APEC PTIN Export Certification Workshop

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Kraft Foods
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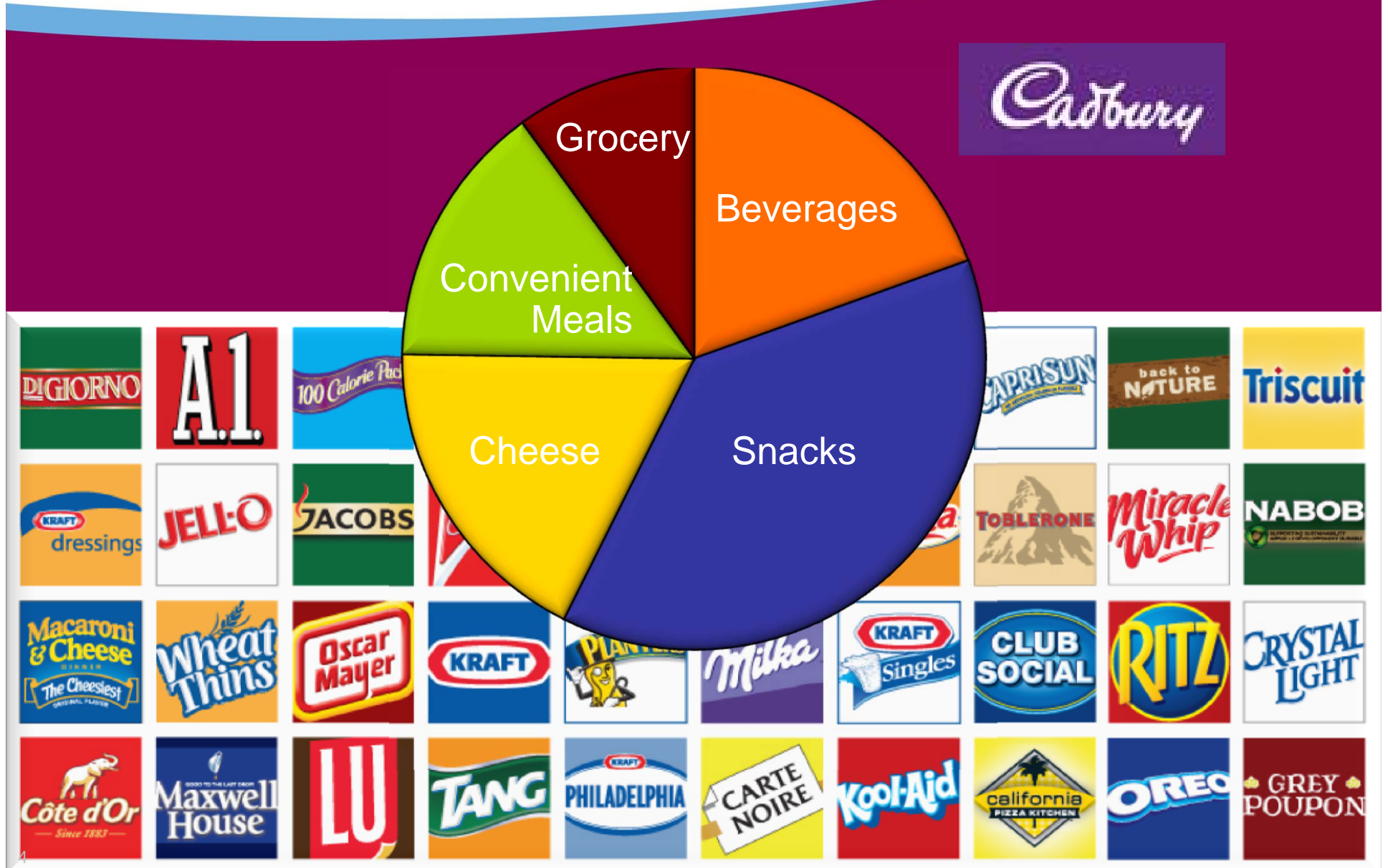
Industry Efforts to Assure Food Safety

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Kraft was founded by J.L. Kraft in 1903

