

Kraft Foods Supplier Quality and Food Safety Forum

Topics:

Kraft Foods Supplier Quality Expectations and HACCP Manual

Kraft Foods Supplier Approval Process

[Update March 2011](#)



Kraft Foods and Cadbury: Building a Global Powerhouse

\$50B in Combined Revenue, Driven by 11 \$1B + Brands

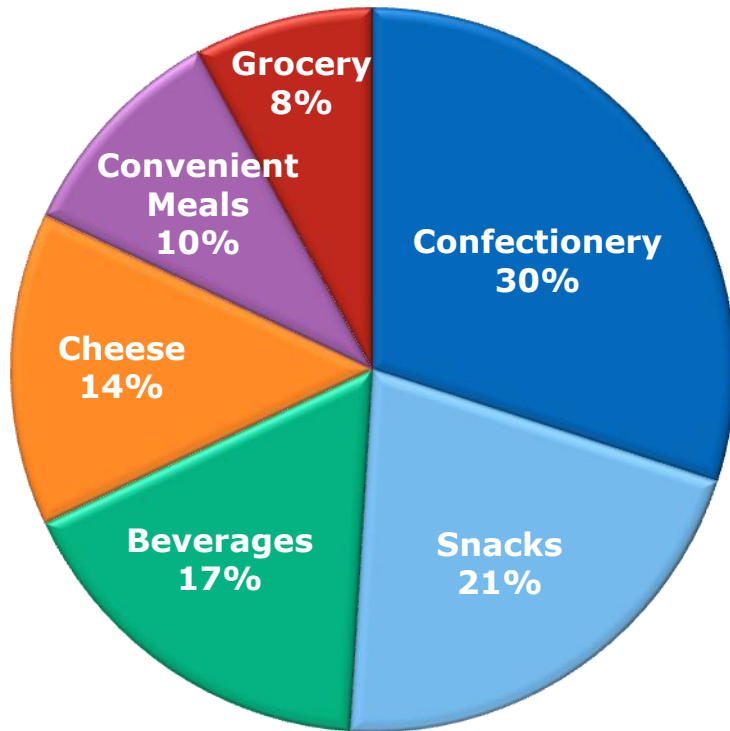


Presence that's global....

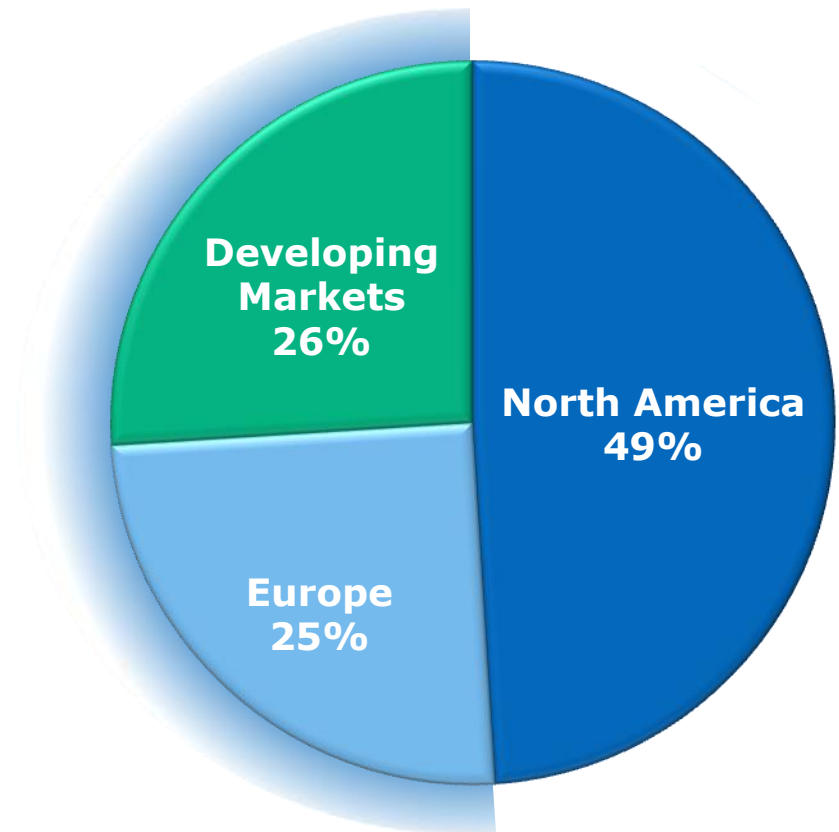
- World's second-largest food company
- #1 in North America
- #1 in confectionary and biscuit
- Sales in ~170 countries
- 25%+ of global revenue from emerging markets
- Over 70 \$100MM+ brands

