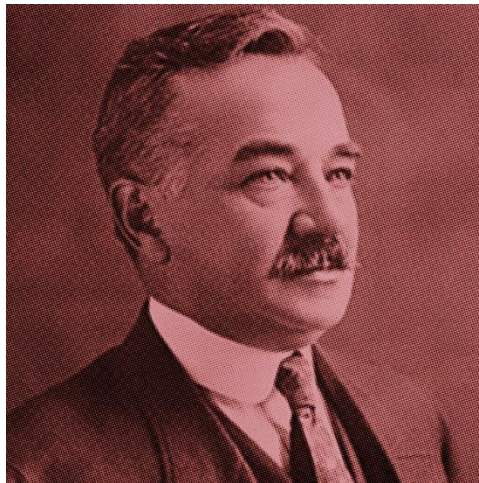


The Hershey Company Packaging Supplier Quality Expectations Manual



Milton S. Hershey



Packaging Supplier Quality Expectations

About The Hershey Company

A century ago, all we had to offer was a simple kiss. Today, we are among the most respected companies in the world, bringing snacks, community growth, and human opportunity to all corners of the globe.

It started with Milton Hershey, founder of The Hershey Company. He was not immediately successful as a businessman, but he persevered through several failed attempts to start a confectionery business before he established the Lancaster Caramel Company. In 1893, after visiting the World's Columbian Exposition, Mr. Hershey became very interested in milk chocolate. Through trial and error, he finally established his own formula for milk chocolate. In 1903, he returned to Derry Church, now known as the town of Hershey, to begin construction of the original chocolate factory located at 19 East Chocolate Avenue. By 1905 the factory was complete and in production. The foundation and history of The Hershey Company are firmly grounded on the innovation and persistence of Milton Hershey.

In addition to establishing a viable and growing business, Milton Hershey also provided a model of social responsibility for other businessmen and his successors to follow. Along with building a factory, Milton Hershey set out to establish a town for his workers that went beyond basic housing to include opportunities for entertainment and recreation. He is credited with building Hershey Park, a swimming pool, and a ballroom. Later, as the depression took grip on the country, Mr. Hershey started the "Great Building Campaign" to provide jobs. This effort yielded some of the town's most prestigious buildings like The Hotel Hershey, the community center, and the stadium to firmly entrench Hershey as a destination town for tourists.

Along with establishing a town with all the amenities, Milton and Catherine Hershey founded the Hershey Industrial School in 1909. Unable to have children themselves, they channeled their wealth to the school, established for the care of orphaned boys. In 1918, Mr. Hershey gave his entire fortune of \$60 million dollars to the school. Today the school has expanded to serve both girls and boys. The Milton Hershey School is now home to over 2000 students from disadvantaged situations providing them with housing, education, medical and dental care, opportunities for recreation, and the hope of a future without poverty.

The Hershey Company is over one hundred years old and proudly bears the name of its founder. The company has grown from a single factory in Hershey, Pennsylvania to become the largest producer of chocolate in North America and a global leader in confections. Hershey's presence in the marketplace is significant with over 80 global brands that are manufactured by facilities across the United States and the world.

Continuing the legacy of our founder, Milton Hershey, our commitment to delivering quality products to customers and upholding ethical business practices is core to who we are. We strive to make sure all of our decisions - from responsible sourcing of our ingredients and environmental stewardship to fostering diverse work environments and transparency - are guided by our deeply held values.

"Give them quality. That's the best kind of advertising in the world."

Milton S. Hershey

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1.0 INTRODUCTION

The Hershey Company Packaging Supplier Quality Expectations (SQE) Manual outlines the basic requirements for suppliers for both contact and non-contact packaging applications. This manual applies to any packaging materials for Hershey owned plants, co-manufacturers for Hershey, and co-packing companies acting on Hershey's behalf.

The expectations set forth in this manual are a minimum set of quality programs that should serve as a solid foundation for supplier quality management systems. The safety and quality of our products are of the highest importance as are the trust and confidence of our consumers. The Hershey Company expects the same commitment to ensure food safety and quality systems by every supplier.

1.1. Expectations

The Hershey Company views suppliers as an extension of our company. Hershey strives for the development of a relationship with our suppliers that will continually improve the product quality and safety that our customers and consumers demand. We rely on our suppliers to embrace these programs and implement a culture that continually pursues improvements in food safety and quality to levels well above these minimum expectations.

1.1.1. Each manufacturing location producing materials for The Hershey Company shall meet the expectations in this manual. All records, communications, and certifications shall be site specific to comply with this manual.

1.2. Basic requirements

Packaging materials supplied to The Hershey Company shall comply with all applicable laws, regulations, and Codes of Practices and Standards of the production country and the destination to which the materials will be delivered.

1.2.1. Suppliers are solely responsible for operating their locations to comply with applicable regulations and requirements of this manual. The Hershey Company may establish and/or modify specification processes, operating guidelines, and procedures as industry, technology, and regulations change. This manual does not outline or mandate how suppliers set up or operate facilities to meet these expectations.

1.3. Confidentiality

The contracts and agreements between The Hershey Company and suppliers shall govern confidentiality of shared information.

The confidentiality provisions contained in contracts between the Hershey Company and suppliers shall govern the disclosure of sensitive information shared between the companies. All personnel shall avoid sharing confidential or otherwise sensitive information unless such a contract is in place between the companies.

Auditors (Hershey or acting on behalf of the Hershey Company) shall not be asked or required to sign confidentiality agreements as a prerequisite to gain access for audits prior to or at any time during a quality audit. Auditors verifying compliance to The Hershey Company Supplier Quality Expectation requirements will not audit or inspect financial data, sales data (other than that directly related to The Hershey Company), or pricing data. Auditors shall not inspect personnel data, other than data relating to qualifications or training of technical and professional personnel performing functions pertinent to the audit.

