system must be able to account for 100% of the product in a 2 hour timeframe.

VENDOR INGREDIENT REQUIREMENTS

Facilities must have a program in place (Approved Supplier Program) to approve and monitor their suppliers (all raw materials, ingredients and primary packaging). Vendors’ suppliers must provide them with a **current** (within one calendar year) **third party** food safety audit with HACCP Certification, **traceability exercise** and a product specification sheet which includes product requirements, labeling and code dates. Raw material and ingredient suppliers must be operating under a HACCP/**PREVENTIVE CONTROLS** program.

Packaging facilities must have a documented monitoring program to evaluate packaging compliance to specifications, including a method to identify specific lot numbers.



COSTCO APPROVED AUDIT COMPANIES

Costco requires that all audit companies rotate auditors, to eliminate an auditor in the same facility for more than 3 consecutive years. A 2-year break is preferred but a 1-year break is acceptable.

CURRENT FOOD SAFETY/CERTIFICATION AUDIT COMPANIES

Costco will only accept audits or certifications from the following:

AIB International	AUS-Meat/AUS-QUAL
Bureau Veritas (All countries except U.S.)	WQS, LLC
Cert ID	DNV-GL
Eurofins	Eagle Food Registrations
Food Safety Net Services	Intertek
LRQA	NSF International (GFTC Included)
PMC	Safe Food Certifications (formerly DFA Global)
SGS	Mérieux (formerly Silliker/Randolph)
UL-STR	Validus
SCS Global Services	SAI Global (accepted for audits in Canada only)
Control Union	Acerta

ANIMAL WELFARE AUDIT COMPANIES

American Humane
AUS-Meat Limited
Certified Humane (Humane Farm Animal Care)
DQC - Dairy Quality Centers
FSNS - Food Safety Net Services
NSF - GFTC
PMC
DNV
Mérieux (formerly Silliker/Randolph)
Validus
SPCA Canada – Canada Only
Note: All U.S. animal welfare auditors must be PACCO certified



COSTCO FOOD SAFETY CONTACTS

U.S. CONTACTS

Name	Title	Phone	Email
Eric Benolkin	Animal Welfare/Support	425-427-7508	ebenolkin@costco.com
Toni Roberts	Produce Audit Coordinator	425-427-7211	troberts@costco.com
Milinda Dwyer	Produce Audit Coordinator	425-427-7474	mdwyer@costco.com
Nathan Baggio	Audit Services	425-416-1291	nbaggio@costco.com
Daniel Donnelly	Audit Services	425-427-7663	ddonnelly@costco.com
Steve Bell	Senior Audit Manager	425-313-8760	sbell@costco.com
Robin Forgey	Director	425-427-7187	rforgey@costco.com
Christine Summers	AGMM	425-313-6097	csummer@costco.com

CANADIAN CONTACTS

Name	Title	Phone	Email
Wei Que	Audit Manager	613-221-2688	Wei.que@costco.com
Rhonda Keeler	Manager	613-221-2936	rhonda.keeler@costco.com
Marcelle Lavergne	Director	613-221-2311	marcelle.lavergne@costco.com

MEXICO CONTACTS

Name	Title	Phone	Email
Stefanny Keller	Manager	011-52-5246-5402	skeller@costco.com
Jose Gerardo Rodriguez	Support	011-52-5552-5405	jrodriguez@costco.com

JAPAN CONTACTS

Name	Title	Phone	Email
Saki Kaiho	Manager	81-044-281-2848	skaiho@costco.co.jp
Yosuke Aikawa	AGMM	81-044-281-2658	yaikawa@costco.co.jp
Takuya Yoshikawa	ICS	81-044-281-2756	tyoshikawa@costco.co.jp

KOREA CONTACTS

Name	Title	Phone	Email
Alex Cho	Ops Manager	82-2-2630-2608	alexcho@costcokr.com
Suyeon Park	Audit Coordinator	82-2-2630-2769	parksy@costcokr.com

TAIWAN CONTACTS

Name	Title	Phone	Email
Sara Cheng	Manager	886-2-87919988-846	saracheng@costco.com.tw
Polly Lee	Supervisor	886-2-87919988-522	pollylee@costco.com.tw
Angela Tu	Specialist	886-2-87919988-817	angelatu@costco.com.tw
David Li	Specialist	886-2-87919988-561	davidli@costco.com.tw

U.K. CONTACTS

Name	Title	Phone	Email
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Kelly Toogood	Asst FS Manager	011-44-1923-830645	ktoogood@costco.co.uk
Angela O'Sullivan	Asst QA Manager	011-44-1923-830515	aosullivan@costco.co.uk
Pauleen Stallard	Director	011-44-1923-830570	pstallard@costco.co.uk

AUSTRALIA CONTACTS

Name	Title	Phone	Email
Ellie Parsa	FS/RD Manager	011-61-2-9805-3808	eparsa@costco.com.au
Puja Shrestha	Food Compliance	011-61-2-9805-3838	pshrestha@costco.com.au
Nicole Hendieh	Food Compliance	011-61-2-9805-3824	nhendieh@costco.com.au

SPAIN CONTACTS

Name	Title	Phone	Email
Eva Maria Perez Carballo	QA/Reg Compliance	34-91 171-04-12	eperezc@costco.es
Irene Cuadrado	QA/CA	34-91-171-04-16	icudadreadop@costco.com

FRANCE CONTACTS

Name	Title	Phone	Email
Dieynaba QUANE	F S Coordinator	33-(0)1 69 18 96 54	douane@costco.fr