The New Kraft Foods

Confectionery and Snacks now make up the majority of our portfolio*



More than half of our business is outside North America



* 2009 Pro Forma net revenues \$48 Billion. May not add to 100% due to rounding. Pro Forma amounts are based on the acquisition of Cadbury and the divestiture of the Pizza business.

Supplier Forum Agenda

- Kraft Foods Supplier Quality Introduction
- Kraft Foods Supplier Approval and Audit Program
- Supplier Quality Expectations and HACCP Manual
- Summary



Supplier Quality - Lead in Food Safety while delivering world class product design and cost structure

A comprehensive approach to managing supplier quality

Policy/Contract Requirements

- Quality Policy
- WW Supplier Quality Expectations (SQE)
- Supplier HACCP Manual
- Material Specifications

Continuous Improvement

- Supplier QI Program
- Supplier Quality Partnerships
- Supplier Development
- Supplier Forums
- Industry Benchmarking

Selection/Approval

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



- WW Quality Audit Program
- Materials Monitoring Program
- COA Verification
- Supplier Performance Monitoring
- Certificate of Conformance (COC)

Monitoring

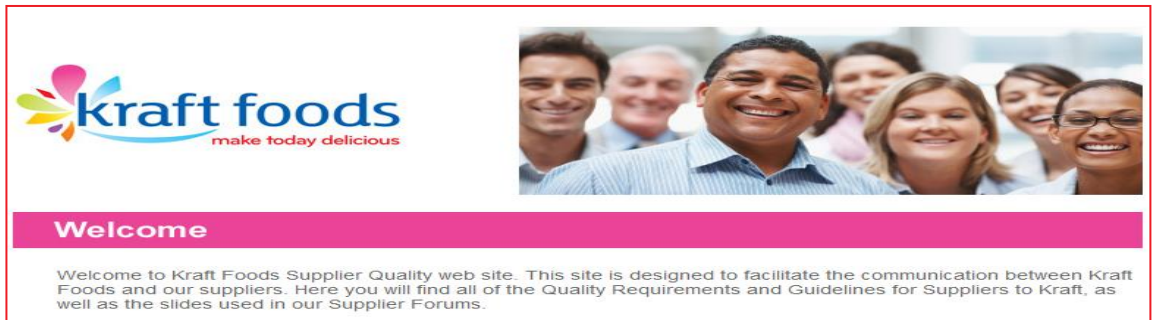
Kraft Foods Supplier Quality Web Site

The Kraft Foods Supplier Quality web site is designed to facilitate the communication between Kraft Foods and our suppliers.

Here you will find all of the Quality Requirements and Guidelines for Suppliers to Kraft Foods, as well as the slides used in our Supplier Forums.

The web site includes:

- Supplier Quality and Food Safety Contractual Requirements
- Supplier Forum presentations
- Quality Support Material
- Contact email address
- eLearning modules



Browser Address: <http://brands.kraftfoods.com/kraftsupplier/>

Kraft Foods Supplier Quality Web Site eLearning

- Producing safe, consistent quality product is key to maintaining the trust and confidence of our customers and consumers
- eLearning modules intended to build awareness of Food Safety and Quality programs and practices
- Kraft Foods is providing the eLearning modules as a free, accessible (web-based) tool for our Suppliers in order to provide basic Quality and Food Safety training opportunities
- 12 modules covering: Cleaning & Sanitation, Allergen Control, Microbiological Hazard Control, GMPs, HACCP, Hold & Release Requirements, Design Safety Analysis, Internal Auditing, and Religious Food Law