1.4. Notifying Hershey of Significant Events

Communication is critical when food safety or quality events occur. Suppliers shall establish procedures to ensure Hershey and all other customers are properly notified of significant events.

1.4.1. Hershey shall be notified of the following instances:

- 1.4.1.1. A quality or process deviation that could lead to recall
- 1.4.1.2. Defective or adulterated materials
- 1.4.1.3. Non-routine regulatory investigations
- 1.4.1.4. Regulatory testing, sampling, reporting, or other contact that may affect material used in the production of Hershey products
- 1.4.1.5. Inadvertent release of hold material
- 1.4.1.6. Suspected non-conforming material already shipped
- 1.4.1.7. known or suspected product tampering
- 1.4.1.8. An event that could threaten product security
- 1.4.1.9. Changes to processes or facilities that could impact the material quality or safety for intended use
- 1.4.1.10. Inability to deliver materials that meet Hershey specifications
- 1.4.1.11. Any other quality or business event impacting product performance or delivery

1.4.2. Suppliers shall notify Hershey supplier relationship managers by both email and phone with a live person (no voicemail). It is vitally important that communication is quick, detailed, and documented to protect consumers and brand integrity.

2.0 QUALITY SYSTEM CONTROLS

Suppliers to The Hershey Company shall have a written and implemented Quality Management System (QMS) to ensure material conforms to Hershey specifications, all applicable regulatory requirements, any local laws, and requirements in this SQE manual.

The QMS shall be reviewed on a regular schedule and include internal audits to determine the effectiveness of the program. The supplier shall maintain records of effectiveness of the QMS. Records shall include the name and location of the site, accurate date of the activity, and signature/initials of the person conducting the activity. To ensure QMS adequacy, The Hershey Company requires audits and certifications to occur as listed below.

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2.1. Hershey Audit/Inspection Requirements

All manufacturing locations producing packaging material for The Hershey Company shall be approved by Hershey personnel and follow the audit requirements in this section. This section applies to new and existing suppliers of both food contact and non-contact packaging material.

2.1.1. Hershey Standards

The Hershey Company shall perform an initial quality assessment of all packaging supplier sites as part of the approval and onboarding processes. Suppliers shall complete corrective/preventive actions (CAPA) in a timely manner (supplier QMS schedule or agreed timeline) and document CAPA plans with verification by The Hershey Company.

2.1.2. Maintenance of Hershey Standards

The frequency of additional Hershey audits shall be determined by supplier performance, risk assessment, QMS status, and other factors determined by The Hershey Company.

2.2. GFSI for Food Contact Packaging Suppliers

Food contact packaging material is defined as either direct or incidental depending on the product packaging configuration. Food contact materials refer to all components including those materials that are intended for direct contact with food products as well as those where incidental contact is possible.

2.2.1. **Food contact suppliers shall have a certification from a GFSI-recognized scheme** (www.mygfsi.com) for the production site(s) of food packaging. Suppliers shall provide a copy of the audit report or executive summary with the current certificate to The Hershey Company as part of the initial approval and ongoing supplier quality relationship maintenance. For annual documentation, suppliers shall share annual certifications and, as requested, reports to include non-conformances (NC's) with corrective/preventive actions against cited NC's.

2.2.2. Specific information on the applicable timeline for meeting GFSI requirements shall be available from the Hershey Business and Quality Regulatory Compliance (QRC) partners. If a supplier is not GFSI certified, a detailed plan shall be provided to outline specific activities and milestones for achieving GFSI certification.

2.2.3. Suppliers can determine which GFSI scheme and certifying body best fits their quality and business practices. GFSI certifications are site-specific but supplier corporate policies may dictate which scheme and certifying body are preferred.

2.2.4. Where suppliers do not have a GFSI certification, the Hershey Quality Systems Assessment shall be conducted as a basis to determine site quality program adequacy for use or temporary waiver.

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- 2.2.4.1. A timeline for GFSI implementation shall be provided by the supplier.
- 2.2.4.2. If a supplier site cannot comply within the GFSI implementation timeline, the location shall be placed in a status of “conditionally approved”. This status shall be considered approved for business use to ensure continuity but on a watchlist by Hershey Supplier Quality. Hershey conditional approval may be revoked at any time.
- 2.2.4.3. Conditionally approved sites shall be reviewed by Hershey management for current and future use. This review shall be a risk-based assessment for food safety, an evaluation of supplier quality performance, and a determination of current quality systems effectiveness.
- 2.2.4.4. If no plans are made for compliance, the supplier site may be moved to “suspended” status after one year of conditional approval. Suspended supplier sites shall not provide packaging materials for Hershey products.

2.3. QMS for Non-Contact Packaging Suppliers

Non-contact packaging is defined as neither contact nor incidental contact. Non-contact material suppliers shall have a third-party quality management system (QMS).

- 2.3.1. GFSI certification is an acceptable audit scheme for non-contact packaging supplier.
- 2.3.2. Other adequate certifications and third-party quality management systems (QMS) for non-contact supplier sites include but are not limited to:
 - 2.3.2.1. ISO 22000
 - 2.3.2.2. ISO 9001
 - 2.3.2.3. NSF Supplier Assurance Audit for packaging suppliers
 - 2.3.2.4. AIB Standards for Food Contact Packaging Manufacturing Facilities
 - 2.3.2.5. GMA-Safe/QMI-SAI Global
 - 2.3.2.6. When paired with QMS, BS EN 15593 Management of hygiene in the production of packaging for foodstuffs
 - 2.3.2.7. Other GMP/HACCP programs against a set third-party standard and external audit program with Hershey review and approval
- 2.3.3. Where suppliers do not have a third-party QMS certification, a Hershey Quality Systems Assessment shall be conducted as an initial audit. A timeline for QMS implementation shall be provided during the onboarding process.
 - 2.3.3.1. If a supplier site cannot comply within the QMS implementation timeline, the location shall be placed in a status of “conditionally approved”. This status shall be considered approved for business use to ensure continuity but on a watchlist by Hershey Supplier Quality. Hershey conditional approval may be revoked at any time.

