

Programme Rules and Procedures

Egg Producers Federation

Consumer Assurance Programme

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Introduction

Purpose

The purpose of a Consumer Assurance Programme is to provide reassurance to the consumer that the eggs they consume meet standards of quality and safety that could be reasonably expected by them and that the claims made such as the farm system used, is verifiable. In most cases these standards are already mandated by Government through the Animal Welfare Code of Practice and RMPs.

This document is the over-arching Management and Governance Agreement relating to the Egg Producers Federation's 'Consumer Assurance Programme'. It contains the rules pertaining to management processes and governance, decision making requirements and programme structure. All egg farmers, processors or distributors who are part of the Programme will be subject to the contents of these rules.

This programme has been developed by the Egg Producers Federation (EPF) and encompasses industry-wide voluntary initiatives available to all EPF members who agree to and meet the criteria defined within each initiative. Further initiatives may be added to this programme over time.

Other documents sit under this document such as the 'Standards' documents and Terms and Conditions, which will be developed for each individual initiative. Standards documents will contain details of the scope of the initiative, the process for sign up, other documentation to be provided to participants and guidelines specific to the initiative.

EPF may update these Programme Rules from time-to-time at its sole discretion. EPF will provide notice of amended terms by email.

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Name

This Egg Consumer Assurance Programme (ECAP) is a member service of the Egg Producers Federation. EPF members qualify to be part of this programme. No egg producers who are not members of the EPF can use this Programme or be part of it without the express permission of the EPF.

Farmers who have signed up to and have been accepted into the Programme will be entitled to claim their involvement. The nature of permissible claims is dealt with in this document.

The ECAP will be gradually extended over time. The first step is the Trace My Egg portion of the programme which involves the placement of a unique identifier on every egg, allowing the egg to be traced back to the supply farm. This identifier confirms which production system is used – cage, colony, barn, free-range – and the farm source. It will be followed with further assurance standards that validate animal welfare standards.

ECAP will represent a comprehensive assurance of a supplier's egg to the consumer.

