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 confectionery and biscuit
- Sales in ~160 countries
- 25%+ of global revenue from emerging markets
- Over 70 $100MM+ brands
# Agenda

- **Introduction**  5 min
- **Overview Kraft Foods Quality Programs**  5 min
- **Contractual Relations and Information Exchange between Kraft Foods, Trader & Supplier**  15 min
- **Role & Responsibilities of the Broker/Distributor/Trader**  10 min
- **Kraft Foods Supplier Quality Expectations**  20 min  
  - Basic Requirements
  - Key programs
- **Summary**  5 min
- **Q&A**  30 min
The safety and quality of our products is of the highest importance

- **Consumer Protection & Trust**
  - Consumers *trust* Kraft
  - Trust begins with excellence in food safety and quality

- **Business Survival**
  - Our people and our brands are our important assets

- **Industry Responsibility**
  - Committed to food safety and quality across the food chain
  - Now more than ever
Integrated Quality Chain Management Focus on Preventative Systems

Applies to internal & external plants

**Design**
- Specifications
- HACCP
- Allergens
- Supplier QA
- Plant Design
- Plant Equipment
- Process Capability

**Procure**
- Supplier Quality Management
- SQM Policy
- Contracts
- Selection/Approval
- Monitoring
- Continuous Improvement

**Convert**
- Specifications
- HACCP
- Allergens
- Supplier QA
- PRPS
- Traceability
- Sanitation
- Pest Control
- Environment
- Compliant Reduction
- Process Control
- Process Capabilities

**Distribute**
- Traceability
- Sanitation
- Pest Control
- Environment
- Warehouse Controls

**Trade**
- Complaints
- Warehouse Control

**Consumer**
- Specification
- PCPS
- Allergens
- Consumer Response
- Complaint Handling
- Process Capabilities
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

Monitoring
- WW Quality Audit Program
- Materials Monitoring Program
- COA Verification
- Supplier Performance Monitoring
- Certificate of Conformance (COC)
All materials that are delivered to Kraft Foods must have been produced

1) at a Kraft Foods approved manufacturing site

and

2) according to Kraft Foods Specification
Contractual Relationships and Information Exchange between Kraft Foods, Trader & Supplier
Key Principle: Sourcing from approved supplier ONLY

- Kraft General Terms & Conditions
  - obligation to meet quality requirements
  - right for Kraft to audit facilities of suppliers

- Trader’s Terms & Conditions
  - approved

- Producing Site B
  - approved

- Producing Site A
  - approved

- Producing Site C
  - not approved

- Producing Site D
  - not approved

- Approved
- Not Approved
Trader is contractually liable for default of supplier

- obligation to meet quality requirements
- right for Kraft to audit facilities of suppliers

Supply of defective products

DAMAGES

Trader is liable

KRAFTR

TRADER

SUPPLIER A
Direct flow of information regarding quality between Kraft and Supplier

**KRAFT**
- Kraft General Terms & Conditions
  - obligation to meet quality requirements
  - right for Kraft to audit facilities of suppliers

**TRADER**
- Trader’s Terms & Conditions
  - obligation of Supplier continuously and timely inform Kraft directly about quality issues

**SUPPLIER A**

Direct continuous and timely flow of information

MITIGATING LOSS
General terms & conditions of purchase as basis for a successful e-bidding
Principle:
Kraft’s terms apply to supply of goods

Any deviation to this principle can only be valid and binding upon Kraft Foods if agreed and acknowledged by Kraft in writing with signature.
Application of principle to e-bidding process

**INFORM**
- **KRAFT** general terms and conditions for the e-bidding process
- **KRAFT** general terms and conditions for the supply of goods (accessible on a website to which each Purchase Order is linked)

**ACCEPT**
- Acceptation of Kraft general terms and conditions is a **pre requisite**
- You can word **material issues** but too many issues raised may lead to disqualification and need to be clarified before participation

**PARTICIPATE**
- All supply of goods deriving from successful e-bidding
- Are subject to Kraft general terms and conditions for the supply of goods as accepted under step 2
Roles & Responsibilities of the Trader/Broker/Distributor
Roles & Responsibilities

• The Broker/Distributor/Trader must ensure that any materials delivered to Kraft Foods are produced in a Manufacturing site approved by Kraft Foods.

