Mondelēz International approach to Supplier Management in South Africa

Phillip Nieuwoudt
Agenda

1. Mondelēz International Quality Organization/Roles and Responsibilities

2. Policy / Contract requirements
   • Quality Policy / SQE / HACCP / Material Specifications

3. Auditing Structure and relationship with GFSI Audits
   • Audit Structure / Tiers / GFSI certification for RM suppliers

4. Monitoring
   • Supplier Performance Evaluation and Quality Notifications
   • Material Monitoring Program (MMP)

5. Conclusion
MONDELEŽ INTERNATIONAL QUALITY ORGANIZATION

ROLES AND RESPONSIBILITIES
Roles and Responsibilities

Global Procurement Quality
- Shared services
- Reporting to Global Quality Director
- Linked to Global Procurement LT
- More focus on global strategic PQ topics

EEMEA Regional Supply Quality
- Regional services
- Reporting to EEMEA Quality Director
- Linked to EEMEA - DM/EM Proc LT
- Assuring strategic alignment between EEMEA Q and Proc
- Linked to Global PQ
- Lead of SQ Community of Practice

EEMEA Quality Area Responsible
- Local services- Regional quality embedded role
- Reporting to EEMEA Quality Area Leads
- Linked to EEMEA Regional SQ, Plants and buyers
- Focus on sub-region needs - supplier development & maintenance - supplier issue resolution
- AIM is to be engaged in SQ Community of Practice

Strategic & executional alignment
Supply Quality & Consumer Relevant Quality Organization

Camelia Serban
Manager Supply Quality & CRQ

Consumer Relevant Quality x2

Iga Gojniczek
Supply Quality

Janusz Malinowski
Supply Quality

Grain/Flour & Grain Products,
Egg & Egg Products,
Sugar & Sweeteners,
Herbs,
Spices & Seasonings,
Fats & Oils, Flavors,
Food Additives, Enzymes
Supplier Quality Performance

Cocoa & Chocolate,
Dairy & Dairy Products, Nut,
Seeds, Coconut, Vegetables,
Fruit & Fruit Products,
Starch & Glucose, Yeasts.
MMP
Suppliers to External Manufacturers
Southern, West, Central Africa Quality Organization Structure

Manager Quality SWC Africa

Senior Leader Supplier Quality WA

Quality Leader WA

Senior Leader BU QA SA + CR

CR Team SA (4)

Senior Leader Quality SA

Regional Microbiologist

** Reports Directly to Anett Winkler

** Regional Microbiologist

Prathna Ramchandra

South Central Africa ISC

Philip Nieuwoudt

Martin Vowles

West Africa ISC
Supplier Quality Management

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

Selection/Approval
- Risk Assessments
- Supplier Pre-Assessment
- Quality Audit Approval
- Approval of material

Monitoring
- Continuous Quality Audit Program
- Supplier Food Safety Assessments
- COA Verification
- Materials Monitoring Program
- Supplier Performance Monitoring
Mondelēz International Supplier Quality Web Site

• The Mondelēz International Supplier Quality web site is designed to facilitate the communication between Mondelēz International and our suppliers. Here you will find all of the Quality Requirements and Guidelines for Suppliers to Mondelēz International, 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 materials
  – Food Safety and Quality Training

Welcome

Welcome to Mondelēz International Supplier Quality web site. This site is designed to facilitate the communication between Mondelēz International and our suppliers. Here you will find all of the Quality Requirements and Guidelines for Suppliers to Mondelēz International, as well as the slides used in our Supplier Forums.
Supplier Quality Web Site

Welcome

Welcome to Mondelez International Supplier Quality web site. This site is designed to facilitate the communication between Mondelez International and our suppliers. Here you will find all of the Quality Requirements and Guidelines for Suppliers to Mondelez International, as well as the slides used in our Supplier Forums.
Supplier Quality Web Site

Supplier Quality and Food Safety Contractual Requirements

Supplier Quality Expectations:
Mondelez International will start to audit against this new version on January 1st 2014 (according to the Audit Matrix). New requirements are listed on the last page of the document.

Supplier Quality Expectation: New Version!

Hazard Analysis & Critical Control Point:

- Supplier HACCP Manual
- HACCP tracker May 2010
- HACCP Manual Chinese version
- HACCP Manual Spanish version
- HACCP Manual Portuguese version
- HACCP Manual Russian version

Addendum
This Addendum includes corrections and/or updated of the following documents: SQE Manual, SQE Resource Document, Supplier and External Manufacturer HACCP Manual. The Version below contains updated on: Ionization requirements, “Mondelēz International Sensitive Ingredient Category List” and PFG letters for NA.

