

# 2008

## CIES International Food Safety Conference Report

### Creating value from risk management

13<sup>th</sup> - 15<sup>th</sup> February 2008 - Amsterdam, The Netherlands

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Richard Lewis, Editor  
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#### Welcome address

Opening the conference, Fons Schmid welcomed a record 585 participants from 45 countries to Amsterdam. He said that the first meeting seven years ago had comprised “150 retailers fighting like cats and dogs”. But the conference had “grown to a must” and now offered a “unique knowledge and networking opportunity”, along with its associated collaborative GFSI mission and the active participation of “important suppliers”. Food is safer than ever before, Mr Schmid said, but we should not think that everything is settled. Recent problems with leafy greens and meat demonstrate that industry leaders still need to work together. Food must not only be safe, he added, but also sustainable. Mr Schmid argued that sustaining our food supply is part of keeping food safe and as such food safety must be “stretched into corporate social responsibility” programmes. Not only that, but when food safety was managed well it could lower cost throughout the business and add value to the balance sheet.



**Fons Schmid**, independent consultant and former Vice President Product Safety & Consumer Affairs, Royal Ahold, The Netherlands

## GFSI update

**R**oland Vaxelaire announced the appointment of Kevin Chen of China Resource Vanguard and Hugo Byrnes of Ahold to the GFSI board. He also announced two new strategic alliances – with the US National Restaurants Association (NRA) and with the Food Safety Programme run by the China Chain-store & Franchise Association (CCFA). The alliances would “increase the reach and inclusion of all influential stakeholders in food safety,” Mr Vaxelaire said. During 2007, benchmarking work on four key food safety schemes (BRC, IFS, Dutch HACCP and SQF) had reached a point of convergence, Mr Vaxelaire continued. All four schemes were now completely aligned with the requirements of GFSI Guidance Document Version 5. This meant increased confidence in the schemes and comparable audit results. Meanwhile, Metro, Ahold, Wal-Mart, Carrefour, Tesco, Delhaize, Migros and ICA had reached a common acceptance of the GFSI benchmarked standards, meaning the GFSI goal of “once certified, accepted everywhere” had become a reality. Regarding the international standard ISO 22000, a group

of manufacturers led by CIAA had developed a pre-requisite programme (PRP) to bridge the gap between ISO 22000 and the GFSI requirements. Once all outstanding points are addressed, the ISO 22000 and PRP package could submit to GFSI for benchmarking. Following a series of meetings prior to the conference with different Global Food Safety Initiative Stakeholders, Vaxelaire highlighted the following challenges for 2008 :

- Build on the foundation of common acceptance by 8 retailers by all stakeholders
- Auditor competence and training
- Auditing in Emerging Markets and protocols for small suppliers
- Food defence and bioterrorism
- Safer sourcing
- Build greater awareness of GFSI
- Greater consistency in food safety requirements in the vertical supply chain



**Roland Vaxelaire**, Quality, Responsibility and Risk Management Director, Carrefour, France

## Welcome to Amsterdam



*Dick Boer, Executive Vice President & COO Europe, President, Albert Heijn, The Netherlands*

**A**lthough food is now safer than 30 years ago, to the extent where CEOs consider food safety a given, there is no reason to be complacent, Dick Boer told the conference. "Customers want strawberries all year round so we have to chase the sun, sourcing from Africa, Asia and so on," Mr Boer said. Longer supply lines, more products from all over the world and easier import/export conditions brought increased risk. "You may know how to limit risk, you may be in control of most hazards, but you are not in control of the consumer. Consumers are not guided by science but by

their own expectations and fears," Mr Boer said. Consumer trust is built on more than managing food safety risks, he went on. "YouTube is a faster communications system than all newspapers and magazines. Consumers get their information faster than perhaps we can handle."

**Key takeaway:**

"Listen to the consumer! Understanding the consumer is what helps us move forward."

Thursday 14 February

## Food safety and the view from the executive suite

Introducing his video presentation, Kevin Coupe argued that food safety was “not one thing”, but an umbrella that encompassed a range of different risks. “No one thinks trans fats are a food safety issue, but they’ll kill you.” There was a “delicious irony,” he said, in that the more transparent companies became, the more consumers distrusted what they were told. Indeed, “the minute you communicate on food safety, you raise the spectre of ‘perhaps some food isn’t safe’”. Mr Coupe expanded the point made by Fons Schmid: “By talking about sustainability, the environment, organics and obesity, you can start to talk about food safety, because consumers are thinking about it with the same side of their brain.” Food safety is therefore the same as food credibility. The question is:



*Video presentation and soundbites from CEOs, presented by Kevin Coupe, Content Guy, Morningnewsbeat.com, USA*

### Have consumers already lost confidence in the food supply?

“I’d say they are more careful. They need to be reassured and it is up to us to give better proof.”

