

**Statement of A. D. David Mackay, President & Chief Executive Officer
Kellogg Company
Hearing on “The Salmonella Outbreak: The Role of Industry in Protecting the
Nation’s Food Supply”
United States House of Representatives, Committee on Energy & Commerce
Subcommittee on Oversight and Investigations
10:00 a.m. Thursday, March 19, 2009
2123 Rayburn House Office Building**

Introduction

Good Morning Mr. Chairman and members of the Subcommittee. I am David Mackay, President and CEO of the Kellogg Company. Kellogg is the world's leading producer of cereal and a leading producer of convenience foods, including cookies, crackers, toaster pastries, cereal bars, fruit snacks, frozen waffles and veggie foods. The company's brands include *Kellogg’s®*, *Keebler®*, *Pop-Tarts®*, *Eggo®*, *Cheez-It®*, *Nutri-Grain®*, *Special K®*, *Bear Naked®*, *Kashi®*, *Rice Krispies®*, *Murray®*, *Austin®*, *Morningstar Farms®*, *Famous Amos®*, *Carr's®*, *Plantation®* and *Ready Crust®*. Our company began with 44 employees in Battle Creek, Michigan in 1906. Today we employ more than 32,000 people and sell our products in more than 180 countries around the world.

Kellogg has been bringing our best to consumers for more than 100 years. We have a longstanding commitment to upholding the highest quality in our operations. It is what our consumers and customers expect and what we strive to deliver.

First and foremost, we deeply regret that the recent Salmonella recall situation occurred and that it involved Kellogg’s products. We apologize to our customers and consumers, especially to those who may have become ill from one of our products.

We, just like members of this Subcommittee, federal and state regulators, medical professionals and the general public, are deeply disturbed by the events we have learned of over the past two months with respect to Peanut Corporation of America (PCA).

These events have had a very significant impact on our consumers and our Company, and we regret any role our products may have played in the Salmonella outbreak. We thank the Subcommittee for the opportunity to discuss these important issues, in particular, how we can work together to strengthen the safety of the U.S. food supply.

PCA's Business with Kellogg

PCA's Blakely, Georgia facility was one of our suppliers of peanut paste, that we used in our Cary, North Carolina bakery to manufacture *Austin*® and *Keebler*® brand peanut butter sandwich crackers. PCA also supplied ingredients to other companies that manufacture certain limited product lines for Kellogg. We received our first shipment of peanut paste from PCA in July, 2007.

Consistent with Kellogg protocol, we qualified PCA to do business through our multi-step qualification process prior to receiving shipments from them. The initial step in this qualification process is requiring that PCA provide us with an independent, third-party food safety audit report. It is common industry practice to rely on third-party audits to supplement a company's own requirements for suppliers.

PCA provided us with an independent audit report prepared for them in 2006 by American Institute of Baking International (AIB). AIB is one of several audit firms commonly relied on in the food industry. The report gave PCA an "Excellent" rating and noted some minor improvements needed. We requested information from PCA to verify that the improvements were made. PCA provided us with written certification that corrective actions had been taken.

At the same time, we required PCA to complete a risk analysis assessment, which we refer to as our Raw Material Information Sheet (RMIS). This requires a supplier to provide comprehensive information on a variety of factors, including documentation of safety plans (such as Hazard Analysis and Critical Control Point (HACCP)), allergen controls, microbiological parameters and test methodologies). This tool serves as the foundation for our ongoing monitoring of a supplier.

Another step in the process requires suppliers to represent in writing in the form of a “Certificate of Analysis” that an independent lab has confirmed that the ingredient supplied has, among other things, tested negative for pathogens, including *Salmonella*.

As part of our ongoing supplier monitoring, Kellogg also requires qualified suppliers to provide annual independent, audits of their facilities. PCA retained AIB to conduct food safety audits in 2007 and 2008 of their Blakely, Georgia facility. AIB audited core areas of food safety including: “Adequacy of Food Safety Program,” “Pest Control,” “Operational Methods and Personnel Practices,” “Maintenance for Food Safety” and “Cleaning Practices.”

Audit findings reported no concerns that the facility may have had any pathogen-related issues or any potential contamination. In fact, each report provided that PCA had formalized programs in place, including a HACCP program, as well as a program for the control of bacteria that included sending environmental samples to outside laboratories for testing. In addition, the reports referenced the results of the plant’s most recent regulatory inspections where no, or only a few minor, issues had been found. None of the *Salmonella* or hygiene issues that have been reported by regulators over the past several months were noted in any of the audit reports provided to Kellogg.

