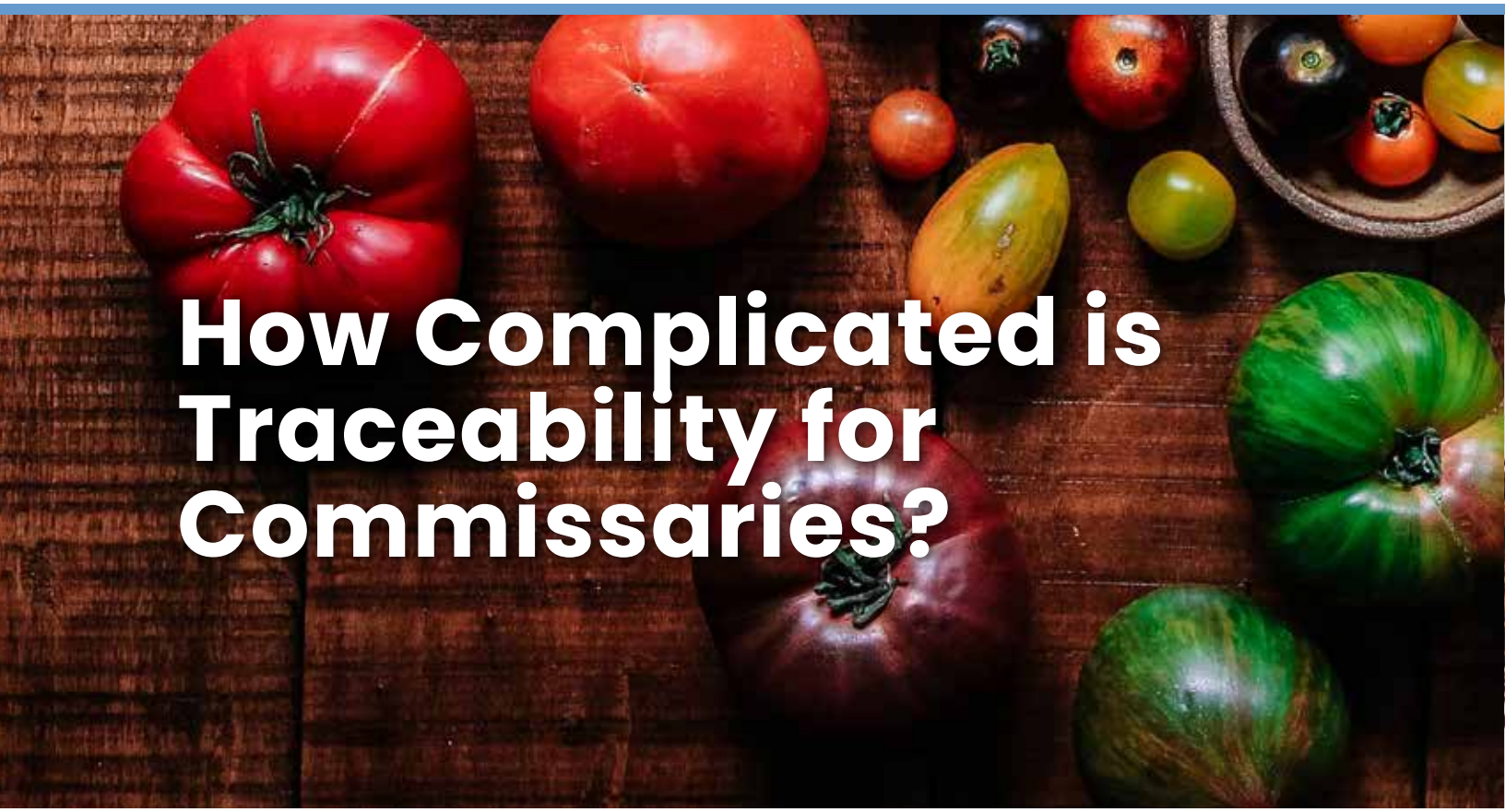
ReposiTrak



How Complicated is Traceability for Commissaries?