**José Luis Duran, CEO, Carrefour**

“In Western Europe I’d say consumers are much more confident about the food they eat. We’ve had our share of food scandals in the early part of 2000, but the way we and the governments reacted has improved the loyalty and trust of consumers. On the other hand, in the US, nobody really seemed to take notice six or seven years ago when the BSE and dioxin issues were taking place in Europe. I think everyone put their head in the sand in the US.”

**Pierre Olivier Beckers, President & CEO, Delhaize Group**

“I’d say consumers are much more aware today than they might have been ten or twenty years ago. They really understand the products and what the challenges are. We all deliver safer food today than ever before but the consumer has higher expectations than ever before.”

**Mike Duke, Vice Chairman, Wal-Mart**

“I think the situation in the US over the last year created some clear uncertainty with consumers. The situation with spinach was an important driver of uncertainty. Because it’s a fresh product and it’s something in a bag, it should be consumed without any issue.”

**Dick Boer, Executive Vice President and COO Europe, Ahold**

### How much transparency is appropriate?

“It’s not the quantity of information we put out there, it’s the simplicity of the information we provide. We don’t need to over-disclose things for the sake of being transparent. There’s a lot of noise: simplicity is the ultimate sophistication.”

**Bill McEwan, President & CEO, Sobeys**

“I think we can never be transparent enough. The only problem is when you put out too much information, nobody will read it.”

**Jean-Edouard Charret, Executive Deputy and Managing Director, Casino Group**

“The information that goes out to consumers should be relevant to consumers and should be honest. If you apply those two criteria, that can be a good guideline in terms of whether it’s information overload or underload.”

**Gunender Kapur, President & CEO, Reliance Industries**

## How do you create value around food safety programs?

"Food safety should be industry together, retailer and industry together. If you're using one single issue for narrow self advantage, what that does is it heightens illegitimately consumer concern and demeans the efforts we're all making."

**E. Neville Isdell, Chairman & CEO, The Coca-Cola Company**

"It's a small leap from safe to healthy and nutritious. Increasingly, consumers are far more interested in products that are healthy and nutritious, fresh, free from preservatives, all-natural. There is a real opportunity to create value and market to consumers."

**Michael D. White, CEO, PepsiCo International**

"I think this issue of trust and confidence is going to go beyond food safety. It's going to extend to corporate social responsibility and ethical sourcing. Not just people's notion of how safe is our product but how is it produced."

**Bill McEwan, President & CEO, Sobeys**

"Take country of origin labeling, for instance. There is a huge risk of mixing true food safety concerns

with what could very well be protectionist efforts. That's what we don't want to see."

**Pierre-Olivier Beckers, President & CEO, Delhaize Group**

"The reality is that, as food has gotten safer, as companies have become more socially responsible, our consumers are demanding even more from all of us. The bar keeps getting raised."

**E. Neville Isdell, Chairman & CEO, The Coca-Cola Company**

## What will be the next food safety issue?

"I hesitate to even say it, but what will happen when there is an incident of bioterrorism?"

**Bill McEwan, President & CEO, Sobeys**

"The pandemics. What starts in one part of the world can reach the rest of the world in less than three weeks. Manufacturers and retailers better start creating very concrete plans to deal with that."

**Pierre-Olivier Beckers, President & CEO, Delhaize Group**

\* please note: the complete video presentation can be posted to you on request

## Towards safer retailing: managing the increased risks in emerging markets

Xavier Houot gave an overview of the Indian food industry, which is worth over USD 200 billion, a figure expected to grow to USD 310 billion by 2015. Despite this growth, the organized retail sector accounts for just 4% of a highly fragmented market. The "world's largest democracy" is also the world's largest milk producer and a massive exporter of fruit and seafood, while processed food exports grew by 300% from 2002-2003 to 2006-2007. The sub-continent is the fourth largest exporter of food ingredients to the US from outside North America, after China, and yet India accounts for the most shipments refused at US borders. The FDA's 2006-2007 report shows 1,763 shipments from India of spices, seeds and shrimp worth USD1.2 billion, refused for salmonella. In addition to food quality, child labour is an issue in India, along with infant malnutrition. There have been selected corporate initiatives in India: Mr Houot gave the examples of development projects initiated by Nestlé, Bharti and Del Monte Foods. Into this context come three different regulatory ministries with multiple Acts and initiatives, mostly centred on the manufacturing process. There have been moves to unify and standardize food safety laws: the Food Safety and Standards Bill 2005 was drafted as an integrated food law.