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- 2.3.3.2. Conditionally approved sites shall be reviewed by Hershey management for current and future use. This review shall be an evaluation of supplier quality performance, a determination of current quality systems effectiveness and, as applicable, a risk-based assessment for food safety.
- 2.3.3.3. If no plans are made for compliance, the supplier site may be moved to “suspended” status after one year of conditional approval. Suspended supplier sites shall not provide packaging materials for Hershey products.

2.4. Internal Audit Program

As part of the supplier QMS, there shall be a program of internal auditing to ensure the effectiveness of the quality management system and food safety plans.

- 2.4.1. Internal audits shall happen frequently enough to ensure major QMS functions are reviewed for adequacy and continuous improvement. Audits should be performed by personnel from outside the area being evaluated.
- 2.4.2. Audit records shall be maintained, and trends shall be reviewed on a schedule dictated by the supplier’s QMS standards or more often as determined by performance. Any corrective actions from internal audits shall be checked for effectiveness and closed within a reasonable timeframe. Closure for audit non-conformance shall also include preventive actions to ensure solutions are in place to prevent recurrence in similar processes.

2.5. Regulatory Inspections and Audits

Suppliers shall have strong tools and procedures to ensure compliance with the laws and regulations at the point of manufacture and in the country of sale of products.

- 2.5.1. Written procedures and trained personnel shall be in place to manage regulatory contacts and inspections.
- 2.5.2. Suppliers shall keep records of all regulatory contacts, correspondence, visits, and inspections. These records shall include any issued reports, facility/company responses, and corrective actions with verification.
- 2.5.3. The Hershey Company shall be notified of the status of any Hershey materials sampled or tested by regulatory authorities. If a regulatory organization samples a material produced for Hershey, the supplier shall contact Hershey for instruction. The supplier will also provide The Hershey Company with samples from the same lot as examined by the regulatory contact. Hershey shall be notified of the status of any materials sampled or tested by regulatory authorities.
 - 2.5.3.1. It is recommended that the lot be put on hold pending the closure of any regulatory non-conformance or defect found during the initial sampling.

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Product holds shall be implemented if there is any food safety or regulatory compliance concern.

2.6. Guaranty and Compliance

Suppliers of food contact packaging shall complete a Hershey guaranty form (attached to the *Packaging Supplier Information Form*) during the site onboarding process or when providing new materials. The Hershey Company shall only do business with suppliers that are compliant with applicable packaging, food safety, and consumer safety laws and regulations.

- 2.6.1. Suppliers shall guarantee and warrant that the materials comply with Hershey policies, Hershey-provided specifications, and intended use established by The Hershey Company during specification development. Conditions of use of the packaging material shall be consistent with Hershey's direction, specifications, and finished product application.
- 2.6.2. Supplier materials shall be fit for use in food packaging, and such materials, when used to package foods will not render or cause such foods to be adulterated or misbranded or prohibited from distribution and sale.
- 2.6.3. Hershey may require a new guaranty form (*Packaging Supplier Information Form*) if the place of finished product manufacturing or marketing changes. Other changes for conditions of use, Hershey's intended use, and changed export status of US products may also require a new guaranty form completion.
 - 2.6.3.1. The Hershey Company shall notify suppliers when a new guaranty or information form is required.
- 2.6.4. Supplier-provided letters of guaranty and compliance will be accepted for Hershey quality recordkeeping but are subordinate to the Hershey guaranty form, service agreements, or purchase order requirements.
- 2.6.5. The Hershey Company reserves the right to verify guarantees through testing of provided materials.

2.7. Food Defense Program

Food contact packaging suppliers shall have specific site procedures to secure materials, prevent intentional contamination, and have controls to recognize/contain threats. Non-contact packaging suppliers should have similar programs to ensure the security of their facilities, materials, and finished products.

- 2.7.1. At a minimum, supplier food defense programs shall contain the following:
 - 2.7.1.1. A documented plan detailing the site's procedures and strategies.
 - 2.7.1.2. Clearly defined roles and responsibilities for the program
 - 2.7.1.3. Procedures for reporting threats to The Hershey Company

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- 2.7.1.4. Annual self-assessments for vulnerability and program effectiveness
- 2.7.1.5. Access control for manufacturing areas, raw materials, chemical storage, shipping, and receiving
- 2.7.1.6. Programs to verify incoming materials and outgoing shipments
- 2.7.1.7. Procedures for maintenance of records for raw materials and manufacturing

2.8. Testing Controls: Laboratory Requirements

Suppliers shall ensure that testing and monitoring personnel have access to all necessary information such as laboratory methods manuals, specifications, test requirements, and laboratory procedures to carry out their responsibilities with respect to materials produced for The Hershey Company.

- 2.8.1. Testing and monitoring programs shall be based on generally recognized methods or test methods that have been approved The Hershey Company.
- 2.8.2. Supplier laboratories and laboratory personnel shall comply with Good Laboratory Practice requirements – retained samples, traceability of lab standards, controlled chemicals, control of sensitive materials, and restricted personnel access.

2.9. Testing Controls: Measuring & Monitoring Equipment

Suppliers shall have a written process to inspect, test, and calibrate measuring and monitoring equipment. The process shall ensure the precision and accuracy of the equipment to be consistent with the measurement requirements.