Kellogg's Response

On January 12, 2009, PCA advised our Cary facility of an issue with specific peanut butter lots produced in their Blakely, Georgia facility. Kellogg purchased only peanut paste, not peanut butter, from that facility.

On January 13th, the Food & Drug Administration (FDA) notified us that Kellogg's *Austin*® peanut butter sandwich crackers may be implicated in PCA's *Salmonella* problems. We requested information about the specific products, lot dates and Universal Product Codes, and information on whether tested products were open or unopened. Unfortunately, FDA was unable to provide these details.

Despite having very limited information about a possible implication for our products, we immediately activated our Corporate Incident Management Team, a multidisciplinary team that investigates, among other issues, significant quality and food safety issues. The team commenced an internal investigation including reviewing our own environmental pathogen testing results at our Cary facility (the location where peanut butter sandwich crackers are produced), which were all negative for *Salmonella*. We also reviewed the Certificates of Analysis that PCA had provided Kellogg for each lot of paste received, and they were also all negative for *Salmonella*. Despite our findings, and out of an abundance of caution, we shut the lines down that day at our Cary facility and put product shipments on hold.

On January 14, 2009, per Kellogg protocol, the Corporate Incident Management Team briefed my senior management team and me on the situation. Based on the information provided, we made the decision to initiate a "pull and hold" with respect to our *Austin*® and *Keebler*® peanut butter sandwich crackers which contained PCA paste.

This involved two steps. First, we contacted customers that day and instructed them to pull these products from shelves until further notice by Kellogg so that the product would not be available for purchase. Second, we issued a press release advising consumers not to eat previously purchased peanut butter sandwich crackers because of possible risk of *Salmonella* contamination.

Two days later, on January 16, 2009, PCA extended its recall to include limited 2008 lots of peanut paste, plus additional lots of peanut butter. At that time, Kellogg escalated its pull and hold to a voluntary Class I recall of peanut butter cracker sandwiches back to July 1, 2008. We also recalled two snack-pack sized cookies which a co-manufacturer had informed us had been produced using impacted PCA peanut butter lots.

As PCA recalls expanded, Kellogg promptly expanded its recalls of impacted products. In total, more than 7 million cases of our products were recalled due to the PCA contamination at a cost of approximately \$65-70 million. We devoted significant staffing and resources to quickly trace our products, notify and inform customers and the general public, and execute our recalls to protect our consumers.

Since we first learned of the PCA investigation, Kellogg has worked closely and cooperatively with FDA, the Centers for Disease Control and Prevention (CDC) and local agricultural and health authorities in their investigation of PCA and potentially impacted Kellogg products. We immediately shut down manufacturing lines at our Cary facility which had used the PCA peanut paste, isolated other areas of our plant, and did extensive testing of our facility. It is important to note that all of our environmental tests of the Cary plant before the recall were negative for *Salmonella*. In addition, all of the

environmental tests done at the Cary plant in connection with the PCA investigation were negative for *Salmonella*.

We also worked closely with authorities to conduct a precautionary and extensive hygienic cleaning of all the lines in our plant that used PCA paste. All of the tests run after that hygienic cleaning have been negative for *Salmonella*.

We were deeply disturbed by reports that *Salmonella* was identified in two samples of our peanut butter cracker products. We reached out to the FDA and CDC for more information on those results and continue to cooperate with officials in their ongoing investigations.

Kellogg's Continuous Improvement

The PCA situation has shown that if a company chooses to ignore even basic food safety principles, food safety systems and protections can be compromised, whether those are individual company systems or the U.S. food safety system generally.

Our food safety program operates on the principle that food safety is a process of continuous improvement. In that spirit, and as a result of what we learned from this unfortunate situation, we have taken several immediate actions. We established new cross-functional Kellogg audit teams, including our Quality, Food Safety and Materials Management groups, to audit suppliers of high-risk ingredients, and have already completed on-site audits of our peanut and peanut paste ingredient suppliers. We are requiring suppliers to conduct environmental testing and monitoring in their plants to assist in identifying, assessing and correcting potential contamination before it becomes a

food safety problem. We are also strengthening our internal training and education across our supply chain.