Xavier Houot, Partner, Ernst & Young, India

### Key Takeaways:

- Scattered supply chains bring huge complexity and increased risk
- Brands suffer as the blame tends to get oversimplified
- How to ensure REACH-compliant or child labour-free products in such a scenario?
- Bring sourcing risk discussions to board level
- Annual holistic risk assessment is a must – be ready to adjust the model

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## Selling your brand in developing countries



Yves Rey, Group Quality Director, Danone, France

**H**ow to guarantee the safety of the low-income consumer? Danone acknowledges its main drivers are expansion into new geographical markets and the deployment of brands clearly positioned for health benefits. Business success and social responsibility are fused, Mr Rey said, to “bring health through food and beverages to as large a number of people as possible throughout their lives”. With this mission comes a challenge: “How can we bring products to a majority of people when a third or even half of the population live below the poverty line and when food safety practice is in its infancy?” In response to this question Danone in Bangladesh set up a joint venture with the Grameen Bank, headed by Nobel Prize Laureate Muhammad Yunus to build a local factory, in order to “do locally our job as a global manufacturer, giving to our local partners

an effective food safety training programme”. Food safety applications are monitored through the ISO 22000/PRP certification standard. To address nutrition issues in Bangladesh, Danone developed Shokti Doi, a vitamin-, iron- and iodine-fortified yoghurt, which sells door-to-door for the equivalent of 6 Euro cents.

### **In emerging markets, all major players must:**

- Cooperate and move forward in the equivalency process
- Stand together against food safety hazards
- Develop business that leads to safer food, people development and fair international trade

# Case studies

Creating Value...  
... through new technology

**R**ay Carroll described the challenge of ensuring product integrity and safety across diverse packaging requirements. As a manufacturer of tinned soup for more than 100 years, Campbell believes it has mastered conventional thermal processing using hydrostatic retorts. Retorted cans are a low-risk technology and products packaged this way have a virtually unlimited shelf-life. However, retail customers had begun to ask for more tasty and more wholesome products, with more novel or convenient packaging. Increasing the taste and nutritional content meant reducing the negative effects of the retort thermal process, Mr Carroll said, but the challenge was ensuring the stability and safety of the product and making sure the final package could withstand the shipping and handling the way a can could. By way of a solution, the company moved to aseptic packaging for some products. Aseptic packaging is a technique where liquid products are heated quickly at a temperature at which sterilisation can occur. The product is then cooled and placed into sterile containers, such as plastic bottles. As a case study, Mr Carroll described the process required for a soup with food particulates in an aseptic plastic bottle.

The new process required new HACCP procedures and new machines that could automatically reject defects, such as non vacuum-sealed bottles. Testing was rigorous and involved deliberate incubation of bacillus subtilis, a harmless pathogen which can resist high temperatures and penetrate microscopic openings. It is often used in labs to safely mimic the

behaviour of the more dangerous e. coli. Initially 100% of the product was incubated for b. subtilis, then 100 containers per run were destructively analysed, with continuous improvement until the required defect limit was achieved. Once this stage was attained the production could move to a lot-release shipping programme where one case per pallet was incubated. Once the defect level had been consistently met for six months, production could move to direct offline shipment.



Ray Carroll, Director, Process Safety, Campbell Soup Company, USA

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Case studies

### Creating Value... ... locally



Emily Shamma, Head of Local Sourcing, Tesco Stores Ltd, UK

terms of food safety certification and auditing. Some 38% of local suppliers fail their first audit with Tesco. But technical teams were set up locally to “mentor” and help these suppliers, both to reduce the costs of doing business with Tesco and to implement HACCP and GMP training. Eighteen months on and Tesco is so pleased with the response to its plan that it will now double the range of locally-sourced items in stocks, Ms Schamma announced. She could not over-emphasise the importance of food safety in this context. “Ultimately, we won’t have a local business if we don’t maintain our quality and

safety standards.