Addendum

Mondelēz International Global Warehousing, Handling, Storage, Re-packing and Transportation Quality Expectations:

Supplier Quality Web Site

Supplier Forums

The slides in these presentations are an extract from the Mondelez International Supplier Quality and Food Safety forums held in 2009 and 2010. They may be updated periodically and are subject to change without notice. The information in these slides is intended to aid in supplier understanding of the dialogue and reviews communicated in the Forums and are not inclusive of all of Mondelez International requirements. Please contact us if you have any questions or need further clarification.

Material Monitoring Program and COA
Packaging Expectations
Supplier Quality Expectations and Supplier Approval
SQE for Traders – EUROPE- May 2012

GKIT
GKIT forum EU and CEEMA regions NOV2011
Allergen Management - EUROPE and CEEMA - December 2011
Feb 2012 Forum for NA Region
Supplier Quality Web Site

Quality Support Material

Supplier Audit Matrix:

[Link to Audit Matrix]

Food Defense Supplier Guidelines:

[Link to Food Defense Supplier Guidelines]
[Link to Food Defense Supplier Guidelines Spanish]
[Link to Food Defense Supplier Guidelines Portuguese]

Mondelēz International List of Approved External Pathogen Laboratories:
Note: You may use your internal pathogen lab only if it has been specifically approved by Mondelēz International Corporate Microbiology.

[Link to Mondelēz International Approved Pathogen Labs]

Continuing Pure Food Guarantee Letter:
Note: Applicable only for NA suppliers (U.S. and Canada)

[Link to Continuing Pure Food Guaranty]
Supplier Quality Web Site

Food Safety & Quality Training

The following training material is intended to build awareness of Food Safety and Quality programs and practices. Producing safe, consistent quality product is key to maintaining the trust and confidence of our customers and consumers. For the complete set of quality requirements, please refer to the Supplier Quality and Food Safety Contractual Agreements section.

Training Program Features:

- Access training anytime
- Complete most courses in 25 minutes, or less
- Practice learning’s through activities and quizzes

Click a course title for details about the course.

Cleaning & Sanitation
Controlling Allergens During Product Development
Controlling Microbiological Hazards
Controlling Unlabelled Allergens
GMPs: Employee Practices
HACCP Basic Awareness

Introduction to Design Safety Analysis
Hold & Release Requirements for Materials and Products
Introduction to Internal Auditing
Religious Food Law
7 Steps of Dry Sanitation
7 Steps of Wet Sanitation

Mondelez International
Policy / Contract requirements
Quality Policy / SQE / HACCP / Material Specifications

Mondelēz International Quality Policies - Related to auditing and approval of suppliers

• Auditing Procedure
• Audit Request Procedure

Supplier Quality Expectation (SQE) Manuals

• SQE Manual

Hazard Analysis & Critical Control Point (HACCP) Manuals

• HACCP Manual
Quality Policy / SQE / HACCP / Material Specifications

Processing Expectations

• Beef Raw Materials Sourcing Policy
• Cocoa Beans
• Dairy Products
• Egg Products
• Genetically Modified Organisms (GMO)
• Irradiation
• Juice Products
• Tree Nut & Peanut Products
• Vinegar Processing
Supplier Quality Expectations - Introduction

Why do 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 Mondelez International we inspire trust by making safe food.

• The Supplier Quality Expectations and Supplier / External Manufacturer HACCP 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 Mondelez International brands.
Supplier Quality Expectations - Introduction

• The Mondelēz International 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 Mondelēz International approved manufacturing locations
  • Ensure the Mondelēz International SQE Manual, Supplier HACCP Manual and Mondelēz International 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 Mondelēz International 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.
Update of our SQE - what’s new in this version?

- From 2 documents (81 pages) to 1 document of 47 pages!

- Easier to see what has changed:
  - Blue line on the left side of each new requirement and
  - Revision log containing a summary of all new requirements (at the end of the document)

- We do not have to repeat what is industry standard:
  Reference to ISO/TS2002-1 standard on 6 sections

- Plan to distribute the document to our suppliers (and get their agreement) using the Hiperos system (a web based portal solution).
Roll out

• Documents available in English on the supplier web site http://www.mdlzsupplierquality.com/

• Documents also distributed via the Hiperos system
  – Each supplier receives an email with a password, ID, and the Hiperos link
  – Supplier must log in using the link
  – Supplier is able to download the SQE in pdf format
  – Supplier has to agree to implement the document in all his manufacturing facilities supplying Mondelēz International
  – Questions from the supplier on the SQE content can be handled using the system

• Why Hiperos?
  – System in place (currently in use) and is used by Procurement COE for a variety of projects.
  – Most of supplier database already registered on the system
Content