Supplier Approval and Audit Process



Supplier approval

- Contract requirements on quality and food safety
 - Raw material specifications and CoA requirements
 - Global Supplier Quality Expectations
 - Supplier HACCP Manual
- Food safety and quality audit requirements
 - All suppliers must be approved before a factory can produce with ingredients or packaging from that supplier
 - Approval is based on the supplier facility having passed an audit
 - The supplier site is approved, not the supplier.
 - Traders must disclose the Manufacturing location
 - The type of audit be accepted is based on risk analysis of the material
 - Auditors include Kraft Foods employees or third party agencies
 - Suppliers must demonstrate proper knowledge and control of food safety

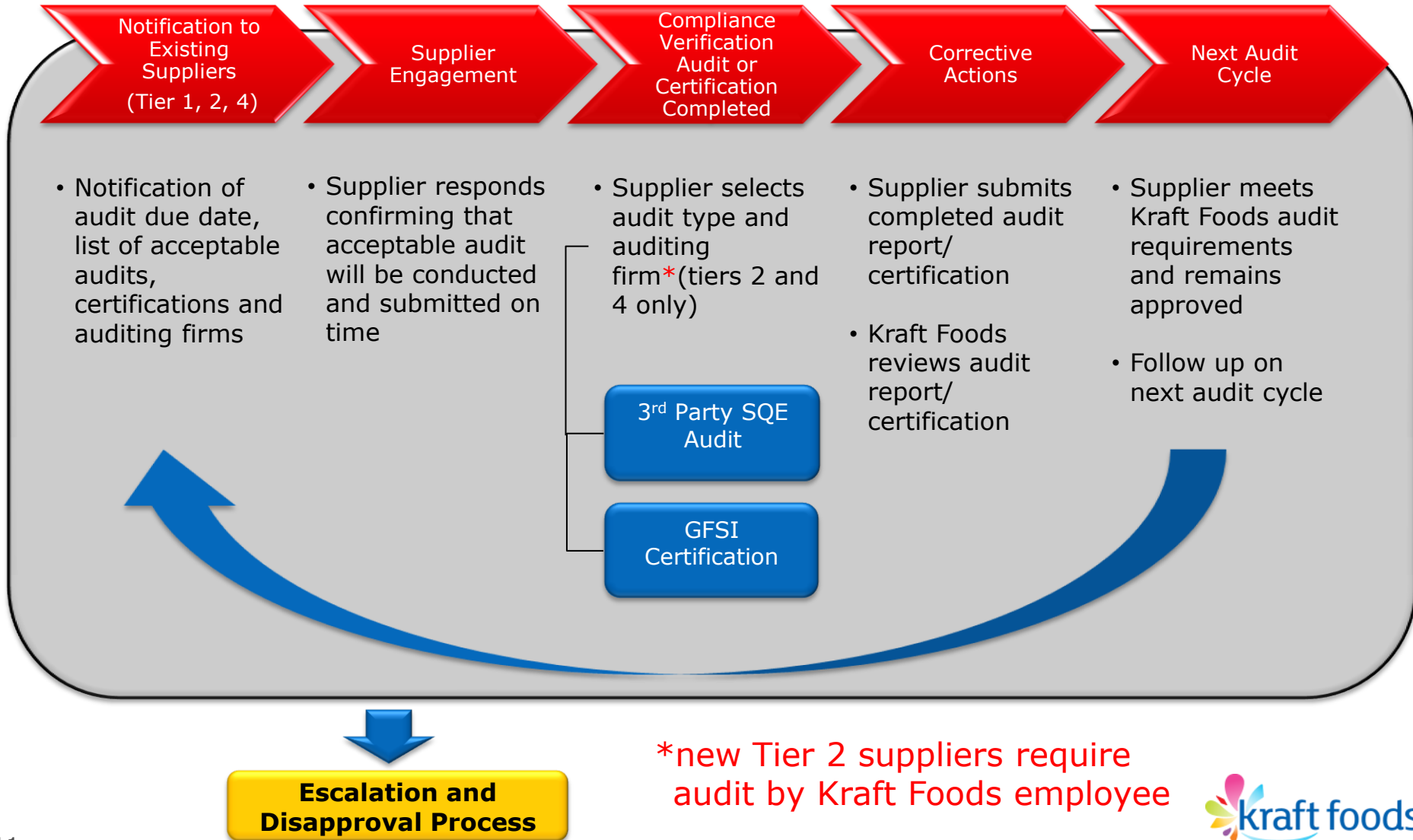


Supplier approval

- The audit may include review of records, processes, controls, equipment and facilities but is not extended to financial, sales or pricing data
- Kraft will bear its own internal costs and the Supplier will bear all other audit costs (including those of the third-party auditors)
- Kraft has a tiered approach for their suppliers. The Tier is based on the nature of the raw material (physical, chemical and microbiological risks)
 - The tier impacts who will perform the audit (first approval and re-approval) or whether certification is accepted
- All new tier 2 ingredient supplier locations have to pass a Kraft audit
 - Pass means no failures (“does not meet”) for the following items
 - Plant structure; physical separation of raw areas from processing areas
 - Pathogen environmental monitoring
 - Pest Management