• Brokers, Distributors and Traders must ensure all Kraft Foods Supplier Quality Documents are communicated to all their suppliers supplying to Kraft Foods and provide evidence of the communication to Kraft Foods.

• The Broker/Distributor/Trader must ensure all necessary documents are provided to Kraft Foods. For example;
  – Testing of product shipped is done in accordance to KF requirements (parameters, sample size, testing labs etc.)
  – Kraft factories are receiving the CoA as per requirements

• The Broker/Distributor/Trader is required to notify Kraft Foods Contract Representative of any manufacturing location changes. New sites must be approved by Kraft Foods prior to use.

• The Broker/Distributor/Trader is required to notify the Kraft Foods Contract Representative if he handles the unpacked (i.e. “naked”) material himself, e.g. re-filling from a larger/bulk into a smaller pack.
Which are the Supplier Quality 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.*

**Kraft Foods Specification**
*(Raw Material, Packaging material)*

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**SQE**: Supplier Quality Expectations  
**HACCP**: Hazard Analysis and Critical Control Points
SQE Confirmation

Trader/Broker to sign and send back to Kraft Foods

SQE REPLY
(applicable for suppliers and broker/traders/distributors)

Please confirm the download of the Kraft Foods Supplier Quality Expectations (SQE) Manual, SQE Resource Supplement and Supplier HACCP Manual by completing this page and sending it back to

Kraft Foods Europe Procurement GmbH, Postfach 107840, 28078 Bremen
attn. Ursula Thiel.

Alternatively you can submit it by fax (+49-421-599-83610) or email as pdf attachment to UThiel@kraftfoods.com.

You may also contact Ursula in case you are not able to download the files from the website http://www.kraftbrands.com/kraftsupplier/ to receive a copy via email.

We confirm that we have received the Kraft Foods Supplier Quality Expectations (SQE) and related documents

Parent company: ___________________________ Date: ____________
(Supplier legal entity)

Supplier Plant(s) name(s) / location(s) supplying to Kraft and/or former Cadbury plants:

________________________________________

________________________________________

kraft foods
Evidence of communication to production plant

**Trader/Broker to get signature from each production site**
**Completed form to be sent back to Kraft Foods (uthiel@kraftfoods.com)**

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**Quality Manuals Distribution Control Sheet**
(applicable for broker/traders/distributors)

**Process to be followed:**
- Trader/Distributor/Broker send this sheet to each manufacturing location incl. SQE documents/and or download link
- Manufacturing location acknowledge receipt if SQE documents by signing this sheet
- Manufacturer sends this sheet back to trader/broker/distributor
- Trader/Broker/Distributor sends sheet back to Kraft Foods, attn.: Ursula Thiel; uthiel@kraftfoods.com

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**Name:**
Trader/Distributor/Broker: __________________________________________
Name of the contact: __________________________________________

**Supplier sites where the raw material is produced (complete address):**
- Site 1 __________________________________________
- Site 6 __________________________________________
- Others __________________________________________

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**To be filled in by the supplier (Site/Manufacturing location):**

I confirm that we received the Kraft Foods SQE, SQE Resource and HACCP Manual. We are aware that we have to ensure that our own food safety and quality systems meet Kraft Foods expectations described in these manuals.

**Name:** ____________________________ Date: ____________________________
**Position:** __________________________
**Signature:** __________________________
Supplier Approval

- Kraft audit requirements
  - Approval is based on the specific supplier facility having passed an audit
    - The supplier’s **manufacturing site** is approved, not the supplier in general.
    - Traders must disclose the Manufacturing location
  - The type of audit that can be accepted is based on risk analysis of the material (Tier Rating)
    - Kraft audit mandatory for some materials
  - **The Tier determines:**
    - who will perform the audit (Kraft or 3rd party),
    - the types of audits & certificates which are accepted for both initial approval of the site and for ongoing audits,
    - the audit frequency.
    - Kraft only accept the certificates recognized by GFSI (link www.mygfsi.com)