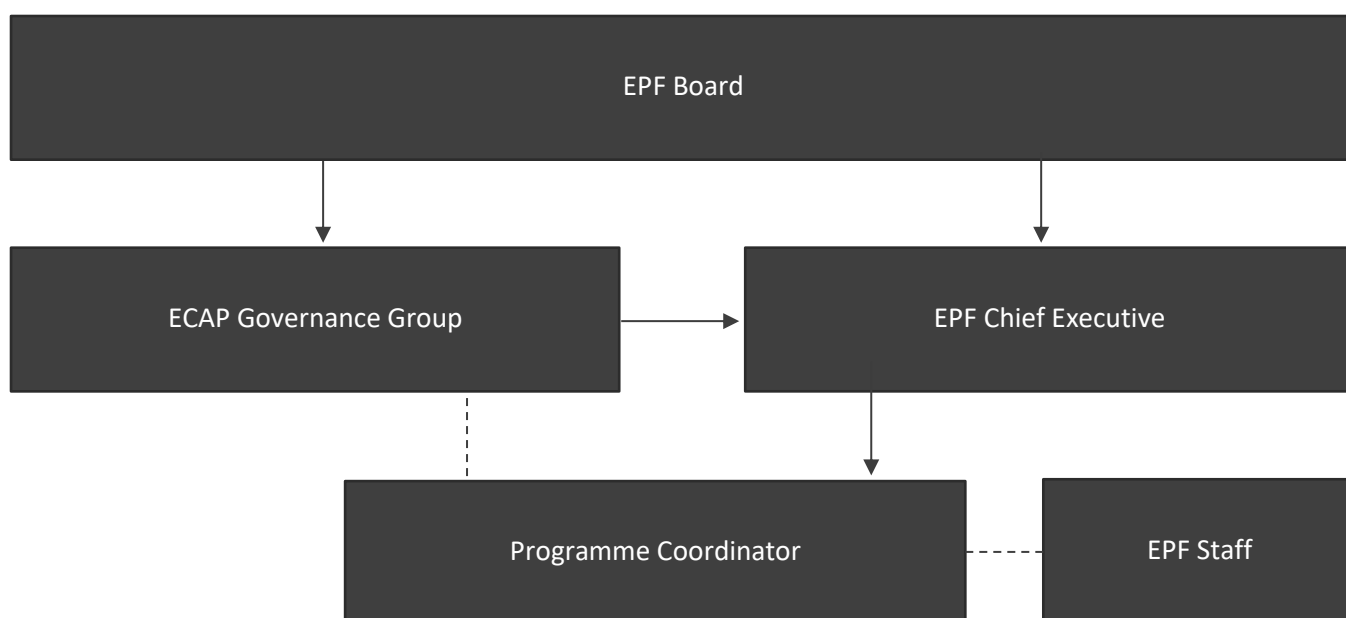
Governance

Management Structure

The Egg Consumer Assurance Programme is owned by the EPF. The EPF CEO is responsible for the registration of the names of all initiatives and any associated brand collateral, and therefore controls its use.

The Board of the EPF acts as the owner but delegates management and delivery of the programme to a Governance Group which works with the Chief Executive of the EPF to deliver the programme. The Chief Executive appoints a Programme Coordinator to look after day-to-day operational matters.

The structure is depicted in the following manner:



EPF Board

- Owner and ultimately responsible for the total package of the ECAP programme.
- High-level engagement of the parties to the ECAP agreement which has established the programme including the marketing group (Eggs Inc.)
- Changes to the Agreement, should they be required
- Final approval of the rules of the ECAP (which are contained in this Agreement)
- Final approval of the contents of the Standards Document and Auditing documentation
- Final approval of the imagery and marketing collateral relating to all elements of ECAP
- Allocation of EPF resources to the design and delivery of the ECAP programme
- Resolve rules issues that are referred to the Board by the Governance Group
- Propose to the Government procedures around development and enforcement of rules.

ECAP Governance Group

- Oversight of the operation of ECAP
- Development and oversight of ECAP Standards and Auditing documentation
- Strategic decisions around the design of the ECAP in response to changes in the market and stakeholder expectations
- Protection of the integrity of ECAP and maintenance of the confidence of consumers in it
- The Chair of the Governance Group is responsible to report to the Board. The CEO will be the Chair of the Governance Group unless decided otherwise by the Governance Group and/or the EPF Board.

ECAP Governance Group Chair

- Cannot be a participant for impartiality reasons
- Can be the EPF CEO
- Is responsible to report to the Board against KPIs regarding the delivery of the programme, namely:
 - An agenda item is added to the Board papers to report on progress of the ECAP and its initiatives
 - Any significant or impactful issues arising are also reported back to the Board.
 - Any issues arising which cannot be resolved by the Governance Group are also brought to the EPF Board seeking resolution.

Chief Executive of the EPF

- Unless otherwise decided by the EPF Board and/or the EPF Governance Group, the CEO is the Chair of the Governance Group
- Responsible to report to the Board against KPIs set with the Board regarding the delivery of the programme in support of, or as the Chair
- Act as the watchdog of the programme on behalf of the EPF Board
- Liaise with the ECAP Governance Group on delivery of the programme
- Liaise with stakeholders such as MPI and other arms of central government on the integrity and operation of the programme
- Liaise with other stakeholders such as supermarkets and the trade on the integrity and operation of the programme
- Supervise the work of the Programme Coordinator.

Programme Coordinator

- Carry out the day-to-day management functions of the ECAP to ensure that it operates effectively and efficiently
- Identify and manage the resources necessary to maintain and, where required, extend the programme
- Propose plans to the Governance Group for enhancement
- Oversee monitoring and audit processes undertaken by a third party (AsureQuality).

EPF Staff

- Confirm eligibility of applicants for the programme
- Manage the sign-up process of participants to ECAP
- Management and allocation of egg farm codes to participants
- Coordinate with the Programme Coordinator on the day-to-day functions of the programme
- Internal administration and communications support to ECAP as directed by the Chief Executive to the EPF.

Governance Structure

Governance Meetings

The Governance Group is required to meet in person at least twice per year. Every member is required to attend these meetings wherever practicable. Additional teleconference meetings may be required from time-to-time.

Sustained failure to attend these meetings may result in the removal from the Governance Group at the discretion of the EPF Board, as explained below.

