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 which manufacture products for Costco are required to have an annual food safety and/or
animal welfare audit or certification. Companies with facilities in China are required to have a GMP audit
and/or a GFSI certification every six months. Anniversary audits are to be conducted no later than two
weeks after the previous annual audit date.

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 will be moving 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, 2014 will have an
audit between March 15, and June 15 a 90 day window. Reaudits will also be set up in an unannounced
format.

EXCEPTION: Small supplier audits will not be unannounced. Small supplier audits are to be used for
vendors that qualify (first 3rd party audit and less than 25 employees) and are to be used on a one time
basis. After completion of a successful 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 audit - less than 25 employees – first year only)
cGMP – GMP Audits for supplements

GFSI CERTIFICATION

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

**ASPIRAGO**

Costco is using Aspirago 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 Aspirago Costco Food Safety Portal at [www.aspirago.com/costcofood](http://www.aspirago.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 Aspirago, email to support@aspirago.com.

Facility registration should be filled out completely to include all products sold to Costco. As audits are completed, the detailed audit results will be updated on Aspirago by the audit company, within 5 calendar days of the audit. Each facility is to post their CAR (corrective action report) within 14 calendar days of the audit report being posted to Aspirago. For Certifications, the complete audit and the certificate will be posted to Aspirago upon issuance of the certificate.

GFSI audits will follow the scheme owners proved 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.

**AUDIT SCORING**

<table>
<thead>
<tr>
<th>Score</th>
<th>Rating</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>98 - 100%</td>
<td>Excellent</td>
<td>Corrective Action not required</td>
</tr>
<tr>
<td>85 - 97%</td>
<td>Good</td>
<td>Corrective Action</td>
</tr>
<tr>
<td>&lt; 85%</td>
<td>Needs Improvement – Corrective Action and Reaudit Required</td>
<td></td>
</tr>
</tbody>
</table>
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** will require a full system reaudit. Certification audits falling below the Costco acceptable scoring (see Certification section) will require a verification audit.

Reaudits must be conducted within 60 days of the original audit being posted to Aspirago. 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 moved up to the next category, i.e. minor moves to major, major moves to critical.

**Failing the Costco addendum with a score of less than 85 will not result in a reaudit.**
**Failing the Costco addendum with a critical failure could result in a reaudit.**

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 Aspirago 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 Aspirago and will be closed out upon satisfactory assessment by the auditor.**

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.
- Water is not from a microbiologically potable source.
• Failure to test water from a municipal source annually or well water quarterly (when applicable).
• Finished products not properly coded for traceability.
• Evidence of decomposed pests on 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.)

COSTCO HACCP REQUIREMENTS

Suppliers to all countries where Costco operates will be required to have a HACCP program in place within 120 days after completion of their initial audit whether or not it is a regulatory requirement for that country.

DEFINITION OF HACCP

HACCP is an acronym that stands for Hazard Analysis 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. Validation
- If it does go wrong, what happens then? How do you fix it?

HACCP AUDIT SCORING

If your facility is operating under a HACCP program, whether or not it is required by regulation, the HACCP section of the audit will be scored as usual.

Facilities that do not have a current HACCP program in place but receive a passing score on their audit (85% or above in all sections) will be required to post their HACCP program to Aspirago as part of the corrective action response, within 120 days of the audit date.

Facilities not having a functioning HACCP program pertaining to Costco product on their first anniversary audit will fail the audit.

HACCP TRAINING REQUIREMENTS

The person or persons responsible for the HACCP program 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 HACCP program must complete formal HACCP training.
Suggested Resources for HACCP Training:
http://web.uri.edu/foodsafety/
http://www.haccpalliance.org/sub/training.html
http://nehahaccp.org/
http://www.food-safetynet.com/haccp-certification-course.html
http://www.nsf.com/training-education/all-courses/category/haccp
http://www.gftc.ca/courses-and-training/haccp.aspx

Additional References and Resources can be found at:
https://beta.icix.com/secure/link.asp?docId=379538
www.aspirago.com/costcofood

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 hourly checks 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 Aspirago 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 and that device is not functioning and 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 10 units Costco will expect that a minimum of 30% of the devices be checked.
PEST CONTROL

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

BARE HANDS CONTACT

Costco has a “No Bare Hands” policy. When gloves are used as a barrier they are to be latex free and powder free. Fabric and/or cotton gloves should not be used when hands are in contact with food.