- 2.9.1. Calibration shall be against a recognized standard which are traceable to international or national measurement standards. Where no such standards exist, the method of establishing and maintaining the standard for calibration shall be documented. Calibration checks shall be documented and records shall be maintained in accordance with the manufacturing site or supplier corporate policies.
- 2.9.2. Calibration procedures shall exist for each piece of measuring and monitoring equipment to include minimum tolerances, corrective action plans when out of calibration, name of the equipment and a unique identifier, location, method and frequency of calibration, and responsible personnel.
- 2.9.3. Product that may have been affected due to equipment being out of calibration shall be evaluated and dispositioned.

2.10. Corrective and Preventative Action (CAPA)

All programs mandated by the supplier's QMS and this manual shall require that Corrective and Preventive Actions (CAPAs) be taken in the event of non-conformances. The CAPA tracking program shall be in place for documentation, timeliness tracking of actions taken, and verification of effectiveness. CAPA tracking shall cover internal issues and audits, regulatory and external audits, material supplier quality, and customer feedback.

- 2.10.1. The CAPA program shall include an adequate and unique identification of the non-conformance, root cause analysis documentation, an action item list (who does what by when), closure dates, verification of effectiveness with objective evidence, and periodic review by the management team.
- 2.10.2. Logs, records, and other CAPA documentation shall be made available to The Hershey Company for materials intended for Hershey use.

3.0 FACILITY ENVIRONMENT CONTROLS

3.1. Good Manufacturing Practices (GMP)

Food contact packaging suppliers shall comply with GMP requirements, tailored to their operation and facilities, to ensure food safety of all products supplied to The Hershey Company. All persons entering the supplier facility shall comply with GMP requirements. GMP requirements shall be in writing and available to all personnel.

Suppliers shall review and update GMP requirements on a periodic basis. The GMPs shall address personal practices, handling and storage of equipment and materials, proper cleaning and sanitation, and receiving. Any programs shall follow applicable regulatory requirements and supplier QMS for the manufacturing location. Suppliers for non-contact packaging shall maintain cleaning standards to ensure adequate material safety and quality.

- 3.1.1. The following are not permissible in GMP areas:
Eating or drinking, chewing gum, candy, lozenges, tobacco, false eyelashes, fingernail extensions, fingernail polish, rings (other than wedding band without stones), watches, earrings, necklaces, piercings, or other jewelry.
- 3.1.2. If allowed on the supplier premises, smoking shall be in designated locations away from GMP areas and outside building confines. Employees shall wash their hands before returning to GMP areas from these smoking locations.
- 3.1.3. Employee meals shall be stored and consumed in designated areas only, away from GMP areas. Pest management shall include food storage and consumption areas.
- 3.1.4. Clothing and shoes shall be company approved and kept in good repair. Clothing shall provide adequate coverage to ensure product protection from hair, perspiration, and other foreign materials. Personal protective equipment (PPE) shall be maintained for functionality and cleanliness. PPE shall be designed to prevent product contamination.
- 3.1.5. Personnel shall wash their hands before entering the GMP areas, after rest room visits, after eating, after smoking, and when hands have become soiled. Minor hand cuts shall be protected and sealed from possible product contamination. Clean,

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sanitary gloves shall be worn in any GMP areas when touching food contact packaging or product contact surfaces are present.

3.1.6. Hair shall be confined by hairnets and cover the ears. Beard nets shall be used if employees are not clean shaven. If safety helmets are required, they shall be worn over hair restraints.

3.1.7. Material storage shall be off the floor and walking surfaces. Product, raw materials, and rework shall be protected and stored in a sanitary manner. Finished, rework, and raw materials shall be labelled with name and lot number for traceability purposes. If material is stored vertically (e.g. warehouse racks), food contact material shall always be stored above non-food grade material.

3.2. Personnel Training Program

Suppliers shall ensure all employees receive appropriate job training to include GMP during orientation and defined intervals. Records of training and refresher shall be maintained by the supplier. The training program shall be periodically evaluated for effectiveness through internal audits or methods identified in the supplier QMS.

3.3. Employee Illness

The supplier shall establish procedures which cover the handling of employee illnesses. At a minimum, no person shall be admitted into a GMP area if they are a potential source of microbial or viral contamination.

3.4. Facility Structure

Supplier manufacturing facility shall be constructed to ensure production of safe and high-quality materials. Facility grounds shall be maintained to address food defense and pest management. The location and design of waste bins, toilets, and hand washing shall be adequate to comply with GMPs and other sanitary requirements.

3.4.1. Manufacturing and storage structures shall be free of cracks and holes to prevent pest and environmental contaminants.

3.4.2. Floors, walls, and ceiling shall be cleanable. All surfaces shall be made to resist deterioration, flaking, or moisture retention.

3.4.3. Laboratories shall be separate from the production areas. Chemical and microbiological testing areas may require additional isolation.

3.4.4. The location and number of handwashing and sanitizing stations shall be adequate for the number of employees at the site. Sinks for handwashing and processing shall be separate. Restrooms shall include functional handwashing and drying stations. Restrooms shall not have direct access to GMP areas.

3.5. Utilities and Facility Services

Food contact packaging suppliers shall have programs in place to ensure utilities do not compromise GMP area conditions. Utility services include environmental air, compressed air, steam, air and centralized systems. Utility control shall have controlled access for only authorized personnel. All systems shall be periodically checked, tested, and maintained.

3.5.1. Environmental air shall be monitored to prevent contamination from potential microbiological and physical contaminants. Process air (air systems directly used in material production) shall be food grade, free of oil, and filtered. Air filters shall be inspected and replaced on a periodic basis.

3.5.2. Potable water systems shall meet all local and national regulations. The site shall test and control water quality used in processing.

3.5.3. Steam used in processing shall be clean and free of contaminants. Only food grade chemicals shall be used in boilers that provide processing steam.

3.5.4. Utility chemicals that are not in use shall be stored in controlled areas. Controlled areas shall be locked, and only authorized personnel should have access.