Costs associated with travel to and from these meetings, accommodation and meal as required, and drinks within reason, can be recovered from the EPF at cost. Additional costs incurred relating to time and other discretionary spending will not be able to be recovered from the EPF unless previously agreed with the EPF Chief Executive.

Removal of a member of the Governance Group

The EPF Board reserves the right to remove any Governance Group member at any time, for reasons including but not limited to:

- Unprofessional conduct – as outlined within this document
- Failure to remain in the ECAP programme including suspension or expulsion
- Failure or refusal to perform or contribute to the required functions of the Governance Group including failure to attend formal Governance Group meetings over a sustained period either consecutively or as is deemed reasonable by the EPF Board over time.

Governance Group members are required to remain active participants in at least one element of the ECAP programme at any time. Exceptions to this requirement will be made at the discretion of the EPF Board.

Removal of a Governance Group member must be agreed to by at least **75%** of the Board, however, it is most desirable to reach a unanimous agreement

Changes to the Governance Group

The Governance Group is appointed by the EPF Board. Any proposed changes to the Governance Group must be communicated to the Board by the EPF Chief Executive. These changes can be presented and agreed in person in EPF Board meetings, or in writing, including electronic communications.

Any significant changes to the Governance Group must be agreed by the EPF Board, including appointment of new members or co-opted members, except where EPF Board members fail to communicate with the EPF Chief executive as per the failure to respond section, below.

Minimum number of Governance Group members

The Governance Group must not, at any time, consist of any less than two active members additional to the EPF Chief Executive and the Programme Coordinator.

Response requirements

Failure to respond in a timely manner

Failure by Board members or Governance Group Members (referred to collectively as “members” in this section) to respond to the EPF Chief Executive on matters relevant to the ECAP in a timely manner may have an impact on the ability of the Chief Executive to adequately manage and progress the ECAP programme.

Where a communication seeking approval or confirmation from a Board or Governance Group member is made by the EPF Chief Executive and a response is not provided in a timely manner, the following applies:

- A follow up communication is made directly to the Board Member or Governance Group member in writing, either by posted letter or preferably by electronic communication, by the EPF Chief Executive requesting a response to the matter and outlining potential impact, timeframes as relevant, and proposed action in the event that the member fails to respond in a timely manner
- Consideration to out-of-office responses or leave, is taken into account by the EPF Chief Executive and a decision to follow up accordingly is made by the EPF Chief Executive based on best-judgement as follows:
 - Forwarding the communication to the appropriate member of staff in the absence of the Member to respond on their behalf
 - Communicating back to the other members of the relevant group for collective agreement in the absence of the Member
 - Decision is made to proceed or hold on the activity based on the best judgement of the EPF Chief Executive considering relevant factors and the potential impact on the ECAP.
- Failure to respond to written follow-up communication made by the Chief Executive within a reasonable or required timeframe otherwise transfers the decision making to the EPF Chief Executive to make a decision on behalf of the EPF Board or Governance Group member/s as relevant
- Any decisions made by the EPF Chief Executive on behalf of any Member must be in the best interests of the ECAP
- Any issues with decisions made by the EPF Chief Executive relevant to the ECAP must be raised directly to the EPF Chief Executive by the relevant Board or Governance Group member.

Participant Application

All egg farmers, processors or marketers wanting to join the programme must make application using the programme’s most up-to-date sign up form, and in so doing will be required to make a series of declarations

with regard to conformance with the programme. Typically, an initial audit (confirmation of eligibility) would be undertaken to ensure conformance before an application is granted.

Any farmers not meeting the required standard would be provided with a list of “fixes” and once it is demonstrated that these have been attended to, to the satisfaction of the EPF CEO, then application will be granted.

The EPF reserves the right to reject an application at any time, on the basis of non-conformance or behaviour that is not in line with the values and intent of the programme. The EPF also reserves the right to withhold membership, even if an applicant conforms to the Standards, if there are matters of concern such as a previous poor record of non-conformance.

Terms and Conditions

Each initiative within ECAP will be subject to a set of Terms and Conditions which are subject to change at the discretion of the EPF Governance Group and/or the EPF Board.