 - HACCP; plan in place for all processes and meets Kraft CCP model requirements
 - Traceability
 - Hold and Release

The Quality Audit Process

- existing suppliers



SQE – Quality System Controls

A case for GFSI certification

- There is only one truly internationally recognized global food safety platform for the management of quality systems in food plants
- That is GFSI (Global Food Safety Initiative) approved certifications
 - Launched in 2000
 - 400 members in 150 countries
- Mission: Continuous improvement in FSMS to ensure confidence in the delivery of safe food products to consumers
- Objective: Convergence between food safety standards
- BRC, IFS, SQF, Dutch HACCP, FSSC22000 all recognized
 - check www.mygfsi.com for correct versions!
- FSSC22000 preferred for Kraft Foods Internal plants
 - The scheme owner is an independent, not for profit foundation
 - System based vs. checklist like other schemes
 - Is consistent in structure with Kraft QCMS/HACCP management systems
 - Major customers and peer companies support

Food Safety Assessment Process

- Food Safety Assessment process:
 - Contact suppliers and send letter
 - Perform the FS Assessment visit
 - Send report to the supplier
- Scope of the Food Safety Assessment:
 - A technical visit does not cover all the Quality Programs a supplier needs to have as per the SQE, but focuses on key Food Safety programs
 - Zoning (adequate separation between raw and RTE)
 - Pathogen Environmental Monitoring
 - HACCP
 - Validation of the kill step (CCP)
 - Supplier Quality Program
 - Environmental Monitoring (non-pathogen)
 - Sanitation indicators
 - Air Handling
 - Lab proficiency (if internal lab)