• **Chapters make reference to ISO/TS22002-1**
  – Good Manufacturing Practices (GMP)
  – Equipment maintenance
  – Plant Structure
  – Incoming materials
  – Extraneous matter
  – Rework

• **Alignment with internal documents (e.g. policy, QP)**
  – Document Retention time
  – Certificate of Analysis (COA) requirements
  – Hold I and II definitions and examples
  – Communicable disease (water outbreak)
  – Utilities (water, air, and steam requirements)
  – Sanitary Design (plant structure & sanitary design)
  – Pest Management (rodenticides)
Content

- Additional (detailed information) on:
  - Audit requirements
  - GMO requirements
  - Sanitation (wet cleaning, ATP measurements)
  - HACCP (validation of the kill step)
  - Extraneous matter (other devices apart from metal detectors)
  - Packaging suppliers (Doc, mixed packaging material, migration)
Content NEW requirements

- Brokers/traders are responsible for the manufacturing facilities where they buy from
- Suppliers are responsible for kill step validation
- Zoning and Pathogen Environmental Monitoring (PEM) scope
- Critical Control Point (CCP) calibration frequency (at least 1x year)
- Destruction of Mondelez International branded labeled package
- Corrective & Preventive Actions closure
- Others
  - Food Defense now accepts PA 96
  - GKIT and SAR
  - Pure Food Guarantee letters (US)
  - Corporate Responsibility
Update of our SQE - what’s new on this version?

CHAPTER 3 – MG AUDIT REQUIREMENTS

3.1 General audit requirements

All facilities producing ingredients for MG must be approved by MG ...

The frequency and type of approval audit required by MG is dependent on the type of material supplied and may include the following:

- Third Party auditing supplier on behalf of MG (3rd Party SQE), or
- MG employee SQE audit, or
- Recognized industry standard (GFSI certification).

The Mondelēz Global Audit Matrix details the audit frequencies. For the most updated version of this Matrix, please go to www.mdlzsupplierquality.com. Separate audits are required for each manufacturing site producing material for MG.

The MG audit/inspection shall extend to all areas, including all pertinent production and storage areas deemed necessary to evaluate whether the material produced for MG meets our requirements and specifications. The audit/inspection may include, but is not limited to, equipment, finished and unfinished materials, containers, labeling, records, processes, and controls. Auditors checking compliance to the MG SQE requirements will not audit or inspect financial data, sales data (other than that directly related to MG), or pricing data. Auditors will not inspect personnel data, other than data relating to qualifications or training of technical and professional personnel performing functions pertinent to the audit.
### Categories and Audit Matrix

<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>³rd Party SQE or ¹Certifications</td>
<td>³rd Party SQE or ¹Certifications</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>⁴Grain &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; ⁶Chemical-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); Liquid Whey and Liquid Milk (Bulk Only)</td>
<td>Audits may be required as result of a risk assessment by BU or Plant using the material</td>
<td>NA</td>
<td></td>
</tr>
</tbody>
</table>

1. Certifications include GFSI (SQF 2000 Level 2 or 3, BRC version 5, IFS version 5, FSSC22000)
2. 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
3. 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)
4. NSF Cook & Thurber and Silliker audits accepted only for raw meat & raw meat products until further notice
5. Flour mills - AIB accepted for only until further notice; SQE or GFSI in Asia Pacific
6. 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.
7. 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
8. Pharma Audit - Audits performed by approved 3rd party Pharmacy auditors and companies, Certification by internationally recognized governmental agencies

---

11-May-2012


**Update of our SQE - what’s new on this version?**

**CHAPTER 3 – MG AUDIT REQUIREMENTS**

3.2 Global Food Safety Initiative (GFSI) Certification

Industry accepted certifications are now part of MG supplier Audit Matrix approval requirements.

MG’s aim is to have all its raw material suppliers GFSI certified as defined in supplier Audit Matrix. Suppliers will receive further communication from MG about GFSI certification requirements. A current list of GFSI accepted certifications for ingredients can be obtained at [www.mygfsi.com](http://www.mygfsi.com). The certification scheme and scope shall be appropriate, e.g. must include all manufacturing areas relevant for ingredients supplied to MG.

For T2 suppliers Supplier Safety Asessements in addition to GFSI will be carried on.