3.6. Equipment Design

Food contact packaging suppliers shall ensure that equipment design is adequate to produce food contact materials that meet food safety and quality parameters. Piping and ducting shall be insulated where condensation might occur. Insulation shall be maintained to prevent deterioration or loose materials. Non-contact packaging suppliers shall ensure that equipment design ensures product quality and adherence to Hershey material specifications.

3.6.1. Equipment for the manufacture of food contact packaging shall be:

3.6.1.1. Cleanable

3.6.1.2. Constructed of materials compatible with food contact and sanitation

3.6.1.3. Have smooth and accessible surfaces

3.6.1.4. Free from openings that could be harborage for contaminants

3.6.1.5. Designed for proper ventilation

3.6.1.6. Free of nuts, bolts, loose fasteners, glass, and brittle plastics in the material contact zones

3.7. Equipment Maintenance Program

Packaging suppliers shall ensure that equipment and materials used for production are suitable for the purpose intended and in good repair. The supplier shall have implemented a written program for preventive and corrective maintenance.

3.7.1. Maintenance procedures for each piece of production equipment shall include frequency and release to production criteria. Preventive maintenance shall be scheduled based on equipment history and known failure rates.

- 3.7.2. A program of maintenance records shall be in place and accordance with the site's quality management systems.
 - 3.7.3. Maintenance work shall be performed to protect materials during the repair. Periodic inspections shall be conducted for wear to prevent material contamination.
 - 3.7.4. Where used, contamination detection equipment (screens, magnets, metal detectors) shall be inspected and maintained with the same urgency as packaging production equipment.
 - 3.7.5. Temporary fixes of packaging manufacturing equipment shall be documented and replaced by permanent repairs as soon as possible.
 - 3.7.6. For food contact packaging manufacturers, only food grade lubricants shall be used in production areas. Equipment and tools shall be kept cleaned and sanitized for food contact applications.
- 3.8. Cleaning and Sanitation Programs**
- All suppliers shall have a written cleaning program. Food contact packaging suppliers shall have sanitation program to consider microbiological hazards. Programs shall ensure the cleanliness of the production areas, equipment, and tools used in the production of packaging.
- 3.8.1. Programs shall have schedules, procedures, inspections, and records maintenance. Procedures and records should be reviewed, audited, and improved through corrective actions.
 - 3.8.2. Programs, in conjunction with maintenance processes, shall address equipment disassembly and assembly. Programs shall address cases of extended equipment downtime, modifications, and removal.
 - 3.8.3. Cleaning and sanitizing products shall be food grade in areas producing food contact packaging. Where used, chemicals shall have procedures on use.
 - 3.8.4. Programs shall contain post-cleaning or pre-start up inspections to verify that equipment is clean, properly assembled, and free from contamination.
 - 3.8.5. Programs shall fulfill all facets of the site's quality management systems and standards as well as any regulatory compliance.
 - 3.8.6. Proper tools and materials shall be used to prevent extraneous matter and the contamination of the packaging material being produced. Brushes and utensils for

cleaning food packaging surfaces shall be clearly identified and stored separately from non-food contact tools.

3.9. Integrated Pest Management Program

Suppliers shall have implemented a written pest management program to monitor and control pest activity in the facility and the surrounding property. Pest control programs shall comply to local regulations and the site's quality management systems.

- 3.9.1. Suppliers shall have an accountable, knowledgeable person to oversee the pest management program.
- 3.9.2. The pest management program shall include inspection procedures, schedules, activity logs with trends, a current map of pest control devices, records of pesticide application.
- 3.9.3. The program shall ensure the removal of favorable conditions that provide food, water, or harborage for pests.
- 3.9.4. The pest management program shall address rodent, insect, and bird control in both production and material storage areas.
- 3.9.5. Whenever possible, non-pesticide methods shall be used. If pesticides or baits are used, the program shall be in accordance with label application statements and local regulations.
- 3.9.6. Safety Data Sheets (SDS) shall be maintained for pesticides used or stored onsite.
- 3.9.7. No pesticides shall be applied by fog, aerosol, or in any method where the chemical becomes airborne.
- 3.9.8. Baits and rodenticides shall be of block or gel type and used in tamper resistant devices.
- 3.9.9. Bait and granular applications should be avoided, if possible, as material may migrate into GMP areas.
- 3.9.10. Pest control activities shall be performed by certified pest control contractors or personnel with equivalent training. Licensing of pest control operators shall be per local regulations.

4.0 Production Process Controls

4.1. Packaging Specification Requirements

Suppliers shall ensure that The Hershey Company specifications are implemented at the agreed upon manufacturing location and that appropriate personnel have access to these latest specifications. Suppliers shall be notified of the specifications and updates by The Hershey Company. Suppliers shall deliver materials that meet these specifications. If a supplier anticipates that it will not be able to meet the specification, The Hershey Company shall be notified immediately.

4.1.1. Specific testing methods may be described in The Hershey Company packaging specifications. When a supplier uses a different method, a validation study shall have been performed to guarantee an equivalent output.

4.2. Certificates of Analysis

Where Certificates of Analysis (COA) are required, these shall be provided to The Hershey Company prior to acceptance of the material at Hershey manufacturing locations. The COA from the approved laboratory or a supplier generated COA, shall be provided to The Hershey Company and shall include the following information:

- 4.2.1. Approved laboratory name, address of location performing any testing
- 4.2.2. Supplier name, address, phone number, and contact person
- 4.2.3. Address of the Manufacturing plant where the material was produced
- 4.2.4. Material name, lot code, production date and Hershey ID number (if available)
- 4.2.5. Specification number (or purchase agreement) and issue date
- 4.2.6. Test and analysis results for each lot, preferably including The Hershey Company specification targets and ranges
- 4.2.7. Parameter being tested, test method, sample size and date of test

4.3. Material Monitoring

The Hershey Company shall check incoming materials to ensure that materials consistently meet expectations regarding specification, food safety, and compliance with regulatory requirements for the designated country of The Hershey Company location.