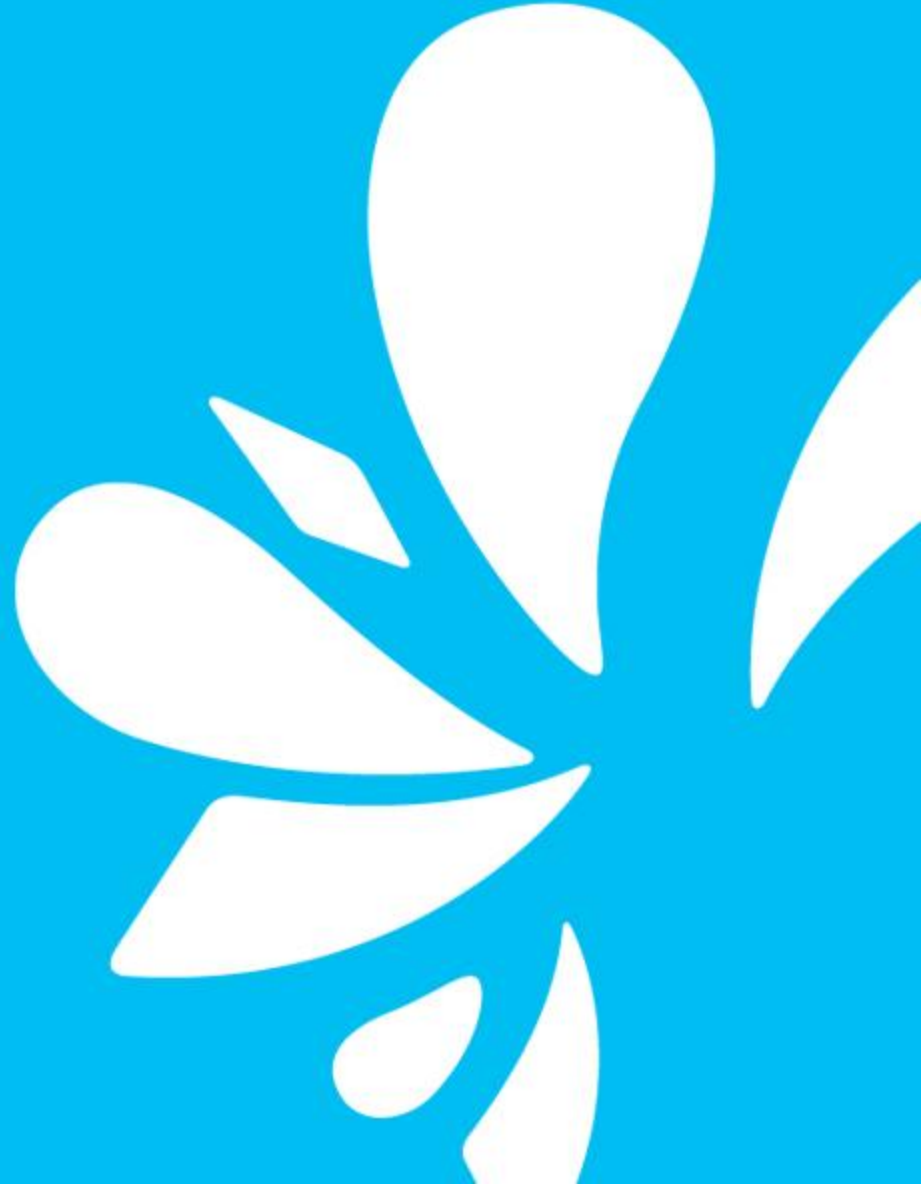
Supplier Disapprovals

- Several reasons why a supplier may be disapproved
 - Failed a scheduled audit OR Food Safety Assessment
 - Food safety issue e.g. not meeting time and temperature requirements, allergen management inadequate
 - Unacceptable result from raw material verification (pathogen or contaminant)
 - Refusal to participate in audit programme
 - Inactive – information from Buyer
- Once a supplier is disapproved they cannot continue to supply until the issue is resolved and the supplier is re-approved
- Inactive suppliers can be approved on request by following the supplier approval process

Overview of Supplier Quality Documentation

Supplier Quality Expectations

HACCP



Supplier Quality Expectations - Introduction

- Why we need the Supplier Expectations
 - The safety and quality of our products are of the highest importance to us, as are the trust and confidence of our customers and consumers. At Kraft Foods, we inspire trust by making safe food.
 - These manuals are intended to **clearly communicate** our **quality and food safety standards** to our suppliers
 - They contain a summary of Food Safety and Quality programs that, if executed well, will help to prevent product retrievals, consumer complaints, rework and plant downtime and **protect Kraft brands**

Supplier Quality documentation

- The Kraft Foods Supplier Quality Expectations apply to Ingredient, Commodity and Packaging suppliers.
- They do not apply to farm operations, the growing and harvesting of crops or the raising of animals.
- Brokers, Distributors and Traders
 - Only buy from Kraft approved manufacturing locations
 - Ensure the *Kraft Foods SQE Manual, Supplier HACCP Manual* and Kraft Foods Specifications are communicated to suppliers and **provide evidence of agreement to requirements by the supplier.**
 - The broker/distributor/trader has responsibility to ensure that supplier complies with those requirements.
 - The broker/distributor/trader **shall be required to notify Kraft Foods of any manufacturing location changes.**
 - New sites must be approved prior to use.
 - The broker/distributor/trader must demonstrate that traceability of materials to manufacturing location level is maintained.

Overview of documents

SQE (including packaging)
main information

SQE Resource Document
detailed information supplementing the base manual's requirements.

Supplier/EM HACCP Manual

Process Guidelines
Cocoa, Dairy, Nuts, Egg, etc.

Must be sent to the suppliers.

Suppliers will be audited against these requirements.

Technical resources that outline acceptable processing conditions.