*Food Safety Assessment: According to the supplier tier, it may be required to perform a Food Safety Assessment at the suppliers (on top of the Quality Audits). They are performed by our Microbiology group, who will determine the adequate frequency.*
<table>
<thead>
<tr>
<th>Tier</th>
<th>Ingredient Categories (List is not all inclusive - refer to the Raw Material Tier Assignment list for details)</th>
<th>Qualification Process (new)</th>
<th>Accepted Audits &amp; Certifications (ongoing)</th>
<th>Target Freq. (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>RTE Meats, Cheeses, RTE Raw Fruits/Vegetables</td>
<td>Kraft Audit</td>
<td>Kraft Audit</td>
<td>1.5</td>
</tr>
<tr>
<td>2</td>
<td>RTE Nuts/Seeds/Coconut, Retorted &amp; Aseptic Products (Low Acid Canned Foods), Cocoa/Chocolate/Confectionary, Treated Herbs/Spices/Seasoning; Tea &amp; Tea Products; Egg &amp; Egg Products; Dairy Products &amp; Substitutes; Yeast; Enzymes</td>
<td>Kraft Audit</td>
<td>1Certifications or 3rd Party SQE + Supplier Food Safety Assessment (frequency determined by Food Safety Group)</td>
<td>2</td>
</tr>
<tr>
<td>2 / 4</td>
<td>Fruit &amp; Fruit Products, Vegetable &amp; Vegetable Products, Flavoring Ingredients (material assigned to tier 2 or 4 - refer to the Raw Material Tier Assignment list for details)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>4 Grain &amp; Grain Products, Emulsifiers; Prepared Sauces/Spreads/Condiments, Coffee &amp;Coffee Products, Bread &amp; Bakery Products; Sugars &amp; Sweeteners; Starter Media/Culture; Fats &amp; Oils; Food Additives; 3Raw Meat &amp; Raw Meat Products, Food Chemicals Hydrocolloids &amp; Gums, Wafers; Untreated Herbs/Spices/Seasoning; 2Direct Contact Packaging Material Labeled and Unlabeled, Non-Contact Packaging Material Labeled; Chemical-Distillation,Crystallization,Extraction</td>
<td>3rd Party SQE or 1Certifications</td>
<td>3rd Party SQE or 1Certifications</td>
<td>3</td>
</tr>
<tr>
<td>5</td>
<td>Raw Milk &amp; Cream, Nationally Branded Confections; Green Coffee Beans; Compressed Gases; Raw Grains; Raw Nuts/Seeds/Coconut; Raw earthen materials (e.g., unprocessed materials mined from the earth); Alcoholic Substances (Spirits, Liquors)</td>
<td>Audits may be required as result of a risk assessment by BU or Plant using the material</td>
<td></td>
<td>NA</td>
</tr>
</tbody>
</table>
1. Certifications include GFSI, i.e. (SQF 2000 Level 2 or 3, BRC version 5, IFS version 5, FSSC22000)

   **Not Accepted:**
   a) ISO22000 audits without PAS220;
   b) GMA-SAFE dated after December 31, 2011;
   c) Dutch HACCP issued after January 1, 2012;
   d) ISO22000 + PAS220 after January 1, 2012

   *Note: ISO22000+PAS220 is acceptable only if the supplier has their FSSC22000 audit scheduled during the next cycle*

2. Primary Packaging (BRC/IoP Global Packaging Standard; ISO 22000:2005 Food safety management systems; SQE Packaging Requirements (SQE Manual); SQF Packaging Standard; EN 15593 Management of hygiene in the production of packaging for foodstuffs)

3. NSF Cook & Thurber and Silliker audits accepted only for raw meat & raw meat products until further notice

4. Flour mills - AIB accepted for only until further notice; SQE or GFSI in Asia Pacific

5. Where local regulatory considerations make a higher tier rating necessary, this must be documented in local procedures, and notification sent to auditing, a lower tier rating cannot be applied.

6. Chemical Audit - Preference = Supplier achieves GFSI certification; Kraft Food Chemical audit is least preferred option but the materials should meet the chemical questionnaire requirements, “typically materials derived from distilled and/or extraction processes.”, and permission by KFE-CEEMA Section Manager Auditing

7. Pharma Audit - Audits performed by approved 3rd party Pharmacy auditors and companies, Certification by internationally recognized governmental agencies
Kraft Foods Audit/Inspection requirements

Why GFSI Certification?