The EPF will provide applicants with a copy of the Terms and Conditions as follows:

- Appended or separately attached to the Sign-up Form
- An email alert is sent to participants when the Terms and Conditions have been updated
- A copy of the most recent version of the Terms and Conditions is uploaded to www.tracemyegg.co.nz

Claims

Once a participant has been admitted they are free to provide information to this effect to consumers on packaging, websites and advertising. Specific claims are addressed in each initiative’s Terms and Conditions, Brand Guidelines, Marketing Guidelines and other guidelines as appropriate.

The Governance Group can provide additional guidelines for claims, and proposals can be signed off by the Programme Coordinator, as long as they conform to approved guidelines.

Professional conduct

Any unprofessional conduct by members could result in censure or expulsion at the discretion of the EPF.

Unprofessional conduct could include:

- Public criticism of the ECAP, Trace My Egg, Egg Stamping, EPF Source Assurance and other terms used to refer to EPF initiatives (whole or in part)
- Public criticism of other members (the correct procedure would be to lay a complaint with the EPF)
- Misleading claims

- Engaging in any form of competitive activity that may diminish or damage the credibility of the ECAP programme or any of its associated initiatives including but not limited to Trace My Egg, Egg Stamping, EPF Source Assurance and other terms used to refer to EPF initiatives (whole or in part).

Examples of unprofessional conduct will be noted in any ECAP programme's relevant Terms and Conditions, including that such behaviour can result in suspension or expulsion from the programme at the discretion of the EPF.

Participation in other programmes

Participation in other programmes is permitted, so long as those programmes do not:

- Directly or indirectly seek to criticise or discredit the ECAP and its associated programmes in whole or in part
- Directly conflict with the values, requirements, or other pillars of initiatives of the ECAP programme or any of its associated initiatives including but not limited to Trace My Egg, Egg Stamping, EPF Source Assurance and other terms used to refer to EPF initiatives (whole or in part).

If any participant has concerns about a programme they are participating in, and any potential conflicts, they must be raised to the EPF CEO for discussion. Matters which cannot be resolved with the EPF CEO will be raised to the Governance Group by the EPF CEO, and then to the EPF Board, as required by the internal management structure.

Complaints

All complaints should be directed in writing to the EPF using the formal complaints process form which is available on the members section of the EPF website. If they are deemed to have substance, that person would then escalate them to the Programme Coordinator, Governance Group and EPF CEO for action.

If regarded as credible, an investigation would be undertaken.

The Governance Group would see a register of complaints at every meeting so that they can assess any patterns and progress, particularly on sensitive complaints.

Complaints about auditing should be directed to the EPF to inform the Programme Coordinator, rather than to AsureQuality. If the complaint had substance, the Programme Coordinator would then take the matter up with AsureQuality, notifying the EPF CEO and where appropriate, the Governance Group. Appropriate escalation of complaints will be determined at the EPF CEO's discretion.

Where a complaint cannot be resolved to the satisfaction of the complainant or the EPF, the matter can be escalated to the dispute resolution process noted below.

Dispute Resolution

In the event that the operator believed there to be a dispute, or where a complaint is unable to be otherwise resolved satisfactorily between the complainant and the EPF, the matter would be escalated to the Governance Group and the EPF CEO. If the dispute could not be resolved between the parties, then an

independent mediator would be arranged through the Mediation Service or the Law Society. The cost of mediation would be borne 50/50 by both parties.

Unforeseen circumstances

Where an issue or circumstance that is unforeseen within the Terms and Conditions and the Programme Rules arises, the EPF reserves the right to discuss and determine the most appropriate course of action. Any issues raised with potential future application to the programme should be added to the Programme Rules and to relevant Terms and Conditions documents.

Documentation

There are formal documents for each element of the programme. They are:

- **Programme Rules** (this document): this is the over-arching Governance and Rules document relevant across all initiatives that are developed as part of ECAP.
- **Standards Document/Terms and Conditions** – a document for each initiative outlining the relevant Terms and Conditions of participation to that particular initiative. Terms and Conditions can be updated by the Governance Group as required, throughout the ECAP.
- **Auditing Checklist** – the checklist used by AsureQuality defining each audited element and determining conformance levels for each element.
- **Auditing Guides** – two documents, both aligned with one another, detailing what constitutes as conformance and non-conformance upon auditing. The auditor version of the guide is used by the auditors to streamline auditing application nationwide, to ensure consistency of auditing across the programme. The farmer version of the guide also contains the same information about what constitutes conformance and non-conformance for auditing purposes and will also contain other useful information as relevant to the farmer as required. Ideally, the guides provided to the auditors and to the farmers will be identical, unless there is a technical or administrative reason for variation.