Sent to the suppliers according to the recommendation from the Business

SQE – Introduction

Communication with Kraft Foods

- The Supplier must **immediately notify** Kraft Foods of occurrences which could affect the processing, food safety or quality of materials supplied to Kraft.
 - Inadvertent release from Hold of any material produced for Kraft.
 - Notification by law enforcement or other authority of a potential product security event.
 - Identification of an unlabeled allergen in material produced for Kraft.
 - Inability to deliver materials that meet Kraft Specifications.
 - Changes to suppliers processes and/or facilities that could have an impact on materials supplied to Kraft.
 - In the event of a positive pathogen result (in the lot or in similar products produced on the same line and/or direct contact surface swab), Kraft Foods Contracting Representative must be notified, even if the specific lot is not sent to Kraft Foods.

SQE – Quality System Controls (I)

- **Quality Management System and Documentation**
 - The Supplier shall develop, implement, verify and maintain an effective Quality Management System for the design, manufacture and delivery of safe, consistent and high quality products;
 - The Quality System shall:
 - Define basis for each food safety and quality requirement
 - Identify the personnel responsible
 - Review the Quality System on a regularly-scheduled basis to verify that it remains adequate to comply with all requirements

SQE – Quality System Controls (II)

- **Internal Audits:**

- The Supplier shall establish and maintain written procedures for conducting internal audits to implement, verify, and review their Quality System.
- The internal audit procedure shall ensure that each relevant function/area is periodically audited
- The audit procedures shall provide for follow-up audit activities to verify and record the implementation of corrective actions taken

- **Regulatory Inspections and Contacts:**

- Requires documented procedures and designated, trained personnel in place for the management of Food Regulatory Agency inspections and contacts
- In the event a regulatory agency samples material produced for Kraft Foods, Kraft Foods shall be immediately contacted

- **Testing Controls:**

- Testing and monitoring programs shall be based on official test methods or test methods that have been validated by Kraft Foods for their intended use
- Pathogen testing required for materials delivered to Kraft Foods shall only be performed by **laboratories that have been approved by Kraft Foods Corporate Microbiology***

*Approved laboratory list is available on the Kraft Foods Supplier Quality website



SQE – Quality System Controls

Food Defense

- Definition: Steps to safeguard the food supply against intentional acts (or the threat of an act), such as a mass contamination or product tampering.
- Site Food Defense Plans are designed to protect the supply chain from intentional contamination
- It is a requirement for suppliers in all regions to have a food defense plan which cover as a minimum the following:
 - Program administration
 - documented plan that explains the sites procedures and strategies
 - defined role & responsibilities
 - annual vulnerability self-assessment
 - Access control
 - Background screening checks on employee candidates (subject to local law)
 - Shipping and Receiving
 - Procedures to monitor and verify the integrity of incoming and outgoing shipments

SQE – Facility Environment Controls

GMP, Training, Employee Illness, Plant Structure

- **Good Manufacturing Practices**
 - All personnel entering the Supplier facility (plant personnel, visitors and outside contractors) shall comply with GMP requirements.
- **Personnel Training**
 - The Supplier shall ensure that all employees receive appropriate training for their job functions
- **Employee Illness and Communicable disease**
 - The Supplier shall establish written instructions for the control of employee illness and communicable disease that may result in pathogen transmission by food.
 - No person shall be admitted into a GMP area if he or she carries, or has been exposed to, any potential source of a microbial or viral contamination.
- **Plant Structure**
 - The facility shall be of adequate design and construction to ensure production of safe and high quality materials.
 - For microbiologically sensitive ingredients, the plant structure shall provide adequate physical separation to prevent any cross contamination (e.g. raw and processed, allergen and non-allergen).

SQE – Facility Environment Controls

Utilities Management, Equipment Design & Maintenance

- **Utilities Management**

- The Supplier shall have implemented programs to ensure safe provision of Utility Services in food production areas. Utility Services include environmental air, compressed air, water and steam.

- **Equipment Design & Validation**

- The Supplier shall ensure that equipment design is adequate for the production of materials that meet food safety and quality parameters.
- Each new capital installation or modification to existing equipment design shall undergo a Sanitary Design Review by a cross-functional team (e.g. quality, sanitation, production, maintenance) in the design phase of the project.