How Tesco implemented local sourcing:

Differential ranging had been on the Tesco radar for some time, Emily Shamma said, but full local sourcing – meaning the sourcing of products that are stocked only in certain regions of the UK, which exemplify and originate from that region – was long considered “too hard to do” and only took off 18 months ago, due to customer demand. Clubcard data, along with focus groups and other market research told Tesco that a third of customers (32%) thought it was very important to find local produce in the supermarket, while a “clear majority” was strongly in favour. There were three main drivers:

- Implied freshness (along with the perception of “food miles”)
- Perceived better quality of locally-produced food
- Support for local farmers

Having decided to “do Local”, Tesco realized that buyers should come from and operate in the regions they buy for. Also, distribution, merchandising, ordering and payment terms would all need to be significantly altered, along with the technical model, to accommodate Local. This created challenges, as the supermarket model is based on centralized buying and economies of scale. Many of the local producers were also very small business. This also presented new and specific challenges in

- Eight regional buying offices, with dedicated buying and marketing functions
- Flexible distribution model with regional consolidators: efficient yet accessible
- Local point of sale and “Meet the grower” events for customers
- Local technical teams, dedicated to mentoring small suppliers

# Panel discussion

## Straight Talk: US Retailers and the Food Safety Issue

### Straight Talk Soundbites:

**Cory Hedman:** The consumer has lost some confidence in the system. Social responsibility is the number one goal and food safety is wrapped into social responsibility.

**Tom Furphy:** You can't offer enough transparency. In the end the consumer will decide what's relevant. This said, full disclosure of audits could scare the heck out of consumers so we need to be careful.

**Michael Ambrosio:** Since [recent] e. coli [outbreaks], consumers are demanding more proof of safety. A label isn't the answer: they're relying on us to do better than the FDA. We need a standard for small suppliers.

**JP Suarez:** Country of origin labeling is a red herring: it doesn't tell you anything about safety and gives the consumer the false impression of information. You can have some fantastic quality food out of China and some lousy food out of Louisiana. In the end, the customer expects us to take responsibility, to be a line of defence to protect the consumer. They have a right to expect this.

**John Hanlin:** Consumers can't help but remember where they bought the product. Retailers must be the consumer's representative, not just an agent for brands. Retailers are the captains. We have a responsibility to help our suppliers become successful, but we're saying, 'This is the bar. We can and we will mandate.'



**JP Suarez**, SVP and Chief Compliance Officer, Wal-Mart Stores  
**Cory Hedman**, Food Safety and Quality Assurance Director, Hannaford  
**Tom Furphy**, VP Consumables & AmazonFresh, Amazon.com  
**Michael Ambrosio**, VP Food Safety and Quality Assurance, Wakefern Food  
**John Hanlin**, VP Food Safety, Supervalu  
Moderator: **Kevin Coupe**, Content Guy, Morningnewsbeat.com, USA

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**1** **Kevin Coupe**, Content Guy, *Morningnewsbeat.com*, USA; **Yoshiyuki Tanaka**, Group Leader, Major Account Group, Primary & Excess Casualty Dept., *AIU Insurance Company*, Japan; **Serban Teodoresco**, Managing Director, *Safekey Group*, *JohnsonDiversey*; **Lisbeth Kohls**, SVP Director of Consumer and Quality Affairs, *ICA AB*, Sweden, **Carlos Eduardo Alvarez Niño**, Store Service Procurement Director, *Soriana*, Mexico

### Key takeaways

- The value of brands can be worth much more than the total value of tangible assets of a company. Brands are one of the most important drivers in creating shareholders value
- A good business and brand strategy must include integrated risk management. Risk management, by reducing the discount rate of brands, increases the value of brands
- The number of product recalls has been increasing dramatically in Japan. Each part of the distribution chain, including retailer, is exposed to this

- Companies need to have a strategy to protect the brand when these problems arise. CPI (Food Recall Insurance) is one of the possible solutions  
We need to:
  - Promote a culture of 'rationality', avoiding excessive internal expenses while ensuring brand image, security, comfort and excellent customer service
  - Develop systems to measure the performance of different programs' accurately and efficiently on an ongoing basis



**2** **Carole Payne**, Food Director, *SAI Global/EFSIS*; **David Brackston**, Senior Technical Director, *BRC*, UK; **Cor Groenveld**, Global Product Manager Food Services, *Lloyds Register Quality Assurance*, The Netherlands; **Hans Beuger**, Programme Manager Food & Food Safety, *Dutch Food & Consumer Product Safety Authority*, The Netherlands, **Stephan Tromp**, IFS Director, *IFS*, Germany, **Professor Bernd Lindemann**, Department Geisenheim, *University of Wiesbaden*, Germany, **Paul Ryan**, Director SQF, *SQF Institute*, USA, **Kristian Moeller**, Director *Global G.A.P.*, Germany