4.3.1. Samples may be requested from the suppliers for sensory or analytical testing in cases of food safety concern, changes in supplier location, changes in material construction, and in reaction to product or component quality concerns. Since food safety and product quality are paramount, testing may be in addition to those outlined in the specifications or purchase agreement.

4.3.2. Material lots and finished goods shall be contained until test results confirm compliance to The Hershey Company specifications, follow applicable regulatory requirements, and do not impact Hershey finished goods quality.

4.4. **Hazard Analysis for Packaging Material Production**

Supplier's products shall be designed, produced, and distributed using hazard analysis principles to systematically evaluate and minimize food safety risks. Hazard analysis is required for food contact material producers for The Hershey Company and recommended for non-contact packaging suppliers. Sites with certified HACCP programs have met the expectations of this section.

4.4.1. Suppliers shall establish a multidisciplinary team to develop, review, and modify hazard analysis plans. Hazard analysis plans shall cover inputs to the manufacturing operation including but not limited to materials, environment, handling, and processing. Plans should include product descriptions and, where possible, verified flow diagrams.

4.4.2. Hazard analysis plans shall not be a substitute for prerequisite programs such as GMPs, cleaning and sanitation, facility design, preventive maintenance, material monitoring, material storage, training, supplier management, traceability and recall, documentation and recordkeeping, allergen awareness, mixed material control, material print verification, or corrective action.

4.4.3. Suppliers shall conduct a hazard analysis of known or reasonably foreseeable hazards (chemical, biological, or physical) affecting food safety or product quality of the food contact material. Note that allergen control and correct allergen label printing shall be considered as potential hazards.

4.4.4. Suppliers shall determine critical control points of the process and associated critical limits for each hazard control element. Note that, for the hazard analysis plan, critical control points are points of food safety concern and not necessarily product quality controls.

4.4.5. Suppliers shall monitor the effectiveness of hazard controls, establish correct actions (CA), segregate suspect material, and verify effectiveness of CA to ensure the process is returned to a safe and controlled state. Suppliers shall maintain records of monitoring, verification, and effectiveness of corrective actions and preventive controls.

4.5. **Supplier Quality Management**

Suppliers shall buy materials only from vendors who are approved through a program designed to manage their quality and food safety.

4.5.1. Suppliers shall develop and document quality expectations, requirements, and specifications for purchased goods and provide them to their suppliers.

4.5.2. The supplier shall monitor suppliers of purchased goods and provide feedback with respect to their performance and with quality requirements and specifications.

4.6. **Inspection and Testing of Incoming Materials**

Suppliers shall ensure that incoming materials comply with applicable regulations and the supplier's specifications including physical condition, chemical criteria, and residue requirements.

4.6.1. Suppliers shall establish and, upon request, make available to The Hershey Company testing requirements, parameters and specified limits to ensure food safety and quality of packaging materials.

4.6.2. Suppliers shall ensure that incoming materials are not used or processed until they have been inspected or verified as conforming to specified requirements.

4.6.3. Prior to accepting incoming materials, suppliers shall verify that delivery vehicles have maintained the quality and safety of the materials during transit. Verification activities shall be documented and shall include inspection of internal cleanliness, structural integrity, inspection of seal integrity (including that the seal numbers match the transportation documentation e.g., Bill of Lading).

4.6.4. Inbound loads suspected of any type of tampering shall be investigated by supplier. A shipment shall be rejected if the source of tampering cannot be determined.

4.7. **Traceability of Materials**

Suppliers shall have implemented a written program for product traceability, ensuring package and pallet, lot codes, and date information are accurate and consistent across similar products. Traceability requirements apply to all products and all components used to produce products, including raw materials, in-process product, rework, and hold material/product.

4.7.1. In the event of a product recall or other product-related issue, suppliers shall provide the relevant tracking information to The Hershey Company with a goal of 100% traceability to the point where the product is no longer within the facility's control.

4.7.2. Mock recalls shall be conducted at least once a year to validate the effectiveness of the traceability program. Mock recalls shall be exercised in two ways: suspect component to distribution and recalled finished goods to original components.

4.8. **Allergen Management for Packaging Material**

Suppliers shall have an effective program to evaluate, identify, and control allergens in their materials. Allergens can include but are not limited to: peanuts, tree nuts, milk, eggs, fish, shellfish, soy, wheat, sesame, and latex.

4.8.1. Suppliers shall ensure that specific allergens are not inadvertently incorporated as an undeclared component of the material. The material construction, processing aids, and component information provided by the supplier shall allow for a clear determination of an allergen concern.

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- 4.8.2. Packaging materials shall be checked against Hershey graphics requirements to ensure, where applicable, allergy declarations are displayed, clear, and accurate.
- 4.8.3. An allergen assessment shall be part of hazard analysis process to identify, review, and document allergens likely to be present.
 - 4.8.3.1. The allergen assessment shall consider possible sources of allergens related to the formulation, process, and site-specific practices, including: raw materials/ingredients, processing aids, rework addition and potential for cross-contact in manufacturing, storage or shipment practices.
 - 4.8.3.2. As part of the allergy assessment, correct allergen material printing shall be part of the hazard analysis. Suppliers shall ensure mixed material control programs are in place and periodically reviewed.
- 4.8.4. Avoiding the introduction of allergens from any manufacturing carry-over (production of a previous product with allergens) shall be managed through product change-over practices such as product sequencing, flushing, and cleaning.
- 4.8.5. If allergens are present in the manufacture or handling of packaging material, suppliers shall include allergen awareness in their training programs. Involved personnel shall be trained for their job responsibilities where allergen risk is present.
- 4.9. **Extraneous Matter Control for Packaging Material**

As part of the hazard analysis, suppliers shall perform a risk assessment to determine potential sources of extraneous matter during the production and handling of packaging material.