The supplier shall share with MG the current complete GFSI audit report and a valid certificate in order to become or continue as an approved supplier. The supplier shall also provide an updated audit report and certificate at certification renewal. The supplier shall notify MG representative in the event that the certificate is surrendered or withdrawn by the certification body.
Objective of the Supplier Food Safety Assessment:

Provide proactive means of identifying and controlling microbiological and food safety risks across existing suppliers to Mondelēz International by:

- Verifying that Key Food Safety and Microbiological programs:
  - Are in Place
  - and Are Validated

- Make sure validation is reviewed after significant changes in product profile, process or equipment

Programs assessed are:

- HACCP and the validation of microbiological control points
- Hygienic Zoning & Pathogen Environmental Monitoring
- Utilities Management
- Non-pathogen monitoring (verification of Sanitation Effectiveness)
- Supply Chain Quality Management
6.3 Employee Illness and Communicable Disease

Added requirement where waterborne and foodborne outbreaks related to city/municipal poor infrastructures (or other specific conditions in a region) may require preventative measures to be put into place.

For example if there are repeated outbreaks of Hepatitis A due to poor water distribution system in a municipality.

Requirements are:

- Conduct a risk assessment (as part of the HACCP) to determine the likelihood of an outbreak
- If the risk is likely to occur, preventative measures shall be considered

Examples of preventive measures:

- Increased employee training on symptoms and actions to take
- Additional water purification at the manufacturing location
- Employee vaccination
6.4 Utilities Management

Clarified requirements with examples related to your finished products (our raw materials), including:

- Addition of a chart for environmental air filters
- Addition of a table on air filtration requirement based on types of raw materials
- Addition of a table for raw materials requiring monitoring of the microbiological quality of environmental air, acceptable limits, and trending of the results

Compressed air requirements aligned with air requirements with ISO 8573 (air filter types and monitoring activities)

Added explanation about Water requirements

- Clarified the water testing requirements (from the municipality and from different lines at the manufacturing location)
- Risk assessment to determine if disinfection is required
- Monitoring of chlorine or other disinfectant, where applicable
- Control of extraneous matter

Added the requirement for the production of culinary steam
6.9 Hygienic Zoning

Clarified the intent of the Hygienic Zoning program and list of excluded sites:

- Prevention of product contamination from the environment
- The importance of Hygienic Zoning programs will vary based on the product type and design of the manufacturing process and process flow. The evaluation shall consider both potential pathogen and spoilage contamination.
- This requirement does NOT apply to the following Suppliers: Raw earthen materials (e.g. unprocessed materials mined from the earth); Sugar; Oils and Fats (except Dairy and Cocoa); Food Additives; Raw Meat and Raw Meat Products; and Food Chemicals.
6.10 Pathogen Environmental Monitoring (PEM)

Clarified the intent and requirements of the Hygienic Zoning program:

- The program shall verify that the controls put in place during the Hygienic Zoning assessment are effective at preventing potential cross-contamination between different Hygienic Zones.
- The rigor of the plant program depends on the product and process risk evaluation, and the likelihood of pathogen(s) to survive or grow in the material during storage and distribution.
- Added a table which specifies the PEM zones, organisms, and minimum test frequency for each type of product. Minimum mandatory test frequency is monthly, with recommended rotation on a weekly basis.
- Added a table to specify the acceptable limits results for indicator organisms.
- Clarified requirement for testing laboratories.

Added a list for excluded raw materials.
7.4.1 Validation of the Microbiology CCP

Clarified requirements for the validation of microbial reduction steps where they are a Critical Control Points (CCP):

• As part of the HACCP implementation and validation, the performance objective of all processes/technologies used to eliminate target pathogenic organisms must be defined and validated.

• Validation includes the scientific basis or technical information justifying the processing parameters (e.g., time and temperature to achieve the number of log reduction), and the data demonstrating that the process is capable of meeting those parameters.

• The validation study must be available to MG. The validation is part of the overall audit process and it must be complete as minimum requirement for approval.

• Microbiological CCP must be re-validated at a minimum frequency of every two years or when a major change occurs.
Update of our SQE - what’s new on this version?
CHAPTER 8 – Measurement, Analysis and Improvement

8.2 Testing Controls: Laboratory Requirements

For product testing, refer to the List of Mondelēz International Approved laboratories at www.mdlzsupplierquality.com.

Clarified / added requirements to be met when samples from a Pathogen Environmental Monitoring Program may be analysed at the supplier’s pathogen laboratory:

- The laboratory has demonstrated the ability to provide accurate and valid results using officially approved methodologies for environmental testing (e.g., AOAC/BAM, AFNOR, ISO)

- Relative air pressure of the pathogen laboratory shall be kept negative to the adjacent rooms by appropriate air velocities through openings. A differential pressure control system shall be in place to ensure pressure differentials will not drop below 2.5 Pa

- The air in microbiology laboratories shall be filtered by a F8 (MERV 14-15) filter. Laminar flow cabinet is also an acceptable solution if the air cannot be filtered.
# Update of our SQE - what’s new in this version?