Auditing

Auditing the programme

The auditing of the programme will be carried out by the appointed auditors, AsureQuality. Auditors will work to an audit programme agreed by the Governance Group and signed off by the EPF Board.

The audit programme will include the following:

- Spot Checks and/or
- Routine Annual Checks and/or
- Auditing of eggs from retailers (as applicable)

as determined by the Standards and/or Auditing requirements for each programme element.

Auditing consistency

AsureQuality will be required to audit the programme as consistently as practicable, determined by their conformance to auditing as per the formal Documentation. Any identified areas of inconsistency will be raised by the Programme Coordinator to the appropriate account manager at AsureQuality. A strategy to investigate and manage any perceived inconsistency in auditing will be agreed by AsureQuality and the Programme Coordinator in agreement with the EPF Chief Executive, and, if applicable, the Governance Group aligned to the Complaints process outlined earlier.

Enforcement and Conformance

Corrective action structure

The non-conformance and corrective action structure will be determined within the audit schedule relevant to the initiative. In general terms, corrective action requests (CARs) will involve three levels of sanction as outlined below:

- **Minor Corrective Action Request (CAR)**
 - the non-conformance must pose no risk to food safety
 - the non-conformance does not compromise the integrity of the programme
- **Major Corrective Action Request (CAR)**
 - the non-conformance may compromise the integrity of the programme if left unresolved
 - the non-conformance could compromise food safety
- **Critical CAR**
 - the non-conformance is compromising the integrity of the programme

- the non-conformance must be rectified immediately
- this requires immediate notification to EPF

Management of non-conformance

In the case of a Minor non-conformance, the following action will be taken from Step i. In the case of a Major non-conformance the process will commence at Step iii, Critical non-conformance at Step iv:

- The auditors will provide the offending member with a Minor Breach Notice and a copy will be forwarded to the Programme Coordinator and the EPF including the action required and timeline for corrective activity.
- After the time specified within the breach notice, the Egg Producers Federation will check with the member that remedial action has been taken and completed
- If not, the member will be provided with a Major Breach Notice including the action required and timeline for corrective action. In the case where a minor non-conformance has been escalated to a major non-conformance through failure to meet requirements, the participant will be given 10 days for corrective action activity. A copy of the Major Breach notice will be provided to the Programme Coordinator, the Governance Group and the EPF Chief Executive.
- If at the end of that period, the remedial action has still not been taken, then a Critical Breach Notice will be given including the action required and timeline for corrective activity. In the case where a major non-conformance has been escalated to a critical non-conformance through failure to meet requirements, remedial action will be required within 24 hours. If this is not met, then suspension processes will be followed.

There would be no exceptions to this procedure unless agreed through the Governance Group and the EPF CEO in writing.

Suspension and Expulsion

In the event that escalation through the stages of non-conformance has not been successful and remedial work has not resulted, then one stage of suspension and then expulsion, applies:

- Suspension for non-conformance**– the following message would be placed on the relevant initiative’s associated website/s: *“this operator is currently working on returning to conformance status and is not currently accredited”* This would apply for no more than two months, at the discretion of the Governance Group. The participant may request an extension to their suspension period if they are able to present accepted rationale for an extension - for example, a part has been ordered from overseas that is required and proof of purchase has been provided demonstrating when the part is estimated to arrive. Until corrective action has been made, the participant will remain suspended. The participant’s request for an extension may be accepted or rejected at the discretion of the Governance Group.
- Expulsion for serious non-conformance** – the following message would be placed on the website if the participant fails to meet the requirements of their suspension period: *“This operator has failed to comply with the programme requirements and is not currently accredited.”* This would remain on the website for six months, or until it has been confirmed that eggs bearing the producers’ egg code

are no longer in the market. If the producer fails to remove their eggs from the market, then the notice will remain on the website and further action would be taken at the discretion of the EPF Board, which may include legal action.