• There is only one true internationally recognized certification for food plants Food Safety Management Systems

• 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

• SQF 2000 Level 2 or 3, BRC version 5, IFS version 5, 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 (Wal-Mart, Safeway, Unilever, Nestle, Danone, Coca Cola)
Audit process flow

Audit target list:
- Assign tier rating
- Finalise target list

Schedule audits:
- Send out communication
- Confirm audit date

Carry out audit:
- Supplier approved
- Escalation for disapproved suppliers

Details:
- Tier 1 & 2 suppliers require Kraft SQE audit
- Tier 4 suppliers GFSI certification or 3rd party SQE audit
- Procurement and Auditing team review plan
- Auditing send mail to suppliers to schedule
- Audit completed /certification confirmed
- Broker/Distributor/Trader work with supplier to resolve issue or stop sourcing
On-boarding process for new Supplier

B/D/T notifies Kraft Foods Contract Representative of potential new supplier

Kraft checks status of supplier

B/D/T sends Quality documents to supplier

Approved?

Yes

Tier 1 or 2

Audit is performed

Tier 4

Does the supplier have any of the following certifications: SQF 2000 Level 2 or 3, BRC version 5, IFS version 5, FSSC22000

No

Corrective actions may include follow-up audit

Approved?

No

Yes

Yes

No

Supplier in Approved Supplier list

Supplier in Disapproved Supplier list

Tier 5

Kraft performs risk assessment

No Audit is required

c.a. Applied?

Yes

No

Kraft checks status of supplier

Yes

No
On-going audit process for Suppliers

Re-approval of Supplier Required

Kraft Foods Audit team notifies Supplier that audit necessary

Kraft Foods Audit team notifies B/D/T that audit necessary

B/D/T sends Quality documents to supplier

Tier 1

Audit is performed

No

Approved?

No

Corrective actions may include follow-up audit

Yes

Supplier in Approved Supplier list

Tier 2, 4

Does the supplier have any of the following certifications: SQF 2000 Level 2 or 3, BRC version 5, IFS version 5, FSSC22000

Yes

No Audit is required

No

Tier 5

Kraft performs risk assessment

Yes

Supplier in Disapproved Supplier list

c.a. Applied?

Yes

Supplier in Approved Supplier list

No
Supplier Disapproval

- Kraft Foods will notify the Broker/Distributor/Trader if one of their suppliers is no longer approved for supply to Kraft.

- The Broker/Distributor/Trader must immediately stop supplying to Kraft Foods from the disapproved Supplier.
Kraft Foods
Supplier Quality Expectations (SQE)
The Supplier Quality Expectations are intended to help Kraft Foods meet this objective by making our quality standards clear.

These expectations have been developed by Kraft Foods after a review of product defects, quality audits of manufacturing sites and a study of product retrievals throughout the food industry.

This review led Kraft Foods to identify which programs, if executed well, would have helped to prevent product retrievals, consumer complaints, rework and plant downtime.

Scope

- Ingredient, Commodity and Packaging Suppliers
- Brokers, Distributors and Traders
SQE: Basic Requirements
• The Supplier Quality Expectations (SQE) has six main chapters:
  – Introduction
  – Quality System Control
  – Facility Environment Controls
  – Production Process Controls
  – Incident Management
  – Packaging Requirements

• Each of these chapters contains a series of programs that the supplier must have in place.
  – In order to make sure that the food is safe to consumption, the supplier has to be aligned with the 34 quality programs that are outlined on the SQE.
  – All the programs are universal programs that are also required by other food quality certifications (BRC, IFS, FSSC 22000, etc.). For some of the programs, Kraft may request additionally specific requirements due to the nature of the product and/or to assure the protection of our brands.
• **Introduction**
  - Confidentiality
  - **Notifying Kraft foods of significant events**

• **Quality System Control:**
  Contains 8 programs related to the management of the quality system
  - Quality Management System
  - **Kraft Foods Audit requirements**
  - Internal Audits
  - **Regulatory Contacts**
  - **Food Defense**
  - Laboratory requirements
  - Calibration of equipment
  - Corrective and preventive Actions
• **Facility Environment Controls**

  Contains 10 programs that are required in order to avoid contamination of the product by the personnel, environment or the equipment.

  – Good Manufacturing Practices (GMP)
  – Personnel training
  – Employee illness and Communicable disease
  – Plant Structure
  – Utilities Management
  – Equipment design & Validation
  – Equipment Maintenance
  – Sanitation
  – Pest Management
  – Zoning
  – Pathogen Environmental Monitoring
• **Production Process Controls:**

Contains 12 programs related to the controls during the whole production cycle: from the supplier base, incoming raw materials, controls during production, packing, storing and transportation of the final product.