<table>
<thead>
<tr>
<th></th>
<th>INTRODUCTION</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>INTRODUCTION</strong></td>
<td>Added reference to other quality documents; Added email for enquiries; Added additional explanation for brokers about MG approved manufacturing locations.</td>
</tr>
<tr>
<td>2.1</td>
<td>General Audit Requirements</td>
<td>Additional information on Audit Matrix, Supplier Tier classification, different types/acceptance of audits (GFSI, SFSA, Packaging and chemical audits).</td>
</tr>
<tr>
<td>3</td>
<td>Quality Systems controls</td>
<td><strong>Modified the number of years required for records retention</strong>; Additional information regarding GMO requirements; Additional information regarding “Irradiation policy”.</td>
</tr>
<tr>
<td>5.1</td>
<td>Notifying Mondelez Global of significant events</td>
<td>Updated requirement on Notifying Mondelez Global in case of pathogen positive environmental sample.</td>
</tr>
<tr>
<td>6.3</td>
<td>Employee Illness and Communicable Disease</td>
<td>Additional requirement on <strong>risk assessment related to possible pathogen outbreaks from water</strong></td>
</tr>
<tr>
<td>6.4</td>
<td>Utilities Management</td>
<td>Additional explanation about water requirements (e.g. examples of corrective actions, disinfection details, municipal water requirements), air requirements (air filter types and monitoring activities) and steam requirements (e.g. piping and filters).</td>
</tr>
<tr>
<td>6.5</td>
<td>Equipment Maintenance Controls</td>
<td>Reference to Standard ISO/TS22002-1</td>
</tr>
</tbody>
</table>
### Update of our SQE - what’s new in this version?

| 6.6 | Sanitary Design: Plant Structure & Equipment Design | Additional information about Plant Structure (separation, condensation) and reference to ISO/TS22002-1. Equipment Design section was updated with emphasis on cleanability, materials (no use of caulk), accessibility, self-draining, join attachments and ventilation. |
| 6.7 | Sanitation Programs | Included requirement related to cleaning place (not outside of the building), additional details on wet cleaning verification, and explanation on the usage of ATP testing. |
| 6.8 | Pest Management | Additional explanation about use of rodenticides. |
| 6.9 | Hygienic Zoning Programs | Scope of the program now also include some non-sensitive material. Included additional general explanation about the program, and examples of control measures. |
| 6.1 | Pathogen Environmental Monitoring | Scope of the program was expanded to some non-sensitive ingredients. Included additional general explanation about the program and table with reference sampling PEM plans. |
| 6.11 | Food Defense | Acceptance of PAS 96 as Food Defense certificate. |
| 7.1 | Specification Compliance and Contract Review | Updated requirements related to the content of the CoA. New requirement for completion of the GKIT, SAR and Pure food Guarantee letters. New chapter on Corporate Responsibility (highlighting PROGRESS). |
| 7.2 | Incoming Materials: Supplier Quality Management | Reference to Standard ISO/TS22002-1. New requirements about validation of the process used to eliminate pathogenic organisms when this step is not performed on the supplier’s facility. |
## Update of our SQE - what’s new in this version?

<table>
<thead>
<tr>
<th>Section</th>
<th>Topic</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.6</td>
<td>HACCP</td>
<td>Additional explanation about validation of the process step used to eliminate pathogenic organisms. <strong>Reinforce that the validation study is part of the overall approval process.</strong></td>
</tr>
<tr>
<td>7.7</td>
<td>Extraneous Matter</td>
<td>Additional explanation on other extraneous matter devices apart from metal detectors. Reference to Standard ISO/TS22002-1 for glass and hard plastic.</td>
</tr>
<tr>
<td>7.11</td>
<td>Calibration of Measurement and Monitoring Equipment</td>
<td>Modified frequency of calibration of CCP measure devices (from 6 months to 1 year). Additional explanation equipment that cannot be calibrated.</td>
</tr>
<tr>
<td>8.2</td>
<td>Testing Controls: Laboratory Requirements</td>
<td>The approved pathogen laboratories are available on the supplier web site. Additional explanation on laboratory air pressure difference and air filtration.</td>
</tr>
<tr>
<td>8.3</td>
<td>Rework</td>
<td>Reference to Standard ISO/TS22002-1.</td>
</tr>
<tr>
<td>8.4</td>
<td>Hold and Release</td>
<td><strong>New definition and examples for Hold I and Hold II.</strong></td>
</tr>
<tr>
<td>8.5</td>
<td>Control and Disposition of Non-Conforming Products</td>
<td>Additional explanation about destruction of product that contain MG brand name.</td>
</tr>
<tr>
<td>8.7</td>
<td>Corrective and Preventive Actions</td>
<td>Added specific instructions about closure of CP&amp;A related to MG.</td>
</tr>
<tr>
<td>9.1</td>
<td>PACKAGING REQUIREMENTS Introduction</td>
<td>Added instructions about DoC; Added requirement on specific requirement related to mixed packaging material; <strong>Added requirement on destruction of labeled packaging material.</strong></td>
</tr>
<tr>
<td>9.2</td>
<td>Transfer of constituents from a food contact material to food</td>
<td><strong>Added/update migration limits; Additional explanation on Odor and Taste transfer test; Additional explanation on potential GM materials.</strong></td>
</tr>
</tbody>
</table>
Audit Structure / Tiers / GFSI certification for RM suppliers
Supplier Annual Audit Plan – key steps