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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
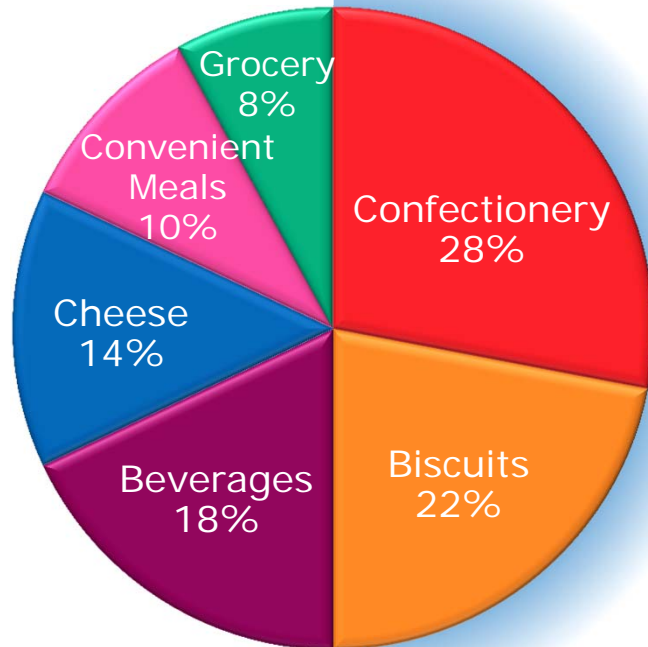
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An Amazing Brand Portfolio

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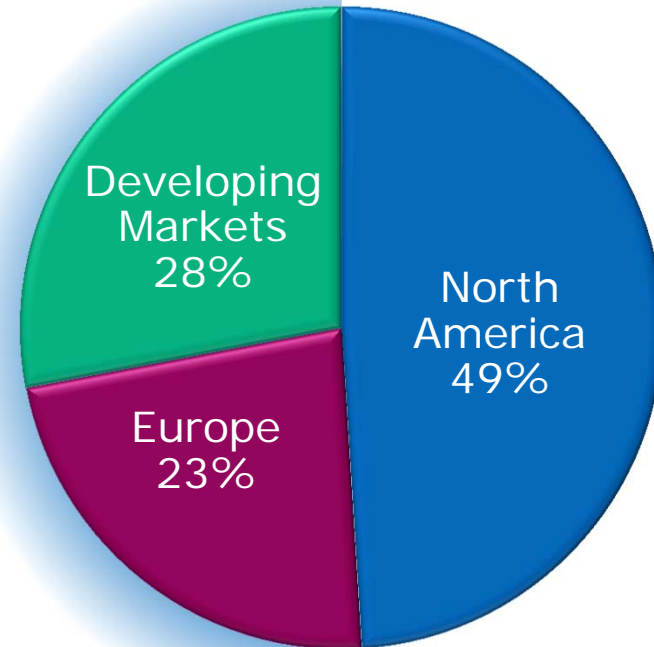- **40** brands over 100 years old
- **80%** revenue from #1 share positions

Today's Kraft Foods

Snacks now make up half of our portfolio

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

More than half of our business is outside North America

- Developing Markets 28%
- North America 49%
- Europe 23%

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Fast Facts

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

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Proactive – incorporating food safety into all aspects of product design

PRODUCT ⟵ Longer shelf life

Increased distribution ⟶

Larger volumes ⟶ **PROCESS** ⟵ Increased automation

Economic situation ⟶ **INGREDIENTS** ⟵ Developing markets

Demanding fresher foods ⟶ **CONSUMER**

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Food Safety Philosophy

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To maintain trust, it must be built into the Corporate culture

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Our Way of Doing Business
The Kraft Foods Code of Conduct

March 2009

You loved it as a kid.
You trust it as a mother. Kool-Aid.

Dear Colleague:

This *Kool-Aid* ad from 1980 beautifully captures the essence of trust that has been our way of doing business for more than 100 years.

Inspiring the trust of others – our consumers, our customers, our business partners and our fellow employees – may seem like second nature. But, it takes a conscious effort and a strong commitment by each of us to always do what we say we're going to do... and to do it in the right way.

This code of conduct puts into words the actions and attitudes we want to guide us. And, it serves as a reminder of what it takes to create and sustain a legacy of trust.