The Food and Drug Administration's new ruling on traceability – FSMA 204 – defines new traceability requirements for all nodes of the food supply chain. Food production, commissary and central kitchen facilities face some of the most unique challenges under the new rule. In this whitepaper, you'll learn about the FSMA 204 requirements for food transformation steps and how to comply.

Every type of operation along the food supply chain faces new challenges stemming from the advent of the new traceability requirements set forth in FSMA 204. The amount of data retailers, wholesalers and suppliers must record and manage is growing precipitously.

Of the many types of facilities that form links along the supply chain, food production facilities face some of the most unique challenges. Food items don't merely pass through. They're transformed into any number of other products, branching off in any number of directions in distribution. That's where things could get complicated compared to other types of facilities.

Under the new traceability guidelines, every item that's handled requires the creation of receiving Key Data Elements (KDEs) upon arrival and shipping KDEs on the way out. For the typical wholesaler or supplier, for example, that alone adds complexity. Yet it's rarely that simple for production facilities. The slicing, dicing, chopping and mixing that production facilities perform lead to more little pieces of data. Every ingredient added to products like deli salads and meal kits, for example, must be tracked. On top of the shipping and receiving KDEs, transformation KDEs must also be created so end products can be tied in the data record to the ingredients they were made from. Lot codes from the original ingredients must be associated with the receiving lot codes of every ingredient that went into our example of a deli salad.

Higher Recall Risk

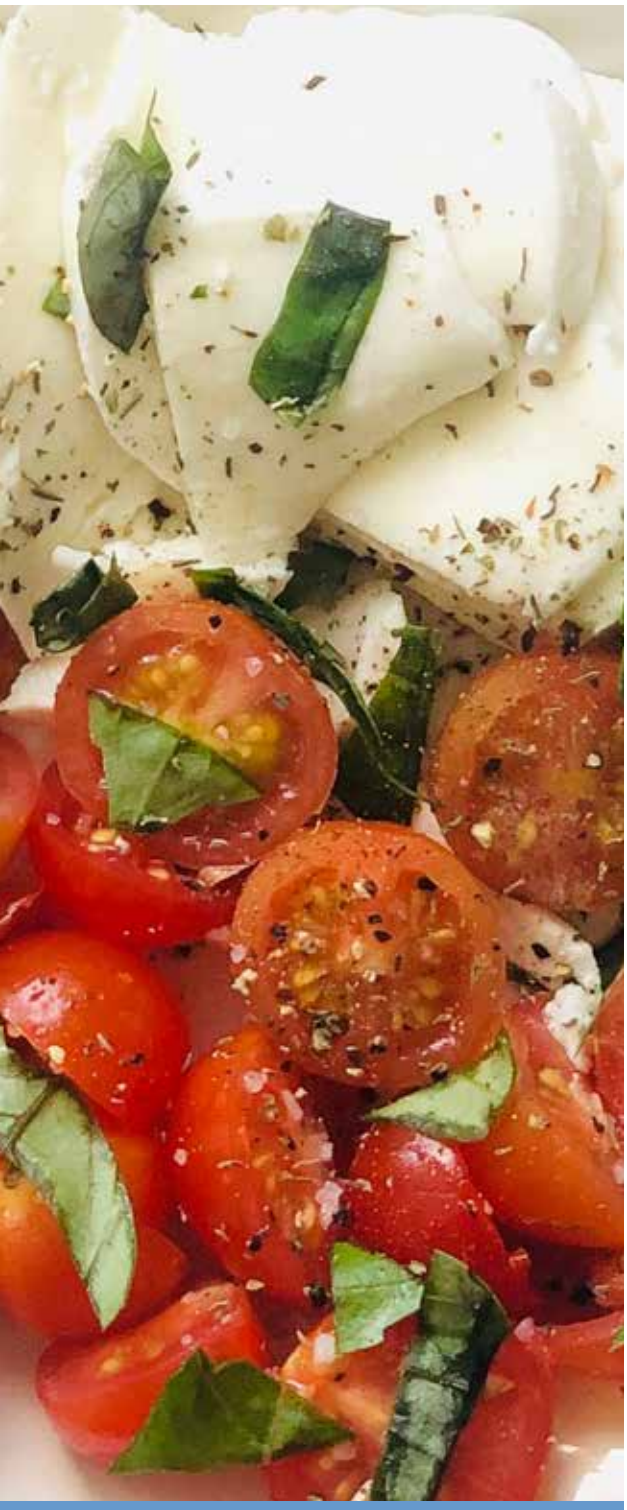
Nut butters are one of the foods most impacted by FSMA 204, as they're both a pantry staple and a common ingredient in other foods. When a recall is issued, a traceability plan makes it possible to precisely identify which product batches and lots are impacted, reducing the time and cost of recalls and protecting the integrity of your brand.