### Key takeaways

- The initiative for private-public partnership with government bodies is a welcome step towards a risk-based approach for FRM enforcers. It is hoped this will become more international
- Collaboration between SQF and IFS on auditor competence and accreditation has been greeted with enthusiasm

- Likewise, collaboration between Global GAP and SQF for the pre-farm gate sector has been welcomed
- The new IFS learning platform will improve training of auditors, improve consistency and reduce costs



## 3

**Chris Anstey**, *Independent Consultant*; **Fons Schmid**, *Independent Consultant and former Vice President, Product Safety & Consumer Affairs, Royal Ahold, The Netherlands*; **Simone Hertzberger**, *Vice President, Quality Assurance & Product Integrity, Albert Heijn, The Netherlands*; **Chris McCann**, *Wal-Mart Global Procurement, Asda Stores, UK*; **Marc Cwikowski**, *Global Quality, Principal Quality Specialist, The Coca Cola Company*

### Key takeaways

- The way that quality is measured has changed. It is not just the physical attributes that are a part of a customer's choice (taste, shelf life, price, appearance); it is now also the emotional attributes that must be delivered (origin, fair deal for people in supply chain, animal welfare, respect for environment)
- To understand food quality you must understand the needs of all your stakeholders, your customers, your own people and your civil society stakeholders. Expect them to change and prepare to be responsive
- Food quality is owned by everybody in the supply chain and some of the roots of failures are in the

way ingredients are manufactured. Albert Heijn can now announce that they require certification at the suppliers to their private label manufacturers

- There is the need for profits, the needs of employees, the need of customers for choice and innovation, the need of partners and the needs of the planet. A sustainable approach requires balance
- Quality does include labour standards now. But it's not possible for single organisations to solve global issues
- To solve the many quality challenges, the industry needs to collaborate: on supplier development, training, education, convergence and sustainability



## 4

**Miodrag Mitic**, *Vice President, Global Development & Strategy, TraceTracker*; **Nathalie Damery**, *Marketing & Communication Director GS1 France and GS1 Europe*; **Jan Kranghand**, *Senior Department Manager, Quality Assurance, Metro, Germany*; **Dr Christoph Günther**, *Technical Marketing Manager, BASF, Germany*; **Mike Mitchell**, *Head of Sustainability, Young's Seafood, UK*; **Jérôme Malavoy**, *CEO, Trace One, France* and **André Raghu**, *President, Supply Chain Sustainability Services, Intertek, USA*

The consumer quest for information has never been more pressing. How does the industry deliver transparency?

### Key takeaways

- Increasing consumer requests for more product information has affected sourcing decisions by brand and private label owners

■ Traceability systems are maturing. They are increasingly deployed in the service of brand development, product differentiation and consumer communications, rather than as a defensive risk management tool

- Traceability can be applied to enhance bio-terrorism protection





## Breakfast session – Hosted by ECOLAB

### Wal-Mart US Approach to Food Safety at Retail Store Level

When Wal-Mart moved into fresh food it was new to the business and needed to learn quickly to ensure safety across 7,239 units globally. Wal-Mart was able to quickly instigate monthly third-party audits on food safety and pest control. However, Wal-Mart's initial scheme covered too many areas. "Everything was critical, so it was difficult to focus on the top issues and difficult for store associates to execute," Mr Lastra said. In response, the company undertook a risk

assessment of the entire corporation based on CDC and FDA risk factors, internal audits and third party data. A new scheme was then developed:

- Monthly third-party audits
- Yearly audits by regional team
- Random internal audits
- Full facility audits by the QA team to find new areas of concern
- Risk assessment updated annually

"Food safety is not static," Mr Lastra said. Training forms a vital and continuous part of the exercise, with the "Wal-Mart University offering certification for all payroll managers, regardless of their job. There is food safety training for all food handlers and training of food safety principles for Market teams. "We have better execution in-store, a better understanding of key food safety areas, a better programme and consistency of programme in all stores."



Jaime Lastra, Director of Global Supplier Audit,  
Wal-Mart Stores, USA

## Breakfast session – Hosted by TRACE ONE

Carrefour Group launches more than 1000 new private label products every year. This represents a huge volume of data that needs to be managed and updated.

“The retailer is considered as the manufacturer of its private label products. This means we need to manage the quality information of our products as if we were in the factory. We need to know everything about the products,” said Hervé Gomichon, Quality Director, Carrefour Group.