 - 4.9.1. Based on the risk assessment, the supplier shall develop an appropriate strategy for minimizing and documenting potential extraneous matter. Programs shall comply with GMPs and supplier quality management system standards.
 - 4.9.2. Programs shall use strategies such as control and prevention strategies at suppliers or sources of material, process equipment design, preventive maintenance, and covers over exposed material.
- 4.10. **Control of Reworked Material**

Suppliers shall have written procedures to control reworked material. Suppliers shall only use rework where it is clearly set out in process procedures.

 - 4.10.1. Suppliers shall ensure the use of rework material is compliant with applicable regulatory requirements and Hershey policies on packaging material.

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- 4.10.2. If rework is used, suppliers shall ensure traceability of primary and rework material streams. Rework material shall be clearly marked and segregated. Rework material shall be protected from extraneous matter or other hazards.
- 4.10.3. Rework shall be considered in any hazard analysis programs. Rework control shall comply with any allergen or labelling programs.
- 4.10.4. Where possible, rework material shall be used in a first in, first out practice. The disposal of unusable rework material shall be documented to ensure traceability.

4.11. Label Control

Suppliers shall ensure labels are correctly and consistently applied to materials supplied to the Hershey Company. Label information shall comply with information as specified by Hershey.

- 4.11.1. Suppliers shall ensure that labels and pre-printed packages are stored and controlled to minimize mixed labels. Procedures shall be in place to verify that labels match product lots before shipment.

4.12. Packaging Storage and Transportation

Suppliers shall have written warehousing and transportation programs to ensure the safety and quality of material through the delivery to The Hershey Company.

- 4.12.1. Suppliers shall use designated storage areas to prevent damage, deterioration, or tampering of the material. Suppliers shall conduct periodic inspections of storage areas and the condition of stored material. In the case of third party warehousing, suppliers shall conduct periodic assessments of the facility to ensure product safety and quality.
- 4.12.2. Sanitation and pest control shall be periodically assessed and documented for packaging storage areas. Spills and damage shall be contained to limit contamination or infestation.
- 4.12.3. Appropriate temperature and humidity controls shall be in place where required. Where applicable, storage temperature and humidity shall be measured and documented using calibrated devices.
- 4.12.4. Storage of materials shall have a functional barrier from the floor to protect from moisture, infestations, and adulteration. When used, pallets and racks shall be maintained in good condition.
- 4.12.5. Suppliers shall have an effective stock control and release status. Where applicable, shelf life shall be tracked and controlled. Suppliers shall document destruction of materials to ensure traceability.

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4.12.6. Suppliers shall have written programs for the transportation of packaging materials. Trucks and containers shall be verified prior to use to ensure good condition, being dry and cleaned, and free of noticeable odors. Materials used in loading (e.g. load locks, air pillows, pallets) shall be in good condition and evaluated to ensure shipped material safety and quality. Trailers and containers shall comply with The Hershey Company policies on carrier inspection and seals.

4.13. Print Quality

Suppliers shall be monitored under the Hershey Print Quality Program (HPQP) for ongoing standards compliance. Print performance quality data will be collected by Hershey and technical partners with periodic supplier compliance reports.

4.13.1. Suppliers shall provide printed samples to Hershey's print quality partner per the selection amounts specified in the HPQP.

5.0 Incident Management for Packaging Materials

5.1. Hold and Release Control Program

Suppliers shall have a written hold and release program that outlines roles and responsibilities for effective control in cases of operation or incidents.

5.1.1. Suppliers shall ensure hold materials are controlled to prevent use or inadvertent movement. Supplier hold and release program shall include inventory reconciliation to verify proper control.

5.1.2. The hold and release program shall apply to materials at the supplier site or those locations used by the supplier (e.g. offsite warehousing or processing).

5.1.3. The program shall include controls for non-conforming raw materials, materials pending testing, work in progress, finished product, and rework.

5.1.4. Suppliers shall maintain records to ensure traceability of all materials. Records should include quantities, code dates, lot numbers, reason hold or release, investigation information, sampling protocols, disposition, traceability information, and any corrective actions taken to require material segregation.

5.1.5. Evidence for material release shall include results of analysis, sampling, or testing to ensure material complies with The Hershey Company requirements.

5.1.6. If any material is improperly released from hold and is shipped, The Hershey Company shall be immediately notified with all possible traceability information.

5.2. **Material Retrieval and Recall Program**

Suppliers shall have written retrieval and recall procedures that effectively respond to product issues representing a risk to consumers or Hershey quality.

5.2.1. Material retrieval procedures shall include notification processes, customer contacts, assigned responsibilities, identification of lots and quantities, isolation of materials remaining under control, and protocols for complete retrieval of materials.

5.2.2. The material retrieval program shall be tested at least annually and after any changes to major systems. The retrieval exercise shall confirm the accuracy of product and contact information. Program test records shall be kept noting overall success of the exercise, effectiveness of procedures, and any necessary corrective actions.

5.3. **Control of Non-Conforming Material**

Suppliers shall have written procedures for the identification, documentation, evaluation, segregation, and disposition methods for non-conforming material.

5.3.1. Procedures shall note roles and responsibilities for actions within the processes to control non-conforming product. Procedures shall also include notification processes if the non-conforming material escapes containment.

5.3.2. Rejected materials shall be clearly identified. The reason for the rejection shall be noted with the lot record. Records of actions and destruction shall be maintained for material traceability.

6.0 **General Material Requirements**

This SQE manual outlines general requirements for packaging material. Specific guidance will be contained in Hershey policies, agreements, and specifications.

6.1. **Supplier Information Form (SIF)**

Packaging material provided to The Hershey Company shall have a completed and updated Supplier Information Form. Suppliers shall complete, sign, and return the SIF.