As a result of their transformative nature, production facilities are subject to increased complexity and scrutiny in recalls. And they're more likely to take on a greater share of any negative impact.

We've seen this play out recently in the widespread peanut butter recall. Nut butters are one of the foods most impacted by traceability because they're a pantry

staple in their own right, but also a common ingredient in many other foods. If a production facility is producing a variety of food items containing nut butter they need to be able to track every one of those derivative items. When peanut butter was recalled, some commissaries had to scramble to determine how widespread the impact could be for consumers.

Recalls that impact production facilities are especially risky for retail brands. When a brand's production facility is tied to a



potential foodborne illness outbreak, the brand is the first target for mistrust and safety concerns. More than ever, consumers
value being able to trust brands. There are a lot of ways in which that trust is built. A single foodborne illness outbreak can dismantle it in an instant.

Where to Begin with Traceability

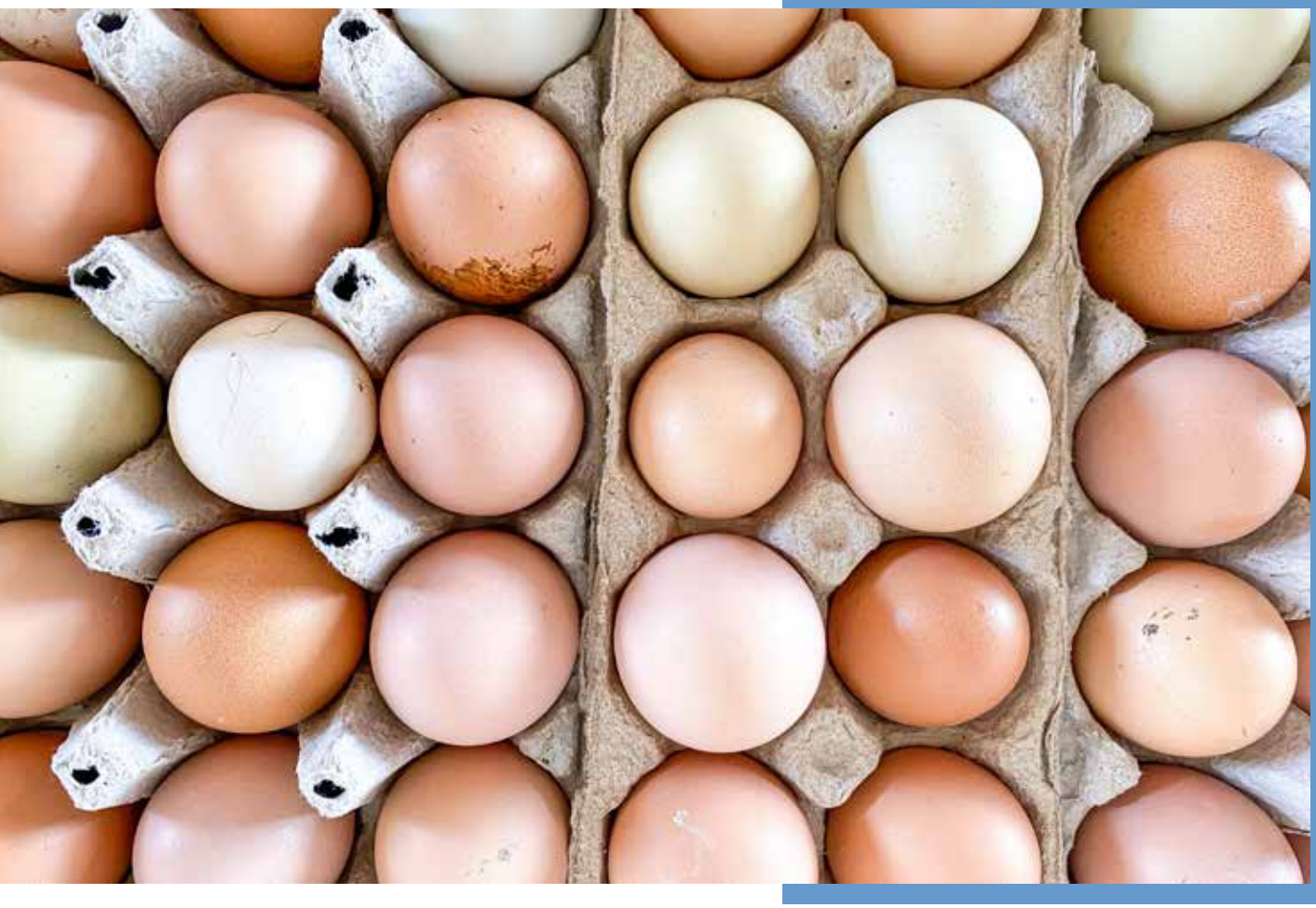
You don't have to take on traceability all at once. Starting with a hub-like commissary operation makes it quicker and easier to apply changes to the spokes that extend to other parts of your supply chain.

Organizations are now making large-scale traceability changes in order to comply with the FDA's guidelines. Every facet of the supply chain will be more closely examined under the microscope of total transparency. The changes that everyone in the industry must soon make are more manageable if you take a "crawl, walk, run" approach.