“As we’re legally responsible, we need to have a technical contract with the supplier that can be easily updated if any changes occur. We need to be sure we have the latest version.” Trace One’s private label product specifications management solution, designed for large and smaller retailers and their suppliers, was the “logical solution”. During the past three years, Carrefour has been able to centralize all the product specifications information in an online database, use electronic signature to sign the document with its suppliers, and finally share the information with all the parties involved in the product development (packaging, etc.). “We sign between 100 and 200 product specifications per month. It works very well! Once you have all your information inside the database, it takes you only 5 to 10 minutes to make a new version!”

“Less paper, high productivity, quicker time to signature, and managed quality and risks are the real benefits of this system. Today, it takes us only 1 hour to manage an alert on an ingredient. We just have to check the database.”

In a context where retailers are faced with increasing risk exposure (legal constraints, sourcing risk, more launches, quicker renewal rates, flat resources), solutions must be found to prevent and balance them. “Trace One is one of our best solutions today to prevent the risk and cost inflation.”

### Link to the webcast:

Hervé Gomichon: [http://storage02.brainsonic.com/customers2/trace\\_one/20080214/session\\_3/](http://storage02.brainsonic.com/customers2/trace_one/20080214/session_3/)

Belen Villarroja : [http://storage02.brainsonic.com/customers2/trace\\_one/20080214/session\\_4/](http://storage02.brainsonic.com/customers2/trace_one/20080214/session_4/)



Hervé Gomichon, Quality Director, Carrefour Group

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Breakfast sessions

# Round table discussions

## Global sourcing

**B**etter working conditions also have implications for food safety. Why source globally? Consumers want more variety and year-round supplies. This is fine, but introduces complexity and risk in terms of labour standards and ethical trading. The industry is beginning to work together on labour standards in a similar way to GFSI. Ethical trading means treating properly the people who work in food supply.

Labour standards issues:

- Forced labour
- Health & safety at work
- Child labour
- Wages and hours
- Discrimination
- Casual labour
- Freedom of association

Some 90% of UK consumers believe retailers should be obliged to ensure products are manufactured in a fair and humane way (YouGov poll). Spending on ethical-badged food is up 18% (Co-op Bank).

Food quality depends upon good working conditions and worker engagement. Poor conditions have a negative implication on the product. Sick or aggrieved workers represent an added hazard and are a threat to food safety, either from a lack of attention to detail, poor hygiene or from malicious backlash against harsh treatment. "When you work overtime you are not producing at the same rate or quality. Not only

is forcing longer hours a breach of standards but it is not efficient either," Mr Babbs said.

Standards and certification is a route to minimizing risk. However, there are currently more than 1000 codes and implementation systems relating to labour standards and ethical trading. The Global Social Compliance Programme (GSCP) takes the key learnings from GFSI's "solid achievement" and applies it to labour standards in the global supply chain, Mr Babbs said. It is an open-source platform for convergence, to reduce duplication of audits and raise, not lower standards. The goal is to map out an industry-wide, non-competitive consensus on best practice.



**Terry Babbs**, *International Trading Law and Technical Director, Tesco, UK*

## Auditor Competence

The preliminary presentation to the Auditor Competence Round Table Discussion reviewed the progress of the Australian National Food Safety Auditor Competence project initiated by the Australian Government in 2003, and the lessons learned.

Four years further on, there is very little industry confidence in the national scheme and only a handful of regulatory auditors registered. The discussion paper suggested that this is due to:

- Too many competing interests and agendas
- The variable pace of change
- Lack of clear definition
- Lack of agreement on risk classification
- Too many competing schemes
- Duplication of skills
- Lack of auditor recognition

The paper concluded that there is a need for:

1. An international auditor competency framework run for the industry by the industry, and covering all major markets, and that this should be a role for GFSI, and included in the accreditation process for GFSI approved schemes.



**Bill McBride**, *General Manager, Food Division, NCS International, Australia*

2. Involvement in scheme development and design by the international program owners (BRC, IFS, SQF), major retailer groups, food manufacturing organisations.

3. Alignment with the ISO/IEC standards only as and when necessary, and not inhibited by the barriers and delays of the international accreditation/certification structure.

4. Training and assessment of food safety auditors must be run through tertiary food institutions to post-grad diploma level.

5. Continuous and on-going development of food safety auditors through recalibration and e-learning and assessment.

In conclusion, there is scope for GFSI, beyond the current accreditation task force, to take a greater role in defining and managing at least core competencies that are common across all GFSI standards.