- **Equipment Maintenance**

- The Supplier 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 that is up to date

SQE – Facility Environment Controls

Sanitation, pest Control

- **Sanitation**

- The supplier must have a written and comprehensive plant and equipment sanitation program in order to protect product safety and quality.
 - The program shall assure the maintenance of the physical, microbiological, and chemical cleanliness (including allergens) of food handling equipment.
 - The program must address controls for food contact and non-food contact utensils and measures must be in place to verify and monitor the effectiveness of the cleaning methods.
 - The Sanitation program shall specify microbiological limits per business or food category requirements (e.g., Total Aerobic Count, Yeast, Mold, Coliforms, Indicator Organisms).

- **Pest management**

- The Supplier shall have implemented a written pest management program to monitor and control pest activity in the facility and the surrounding area effectively. Including:
 - Documentation of pest activity, and analysis of records for trends in activity.
 - Measures to ensure prevent pesticides contaminating food products.

SQE – Facility Environment Controls

Zoning

- Zoning

- Zoning principles identify and differentiate processing areas within the facility where potential sources of microbial contamination exist and identify controls to minimize the risk.
- Zoning principles must be applied during the receipt, storage, processing and packaging of products.
 - The Supplier must conduct an assessment to determine whether it manufactures or handles microbiologically sensitive materials. The Kraft Foods Biologically Sensitive Ingredient list can be found in Appendix B of the Supplier and External Manufacturer HACCP Manual.
 - The assessment should consider potential contamination source from pathogen and spoilage microorganisms.
- If the Supplier manufactures or handles microbiologically sensitive materials, the Supplier, in cooperation with Kraft Foods (if applicable), shall establish a written zoning program.

- **Pathogen Environmental Monitoring (PEM)**
 - Suppliers that manufacture or handle microbiologically sensitive materials for Kraft Foods must implement a program for pathogen environmental monitoring (PEM).
 - Routine sampling must take place at 3-4 hours after start-up.
 - Whenever product contact surfaces are tested for pathogens, affected product lots shall be placed on Hold pending the test results.
 - In the event of a pathogen positive result, Kraft Foods Contracting Representative must be notified, even if the specific lot is not sent to Kraft Foods.

SQE – Production Process Controls

Specification compliance, CoA, Material Monitoring

- **Specification compliance and contract review**
 - All materials supplied to Kraft Foods must have approved specifications
 - Suppliers must consistently deliver materials to meet these specifications
- **CoA requirements**
 - When a pathogen test is required, the COA from the approved laboratory must be supplied to Kraft Foods. The testing must be performed with the appropriate test method and sample size.
 - In the event of a positive pathogen result (in the lot or in similar products produced on the same line), Kraft Foods Contracting Representative must be notified even if the lot is not sent to Kraft Foods.
 - The Supplier shall notify the Kraft Foods receiving location if a lot is split between two or more Kraft Foods locations.
- **Material Monitoring Program**
 - Suppliers shall on request submit a pre-shipment sample for chemical analysis to a specified approved laboratory, at cost to Kraft Foods.

SQE – Production Process Controls

Traceability, Allergen & Extraneous Matter Management

- **Traceability**

- Relevant traceability information shall be made available to Kraft Foods within 4 hours (on request)
- Shall include assessment for bulk materials

- **Allergen Management**

- Global Food Allergen Category List and Regional Allergens
- Incorporated in HACCP plan
- Detailed requirements for control of allergens to avoid cross contact
 - Changeover and equipment cleaning
 - Rework handling



- **Extraneous Matter**

- The supplier shall have implemented a written program to prevent, detect and control extraneous matter .
 - Documented risk assessment to determine potential sources
 - Strategy to minimize with specific controls for glass and hard plastic

SQE – Production Process Controls

Rework, Label Control, Material Packaging

- **Rework Control**

- More detailed requirements about rework management
- Additional allergens not to be added via rework

- **Label Control**

- Procedures in place that to minimize mixed label batches and mixing together with other labels and packages.
- Special attention to packaging material changeover practices.

- **Material Packaging**

- All packaging in food contact with the delivered materials must have food-grade certificates and shall not be from recycled packaging.
- Packaging must not alter product organoleptic characteristics and shall not be source of foreign bodies.
 - Avoid use of staples or metal objects on packaging or on the pallet.
 - Plastic bags or liners in direct contact with materials must be of a different color from the material itself.