Production facilities are the best place to begin because of their position in the supply chain, their comparatively complex nature and the risk of losing consumer trust if a foodborne illness arises from the product they produce. Furthermore, many of the items they handle most—like the ingredients in the aforementioned deli salads or fresh produce—are among the fastest-growing categories and the biggest future plans for retailers. By beginning—and mastering—traceability in these hub-like operations, it'll be easier and quicker to apply changes to the spokes that extend to other parts of the supply chain.

Adapting to the new requirements means that food production operations will not only have to alter their internal processes, but they'll also have to change how they communicate and collaborate with suppliers and trading partners like wholesalers, foodservice companies and restaurants.

These trading partners tell the production facility—the "supplier" in this instance—how they want to receive their data. Each partner may want that data in a different way, which is a complex enough ask before considering that the production facility needs to have that data in the first place before they can send it out in any format, let alone the differing formats requested by trading partners.



Currently, to capture even *some* of the FDA-required granular data when ingredients enter the building, food production facilities would have to scan each individual case as it arrives. The unrealistic labor intensity of such an effort makes apparent one of the biggest hurdles to traceability…but a far from insurmountable one.

Barcodes Will Not Work

Traditional barcode labeling and scanning steps will not meet the new, higher standards for production traceability.

Food labels the commissary receives simply don't contain the traceability data the FDA requires. And although some production facilities are in the practice of creating new barcodes for the items that result from transformation processes, a series of barcodes do not meet the new higher standards for production traceability. Barcodes used by the production facility don't contain the traceability KDE records the FDA requires.