The challenge was set to identify the most vulnerable sector of the food supply chain and develop best practices for strengthening food defence in this sector

**Suppliers**

- Understand what you are buying and who you are buying from; especially ingredients
- People are an important component: Consider background checks for employees
- Address security in the fields (in the production of fresh fruits and vegetables)
- Must have plans in place to have a quick recovery in case of an incident

**Agriculture**

- Two aspects are critical in the agricultural sector: water and pesticides
- Must have on line monitoring to assure appropriate food protection and defence
- Thorough education and training of all employees/ social responsibility
- Use cameras (closed circuit TV) to monitor activities

- Good information systems must be in place
- Have a crisis management system in place
- Have a HACCP plan to address food safety issues

**Raw materials**

- Ingredients and water are very important
- Increase knowledge with GFSI guidance documents (includes bioterrorism)
- Conduct a self assessment/risk assessment
- This will help to lower the risk (similar to the HACCP approach)
- Institute general control measures
- Minimize the number of suppliers and work closely with them
- Education and training is very important

**All Sectors of the Food Supply Chain**

- Organizations need to do assessments
  - There are differences in threat perceptions
- Look for areas where there are win/win situations for both safety and security

**Food Processing Plants**

- Consider small and medium size factories
- Inside the operation need to develop strong education and training programs
- Outside need TV cameras, good security procedures, etc.
- Need to develop robust response systems and food recall procedures
- Need a good communication system to effectively communicate with the media, universities, government agencies and consumers (all stakeholders)



Dr Bob Gravani Ph. D., Professor of Food Science, Cornell University, USA



*Didier Ranchon, Vice President, European & Benelux Business Development, GEOS International, Belgium*

**M**r Ranchon gave an overview of various crises linked to the food industry, but also outside the food industry, concluding that integrating a crisis management process into an organization was essential. He then gave an outline of risk mapping, risk assessment and crisis communication. Participants were then invited to role-play both a general and food industry specific crisis, and the group results were assessed to provide feedback on industry best practice.

# Plenary sessions

## Managing change – responsible buying practices in the food supply chain

**B**y 2050, world population is estimated to increase by a further three billion to nine billion. While this represents an opportunity for food retailers, it strains the world's resources. As China and India adopt western consumption patterns, demand for commodities will double by 2050. In terms of the planet's carrying capacity, if the rest of the developing world catches up with US consumption levels we will require the equivalent of 11 planets. "We don't have eleven planets," Ms Robertson said. She said the environmental changes set to occur this century will be among the most disruptive influences affecting business. Rapid decline in Arctic sea levels is accelerating climate change, affecting harvests and the flow of materials with unpredictable weather extremes. Overfishing is hastening the collapse of the

world's fisheries, while deforestation accounts for 20% of global greenhouse gas emissions. Water is increasingly scarce. Ms Robertson praised Coca-Cola, Nestlé and Unilever for signing up to the CEO Call to Action to Address Water Use at Davos. Against this backdrop of environmental trends, there are new and growing tendencies in the marketplace:

- Public point of view: consumers now expect businesses to have longer term goals than quarterly profits
- The globalisation of the food supply chain: adds increasing complexity for retailers, who are the "customer interface for most offerings"
- Beyond compliance: regulatory compliance is only the starting point in consumers' eyes. They expect more



Kai Robertson, *Director, Agriculture, WWF, USA*

The upshot is that what is required of business is changing

- Changes pose a risk to brand reputation
- Voluntary action is now the standard
- WWF regularly partners with private sector businesses on sustainable supply chain solutions

"The true business visionaries understand that if their business practices aren't sustainable then their businesses aren't either," Ms Robertson concluded.

## Managing risks in the food chain – The future

“Our food was never as safe as now,” Mr Luijckx claimed. However, new risks were emerging every day, even as consumers become ever more critical. Changing enforcement régimes, the labelling of allergens, cross contamination, reverse chains: all are topics for consideration. Should the industry prepare for risk or wait for the crisis to appear. Surprisingly, 50.9% of delegates voted – in real time, using their Spotme devices – to wait for the crisis. The future safety of food, Mr Luijckx said, would be a combination of:

- Common sense
- Out of the box thinking
- Sensitivity to blind spots and vulnerability

“Rigidity makes you vulnerable,” he concluded.



