APEC PTIN Export Certification Workshop

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Industry Efforts to Assure Food Safety
Kraft was founded by J.L. Kraft in 1903
Today Kraft Is A Microcosm of the Food Supply
Fast Facts

Approximately $54 billion in revenue

World’s #2 food company, #1 in North America

#1 in global confectionery and biscuits

Sales in approx. 170 countries, Operations in more than 80 countries

Approximately 126,000 employees

Donated more than one billion servings of food since 1997

Figures are for the combined Kraft Foods and Cadbury businesses as at December 31, 2011
An Amazing Brand Portfolio

- 12 brands with more than $1 billion in revenue
- 80+ brands with more than $100 million in revenue
- 40 brands over 100 years old
- 80% revenue from #1 share positions
Today’s Kraft Foods

Snacks now make up half of our portfolio

More than half of our business is outside North America

- Confectionery 28%
- Biscuits 22%
- Beverages 18%
- Cheese 14%
- Convenient Meals 10%
- Grocery 8%

- Developing Markets 28%
- Europe 23%
- North America 49%
In 99% of US households
Sold in 170 countries
4,200 ingredient suppliers
18,000 raw materials
Billions of packages annually
J.L. Kraft had a good design

- Manufacturable
- Robust
- Stable
- Provided value
- Good taste
- Safe

Good design builds trust
Proactive – incorporating food safety into all aspects of product design

PRODUCT
- Longer shelf life
- Increased distribution
- Larger volumes
- Economic situation

PROCESS
- Increased automation

INGREDIENTS
- Developing markets
- Demanding fresher foods

CONSUMER
Food Safety Philosophy
To maintain trust, it must be built into the Corporate culture
Rule 1: Make Food that is Safe to Eat

The Rules

We all have to obey the law – that’s a given. Also, we must follow our company policies, including those specific to our business unit, function, and location. Beyond that, this Code sets out the ten most important rules that apply company-wide. Each has a cross-reference to the company policies with more details. (Find all the company’s policies on the intranet at The Corporate Policy Center.)

Rule 1:
Make food that is safe to eat.

"I have complete confidence in the quality of their products."

"They knew there might be a problem but they didn’t say anything about it."

Which would you rather hear?

We are a food company. Nothing speaks to our corporate values more than our relentless focus on food safety. Our consumers must have the confidence to use our products, and to serve them to their families, without fear of getting sick. For over a hundred years, Kraft Foods has earned that trust by making safe products.

Given our size, however, problems will inevitably arise. When something goes wrong, we respond quickly. Our Special Situations Management Team, a cross-functional team of senior managers, takes immediate steps to protect consumers. This builds our reputation and fosters consumer trust. Without that, we would risk the very existence of our business.
Safe food requires the right management approach

Risk Assessment (Design) + Risk Management (HACCP)

Integrated Risk Management
Food safety risk management occurs at all levels

**Level**

- Kraft Foods Board of Directors
  - Responsibility: Review food safety management

- Kraft Executive Team:
  - Responsibility: Assess company risk profile and management programs

- Special Situations Management Team
  - Responsibility: Assess and proactively manage issues, issues prevention, and communication of lessons learned

- Food Safety & Quality Senior Management
  - Responsibility: Establish food safety policy, control programs, and compliance mechanisms

- BU’s/ Regions:
  - Responsibility: Implementation of company food safety policy and programs, ensure regulatory compliance
Quality Management at Kraft Foods

- **Quality Policy**
  - Policies set Kraft’s worldwide standards for food safety and quality

- **Compliance with regulations, consistency with code of practice and industry standards**

- **Scope includes Kraft sites, external manufacturers, and suppliers**
  - Training program builds understanding & competencies
  - Audits verify adherence
Benefits of this management approach

**Raw Material & Finished Product Testing**
- Low number of sample compared to batch
- Indicate control at the sampling interval
- After the fact – find out too late

**Integrated Quality Chain Management**
- Control is applied to all the product – not limited to sample
- Continuous validated operational controls
- Real time feedback. Timely response to out of control process.

*Product quality/food safety is manufactured, not tested.*
Integrated Food Safety enables successful Supply Chain Management - Starts with Design and grounded in sound Preventive Programs

Risk Categories
- Chemical
- Microbiological
- Physical

Scope
- Design
- Procure
- Convert*
- Distribute
- Trade
- Consumer

Risk Prevention Programs
- Design Safety Analysis
- Specifications
- HACCP
- Supplier QA
- Plant & Equipment Design/Capability
- Contracts
- Selection/Approval
- Material Monitoring
- Continuous Impr.
- Specifications
- HACCP
- Supplier QA
- Traceability
- Sanitation & Pest Control
- Complaint Mgmt
- Process Capability & Control
- Traceability
- Warehouse Controls
- Complaints
- Warehouse Control
- Specification
- Labelling
- Consumer Response
- Process Capabilities

*Applies to internal & external plants
Food Safety by Design
Emphasis on design and monitoring not auditing and finished product testing
Product and Package Design

- Intended consumer
- Product use
- Shelf life
- Package Integrity
- Manufacturing conditions
- Transportation and Storage
- Ingredients and Suppliers

Robust product and package meeting consumer needs for foreseeable shelf life before and after opening
Integrated Risk Management

Design (Risk Assessment) + HACCP = Integrated Risk Management

- **Product Design Objective**
- **Identification of Potential Hazards**
- **Ranking of Hazard for Risk Management Options**
- **Eliminate as many Hazards as possible from initial design concepts**

- **Assess level of risks and specify control for reduction**
- **Operate under designed process and institute critical control points**
- **Quantify remaining risks and make modifications (validation)**
- **Monitor process (verification and audit)**
Process Design

- HACCP – Design and monitor a robust process
- Manufacturing equipment
- Cleaning method and frequency
- Facility structure
- Zoning - Traffic flow

Controllable process that consistently eliminates hazards and an environment that prevents recontamination
Ingredients – Testing a raw material without a robust supplier quality program is not sufficient

Policy & Contract Requirements
- Quality Policy
- WW Supplier Quality Expectations
  - Raw Material Specifications
  - HACCP Standard Manual

Continuous Improvement
- Supplier QI Program
- Alliances & Partnerships
- Supplier Development
- Industry Benchmarking

Selection & Approval
- Risk Assessments
- Supplier Pre-Assessment
- Quality Audit Approval

Monitoring
- WW Food Safety & Quality Auditing Program
  - Supplier Performance Monitoring
    - COA Verification
    - COC Program
  - Materials Monitoring Program

Testing is not a control point.
Resources

- Producing safe food requires a relentless focus on food safety – self challenge
- Requires agility to learn from current and emerging issues
- The right people are needed (toxicologist, microbiologist, sanitation specialist, chemists)
- Foundation in science
- Designing food safety into development means possessing a deep knowledge of the product, process and influencing factors
  - Employers are responsible for hiring qualified people for each position and ensuring on-going training
  - Committing the appropriate resources to maintain food safety
Sampling and Testing

• Public requires confidence in the food supply

• Some aspects are within our control
  – Holding finished product until results are obtained
  – Validating methods to ensure accurate results
  – Limit lot sizes and use of split lots to avoid duplicate testing
  – Identify cleaning methods for dry processes

• Create a culture of continuous improvement
People

- Regular education and training
- Zones of separation (Raw to RTE)
- GMPs such as regular hand washing

Motivated and educated team who understand and care about food safety