6.1.1. The SIF is site specific for the location of material manufacture and specific to material type (in cases where suppliers produce different types of materials). A separate SIF is not required for variations on graphics with the same material structure.

6.1.2. The SIF is required for new suppliers, new manufacturing sites, and new material structures. The Hershey Company may require periodic updates and resubmission due to Hershey policy updates, regulatory changes, or other changes in needed information.

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6.1.2.1. Updated and resubmitted SIFs are required when major changes occur including but not limited to change in manufacture location, company name change, or if any SIF responses have changed.

6.1.3. The Hershey Company may request a supplier complete a SIF as part of a request for information (RFI) process prior to actual vendor selection.

6.1.3.1. In cases where the material structure is not finalized, the SIF completion may take place over several steps of the supplier selection process.

6.2. Packaging Material Hazard Control

Suppliers shall ensure adequate protection of packaging materials from biological, chemical, or physical hazards.

6.2.1. Suppliers shall demonstrate their ability to control food safety hazards to ensure the finished Hershey products are always safe for human consumption.

6.2.2. Suppliers shall document, with conditions of use, applicable regulatory adherence by providing The Hershey Company with letters of compliance to laws and regulations.

6.3. Printed Material Management

Suppliers shall ensure that any scrap, waste, discarded, or recycled materials cannot be reused if bearing any Hershey product name, trademarks or logos, or any other Hershey identifying information.

6.3.1. Packaging material shall be defaced or destroyed so that no part of the material could be used in any manner. Trash compaction is considered acceptable as a means of disposal.

6.4. Transfer of Food Contact Material Constituents to Food

Suppliers shall ensure that delivered packaging material or food contact articles are of a purity suitable for their intended use and are manufactured in compliance with GMP requirements.

6.4.1. Under their normal or foreseeable conditions of use, materials shall not transfer their constituents to food at levels that would cause the food to become adulterated or that would render the food unsafe for consumption.

6.4.2. This requirement applies to all materials and articles intended to come in contact with food, either by physical contact, by head space exchange, or by insufficient barrier, under actual, intended, or foreseeable conditions. The requirement encompasses safety and consumer acceptance during both storage and after opening.

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- 6.4.3. Plastics shall meet appropriate testing under conditions for intended use, food type, and temperature during filling, processing, storage, or preparation.
- 6.4.4. Paper and paperboard shall be of microbiological quality and not release any antimicrobial agents into food. In the absence of applicable regulations, materials should comply with US FDA 21 CFR part 176 (or) German Recommendation XXXVI. Films and other structures made of regenerated cellulose fibers shall be of food grade quality and should comply with 21 CFR part 177.1200 (or) EU 2007/42.
- 6.4.5. For metals used as food contact material, materials shall comply with applicable sections of 21 CFR, CONEG, California Prop 65, and EU 2007/42.
- 6.4.6. The Hershey Company has a policy for the use of recycled content in packaging. The policy states that post-consumer recycled material cannot be used in food contact (direct or incidental) packaging without permission from The Hershey Company. Pre-consumer recycled material may be used as long as it is used at levels that do not adversely affect the quality, safety, or performance of the packaging material, or cause the food to be adulterated under applicable laws and regulations. Suppliers shall have documented source control for recycled material used in their processes and recognized methods to remove/avoid contaminants in the manufacture of packaging material.
- 6.4.7. To fulfill legal requirements and to ensure consumer acceptance, food contact materials shall not change the organoleptic properties of the packed food. The Hershey Company conducts sensory testing for new and existing food packaging material to ensure the highest quality of its products. Sensory policies, sample submission, and testing will be communicated to suppliers during onboarding, new material qualification, or part of any existing material study.
- 6.4.8. The Hershey Company maintains a specification on retained (residual) solvents in packaging material. The list of solvents and maximum allowable concentrations will be communicated to suppliers during onboarding, new material qualification, or part of any existing material study.
- 6.4.9. Suppliers shall have practices and control plans to prevent transfer of the printing inks to food at unsafe levels, which may result from migration of the inks from the food contact surface or through set-off of the inks on the nonfood-contact surface due to stacking of unfilled printed articles during storage or shipment.
 - 6.4.9.1. Solvents used in printing inks should be adequately removed from the final printed article such that any residues shall not transfer to packaged food at levels that would pose a health or safety concern.
 - 6.4.9.2. Printing inks shall not come into direct contact with Hershey products. Inks used in packaging materials shall be suitable for intended use. Functional

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barriers shall be evaluated as part new material qualification or part of any existing material examination.

6.4.10. Packaging material components and processing aids derived from allergenic and genetically modified sources or identified as a nanomaterial derived from allergenic sources shall not be used in packaging intended for The Hershey Company.

6.4.10.1. Hershey shall be notified before the use of rubber-based natural latex used in adhesives or other potential incidental contact applications. The Hershey Company shall also be notified before the use of any nanomaterial or any active/intelligent packaging articles intended to come into contact with food products.

6.4.11. Materials supplied to The Hershey Company shall comply with national environmental packaging and packaging waste regulations of the production. Suppliers shall consider source reduction and prevention.

Change Log

DATE	MODIFICATIONS	NAME
1/10/2019	Updated page numbering format. Added steps to review, conditionally approve, or suspend suppliers who do not comply with GFSI/QMS requirements. Added additional pest management requirements. Added guaranty form requirement for food contact material suppliers. Removed supplier-provided letters of guaranty and compliance which are now optional/supplemental to Hershey's guaranty form. Changed the term "indirect" contact to "incidental" contact to align with regulatory definitions of food contact materials.	E. Drum
6/13/2018	Updated spacing and grammar.	E. Drum
4/23/2018	Annual review – no changes	E. Drum
3/16/2017	New Document	E. Drum