Please take these ten rules to heart. Live them every day by doing what's right for our company and for all those who count on us.

Sincerely,

Irene Rosenfeld
Chairman and Chief Executive Officer

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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 does go 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.

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Safe food requires the right management approach

Risk Assessment (Design) +
Risk Management (HACCP)

Integrated Risk Management

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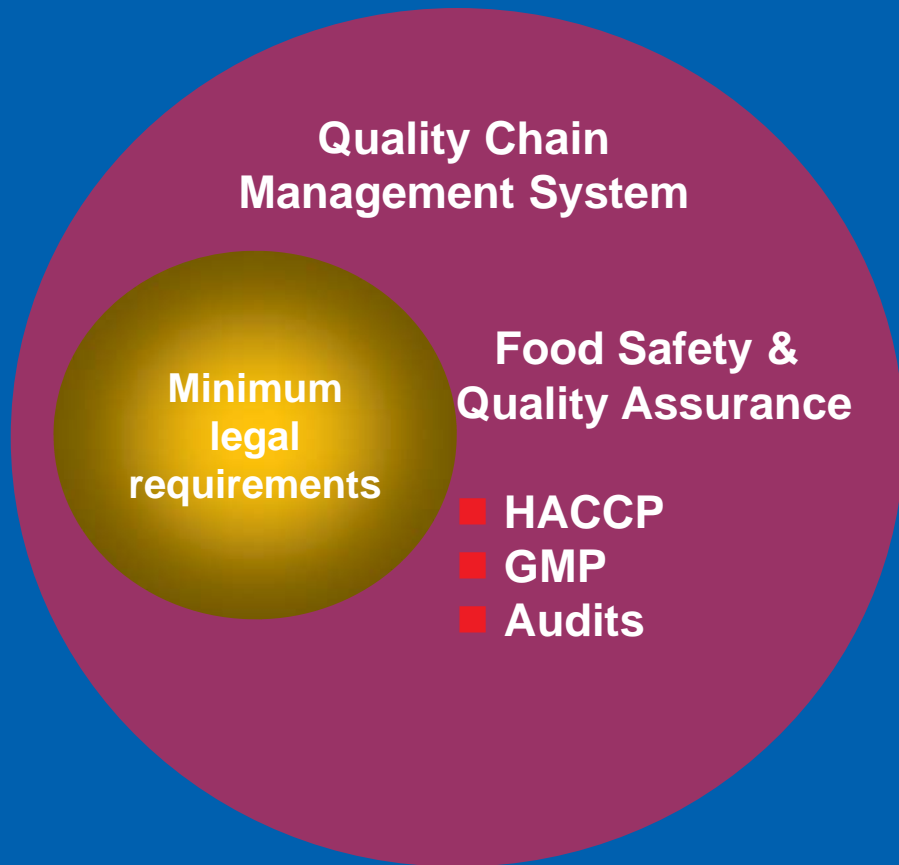
Food safety risk management occurs at all levels

Level	Responsibility
Kraft Foods Board of Directors	• Review food safety management
Kraft Executive Team:	• Assess company risk profile and management programs
Special Situations Management Team	• Assess and proactively manage issues, issues prevention, and communication of lessons learned
Food Safety & Quality Senior Management	• Establish food safety policy, control programs, and compliance mechanisms
BU's/ Regions:	• Implementation of company food safety policy and programs, ensure regulatory compliance

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Quality Management at Kraft Foods

Quality Chain Management System

Minimum legal requirements

Food Safety & Quality Assurance

- **HACCP**
- **GMP**
- **Audits**

- 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

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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.

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Integrated Food Safety enables successful Supply Chain Management - Starts with Design and grounded in sound Preventive Programs

Risk Categories

Chemical   **Microbiological**   **Physical**

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

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

Applies to internal & external plants

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Food Safety by Design

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Global Food Safety

Emphasis on design and monitoring not auditing and finished product testing

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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

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Integrated Risk Management

Design (Risk Assessment) + HACCP = Integrated Risk Management

R A

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

+ H A C C P

- 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)

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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

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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

Quality

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.

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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

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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

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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

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