Where it can be demonstrated that the wearing of gloves is impractical or hands are more hygienic, i.e. a livestock slaughter floor, then 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.

PRODUCT RECALL

Costco requires documented traceability exercises be performed two times per year. Costco would like to see that a traceability exercise has been conducted on both a finished good item and a raw ingredient. 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. 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) food safety audit with HACCP Certification and a product specification sheet which includes product requirements, labeling and code dates. Raw material and ingredient suppliers must be operating under a HACCP 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.
### CURRENT FOOD SAFETY/CERTIFICATION AUDIT COMPANIES

Costco will only accept audits or certifications from the following:

<table>
<thead>
<tr>
<th>Company</th>
<th>Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIBI</td>
<td>AUS-Meat/QUAL</td>
</tr>
<tr>
<td>Bureau Veritas</td>
<td>BSI/NCSI</td>
</tr>
<tr>
<td>Cert ID</td>
<td>DNV</td>
</tr>
<tr>
<td>Eurofins</td>
<td>Eagle Registration</td>
</tr>
<tr>
<td>Food Safety Net Services</td>
<td>Intertek</td>
</tr>
<tr>
<td>LRQA</td>
<td>NSF-GFTC</td>
</tr>
<tr>
<td>NSF - Beverage</td>
<td>NSFI</td>
</tr>
<tr>
<td>PMC</td>
<td>Randolph and Associates</td>
</tr>
<tr>
<td>SGS</td>
<td>SAI Global</td>
</tr>
<tr>
<td>Silliker</td>
<td>UL-STR (supplements only)</td>
</tr>
</tbody>
</table>

### 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
- Silliker
- SAI Global
- Validus

Note: All U.S. animal welfare auditors must be PACCO certified

### COSTCO FOOD SAFETY CONTACTS

#### U.S. CONTACTS

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mike Freal</td>
<td>Audit Support</td>
<td>425-313-6801</td>
<td><a href="mailto:mfreal@costco.com">mfreal@costco.com</a></td>
</tr>
<tr>
<td>Milinda Dwyer</td>
<td>Audit Support</td>
<td>425-427-7474</td>
<td><a href="mailto:mdwyer@costco.com">mdwyer@costco.com</a></td>
</tr>
<tr>
<td>Eric Benolkin</td>
<td>Audit Support</td>
<td>425-427-7508</td>
<td><a href="mailto:ebenolkin@costco.com">ebenolkin@costco.com</a></td>
</tr>
<tr>
<td>Steve Bell</td>
<td>Senior Audit Manager</td>
<td>425-313-8760</td>
<td><a href="mailto:sbell@costco.com">sbell@costco.com</a></td>
</tr>
<tr>
<td>Christine Summers</td>
<td>Director</td>
<td>425-313-6097</td>
<td><a href="mailto:csummer@costco.com">csummer@costco.com</a></td>
</tr>
</tbody>
</table>
## CANADIAN CONTACTS

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rhonda Keeler</td>
<td>Audit Manager</td>
<td>613-221-2936</td>
<td><a href="mailto:rhonda.keeler@costco.com">rhonda.keeler@costco.com</a></td>
</tr>
<tr>
<td>Adele Oriet</td>
<td>Audit Support</td>
<td>613-221-2961</td>
<td><a href="mailto:Adele.oriet@costco.com">Adele.oriet@costco.com</a></td>
</tr>
<tr>
<td>Marcelle Lavergne</td>
<td>Director</td>
<td>613-221-2311</td>
<td><a href="mailto:marcelle.lavergne@costco.com">marcelle.lavergne@costco.com</a></td>
</tr>
</tbody>
</table>