SQE – Incident Management

Hold & Release

- Hold & Release program shall include controls for:
 - Non-conforming raw materials
 - Raw materials pending testing
 - e.g. pathogen testing, Certificate of Analysis (CoA)
 - Packaging, labels
 - Finished product, work-in-progress and rework
- The Hold procedure shall address at least two levels of Holds:
 - Category I Hold; used when a non-conformity poses a potential food safety or a major regulatory or quality concern
 - Items segregated and daily inventory
 - Category II Hold; used when a non-conformity poses a potential minor regulatory or quality concern

Hazard Analysis Critical Control Points (HACCP)

- The Supplier's products shall be designed, produced, and distributed using HACCP principles to minimize food safety risks systematically.
- The Supplier shall have implemented a written HACCP plan for all materials produced for Kraft Foods.
- Each HACCP Plan and implementation shall be verified and validated on a regular basis.
- The performance objective of all Processes/technologies used to reduce target pathogenic organisms must be defined and validated.
 - Data demonstrating effective processing (capable processing) must be made available upon request.
 - For sensitive materials Kraft Foods will perform Food Safety Assessments to review pathogen reduction processes and validation data.
 - Must include on-going verification of effectiveness and be validated at a minimum frequency of every two years or validation when a major change occurs.
- Kraft Foods Processing Guidelines providing technical guidelines are available through your Kraft Foods Procurement contact (e.g. for cocoa beans, dairy products, tree nut and peanut products)

HACCP Manual Contents

- Pre-requisite Programs (PP)
- HACCP Analysis and Risk Assessment
 - 1) assemble the HACCP team, 2) describe the food and its distribution, 3) identify the intended use and consumers 4) construct a process flow diagram, 5) conduct an on-site verification of the flow diagram, and 6) conduct a hazard analysis.
- Standards for HACCP that may be managed as a CCP
 - Appendix “B” and “C” in the SQE provides guidance to the team as to the type of hazards that can and should be addressed in a HACCP plan. It also provides some general rules as to which hazards shall be managed by CCPs.
 - **Appendix B:** Kraft Foods Biologically Sensitive Ingredient Category List
 - **Appendix C:** Kraft Foods Food Allergen Category List
- HACCP Plan Documentation
 - Forms for required HACCP plan documentation and examples are provided in Appendix D. **The content of the forms is required; however, the format of the forms is optional.**
 - **Appendix D:** HACCP plan documentation forms and examples
 - **Appendix E:** Model Critical Control Points and Prerequisite Programs

HACCP Manual

- **Verification and Validation Process**
 - Process and equipment validation section
 - HACCP review checklist included
- **Allergen assessment part of HACCP plan**
 - Kraft Global Allergen Category List applicable to all countries
 - Regional Allergens and highlight on local requirements
 - e.g. mustard and celery do not have to be controlled outside EU /CEEMA
 - When allergens present on same line, controls must be in place to avoid undeclared allergens e.g. equipment cleaning, packaging changeover (CCP model for product changeover)
- **Section for Packaging suppliers**
 - Suppliers of product contact, labels and labelled packaging materials shall develop HACCP plans consistent with this standard
- **Appendices include model CCP's e.g. pasteurization, allergen and biological sensitive ingredient category lists**
 - describe critical limit, monitoring activity, corrective action and verification activity

Summary

- The safety and quality of our products are of the highest importance to us, as are the trust and confidence of our consumers and customers. At Kraft Foods, we inspire trust by making safe food.
- The Supplier Quality Expectations are intended to help Kraft Foods meet this objective by making our quality standards clear.
- These are a top line summary and it is necessary that the SQE, SQE Resource and HACCP should be read at the appropriate level in the supplier organization.
- Key Points:
 - Brokers, Distributors and Traders must ensure that all suppliers meet the Kraft Foods SQE requirements.
 - Strengthening of communication requirements between supplier and Kraft Foods
 - Positive pathogen result notification
 - COA requirements and “split lot” notification; approved laboratories for pathogens
 - Separate HACCP manual: content obligatory, format optional
 - Process guidelines for specific ingredients e.g. cocoa, nuts, milk and validation to reduce target pathogenic organisms
 - Zoning requirements
 - Pathogen environmental monitoring

Questions?



Visit the Kraft Foods Supplier Quality and Food Safety web site at:
<http://brands.kraftfoods.com/kraftsupplier/>