Notification of suspension

The participant will receive a formal written notice that they are suspended from the programme. The notice will provide detail of what is required to regain accredited status and the timeline they must meet. Any audits or other costs associated with regaining accreditation status will be at the expense of the participant.

Notification of expulsion

If expulsion is conferred by the Governance Group, then the participant is to receive a formal written notice that they are expelled from the programme. The notification will request they immediately cease using any reference to the relevant programme or programmes on their packaging, marketing materials, advertisements, premises, website or any other form of communication. The participant would no longer be part of the programme. If the participant fails to abide by the request to remove all reference of their past participation in the programme in a reasonable amount of time as deemed by the Governance Group and at their discretion, then legal action may be sought and, as appropriate, the cost of such legal action may be recovered from the participant.

Decisions on suspension would be confirmed by the Governance Group and the CEO of the EPF (item v, above).

Expulsion (item vi above) would be confirmed by the Governance Group and the CEO of the EPF and escalated to the EPF Board for confirmation.

Re-application following expulsion

Should an applicant seek to re-apply to the programme following expulsion, there will be a 12-month stand-down period. Their application to re-join the programme will be at the complete discretion of the EPF Board. At a minimum, applicants who have previously been expelled, will be required to meet the following conditions:

- Agree in writing that if re-instated, any failure to take remedial action within the time period/s and requirement/s dictated by the auditing system will result in immediate re-expulsion from the programme for a minimum of 5 (five) years at the discretion of the EPF Board.
- Agree in writing that any representation of their farm/s in public written communications, at the discretion of the EPF, may address their previous expulsion from the ECAP or any of its associated initiatives.

Early re-application

While the EPF Board are under no obligation to reinstate a previously expelled participant under any circumstances, the EPF Board reserves the right to re-instate participants prior to the end of any stand-down period in significant circumstances such as:

- Completely new ownership of the applying farm/s, confirmed in writing to the satisfaction of the EPF Board
- Significant and sustained action to rectify the reasons for previously expulsion from the programme such as (but not limited to):
 - Complete removal of management responsibility from the person or persons deemed responsible on the participating farm/s for non-conformance, and appointment of new management deemed ultimately responsible for conformance to programme requirements
 - Where applicable, training for management and/or relevant staff to ensure future conformance, and a schedule or programme in place to ensure on-going conformance which is to the satisfaction of the Governance Group

Decisions relating to the re-instatement of participants prior to the stand down period, even if completely new ownership is applicable, are at the total discretion of the EPF Board.

Any actions required to satisfy the Governance Group and the EPF Board that a participant should be considered as eligible for early re-instatement are at the total cost of the applicant.

Probationary period for high-risk applications

The EPF has the right to refuse any application to the programme where it is believed by the Governance Group or the EPF Board that the entry of the participant may pose a risk to the credibility of the programme.

Risks can include but are not limited to accusations or proof of misleading, fraudulent or illegal behaviour by the participant in the past.

Where a participant poses a potential risk to the credibility of the programme, such as those risks noted above, permission to enter the programme may be granted on a probationary period at the total discretion of the EPF Board.

Unless otherwise agreed in writing by the participant and the EPF Board, probationary periods will last for three years. Following three years of continuous programme conformance, the probationary period will be lifted.

Additional conformance during probation

Probationary periods will include extraordinary auditing requirements, as follows:

- Agreement that the participant will pay for up to three *additional* spot-audits each year for the first three years of entry to the programme, up to two *additional* spot-audits for the next year, and up to one additional spot audit in the third year, *additional* to standard initiative auditing managed through the EPF. These additional spot audits will follow the same conformance requirements as audits required within each initiative but may be subject to additional auditing criterion at the discretion of the EPF Governance Group or the EPF Board.
- The participant agrees that their probationary status can be shared with the media or the public either online, in person, in interviews, in emails or through other means of communication as seen fit by the EPF Chief Executive including but not limited to transparency to consumers.

Ownership and IP

EPF is the owner of all initiatives, information, resources and IP developed as part of the Egg Consumer Assurance Programme.