- Specification Compliance and Contract review
- Hazard Analysis and Critical Control Points (HACCP)
- Incoming Material: Supplier Quality Management
- Incoming Materials; inspection and Testing
- Traceability
- Allergen Management
- Extraneous Matter
- Rework
- Label Control
- Weigh Control
- Material Packaging
- Storage and Transportation
• **Incident Management**
  This chapter contains 3 programs related to the processes that must be in place to deal with non-conforming products, e.g. products that are not in accordance to the specification.

  - **Hold & Release**
  - Product retrieval
  - Control and disposition of Non-Conforming Products

• **Packaging**
  This is a specific chapter for Packaging Suppliers.
  We recommend packaging suppliers to start reading the SQE by this chapter.
  The supplier can find on this chapter specific requirements for packaging suppliers and is also a clear description of the other programs that are applicable for the packaging suppliers.
SQE: Key Programs
The Broker/Distributor/Trader is requested to notify Kraft Foods immediately in some situations, e.g.:

- Inability to deliver materials that meet Kraft Foods Specifications
- A positive pathogen result (in the lot or in similar products produced on the same line and/or direct contact surface swab), even if the specific lot is not sent to Kraft Foods.
- Systematic product quality defect or process control deviation which could lead to a voluntary or involuntary recall or withdrawal of a Kraft Foods finished product.
- Discovery of potentially defective or adulterated ingredients or packaging materials associated with product in distribution.
- Inadvertent release from Hold of any material produced for Kraft Foods.

Continued on next page
Notifying Kraft Foods of Significant Events (cont.)

Continued from previous page

- Event that leads the Supplier to suspect that a non-conformance exists in product already shipped to Kraft Foods.
- Product tampering or threat of tampering.
- Event or substance that could threaten product security.
- Notification by law enforcement or other authority of a potential product security event.
- Identification of an unlabeled allergen in material produced for Kraft Foods.

- Non-routine regulatory agency investigations, testing, sampling, reporting, or other contact or action with the potential to affect material produced for Kraft Foods. Kraft Foods does not need to be notified of routine inspections, unless the inspection reveals that material produced for Kraft Foods may not be in compliance with applicable law.
Kraft Foods Audit/Inspection Requirements

• All facilities producing materials for Kraft Foods must be approved by Kraft Foods

• The Supplier must allow Kraft Foods quality auditors or their representatives to enter and audit/inspect at reasonable times any establishment storing or supplying for Kraft Foods

• The audit/inspection may include review of records, processes, controls, equipment, and facilities. The audit/inspection shall not be extended to financial data, sales data, pricing data or personnel data

• Audit findings must be deemed acceptable by Kraft Foods to become or remain an approved Supplier
Regulatory Inspection and Contacts

- Requires documented procedures and designated, trained personnel in place for the management of Food Regulatory Agency inspections and contacts

- Duplicate samples must be taken by the supplier of any products for Kraft Foods that were sampled by a regulatory agency and the specific lot(s) sampled must be placed on hold.

- In the event a regulatory agency samples material produced for Kraft Foods, Kraft Foods shall be immediately contacted.
**Definition:** Steps to safeguard the food supply against intentional acts (or the threat of an act), such as a mass contamination or product tampering.

- Designed to protect the supply chain from intentional contamination.
- Four basic requirements
  - Program administration (documented plan, defined role & responsibilities, annual vulnerability assessment)
  - Access control
  - Background screening (subject to local law)
  - Shipping and Receiving (monitor and verify the integrity of incoming and outgoing shipments)
- Mandatory for all Regions
• All materials supplied to Kraft Foods must meet Kraft Foods specifications.

• The Broker/Distributor/Trader must supply the latest version of the specification to supplier and record acknowledgment of receipt.

• Suppliers must notify Kraft Foods if a material that does not meet specifications is advertently shipped to Kraft Foods.

• Where Certificates of Analysis (COA) are part of the Specification requirements or have been separately requested by the Kraft Foods receiving plant, these must be provided to Kraft Foods prior to acceptance of the material at Kraft Foods locations.

• The Supplier shall notify the Kraft Foods receiving location if a lot is split between two or more Kraft Foods locations.
HACCP (Hazard Analysis Critical Control Point)

- HACCP is a risk-based, preventative food safety program. HACCP is a requirement for all quality systems in the food industry.
- HACCP programs primarily address three categories of Food Safety Hazards:
  - Biological (microbiological pathogens)
  - Chemical (allergens, additives, cleaners, sanitizers, pesticides, etc.)
  - Physical (sharp, hard objects like metal, glass, hard plastic, etc.)