• Existing suppliers are reviewed on a periodic basis based or tier
• The Audit Team prepare an annual plan from the approved supplier database and get input from Procurement about the plan
  – Some suppliers may be inactive
  – Disapproved /inactive suppliers may want to be “re-activated”
  – New suppliers may be added
  – Supplier commercial contact details may have changed since the last audit
Supplier Annual Audit Plan – key steps

• Audit scheduling
  – The Auditing team contact the supplier about the approval process and copy Procurement and Supplier Quality on the communication to the supplier
  – In order to do this, the audit team need basic information (address of manufacturing site(s), contact details, specification of raw material). This is provided by Procurement

• Escalation process
  – Suppliers in the audit plan are escalated if there is insufficient information or the supplier does not respond to communication
  – Buyers are copied when the escalation list is issued – this is your opportunity to react before the supplier is disapproved

• Disapproval process
  – Manufacturing plants are informed that they can no longer receive material from this supplier

Source: Auditing team
Supplier Approval process

• Mondelēz International audit requirements
  – All suppliers must be approved before a factory can produce with ingredients or packaging from that supplier
  – Approval is based on the specific supplier facility having passed an audit or GFSI Certification depending on Tier
  • The supplier site is approved, not the supplier
  • Traders must disclose the Manufacturing location
  – The type of audit that can be accepted is based on risk analysis of the material
  – Mondelēz International audit mandatory for some materials
  – Packaging suppliers must receive documentation but only new primary packaging suppliers need an audit

Source: Auditing team
Raw Material Manufacturers

- Prospective suppliers / new approvals, GFSI recognized certification schemes, accepted by Mondelez International:
  - SQF2000 Levels 2 or 3
  - BRC versions 5 & 6
  - IFS versions 5 & 6
  - FSSC22000

All details about GFSI can be found at: www.mygfsi.com

- Existing suppliers / renewals of approval: No longer accepted:
  - ISO22000 audits without PAS220
  - ISO22000 + PAS220 approvals issued after January 1 2012 and without confirmed appointment for upgrade to FSSC22000 at next audit
  - GMA-SAFE approvals issued after December 31, 2011
  - Dutch HACCP issued after January 1 2012

Source: Auditing team
Packaging Manufacturers

Packaging containing ingredient or allergen declarations and intended as Primary Packaging

New suppliers of the above accepted on the basis of:

• BRC IoP Global Packaging Standard (GFSI approved)
• SQF Packaging Standard (GFSI approved)
• ISO22000: 2005
• EN 15593 Management of Hygiene in the production of packaging for foodstuffs
• Audit by Mondelēz- authorized auditors - HACCP & SQE Manuals

Source: Auditing team
Overview Of The Audit Process

Open and interactive process, between the auditor and the auditee, focusing on microbiological and food safety risks

- Measure the plant’s compliance to SQE Manual, Supplier HACCP Manual and specific Processing expectations e.g. Dairy, Cocoa Beans, etc..
- Use questions, observations, and discussions throughout the plant and the various departments to determine compliance to requirements.
- Documentation and data are reviewed and verified.
- Exit meeting performed at the end of the audit.
- Findings will be summarized and presented to the plant.
Audit Ratings Review

Approved – Satisfactory:
Effective controls and documentation are in place to assure the facility fully meets the requirements of the SQE.

Approved – Needs Refinement:
Sound controls and documentation are in place to assure compliance to the requirements of the SQE; however some minor deviations in the operation and/or documentation are present.

Approved – Needs Improvement:
Controls an documentation are in place to assure compliance to the requirements of the SQE, however significant deviations in the operation and/or documentation were present.

Not Approved/Dis-Approved:
Key system elements of checklist are missing, poorly designed, and/or poorly executed.