Under the new guidelines, the following will have to be recorded for each item after transformation:

- Traceability product identifier and description of food used
- Quantity of each traceability lot of food used
- Transformation location identifier and description
- Transformation completion date
- New traceability product identifier and description
- Quantity and unit of measure of the food produced
- Reference record types and numbers containing transformation KDEs

The ReposiTrak Traceability Network makes it possible to adopt full, end-to-end food traceability with no added hardware or software and no added labor from labeling.

Looking at this list might cause those leading traceability efforts at a company to think "complex" is an understatement. It is a lot of info. And the data adds up rapidly as each ingredient is added to recipe upon recipe in the commissary. At present, some facilities are not equipped to handle all the

data. Rest assured it doesn't have to be as difficult as it may appear. A system that's flexible enough to make the data each trading partner requests easily available, while complying with FSMA 204, is the solution.

The ReposiTrak Traceability Network simplifies how the required data is captured. It's data agnostic, meaning that it can take different document types, from different suppliers and partners, and produce FDA-ready traceability information in the different formats those partners need. Organizations that have a basic barcode-creation process in place, and those without barcode-creation capabilities can both benefit.

By leveraging a massive network of suppliers, and providing a more comprehensive view of the supply chain, the ReposiTrak solution can quickly connect everyone from suppliers to customers in a way that eases the workload so employees can focus more on their primary tasks.

By beginning with production facilities—and utilizing the advanced production traceability systems that are readily available—an organization can essentially run a real-time, real-world pilot of how incoming and outgoing items need to be tracked, and how to ensure that the proper KDEs are accounted for following the transformation of ingredients. If an organization achieves this step that once seemed so complex, applying learnings in the "walking" and "running" stages at distribution centers and warehouses will be relatively simple.

It's Time to Simplify Production Traceability

Traceability, to the extent made possible by ReposiTrak, is a way for companies to fully embrace food safety.

From a workload perspective, implementing an advanced traceability system is in any company's best interests.

Working with a supply chain traceability collaboration network does more than improve the connections in your supply chain. It does more than help generate and record the many KDEs production facilities are responsible for. It helps achieve far more than FSMA 204 compliance.

Let's remember why these guidelines are being enacted: to protect consumers.

Traceability, to the extent made possible by ReposiTrak, is a way for companies to fully embrace food safety. By taking this step now, food production facilities, and every other stop on the supply chain, are able to offer consumers the greatest possible protection.

Alternatively, the longer companies wait to transform their traceability efforts, the greater the chance of a recall adversely affecting their customers. With the end-to-end ransparency that can easily be implemented, even in complex production environments, companies can react quicker to recalls, mitigate risk, prevent suffering on the part of consumers and save lives.

Establishing that protection can position a company as a leader in food safety. And with leading-edge food safety as a built-in feature of operations, retailers can show consumers their best interests are tied to industry best practices.

From a workload perspective, implementing an advanced traceability system is in any company's best interests. Having a traceability network in place can make managing massive new data sets even easier than managing the more limited data that had been gathered in the past.

In the event of a recall, a company must have specific data available for the FDA. Once ReposiTrak is in place, that information will be at your fingertips when you need it because the solution extracts the required data from existing shipping and receiving records. Such speed is crucial for commissaries because the time between production and consumption is often shorter than for other facilities.

Traceability is a big, many-sided subject. For food production facilities it's ostensibly more complicated because of the varied nature of the work they do. Because of their dual role as a step in the shipping process and production process, production facilities need flexibility.

So to restate the question posed at the beginning, how complicated is implementing traceability for production facilities? Despite the many KDEs and the always-changing nature of food items, the answer is: it doesn't have to be complicated at all.

Companies can achieve FSMA compliance and so much more with minimal effort and costs. All it takes is adding one key ingredient to your company's traceability resources – The ReposiTrak Traceability Network.