Niels Lucas Luijckx, Senior Scientist, Risk Management, TNO Quality of Life, Netherlands

## Global Trends and Emerging Issues in Food Safety and Animal Health

Dr Sperling had a simple message: animal disease will increase over time. But reporting of animal diseases is either incomplete, poorly enforced, biased or unverified. There are incentives not to tell the truth, even if you know it, he said. As a result, buyers are insecure and no longer sure where to go to get safe meat. Increased demand for animal protein means an intensification of production, increasing the potential for trouble. “This is probably bad news for animal health,” Dr Sperling said. The



Dr Ulrich Sperling, Partner, SAFOSO, Switzerland

urbanization of populations, ironically, means that people live closer to production animals than ever before. In simplified terms, this, along with climate change, is a pathway to the spread of pathogens. Animal disease outbreaks are costly. “It would have been 4000 times cheaper to prevent BSE than to deal with the crisis.” It is also risky for operations, demand and public health. Some 68% are emerging pathogens are zoonotic (transmissible to humans) and are mostly food-borne. So where do you search for healthy animals? There was, unfortunately, no easy answer to this, with no statistical correlations found between healthy animals and geographical zone, density of herd or abundance of veterinary medicine. Therefore geographical substitution of supply will not solve the problem. However, bundling of forces, through private-public partnerships, may help. “Pathogens don’t care if you’re private or public sector, only that you understand their biology.”

### Key takeaways:

- More animal disease issues (including zoonotic pathogens) expected
- Geographical substitution of supply will not solve it
- Bundling of forces may

## Regulation and brand reputation

“Food agencies will not make food safer,”

Dr Wall began. “Because they don’t make any food.” Despite the different mindsets of the entrepreneurial corporate giant and what he termed the “risk averse mindless bureaucrat”, there has been increasing collaboration between business and regulator. However there was still work to be done. The food chain is not a straight line, he said, and the health of each countries citizens is increasingly dependent on the controls operating in developing countries, where more and more of the food is sourced. Consequently, your brand is only as secure as the standards at your weakest suppliers. Furthermore, food agencies would not protect your brand, he warned. In fact the reverse was true: agencies would gain recognition for their brands when yours was in trouble. Retailers, however, represented the greatest catalyst for change. He admitted “using retailers to get things done”, as the threat of being delisted forced changes by manufacturers. Even so, food safety was still not taking its rightful place around the board table. “How many directors of quality assurance became CEO?” He asked. “CEOs say they take food safety as a given. But who’s giving it?” Upcoming factors will increase the risk. Could food safety be the “major threat”?

### Threats to food safety:

- Climate change (will affect the geographical distribution of animal and plant diseases)
- Polluted water for irrigation
- Extreme weather and increased ozone levels will depress crop yields
- Diet-related disease is a food safety issue
- “Natural” food, free from preservatives, has a shorter shelf-life
- Small businesses suddenly selling through supermarket giants risk outgrowing their facilities
- The effects of biofuels: the reduction in margin from higher input costs means the risk of short cuts to maintain profitability
- Longer supply chains: “your business is in their hands”

In conclusion, Dr Wall affirmed: “If you’re a CEO you can’t take food safety as a given.”



Dr Patrick Wall, Chairperson, EFSA

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**CIES - The Food Business Forum** is the only independent global food business network. It brings together the **CEOs and senior management** of around 400 retailer and manufacturer members of all sizes, across 150 countries.

CIES retailer members alone generate over €1500 billion, employ 6.4 million people and operate close to 200,000 stores. The manufacturer members account for €640 billion in sales.

CIES has been growing with the food business for 55 years. It provides a real global platform for thought leadership, debate and networking between retailers and their partners. Its strength lies in the privileged access it offers to the key players in the sector and the sharing of best practice at the highest level. It has a mandate from its members to develop common positions on key strategic and practical issues affecting the food business.

With its headquarters in Paris and its regional offices in Washington, D.C., Singapore, Tokyo and Shanghai, CIES serves its members throughout the world.

### The CIES Mission is:

- To provide a platform for knowledge-exchange, thought-leadership and networking.
- To facilitate the development of common positions and tools on key strategic and practical issues affecting the food business.

**CIES products** include International management international programmes, publications and tailor-made member services.

Each programme is headed by a retailer-led committee or a task force, whose role is to identify top-of-mind issues and to ensure our products meet the needs of the business.

### Current programmes are:

The World Food Business Summit, Future Leaders, Marketing, Information Technology, Supply Chain Management, Food Safety & The Global Social Compliance Programme.

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## Next International Food Safety Conference

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