The Kraft Foods’ Supplier HACCP Manual was developed to assist suppliers in understanding Kraft Foods HACCP requirements and to assist in the development of sound HACCP programs.
Recent events reported

Natco recalls ground cumin
Wednesday 21 December 2011

Natco Foods is recalling certain batches of its ground cumin because some are contaminated with salmonella. The affected batches have a ‘best before’ date of September 2013 or October 2013. If you have bought the product don’t use it. The Agency has issued a Product Recall Information Notice.

Morrison’s recalls one batch of its whole nut milk chocolate
Monday 27 February 2012

Morrison’s is recalling its own-brand Whole Nut Milk Chocolate, with a ‘best before’ date of 16 June 2012, as it may be contaminated with small pieces of metal. If you’ve bought the chocolate, do not eat it. The Agency has issued a Product Recall Information Notice.
Key Points

- 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.

- The Supplier must validate their process in order to guarantee that it achieves the objectives against the pathogen microorganisms (e.g. Is the pasteurization effective? Is the roaster process effective? Does it always kill the microorganisms that could cause harm?). The validation report will be reviewed by Kraft Auditors/Microbiologist and must be available before the audit (when requested). If the Supplier has questions on how to perform this validation, please contact your quality support.
Allergen Management

• All allergens present in the product must be declared on the Kraft Foods label. The supplier has to assure that no undeclared allergen is present on the product.

• Undeclared allergens may be present through cross contamination in the production plant (e.g. poor cleaning on the line).

• Effective systems shall be in place to prevent cross contamination between allergen containing products and other products/handled on site.

Examples of Allergens

Milk, Eggs, Wheat, Fish, Peanuts, Sesame seeds, Soybean, and Tree nuts (Almonds, Brazil Nut, Cashew, Hazelnut, Macadamia Nut, Pine Nuts, Pistachio, Pecan, Walnut)
Traceability

• The Supplier shall have implemented a written program for product traceability, assuring that package and pallet, lot codes, and date information are accurate and consistent across similar businesses and products.

• Traceability requirements apply to all finished products and all components used to produce products, including ingredients, in-process products, rework, primary packaging materials, and/or process intermediated being shipped to Kraft Foods.

• If requested, such as in the event of a product recall or other product-related issue, the Supplier must provide the relevant traceability information to Kraft Foods within 4 hours.

• Mock recalls shall be conducted at least once a year to validate the effectiveness of the traceability program.
• Suppliers must have effective controls in place to prevent the inadvertent movement of defective products or ingredients.

• The Supplier shall have a written Hold and Release control program that clearly establishes roles and responsibilities for effective implementation. The program shall include controls for:
  – non-conforming raw materials,
  – materials pending testing, packaging and labels, semi-finished product (work-in-progress), rework and finished product.
Summary – Compulsory for Traders, Distributors and Brokers

- The Broker/Distributor/Trader must ensure that any materials delivered to Kraft Foods are produced in a Manufacturing site approved by Kraft Foods and according to approved Kraft Foods Specifications.

- Brokers, Distributors and Traders must ensure all Kraft Foods Supplier Quality Documents are communicated to all their suppliers supplying to Kraft Foods and provide evidence of the communication to Kraft Foods.

- The Broker/Distributor/Trader is required to notify Kraft Foods Contract Representative of any manufacturing location changes. New sites must be approved by Kraft Foods prior to use.

- The Kraft Foods supplier approval process is ongoing. At regular defined intervals supplier must be reapproved by Kraft Foods.

- Kraft Foods will notify the Broker/Distributor/Trader if one of their suppliers is no longer approved for supply to Kraft and The Broker/Distributor/Trader must immediate stop supplying to Kraft Foods from the disapproved Supplier.

- The Broker/Distributor/Trader should work with their suppliers to ensure that they, the Broker/Distributor/Trader, are able to meet their contractual obligations to Kraft Foods.

- Goods for Kraft shall be stored and handled at the Brokers/Distributors/Traders warehouses under sanitary conditions (GWP = Good Warehousing Practices shall be applied).
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://www.kraftbrands.com/kraftsupplier/
• 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.
Visit the Kraft Foods Supplier Quality and Food Safety web site at:
http://www.kraftbrands.com/kraftsupplier/