## MEXICO CONTACTS

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stefanny Keller</td>
<td>Manager</td>
<td>011-52-5246-5402</td>
<td><a href="mailto:skeller@costco.com">skeller@costco.com</a></td>
</tr>
<tr>
<td>Ana Pinto Villazon</td>
<td>Support</td>
<td>011-52-5246-4917</td>
<td><a href="mailto:apinto@costco.com">apinto@costco.com</a></td>
</tr>
</tbody>
</table>

## JAPAN CONTACTS

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saki Kaiho</td>
<td>Manager</td>
<td>613-221-2961</td>
<td><a href="mailto:skaiho@costco.co.jp">skaiho@costco.co.jp</a></td>
</tr>
<tr>
<td>Yosuke Aikawa</td>
<td>AGMM</td>
<td>044-281-2658</td>
<td><a href="mailto:yaikawa@costco.co.jp">yaikawa@costco.co.jp</a></td>
</tr>
<tr>
<td>Takuya Yoshikawa</td>
<td>ICS</td>
<td>044-281-2756</td>
<td><a href="mailto:tyoshikawa@costco.co.jp">tyoshikawa@costco.co.jp</a></td>
</tr>
</tbody>
</table>

## KOREA CONTACTS

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jinhyuk Lim</td>
<td>Supervisor</td>
<td>82-2-2630-2769</td>
<td><a href="mailto:jhlim@costcokr.com">jhlim@costcokr.com</a></td>
</tr>
<tr>
<td>C.H. Park</td>
<td>AGMM</td>
<td>82-2-2630-2722</td>
<td><a href="mailto:chpark@costcokr.com">chpark@costcokr.com</a></td>
</tr>
</tbody>
</table>

## TAIWAN CONTACTS

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sara Cheng</td>
<td>Manager</td>
<td>886-2-87919988-846</td>
<td><a href="mailto:saracheng@costco.com.tw">saracheng@costco.com.tw</a></td>
</tr>
<tr>
<td>Jemi Hou</td>
<td>Asst Manager</td>
<td>886-2-87919988-868</td>
<td><a href="mailto:jemihou@costco.com.tw">jemihou@costco.com.tw</a></td>
</tr>
<tr>
<td>Angela Tu</td>
<td>Support</td>
<td>886-2-87919988-817</td>
<td><a href="mailto:angelatu@costco.com.tw">angelatu@costco.com.tw</a></td>
</tr>
<tr>
<td>Polly Lee</td>
<td>Support</td>
<td>886-2-87919988-522</td>
<td><a href="mailto:pollylee@costco.com.tw">pollylee@costco.com.tw</a></td>
</tr>
</tbody>
</table>

## U.K. CONTACTS

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pauleen Stallard</td>
<td>Director</td>
<td>011-44-1923-830570</td>
<td><a href="mailto:pstallard@costco.com.uk">pstallard@costco.com.uk</a></td>
</tr>
</tbody>
</table>

## AUSTRALIA CONTACTS

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laura Altarac</td>
<td>Manager</td>
<td>011-61-2-9469-7931</td>
<td><a href="mailto:laltarac@costco.com.au">laltarac@costco.com.au</a></td>
</tr>
<tr>
<td>Ellie Parsa</td>
<td>Support</td>
<td>011-61-2-9805-3808</td>
<td><a href="mailto:eparsa@costco.com.au">eparsa@costco.com.au</a></td>
</tr>
<tr>
<td>Man-Wah Siu</td>
<td>Support</td>
<td>011-61-2-9805-3838</td>
<td><a href="mailto:msiu@costco.com.au">msiu@costco.com.au</a></td>
</tr>
</tbody>
</table>

## SPAIN CONTACTS

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eva Maria Perez Carballo</td>
<td>Support</td>
<td>34-91-793-51-24</td>
<td><a href="mailto:eperezc@costco.es">eperezc@costco.es</a></td>
</tr>
</tbody>
</table>