New suppliers need to have a minimum rating of Needs Refinement in order to sign a contract for purchasing.
### RATINGS FOR SUPPLIER APPROVAL

<table>
<thead>
<tr>
<th>RATINGS</th>
<th>SCORES</th>
</tr>
</thead>
<tbody>
<tr>
<td>SATISFACTORY</td>
<td>≥ 85%</td>
</tr>
<tr>
<td>NEEDS REFINEMENT</td>
<td>≥ 70% - &lt; 85%</td>
</tr>
<tr>
<td>NEEDS IMPROVEMENT</td>
<td>≥ 60% - &lt; 70%</td>
</tr>
<tr>
<td>NOT APPROVED / DISAPPROVED</td>
<td>&lt; 60%</td>
</tr>
</tbody>
</table>

The overall rating for "**NEW**" supplier facilities must be ≥70% to become approved. New supplier facilities must achieve a rating of **Approved - Needs Refinement or higher** in order to become approved.

The overall rating for "**EXISTING**" supplier facilities must be ≥60% to remain approved. Existing supplier facilities must achieve a rating of **Needs Improvement** or higher in order to remain approved.
GFSI certification Goals

• Achieving of GFSI certification for T2 & T4 RM suppliers
  • By December 31, 2014, all suppliers to Mondelez International must achieve GFSI certification.
  • At this stage Focus on Tier 2 & Tier 4 Raw Materials only
  • New Tier 2 still needs SQE audit
  • New Packaging suppliers have to have GFSI
Benefits of using GFSI: Win Win Win Win

**FOOD SYSTEM**
- Improved product integrity
- Safer global supply chain
- Better access to market
- Reduces duplication of audits & drives efficiency

**CONSUMER**
- Consumer confidence in goods & services
- Reduced food borne diseases
- Decreased product recalls

**GOVERNMENT**
- Improved public health
- Complement legislation
- Country reputation
Suppliers’ Guidelines

• To be a GFSI certified supplier: YOU CAN CHOOSE the scheme and the certification company (i.e. the accredited body that will certify your plant) that better suits your needs.
  – To reduce the number of man/hours attending customers’ audits: Ask your major customers which audit scheme would they accept in lieu of their own audit.

  – To make more from your budget: Investigate about audit costs, re-audit frequency and audit scope that would suit you better.

  – To choose your partner: Look for the accredited certification companies that are located in your country.

  – To get certified: Once you have chosen the certification company, the scheme you want to be certified, and the scope of certification, prepare the implementation plan.
Supplier Performance Evaluation and Quality Notifications
Supplier Performance Evaluation and Quality Notifications

Supplier Quality Performance tracking in place as of May 2013 and is based on 3 Key Performance Indicators for Quality and Service:

1. **Quality of deliveries**
   - % of material without quality issues
   - % of material rejected
   - Number of notifications

2. **Delivery on time**

3. **Quantity accuracy**

The issue resolution process allows the appropriate function with core expertise to resolve issues.
Supplier Performance Evaluation and Quality Notifications

Priority Types DETAILS

✓ Priority 1 = Food Safety or Regulatory impact.

Microbiological, chemical or physical contaminants, allergens

- An issue that could result in Human Safety or Regulatory impact
- Non-conformity to specification or required on food safety parameters (Microbiological, chemical or physical contaminants, allergens. Regulatory non compliance.

- Examples:
  - Pathogen positive results
  - Foreign matter e.g. metal, glass, wood
  - Pest issues e.g., Insect or Rodent activity
  - Undeclared allergens

- Requires Procurement Buyer and Regional Quality involvement for resolution
Supplier Performance Evaluation and Quality Notifications

Priority Types DETAILS

✓ Priority 2 = Non-Food Safety.

Functional/ organoleptic parameters, packaging integrity, etc.

A major issue or chronic/ repeat issues that could result in scheduling/ production changes where service levels are impacted.

- Non-conformity to specification or requirements with impact on process (functional/ organoleptic parameters, packaging integrity, etc.) without food safety risk. No resolution to chronic/repeat issues. No suppliers feedback on issues.

- Examples:
  - Chemical Parameters e.g. Protein, Fat, Salt contents, Lipase activity, Moisture,
  - Physical Parameters e.g. Particle Size, Density, Alveograph (flour),

- Requires Procurement Buyer involvement for resolution for items that could not be resolved by the Manufacturing Plant.
Supplier Performance Evaluation and Quality Notifications

Priority Types DETAILS

✓ Priority 3 = Minor documentation errors.

□ An issue that does not result in chronic scheduling / production changes that impact inventory and service levels

□ Non-conformity to specification or requirements with no impact on food-safety, process or product (quality of palletization, missing on-critical parameter in certificate, delivery conditions). Minor documentation errors.

□ Examples:
  ▪ Missing CoA
  ▪ Incorrect Palletising / Non compliance to FIFO
  ▪ Missing / Incomplete labels (identification)

□ Manufacturing plant personnel (Plant Quality and/or Plant Materials Management) drive resolution and will escalate to procurement buyer as appropriate.