Recommendations for Industry Improvements

The recent outbreak illustrated that the U.S. food safety system must be strengthened. We believe the key is to focus on prevention, so that potential sources of contamination are identified and properly addressed before they become actual food safety problems.

Attachment I outlines recommended enhancements which Kellogg believes would enhance the safety of the nation's food supply. You will note that we support several principles: (i) the formation of a single food safety authority under Health and Human Services that will give accountability to one agency leader for science, surveillance, research and inspection, with support from a science-based Food Safety Advisory Council; (ii) a requirement that every food company conduct a risk analysis and document their preventative controls, verification systems and testing results in a food safety plan that is subject to regular FDA review; (iii) annual inspections by FDA of facilities producing high-risk products; (iv) working with industry and government to align around a single food safety standard for evaluating facilities, with appropriate training and accreditation of auditors and auditing firms; and (v) ensuring that FDA has the right mix of intervention and enforcement powers.

Kellogg is firmly committed to working together with Congress, industry and other stakeholders to evaluate and advance these recommendations.

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**ATTACHMENT I
KELLOGG COMPANY RECOMMENDATIONS FOR ENHANCEMENTS TO
U.S. FOOD SAFETY SYSTEM**

Prevention

Single Food Safety Authority within Health & Human Services (HHS): There is an opportunity to strengthen and maximize the efficiency of regulatory oversight by aligning food safety leadership within HHS. If adequately funded, there is a public health benefit to be gained if a single HHS leader has direct line control over science, research, surveillance and different inspectional units and staffs. This allows HHS to focus food safety resources on products and practices that may contribute to foodborne illness. In addition, a Food Safety Advisory Council comprised of government and industry food safety experts should be established and permanently funded to support development of enhanced science-based food safety policies and standards. We also support the Obama administration’s effort to create a new food safety working group to coordinate interagency food safety efforts.

Risk analysis and Food Safety Plans: The production of safe foods starts with prevention, which is accomplished by identifying potential risks in the food production system and developing a proactive plan to prevent or eliminate these risks before they become food safety issues. All food manufacturers should be required to conduct a risk analysis and to develop a food safety plan for FDA review. The plan should document appropriate preventative controls and verification steps. In particular, manufacturers of high-risk foods should be obligated to monitor their manufacturing environments for *Salmonella*, to keep a record of all *Salmonella* positive test results and their

corrective actions, and to make these records available during an FDA inspection. By requiring disclosure of positive *Salmonella* test results during inspection, the FDA can assess how the company responded and whether the appropriate corrective actions were taken.

Improve Current Good Manufacturing Practices (GMPs): Stakeholders in food safety have learned much since GMPs were last updated 22 years ago. Congress should mandate a deadline for the agency to update GMPs to reflect new information, particularly in the areas of training, allergen control, control of manufacturing environment (pathogen environmental monitoring) and sanitation.

International Food Protection Training Institute: Kellogg Company supports establishing an “International Food Protection Training Institute” to train government and industry inspectors. This Institute would provide a first-in-class, career spanning curriculum developed and implemented by the Association of Food and Drug Officials (AFDO). Inspectors would be trained to inspect against widely recognized food quality and safety standards to enhance the consistency of inspections.

Intervention

Annual FDA Inspection of Facilities Manufacturing High-Risk Foods: FDA must ensure all companies, big and small, are producing safe products. One way to accomplish this objective is to have all facilities which manufacture high-risk foods inspected regularly. Currently, many of these manufacturing facilities are not inspected on a frequent basis, leaving potential gaps in the overall food safety system. Consequently, we recommend that FDA perform an annual inspection of each high-risk food manufacturing facility.

Food Manufacturing Facility Audit Standard: Food manufacturers, retailers and consumers would benefit from a universal food safety standard for evaluating food manufacturing facilities. The standard should be developed through a transparent and open process. We support efforts to develop this standard and to train, certify and accredit third-party auditors and auditing firms to ensure that audits are conducted in a consistent manner.

Mandatory Recall Authority: Responsible food companies remove foods from the marketplace when there is a concern regarding their safety. Providing the FDA with mandatory recall authority would remove any obstacles that could delay or prevent the removal of potentially unsafe foods from the marketplace.

Response

Traceability of Ingredients: Congress should direct the FDA to work with food manufacturers, farmers and retailers to explore traceability systems, and to explore new technologies that can integrate different traceability systems without abandoning investments made in response to bio-terror laws.