□ Will be issued as an Non Conformity from the Plant for feedback. Notification to Procurement Buyer only, does not require Procurement Buyer involvement for resolution.
Material Monitoring Program (MMP)
Background

Why did Mondelez International start with the program?

• After melamine in dairy powders in China, governments recommended companies do random spot checks of raw materials in addition to testing (COA) from the suppliers.

• The Mondelez International board specifically requested we add this monitoring to our food safety surveillance as a way to detect contamination that may occur.

• According to Mondelez International The Mondelez International Code of Conduct:
  – Rule 1: Make food that is safe to eat.
Material Monitoring Program (MMP)

The global Material Monitoring Program (MMP) was implemented in 2009 as an overarching program to enhance the quality and the safety of our brands

- MMP provides confidence in the our raw material sourcing decisions
- The MMP let the external world know that we are actively screening raw materials for potential contaminants

Globally we have test results for over 2000 samples, and based on current testing schemes, we:

- Completed over 250 assessments for chemical results above our review thresholds
- Have not identified a food safety risk, neither known signs of intentional economically motivated adulteration
- Have completed benchmarking exercises with key suppliers

Over 98% of samples tested YTD meet our requirements

- Majority of remaining samples tested did not meet local regulatory requirements
Material Monitoring Program (MMP)

2013 MMP plan includes:

- Total: **68 samples** planned from 6 plants in EE and **10 plants** in MEA
- 2 Plants targeted in Southern Africa
  - Port Elizabeth (**6 samples**)
  - Matsapha Swaziland (**2 samples**)
- Internally managed by Mondelēz International Plant Quality / Replenishment / Procurement on planning deliveries and sampling
- Next round requests will go out soon to the Plants in our region and may include for example:
  - Full Cream Milk Powder
  - Whey Powder Lipase Free
  - Roasted Peanuts
  - Raisins
  - Wafer Flour
MMP Test Parameter Matrix

Test parameters are determined for each raw material category and may typically include:

- Mycotoxins
- Heavy Metals
- Pesticides
- Melamine
- Dioxin & PCB
- Veterinary Residues
- Authenticity
- Sulphites
- Ergot Alkaloids
MMP Review Limits / Testing Process

• Material will be evaluated against Mondelēz International selected Review Limits for each test parameter.

• Review Limits are base on:
  – Regulatory Limits
  – Internationally Recognized Standards (i.e. Codex)
  – Mondelēz International Specification
  – Mondelēz International or 3rd Party studies/recommendations

• Testing Process:
  – A single test is performed on the material for each of the identified parameters.
  – If a result exceeds Review Limit, the material is rechecked twice
Material Disposition Data Review Process

Mondelēz International Sampling:

• Test results released to Mondelēz International contacts.
• If the material “meets” all review limits, proceed with use of the test lot.
• If the material was sampled from a Mondelēz International facility and does not meet the specifications, does not comply with all applicable regulatory (federal, state, local) limits of the receiving location, or may not be considered safe for consumption based on the application of the material, disposition of the affected lot(s) will be determined by Mondelēz International.
• Material must remain on hold until disposition is provided by Data Review Team.
Conclusion
Supplier Quality Development

Supplier Quality team

- Support audit readiness and necessary quality enhancement at suppliers’
- Provide experience and specialized quality program knowledge
- Coordination of tasks that need to be done between local Quality, Procurement and Auditing team

Regional Quality involvement

- Assist with on site food safety problem solving where required
- On site assistance with interpretation of SQE, HACCP and specific processing requirements
- On site meetings with suppliers to establish their readiness for Mondelēz International SQE audits
- Coordinate assistance with SME’s
Benefits to Mondelez International

• An assurance that the food safety programmes at the suppliers are reviewed in depth, in place and adequate
• Timely identification of major food safety issues at the suppliers which would compromise safety of our products and therefore minimize the risk exposure of Mondelez International businesses
• Protection of our consumers and brands and assurance that Mondelez International procures from approved suppliers
• Proactive approach to minimize the business exposure and disruption at Mondelez International
• To ensure the supplier is participating in continuous improvement programs, and complying with Mondelez International requirements, which will build up trust in that supplier.
Benefits to Suppliers

• Maintain effective implementation of major food safety programs
• Recognised by Mondelēz International as reliable and safe suppliers
• Part of the supplier development program
  • Improvement opportunity for the suppliers in the implementation of major food safety programs
  • Access to training and advice on what would be required to meet Mondelēz International requirements to remain approved or gain approval for a new product
  • Opportunity for the supplier to meet with food safety experts from Mondelēz International to have an open discussions about requirements, questions, concerns etc. and get advice on interpretation of SQE manuals
Questions???
Thank you!